

FINAL BILL REPORT

SHB 1067

C 165 L 95

Synopsis as Enacted

Brief Description: Reforming the property taxation of short-rotation hardwoods.

Sponsors: House Committee on Finance (originally sponsored by Representatives Schoesler, Grant, Hankins, Delvin, Mastin and Sheldon).

House Committee on Finance
Senate Committee on Ways & Means

Background: Timber is not subject to property taxes, but the harvesting of timber is subject to a state excise tax at a rate of 5 percent of its stumpage value. However, the normal tax status of timber and timber harvesting does not apply to Christmas trees that are intensively cultivated. Christmas trees that are intensively cultivated are subject to property taxes, along with the land on which the Christmas trees are grown. The harvesting of Christmas trees is not subject to the state excise tax on harvesting timber.

Forest land, but not including the timber on such land, is subject to property taxes. Two separate programs exist for valuing forest land for property tax purposes using the current use value of the land. Under the primary current use valuation program, the value of forest land is based upon its current use value for growing and harvesting timber if the forest land is in contiguous ownership of 20 or more acres and is primarily devoted to growing and harvesting timber. A second current use valuation program is the timber land portion of the open space valuation program. Land may be classified as timber land under the open space current use valuation program, and valued at its current use value for property tax purposes, if the land is at least five contiguous acres and is devoted primarily to the growth and harvest of forest crops for commercial purposes.

Summary: The tax status of short-rotation hardwoods and the harvesting of short-term hardwoods is altered.

Short-rotation hardwoods are subject to property taxes. The land upon which short-rotation hardwoods are grown may not be included under the primary current use valuation program for forest land. However, the land upon which short-term rotation hardwoods are grown may be included under the timber land portion of the open space current use valuation program. The state excise tax on harvesting timber does not apply to the harvesting of short-rotation hardwoods, unless the land upon which the short-rotation hardwoods are grown is classified under the timber land portion of the open space current use valuation program.

Short-rotation hardwoods are defined to be hardwood trees, such as hybrid cottonwoods, that are cultivated by agricultural methods in growing cycles shorter than 10 years.

Votes on Final Passage:

House	90	2
Senate	40	0

Effective: July 23, 1995