
HOUSE BILL 2251

State of Washington 64th Legislature 2015 1st Special Session

By Representatives Tharinger, Takko, Taylor, Blake, Van De Wege, Kretz, Short, Wilcox, and Johnson

Read first time 05/01/15. Referred to Committee on Finance.

1 AN ACT Relating to providing a sales and use tax exemption for
2 the purchase or use of qualifying timber-felling equipment; adding a
3 new section to chapter 82.08 RCW; adding a new section to chapter
4 82.12 RCW; creating new sections; providing an effective date; and
5 providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature finds that maintaining a
8 strong, sustainable timber industry is vital to communities dependent
9 on our state's forest resources. The legislature intends to support
10 the timber harvesting industry, which has faced economic hardships
11 due to declines in harvest volume and sawmills. To this end, it is
12 the intent of the legislature to provide tax relief for timber
13 harvesters on the acquisition of certain equipment in order to
14 encourage the growth of mechanized timber harvesting, which increases
15 safety and productivity and reduces impacts on harvesting sites. A
16 viable forest-based economy will revitalize our timber-dependent
17 communities.

18 NEW SECTION. **Sec. 2.** This section is the tax preference
19 performance statement for the tax preference contained in this act.
20 This performance statement is only intended to be used for subsequent

1 evaluation of the tax preference. It is not intended to create a
2 private right of action by any party or be used to determine
3 eligibility for preferential treatment.

4 (1) The legislature categorizes this tax preference as one
5 intended to provide tax relief as indicated in RCW 82.32.808(2)(e).

6 (2) It is the legislature's specific public policy objective to
7 provide a sales and use tax exemption for the acquisition of feller
8 bunchers and other qualifying timber-felling equipment. It is the
9 legislature's intent to assist the state's timber harvesting industry
10 by reducing the cost of acquiring such equipment.

11 (3) To measure the effectiveness of the exemption provided in
12 this act, the joint legislative audit and review committee must at a
13 minimum review the fiscal impact of the sales and use tax exemption
14 in this act. In order to obtain the data necessary to perform the
15 review in this subsection (3), the joint legislative audit and review
16 committee should refer to data maintained by the department of
17 revenue.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08
19 RCW to read as follows:

20 (1) The tax levied by RCW 82.08.020 does not apply to sales of
21 qualifying timber-felling equipment to eligible timber harvesters.

22 (2) Sellers making tax-exempt sales under this section must
23 obtain an exemption certificate from the buyer in a form and manner
24 prescribed by the department. In lieu of an exemption certificate, a
25 seller may capture the relevant data elements as allowed under the
26 streamlined sales and use tax agreement. The seller must retain a
27 copy of the exemption certificate or the data elements, as required
28 by RCW 82.32.070.

29 (3) The definitions in this subsection apply throughout this
30 section unless the context clearly requires otherwise.

31 (a) "Eligible timber harvester" means a person engaged in the
32 business of harvesting timber as either or both an extractor, as
33 defined in RCW 82.04.100, or an extractor for hire.

34 (b)(i) "Qualifying timber-felling equipment" means only the
35 following types of equipment:

36 (A) A self-propelled machine that is used primarily for severing
37 trees and then placing the unprocessed trees in piles, such as a
38 purpose-built feller buncher or an excavator or other base carrier
39 onto which a felling head is mounted; and

1 (B) A felling head used solely for severing, holding, and placing
2 the severed trees in piles.

3 (ii) "Qualifying timber-felling equipment" does not include
4 machinery and equipment, the sale or use of which qualifies for
5 manufacturing machinery sales or use tax exemption under RCW
6 82.08.02565 or 82.12.02565.

7 (c) "Used primarily" means the principal purpose for which
8 equipment is used during a calendar year period, which must be
9 supported by contemporaneous written records maintained by the
10 taxpayer such as log books or other evidence satisfactory to the
11 department.

12 (4) This section expires July 1, 2025.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.12
14 RCW to read as follows:

15 (1) The tax levied by RCW 82.12.020 does not apply to the use of
16 qualifying timber-felling equipment by an eligible timber harvester.
17 This exemption does not apply to the use of qualifying timber-felling
18 equipment that is acquired or first brought into this state by the
19 taxpayer on or after July 1, 2025.

20 (2)(a) Timber-felling equipment for which a taxpayer claims an
21 exemption under this section or section 3 of this act must continue
22 to meet the definition of qualified timber-felling equipment until
23 the earlier of:

24 (i) The date that ownership of the equipment is transferred to an
25 unrelated person;

26 (ii) The date that the equipment is damaged beyond repair or is
27 otherwise permanently unavailable for the taxpayer's use; or

28 (iii) January 1st of the calendar year that is at least forty-
29 eight calendar months after the month in which the taxpayer purchased
30 or first used the qualified timber-felling equipment in this state.

31 (b) Failure of the condition in (a) of this subsection subjects
32 the taxpayer to the tax imposed in RCW 82.12.020 and any interest and
33 penalties as may be applicable under chapter 82.32 RCW. The tax
34 imposed pursuant to this subsection is based on the value of the
35 timber-felling equipment, determined in accordance with RCW
36 82.12.010(7)(a), as of January 1st of the year in which the timber-
37 felling equipment ceased to meet the definition of qualified timber
38 harvesting equipment or the date the taxpayer purchased or first used
39 the timber-felling equipment in this state, whichever is later.

1 (3) The definitions in section 3 of this act apply to this
2 section.

3 NEW SECTION. **Sec. 5.** This act takes effect August 1, 2015.

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