

HOUSE BILL REPORT

HB 1185

As Passed House:

February 5, 2007

Title: An act relating to extending the expiration date for reporting requirements on timber purchases.

Brief Description: Extending the expiration date for reporting requirements on timber purchases.

Sponsors: By Representatives VanDeWege, Kristiansen, Kretz, Blake, Orcutt, Kessler and Haigh.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/25/07 [DP].

Floor Activity:

Passed House: 2/5/07, 95-0.

Brief Summary of Bill

- Delays from 2007 until 2010 the expiration date of a requirement that timber purchase data be reported to the Department of Revenue.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 15 members: Representatives B. Sullivan, Chair; Blake, Vice Chair; Kretz, Ranking Minority Member; Warnick, Assistant Ranking Minority Member; Dickerson, Eickmeyer, Grant, Hailey, Kagi, Lantz, McCoy, Newhouse, Orcutt, Strow and VanDeWege.

Staff: Jason Callahan (786-7117).

Background:

Every harvester of timber is required to pay an excise tax of 5 percent of the stumpage value of any trees that he or she harvested. The excise tax applies to timber harvested from both private and public lands.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Every person who purchases more than 200,000 board feet of private timber in a voluntary sale is required to report certain information to the Department of Revenue (Department). Information that is required to be reported includes the sale date, total sale price, total acreage involved in the sale, net volume of timber purchased, road construction that was required, data from the timber cruise, and any timber thinning information. The Department may assess a penalty of \$250 for failure to report the required information.

Information gathered in the report is used by the Department to establish tables of stumpage values. A stumpage table is required to be prepared for each species of tree that is commercially harvested in Washington. The values on the tables indicate the amount that each species would sell for at a voluntary sale made in the ordinary course of business. The stumpage value tables are used to calculate the excise tax due from each timber harvester.

The requirement to report sales information to the Department expires on July 1, 2007.

Summary of Bill:

The expiration date of the requirement that data about timber purchases be reported to the Department is extended from 2007 to 2010.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect July 1, 2007.

Staff Summary of Public Testimony:

(In support) This bill merely extends an existing program that has been in effect since 1994. It is important to the timber industry for the Department to receive updated information about the actual value of timber for this complicated tax. Continuing to extend the expiration date instead of making the provision permanent is important so that new legislation is not required in the future if the Department develops a better way to estimate stumpage values.

(Opposed) None.

Persons Testifying: Representative Kevin Van De Wege, prime sponsor; Drew Shirk, Department of Revenue; and John Ehrenreich, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: None.