

HOUSE BILL REPORT

HB 1389

As Reported by House Committee On:
Agriculture & Natural Resources

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 Bernbaum, Orcutt, Springer, Dent, Schmick, Parshley, Richards, Simmons, Reed and Tharinger.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/29/25, 2/7/25 [DP].

Brief Summary of Bill

- Extends the expiration date for timber purchase reporting requirements from September 30, 2025, to September 30, 2029.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 11 members: Representatives Reeves, Chair; Morgan, Vice Chair; Dent, Ranking Minority Member; Engell, Assistant Ranking Minority Member; Bernbaum, McClintock, Nance, Orcutt, Richards, Schmick and Springer.

Staff: Lily Smith (786-7175).

Background:

Forest Tax.

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

Instead of property taxes, timber harvesters pay a 5 percent excise tax, known as the forest tax or timber tax, on any timber harvested. The excise tax amount due from each timber harvester is based on the value of the timber harvested.

Timber Purchase Reporting Requirements.

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) or be subject to a \$250 penalty. The report must include specific information related to the value of the purchase, including the total sale price, total acreage, and the estimated net volume of timber purchased by tree species and log grade.

Information gathered in the timber purchase reports indicate the amount that each tree species commercially harvested in Washington would sell for at a voluntary sale. This information is used by the DOR to establish stumpage value tables, which provide estimates for the value of timber in order to calculate the amount of excise tax due from large timber harvesters.

The timber purchase reporting requirement expires on September 30, 2025.

Summary of Bill:

The expiration date for the timber purchase reporting requirement is changed from September 30, 2025, to September 30, 2029.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is supported by the timber industry and by the Department of Natural Resources and allows for a nice marriage of industry and government regulation. The report that will sunset without this bill has value to both the DOR and timber purchasers. Stumpage value tables are important for establishing the current market value of timber, and purchasers want to pay based on accurate values. There is a reason for the extension of this requirement not being permanent, which is to allow for a conversation every four years about whether these businesses want to continue to share their proprietary data for this

purpose.

(Opposed) None.

Persons Testifying: Representative Adam Bernbaum, prime sponsor; and Tom Davis, Washington Forest Protection Association (WFPA).

Persons Signed In To Testify But Not Testifying: None.