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) <u>7/1/15</u> **(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 stumpage value rule is also required by statute (RCW 84.33.091) to be effective on July 1, 2015.

Purpose: WAC 458-40-660 *Timber excise tax – Stumpage value tables – Stumpage value adjustments*, 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 second half of 2015.

Citation of existing rules affected by this order:
Repealed:
Amended: WAC 458-40-660
Suspended:

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

Other authority: RCW 84.33.091 and 84.33.140

PERMANENT RULE (Including Expedited Rule Making)
Adopted under notice filed as WSR **15-10-073** on May 4, 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:
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Date adopted: June 22, 2015

NAME Dylan Waits

SIGNATURE

TITLE
Rules Coordinator

(COMPLETE REVERSE SIDE)

**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:

	New		Amended		Repealed	
Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____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New _____   Amended _____   Repealed _____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New _____   Amended 1   Repealed _____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New _____   Amended _____   Repealed _____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	_____

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

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

Washington State Department of Revenue
STUMPAGE VALUE TABLE
((January)) July 1 through ((June 30)) December 31, 2015
Stumpage Values per Thousand Board Feet Net Scribner Log Scale[1]
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	$494	$487	$480	$473	$466
		2	496	489	482	475	468
		3	423	416	409	402	395
		4	533	526	519	512	505
		5	447	440	433	426	419
		6	271	264	257	250	243
Western Hemlock and	WH	1	428	421	414	407	400
Other Conifer[3]		2	437	430	423	416	409
		3	392	385	378	371	364
		4	386	379	372	365	358
		5	408	401	394	387	380
		6	260	253	246	239	232
Western Redcedar[4]	RC	1-5	1001	994	987	980	973
		6	693	686	679	672	665
Ponderosa Pine[5]	PP	1-6	228	221	214	207	200
Red Alder	RA	1-5	481	474	467	460	453
Black Cottonwood	BC	1-5	75	68	61	54	47
Other Hardwood	OH	1-5	339	332	325	318	311
		6	23	16	9	2	1
Douglas-fir Poles & Piles	DFL	1-5	876	869	862	855	848
Western Redcedar Poles	RCL	1-5	1453	1446	1439	1432	1425
		6	944	937	930	923	916
Chipwood[6]	CHW	1-5	8	7	6	5	4
		6	1	1	1	1	1
Small Logs[6]	SML	6	25	24	23	22	21
RC Shake & Shingle Blocks[7]	RCS	1-5	289	282	275	268	261
Posts[8]	LPP	1-5	0.35	0.35	0.35	0.35	0.35

Species Name	Species Code	SVA (Stumpage Value Area)	Haul Zone				
			1	2	3	4	5
~~DF Christmas Trees~~[9]	~~DFX~~	~~1-5~~	~~0.25~~	~~0.25~~	~~0.25~~	~~0.25~~	~~0.25~~
~~Other Christmas Trees~~[9]	~~TFX~~	~~1-5~~	~~0.50~~	~~0.50~~	~~0.50~~	~~0.50 0.50~~))	
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	WH	1	312	305	298	291	284
Other Conifer[3]		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	1
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

[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.

OTS-7124.1

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

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

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

[3]   OTS-7124.1

Type of Adjustment	Definition	Dollar Adjustment Per Thousand Board Feet Net Scribner Scale
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.	((-$50.00)) -$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
((January)) July 1 through ((June 30)) December 31, 2015

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:	(($2.00)) $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 reve- nue for an adjustment in stumpage values. The application must contain

[4]

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.

(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.

OTS-7124.1