

HOUSE BILL REPORT

SB 5806

As Reported by House Committee On: Finance

Title: An act relating to repealing an obsolete provision for a credit against property taxes paid on timber on public land.

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 History:

Committee Activity:

Finance: 3/25/13, 4/1/13 [DP].

Brief Summary of Bill

- Repeals an obsolete timber excise tax credit.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 13 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Fitzgibbon, Hansen, Lytton, Pollet, Reykdal, Springer, Vick and Wilcox.

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

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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 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:

The property tax credit for taxes paid on privately owned timber standing on public land is repealed since the timber is exempt from property tax.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: 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 bill is a housekeeping bill that repeals an obsolete credit. With changes made in 2004, no additional credits are being earned. At the time the change was made, there were taxpayers that still had credits to use. No one has used the credit since 2007, and there is no fiscal impact for this change.

(Opposed) None.

Persons Testifying: John Ehrenreich, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: None.