

## PROPERTY TAXES

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### IN LIEU EXCISE TAXES - TIMBER EXCISE TAX

#### **84.33.075      NONPROFIT YOUTH ORGANIZATIONS**

Description: Timber harvested on lands owned by a nonprofit organization is exempt from timber tax, if the land is exempt from property tax. The exemption is only available to organizations that maintain youth programs available to all youth, regardless of race, color, national origin, ancestry or religion.

Purpose: To reduce the cost of operating youth programs by nonprofit organizations.

Category/Year Enacted: Nonprofit - charitable or religious. 1980

Primary Beneficiaries: A few organizations have utilized the exemption; only one does so consistently. Typically, this involves the removal of damaged or dangerous trees from camp facilities.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)              Minimal.

#### **84.33.077      CREDIT, PROPERTY TAX ON PUBLIC TIMBER**

Description: Standing timber under contract for harvest on nonfederal public lands is subject to personal property tax and the timber excise tax. However, timber on private and federal land is only subject to the timber tax. This exemption allows the harvester to credit against the timber excise tax the amount of property tax paid on timber on nonfederal public lands.

Purpose: To lessen the revenue impact on timber dependent counties. A property tax shift to non-timber property and a potential loss of revenue to taxing districts was avoided by maintaining the property tax and allowing the credit against the timber tax.

Category/Year Enacted: Other. 1983

Primary Beneficiaries: Approx. 100 regular purchasers of public timber. Also, owners of nontimber property who might otherwise experience an increase in property taxes and local governments.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 2,200	\$ 2,300	\$ 2,400	\$ 2,600
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes, but this would increase property taxes for other taxpayers in counties with substantial state timber lands.

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### **84.33.0775                    CREDIT, SALMON HABITAT**

Description: A tax credit is provided against the state portion of the timber excise tax for timber harvested on land that is subject to enhanced aquatic resource requirements, such as riparian zones, steep or unstable slopes, etc. The credit effectively lowers the overall 5.0 percent state tax to 4.2 percent.

Purpose: To help 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.

Category/Year Enacted: Other business. 1999

Primary Beneficiaries: Timber owners (and the salmon)

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 5,600	\$ 5,700	\$ 5,760	\$ 5,760
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

### **84.33.086                    \$50 MINIMUM TIMBER TAX**

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

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

Category/Year Enacted: Other business. 1984, increased from \$10 to \$50 in 1987.

Primary Beneficiaries: Small timber harvesters, mostly harvesters of timber on private lands.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 1	\$ 1	\$ 1	\$ 1
Local taxes	\$ 7	\$ 7	\$ 7	\$ 7

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

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### 84.33.170 CHRISTMAS TREES AND COTTONWOODS

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

Purpose: To recognize that these products are considered as being similar to agricultural products which are not subject to a tax on their harvest value.

Category/Year Enacted: Agriculture. 1971 (Christmas trees) and 1995 (short-rotation hardwoods)

Primary Beneficiaries: Approximately 420 growers of Christmas trees and 10 producers of hardwoods.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 67	\$ 67	\$ 67	\$ 67
Local taxes	\$ 268	\$ 268	\$ 268	\$ 268

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.