



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do NOT use for expedited rule making

Agency: Department of Revenue

Subject of possible rule making:

WAC 458-50-020 Annual reports—Duty to file; WAC 458-50-030 Annual reports—Contents; WAC 458-50-060 Failure to make report—Default valuation—Penalty—Estoppel; WAC 458-50-110 Apportionment reports; WAC 458-50-130 Taxing district boundary changes—Estoppel.

Statutes authorizing the agency to adopt rules on this subject:

RCW 84.08.010 (2) and 84.12.390.

Reasons why rules on this subject may be needed and what they might accomplish:

The Department is proposing the revised Rules above to incorporate legislative changes, to remove outdated language, to ensure consistency with the corresponding statutes in Chapter 84.12 RCW, and to more clearly explain and distinguish the annual reports from the apportionment reports, including the required information and filing deadlines. Specifically, the rules incorporate legislative changes made to RCW 84.12.260 [2007 c 111, § 201 and 1984 c 132, § 2] and to RCW 84.09.030 [2008 c 86 § 501].

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: N/A

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) Parties interested in this rule making may contact the individual listed below. The public may also participate by providing written comments throughout this rule making or giving oral testimony at the public meeting or public hearing.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

A preliminary draft of possible rule changes is available via the Department's online [Rules Agenda](#).

Written comments may be submitted by mail and should be directed to **Jay Jetter** at either of the following addresses: email: JayJ@dor.wa.gov , or mailing address: Jay Jetter, ITA Division, PO Box 47453, Olympia, WA 98504-7453.

Written and oral comments will be accepted at the public meeting.

Public meeting location:

Capitol Plaza Building
2nd Floor Property Tax Conference Room
1025 Union Avenue SE
Olympia, Washington

Assistance for persons with disabilities:

Contact Mary Carol LaPalm (360) 725-7499 or Renee Cosare (360) 725-7514 no later than 10 days before the meeting date. For Hearing Impaired please contact us via the Washington Relay Operator at (800) 833-6384.

Call in option can be provided upon request no later than 3 days before the meeting date.

Date: March 26, 2015 **Time:** 1:30 p.m.

Date	February 18, 2015
Name	Dylan Waits
Signature	
Title	Rules Coordinator

CODE REVISER USE ONLY	
OFFICE OF THE CODE REVISER STATE OF WASHINGTON FILED	
DATE: February 18, 2015	
TIME: 9:11 AM	
WSR 15-05-077	

AMENDATORY SECTION (Amending Order PT 75-2, filed 3/19/75)

WAC 458-50-020 Annual reports—Duty to file. Each company doing an inter-county or interstate business in this state (~~shall~~) must make and file an annual report with the department. At the time of making such report, each company (~~shall~~) must if directed by the department also file with the department:

(1) Annual reports of the board of directors or other officers to the stockholders of the company.

(2) Duplicate copies of the annual reports made to the federal regulatory agency or agencies exercising jurisdiction over the company.

(3) Duplicate copies of the annual reports made to the Washington state utilities and transportation commission or other Washington state regulatory agency exercising jurisdiction over the company.

(4) Duplicate copies of such other annual or special reports as the department may, from time to time, direct each company to make.

AMENDATORY SECTION (Amending Order PT 75-2, filed 3/19/75)

WAC 458-50-030 Annual reports—Contents. The annual report (~~shall be made on forms furnished by the department, and shall~~) must be completed on the template furnished on the department's web site at: <http://www.dor.wa.gov>. The annual report must contain such information as is required to enable the department to determine the true and fair value of a company's operating property in the state (~~(7)~~) and the apportionment thereof to the several counties and taxing districts as part of the apportionment report discussed in WAC 458-50-110. The annual report (~~shall~~) must be signed by the president, treasurer or other responsible official of the company.

(1) In determining what types of information (~~shall be~~) are required to be included in the annual report, the department may take into account, among other factors, the necessity and worth of such information in valuing, allocating (~~(e)~~), apportioning, or assessing operating property; whether such information is of the type customarily maintained by the industry for internal accounting or regulatory agency purposes; and the cost and difficulty of obtaining or maintaining such information. The department's determination (~~shall be~~) is final, and no company (~~shall be~~) is excused from providing such information except upon a clear showing that undue hardship would result.

(2) On or before December 1st of the year preceding the calendar year to be covered by the annual report, the department (~~shall~~) must notify the companies of the types of information required to be included in the annual report for such forthcoming year (~~(Provided, That the foregoing requirement shall not be applicable for calendar year 1975)~~).

AMENDATORY SECTION (Amending Order PT 75-2, filed 3/19/75)

WAC 458-50-060 Failure to make report—Default valuation—Penalty—Estoppel. (1) If any company fails to materially comply with the provisions of RCW 84.12.230 and WAC 458-50-020, the department will add to the assessed value a penalty of five percent for every thirty days or fraction thereof, not to exceed ten percent, that the company fails to comply.

(2) If any company, or any of its officers or agents (~~shall~~) refuses or neglects to make any report required by law or by the department, or (~~shall~~) refuses to permit an inspection and examination of its records, books, accounts, papers or property requested by the department, or (~~shall~~) refuses or neglects to appear before the department in obedience to a subpoena, the department (~~shall~~) will proceed, in such manner as it (~~may~~) deems best, to obtain facts and information upon which to base its valuation, assessment, allocation, and apportionment of such company.

(~~(2)~~) (3) Willful failure to file with the department any report required by the department within the time fixed by law, including any extension granted by the department, (~~shall~~) constitutes refusal or neglect to make a report, and the department may proceed in accordance with subsection (~~(1)~~) (2) of this rule to value, assess, allocate, and apportion the property of such company as if no report had been made.

(~~(3) Penalty.~~) (4) When the department has ascertained the assessed value of the property of such company in accordance with subsection (~~(1) or (2)~~), it shall) (2) or (3) of this rule, it must add to the assessed value so ascertained twenty-five percent as a penalty. Such penalty will be in lieu of the penalty provided for in subsection (1) of this rule.

(~~(4)~~) (5) Where the department has proceeded in accordance with subsection (~~(1) or~~) (2) or (3) of this rule, such company (~~shall be~~) is estopped to question or impeach the valuation, assessment, allocation, or apportionment made by the department in any administrative or judicial proceeding thereafter.

(6) The department will waive or cancel the penalty imposed under subsection (1) of this rule for good cause shown.

(7) The department will waive or cancel the penalty imposed under subsection (1) of this rule when the circumstances under which the failure to materially comply with the provisions of RCW 84.12.230 do not qualify for waiver or cancellation under subsection (5) of this rule if:

(a) The company fully complies with the reporting provisions of RCW 84.12.230 within thirty days of the due date or any extension granted by the department; and

(b) The company has timely complied with the provisions of RCW 84.12.230 for the previous two calendar years. The requirement that a company has timely complied with the provisions of RCW 84.12.230 for the previous two calendar years is waived for any calendar year in which the company was not required to comply with the provisions of RCW 84.12.230.

AMENDATORY SECTION (Amending Order PT 75-2, filed 3/19/75)

WAC 458-50-110 Apportionment reports. (1) On or before (~~April 15 of each year~~) December 1st of the year preceding the calendar year to be covered by the apportionment report the department (~~shall~~) will furnish (~~taxing district maps and~~) apportionment report forms or make available a hyperlink on its web site where the company may provide the same information (hereinafter referred to as "apportionment reports") to each railroad, pipeline, telegraph, telephone, electric light and power, and gas company.

(2) Each company (~~furnished an apportionment report shall~~) described in subsection (1) of this rule must complete and submit such apportionment report to the department on or before June 1st of the assessment year. Since all apportionment reports must be (~~in~~) received by the (~~department's hands by~~) department no later than June 1st in order to permit adequate opportunity to properly apportion operating property in accordance with WAC 458-50-100, an extension of time for filing such reports will be granted only upon a showing of undue hardship.

(3) Apportionment reports must contain sufficient information to allow the department to identify the operating property's cost (historical or original), miles, use, and location within a county or taxing district and apportion value in accordance with WAC 458-50-100. Location may be identified by a variety of methods including, but not limited to, the tax parcel number, address, section/township/range, latitude and longitude, or geospatial coordinates.

(4) If any company, or any of its officers or agents refuses or neglects to make the apportionment report, the department will proceed, in such manner as it deems best, to obtain facts and information upon which to base its apportionment of such company in accordance with RCW 84.12.260 and WAC 458-50-060 (2), (3), and (5).

AMENDATORY SECTION (Amending Order PT 75-2, filed 3/19/75)

WAC 458-50-130 Taxing district boundary changes—Estoppel. (1) In accordance with RCW 84.09.030 and WAC 458-12-140, the county assessor is required on or before (~~March 1~~) August 31st to transmit certain documents and maps setting forth taxing district boundary changes to the department of revenue, property tax division.

(2) The department (~~shall~~) will prepare taxing district maps based upon information submitted to it on or before (~~March 1~~) August 31st. Such maps (~~shall be~~) must used to fix taxing district boundaries for purposes of apportioning the operating property of each company among the various counties and taxing districts. Any county or taxing district not having submitted the documents and maps as required by WAC 458-12-140 (~~shall be~~) is estopped from questioning the validity of any apportionment of value to it as determined by the department to the extent that such challenge is based upon taxing district boundaries different than as shown on the department's maps.