



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)
Do NOT use for expedited rule making

Agency: Department of Revenue

- Preproposal Statement of Inquiry was filed as WSR 13-18-072 ; or
- Expedited Rule Making--Proposed notice was filed as WSR ; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

- Original Notice
- Supplemental Notice to WSR
- Continuance of WSR

Title of rule and other identifying information: WAC 458-40-540 *Forest Land Values* & WAC 458-40-660 *Timber excise tax – Stumpage value tables – Stumpage value adjustments.*

Hearing location(s):

Capitol Plaza Building
Fourth Floor Executive Conference Room
1025 Union Avenue SE
Olympia, Washington

Copies of draft rules are available for viewing and printing on our website at [Rules Agenda](#)

Call in option can be provided upon request

Date: **December 10, 2013** Time: **10:00 AM**

Date of intended adoption: December 17, 2013
(Note: This is **NOT** the effective date)

Submit written comments to:

Name: Mark E. Bohe
Address: Post Office Box 47453
Olympia, Washington 98504-7453

E-mail: markbohe@dor.wa.gov
Fax (360) 534-1606
by December 16, 2013

Assistance for persons with disabilities: Contact Mary Carol LaPalm (360) 725-7499 or Renee Cosare (360) 725-7514 no later than 10 days before the hearing date. For Hearing Impaired please contact us via the Washington Relay Operator at (800) 833-6384.

Purpose of the proposal and its anticipated effects, including any changes in existing rules: RCW 84.33.091 requires the Department to revise the stumpage value tables every six months. The Department establishes stumpage value tables to apprise timber harvesters of the timber values used to calculate the timber excise tax. The values in the proposed rule will apply to the 1st half of 2014.

Further, RCW 84.33.140 requires that forest land values be adjusted annually by a statutory formula contained in RCW 84.33.140(3). The Department anticipates amending the Forest Land Values rule (WAC 458-40-540) to adjust the table of forest land values in Washington as required by statute. County assessors will use these published land values for property tax purposes in 2014.

Reasons supporting proposal: Required by statutes and values needed to calculate timber excise and property taxes.

Statutory authority for adoption: RCW 82.32.300, 82.01.060(2), and 84.33.096

Statute being implemented: RCW 84.33.091

Is rule necessary because of a:

- Federal Law? Yes No
 - Federal Court Decision? Yes No
 - State Court Decision? Yes No
- If yes, CITATION:

DATE November 5, 2013

NAME Alan R. Lynn

SIGNATURE

TITLE

Assistant Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: November 05, 2013
TIME: 11:04 AM

WSR 13-22-066

(COMPLETE REVERSE SIDE)

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: None.

Name of proponent: Department of Revenue

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Mark Bohe	1025 Union Ave. SE. Ste #544, Olympia ,WA	(360) 534-1574
Implementation.... Stuart Thronson	1025 Union Ave. SE. Ste #544, Olympia ,WA	(360) 534-1300
Enforcement..... Stuart Thronson	1025 Union Ave. SE. Ste #544, Olympia ,WA	(360) 534-1300

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone ()

fax ()

e-mail

No. No small business economic impact statement is required.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name: Mark E. Bohe

Address: Interpretations & Technical Advice Division

PO Box 47453

Olympia, WA 98504-7453

phone (360) 534-1574

fax (360) 534-1606

e-mail markbohe@dor.wa.gov

No: Please explain:

The proposed rule is a significant legislative rule as defined by RCW 34.05.328.

AMENDATORY SECTION (Amending WSR 13-02-034, filed 12/21/12, effective 1/1/13)

WAC 458-40-540 Forest land values--((2013)) 2014. The forest land values, per acre, for each grade of forest land for the ((2013)) 2014 assessment year are determined to be as follows:

LAND GRADE	OPERABILITY CLASS	((2013)) 2014 VALUES PER ACRE
((1	1	\$191
	2	189
	3	177
	4	128
2	1	161
	2	156
	3	149
	4	107
3	1	125
	2	121
	3	120
	4	93
4	1	97
	2	94
	3	93
	4	70
5	1	70
	2	63
	3	62
	4	43
6	1	35
	2	33
	3	33
	4	31
7	1	16
	2	16
	3	15
	4	15
8	1	1))

THIS PROPOSED RULE IS SUBMITTED FOR PUBLIC COMMENTS AFTER INPUT FROM INTERESTED PARTIES AND IS TO BE USED SOLELY FOR DISCUSSION PURPOSES AT THE PUBLIC HEARING ON THE PROPOSED RULE. UNDER NO CIRCUMSTANCES IS THIS PROPOSED RULE TO BE USED TO DETERMINE TAX LIABILITY AND OR EXEMPTIONS.

LAND GRADE	OPERABILITY CLASS	((2013)) 2014 VALUES PER ACRE
<u>1</u>	<u>1</u>	<u>\$189</u>
	<u>2</u>	<u>187</u>
	<u>3</u>	<u>175</u>
	<u>4</u>	<u>127</u>
<u>2</u>	<u>1</u>	<u>159</u>
	<u>2</u>	<u>155</u>
	<u>3</u>	<u>148</u>
	<u>4</u>	<u>106</u>
<u>3</u>	<u>1</u>	<u>124</u>
	<u>2</u>	<u>120</u>
	<u>3</u>	<u>119</u>
	<u>4</u>	<u>92</u>
<u>4</u>	<u>1</u>	<u>96</u>
	<u>2</u>	<u>93</u>
	<u>3</u>	<u>92</u>
	<u>4</u>	<u>69</u>
<u>5</u>	<u>1</u>	<u>69</u>
	<u>2</u>	<u>62</u>
	<u>3</u>	<u>61</u>
	<u>4</u>	<u>43</u>
<u>6</u>	<u>1</u>	<u>35</u>
	<u>2</u>	<u>33</u>
	<u>3</u>	<u>33</u>
	<u>4</u>	<u>31</u>
<u>7</u>	<u>1</u>	<u>16</u>
	<u>2</u>	<u>16</u>
	<u>3</u>	<u>15</u>
	<u>4</u>	<u>15</u>
<u>8</u>	<u>1</u>	<u>1</u>

AMENDATORY SECTION (Amending WSR 13-14-056, filed 6/28/13, effective 7/1/13)

WAC 458-40-660 Timber excise tax—Stumpage value tables—Stumpage value adjustments. (1) **Introduction.** This rule provides stumpage value tables and stumpage value adjustments used to calculate the amount of a harvester's timber excise tax.

(2) **Stumpage value tables.** The following stumpage value tables are used to calculate the taxable value of stumpage harvested from ~~((July))~~ January 1 through ~~((December 31, 2013))~~ June 30, 2014:

Washington State Department of Revenue
STUMPAGE VALUE TABLE
~~((July))~~ January 1 through ~~((December 31, 2013))~~ June 30, 2014
 Stumpage Values per Thousand Board Feet Net Scribner Log Scale(1)
 Starting July 1, 2012, there are no separate Quality Codes per Species Code.

Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
Douglas fir ⁽²⁾	DF	1	\$392	\$385	\$378	\$371	\$364
		2	388	381	374	367	360
		3	308	301	294	287	280
		4	442	435	428	421	414
		5	424	417	410	403	396
		6	224	217	210	203	196
Western Hemlock and Other Conifer ⁽³⁾	WH	1	361	354	347	340	333
		2	353	346	339	332	325
		3	260	253	246	239	232
		4	340	333	326	319	312
		5	352	345	338	331	324
		6	211	204	197	190	183
Western Redcedar ⁽⁴⁾	RC	1-5	808	801	794	787	780
		6	483	476	469	462	455
Ponderosa Pine ⁽⁵⁾	PP	1-6	190	183	176	169	162
Red Alder	RA	1-5	479	472	465	458	451
Black Cottonwood	BC	1-5	90	83	76	69	62
Other Hardwood	OH	1-5	229	222	215	208	201
		6	23	16	9	2	1

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((Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
Douglas fir Poles & Piles	DFL	1-5	789	782	775	768	761
Western Redcedar Poles	RCL	1-5	1379	1372	1365	1358	1351
		6	854	847	840	833	826
Chipwood ⁽⁶⁾	CHW	1-5	10	9	8	7	6
		6	1	1	1	1	1
Small Logs ⁽⁶⁾	SML	6	27	26	25	24	23
RC Shake & Shingle Blocks ⁽⁷⁾	RCS	1-5	164	157	150	143	136
Posts ⁽⁸⁾	LPP	1-5	0.35	0.35	0.35	0.35	0.35
DF Christmas Trees ⁽⁹⁾	DFX	1-5	0.25	0.25	0.25	0.25	0.25
Other Christmas Trees ⁽⁹⁾	TFX	1-5	0.50	0.50	0.50	0.50	0.50

⁽¹⁾ Log scale conversions Western and Eastern Washington. See conversion methods WAC 458-40-680.
⁽²⁾ Includes Western Larch.
⁽³⁾ Includes all Hemlock, Spruce and true Fir species, Lodgepole Pine, or any other conifer not listed on this page.
⁽⁴⁾ Includes Alaska Cedar.
⁽⁵⁾ Includes Western White Pine.
⁽⁶⁾ Stumpage value per ton.
⁽⁷⁾ Stumpage value per cord.
⁽⁸⁾ Includes Lodgepole posts and other posts, Stumpage Value per 8 lineal feet or portion thereof.
⁽⁹⁾ Stumpage Value per lineal foot.))

Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
Douglas-fir ⁽²⁾	DF	1	\$440	\$433	\$426	\$419	\$412
		2	462	455	448	441	434
		3	379	372	365	358	351
		4	476	469	462	455	448
		5	437	430	423	416	409
		6	250	243	236	229	222
Western Hemlock and Other Conifer ⁽³⁾	WH	1	380	373	366	359	352
		2	392	385	378	371	364
		3	344	337	330	323	316
		4	357	350	343	336	329
		5	337	330	323	316	309
		6	253	246	239	232	225
Western Redcedar ⁽⁴⁾	RC	1-5	972	965	958	951	944
		6	654	647	640	633	626
Ponderosa Pine ⁽⁵⁾	PP	1-6	209	202	195	188	181
Red Alder	RA	1-5	464	457	450	443	436
Black Cottonwood	BC	1-5	52	45	38	31	24

Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
Other Hardwood	OH	1-5	262	255	248	241	234
		6	23	16	9	2	1
Douglas-fir Poles & Piles	DFL	1-5	802	795	788	781	774
Western Redcedar Poles	RCL	1-5	1401	1394	1387	1380	1373
		6	913	906	899	892	885
Chipwood ⁽⁶⁾	CHW	1-5	6	5	4	3	2
		6	1	1	1	1	1
Small Logs ⁽⁶⁾	SML	6	30	29	28	27	26
RC Shake & Shingle Blocks ⁽⁷⁾	RCS	1-5	178	171	164	157	150
Posts ⁽⁸⁾	LPP	1-5	0.35	0.35	0.35	0.35	0.35
DF Christmas Trees ⁽⁹⁾	DFX	1-5	0.25	0.25	0.25	0.25	0.25
Other Christmas Trees ⁽⁹⁾	TEF	1-5	0.50	0.50	0.50	0.50	0.50

⁽¹⁾ Log scale conversions Western and Eastern Washington. See conversion methods WAC 458-40-680.
⁽²⁾ Includes Western Larch.
⁽³⁾ Includes all Hemlock, Spruce and true Fir species, Lodgepole Pine, or any other conifer not listed on this page.
⁽⁴⁾ Includes Alaska-Cedar.
⁽⁵⁾ Includes Western White Pine.
⁽⁶⁾ Stumpage value per ton.
⁽⁷⁾ Stumpage value per cord.
⁽⁸⁾ Includes Lodgepole posts and other posts. Stumpage Value per 8 lineal feet or portion thereof.
⁽⁹⁾ Stumpage Value per lineal foot.

(3) **Harvest value adjustments.** The stumpage values in subsection (2) of this rule for the designated stumpage value areas are adjusted for various logging and harvest conditions, subject to the following:

(a) No harvest adjustment is allowed for special forest products, chipwood, or small logs.

(b) Conifer and hardwood stumpage value rates cannot be adjusted below one dollar per MBF.

(c) Except for the timber yarded by helicopter, a single logging condition adjustment applies to the entire harvest unit. The taxpayer must use the logging condition adjustment class that applies to a majority (more than 50%) of the acreage in that harvest unit. If the harvest unit is reported over more than one quarter, all quarterly returns for that harvest unit must report the same logging condition adjustment. The helicopter adjustment applies only to the timber volume from the harvest unit that is yarded from stump to landing by helicopter.

(d) The volume per acre adjustment is a single adjustment class for all quarterly returns reporting a harvest unit. A harvest unit is established by the harvester prior to harvesting. The volume per acre is determined by taking the volume logged from the unit excluding the volume reported as chipwood or small logs and dividing by the total acres logged. Total acres logged does not include leave tree areas (RMZ, UMZ, forested wetlands, etc.,) over 2 acres in size.

(e) A domestic market adjustment applies to timber which meet the following criteria:

(i) **Public timber** - Harvest of timber not sold by a competitive bidding process that is prohibited under the authority of state or federal law from foreign export may be eligible for the domestic market adjustment. The adjustment may be applied only to those species of timber that must be processed domestically. According to type of sale, the adjustment may be applied to the following species:

Federal Timber Sales: All species except Alaska-cedar. (Stat. Ref. - 36 C.F.R. 223.10)

State, and Other Nonfederal, Public Timber Sales: Western Redcedar only. (Stat. Ref. - 50 U.S.C. appendix 2406.1)

(ii) **Private timber** - Harvest of private timber that is legally restricted from foreign export, under the authority of The Forest Resources Conservation and Shortage Relief Act (Public Law 101-382), (16 U.S.C. Sec. 620 et seq.); the Export Administration Act of 1979 (50 U.S.C. App. 2406(i)); a Cooperative Sustained Yield Unit Agreement made pursuant to the act of March 29, 1944 (16 U.S.C. Sec. 583-583i); or Washington Administrative Code (WAC 240-15-015(2)) is also eligible for the Domestic Market Adjustment.

The following harvest adjustment tables apply from ~~((July))~~ January 1 through ~~((December 31, 2013))~~ June 30, 2014:

TABLE 9—Harvest Adjustment Table
Stumpage Value Areas 1, 2, 3, 4, and 5
~~((July))~~ January 1 through ~~((December 31, 2013))~~ June 30, 2014

Type of Adjustment	Definition	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
I. Volume per acre		
Class 1	Harvest of 30 thousand board feet or more per acre.	\$0.00
Class 2	Harvest of 10 thousand board feet to but not including 30 thousand board feet per acre.	-\$15.00

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Type of Adjustment	Definition	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
Class 3	Harvest of less than 10 thousand board feet per acre.	-\$35.00
II. Logging conditions		
Class 1	Ground based logging a majority of the unit using tracked or wheeled vehicles or draft animals.	\$0.00
Class 2	Cable logging a majority of the unit using an overhead system of winch driven cables.	-\$50.00
Class 3	Applies to logs yarded from stump to landing by helicopter. This does not apply to special forest products.	-\$145.00
III. Remote island adjustment:		
	For timber harvested from a remote island	-\$50.00
IV. Thinning		
Class 1	A limited removal of timber described in WAC 458-40-610 (28)	-\$100.00

**TABLE 10—Harvest Adjustment Table
Stumpage Value Area 6**
((July)) January 1 through ((December 31, 2012)) June 30, 2014

Type of Adjustment	Definition	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
I. Volume per acre		
Class 1	Harvest of more than 8 thousand board feet per acre.	\$0.00
Class 2	Harvest of 8 thousand board feet per acre and less.	-\$8.00
II. Logging conditions		
Class 1	The majority of the harvest unit has less than 40% slope. No significant rock outcrops or swamp barriers.	\$0.00
Class 2	The majority of the harvest unit has slopes between 40% and 60%. Some rock outcrops or swamp barriers.	-\$50.00
Class 3	The majority of the harvest unit has rough, broken ground with slopes over 60%. Numerous rock outcrops and bluffs.	-\$75.00
Class 4	Applies to logs yarded from stump to landing by helicopter. This does not apply to special forest products.	-\$145.00
Note:	A Class 2 adjustment may be used for slopes less than 40% when cable logging is required by a duly promulgated forest practice regulation. Written documentation of this requirement must be provided by the taxpayer to the department of revenue.	
III. Remote island adjustment:		
	For timber harvested from a remote island	-\$50.00

TABLE 11—Domestic Market Adjustment

Class	Area Adjustment Applies	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
	SVAs 1 through 5 only:	\$(9.00) <u>8.00</u>

Note: This adjustment only applies to published MBF sawlog values.

(4) **Damaged timber.** Timber harvesters planning to remove timber from areas having damaged timber may apply to the department of revenue for an adjustment in stumpage values. The application must contain a map with the legal descriptions of the area, an accurate estimate of the volume of damaged timber to be removed, a description of the damage sustained by the timber with an evaluation of the extent to which the stumpage values have been materially reduced from the values shown in the applicable tables, and a list of estimated additional costs to be incurred resulting from the removal of the damaged timber. The application must be received and approved by the department of revenue before the harvest commences. Upon receipt of an application, the department of revenue will determine the amount of adjustment to be applied against the stumpage values. Timber that has been damaged due to sudden and unforeseen causes may qualify.

(a) Sudden and unforeseen causes of damage that qualify for consideration of an adjustment include:

(i) Causes listed in RCW 84.33.091; fire, blow down, ice storm, flood.

(ii) Others not listed; volcanic activity, earthquake.

(b) Causes that do not qualify for adjustment include:

(i) Animal damage, root rot, mistletoe, prior logging, insect damage, normal decay from fungi, and pathogen caused diseases; and

(ii) Any damage that can be accounted for in the accepted normal scaling rules through volume or grade reductions.

(c) The department of revenue will not grant adjustments for applications involving timber that has already been harvested but will consider any remaining undisturbed damaged timber scheduled for removal if it is properly identified.

(d) The department of revenue will notify the harvester in writing of approval or denial. Instructions will be included for taking any adjustment amounts approved.

(5) **Forest-derived biomass,** has a \$0/ton stumpage value.