HOUSE BILL REPORT
HB 1024

As Reported by House Committee On:
Natural Resources

Title: An act relating to short-rotation hardwoods.

Brief Description: Increasing the growing cycle for short-rotation hardwoods for tax purposes.

Sponsors: Representatives Doumit, G. Chandler, Linville, Sump, Quall, Clements, Schoesler, Hatfield and Grant.

Brief History:
Committee Activity:
Natural Resources: 1/24/01, 1/26/01 [DPS].

Brief Summary of Substitute Bill

- The definition of short-rotation hardwoods is modified to apply to hardwood trees that are cultivated by agricultural methods in growing cycles shorter than 15 years rather than 10 years.

HOUSE COMMITTEE ON NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Doumit, Democratic Co-Chair; Sump, Republican Co-Chair; Pearson, Republican Vice Chair; Rockefeller, Democratic Vice Chair; Buck, Eickmeyer, Ericksen, G. Chandler, Jackley, Murray and Pennington.

Staff: Bill Lynch (786-7092).

Background:

Short-rotation hardwoods are defined as hardwood trees, such as hybrid cottonwoods, that are cultivated by agricultural methods in growing cycles of less than 10 years. These short-rotation hardwoods are grown primarily for chipping purposes, and are treated more like an agricultural crop than timber. Short-rotation hardwoods grown pursuant to agricultural methods are not considered forest trees– for application of the forest practices rules.

Some growers of these hardwoods have suggested that the growing cycle should be increased to accommodate variations in site productivity and to account for wildlife damage to young plantings. If the growing cycle for short-rotation hardwoods is increased, the trees could also be used for wood products other than chips.

Short-rotation hardwoods are not subject to the state excise tax on harvesting timber. The land on which short-rotation hardwoods are grown is treated as agricultural land for property tax purposes, if the land was previously used in agriculture.

Summary of Substitute Bill:

The growing cycle for short-rotation hardwood trees, for purposes of being treated as an agricultural crop, is increased from 10 years to 15 years. Short-rotation hardwoods are specifically listed as an agricultural product for purposes of application of the business and occupation tax to reflect current application of the law. Short rotation hardwoods are specifically exempted from application of the forest practices rules to reflect current interpretation of the law.

Substitute Bill Compared to Original Bill:

The original bill did not contain the clarifications that expressly exempt short rotation hardwoods from the forest practices rules, and which list short-rotation hardwoods as an agricultural product for business and occupation tax purposes.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Hybrid poplars are effective in removing pollution from the soil and water at sites where pollution is a problem. The roots of these trees go quite deep. If the rotation cycle is extended for these trees, the environmental benefit is also extended. The pulpwood market has dropped sharply recently, and the extended rotation cycle would allow more flexibility in management decisions by growers. Longer rotation cycles allow these trees to be used for saw logs or for veneer. The longer rotation cycle does not change the fact that the trees are being raised through agricultural practices. Longer growing cycles allow wildlife damage to young plantings to be taken into account. A large amount of wildlife is being attracted to these sites.

Testimony Against: None

Testified: (Support) Jim Walls, Columbia Pacific Resource Conservation and Development; Diane Ellison, Columbia Pacific Resource and Development; Charles F. Emerick; and Don Rice, Green Wood Resources.