



# 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 2016	FY 2017	FY 2018	FY 2019
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 2016	FY 2017	FY 2018	FY 2019
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 the revenue impact may not be disclosed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.
- Impact is minimal.

**Data Sources**

Department of Revenue data

**Additional Information**

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

## 84.33.0775 - Credit, 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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$7.531	\$7.531	\$7.531	\$7.531
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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$6.903	\$7.531	\$7.531
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Assumptions**

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.

**Data Sources**

Department of Revenue excise tax return data

**Additional Information**

Additional Information	
<b>Category:</b>	Business
<b>Year Enacted:</b>	1999
<b>Primary Beneficiaries:</b>	Timber owners
<b>Taxpayer Count:</b>	2,622
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC has scheduled to review in 2015

# 84.33.0776 - Timber harvest excise tax agreement - Quinault Nation

**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 2016	FY 2017	FY 2018	FY 2019
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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Assumptions**

None.

**Data Sources**

Department staff in the Special Programs section

**Additional Information**

Additional Information	
<b>Category:</b>	Government
<b>Year Enacted:</b>	2007
<b>Primary Beneficiaries:</b>	The Quinault Nation
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC has scheduled to review in 2018

## 84.33.086 - \$50 minimum timber tax

**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 2016	FY 2017	FY 2018	FY 2019
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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.001	\$0.001	\$0.001
Local Taxes	\$0.000	\$0.004	\$0.004	\$0.004

**Assumptions**

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.

**Data Sources** Department of Revenue excise tax return data

**Additional Information**

Additional Information	
<b>Category:</b>	Business
<b>Year Enacted:</b>	1984
<b>Primary Beneficiaries:</b>	Small timber harvesters, mostly harvesters of timber on private lands
<b>Taxpayer Count:</b>	195
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC completed an expedited review in 2012

## 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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.418	\$0.418	\$0.418	\$0.418
Local Taxes	\$1.671	\$1.671	\$1.671	\$1.671

**Repeal of exemption**

Repealing this exemption would increase revenues.

**Potential revenue gains from full repeal**

*(\$ in millions):*

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.383	\$0.418	\$0.418
Local Taxes	\$0.000	\$1.532	\$1.671	\$1.671

**Assumptions**

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.

**Data Sources**

- Department of Revenue excise tax return data
- United States Agricultural Census

**Additional Information**

Additional Information	
<b>Category:</b>	Agriculture
<b>Year Enacted:</b>	1971
<b>Primary Beneficiaries:</b>	Growers of Christmas trees and hardwoods
<b>Taxpayer Count:</b>	722
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC completed an expedited review in 2010