



State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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CONVERSION DATE: July 1, 1998

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**This ETA is cancelled effective February 2, 2009 and reissued under the 3000 series.  
See ETA 3001 for a cross-reference to the new series.**

## RAILROAD SWITCHING OF INTERSTATE CARRIERS

Issued July 22, 1966

Is the switching of cars in a railroad freight yard exempt from local taxation because the cars switched are engaged in Interstate commerce?

Taxpayer was engaged in the business of switching freight cars under an agency agreement with four trunk line railroad carriers. A fixed charge was made for each car switched. Taxpayer was subject to Federal regulation under the Interstate Commerce Act and was classified as a common carrier by the Washington Public Service Commission. A Use Tax was assessed on taxpayer's equipment and a Public Utility Tax on the switching revenue.

RCW 82.12.030(4) excepts from the Use Tax "the use of any . . . locomotive, railroad car . . . used primarily in conducting interstate or foreign commerce by transporting therein or therewith property and persons for hire . . ." The Public Utility Tax is imposed on all public service businesses referred to in RCW 82.16.020.

The Commission held that the switching of cars was public service business. Such activity was not exempt on account of interstate commerce because it was a purely local function -- the providing of a local facility by which others engaged in the conduct of interstate commerce, The taxpayer also did not fall within the Use Tax exemption of RCW 82.12.030(4) because it was not engaged in the business of carrying persons or property for hire.

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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