

SB 6950 - H AMD 1403

By Representative Van De Wege

WITHDRAWN 3/05/2008

1 On page 41, after line 25, insert the following:

2 "Sec. 509. RCW 84.33.074 and 1984 c 204 s 19 are each amended
3 to read as follows:

4 (1) A small harvester may elect to calculate the tax imposed by
5 this chapter in the manner provided in this section.

6 (2) Timber shall be considered harvested at the time when in
7 the ordinary course of business the quantity thereof by species is
8 first definitely determined. The amount harvested shall be
9 determined by the Scribner Decimal C Scale or other prevalent
10 measuring practice adjusted to arrive at substantially equivalent
11 measurements, as approved by the department of revenue.

12 (3) Timber values shall be determined by either of the
13 following methods, whichever is most appropriate to the
14 circumstances of the harvest:

15 (a) When standing timber is sold on the stump, the taxable
16 value is the actual gross receipts received by the landowner from
17 the sale of the standing timber.

18 (b) When timber is sold after it has been harvested, the
19 taxable value is the actual gross receipts from sale of the
20 harvested timber minus the costs of harvesting and marketing the
21 timber. When the taxpayer is unable to provide documented proof of
22 harvesting and marketing costs, this deduction for harvesting and
23 marketing costs shall be a percentage of the gross receipts from
24 sale of the harvested timber as determined by the department of
25 revenue but in no case less than twenty-five percent.

26 (4) The department of revenue shall prescribe a short filing
27 form which shall be as simple as possible.

28 (5) During a state of emergency declared under RCW
29 43.06.010(12), the department may, on its own motion or at the
30 request of any taxpayer affected by the emergency, increase the
31 annual harvest limit for filing as a small harvester as provided in

1 RCW 84.33.035 as the department deems proper up to a limit of five
2 million board feet.

3 **Sec. 510.** RCW 84.33.035 and 2004 c 177 s 1 are each amended to
4 read as follows:

5 Unless the context clearly requires otherwise, the definitions
6 in this section apply throughout this chapter.

7 (1) "Agricultural methods" means the cultivation of trees that
8 are grown on land prepared by intensive cultivation and tilling,
9 such as irrigating, plowing, or turning over the soil, and on which
10 all unwanted plant growth is controlled continuously for the
11 exclusive purpose of raising trees such as Christmas trees and
12 short-rotation hardwoods.

13 (2) "Average rate of inflation" means the annual rate of
14 inflation as determined by the department averaged over the period
15 of time as provided in RCW 84.33.220 (1) and (2). This rate shall
16 be published in the state register by the department not later than
17 January 1st of each year for use in that assessment year.

18 (3) "Composite property tax rate" for a county means the total
19 amount of property taxes levied upon forest lands by all taxing
20 districts in the county other than the state, divided by the total
21 assessed value of all forest land in the county.

22 (4) "Forest land" is synonymous with "designated forest land"
23 and means any parcel of land that is twenty or more acres or
24 multiple parcels of land that are contiguous and total twenty or
25 more acres that is or are devoted primarily to growing and
26 harvesting timber. Designated forest land means the land only and
27 does not include a residential homesite. The term includes land
28 used for incidental uses that are compatible with the growing and
29 harvesting of timber but no more than ten percent of the land may
30 be used for such incidental uses. It also includes the land on
31 which appurtenances necessary for the production, preparation, or
32 sale of the timber products exist in conjunction with land
33 producing these products.

34 (5) "Harvested" means the time when in the ordinary course of
35 business the quantity of timber by species is first definitely
36 determined. The amount harvested shall be determined by the
37 Scribner Decimal C Scale or other prevalent measuring practice

1 adjusted to arrive at substantially equivalent measurements, as
2 approved by the department.

3 (6) "Harvester" means every person who from the person's own
4 land or from the land of another under a right or license granted
5 by lease or contract, either directly or by contracting with others
6 for the necessary labor or mechanical services, fells, cuts, or
7 takes timber for sale or for commercial or industrial use. When
8 the United States or any instrumentality thereof, the state,
9 including its departments and institutions and political
10 subdivisions, or any municipal corporation therein so fells, cuts,
11 or takes timber for sale or for commercial or industrial use, the
12 harvester is the first person other than the United States or any
13 instrumentality thereof, the state, including its departments and
14 institutions and political subdivisions, or any municipal
15 corporation therein, who acquires title to or a possessory interest
16 in the timber. The term "harvester" does not include persons
17 performing under contract the necessary labor or mechanical
18 services for a harvester.

19 (7) "Harvesting and marketing costs" means only those costs
20 directly associated with harvesting the timber from the land and
21 delivering it to the buyer and may include the costs of disposing
22 of logging residues. Any other costs that are not directly and
23 exclusively related to harvesting and marketing of the timber, such
24 as costs of permanent roads or costs of reforesting the land
25 following harvest, are not harvesting and marketing costs.

26 (8) "Incidental use" means a use of designated forest land that
27 is compatible with its purpose for growing and harvesting timber.
28 An incidental use may include a gravel pit, a shed or land used to
29 store machinery or equipment used in conjunction with the timber
30 enterprise, and any other use that does not interfere with or
31 indicate that the forest land is no longer primarily being used to
32 grow and harvest timber.

33 (9) "Local government" means any city, town, county, water-
34 sewer district, public utility district, port district, irrigation
35 district, flood control district, or any other municipal
36 corporation, quasi-municipal corporation, or other political
37 subdivision authorized to levy special benefit assessments for
38 sanitary or storm sewerage systems, domestic water supply or
39 distribution systems, or road construction or improvement purposes.

1 (10) "Local improvement district" means any local improvement
2 district, utility local improvement district, local utility
3 district, road improvement district, or any similar unit created by
4 a local government for the purpose of levying special benefit
5 assessments against property specially benefited by improvements
6 relating to the districts.

7 (11) "Owner" means the party or parties having the fee interest
8 in land, except where land is subject to a real estate contract
9 "owner" means the contract vendee.

10 (12) "Primarily" or "primary use" means the existing use of the
11 land is so prevalent that when the characteristic use of the land
12 is evaluated any other use appears to be conflicting or nonrelated.

13 (13) "Short-rotation hardwoods" means hardwood trees, such as
14 but not limited to hybrid cottonwoods, cultivated by agricultural
15 methods in growing cycles shorter than fifteen years.

16 (14) "Small harvester" means every person who from his or her
17 own land or from the land of another under a right or license
18 granted by lease or contract, either directly or by contracting
19 with others for the necessary labor or mechanical services, fells,
20 cuts, or takes timber for sale or for commercial or industrial use
21 in an amount not exceeding two million board feet in a calendar
22 year, except during states of emergency as provided in RCW
23 84.33.074. When the United States or any instrumentality thereof,
24 the state, including its departments and institutions and political
25 subdivisions, or any municipal corporation therein so fells, cuts,
26 or takes timber for sale or for commercial or industrial use, not
27 exceeding these amounts, the small harvester is the first person
28 other than the United States or any instrumentality thereof, the
29 state, including its departments and institutions and political
30 subdivisions, or any municipal corporation therein, who acquires
31 title to or a possessory interest in the timber. Small harvester
32 does not include persons performing under contract the necessary
33 labor or mechanical services for a harvester, and it does not
34 include the harvesters of Christmas trees or short-rotation
35 hardwoods.

36 (15) "Special benefit assessments" means special assessments
37 levied or capable of being levied in any local improvement district
38 or otherwise levied or capable of being levied by a local
39 government to pay for all or part of the costs of a local

1 improvement and which may be levied only for the special benefits
2 to be realized by property by reason of that local improvement.

3 (16) "Stumpage value of timber" means the appropriate stumpage
4 value shown on tables prepared by the department under RCW
5 84.33.091, provided that for timber harvested from public land and
6 sold under a competitive bidding process, stumpage value shall mean
7 the actual amount paid to the seller in cash or other
8 consideration. The stumpage value of timber from public land does
9 not include harvesting and marketing costs if the timber from
10 public land is harvested by, or under contract for, the United
11 States or any instrumentality of the United States, the state,
12 including its departments and institutions and political
13 subdivisions, or any municipal corporation therein. Whenever
14 payment for the stumpage includes considerations other than cash,
15 the value shall be the fair market value of the other
16 consideration. If the other consideration is permanent roads, the
17 value of the roads shall be the appraised value as appraised by the
18 seller.

19 (17) "Timber" means forest trees, standing or down, on
20 privately or publicly owned land, and except as provided in RCW
21 84.33.170 includes Christmas trees and short-rotation hardwoods.

22 (18) "Timber assessed value" for a county means the sum of:
23 (a) The total stumpage value of timber harvested from publicly
24 owned land in the county multiplied by the public timber ratio,
25 plus; (b) the total stumpage value of timber harvested from
26 privately owned land in the county multiplied by the private timber
27 ratio. The numerator of the public timber ratio is the rate of tax
28 imposed by the county under RCW 84.33.051 on public timber harvests
29 for the year of the calculation. The numerator of the private
30 timber ratio is the rate of tax imposed by the county under RCW
31 84.33.051 on private timber harvests for the year of the
32 calculation. The denominator of the private timber ratio and the
33 public timber ratio is the composite property tax rate for the
34 county for taxes due in the year of the calculation, expressed as
35 a percentage of assessed value. The department shall use the
36 stumpage value of timber harvested during the most recent four
37 calendar quarters for which the information is available. The
38 department shall calculate the timber assessed value for each
39 county before October 1st of each year.

1 (19) "Timber assessed value" for a taxing district means the
2 timber assessed value for the county multiplied by a ratio. The
3 numerator of the ratio is the total assessed value of forest land
4 in the taxing district. The denominator is the total assessed
5 value of forest land in the county. As used in this section,
6 "assessed value of forest land" means the assessed value of forest
7 land for taxes due in the year the timber assessed value for the
8 county is calculated plus an additional value for public forest
9 land. The additional value for public forest land is the product
10 of the number of acres of public forest land that are available for
11 timber harvesting determined under RCW 84.33.089 and the average
12 assessed value per acre of private forest land in the county.

13 (20) "Timber management plan" means a plan prepared by a
14 trained forester, or any other person with adequate knowledge of
15 timber management practices, concerning the use of the land to grow
16 and harvest timber. Such a plan includes:

17 (a) A legal description of the forest land;

18 (b) A statement that the forest land is held in contiguous
19 ownership of twenty or more acres and is primarily devoted to and
20 used to grow and harvest timber;

21 (c) A brief description of the timber on the forest land or, if
22 the timber on the land has been harvested, the owner's plan to
23 restock the land with timber;

24 (d) A statement about whether the forest land is also used to
25 graze livestock;

26 (e) A statement about whether the land has been used in
27 compliance with the restocking, forest management, fire protection,
28 insect and disease control, and forest debris provisions of Title
29 76 RCW; and

30 (f) If the land has been recently harvested or supports a
31 growth of brush and noncommercial type timber, a description of the
32 owner's plan to restock the forest land within three years."

33
34 Renumber the remaining sections consecutively, correct any
35 internal references accordingly, and correct the title.

EFFECT: Allows the Department of Revenue to raise the maximum
threshold for consideration as a small harvester of timber from
two million board feet a year up to a maximum of five million

board feet a year for individuals affected by a state of emergency.