

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 excise tax if the land is exempt from property tax 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 religious belief.

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

Taxpayer savings (\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
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 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	CTI	CTI	CTI
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions This exemption impacts fewer than three taxpayers, any impacts are confidential.

Data Sources Department of Revenue, Timber excise tax data

Additional Information

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

84.33.0775 - Salmon habitat

Description Timber harvested on land 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% to 4.2%.

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 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$7.327	\$7.477	\$7.631	\$7.787
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$6.854	\$7.631	\$7.787
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the average growth of the credit from the last three fiscal years.

Data Sources

- Department of Revenue, Timber excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1999
Primary Beneficiaries:	Timber owners
Taxpayer Count:	1,200
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed 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 allow the Quinault Nation to benefit from the timber excise tax.

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
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 not increase revenues. The Governor and the Quinault Nation have not entered into a timber harvest excise tax agreement.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

This exemption has not been utilized. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Timber excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	The Quinault Nation
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review complete in 2020

84.33.086 - Timber tax minimum

Description Any timber harvester incurring less than \$50 in timber excise tax per calendar 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 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	Minimal	Minimal	Minimal
Local Taxes	\$0.000	Minimal	Minimal	Minimal

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Revenue impact is minimal.

Data Sources

- Department of Revenue, Timber excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1984
Primary Beneficiaries:	Harvesters of timber on private lands
Taxpayer Count:	180
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

84.33.170 - Christmas trees and cottonwoods

Description Timber excise tax does not apply to Christmas trees and short-rotation hardwoods. However, short-rotation hardwoods that are cultivated by agricultural methods on land classified as timberland are subject to timber excise tax.

Purpose Christmas trees and short-rotation hardwoods are agricultural products and are not subject to the timber excise tax on their harvest value.

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.205	\$0.211	\$0.216	\$0.222
Local Taxes	\$0.823	\$0.844	\$0.866	\$0.889

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$0.193	\$0.216	\$0.222
Local Taxes	\$0.000	\$0.774	\$0.866	\$0.889

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Average national Christmas tree sales growth is 1.2% over the past 10 years.
- The growth for short-rotation hardwood remains constant.

Data Sources

- U.S. Department of Agriculture, Agriculture data
- Pacific Northwest Christmas Tree Association
- Statista.com, 'Christmas trees sold in the United States from 2004-2019'

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:	Expedited review completed in 2018