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**Finance Committee**

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**SB 5806**

**Brief Description:** Repealing an obsolete provision for a credit against property taxes paid on timber on public land.

**Sponsors:** Senators Smith, Rolfes, Pearson and Hargrove.

**Brief Summary of Bill**

- Repeals an obsolete timber excise tax credit.

**Hearing Date:** 3/25/13

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

**Background:**

In the 1970s, property taxes on timber were phased out and replaced with the timber excise tax. The timber excise tax is paid when timber is harvested. The state tax rate equals 5 percent of the stumpage value. The tax applies to timber harvested on public and private lands. A county tax equal to 4 percent applies to harvests on private lands and 3.7 percent on public lands is credited against the state tax. Beginning in 2014, the county tax on harvest of timber on public lands will be 4 percent, the same as the rate on private lands. The state tax is deposited in the general fund. The local tax is distributed to property taxing districts within the county.

Legislation enacted in 2004 exempted privately-owned timber on state and local public land from the property tax. Prior to this, standing timber on non-federal public lands was treated as personal property, and timber sales purchasers paid property tax on the standing timber until it was harvested. The amount of property tax paid was eligible for a credit against the timber excise tax.

**Summary of Bill:**

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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.*

The property tax credit for taxes paid on privately-owned timber standing on public land is repealed since the timber is exempt from property tax.

**Appropriation:** None.

**Fiscal Note:** Requested on March 22, 2013.

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