

SENATE BILL REPORT

HB 1495

As Reported By Senate Committee On:
Ways & Means, April 3, 1995

Title: An act relating to the timber excise tax small harvester option.

Brief Description: Expanding timber excise tax small harvester option.

Sponsors: Representatives Basich, Hatfield, Fuhrman, Sheldon, Foreman and Chappell.

Brief History:

Committee Activity: Ways & Means: 4/3/95 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Hochstatter, Johnson, Long, McDonald, Pelz, Quigley, Roach, Sheldon, Snyder, Spanel, Strannigan, West and Winsley.

Staff: Terry Wilson (786-7715)

Background: Standing timber is exempt from property taxes but is subject to a 5 percent timber excise tax at the time of harvest.

The base of the 5 percent excise tax is the stumpage value of the standing timber. The "stumpage value" is the value of the standing timber without any deduction for logging or transportation costs. The Department of Revenue determines stumpage value tables for use by timber owners who harvest their own timber.

A "small harvester" is defined as someone who harvests 500,000 board feet or less in any quarter and one million board feet or less in any calendar year.

While small harvesters may calculate the taxable value using the Department of Revenue's stumpage value tables, a small harvester may elect to use 1) the actual sales price if the timber is sold on the stump or 2) the actual sales price minus costs of harvesting and marketing, if the timber is sold after harvest. If the landowner cannot document these costs, the deduction is determined by the department but cannot be less than 25 percent of the actual sales price.

Summary of Bill: The definition of small harvester is changed to one whose harvests do not exceed 2 million board feet in a calendar year.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: This is an equity matter for people who are small wood growers. The stumpage tables are complicated and this makes more people eligible to use the simpler method.

Testimony Against: None.

Testified: Representative Basich, prime sponsor (pro); Nels Hansen, WA Farm Forestry Assn. (pro).