

SENATE BILL REPORT

SHB 2456

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 24, 1994

Brief Description: Eliminating references to reclassified reforestation lands.

SPONSORS: House Committee on Revenue (originally sponsored by Representatives Valle, Silver, Morris, Talcott, Wolfe, Romero and Van Luven)

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Anderson, Bauer, Gaspard, Hargrove, Hochstatter, Ludwig, McDonald, Owen, Snyder, Spanel, Sutherland, West and Williams.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 23, 1994; February 24, 1994

BACKGROUND:

In 1931 the Legislature adopted a law to give private timberland owners the option of having their cut-over lands classified as "reforestation" land by the State Department of Forestry. Once classified, the land was subject to an annual tax of \$1 an acre in western Washington and \$.50 an acre in eastern Washington. The standing timber was exempt from the annual property tax but instead paid a "yield" tax of 12.5 percent of the harvest value when cut. Only about 550,000 acres were classified as reforestation land.

In 1971 the Legislature adopted a yield-tax system for all private timber. All land that is classified or designated as timberland pays the annual property tax only on the land. The standing timber is exempt from the annual property tax but pays a yield tax of 5 percent of the harvest value when cut. The annual property tax on the land is based on land values set in statute. These land values are adjusted each year by one-half the percentage change in the five-year rolling average of timber stumpage prices. The 1971 law stopped new classifications of reforestation land.

On July 1, 1984, reforestation land was reclassified under the new timber tax law and now pays the annual property tax on the same land values as classified and designed timberland.

Starting in 1984, the 12.5 percent yield-tax rate for reforestation timber was gradually reduced. The phase-down

ended in 1994, and now reforestation timber pays the same 5 percent rate applicable to other timber.

In 1991, the 1931 reforestation tax statutes were decodified. Decodified statutes still have the force of law, but are not published in the Revised Code of Washington (RCW). Only statutes of a "general and permanent nature" are published in the RCW. Since the effectiveness of the 1931 act was phased out by 1984, it no longer has a general and permanent nature.

SUMMARY:

The laws relating to the taxation of reforestation timber and lands are repealed. Old reforestation timber and timberland will continue to pay the same taxes as other timber and timberland.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: January 1, 1994

TESTIMONY FOR:

This is a housekeeping bill. It does not change taxes but helps the counties and taxpayers who will not have to keep track of separate classes of land. Only one form will now be used.

TESTIMONY AGAINST: None

TESTIFIED: Richard Junk, WA Forest Protection Assoc. (pro); Fred Saeger, WA Assoc. of County Officials (pro); Ryan Spiller, Dept. of Revenue (pro)