

Chapter 23

Timber Excise Tax

84.33.075 - Nonprofit youth organizations

Description Timber harvested on lands owned by a nonprofit, social service organization is exempt from timber tax if the land is exempt from property tax under RCW 84.36.030 and income from the timber sales promotes, operates, and maintains youth programs. The exemption is only available if the youth programs are available to all youth, regardless of race, color, national origin, ancestry or religion.

Purpose Reduces the cost of operating youth programs by nonprofit organizations.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so revenue impact may not be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1980
Primary Beneficiaries:	Youth organizations
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2011

84.33.0775 - Salmon habitat

Description Timber harvested on land that is subject to enhanced aquatic resource requirements as determined by the Department of Natural Resources, such as riparian zones (defined as the interface between land and a river or stream), wetlands, or steep or unstable slopes receives a tax credit against the state portion of the timber excise tax. The credit effectively lowers the total timber excise tax rate from 5.0 percent to 4.2 percent.

Purpose Helps offset the costs to timber owners associated with setting aside larger timber buffers and other forest management practices intended to protect the environment, including salmon habitat.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$6.310	\$6.342	\$6.482	\$6.624
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$5.814	\$6.482	\$6.624
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth mirrors March 2019 forecast for forest tax.

Data Sources

- Department of Revenue forest tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1999
Primary Beneficiaries:	Timber owners
Taxpayer Count:	2,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

84.33.0776 - Quinault Nation timber harvest excise tax agreement

Description The timber excise tax on timber harvested on fee lands within the boundaries of the Quinault reservation may be exempt from state and county timber tax. The Governor may enter into an agreement with the Quinault Nation. The agreement must provide that the tribal tax will be credited against the state and county taxes.

Purpose To enable the Quinault Nation to benefit from the timber excise tax.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

Exemption has not been utilized and is not expected to be utilized in the future.

Data Sources

Department of Revenue, Special Programs

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	The Quinault Nation
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

84.33.086 - Timber tax minimum

Description Any timber harvester incurring less than \$50 in timber excise tax liability per quarter is exempt from the timber excise tax.

Purpose To support smaller harvesters and to reduce administrative costs for harvesters and the Department.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.001	\$0.001	\$0.001	\$0.001
Local Taxes	\$0.004	\$0.004	\$0.004	\$0.004

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.001	\$0.001	\$0.001
Local Taxes	\$0.000	\$0.004	\$0.004	\$0.004

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Amount remains constant.

Data Sources Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1984
Primary Beneficiaries:	Small timber harvesters, mostly harvesters of timber on private lands
Taxpayer Count:	178
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2012

84.33.140(15) - Designated forest land removal due to natural disaster

Description Compensating tax authorized in this section may not be imposed on land removed from designation as forestland solely as a result of a natural disaster such as a flood, windstorm, earthquake, wildfire, or other such calamity rather than by virtue of the act of the landowner changing the use of the property.

Purpose Relieve a property owner of compensation tax when the property has been subject to a natural disaster.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.015	\$0.015	\$0.015	\$0.015
Local Taxes	\$0.045	\$0.045	\$0.045	\$0.045

Repeal of exemption Repealing this property tax exemption would increase state revenues. Unlike most property tax exemptions it would not shift property taxes to the currently exempt taxpayers and reduce the tax burden of other taxpayers.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.007	\$0.015	\$0.015
Local Taxes	\$0.000	\$0.021	\$0.045	\$0.045

Assumptions Use of the exemption will be relatively stable from year to year.

Data Sources County assessors and treasurers

Additional Information

Additional Information	
Category:	Individual
Year Enacted:	2017
Primary Beneficiaries:	Forest property owners that suffered a natural disaster
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

84.33.170 - Christmas trees and cottonwoods

Description Christmas trees and short-rotation hardwoods, such as cottonwoods grown by agricultural methods are not subject to the timber excise tax. However, when short rotation hardwoods are cultivated by agricultural methods on land classified under RCW Chapter 84.34 as timber land, they are subject to timber excise tax.

Purpose To recognize that these trees are considered agricultural products, which are not subject to a tax on their harvest value.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.189	\$0.191	\$0.194	\$0.196
Local Taxes	\$0.758	\$0.767	\$0.776	\$0.786

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.175	\$0.194	\$0.196
Local Taxes	\$0.000	\$0.703	\$0.776	\$0.786

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Average national Christmas tree sales growth is 1.2 percent in the past 14 years.
- Short rotation hardwood growth remains constant.

Data Sources

- U.S. Department of Agriculture, National Agricultural Statistics Service
- Pacific Northwest Christmas Tree Association
- Christmas trees sold in the United States, Statista

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1971
Primary Beneficiaries:	Growers of Christmas trees and hardwoods
Taxpayer Count:	460
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010