

Chapter 10 Centrally Assessed Property Handout 1

Central Assessment Decision Tree

There are several factors to consider before adding a new company to the list of companies that the Utility Section assesses each year. Not only should the company meet the legal definition of a utility company in RCW 84.12.200, but the company should also possess the characteristics of an interstate or intercounty utility company. The determination of adding or not adding a new company to the central assessment list is the answer to the question of "who should be the assessor; county or state?" Under *State Tax Commission v. Redd* and subsequent cases, the Department of Revenue is prohibited from assessing intracounty property. If it is unclear whether a company or property qualifies for central assessment, the ambiguity should be resolved in favor of local assessment.

1. Is the firm operating as a "utility company as defined in RCW 84.12.200 below?" If "YES," go on to number 2. If "NO," do not centrally assess the property.

(2) "Railroad company" means and includes any person owning or operating a railroad, street railway, suburban railroad or interurban railroad in this state, whether its line of railroad be maintained at the surface, or above or below the surface of the earth, or by whatever power its vehicles are transported; or owning any station, depot, terminal or bridge for railroad purposes, as owner, lessee or otherwise.

(3) "Airplane company" means and includes any person owning, controlling, operating or managing real or personal property, used or to be used for or in connection with or to facilitate the conveyance and transportation of persons and/or property by aircraft, and engaged in the business of transporting persons and/or property for compensation, as owner, lessee or otherwise.

(4) "Electric light and power company" means and includes any person owning, controlling, operating or managing real or personal property, used or to be used for or in connection with or to facilitate the generation, transmission or distribution of electricity in this state, and engaged in the business of furnishing, transmitting, distributing or generating electrical energy for light, heat or power for compensation as owner, lessee or otherwise.

(5) "Telegraph company" means and includes any person owning, controlling, operating or managing any telegraph or cable line in this state, with appliances for the transmission of messages, and engaged in the business of furnishing telegraph service for compensation, as owner, lessee or otherwise.

(6) "Telephone company" means and includes any person owning, controlling, operating or managing real or personal property, used or to be used for or in connection with or to facilitate the transmission of communication by telephone in this state *through owned or controlled exchanges and/or switchboards, and engaged in the business of furnishing telephonic communication for compensation as owner, lessee or otherwise.

(7) "Gas company" means and includes any person owning, controlling, operating or managing real or personal property, used or to be used for or in connection with or to facilitate the manufacture, transportation, or distribution of natural or manufactured gas in this state, and engaged for compensation in the business of furnishing gas for light, heat, power or other use, as owner, lessee or otherwise.

(8) "Pipe line company" means and includes any person owning, controlling, operating or managing real or personal property, used or to be used for or in connection with or to facilitate the conveyance or transportation of oils, natural or manufactured gas and/or other substances, except water, by pipe line in this state, and engaged in such business for compensation, as owner, lessee or otherwise.

(9) "Logging railroad company" means and includes any person owning, controlling, operating or managing real or personal property, used or to be used for or in connection with or to facilitate the conveyance and transportation of forest products by rail in this state, and engaged in the business of transporting forest products either as private carrier or carrier for hire.

2. Does the company's property operate as an economic unit that crosses county or state lines? In other words, are there synergies associated with operating the property as a single unit so that the unit valuation would likely be different than those determined through summation or piecemeal valuation? If **"YES,"** go on to number 3. If **"NO,"** do not centrally assess.

Note: Make sure that the property you are considering is the operating property of the company. Operating property is defined in RCW 84.12.200(12). It includes all property, real and personal, owned by any company, or held by it as occupant, lessee, or otherwise, that is used by the company in the conduct of its operations. Therefore, if property is not part of the company's intercounty operating unit, it is not subject to central assessment.

3. To be assessed, the company must have nexus with, or situs in, Washington. A company has situs or nexus if it uses real or personal property located in Washington on a continuous or habitual basis? If **"YES,"** centrally assess the company. If **"NO,"** do not centrally assess.

Note: This will be an issue only if a company does not have operating property that is permanently located in the state. So, typically, only charter airline companies will be affected by this requirement.