

Whatcom County Forestry Advisory Committee (FAC)
DRAFT Meeting Summary
January 16, 2024

Start Time:	4:00 p.m.
Location:	Northwest Annex Central Conference Room/Zoom

Attendees – Members	Affiliation	Present	Absent (Excused?)
David New	Small forest landowner	√	
Holly Koon	Small forest landowner	√	
John Gold	Commercial forest landowner	√ (@4:10)	
David Janicki	Commercial forest landowner	√	
Matt McGee	Harvester	√ (@4:25)	
Quentin Dills	Harvester		√ (No)
Jed Dawson	Citizen w/ forestry expertise	√	
Tracy Petroske	Citizen w/ forestry expertise	√	
Aubrey Stargell	Forest product manufacturer	√ (@4:13)	
Susan David	Forest product manufacturer	√	
Cory McDonald	DNR	√	
Quorum Present			
Electeds			
Kaylee Galloway	County Council		
Staff			
Cliff Strong	W/C PDS	√	
Lucas Clark	W/C PDS	√	
Chris Elder	W/C PW	√	
Public			
Eric Jacoby		√	
Jessica Espy		√	
Alex Harris	Re-Sources	√	
Brel Froebe	Center for Responsible Forestry	√	

Meeting Summary

Vice-Chair David opened the meeting at 4:01 PM.

Roll Call and Determination of a Quorum

Roll was called and a quorum was present.

Agenda Review & Approval

The agenda was approved with 0 amendments.

Approval of Minutes

The meeting summary of December 5th were approved with a few amendments.

Open Public Session

Alex Harris introduced himself.

Administration

Election of Officers

After asking whether John and Susan are willing to continue in their roles:

WHATCOM COUNTY
Planning & Development Services
5280 Northwest Drive
Bellingham, WA 98226-9097
360-778-5900, TTY 800-833-6384
360-778-5901 Fax



Mark Personius, AICP
Director

Forestry Advisory Committee **Meeting**

LOCATION

**Hybrid Meeting: Zoom (details below) and
Northwest Annex Conference Room
Whatcom County Planning and Development Services
5280 Northwest Drive, Bellingham, WA 98226**

Date: February 6, 2023

Time: 4:00-6:00 P.M. Pacific Time PM Pacific Time (US and Canada)

Whatcom County PDS is inviting you to a scheduled in person or Zoom meeting.

Join Zoom Meeting

<https://us02web.zoom.us/j/87506425912?pwd=SVhnb0FWNmF4bVNqR0c3M2I3VDRpdz09>

Meeting ID: 875 0642 5912

Passcode: 136628

Dial by your location

+1 253 215 8782 US (Tacoma)

Find your local number: <https://us02web.zoom.us/j/87506425912?pwd=SVhnb0FWNmF4bVNqR0c3M2I3VDRpdz09>



Forestry Advisory Committee Meeting Agenda

February 6, 2024

4:00-6:00 P.M.

1. Roll call/Determination of Quorum
2. Agenda Review & Approval
3. Approval of 1/16/2023 meeting summary
4. Open Public Session
5. Administration
 - Review & consideration of adoption of 2024 Work Plan
6. Reports (10 minutes)
 - DNR/BNR (McDonald)
 - Whatcom Forestry Profile Subcommittee (David)
 - Legislative Update (Dawson)
 - Forest Resilience Task Force (McDonald/Petroske)
 - Stewart Mountain Community Forest (Elder)
7. Old Business
 - Comprehensive Plan Periodic Update – Development of a list of major issues that should be addressed in the Forestry Lands section of Chapter 8, Resource Lands (60+ min)
 - Consider appointment of CompPlan Subcommittee
8. New Business
 - Review & consideration of approval of letter to send to the Whatcom County Treasurer, requesting summary of 2023 timber sale distributions to beneficiaries, and summaries of Timber Excise Taxes
9. Announcements
10. Adjournment

Attachments:

- Draft 1/16/2024 meeting summary
- 2023 Work Plan & Draft 2024 Work Plan
- Draft FAC letter to W/C Treasurer
- Dept. of Revenue Timber Excise Tax Pamphlet
- Dept. of Revenue Timber Excise Tax County Distribution Map

Individuals who require special assistance to participate in the meetings are asked to contact us at least 96 hours in advance. The staff contact at Whatcom County Planning and Development Services is Cliff Strong, cstrong@co.whatcom.wa.us, 360-778-5942.

Motion to re-elect John as the Chair – passed unanimously

Motion to re-elect Susan as the Vice-Chair – passed unanimously

Review of Work Plan

John presented the FAC with a draft 2024 work plan, and asked members to be prepared to discuss and adopt in February. Holly suggested adding requesting forestry tax data from the Treasurer as an annual recurring task.

Subcommittee Reports

DNR/BNR Update

Cory McDonald reported on DNR's section of properties for nomination for CCA funding. Two of the properties are in Whatcom County, including Anderson Creek and Brokedown Palace. Preliminary assessments have been made, but will be refined. Council has been asked to comment.

Whatcom Forestry Profile Subcommittee

Nothing new was reported.

Carbon Subcommittee

John reported that he and Susan attended the December CIAC meeting and presented the FAC's recommendations on their Climate Change plan. That plan isn't slated to be updated until 2025, but they will continue to work with the CIAC to make the FAC's recommended changes.

Legislative Update

Jed provided an update the legislature, specifically HB 1488, HB 2247, HB 6121, and HB2201.

Forest Resilience Task Force – Appointment of FAC Representatives

The FRTF is not yet up and running.

Old Business

Discussion and recommendation to Council on 2,000-ac Climate Commitment Act (CCA) sites (Brokedown Palace & Anderson Creek)

John presented a draft letter to provide to the Council. There was much discussion, with Holly pointing out a few technical errors, Aubrey critiqued the CCA program in general as it postpones tax distributions to benefactors, thus harming future generations. The members also expressed concern with the lack of adequate time for review and response, though acknowledged that it is beyond the Council's and their control. Nonetheless, there was general agreement that it would be better to provide some comment than not.

Motion to approve and send the letter to Council after making some grammatical and formatting changes, and adding some substantive language about replacement lands.

Chair John called for a voice vote by name, with the following results:

David New – Aye	Jed Dawson – Aye
Holly Koon – No	Tracy Petroske – Abstain
John Gold – Aye	Aubrey Stargell – Aye
David Janicki – Aye	Susan David – Aye
Matt McGee – Aye	Cory McDonald – Abstain

Motion passes 7-1-2

New Business

Comprehensive Plan Periodic Update

Cliff provided an overview of the process for the FAC to provide comments on the CompPlan, asking members to think about and develop a list of “big picture” issues that need to be addressed, and send them to him before their next meeting. At that meeting the FAC will review and approve its list. The consultant will use this list of issues to develop amendments that the FAC will review in more detail in late summer/early fall.

Announcements

None

Adjournment

Chair Gold adjourned the meeting at 6:15 PM. Next meeting is on February 6, 2024, 4-6pm; Zoom and Northwest Annex Conference Room.

February 6, 2024

Steve Oliver
Whatcom County Treasurer
311 Grand Ave #104, Bellingham, WA 98225

Dear Treasurer Oliver,

On June 8, 2023, Holly Koon, a member of the Whatcom County Forestry Advisory Committee (FAC) submitted a request for public records on behalf of the FAC. The records request was assigned tracking number 2023-335 with a tentative fulfillment date of June 30, 2023. The purpose of the request was to determine the annual totals of revenue from State Forest Lands (Transfer and Purchase) dispersed to each of Whatcom County's taxing district beneficiaries for the previous 10 years. This information was integral to the FAC's 2023 scope of work as part of a comprehensive report on the forestry sector in Whatcom County.

Seven months have passed and the FAC has twice extended our draft report deadline waiting for this information to complete our work. There has been extensive back and forth between Ms. Koon and the Treasurer's Office trying to assure the accuracy of the information provided (initial documentation from the Treasurer's office did not reconcile with information from the DNR, with annual discrepancies of as much as \$1.2M and no year reconciled to within \$100K). In the last exchange between Ms. Koon and your office, in November, an agreement was made that the FAC's request would be narrowed to the past 7 years instead of 10 (2017-23 instead of 2014-23), and that your office would produce two reconciled years per month and send them to Holly in the form of spreadsheet containing annual totals for each beneficiary. This would allow for the final 2 years to be completed by the beginning of March to accommodate the current, revised target date for completion of our draft report. To date, Ms. Koon has not received any years of reconciled data, with only a month remaining until the deadline.

The purpose of this letter is threefold:

- First, to ask for your personal attention in helping to assure that by the beginning of March the FAC will have received a final, reconciled report of annual State Forest Land revenue totals for all taxing district beneficiaries for years 2017-2023.
- Second, to ask you to work with the FAC to set up an annual process so that on or before March 1st of each year (starting in March of 2025), the Treasurer's Office will provide the FAC with a report of State Forest Land disbursements for the previous calendar year. The report could be as simple as a single spreadsheet of annual totals for each beneficiary of State Forest Land dollars, with the process designed to be consistent and logical for the flow of work in your office.
- Third, in the hope that advance notice is helpful to your office, we want to apprise you of the FAC's intent to file a similar Public Records Request for the 2017-2023 annual totals of Timber Excise Tax revenues dispersed to each of Whatcom County's taxing district beneficiaries and to request an on-going annual report for Timber Excise Tax similar to the one described above for State Forest Lands revenue.

The FAC appreciates that this request has generated a lot of work for your office and is thankful for the professional assistance we have received so far.

Sincerely,

Understanding Washington's Timber Excise Tax

RCW 84.33 and WAC 458-40

NOVEMBER 2020

Timber excise tax

In 1971, the Legislature replaced the annual property tax on timber with an excise tax based on the value of the timber at the time of harvest.

Who pays the timber tax?

Timber excise tax is paid quarterly by the timber owner also referred to as the timber harvester.

- Timber is considered harvested at the time the timber volume is first determined, usually by scaling or weighing.
- A person hired under contract for labor or mechanical services (i.e. logger) is not liable for timber tax.
- Timber tax applies to timber harvested from any private or public lands in Washington.
- When timber is harvested from public lands, the harvester is the first person (other than a public entity) to acquire title or possessory interest in the timber.



Distribution of timber tax

The 5% timber excise tax collected by the Department of Revenue is composed of a 4% county tax and a 1% state tax.

- The county portion is distributed to the county where the timber was harvested. It helps fund capital projects, voter-approved bonds, school maintenance and operations, county roads, libraries, and fire districts.
- The state's portion goes to the state General Fund.

How to register for timber tax

Call the Department of Revenue's Forest Tax Program at 360-534-1324.

Due Dates

Quarter of Harvest	Tax Due
Quarter 1 (Jan 1 – March 31)	April 30
Quarter 2 (April 1 – June 30)	July 31
Quarter 3 (July 1 – Sept. 30)	October 31
Quarter 4 (Oct. 1 – Dec. 31)	January 31

When to use the Standard Harvester Return

Anyone who harvests more than 2 million board feet of timber in a calendar year must use the Department's Standard Harvester Return.

- Standard harvesters calculate their taxable stumpage value by using the Department Stumpage Value Tables.
- The tables and timber tax reporting instructions are available online at foresttax.dor.wa.gov.

When to use the Small Harvester Return

Anyone who harvests less than 2 million board feet of timber in a calendar year is a small harvester and has the option of filing their timber tax using either:

- the Standard Harvester Return, **or**
- the Small Harvester Return, where the taxable stumpage value is the transaction value of the timber, defined as the gross mill price minus allowable documented harvesting and marketing costs or if actual harvesting and marketing costs are unknown use the Department allowance of 35% of gross mill price.

Standing timber sale reporting

Purchasers of privately owned timber in excess of 200 thousand board feet are required to report the details of the transaction by the end of the month following the purchase date. Stumpage Purchase Report forms are available at foresttax.dor.wa.gov.

Small harvester

For small harvesters who purchase timber that has not been cut from the stump, the taxable stumpage value is determined as follows:

- If timber is harvested within 24 months of purchase use *Box 14. Purchase of Standing Timber* on the Small Harvester return or report using the Stumpage Value Tables.
- If timber is harvested after 24 months use Small Harvester Box 13 or report using the Stumpage Value Tables.

Standard harvester

If you harvest over 2 million board feet in a calendar year, use the Department's Stumpage Value Tables to determine the taxable stumpage value.

Public timber

For timber harvested on public land, the taxable stumpage value is determined as follows:

For competitive or bid sales:

The taxable stumpage value is the actual amount paid for the timber in cash and other consideration entered on the Department's Public Harvester Return.

- Other consideration includes anything of value given in lieu of cash, such as permanent roads constructed as part of the timber sale contract.

- For "Log sort sales/decked logs," the taxable stumpage value is the price paid for the logs minus the harvesting and marketing costs provided by the selling agency.

If the selling agency does not supply actual costs to the purchaser, use the 35% Department allowance.

For non-competitive sales:

Use the Department's Stumpage Value Table to determine the taxable stumpage value. If you're reporting as a qualified small harvester, use the gross mill receipts minus harvesting and marketing costs to determine taxable stumpage value.

Public timber is export restricted

Public timber in unprocessed form is export restricted. Four forms must be submitted to the Department of Revenue's Forest Tax program by the purchaser:

- **Purchaser Certification:** Due at the time of purchase
- **Operations Plan:** Due before beginning the harvest
- **Transferee Certification:** Due prior to logs being transported
- **Disposition Certification:** Due after the harvest is completed

Log export forms are available online at foresttax.dor.wa.gov.

Tax credit available

An Enhanced Aquatic Resources Requirements (EARR) tax credit equivalent to 0.8% of the taxable stumpage value is available if approved by Department of Natural Resources (DNR) Forest Practices.

Electronic filing (E-file)

Forest tax now has electronic filing available. E-file is:

- free to use
- performs the calculations
- remembers your information
- allows online payments
- saves time and money

To E-file, go to dor.wa.gov. If you are not signed up for *My DOR*, click on *Log in* on the top right of the webpage. To begin filing your return electronically, you'll need your **Tax Reporting Account Number (TRN)** and **Pre-Assigned Access Code (PAC)**. Both can be found on the Forest Tax Return mailed to you.

Business and occupation (B&O) tax

Timber harvesting is considered a business activity and is subject to B&O tax.

Standard and public timber harvesters must file their B&O tax electronically and complete the annual tax survey by March 31 to receive a lower rate.

Small harvesters are not required to file their B&O tax electronically or complete the annual tax survey to use the lower rate. Small harvesters are also eligible for up to a \$100,000 deduction and a small business credit.

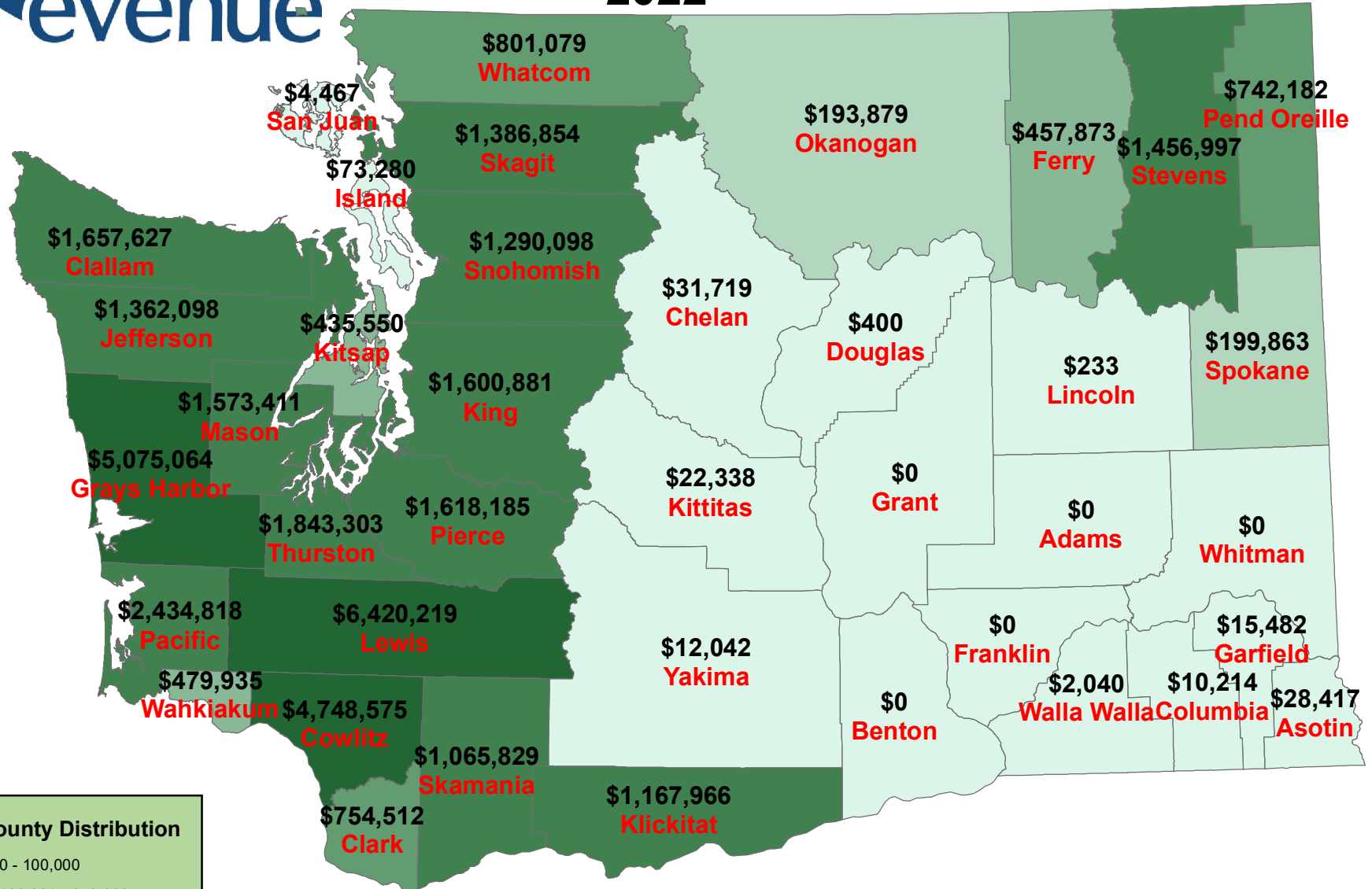
Go to dor.wa.gov for more information.

If you need assistance

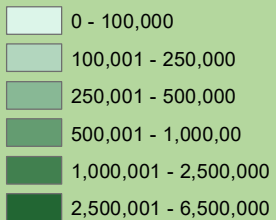
Contact the Forest Tax Program at 360-534-1324 or visit foresttax.dor.wa.gov



Forest Excise Tax Distribution 2022



2022 County Distribution



Total Distribution \$38,967,428.60

*Distributions may or may not contain adjustments from administration fees