



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

March 14, 2005

Ordinance 15135

Proposed No. 2005-0068.2

Sponsors Gossett

1 AN ORDINANCE relating to taxation and imposing an
2 excise tax on timber harvested from public lands, phased-in
3 over ten years, and credited against the state tax, providing
4 for administration and collection by the Washington state
5 Department of Revenue; authorizing the county executive
6 to execute an agreement with the Washington state
7 Department of Revenue for the collection of the excise tax;
8 establishing a January 1, 2005, effective date for collection
9 of the excise tax on publicly owned land; amending
10 Ordinance 6942, Section 1, Ordinance 6942, Section 3,
11 Ordinance 6942, Section 4, Ordinance 6942, Section 5,
12 Ordinance 6942, Section 6, Ordinance 6942, Section 7, and
13 Ordinance 6942, Section 8, repealing Ordinance 6942,
14 Section 2, and adding a new chapter to K.C.C. Title 4.

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STATEMENT OF FACTS:

- 18 1. In 1984, the Washington state Legislature authorized counties to
19 impose a four-percent timber excise tax on timber harvested on private
20 lands but not from timber harvested on public lands (Chapter 204, Laws of
21 1984).
- 22 2. On September 27, 1984, King County enacted the timber excise tax
23 pursuant to Ordinance 6942.
- 24 3. In 2004 the state Legislature extended the authorization for counties to
25 impose a timber excise tax to include timber harvested from public lands
26 in Chapter 177, Laws of 2004 ("the Act"), with the tax rate phased in over
27 ten years, and with an effective date of January 1, 2005.
- 28 4. There currently is a five percent tax imposed by the state on timber
29 harvested from private and public lands.
- 30 5. The county tax will be credited against the state tax, thus maintaining
31 the current total rate of five percent, thereby not increasing the tax burden
32 imposed on timber harvesters.
- 33 6. The Act provides that the Washington state Department of Revenue
34 will collect, administer and distribute the proceeds of the county timber
35 excise tax to the county.
- 36 7. It is the intent of the metropolitan King County council to impose the
37 timber excise tax on timber harvested on publicly owned land and
38 authorize the executive to execute a contract with the state Department of
39 Revenue for the administration and collection of the tax.

40 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

41 SECTION 1. Ordinance 6942, Sections 1, 3, 4, 5, 6, 7 and 8, as amended by this
42 ordinance, should constitute a new chapter in K.C.C. Title 4.

43 SECTION 2. Ordinance 6942, Section 1, is hereby amended to read as follows:

44 There is hereby imposed, as authorized by ~~((Laws of 1984, Chapter 204, § 8))~~
45 RCW 84.33.051(1), an excise tax on every person engaging in business in the county of
46 King as a harvester as defined by ~~((Laws of 1984, Chapter 204, §1 (4), on October 1,~~
47 ~~1984))~~ RCW 84.33.035. The tax shall be paid, collected and remitted to the Department
48 of Revenue of the ~~((S))~~state of Washington at the time and in the matter prescribed by
49 ~~((Section 10 of the State Act))~~ RCW 84.33.086 and regulations ~~((promulgated))~~ adopted
50 thereunder.

51 SECTION 3. Ordinance 6942, Section 3, is hereby amended to read as follows:

52 A. For timber harvested from privately owned land, ~~((F))~~the tax imposed by
53 Ordinance 6942, Section 1 ~~((of this ordinance))~~ shall be equal to the stumpage value of
54 the timber, as defined in ~~((Section 1 (5) of the State Act, harvested from privately owned~~
55 land within the county)) RCW 84.33.035, multiplied by the rate of four percent.

56 B. For timber harvested from publicly owned land, the tax shall be equal to the
57 stumpage value of the timber, as defined in RCW 84.33.035, multiplied by the following
58 rates:

59 1. For timber harvested January 1, 2005, through December 31, 2005, 1.2
60 percent;

61 2. For timber harvested January 1, 2006, through December 31, 2006, 1.5
62 percent;

63 3. For timber harvested January 1, 2007, through December 31, 2007, 1.8

64 percent;

65 4. For timber harvested January 1, 2008, through December 31, 2008, 2.1

66 percent;

67 5. For timber harvested January 1, 2009, through December 31, 2009, 2.4

68 percent;

69 6. For timber harvested January 1, 2010, through December 31, 2010, 2.7

70 percent;

71 7. For timber harvested January 1, 2011, through December 31, 2011, 3.1

72 percent;

73 8. For timber harvested January 1, 2012, through December 31, 2012, 3.4

74 percent;

75 9. For timber harvested January 1, 2013, through December 31, 2013, 3.7

76 percent; and

77 10. For timber harvested January 1, 2014, and thereafter, 4.0 percent.

78 C. Any harvester, as defined in ~~Section 1(4) of the State Act~~) RCW 84.33.035,

79 incurring less than ~~((ten))~~ fifty dollars liability in any calendar quarter in excused from

80 the payment of the tax imposed by Ordinance 6942, Section 1, but may be required by the

81 Department of Revenue to file a return even through no tax may be due.

82 SECTION 4. Ordinance 6942, Section 4, is hereby amended to read as follows:

83 The administration and collection of the tax imposed by this ~~((ordinance))~~ chapter

84 shall be in accordance with ~~((the provisions of the State Act. All Sections of C))~~ chapters

85 82.32 and 84.33 RCW ~~((as now existing or hereafter amended)))~~, including penal

86 provisions, ~~((shall apply))~~ with respect to the tax imposed by this ordinance, except that
87 RCW 82.32.045 and RCW 82.32.270 shall not apply.

88 SECTION 5. Ordinance 6942, Section 5, is hereby amended to read as follows:

89 Revenue distributed to the county by the ~~((S))~~state Treasurer from the proceeds of
90 the tax imposed by Ordinance 6942, Section 1 ~~((of this ordinance))~~, shall be deposited in
91 the county timber tax account as established by the ~~((office of finance, and as provided by~~
92 ~~Subsection 9 (1) and Subsection 12 (3) of the State Act))~~ finance and business operations
93 division of the department of executive services. Within thirty days after receiving
94 ~~((such))~~ the revenues from the ~~((S))~~state Treasurer, the director of finance and business
95 operations division of the department of executive services shall make distribution from
96 ~~((such))~~ the revenues to taxing districts in the county, except the state, as prescribed by
97 ~~((Subsections 9(2) through 9(4) and Subsection 12(3) of the State Act))~~ RCW 84.33.081.

98 SECTION 6. Ordinance 6942, Section 6, is hereby amended to read as follows:

99 The county executive is hereby authorized to contract with the Department of
100 Revenue for the administration and collection of the tax imposed by Ordinance 6942,
101 Section 1 ~~((of this ordinance))~~, and to provide in ~~((such))~~ the agreement for the payment
102 from the tax proceeds of the costs of collection and administration incurred by the
103 Department of Revenue as directed in ~~((Section 9 of the State Act))~~ RCW 84.33.051.

104 SECTION 7. Ordinance 6942, Section 7, is hereby amended to read as follows:

105 ~~((The county hereby consents to the inspection of such records as are necessary to~~
106 ~~qualify the county for inspection of records of the Department of Revenue, pursuant to~~
107 ~~RCW 82.32.330.))~~ The county agrees to give to the state Department of Revenue such
108 facts and information and to permit the Department of Revenue to inspect the county's

109 records in connection with the imposition, collection and administration of the tax
110 imposed by section 2 of this ordinance, as may be necessary to permit the Department of
111 Revenue to facilitate the administration of the tax and ensure the correct distribution of its
112 proceeds as provided by chapters 82.32 and 84.33 RCW.

113 SECTION 8. Ordinance 6942, Section 8, is hereby amended to read as follows:

114 Any person responsible for payment of the tax imposed by this ((~~ordinance~~))
115 chapter who fails to pay amounts lawfully due, and any person engaging in an unlawful
116 act as defined in RCW 82.32.290(~~(, as last amended by Laws of 1975, 1st Executive~~
117 ~~Session, Chapter 278, §89, shall be))~~ is guilty of a misdemeanor.

118 SECTION 9. Ordinance 6942, Section 2, is hereby repealed.

119 SECTION 10. Section 2 of this ordinance is remedial in nature and applies
120 retroactively to January 1, 2005, and thereafter.

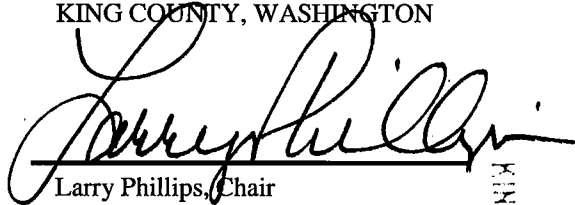
121 SECTION 11. Severability. If any provision of this ordinance or its application

122 to any person or circumstance is held invalid, the remainder of the ordinance or the
123 application of the provision to other persons or circumstances is not affected.
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Ordinance 15135 was introduced on 2/22/2005 and passed by the Metropolitan King
County Council on 3/14/2005, by the following vote:

Yes: 13 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr.
Pelz, Mr. Dunn, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Ms. Hague, Mr.
Irons, Ms. Patterson and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

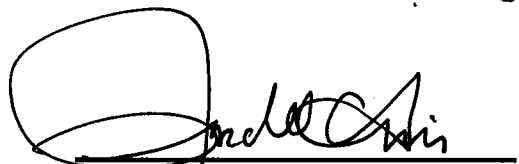

Larry Phillips, Chair

ATTEST:


Anne Noris, Clerk of the Council

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2005 MAR 23 PM 3:25
KING COUNTY COUNCIL
CLERK

APPROVED this 17 day of MARCH, 2005.


Ron Sims, County Executive

Attachments A. Agreement

AGREEMENT

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

This agreement made by and between the State of Washington, Department of Revenue (the "Department") and the above ***** 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, 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 these 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 31 of each year, unless one of the parties gives written notice of termination on or before November 1 of each such year.
8. This agreement supersedes any previous agreement between the Department and the County for collection of the Tax.

Draft

IN WITNESS WHEREOF the parties by their officers, duly authorized for the purpose, affix their signatures as follows:

Approved as to Form:

State of Washington Department of Revenue

Assistant Attorney General

By: _____
Signature Date

Title

Attest:

Clerk of the Board

By: _____
Chairman, Board of Commissioners
for ***** County Date

Approved as to Form:

Deputy Prosecuting Attorney
***** County