



RULE-MAKING ORDER

CR-103P (May 2009)
(Implements RCW 34.05.360)

Agency: Department of Revenue

Permanent Rule Only

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) January 1, 2016 (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes No If Yes, explain: The forest land values rule is required by statute (RCW 84.33.140) to be effective on January 1, 2016. The stumpage value rule is also required by statute (RCW 84.33.091) to be effective on January 1, 2016.

Purpose: WAC 458-40-540 contains the forest land values used by county assessors for property tax purposes. This rule is being revised to provide the forest land values to be used in 2016.

WAC 458-40-660 contains the stumpage values used by harvesters of timber to calculate the timber excise tax. This rule is being revised to provide the stumpage values to be used during the first half of 2016.

Citation of existing rules affected by this order:

Repealed:

Amended: WAC 458-40-540 and WAC 458-40-660

Suspended:

Statutory authority for adoption: RCW 82.01.060(2), 82.32.300, and 84.33.096

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 15-22-057 on October 30, 2015.

Describe any changes other than editing from proposed to adopted version: None.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: **Mark E. Bohe**

phone **(360) 534-1574**

Address: **PO Box 47453**

fax **(360) 534-1606**

Olympia, WA 98504-7453

e-mail markbohe@dor.wa.gov

Date adopted:

December 14, 2015

NAME

Kevin Dixon

SIGNATURE

TITLE

Rules Coordinator

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: December 14, 2015

TIME: 9:24 AM

WSR 16-01-069

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
-----	-------	---------	-------	----------	-------

The number of sections adopted in the agency's own initiative:

New	_____	Amended	<u>2</u>	Repealed	_____
-----	-------	---------	----------	----------	-------

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	_____	Repealed	_____
-----	-------	---------	-------	----------	-------

The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	_____	Repealed	_____

This rule was adopted December 14, 2015 and becomes effective January 1, 2016. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

AMENDATORY SECTION (Amending WSR 15-01-095, filed 12/17/14, effective 1/1/15)

WAC 458-40-540 Forest land values—((2015)) 2016. The forest land values, per acre, for each grade of forest land for the ((2015)) 2016 assessment year are determined to be as follows:

LAND GRADE	OPERABILITY CLASS	((2015)) 2016 VALUES PER ACRE
1	1	\$((193)) <u>203</u>
	2	((191)) <u>201</u>
	3	((179)) <u>188</u>
	4	((130)) <u>137</u>
2	1	((164)) <u>172</u>
	2	((158)) <u>166</u>
	3	((151)) <u>159</u>
	4	((108)) <u>113</u>
3	1	((127)) <u>133</u>
	2	((123)) <u>129</u>
	3	((122)) <u>128</u>
	4	((94)) <u>99</u>
4	1	((98)) <u>103</u>
	2	((95)) <u>100</u>
	3	((94)) <u>99</u>
	4	((71)) <u>75</u>
5	1	((71)) <u>75</u>
	2	((63)) <u>66</u>
	3	((62)) <u>65</u>
	4	((44)) <u>46</u>
6	1	((36)) <u>38</u>
	2	((34)) <u>36</u>
	3	((34)) <u>36</u>
	4	((32)) <u>34</u>
7	1	((16)) <u>17</u>
	2	((16)) <u>17</u>
	3	((15)) <u>16</u>
	4	((15)) <u>16</u>
8	1	1

AMENDATORY SECTION (Amending WSR 15-14-019, filed 6/22/15, effective 7/1/15)

WAC 458-40-660 Timber excise tax—Stumpage value tables—Stumpage value adjustments. (1) **Introduction.** This rule provides stumpage value tables and stumpage value adjustments used to calculate the amount of a harvester's timber excise tax.

(2) **Stumpage value tables.** The following stumpage value tables are used to calculate the taxable value of stumpage harvested from ((July 1 through December 31, 2015)) January 1 through June 30, 2016:

Washington State Department of Revenue
STUMPAGE VALUE TABLE
((July 1 through December 31, 2015))
January 1 through June 30, 2016
Stumpage Values per Thousand Board Feet Net Scribner
Log Scale⁽¹⁾

This rule was adopted December 14, 2015 and becomes effective January 1, 2016. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

Starting July 1, 2012, there are no separate Quality Codes per Species Code.

Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
(Douglas-fir ⁽²⁾)	DF	1	\$463	\$456	\$449	\$442	\$435
		2	485	478	471	464	457
		3	457	450	443	436	429
		4	527	520	513	506	499
		5	474	467	460	453	446
		6	282	275	268	261	254
Western Hemlock and Other Conifer ⁽³⁾	WH	1	312	305	298	291	284
		2	363	356	349	342	335
		3	374	367	360	353	346
		4	359	352	345	338	331
		5	354	347	340	333	326
		6	260	253	246	239	232
Western Redcedar ⁽⁴⁾	RC	1-5	963	956	949	942	935
		6	704	697	690	683	676
Ponderosa Pine ⁽⁵⁾	PP	1-6	232	225	218	211	204
Red Alder	RA	1-5	492	485	478	471	464
Black Cottonwood	BC	1-5	80	73	66	59	52
Other Hardwood	OH	1-5	338	331	324	317	310
		6	32	25	18	11	4
Douglas-fir Poles & Piles	DFL	1-5	879	872	865	858	851
Western Redcedar Poles	RCL	1-5	1522	1515	1508	1501	1494
		6	953	946	939	932	925
Chipwood ⁽⁶⁾	CHW	1-5	10	9	8	7	6
		6	4	3	2	1	1
Small Logs ⁽⁶⁾	SML	6	24	23	22	21	20
RC Shake & Shingle Blocks ⁽⁷⁾	RCS	1-6	289	282	275	268	261
Posts ⁽⁸⁾	LPP	1-6	0.35	0.35	0.35	0.35	0.35
DF Christmas Trees ⁽⁹⁾	DFX	1-6	0.25	0.25	0.25	0.25	0.25
Other Christmas Trees ⁽⁹⁾	TFX	1-6	0.50	0.50	0.50	0.50	0.50))
Douglas-fir ⁽²⁾	DF	1	\$423	\$416	\$409	\$402	\$395
		2	459	452	445	438	431
		3	482	475	468	461	454
		4	506	499	492	485	478
		5	429	422	415	408	401
		6	307	300	293	286	279
Western Hemlock and Other Conifer ⁽³⁾	WH	1	266	259	252	245	238
		2	323	316	309	302	295
		3	310	303	296	289	282
		4	289	282	275	268	261
		5	280	273	266	259	252

This rule was adopted December 14, 2015 and becomes effective January 1, 2016. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
		6	260	253	246	239	232
Western Redcedar(4)	RC	1-5	958	951	944	937	930
		6	783	776	769	762	755
Ponderosa Pine(5)	PP	1-6	240	233	226	219	212
Red Alder	RA	1-5	476	469	462	455	448
Black Cottonwood	BC	1-5	86	79	72	65	58
Other Hardwood	OH	1-5	328	321	314	307	300
		6	32	25	18	11	4
Douglas-fir Poles & Piles	DFL	1-5	817	810	803	796	789
Western Redcedar Poles	RCL	1-5	1544	1537	1530	1523	1516
		6	1026	1019	1012	1005	998
Chipwood(6)	CHW	1-5	12	11	10	9	8
		6	4	3	2	1	1
Small Logs(6)	SML	6	25	24	23	22	21
RC Shake & Shingle Blocks(7)	RCS	1-6	289	282	275	268	261
Posts(8)	LPP	1-6	0.35	0.35	0.35	0.35	0.35
DF Christmas Trees(9)	DFX	1-6	0.25	0.25	0.25	0.25	0.25
Other Christmas Trees(9)	TFX	1-6	0.50	0.50	0.50	0.50	0.50

- (1) Log scale conversions Western and Eastern Washington. See conversion methods WAC 458-40-680.
- (2) Includes Western Larch.
- (3) Includes all Hemlock, Spruce and true Fir species, Lodgepole Pine in SVA 6, or any other conifer not listed on this page.
- (4) Includes Alaska-Cedar.
- (5) Includes Western White Pine in SVA 6, and all Pines in SVA 1-5.
- (6) Stumpage value per ton.
- (7) Stumpage value per cord.
- (8) Includes Lodgepole posts and other posts, Stumpage Value per 8 lineal feet or portion thereof.
- (9) Stumpage Value per lineal foot.

(3) **Harvest value adjustments.** The stumpage values in subsection (2) of this rule for the designated stumpage value areas are adjusted for various logging and harvest conditions, subject to the following:

(a) No harvest adjustment is allowed for special forest products, chipwood, or small logs.

(b) Conifer and hardwood stumpage value rates cannot be adjusted below one dollar per MBF.

(c) Except for the timber yarded by helicopter, a single logging condition adjustment applies to the entire harvest unit. The taxpayer must use the logging condition adjustment class that applies to a majority (more than 50%) of the acreage in that harvest unit. If the harvest unit is reported over more than one quarter, all quarterly returns for that harvest unit must report the same logging condition adjustment. The helicopter adjustment applies only to the timber volume from the harvest unit that is yarded from stump to landing by helicopter.

(d) The volume per acre adjustment is a single adjustment class for all quarterly returns reporting a harvest unit. A harvest unit is

established by the harvester prior to harvesting. The volume per acre is determined by taking the volume logged from the unit excluding the volume reported as chipwood or small logs and dividing by the total acres logged. Total acres logged does not include leave tree areas (RMZ, UMZ, forested wetlands, etc.,) over 2 acres in size.

(e) A domestic market adjustment applies to timber which meet the following criteria:

(i) **Public timber** - Harvest of timber not sold by a competitive bidding process that is prohibited under the authority of state or federal law from foreign export may be eligible for the domestic market adjustment. The adjustment may be applied only to those species of timber that must be processed domestically. According to type of sale, the adjustment may be applied to the following species:

Federal Timber Sales: All species except Alaska-cedar. (Stat. Ref. - 36 C.F.R. 223.10)

State, and Other Nonfederal, Public Timber Sales: Western Redcedar only. (Stat. Ref. - 50 U.S.C. appendix 2406.1)

(ii) **Private timber** - Harvest of private timber that is legally restricted from foreign export, under the authority of The Forest Resources Conservation and Shortage Relief Act (Public Law 101-382), (16 U.S.C. Sec. 620 et seq.); the Export Administration Act of 1979 (50 U.S.C. App. 2406(i)); a Cooperative Sustained Yield Unit Agreement made pursuant to the act of March 29, 1944 (16 U.S.C. Sec. 583-583i); or Washington Administrative Code (WAC 240-15-015(2)) is also eligible for the Domestic Market Adjustment.

The following harvest adjustment tables apply from (~~July 1 through December 31, 2015~~) January 1 through June 30, 2016:

TABLE 9—Harvest Adjustment Table
Stumpage Value Areas 1, 2, 3, 4, and 5
 (~~July 1 through December 31, 2015~~)
January 1 through June 30, 2016

Type of Adjustment	Definition	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
I. Volume per acre		
Class 1	Harvest of 30 thousand board feet or more per acre.	\$0.00
Class 2	Harvest of 10 thousand board feet to but not including 30 thousand board feet per acre.	-\$15.00
Class 3	Harvest of less than 10 thousand board feet per acre.	-\$35.00
II. Logging conditions		
Class 1	Ground based logging a majority of the unit using tracked or wheeled vehicles or draft animals.	\$0.00
Class 2	Cable logging a majority of the unit using an overhead system of winch driven cables.	-\$85.00
Class 3	Applies to logs yarded from stump to landing by helicopter. This does not apply to special forest products.	-\$145.00
III. Remote island adjustment:		
	For timber harvested from a remote island	-\$50.00
IV. Thinning		
Class 1	A limited removal of timber described in WAC 458-40-610 (28)	-\$100.00

TABLE 10—Harvest Adjustment Table
Stumpage Value Area 6

This rule was adopted December 14, 2015 and becomes effective January 1, 2016. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

((July 1 through December 31, 2015)
 January 1 through June 30, 2016)

Type of Adjustment	Definition	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
I. Volume per acre		
Class 1	Harvest of more than 8 thousand board feet per acre.	\$0.00
Class 2	Harvest of 8 thousand board feet per acre and less.	-\$8.00
II. Logging conditions		
Class 1	The majority of the harvest unit has less than 40% slope. No significant rock outcrops or swamp barriers.	\$0.00
Class 2	The majority of the harvest unit has slopes between 40% and 60%. Some rock outcrops or swamp barriers.	-\$50.00
Class 3	The majority of the harvest unit has rough, broken ground with slopes over 60%. Numerous rock outcrops and bluffs.	-\$75.00
Class 4	Applies to logs yarded from stump to landing by helicopter. This does not apply to special forest products.	-\$145.00
Note:	A Class 2 adjustment may be used for slopes less than 40% when cable logging is required by a duly promulgated forest practice regulation. Written documentation of this requirement must be provided by the taxpayer to the department of revenue.	
III. Remote island adjustment:		
	For timber harvested from a remote island	-\$50.00

TABLE 11—Domestic Market Adjustment

Class	Area Adjustment Applies	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
	SVAs 1 through 5 only:	\$0.00

Note: This adjustment only applies to published MBF sawlog values.

(4) **Damaged timber.** Timber harvesters planning to remove timber from areas having damaged timber may apply to the department of revenue for an adjustment in stumpage values. The application must contain a map with the legal descriptions of the area, an accurate estimate of the volume of damaged timber to be removed, a description of the damage sustained by the timber with an evaluation of the extent to which the stumpage values have been materially reduced from the values shown in the applicable tables, and a list of estimated additional costs to be incurred resulting from the removal of the damaged timber. The application must be received and approved by the department of revenue before the harvest commences. Upon receipt of an application, the department of revenue will determine the amount of adjustment to be applied against the stumpage values. Timber that has been damaged due to sudden and unforeseen causes may qualify.

(a) Sudden and unforeseen causes of damage that qualify for consideration of an adjustment include:

(i) Causes listed in RCW 84.33.091; fire, blow down, ice storm, flood.

(ii) Others not listed; volcanic activity, earthquake.

(b) Causes that do not qualify for adjustment include:

(i) Animal damage, root rot, mistletoe, prior logging, insect damage, normal decay from fungi, and pathogen caused diseases; and

(ii) Any damage that can be accounted for in the accepted normal scaling rules through volume or grade reductions.

This rule was adopted December 14, 2015 and becomes effective January 1, 2016. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

(c) The department of revenue will not grant adjustments for applications involving timber that has already been harvested but will consider any remaining undisturbed damaged timber scheduled for removal if it is properly identified.

(d) The department of revenue will notify the harvester in writing of approval or denial. Instructions will be included for taking any adjustment amounts approved.

(5) **Forest-derived biomass**, has a \$0/ton stumpage value.