FINAL BILL REPORT
SB 5994

C 74 L 26
Synopsis as Enacted

Brief Description: Preserving timber tax distributions for school districts with recent school district levy failures.

Sponsors: Senators Cortes, Frame, Lovelett and Shewmake.

Senate Committee on Ways & Means
House Committee on Finance

Background: Timber Tax. Instead of property taxes, timber owners, also referred as 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. The timber excise tax collected by the Department of Revenue (DOR) is composed of a 4 percent county tax and a 1 percent state tax.

Distribution of Timber Tax. County taxes are distributed to the county where the timber was harvested. It helps fund capital projects, voter-approved bonds, school maintenance and operations, county roads, libraries, and fire districts. State taxes are deposited in the state general fund.

The State Treasurer's Office distributes the receipts, minus the DOR administrative fee, to counties on a quarterly basis. County receipts are further distributed to local taxing districts by the county treasurers. The distribution amounts depend on each district's levy rate for the current year as well as the district's timber assessed value (TAV) and the actual amount of timber excise taxes collected.

Funds go first to districts that have voter-approved excess levies for capital purposes. The distribution amount equals to the district's TAV times excess levy rate for the current calendar year. Next, school districts receive funds equal to the greater of one-half of the district's TAV or 80 percent of the timber roll of such district in calendar year 1983, multiplied by the district's excess levy rate for the current calendar year. The remainder is distributed to each taxing district generally in proportion to the TAV of each district.

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.

Summary: Timber tax distributions are extended to school districts without qualifying levies in a given calendar year, if they had qualifying levies in effect in either of the previous two calendar years. The highest levy rate in effect during the two previous calendar years must be used to calculate timber tax distributions.

Votes on Final Passage:

Senate	47	2
House	96	0

Effective: March 16, 2026