

# Timber Excise Tax

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**RCW** Chapter 84.33

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**Tax Base** The stumpage value of timber harvested for sale or commercial/industrial use. There are three methods of determining stumpage values for certain types of harvests:

<b>Small harvesters - persons who cut less than 2,000,000 board feet in a calendar year:</b>
<ul style="list-style-type: none"><li>• Tax is based on the actual amount paid for stumpage or the amount received from the sale of logs less the costs of harvesting and delivering to the buyer.</li><li>• Small harvesters have the option of using the Department of Revenue stumpage value tables.</li></ul>
<b>Public timber sales:</b>
<ul style="list-style-type: none"><li>• Tax is based on the contract purchase price for stumpage, including cash and other considerations (e.g., value of logging roads constructed).</li></ul>
<b>Standard harvesters:</b>
<ul style="list-style-type: none"><li>• Tax is based on the values of stumpage determined semi-annually by the Department.</li><li>• Values reflect various timber species and different timber marketing areas throughout the state.</li></ul>

Tax exemptions may reduce the tax liability for this tax base. For more information, refer to the [Tax Exemption Study](#).

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**Tax Rate** The total tax rate for timber harvested on both private and public lands is 5 percent:

- 4 percent for the county where the harvest occurred
- 1 percent for the state (harvesters subject to enhanced aquatic resources requirements are allowed a 0.8% credit against the state portion of the tax)

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**Recent Collections (\$000)**

Fiscal Year	Collections	% Change	% of All State Taxes
2018	\$1,610	-10%	0.01%
2017	\$1,786	-33%	0.01%
2016	\$2,669	23%	0.01%
2015	\$2,166	-21%	0.01%
2014	\$2,742	-3%	0.02%
2013	\$2,821	-19%	0.02%
2012	\$3,492	-13%	0.02%
2011	\$4,025	30%	0.03%
2010	\$3,102	-33%	0.02%
2009	\$4,630	-29%	0.03%

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**Distribution of Receipts**

County taxes are distributed back to the county where the timber was harvested. State taxes are deposited in the State General Fund.

At the end of February, May, August, and November, the Department notifies the State Treasurer to distribute the tax receipts, less the Department's collection costs, to the counties and the state.

County receipts are further distributed to local taxing districts by the county treasurers by formula, which reflects the assessed value of forest land in the respective districts (RCW 84.33.081):

- Funds go first to districts that have approved special property tax levies for capital purposes.
  - Next, school districts receive funds in relation to their special levy rates.
  - The remainder is distributed to each taxing district generally in proportion to the timber assessed value of each district.
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**Levied by**

State and counties.

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**Administration**

Department of Revenue.

The tax is reported on a quarterly basis by timber harvesters using Forest Excise Tax returns which are due by the end of the month following the close of the quarter in which the timber was harvested.

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- History**
- 2017 The expiration date for the requirement to report private timber sales larger than 200,000 board feet is extended from July 1, 2018 to July 1, 2021. The Department is now required to estimate of the amount of public forest land that is available for timber harvesting by October 1<sup>st</sup> each year.
- 2014 Number of acres to define forest land decreased from 20 to 5 acres or more. The same change was made for multiple parcels of land that are contiguous and total 5 or more acres. The parcels must be devoted primarily to growing and harvesting timber and does not include a residential home. Expiration for RCW 84.33.088 (reporting requirements for timber purchase) was extended to July 1, 2018.
- 2010 Timber harvest tax credit for Enhanced Aquatic Resource Requirements application is submitted to Pollution Control Hearing Board instead of Forest Practices Appeals Board. Additional details are required on the on timber purchases. Privately purchased timber reports are confidential. Expiration for RCW 84.33.088 (reporting requirements for timber purchase) extended to July 1, 2014.
- 2008 Special valuation of timber impacted by the December 2007 floods in Presidential Declared Disaster Area Counties was authorized by the Legislature in 2008. Small harvesters who cut less than 5 million board feet of timber annually from the federally designated impact counties during 2008 or 2009 were able to base their excise tax on actual receipts from the sale, less their expenses, rather than by using the Department's stumpage value tables.
- 2007 Legislation authorized the Governor to enter into an agreement with the Quinault Indian Nation relating to imposition of a tribal timber excise tax. Under the authority provided by RCW 43.06.480, a tribal timber harvest excise tax must be equivalent to the state timber tax rate.
- 2004 Legislature instituted a ten-year phase-down of the state tax on timber harvested on public lands and a commensurate transfer of this tax to counties. The change does not impact the amount of tax that is paid by harvesters but will make the state and county tax rates identical for all harvests by the year 2014. This same legislation also exempts all standing timber from property tax.
- 1999 Legislature established a new program to protect salmon habitat. It includes a credit against the timber excise tax for harvesters who are impacted by enhanced aquatic resource requirements known as the

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EARR credit, as determined by the Department of Natural Resources.

- 1984 A phase-down of the 6.5 percent yield tax was adopted. Starting with harvests during Fiscal Year 1986 through 1988, the rate was phased down to the current 5 percent level. In addition, a new county timber tax of 4 percent was established for harvests on private lands. This legislation also incorporated lands under the 1931 Reforestation Act. The 12.5 percent yield tax rate for such lands was phased into the 5 percent tax over a ten-year period starting with harvests during the last half of calendar year 1984.
- 1982 The excise tax was extended to timber harvested on state and federally owned lands with receipts from public lands going to the State General Fund and receipts from private lands going to local governments.
- 1981 Forest land values were established directly by statute, with the Department being required to adjust them annually, based on the change in harvest value over the prior five years.
- 1971 The forest tax was enacted. Three-year phase-out of property taxes upon timber growing on privately owned lands and a concurrent phase-in of a yield tax based upon the harvest value. The eventual rate of 6.5 percent was fully effective in 1975. The value of bare forest lands, parcels of at least 20 acres, continued to be subject to property taxes.
- 1931 The Reforestation Act was enacted, which provided an alternative to property taxation for lands that had been harvested or were otherwise producing less than their potential. The land was subject to annual property tax based on assessed values of \$1 per acre for western Washington lands and 50 cents per acre for the eastern part of the state. The timber was subject to a yield tax of 12.5 percent upon harvest.
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