

HOUSE BILL REPORT

HB 1148

As Reported by House Committee On:
Agriculture & Natural Resources

Title: An act relating to extending the expiration date for reporting requirements on timber purchases.

Brief Description: Extending the expiration date for reporting requirements on timber purchases.

Sponsors: Representatives J. Walsh, Chapman, Vick, Blake, Orcutt and Muri.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/18/17, 1/25/17 [DP].

Brief Summary of Bill

- Extends the expiration date for a requirement to report data about timber purchases to the Department of Revenue from 2018 until 2021.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 11 members: Representatives Blake, Chair; Chapman, Vice Chair; Buys, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Chandler, Fitzgibbon, Lytton, Orcutt, Pettigrew, Robinson and Schmick.

Staff: Rebecca Lewis (786-7339).

Background:

Every harvester of timber is required to pay an excise tax of 5 percent of the stumpage value of any trees that they harvest. The excise tax applies to timber harvested from private and public lands.

Every purchaser of more than 200,000 board feet of privately owned timber in a voluntary sale must report the purchase to the Department of Revenue (Department) on or before the

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last day of the month in which the purchase took place. The purchaser must report information related to the value of the purchase including the following:

- purchaser's name, address, and contact information;
- seller's name, address, and contact information;
- sale date;
- termination date in sale agreement;
- total sale price;
- legal description of sale area;
- sale name, if applicable;
- forest practice application or harvest permit number if available;
- total acreage involved in sale;
- estimated net volume of timber purchased by tree species and log grade; and
- description and value of property improvements such as land clearing, reforestation, or road improvements.

The Department may assess a penalty of \$250 for failure to report the required information.

Information gathered in the reports is used by the Department to establish stumpage value tables. A stumpage table is required to be prepared for each species of tree that is commercially harvested in Washington. The values on the tables indicate the amount that each species would sell for at a voluntary sale made in the ordinary course of business. The stumpage value tables are used to calculate the excise tax due from each timber harvester.

The requirement to report sales information to the Department expires on July 1, 2018.

Summary of Bill:

The expiration date for the requirement to report data to the Department about timber purchases is extended from July 1, 2018, to July 1, 2021.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This is a familiar bill. The tradition has been to extend the program for three years at a time to account for potential changes in tax policy or market conditions. One of the reasons for the three-year extension, rather than making the reporting requirements permanent, is because there is a certain cost to the landowner and there could be a risk to the landowner for potentially misreporting information. Another reason is to account for

potential changes in tax policy or market conditions. These reporting requirements assure that stumpage tax rates are based on actual market rate and not other sources of information that could be used. This program provides a way to use the information without individual forest landowners disclosing proprietary information.

(Opposed) None.

Persons Testifying: Representative Walsh, prime sponsor; and Jason Callahan, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: None.