

FOREST EXCISE TAX ORDINANCE

Ordinance No. 104 – A

AN ORDINANCE relating to taxation and imposing an excise tax upon timber harvested from private lands and from public lands, phased-in over ten years, and credited against the state tax, providing for administration and collection by the state department; creating a timber tax account; and establishing a January 1, 2005 effective date.

WHEREAS, the state legislature in 1984 authorized counties to impose a four-percent timber excise tax upon timber harvested on private lands but not from timber harvested on public lands (chapter 204, Laws of 1984),

WHEREAS, the state legislature in 2004 extended the authorization for counties to impose a timber excise tax to include timber harvested from public lands (chapter 177, Laws of 2004), with the tax rate phased in over ten years, with an effective date of January 1, 2005, and

WHEREAS, there currently is a five percent tax imposed by the state on timber harvested from private and public lands, and

WHEREAS, the county tax will be credited against the state tax, thus maintaining the current total rate of five percent, not increasing the tax burden imposed on timber harvesters, and

WHEREAS, the state law provides that the state department of revenue will collect, administer, and distribute the proceeds of the county timber excise tax to the county; and

WHEREAS, the board of county commissioners, being fully informed, desires to impose the timber excise tax, establish an account into which the proceeds can be deposited, and contract with the state department of revenue for the administration and collection of the tax; Now, Therefore,

Be it ORDAINED by the board of county commissioners of and for Pacific County as follows:

Section 1. Tax Imposed. There is imposed and shall be collected, on and after January 1, 2005, an excise tax on every person in Pacific County engaging in business as a harvester as defined by RCW 84.33.035. The tax shall be paid, collected and remitted to the Department of Revenue of the State of Washington at the time and in the manner prescribed by RCW 84.33.086.

Section 2. Determination of Tax. The tax shall be equal to the stumpage value of the timber, as defined in RCW 84.33.035, harvested (1) from privately-owned land within the county multiplied by a rate of 4 percent, and (2) from publicly-owned land within the county multiplied by the following rates:

- (a) For timber harvested January 1, 2005, through December 31, 2005, 1.2 percent;
- (b) For timber harvested January 1, 2006, through December 31, 2006, 1.5 percent;
- (c) For timber harvested January 1, 2007, through December 31, 2007, 1.8 percent;
- (d) For timber harvested January 1, 2008, through December 31, 2008, 2.1 percent;
- (e) For timber harvested January 1, 2009, through December 31, 2009, 2.4 percent;
- (f) For timber harvested January 1, 2010, through December 31, 2010, 2.7 percent;
- (g) For timber harvested January 1, 2011, through December 31, 2011, 3.1 percent;
- (h) For timber harvested January 1, 2012, through December 31, 2012, 3.4 percent;
- (i) For timber harvested January 1, 2013, through December 31, 2013, 3.7 percent;
- (j) For timber harvested January 1, 2014, and thereafter, 4.0 percent.

Any harvester, as defined in RCW 84.33.035, incurring less than \$50.00 tax liability in any calendar quarter is excused from the payment of the tax imposed by Section 1 for that calendar quarter, but may be required by the Department of Revenue to file a return even though no tax may be due.

Section 3. Administration and Collection. The administration and collection of the tax imposed by this ordinance shall be in accordance with the provisions of RCW Chapter 84.33 and all sections of RCW Chapter 82.32 (as now existing or hereafter amended), except that RCW 82.32.045 and 82.32.270 shall apply with reference to the taxes imposed under this ordinance.

Section 4. Timber Tax Account. There is created a county timber tax account for deposit of moneys distributed to the county as provided by RCW 84.33.081(1).

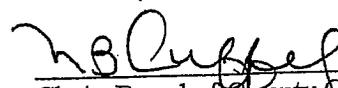
Section 5. Contract with Department of Revenue. The county is authorized to contract with the Department of Revenue (prior to the effective date of this ordinance) for the administration and collection of the tax imposed by Section 1 and to provide in such agreement for payment of the costs of collection and administration incurred by the Department of Revenue as directed by RCW 84.33.081. The prosecuting attorney of the county shall first approve the form and content of the contract.

Section 6. Agreement to Inspection of Records. The County shall cooperate with the Department of Revenue in making appropriate records to facilitate the administration of the tax and to insure the correct distribution of proceeds as provided by RCW Chapter 84.33.

Section 7. Severability. If any provision of this ordinance, or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.

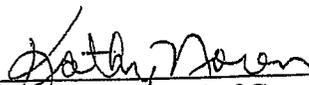
Section 8. Effective Date. This ordinance shall take effect January 1, 2005, and shall upon becoming effective repeal Pacific County Ordinance No. 104.

ENACTED in open session by the Board of Pacific County Commissioners this 13th day of December, 2004.



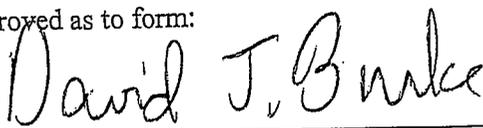
Chair, Board of County Commissioners

Attest:



Clerk of the Board of County Commissioners

Approved as to form:



Prosecuting Attorney

AGREEMENT

This agreement, between the State of Washington, Department of Revenue, and the County of Pacific, Washington, regarding administration and collection of excise tax on persons engaging in business as harvesters of timber.

This agreement, made the 17th day of December, 2004, by and between the State of Washington, Department of Revenue (the "Department") and the above designated County (the "County"), WITNESSETH:

WHEREAS, counties have possessed the authority to impose an excise tax (the "Tax") on persons engaging in business as harvesters of timber from private lands; and

WHEREAS, the Legislature of the State of Washington has, by chapter 177, laws of 2004, extended the counties' authority to impose the Tax to persons engaging in business as harvesters of timber from public lands; and

WHEREAS, RCW 84.33.051(2) provides that a county imposing the Tax by ordinance shall, prior to the effective date thereof, contract with the Department for the administration and collection of the Tax; and

WHEREAS, prior agreements between the Department and counties apply only to taxes on harvesters of timber from private lands, and do not apply to taxes on harvesters of timber from public land; and

WHEREAS, the County has by ordinance (Pacific County Ordinance No. 104-A), a copy of which is attached hereto, extended the Tax to harvesters of timber from public lands, as permitted by chapter 177, laws of 2004, commencing on January 1, 2005,

NOW THEREFORE, to satisfy the requirements of RCW 84.33.051(2), the parties agree as follows:

1. The Department shall exclusively perform those functions necessary for the administration and collection of the Tax, other than criminal prosecutions.
2. Taxes collected shall be deposited by the Department in the timber tax distribution account on a quarterly basis under the custody of the State Treasurer. As provided in RCW 84.33.081, there shall be retained from distributions to the County, the County's proportionate share of appropriations for collection and administration activities performed under the authority of chapter 84.33 RCW and the provisions of this agreement.

The proportionate share of appropriations of the County shall be determined on a quarterly basis. The proportionate share of appropriations of the County means that the product of the excise tax collected on behalf of the County under chapter 84.33 RCW for the quarter, multiplied by a fraction. The numerator is the total appropriation for the Department's collection and administrative activities under

RCW 84.33.051 for the same quarter. The denominator is the total timber excise tax collected statewide under chapter 84.33 RCW for the same quarter.

The proportionate share of appropriations of the state shall be determined in a like manner and means the product of the timber excise tax collected on behalf of the state for the quarter under chapter 84.33, multiplied by the above fraction.

3. In carrying out its administration and collection responsibilities the Department shall apply the provisions of chapter 82.32 RCW, as now exist or are hereafter amended (except RCW 82.32.045 and 82.32.270) as implemented by the Department's rules promulgated pursuant to RCW 82.32.300, as the same exist now or may hereafter be amended. The Department shall adopt additional rules in accordance with the State Administrative Procedure Act (chapter 34.04 RCW) to facilitate the administration and collection of the county's excise tax as it may deem necessary or desirable.
4. The Department shall administer and collect the County's Tax in a manner consistent to the fullest extent possible with the administration and collection of the excise tax imposed by the state under chapter 84.33 RCW.
5. The County shall have the right from time to time to examine the records of the Department as they concern taxpayers subject to the County ordinance.
6. All refunds and credits of the Tax made by the Department shall be charged against future collections of such tax. The Department shall, by advice to the State Treasurer and notice to the affected counties, require redistribution of any tax, penalty, and interest distributed to a county other than the county entitled thereto.
7. This agreement shall take effect on the 1st day of January, 2005 and shall thereafter be automatically renewed on December 31st of each year, unless one of the parties gives written notice of termination on or before November 1st of each such year.
8. This agreement supersedes any previous agreement between the Department and the County for collection of the Tax.

IN WITNESS WHEREOF the parties by their officers, duly authorized for the purpose, affix their signatures the day, date, and year first above written.

Dated this 13th day of December, 2004.

DEPARTMENT OF REVENUE
STATE OF WASHINGTON

Kathy Noren ^{12/17/04}
Name Date

Deputy Director
Title

ATTEST:

Kathy Noren ^{12/13/04}
Kathy Noren Date
Clerk of the Board

APPROVED AS TO FORM:

David Burke
David Burke, Prosecuting Attorney

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PACIFIC COUNTY, WASHINGTON

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