



PROPOSED RULE MAKING

CR-102 (June 2004)
(Implements RCW 34.05.320)
Do NOT use for expedited rule making

Agency: Department of Revenue

- Preproposal Statement of Inquiry was filed as WSR 12-06-056; or
- Expedited Rule Making--Proposed notice was filed as WSR ; or
- Proposal is exempt under RCW 34.05.310(4).

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

Title of rule and other identifying information:

WAC 458-40-680 Timber excise tax -- Volume harvested -- Approved scaling and grading methods -- Sample scaling -- Conversions

Hearing location(s):

Capitol Plaza Building
4th Floor – L&P Large Conference Room
1025 Union Avenue SE
Olympia, Washington 98501

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

Date: June 5, 2012 **Time:** 10:00 AM

Date of intended adoption: June 26, 2012

Submit written comments to:

Name: Mark Bohe
E-mail: markbohe@dor.wa.gov
Address: Post Office Box 47453
Olympia, Washington 98504-7453

By: June 5, 2012

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 WAC 458-40-660 will apply to the 2nd half of 2012. This time there is also a separate change to WAC 458-40-680, Timber excise tax — Volume harvested — Approved scaling and grading methods — Sample scaling — Conversions. The change is to remove all references to SVA 7 and SVA 10; and to update the multiple quality codes used in weight measure conversions in 458-40-680 (4) (a).

Reasons supporting proposal: RCW 84.33.091 requires that the stumpage values provided in WAC 458-40-660 be updated as of January 1st and July 1st of each year. WAC 458-40-680, an associated section, is being updated to reflect changes affecting stumpage values.

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

Statute being implemented: RCW 84.33.091 and RCW 84.33.140

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 2, 2012

Name Alan R. Lynn

Signature

Title Rules Coordinator

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: May 02, 2012

TIME: 10:19 AM

WSR 12-10-088

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

None.

Name of proponent: (person or organization) Washington State Department of Revenue

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Mark E. Bohe	1025 Union Ave. SE. Ste #544, Olympia ,WA	(360) 534-1574
Implementation.... Stuart Thronson	1025 Union Ave. SE. Ste #100, Olympia ,WA	(360) 534-1300
Enforcement..... Stuart Thronson	1025 Union Ave. SE. Ste #100, Olympia ,WA	(360) 534-1300

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

Yes. Attach copy of small business economic 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 for either rule.

Is a cost-benefit analysis required under RCW 34.05.328?

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

Name: Mark Bohe

Address: Interpretations & Technical Advice Division

P.O. Box 47453

Olympia, WA 98504-7453

Phone: (360) 534-1574

E-mail: markbohe@dor.wa.gov

No: Please explain:

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.

AMENDATORY SECTION (Amending WSR 06-02-007, filed 12/22/05, effective 1/22/06)

WAC 458-40-680 Timber excise tax--Volume harvested--Approved scaling and grading methods--Sample scaling--Conversions. (1) **Introduction.** The acceptable log scaling and grading standard for stumpage value areas 1, 2, 3, 4, and 5 (~~7 and 10~~) is the Scribner Decimal C log rule as described in the most current edition of the "Official Log Scaling and Grading Rules" developed and authored by the Northwest Log Rules Advisory Group. The acceptable log scaling standard for stumpage value area (~~5~~) 6 (~~and 7~~) is the Scribner Decimal C log rule described in the most current edition of the "Eastside Log Scaling Handbook" as published by the Northwest Log Rules Advisory Group, except that timber harvested in stumpage value area (~~5~~) 6 (~~and 7~~) must be scaled using the current regional taper rules at the point of origin.

(2) **Special services scaling.** Special services scaling as described in the "Official Log Scaling and Grading Rules" developed and authored by the Northwest Log Rules Advisory Group may not be used for tax reporting purposes without prior written approval of the department of revenue.

(3) **Sample scaling.** Sample scaling may not be used for tax reporting purposes without prior written approval of the department of revenue. To be approved, sample scaling must be in accordance with the following guidelines:

(a) Sample selection, scaling, and grading must be conducted on a continuous basis as the unit is harvested.

(b) The sample must be taken in such a manner to assure random, unbiased sample selection in accordance with accepted statistical tests of sampling.

(c) The sample used to determine total volume, species, and quality of timber harvested for a given reporting period must have been taken during that period.

(d) Sample frequency must be large enough to meet board foot variation accuracy limits of plus or minus two and five-tenths percent standard error at the ninety-five percent confidence level.

(e) Harvesters, or a purchaser with an approved sample scaling method, must maintain sufficient supporting documentation to allow the department of revenue to verify

source data, and test statistical reliability of sample scale systems.

(f) Exceptions: Sampling designs and accuracy standards other than those described herein may only be used with the prior written approval of the department of revenue.

(4) **Conversions to Scribner Decimal C Scale.** The following definitions, tables, and conversion factors must be used in determining taxable volume for timber harvested that was not originally scaled by the Scribner Decimal C Log Rule. Conversion methods other than those listed are not to be used for tax reporting purposes without prior written approval of the department of revenue. Harvesters who wish to use a method of conversion other than those listed below must obtain written approval from the department of revenue before harvesting. Purchasers may obtain written approval of a sample scaling method from the department of revenue. The department will maintain a list of purchasers with an approved sample scaling method. A harvester may obtain this list and a summary of the approved method for specific purchasers from the department of revenue. If a harvester has not obtained approval of a sample scaling method before harvesting, the harvester may use a purchaser's approved sample scaling method. If the harvester, or purchaser, fails to use an approved sample scaling method or other method of conversion approved by these rules to set the purchase price, the department will establish its own method, as the circumstances require, to determine a reasonable estimate of the volume of timber sold.

(a) **Weight measurement.** If the sole unit of measure used to set the purchase price for logs from harvest units (~~that meet the definition of the lowest quality code for each species~~) was weight, and the harvester does not use an approved method of sample scaling to determine volume for the stumpage value tables, the following tables must be used for converting to Scribner Decimal C, if the harvest volume per species meets the definition listed in the table. If weight is the sole measure used for a harvest unit (~~with quality codes other than the lowest~~) and the harvest volume per species does not meet the definition listed in the table below, the department will establish its own method, as the circumstances require, to determine a reasonable estimate of the volume of timber sold. Harvesters must keep records to substantiate the species and quality codes reported. For tax reporting purposes, a ton equals 2,000 pounds.

(Stumpage Value Areas 1, 2, 3, 4, & 5(& 10)) BOARD FOOT WEIGHT SCALE FACTORS (TONS/MBF)	
Species	Quality code

	1	((2	3	4))
Douglas-fir ¹	((NA)) 7.50	((NA	NA	7.50))
Western Hemlock ²	((NA)) 8.25	((NA	NA	8.25))
Western Redcedar ³	7.0			
Red Alder ⁴	((NA)) 7.80	((7.8)		
Chipwood	9.0			

¹ Includes Douglas-fir, Western Larch, Western White Pine and Sitka Spruce. Only for volume including less than 25% No. 2 sawmill or better log grades.

² Includes Western Hemlock, Mountain Hemlock, Pacific Silver Fir, Noble Fir, Grand Fir, Subalpine Fir, Lodgepole Pine and other conifers not separately designated. Pacific Silver Fir, Noble Fir, Grand Fir, and Subalpine Fir are all commonly referred to as "White Fir." Only for volume including less than 25% No. 2 sawmill or better log grades.

³ Includes Alaska-cedar.

⁴ Maple, Black Cottonwood and other hardwoods. Only for volume including less than 40% No. 3 sawmill or better log grades.

(Stumpage Value Area((s)) 6 ((&7))) BOARD FOOT WEIGHT SCALE FACTORS (TONS/MBF)		
Species	Quality code	
	1	((2))
Ponderosa Pine ¹	((NA)) 6.50	((6.50))
Douglas-fir ^{((4)) 2}	5.50	
Lodgepole Pine	6.0	
Western Hemlock ^{((2)) 3}	5.50	
Englemann Spruce	4.50	
Western Redcedar ^{((3)) 4}	4.50	
Chipwood	9.0	
Small Logs	6.50	

¹ Only for volume with 10 or more logs 16 feet long per thousand board feet Scribner scale.

² Includes Western Larch.

^{((2)) 3} Includes Western Hemlock, Mountain Hemlock, Pacific Silver Fir, Noble Fir, Grand Fir, Subalpine Fir, and other conifers not separately designated. Pacific Silver Fir, Noble Fir, Grand Fir, and Subalpine Fir are all commonly referred to as "White Fir."

^{((3)) 4} Includes Alaska-cedar.

(b) **Cord measurement.** For the purposes of converting cords into Scribner volume:

(i) In stumpage value areas 1, 2, 3, 4, and 5(~~7 and 10~~) logs with an average scaling diameter of 8 inches and larger must be converted to Scribner volume using 400 board feet per cord. Logs having an average scaling diameter of less than 8 inches must be converted to Scribner volume using 330 board feet per cord.

(ii) In stumpage value area(~~s~~) 6 (~~and 7~~) logs with an average scaling diameter of 8 inches and larger must be converted to Scribner volume using 470 board feet per cord. Logs having an average scaling diameter of less than 8 inches must be converted to Scribner volume using 390 board feet per cord.

(iii) A cord of Western Redcedar shake or shingle blocks must be converted to Scribner volume using 600 board feet per cord.

(iv) Firewood must be converted at a rate of 3 tons per cord.

(c) **Cants or lumber from portable mills.** To convert from lumber tally to Scribner volume:

(i) In stumpage value areas 1, 2, 3, 4, and 5(~~7 and 10~~) multiply the lumber tally for the individual species by 75%, and round to the nearest one thousand board feet (MBF); or

(ii) In stumpage value area(~~s~~) 6 (~~and 7~~) multiply the lumber tally for the individual species by 88%, and round to the nearest one thousand board feet (MBF).

(d) **Log scale conversion.** Timber harvested in stumpage value areas 1, 2, 3, 4, and 5(~~7 and 10~~) and which has been scaled by methods and procedures published in the "Eastside Log Scaling Handbook" must have the volumes reported reduced by eighteen percent. Timber harvested in stumpage value area(~~s~~) 6 (~~and 7~~) and which has been scaled by methods and procedures published in the "Official Log Scaling and Grading Rules" developed and authored by the Northwest log rules advisory group, must have the volumes reported increased by eighteen percent.

(e) **Timber pole and piling volume tables.** Harvesters of poles must use the following tables to determine the Scribner board foot volume for each pole length and class:

Total Scribner Board Foot Volume Stumpage Value Areas 1, 2, 3, 4, and 5(and 10)																	
Length	Pole Class ¹															Piling Class ²	
	H6	H5	H4	H3	H2	H1	1	2	3	4	5	6	7	9	10	A	B
20							50	50	40	40	30	30	20	20	20	80	70
25							60	60	50	50	40	40	30	30	30	100	90
30							110	70	60	60	50	50	40	40		130	110
35					160	160	130	100	80	80	60	60	50			130	110
40			240	200	180	180	150	120	120	90	70	60				150	120
45	380	340	340	280	230	230	190	150	120	120	90	90				150	120
50	430	370	370	300	260	260	210	160	140	140	100					160	140

55	470	410	410	330	280	280	230	180	150	150							180	150
60	540	470	470	410	340	340	290	220	190	190							190	160
65	610	520	520	420	380	380	320	260	210	210							210	180
70	650	560	560	480	400	400	350	270	230	230							230	190
75	700	600	600	520	520	520	440	290	250								230	200
80	820	700	700	600	600	540	440	360	290								250	210
85	910	800	800	660	660	660	570	490	360								260	210
90	1080	930	930	820	820	690	590	490	400								260	220
95	1170	1000	1000	870	870	750	640	540									290	240
100	1190	1030	1030	900	900	760	660	550									310	250
105	1310	1160	1160	1000	1000	860	740	610									330	270
110	1370	1220	1220	1050	1050	910	780	650									380	300
115	1440	1280	1280	1100	1100	960	860	680									400	310
120	1660	1460	1460	1300	1300	1140	970	820									500	400
125	1840	1600	1600	1410	1410	1250	1080	930										
130	1920	1680	1680	1490	1490	1310	1120	970										

- ¹ Pole class definitions taken from American National Standard specifications and dimensions for wood poles as approved August 7, 1976, under American National Standard Institute, Inc. codified ANSI 05.1-1972.
- ² Piling class definitions as per American Society for Testing and Materials for "round timber piles." As the designation: D 25-58 (reapproved 1964).

Total Scribner Board Foot Volume Stumpage Value Area((s)) 6 ((and 7))																	
Length	Pole Class ¹															Piling Class ²	
	H6	H5	H4	H3	H2	H1	1	2	3	4	5	6	7	9	10	A	B
20							70	60	50	50	30	30	20	20	20	90	70
25							80	70	50	50	40	40	30	30	20	100	80
30							110	90	60	60	50	50	50	40		130	110
35					190	160	140	100	100	70	60	60	50			140	100
40				240	240	200	170	120	110	100	70	70				140	100
45	390	330	330	270	270	220	180	150	110	110	80	70				150	110
50	460	390	390	340	340	280	240	190	150	150	120					190	150
55	510	430	430	370	360	300	250	190	150	150						190	150
60	610	530	530	440	440	380	310	240	200	200						240	200

65	650	570	570	490	480	410	350	280	220	220						240	200
70	750	650	650	550	470	470	410	320	260	260						260	210
75	810	700	700	600	600	500	440	340	270							270	220
80	960	830	830	710	710	610	510	420	340							220	220
85	1020	870	870	760	760	640	550	450	360							300	240
90	1110	970	970	840	840	720	620	500	420							280	280
95	1160	1010	1010	870	870	740	640	510								360	280
100	1380	1210	1210	1060	1060	910	780	650								360	280
105	1430	1250	1250	1100	1100	940	820	690								400	300
110	1580	1390	1390	1220	1220	1070	920	770								460	340
115	1660	1470	1470	1280	1280	970	810	680								470	360
120	1880	1680	1680	1480	1480	1290	1130	950								560	450
125	1910	1690	1690	1490	1490	1140	970	810									
130	2170	1920	1920	1710	1710	1510	1320	1140									

- ¹ Pole class definitions taken from American National Standard specifications and dimensions for wood poles as approved August 7, 1976, under American National Standard Institute, Inc. codified ANSI 05.1-1972.
- ² Piling class definitions as per American Society for Testing and Materials for "round timber piles." As the designation: D 25-58 (reapproved 1964).