



# 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 15-07-050; 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 458-40-660 Timber excise tax – Stumpage value tables – Stumpage value adjustments.

**Hearing location(s):**

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

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

Date: June 15, 2015 Time: 10:30 AM

Date of intended adoption: June 22, 2015

(Note: This is NOT the effective date)

**Submit written comments to:**

Name: Mark E. Bohe  
Address: Interpretations & Technical Advice Division  
Post Office Box 47453  
Olympia, Washington 98504-7453

E-mail: markbohe@dor.wa.gov  
By: June 15, 2015 @ noon

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 2nd half of 2015.

**Reasons supporting proposal:** Beginning July 1, 2015, timber harvesters will calculate the timber excise tax they owe using these stumpage value tables.

**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 May 4, 2015

NAME Dylan Waits

SIGNATURE

TITLE Rules Coordinator

**CODE REVISER USE ONLY**

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: May 04, 2015

TIME: 10:22 AM

WSR 15-10-073

**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 ()  
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  
e-mail: markbohe@dor.wa.gov

No: Please explain:

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

Under no circumstances is this proposed rule to be used to determine tax liability and/or exemptions.

AMENDATORY SECTION (Amending WSR 15-01-095, filed 12/17/14, effective 1/1/15)

**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 ~~((January))~~ July 1 through ~~((June 30))~~ December 31, 2015:

Washington State Department of Revenue  
**STUMPAGE VALUE TABLE**  
~~((January))~~ July 1 through ~~((June 30))~~ December 31,  
 2015  
 Stumpage Values per Thousand Board Feet Net Scribner  
 Log Scale<sup>(1)</sup>  
 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
<del>((Douglas-fir<sup>(2)</sup></del>	DF	1	\$494	\$487	\$480	\$473	\$466
		2	496	489	482	475	468
		3	423	416	409	402	395
		4	533	526	519	512	505
		5	447	440	433	426	419
		6	271	264	257	250	243
Western Hemlock and Other Conifer <sup>(3)</sup>	WH	1	428	421	414	407	400
		2	437	430	423	416	409
		3	392	385	378	371	364
		4	386	379	372	365	358
		5	408	401	394	387	380
		6	260	253	246	239	232
Western Redcedar <sup>(4)</sup>	RC	1-5	1001	994	987	980	973
		6	693	686	679	672	665
Ponderosa Pine <sup>(5)</sup>	PP	1-6	228	221	214	207	200
Red Alder	RA	1-5	481	474	467	460	453
Black Cottonwood	BC	1-5	75	68	61	54	47
Other Hardwood	OH	1-5	339	332	325	318	311
		6	23	16	9	2	1
Douglas-fir Poles & Piles	DFL	1-5	876	869	862	855	848
Western Redcedar Poles	RCL	1-5	1453	1446	1439	1432	1425
		6	944	937	930	923	916
Chipwood <sup>(6)</sup>	CHW	1-5	8	7	6	5	4
		6	1	1	1	1	1
Small Logs <sup>(6)</sup>	SML	6	25	24	23	22	21
RC Shake & Shingle Blocks <sup>(7)</sup>	RCS	1-5	289	282	275	268	261
Posts <sup>(8)</sup>	LPP	1-5	0.35	0.35	0.35	0.35	0.35

Under no circumstances is this proposed rule to be used to determine tax liability and/or exemptions.

Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
<u>DF Christmas Trees<sup>(9)</sup></u>	<u>DFX</u>	<u>1-5</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
<u>Other Christmas Trees<sup>(9)</sup></u>	<u>TFX</u>	<u>1-5</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
<u>Douglas-fir<sup>(2)</sup></u>	<u>DF</u>	<u>1</u>	<u>\$463</u>	<u>\$456</u>	<u>\$449</u>	<u>\$442</u>	<u>\$435</u>
		<u>2</u>	<u>485</u>	<u>478</u>	<u>471</u>	<u>464</u>	<u>457</u>
		<u>3</u>	<u>457</u>	<u>450</u>	<u>443</u>	<u>436</u>	<u>429</u>
		<u>4</u>	<u>527</u>	<u>520</u>	<u>513</u>	<u>506</u>	<u>499</u>
		<u>5</u>	<u>474</u>	<u>467</u>	<u>460</u>	<u>453</u>	<u>446</u>
		<u>6</u>	<u>282</u>	<u>275</u>	<u>268</u>	<u>261</u>	<u>254</u>
<u>Western Hemlock and Other Conifer<sup>(3)</sup></u>	<u>WH</u>	<u>1</u>	<u>312</u>	<u>305</u>	<u>298</u>	<u>291</u>	<u>284</u>
		<u>2</u>	<u>363</u>	<u>356</u>	<u>349</u>	<u>342</u>	<u>335</u>
		<u>3</u>	<u>374</u>	<u>367</u>	<u>360</u>	<u>353</u>	<u>346</u>
		<u>4</u>	<u>359</u>	<u>352</u>	<u>345</u>	<u>338</u>	<u>331</u>
		<u>5</u>	<u>354</u>	<u>347</u>	<u>340</u>	<u>333</u>	<u>326</u>
		<u>6</u>	<u>260</u>	<u>253</u>	<u>246</u>	<u>239</u>	<u>232</u>
<u>Western Redcedar<sup>(4)</sup></u>	<u>RC</u>	<u>1-5</u>	<u>963</u>	<u>956</u>	<u>949</u>	<u>942</u>	<u>935</u>
		<u>6</u>	<u>704</u>	<u>697</u>	<u>690</u>	<u>683</u>	<u>676</u>
<u>Ponderosa Pine<sup>(5)</sup></u>	<u>PP</u>	<u>1-6</u>	<u>232</u>	<u>225</u>	<u>218</u>	<u>211</u>	<u>204</u>
<u>Red Alder</u>	<u>RA</u>	<u>1-5</u>	<u>492</u>	<u>485</u>	<u>478</u>	<u>471</u>	<u>464</u>
<u>Black Cottonwood</u>	<u>BC</u>	<u>1-5</u>	<u>80</u>	<u>73</u>	<u>66</u>	<u>59</u>	<u>52</u>
<u>Other Hardwood</u>	<u>OH</u>	<u>1-5</u>	<u>338</u>	<u>331</u>	<u>324</u>	<u>317</u>	<u>310</u>
		<u>6</u>	<u>32</u>	<u>25</u>	<u>18</u>	<u>11</u>	<u>1</u>
<u>Douglas-fir Poles &amp; Piles</u>	<u>DFL</u>	<u>1-5</u>	<u>879</u>	<u>872</u>	<u>865</u>	<u>858</u>	<u>851</u>
<u>Western Redcedar Poles</u>	<u>RCL</u>	<u>1-5</u>	<u>1522</u>	<u>1515</u>	<u>1508</u>	<u>1501</u>	<u>1494</u>
		<u>6</u>	<u>953</u>	<u>946</u>	<u>939</u>	<u>932</u>	<u>925</u>
<u>Chipwood<sup>(6)</sup></u>	<u>CHW</u>	<u>1-5</u>	<u>10</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>6</u>
		<u>6</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>1</u>
<u>Small Logs<sup>(6)</sup></u>	<u>SML</u>	<u>6</u>	<u>24</u>	<u>23</u>	<u>22</u>	<u>21</u>	<u>20</u>
<u>RC Shake &amp; Shingle Blocks<sup>(7)</sup></u>	<u>RCS</u>	<u>1-6</u>	<u>289</u>	<u>282</u>	<u>275</u>	<u>268</u>	<u>261</u>
<u>Posts<sup>(8)</sup></u>	<u>LPP</u>	<u>1-6</u>	<u>0.35</u>	<u>0.35</u>	<u>0.35</u>	<u>0.35</u>	<u>0.35</u>
<u>DF Christmas Trees<sup>(9)</sup></u>	<u>DFX</u>	<u>1-6</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
<u>Other Christmas Trees<sup>(9)</sup></u>	<u>TFX</u>	<u>1-6</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>

- (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 in SVA 6, or any other conifer not listed on this page.
- (4) Includes Alaska-Cedar.
- (5) Includes Western White Pine in SVA 6, and all Pines in SVA 1-5.
- (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 ~~((January))~~ July 1 through ((June 30)) December 31, 2015:

**TABLE 9—Harvest Adjustment Table**  
**Stumpage Value Areas 1, 2, 3, 4, and 5**  
~~((January))~~ July 1 through ((June 30)) December 31,  
 2015

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

Under no circumstances is this proposed rule to be used to determine tax liability and/or exemptions.

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.	<del>(\$50.00)</del> -\$85.00
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**  
 ((January)) July 1 through ((June 30)) December 31, 2015

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:	<del>(\$2.00)</del> \$0.00

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.