



State of Washington
Department of Revenue

Excise Tax Advisory

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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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SPLITTING OF PEAS AS MANUFACTURING

Issued August 26, 1966

Is the cleaning and splitting of dry field peas a manufacturing process for tax purposes?

The taxpayer, a seed company purchased dried whole peas from farmers. The peas were cleaned, screened and placed in a large metal tumbler. The rotation of the tumbler at high speeds caused the peas to be thrown against the sides of the tumbler, splitting the peas and removing the hulls and shells. The offal was sold for animal feed and the split peas were intended for a different market than the whole peas.

To determine if a manufacturing process has taken place it must be found that a new, different, or useful article of tangible personal property has been produced. Some factors to consider in making this determination are changes in form, quality, and properties, enhancement in value, the extent and kind of processing involved, and differences in demand. The split peas filled a new and different consumer demand than did the whole peas. Some extensive processing was involved, the value of the split peas was greater, and definite changes in form and properties occurred. The Commission held that a new, different, or useful product was the result of the pea splitting process, and the Manufacturing classification of the Business and Occupation Tax was applicable to this process. See McDonnell and McDonnell v. State, 62 Wn. 2d 553 (1963). (Order.)

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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