



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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## LOCAL SERVICES CONNECTED WITH INTERSTATE TRANSACTIONS

Issued August 26, 1966

REPEALED 9/14/2001

Do the activities of a cooperative shipping association in facilitating the interstate transportation of goods for its members qualify it for the interstate commerce exemption from the Business and Occupation Tax?

The taxpayer, a nonprofit cooperative shipping association, was organized to facilitate the shipping of goods and materials purchased by its members in out-of-state markets. The articles purchased were collected by various agencies at different points throughout the country and consolidated for shipment. The taxpayer was named as consignee on the manifests and paid all freight and forwarding charges. The members of the association were billed for the services performed which included providing volume shipping rates, insurance, door delivery and satisfaction of all transportation charges.

The Tax Commission held the taxpayer's activities to be basically local in nature. The taxpayer made no purchases or sales in interstate commerce. The close connection of its activities with interstate commerce did not shield it from state taxation and, as it was not doing business in any other state, no multiple burden was possible. As the activities of arranging for shipment, receiving, and handling goods were local activities, the Business and Occupation Tax applied to the gross receipts of taxpayer's business. (See Washington-Oregon Shippers Cooperative Association, Inc. v. Schumacher, 59 Wn.2d 159) (Order.)

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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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