

What are Utilities?



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UTILITY COMPANY'S



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State Assessed Property

Background All real and personal property located wholly within an individual county's boundary is assessed *locally* by the county assessor. However, certain intercounty and interstate companies are *state-assessed* by the Department of Revenue (Department). This includes, companies in the airline, electric, gas, pipeline, railroad, and telephone industries.

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Property by the State

- With the *exception* of state-assessed property for certain companies, Article 11, Section 12 of the State constitution prohibits the Department's authority to assess or collect property taxes. Property taxation authority is generally vested in the county assessor, the county treasurer, and each of the local taxing districts
- However, chapter [84.12](#) RCW specifically authorizes the Department to assess the property of *intercounty* and *interstate* companies, defined as an:
 - "Airplane company"
 - "Electric light and power company"
 - "Gas company"
 - "Pipe line company"
 - "Railroad company"
 - "Telephone company"
- Privately owned railcars are also state-assessed by the Department, defined in chapter [84.16](#) RCW.

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Distribution of Assessed Property

- For the 2024 assessment year, the Department assessed the property of approximately 372 interstate and intercounty companies having a total property value of approximately \$25.5 billion.
- The assessed value was distributed (“apportioned”) to the 39 counties and 1,800+ taxing districts, depending upon the location of each company.
- County assessors levy the property taxes for billing, and county treasurers collect the tax, similar to other property taxes.

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Characteristics of Property

- Companies subject to state assessment operate as a single economic unit, where the company’s assets are interconnected and necessary for the entire unit to function. This is in contrast to *traditional* commercial companies with independent locations. For example:

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Continue

- BNSF Railway Company (BNSF) operates in 26 counties statewide, and its assets are interdependent components of the entire operating property. If BNSF were to sell a portion of its railway line, the entire operating property of BNSF would be affected, since the railway is necessary for the whole unit to function and have identity.
- Whereas, Home Depot may have multiple locations statewide, and could presumably sell a location at market value without reference or affect to the larger business unit's operation.
 - Most companies subject to central assessment are regulated *to some degree* for either economic or health and safety purposes, and regularly provide some commodity or an essential service that furthers a public interest.

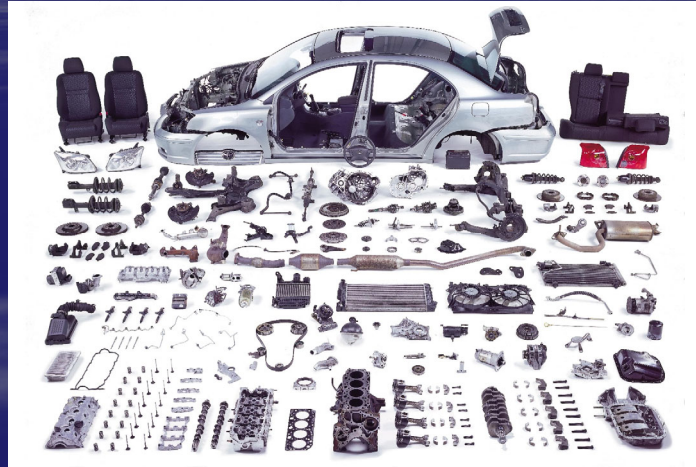
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Valuation of State Assessed Property

- Commonly, state-assessed properties involve unit valuation, which includes appraising the entire operating property of the company as a going concern, rather than the summation value of individual assets.
- The market value includes the assemblage and interdependent (or synergistic) value of all assets that make up the unit.
- Unit valuation may result in differing values than if determined through summation or piecemeal valuation – i.e. the sum of the replacement cost for parts to build a car differs from the value of an integrated and fully functional car.

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Parts



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Completed Car



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Utility Valuation Program

- Is a team of nine professionals that are responsible for:
 - Public Utility Valuation
 - Statewide mapping Program (for DOR)
 - PUD Payment in lieu of taxes (PILT)

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Public Utility Valuation

- Public Utilities are defined as:
 - Airline
 - Electric
 - Gas
 - Pipeline
 - Railroad
 - Railroad Car (Private Car Companies)
 - Telephone
 - Wireless Telephone

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Public Utility Valuation

- Annually value approximately 372 utilities
 - Resulting in roughly \$25.5 billion in annual valuation before equalization
 - Translates into about 12,000 Personal Property Accounts and over 4,000 Real Property Parcels
 - Creating the tax base over \$200 million in state and local property taxes
- http://dor.wa.gov/docs/reports/2008/Property_Tax_Statistics_2008/Table_7.pdf