

NEW SECTION. Sec. 8. The provisions of this chapter shall not be effective as to employees of institutions of higher education until July 2, 1976.

NEW SECTION. Sec. 9. If any provision of this 1976 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the House March 15, 1976.

Passed the Senate March 17, 1976.

Approved by the Governor March 25, 1976.

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CHAPTER 123

[House Bill No. 1502]

STATE FUNDS AND ACCOUNTS

AN ACT Relating to revenue and taxation; amending section 43.84.090, chapter 8, Laws of 1965 as last amended by section 1, chapter 50, Laws of 1969 and RCW 43.84.090; amending section 3, chapter 180, Laws of 1949 and RCW 73.32.040; amending section 4, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.040; amending section 6, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.060; amending section 11, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.100; amending section 12, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.110; amending section 7, chapter 294, Laws of 1971 ex. sess. as last amended by section 1, chapter 187, Laws of 1974 ex. sess. and RCW 82.04.291; and amending section 8, chapter 294, Laws of 1971 ex. sess. as last amended by section 2, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.080; providing an expiration date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 43.84.090, chapter 8, Laws of 1965 as last amended by section 1, chapter 50, Laws of 1969 and RCW 43.84.090 are each amended to read as follows:

Twenty percent of all income received from such investments shall be set aside in a reserve account: PROVIDED, That the legislature may appropriate such amounts from this account as may be necessary to pay operating expenses of the state treasurer for the servicing of investments and outstanding bonded indebtedness of the state and for operating expenses of the state finance committee and the state building authority, and may transfer further amounts from the reserve account to the general fund on a periodic basis.

Investments purchased for more or less than par shall be amortized to obtain the true amount of income, and the amortized value of the principal, at any time, shall be the cost of the security plus or minus such portion of the income as has been assigned to principal.

Any loss sustained by selling investments for less than the amortized value of the principal may be charged to the reserve fund. Any profits obtained from selling investments for more than the amortized value of the principal shall be considered as income. All income other than that set aside in the reserve fund shall be credited to the deposit interest (~~((fund in the state treasury))~~) account in the state general fund.

Sec. 2. Section 3, chapter 180, Laws of 1949 and RCW 73.32.040 are each amended to read as follows:

All disbursements required by this chapter for compensation shall be made upon the presentation of a certificate upon a form to be prescribed by the state auditor, which form shall be duly verified, by the claimant under oath, and shall set forth his name, residence at the time of entry into the service, date of enlistment, induction or entry upon active federal service, beginning and ending dates of overseas service, date of discharge or release from active federal service, or if the claimant has not been released at the time of application, a statement by competent military authority that the claimant during the period for which compensation is claimed did not refuse to subject himself to full military discipline and unqualified service, and that he has not been separated from service under circumstances other than honorable. The state auditor may require such further information to be included in such certificate as he deems necessary to enable him to determine the eligibility of applicants. Such certificates shall be presented to the state auditor or his representative, together with evidence of honorable service satisfactory to the state auditor. The state auditor shall draw warrants in payment of such compensation claims against the war veterans' compensation ~~((fund))~~ account, which is hereby established in the state ~~((treasury))~~ general fund. The state auditor is given power to make such reasonable requirements for applications as are necessary to prevent fraud or the payment of compensation to persons not entitled thereto.

Sec. 3. Section 4, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.040 are each amended to read as follows:

All disbursements made under this chapter for compensation shall be made upon the presentation of a certificate or claim form to be prescribed by the state treasurer.

Such form for persons applying for benefits shall be duly verified by the claimant under oath, and shall set forth his name, residence at the time of entry into the service, date of enlistment, induction, or entry upon active federal service, beginning and ending dates of overseas service, date of discharge or release from active federal service, or if the claimant has not been released at the time of application, a statement by a competent military authority that the claimant during the period for which compensation is claimed did not refuse to subject himself to full military discipline and unqualified service, and that he has not been separated from service under circumstances other than honorable. The state treasurer may require such further information to be included in such certificate as he deems necessary to enable him to determine the eligibility of applicants.

Such certificate shall be presented to the state treasurer or his representative, together with evidence of honorable service satisfactory to the state treasurer.

The claim for institutions seeking reimbursement under RCW 73.34.020(2) shall contain such information as the treasurer shall deem necessary to determine the authenticity thereof.

The state treasurer shall draw warrants in payment of such compensation claims against the war veterans' compensation ~~((fund))~~ account, which has heretofore been established in the state treasury. Claims for such compensation may be filed after May 23, 1972 but no payments shall be made prior to January 2, 1973.

The state treasurer may make such reasonable requirements for application procedure as are necessary to prevent fraud or the payment of compensation to persons not entitled thereto.

Sec. 4. Section 6, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.060 are each amended to read as follows:

The state treasurer shall furnish free of charge upon the application therefor certificates or claim forms upon which applications may be made and may establish at different points within the state offices at which there shall be kept on file for the use of persons covered by this chapter a sufficient number of such certificates, so that there is no unnecessary delay in the payment of compensation. The state treasurer may authorize the county auditor or county clerk, or both, of any county of the state to act for him in receiving such certificates, and shall furnish them with sufficient certificates to enable them to accept the same. The state treasurer shall procure such printing, office supplies and equipment and employ such persons as may be necessary to properly carry out the provisions of this chapter. All expenses incurred by him in the administration of this chapter shall be paid by warrants drawn upon the war veterans' compensation ((fund)) account.

Sec. 5. Section 11, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.100 are each amended to read as follows:

The executive officer of the veterans' rehabilitation council shall advise with and assist the state treasurer in the performance of the duties of the treasurer under this chapter, and when so called upon, the executive officer shall employ such persons and incur such expenses as may be necessary, such expenses to be paid by warrant drawn upon the war veterans' compensation ((fund)) account.

Sec. 6. Section 12, chapter 154, Laws of 1972 ex. sess. and RCW 73.34.110 are each amended to read as follows:

Upon the death of any person qualified to receive compensation pursuant to this chapter or who would have been qualified to receive compensation except for death occurring while serving in federal service as a member of the armed military or naval forces of the United States, there shall be paid to his widow, parent, child, next of kin or other person assuming responsibility or having the duty to provide for his burial, the sum of two hundred fifty dollars to aid in defraying funeral and other burial costs. Payment shall be made, after application therefor, in the same manner as is provided in this chapter for payment of compensation. The state treasurer shall promulgate such rules and regulations and provide such procedures as may be necessary to properly administer the provisions of this section.

Any payment under this section shall be deemed and construed to be a part of the term "compensation" as used in this chapter and shall be made from the war veterans' compensation ((fund)) account.

Section 2. [**Sec. 7.**] Section 7, chapter 294, Laws of 1971 ex. sess. as last amended by section 1, chapter 187, Laws of 1974 ex. sess. and RCW 82.04.291 are each amended to read as follows:

(1) Upon every person engaging within this state in business as a harvester of timber; as to such persons the amount of tax with respect to such business shall be equal to the stumpage value of timber harvested for sale or for commercial or industrial use multiplied by the appropriate rate as follows:

(a) For timber harvested between October 1, 1972 and September 30, 1973 inclusive, the rate shall be one and three-tenths percent;

(b) For timber harvested between October 1, 1973 and September 30, 1974 inclusive, the rate shall be two and nine-tenths percent and between October 1, 1974 and December 31, 1978, inclusive, six and one-half percent.

(2) For purposes of this section:

(a) "Harvester" means every person who from his own privately owned land or from the privately owned land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services fells, cuts or takes timber for sale or for commercial or industrial use. It does not include persons performing under contract the necessary labor or mechanical services for a harvester.

(b) "Timber" means forest trees, standing or down on privately owned land, and except as provided in RCW 84.33.170 includes Christmas trees.

(c) "Stumpage value of timber" means the appropriate stumpage value shown on tables to be prepared by the department of revenue pursuant to subsection (3) of this section.

(d) Timber shall be considered harvested at the time when in the ordinary course of business the quantity thereof by species is first definitely determined. The amount harvested shall be determined by the Scribner Decimal C Scale or other prevalent measuring practice adjusted to arrive at substantially equivalent measurements, as approved by the department of revenue.

(3) On or before July 1, 1972 and as necessary thereafter, the department of revenue shall designate areas containing timber having similar growing, harvesting and marketing conditions to be used as units for the preparation and application of stumpage values. Before September 1, 1972 for use during the fourth quarter of 1972 and all of 1973, and before December 1 of each year commencing with 1973, for use during the succeeding year, the department shall prepare tables of stumpage values of each species or subclassification of timber within such units, which values shall be the amount that each such species or subclassification would sell for at a voluntary sale made in the ordinary course of business for purposes of immediate harvest. Such stumpage values, expressed in terms of a dollar amount per thousand board feet or other unit measure, shall be determined from (a) gross proceeds from sales on the stump of similar timber of like quality and character at similar locations, and in similar quantities, or from (b) gross proceeds from sales of logs adjusted to reflect only the portion of such proceeds attributable to value on the stump immediately prior to harvest, or from a combination of (a) and (b), and shall be determined in a manner which makes reasonable and adequate allowances for age, size, quality, costs of removal, accessibility to point of conversion, market conditions and all other relevant factors. If, on or before April 1 of any year commencing with 1975, the department shall determine that the stumpage value index as of January 1 of such year is greater or smaller, by ten percent or more, than the stumpage value index as of July 1 of the preceding year it shall, in the same manner prescribed for annual stumpage value determinations, prepare revised tables setting forth stumpage values. Such revised tables shall be applicable to timber harvested between July 1 and December 31 of such year, inclusive. The term stumpage value index as of any date shall mean a weighted average

price of state and federal timber sales for all species during the twelve months prior to such date, such weighting to be based upon the actual volumes of the several species or subclassifications of timber harvested during the four most recent calendar quarters for which such information is available from tax returns filed by harvesters. Such index and the procedures to be followed in calculating it shall be further defined in regulations to be prepared by the department of revenue and reviewed by the ways and means committees of the house and senate prior to promulgation by the department. Upon application from any person who plans to harvest damaged timber, the stumpage values for which have been materially reduced from the values shown in the applicable tables due to damage resulting from fire, blow down, ice storm, flood or other sudden unforeseen cause, the department shall revise such tables for any area in which such timber is located and shall specify any additional accounting or other requirements to be complied with in reporting and paying such tax. The preliminary area designations and stumpage value tables and any revisions thereof shall be subject to review by the ways and means committees of the house and senate prior to finalization. Tables of stumpage values shall be signed by the director or his designee and authenticated by the official seal of the department. A copy thereof shall be mailed to anyone who has submitted to the department a written request therefor.

(4) On or before the sixtieth day after the date of final adoption of any stumpage value tables, any harvester may appeal to the board of tax appeals for a revision of stumpage values for an area determined pursuant to subsection (3) of this section.

(5) There are hereby created in the state treasury a state timber tax ~~((fund))~~ account A and a state timber tax ~~((fund))~~ account B ~~(, separate and apart from)~~ in the state general fund and any interest earned on the investment of cash balances shall be deposited in these accounts. The revenues from the tax imposed by subsection (1) of this section shall be deposited in state timber tax ~~((fund))~~ account A and state timber tax ~~((fund))~~ account B as follows:

YEAR OF COLLECTION	((FUND))	((FUND))
	<u>ACCOUNT A</u>	<u>ACCOUNT B</u>
1973 through 1978	100%	0%
1979	75%	25%
1980	50%	50%
1981	25%	75%
1982 and thereafter	0%	100%

(6) In addition to the rates specified in subsection (1) of this section, there shall be imposed upon such persons a surtax at a rate of .5% of the stumpage value of timber as specified in such subsection (1) upon timber harvested between October 1, 1972 and September 30, 1974 inclusive. The revenues from such surtax shall be deposited in a separate ~~((fund))~~ account designated the state timber reserve ~~((fund))~~ account, which is hereby created in the ~~((state treasury separate and apart from the))~~ state general fund and any interest earned on the investment of these cash balances shall be deposited in this account. Such surtax shall be reimposed for one year upon timber harvested in any calendar year following any fourth quarter during which transfers from such reserve ~~((fund))~~ account pursuant to

subsection (3) of RCW 84.33.080 reduce the balance in such ~~((fund))~~ account to less than five hundred thousand dollars, but in no event shall such surtax be imposed in any year after 1980.

(7) The tax imposed under this section shall be computed with respect to timber harvested each calendar quarter and shall be due and payable in quarterly installments and remittance therefor shall be made on or before the last day of the month next succeeding the end of the quarterly period in which the tax accrued. The taxpayer on or before such date shall make out a return, upon such forms and setting forth such information as the department of revenue may require, showing the amount of the tax for which he is liable for the preceding quarterly period, and shall sign and transmit the same to the department of revenue, together with a remittance for such amount.

(8) The taxes imposed by this section shall be in addition to any taxes imposed upon the same persons pursuant to one or more of sections RCW 82.04.230 to 82.04.290, inclusive, and RCW 82.04.440, and none of such sections shall be construed to modify or interact with this section in any way, except RCW 82.04.450 and 82.04.490 shall not apply to the taxes imposed by this section.

(9) Any harvester incurring less than ten dollars tax liability under this section in any calendar quarter shall be excused from the payment of such tax, but may be required by the department of revenue to file a return even though no tax may be due.

Sec. 2. [Sec. 8.] Section 8, chapter 294, Laws of 1971 ex. sess. as last amended by section 2, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.080 are each amended to read as follows:

(1) On or before December 15 of each year commencing with 1972 and ending with 1980, the assessor of each timber county shall deliver to the treasurer of such county and to the department of revenue a schedule setting forth for each taxing district or portion thereof lying within such county:

(a) The value of timber as shown on the timber roll for such year;

(b) The aggregate dollar rate calculated pursuant to RCW 84.33.060 and actually utilized the immediately preceding October in extending real property taxes upon the tax rolls for collection in the following year;

(c) A "timber factor" which is the product of such aggregate dollar rate, the assessment ratio applied generally by such assessor in computing the assessed value of other property in his county and the appropriate portion listed below of the timber roll for such year ((a) above):

YEAR	PORTION OF TIMBER ROLL
1972	25%
1973	55%
1974 through 1977	100%
1978	75%
1979	50%
1980	25%

On or before December 31 of each year commencing with 1972 and ending with 1980, the department of revenue shall determine the proportion that each taxing district's timber factor bears to the sum of the timber factors for all taxing

districts in the state, and shall deliver a list to the assessor and the treasurer of each timber county and to the state treasurer showing the factor and proportion for each taxing district.

(2) On the twentieth day of the second month of each calendar quarter, commencing February 20, 1974 and ending November 20, 1981, the state treasurer shall pay to the treasurer of each timber county for the account of each taxing district such district's proportion (determined in December of the preceding year pursuant to subsection (1) of this section) of the amount in state timber tax ((fund)) account A collected upon timber harvested in the preceding calendar quarter, but in no event shall any such quarterly payment to a taxing district, when added to such payments made to such district the previous quarters of the same year, exceed, respectively one-fourth, one-half, three-fourths, or the full amount of the timber factor for such district determined in December of the preceding year.

The balance in state timber tax ((fund)) account A, if any, after the distribution to taxing districts on November 20, 1974 and on the twentieth day of the second month of each calendar quarter commencing February 20, 1975 and ending November 20, 1981 shall be transferred to the state timber reserve ((fund)) account.

(3) If the balance in state timber tax ((fund)) account A immediately prior to such twentieth day of the second month of each calendar quarter is not sufficient to permit a payment of one-fourth, one-half, three-fourths, or the full amount, as the case may be, which, when added to the payments made to any taxing district the previous quarters of the same year, will equal the timber factor for such district determined in December of the preceding year, the necessary additional amount shall be transferred from the state timber reserve ((fund)) account to state timber tax ((fund)) account A.

(4) If, after the transfer, if any, from the state timber tax ((fund)) account A (pursuant to subsection (2) of this section) in August of any year commencing with 1974, the balance in the state timber reserve ((fund)) account exceeds two million dollars, the amount of the excess shall be applied first, subject to legislative appropriation of funds allocated from the state timber reserve ((fund)) account, for activities undertaken by the department of revenue forest valuation section and for the activities undertaken by the department of natural resources relating to classification of lands as required by this chapter: PROVIDED, That within the 1973-75 biennium, the state treasurer shall transfer from the state timber reserve ((fund)) account to the state general fund an amount equal to actual expenditures of the department of revenue related to the activities of the forest valuation section no later than August 31, 1974 and August 31, 1975, for the fiscal year just completed. If the amount of such excess is more than is necessary for reimbursement for such purposes, the remaining amount of the excess shall be distributed to the taxing districts which distribution shall be made in the following manner:

(a) The department of revenue shall calculate a harvest factor and a harvest factor proportion for each taxing district, in the manner provided in subsection (5) of this section except that for years before 1978 there shall be used the aggregate value of timber harvested for as many quarters for which information is available;

(b) By multiplying the amount of such excess by the harvest factor proportion for each taxing district respectively, the department of revenue shall calculate the amount to be distributed to each local taxing district and to the state and shall certify such amounts to the respective county assessors and state;

(c) Along with each quarterly payment pursuant to subsection (2) of this section, the state treasurer shall pay, out of the state timber reserve (~~(fund)~~) account, to the treasurer of each timber county for the account of each local taxing district one-fourth of such district's portion (determined pursuant to (b) above) of such excess and the state treasurer shall pay into the state's general fund for the support of the common schools out of the state timber reserve (~~(fund)~~) account such additional one-fourth amount due the state.

The balance, if any, in the state timber reserve (~~(fund)~~) account after the final transfer, if any, to or from state timber tax fund A in November of 1981, shall be transferred to state timber tax (~~(fund)~~) account B on December 31, 1981, and one-fourth of such balance shall be distributed in each quarter of 1982 in the manner set forth in subsection (6) of this section.

(5) On or before December 31 of each year commencing with 1978, the department of revenue shall deliver to the treasurer of each timber county a schedule setting forth for each taxing district or portion thereof lying within such county:

(a) The average of the aggregate value of all timber harvested within such district in each of the immediately preceding five years as determined from the excise tax returns filed with the department of revenue;

(b) The aggregate dollar rate calculated pursuant to RCW 84.33.060 and chapter 84.52 RCW and actually utilized the immediately preceding October in extending real property taxes upon the tax rolls for collection the following year;

(c) A "harvest factor" which is the product of such five year average and such aggregate dollar rate;

(d) The proportion that each taxing district's harvest factor bears to the sum of the harvest factors for all taxing districts in the state.

(6) On the twentieth day of the second month of each calendar quarter commencing February 20, 1979, the state treasurer shall pay to the treasurer of each timber county for the account of each taxing district such district's proportion (determined in December of the preceding year pursuant to subsection (5) of this section) of the amount in state timber tax (~~(fund)~~) account B collected upon timber harvested in the preceding calendar quarter.

NEW SECTION. Sec. 3. [Sec. 9.] The provisions of this 1976 amendatory act shall expire on June 30, 1979.

NEW SECTION. Sec. 4. [Sec. 10.] This 1976 act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions and shall take effect immediately.

Passed the House March 26, 1976.

Passed the Senate March 26, 1976.

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