



STATE OF WASHINGTON
DEPARTMENT OF REVENUE
OFFICE OF THE DIRECTOR

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February 4, 2014

Dear Ms. Imholt:

It was a pleasure talking with you and other Oregon state government representatives yesterday regarding Washington State tax implications for Oregon municipalities constructing and operating bridges over the Columbia River.

As we discussed, Oregon and Washington have historically provided reciprocal tax exemptions for the construction and operation of bridges over a body of water forming a border between the two states. These exemptions were available to each state, and any county, city, or other municipality thereof, based on Oregon's ORS 381.820 and Washington's RCW 84.36.230. These exemptions are not currently available, however, because while Washington's RCW 84.36.230 remains in effect, Oregon's ORS 381.820 was repealed in 2007.

You have explained that Oregon's legislature is currently considering legislation to address this. We understand that a proposed amendment to Senate Bill 1534 will reauthorize Oregon's reciprocal tax exemption statute, and it is anticipated that this legislation will have a retroactive effective date of January 1, 2008. You provided us with a draft of the proposed amendment and asked us to evaluate what the impact of such legislation would be, if enacted.

If this legislation becomes law, the tax exemptions outline above will once again be available from the effective date of the legislation. If the legislation is made retroactive as described, the Washington State Department of Revenue would honor that effect as well, with one caveat. As we discussed, the State of Washington cannot refund any Washington taxes that have previously been paid if, at the time they were paid, they were legally due. Thus, for example, if an Oregon municipality previously paid a legally due Washington tax, that tax cannot be refunded under this new legislation, even with a retroactive effective date.

I hope this letter provides you with the information you desired. Please keep me apprised of the progress of this legislation and, if you have questions or need more information, please don't hesitate to contact me.

Sincerely,

Gilbert W. Brewer
Senior Assistant Director for Tax Policy