
Finance Committee

HB 2693

Brief Description: Modifying the taxation of timber on publicly owned land.

Sponsors: Representatives Hinkle, McIntire, Cairnes, Fromhold and Holmquist.

Brief Summary of Bill

- Allows counties to impose a 4 percent excise tax on timber harvested from public lands.

Hearing Date: 1/27/04

Staff: Rick Peterson (786-7150).

Background:

The timber excise tax is paid when timber is harvested. The state tax rate equals five percent of the stumpage value. The tax applies to timber harvested on public and private lands. A county tax equal to four percent applies to harvests on private lands and is credited against the state tax. Therefore the effective rate on timber harvested from private land is one percent for the state and four percent for counties. The effective rate for timber harvested from public lands is five percent for the state. There is no county timber excise tax on timber from public lands. The state tax is deposited in the general fund. The local tax is distributed to property taxing districts within the county based on the value of commercial forest land.

Standing timber located on private lands is exempt from property tax. Standing timber located on public land is exempt from property tax until it is sold to a private person. The assessment date for property tax is January 1st. Timber located on public land purchased by a timber harvester that is still standing on Jan 1st is subject to property tax. The property tax is distributed to the taxing districts in which the timber is located. The timber harvester's state timber excise tax liability is reduced by the amount of property taxes paid.

Summary of Bill:

Counties are authorized to impose a 4 percent timber excise tax on timber harvested from public lands. The tax rate is phased-in over ten years started at 1.2 percent. The county tax is credited against the state tax so that the timber harvester pays a total rate of 5 percent.

Standing timber located on public land that is purchased by a private person is exempt from property tax.

Appropriation: None.

Fiscal Note: Requested on January 24, 2004.

Effective Date: The bill takes effect on January 1, 2005.