
Appropriations Committee

HB 2093

Brief Description: Increasing county timber tax distributions by reducing the charge for administrative and collection costs.

Sponsors: Representatives Abbarno, Volz, Sutherland, Graham, Walsh and Gilday.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Limits the percentage of timber excise tax retained by the Department of Revenue to two percent.

Hearing Date: 2/3/22

Staff: Dawn Eychaner (786-7135).

Background:

The timber excise tax is paid quarterly to the state by the timber owner, also referred to as the harvester, and applies to timber harvested from any private or public lands. When timber is harvested from public lands, the harvester is the first person (other than a public entity) to acquire title or possessory interest in the timber.

The total timber excise tax rate is 5 percent of the stumpage value of the timber when it is harvested. Counties are authorized to impose a 4 percent timber excise tax, which is credited against the state tax, resulting in 4 percent of the revenue going to the county where the harvest occurred and 1 percent of the revenue going to the state general fund.

The timber excise tax is collected quarterly by the Department of Revenue (DOR) and is deposited into the Timber Tax Distribution Account (Account). Monies in the account may only be spent for distribution to counties and, after appropriation by the Legislature, for activities of

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the DOR related to the collection and administration of the tax. Each participating county receives a quarterly distribution of tax revenue collected by the DOR on behalf of that county, less the county's proportionate share of the administration and collection costs incurred by the DOR. After the county and state shares of administration and collection costs are deducted, any remaining revenue is transferred to the state general fund.

Locally distributed revenue may be used by counties for debt service, capital projects, and is distributed to school districts for maintenance and operations. Any remaining funds are distributed among other taxing districts. Counties receive their share of the tax collected on their behalf from the state treasurer quarterly. An appropriation is not required for distributions to counties.

Summary of Bill:

Beginning with distributions to counties in fiscal year 2023, the DOR must deduct a maximum of 2 percent of the taxes collected for administration and collection expenses incurred by the department. The deduction must be uniform for all counties.

The stated legislative intent is to increase the DOR's budget appropriation from the State General Fund to offset any reduction in the DOR's appropriation from the Account resulting from the Act.

Appropriation: None.

Fiscal Note: Requested on January 31, 2022.

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