

# HOUSE BILL REPORT

## HB 2397

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### As Reported By House Committee On:

Natural Resources

Finance

**Title:** An act relating to county excise tax on harvesters of timber.

**Brief Description:** Allowing county excise taxation of harvesters of timber on publicly owned land.

**Sponsors:** Representatives Boldt, Sheldon, Kessler, Hatfield, Fuhrman, Buck, Basich and Benton.

### Brief History:

#### Committee Activity:

Natural Resources: 1/26/96 [DP];

Finance: 2/5/96 [DPS].

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## HOUSE COMMITTEE ON NATURAL RESOURCES

**Majority Report:** Do pass. Signed by 11 members: Representatives Fuhrman, Chairman; Buck, Vice Chairman; Pennington, Vice Chairman; Elliot; Hatfield; Jacobsen; Keiser; Sheldon; Stevens; L. Thomas and Thompson, Assistant Ranking Minority Member.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Regala, Assistant Ranking Minority Member.

**Staff:** Linda Byers (786-7129).

**Background:** The timber excise tax is imposed on harvesters of timber in this state. The tax rate is 5 percent of the stumpage value of the timber harvested. The state excise tax applies to timber harvested on both publicly- and privately-owned land.

A county may choose to impose a tax on harvesters of timber from privately-owned lands in that county. If a county chooses to impose this tax, the county receives 4 percent of the total 5 percent tax, and the state receives the remaining 1 percent. County timber tax revenues are allocated to debt service and capital projects payments, school districts, and other taxing districts.

A county does not receive timber excise tax revenues on harvests from publicly-owned land in the county; the state receives the full 5 percent from harvests on these lands. However, the local taxing districts receive property tax revenues from public timber that is sold to a private party. The tax is based on the value of the timber. This timber remains on the tax roll until the timber is harvested. The property tax payments are allowed as a credit against the state timber excise tax assessment.

**Summary of Bill:** Counties receive the same 4 percent timber excise tax revenues from harvests on publicly-owned land in the county as they do from privately owned land. Timber tax revenues accruing to the state from harvests on publicly owned land drop from a rate of 5 percent to a rate of 1 percent of the stumpage value of the harvested timber.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 1996.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The history of this tax indicates the recognition that local needs should be met with this tax. These monies go to timber-dependent communities that are most in need of these revenues. It is appropriate to allocate this tax like the tax on private lands. Counties are struggling to make ends meet and need these revenues. This bill will have a tremendous impact on the junior taxing districts, especially for schools and school construction. This is a positive step.

**Testimony Against:** None.

**Testified:** Bill Vogler, Washington State Association of Counties; Alan Mack, Stevens County Commissioner; Melissa Carlson-Price, Skamania County Commissioner; Bob Paylor, Grays Harbor County Commissioner; Phil Kitchel, Clallam County Commissioner; Maggie Coon, The Nature Conservancy; and Ed Owens, Coalition of Washington Ocean Fishermen (all in favor).

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Boldt, Vice Chairman; Morris, Ranking Minority Member; Hymes; Mason; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

**Minority Report:** Do not pass. Signed by 1 member: Representative Dickerson, Assistant Ranking Minority Member.

**Staff:** Rick Peterson (786-7150).

**Summary of Recommendation of Committee on Finance Compared to Recommendation of Committee on Natural Resources:** The Finance Committee recommendation adds language to ensure that public timber will be treated the same as private timber with regard to the property tax and the distribution of revenue from the timber excise tax.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 1996.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Timber-dependent communities rely on the timber excise tax and shared revenues from federal timber sales to fund essential local services. Shared revenues from federal timber sales are declining due to restrictions on harvesting. Timber dependent counties are having a hard time.

**Testimony Against:** None.

**Testified:** Representative Marc Boldt, prime sponsor; Bill Vogler, Washington State Association of Counties; Bob Drewel, Snohomish County Executive; Bob Paylor, Grays Harbor County Commissioner; and Phil Kitchel, Clallam County Commissioner.