

SENATE BILL REPORT

SSB 5066

As Passed Senate, February 22, 1995

Title: An act relating to the taxation of short-rotation hardwoods.

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

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Fraser, Newhouse, Loveland, Rasmussen and Hochstatter).

Brief History:

Committee Activity: Ways & Means: 2/1/95, 2/9/95 [DPS].
Passed Senate, 2/22/95, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5066 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Fraser, Hochstatter, Johnson, Long, Moyer, Pelz, Roach, Sheldon, Snyder, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Terry Wilson (786-7715)

Background: Timber on privately or federally owned land is exempt from property taxation. The timber is subject to an excise tax based on its stumpage value at the time of harvest. The rate of the tax is 5 percent.

The forest land itself is subject to the property tax. If the land is used for growing and harvesting timber, and at least 20 acres, it may be valued based on its current use which is the value of the bare land for growing and harvesting timber.

Christmas trees that are cultivated by agricultural methods are exempt from the timber excise tax and subject to property tax. The land on which Christmas trees are grown is not subject to current use valuation as forest land.

Summary of Bill: Short-rotation hardwoods are exempt from the timber excise tax and subject to property tax. Short-rotation hardwoods are hardwood trees, such as hybrid cottonwoods, cultivated by agricultural methods in growing cycles shorter than ten years. The land itself is not subject to current use valuation as forest land. The timber excise tax applies if the land is valued as open space timber land.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This is more like agriculture than tree growing. We should encourage fast growing trees to be used for paper.

Testimony Against: Exempting trees is against the spirit of the timber excise tax. These trees are harvested for wood fiber like other trees. These trees should not be exempt from excise tax if the land is classified as open space timber land.

Testified: Don Rice, James River Corp. (pro); George Perala, Boise Cascade Corp. (pro); Donn Smallwood, DOR (con).