

# SENATE BILL REPORT

## SB 6433

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As of February 8, 2000

**Title:** An act relating to county excise tax on harvesters of timber.

**Brief Description:** Modifying the county timber tax.

**Sponsors:** Senators Snyder, Hargrove, Swecker, T. Sheldon, Eide, Morton, Rasmussen, Gardner, Bauer, Haugen, Winsley and Honeyford.

**Brief History:**

**Committee Activity:** Ways & Means: 2/7/2000.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Terry Wilson (786-7433)

**Background:** Timber is subject to an excise tax based on the stumpage (market) value at the time of harvest. The state imposes a tax at the rate of 5 percent. The state excise tax applies to timber harvested from both publicly and privately owned land. Publicly owned land includes federal, state, county, municipal, or other government owned land.

A county may impose a 4 percent tax on timber harvested from privately owned land within the county. The county tax is credited against the state tax. Because the county tax is a credit against the state tax, the total tax remains at 5 percent. If a county chooses to impose this tax, the county receives 4 percent of the total 5 percent tax, and the state receives the remaining 1 percent. County timber tax revenues are distributed first to local taxing districts with debt service and capital projects payments, then to school districts, and then to other taxing districts within the county, based on timber harvested in the district in the previous year.

Timber on privately or federally owned land is exempt from property taxation. Public timber, other than federal, that is sold before harvest is subject to property taxation as personal property in addition to the excise tax. Although the county timber excise tax does not apply to privately owned timber harvested from public lands in the county, the county and other taxing districts receive property tax revenues from this timber. The tax is based on the value of the timber. This timber remains on the tax roll until the timber is harvested. However, any property tax paid on this timber may be claimed as a credit against the state excise tax.

A credit against the state tax is authorized for timber harvested on land subject to enhanced aquatic resources requirements. The credit is equal to the stumpage value of timber harvested for sale or for commercial or industrial use multiplied by 0.8 percent, except for a small harvester, the credit is equal to 16 percent of the tax otherwise imposed. The credit is reduced by any compensation received from the federal government for reduced timber harvest due to enhanced aquatic resource requirements.

**Summary of Bill:** The county timber excise tax is extended to privately owned timber harvested from state and local lands. All credits are applied to total state and local taxes. In addition, privately owned timber on state and local lands is exempt from the property tax.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This gives back to counties money that was lost by I-695. This bill will benefit about 30 counties. Eighteen of the 23 counties designated as distressed would get money under this. Of the moneys under this bill, 50 percent would go to counties, 25 percent would go to the state, and 25 percent would go to special purpose districts. Development has been reducing timber revenues. Counties have a desperate need for new revenues.

**Testimony Against:** None.

**Testified:** PRO: Bill Vogler, WA State Assn. of Counties; Len Barson, The Nature Conservancy.