

SENATE BILL REPORT

HB 1055

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, March 11, 2021

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: Representatives Berg, Abbarno, Shewmake, Walen, Orcutt, Ramos, Tharinger and Callan.

Brief History: Passed House: 2/5/21, 96-0.

Committee Activity: Agriculture, Water, Natural Resources & Parks: 3/11/21, 3/11/21 [DP].

Brief Summary of Bill

- Extends the expiration date for reporting timber purchase information to the Department of Revenue from July 1, 2021, to September 30, 2025.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: Do pass.

Signed by Senators Van De Wege, Chair; Salomon, Vice Chair; Warnick, Ranking Member; Rolfes, Short and Stanford.

Staff: Jeff Olsen (786-7428)

Background: Every purchaser of more than 200,000 board feet of privately owned timber in a voluntary sale must report the purchase to the Department of Revenue (DOR) on or before the last day of the month in which the purchase took place. DOR may assess a

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penalty of \$250 if a purchaser fails to report the required information.

The purchaser must report information related to the value of the purchase including:

- the name, address, and contact information of both the purchaser and seller;
- the sale date and termination date in the sale agreement;
- the total sale price;
- the legal description of sale area and, if applicable, the sale name;
- the forest practice application or harvest permit number if available;
- the total acreage involved in sale;
- the estimated net volume of timber purchased by tree species and log grade; and
- the description and value of property improvements such as land clearing, reforestation, or road improvements.

Information gathered in the timber purchase reports is used by DOR to establish stumpage value tables, which are prepared for each species of tree commercially harvested in Washington and indicates the amount each species would sell for at a voluntary sale made in the ordinary course of business. Timber harvesters must pay a 5 percent excise tax on any timber harvested. Stumpage value tables are used to calculate the excise tax amount due from each timber harvester.

The timber purchase reporting requirement expires on July 1, 2021.

Summary of Bill: The expiration date for reporting timber purchase information to DOR is changed from July 1, 2021, to September 30, 2025.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect on June 30, 2021.

Staff Summary of Public Testimony: PRO: The bill has strong support from the timber industry and DOR. By reporting information to DOR it creates a database of transactions to create stumpage value tables and helps determine the fair market value for timber. If the requirement to report information expires, DOR would have to rely on voluntary reporting that would present administrative challenges.

Persons Testifying: PRO: Representative April Berg, Prime Sponsor; Ian Doyle, Department of Revenue; John Ehrenreich, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: No one.