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**Ways & Means Committee**

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**HB 1427**

**Brief Description:** Adjusting timber tax account distribution calculations.

**Sponsors:** Representatives Hunt and Takko.

**Brief Summary of Bill**

- Removes the requirement for school districts to use 80 percent of the timber roll in 1983 when determining property tax rates for excess levies.
- Removes the requirement that timber tax distributions are based on 80 percent of the timber roll in 1983.

**Hearing Date:** 2/1/11

**Staff:** Jeff Olsen (786-7175).

**Background:**

**Timber Excise Tax**

In the 1970s, property taxes on timber were phased out and replaced with the timber excise tax. The timber excise tax consists of a state and local tax rate of 5 percent of the harvest value of the timber harvested. To address the changeover from a property tax to an excise tax, certain safeguards were put in place for determining timber values and distributing timber tax revenues.

**Timber Assessed Values and Property Tax Levy Rates**

A school district may levy excess property tax levies, maintenance and operations levies by approval of the voters. In determining the rate for the excess levy, a district must include the greater of one-half of the timber assessed value of the district or 80 percent of the timber value in the district in 1983. The timber assessed value (TAV) of a county is based on the value of the timber harvested in the most recent four calendar quarters. By adding the timber value to the district, it has the effect of reducing the rate of the levy on all other properties in the district.

**Timber Tax Distributions**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Proceeds from the timber excise tax are split between the state and counties depending on where the timber was harvested. The Department of Revenue notifies the State Treasurer to distribute timber tax receipts four times per year. Local timber tax revenues are distributed based on statutory priorities. The first priority is districts that have voter approved bonds, second priority are school districts, and all taxing districts share if there are extra revenues. Up to 20 percent of excess revenues may also be used for reserve in case future distributions are insufficient.

**Summary of Bill:**

The requirement that the excess levy rate for school districts be based on 80 percent of the timber roll in 1983 is removed. The requirement that timber tax distributions for school districts are based on 80 percent of the timber roll in 1983 is removed. The requirement that timber tax distributions be provided for voter approved bonds authorized before July 1, 1984, in an amount equal to debt service in 1984 is removed.

**Appropriation:** None.

**Fiscal Note:** Requested on January 25, 2011.

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