

1 H.583

2 Introduced by Representative Masland of Thetford

3 Referred to Committee on

4 Date:

5 Subject: Taxation; timber; severance tax

6 Statement of purpose: This bill proposes to create a severance tax for timber
7 harvesting in lieu of income or capital gains taxes.

8 An act relating to creating a timber harvest tax

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 Sec. 1. 32 V.S.A. chapter 229 is added to read:

11 CHAPTER 229. TIMBER HARVEST TAX

12 § 9501. DEFINITIONS

13 As used in this chapter:

14 (1) “Forestland” means any land producing forest products.

15 (2) “Forest products” means products derived from harvested timber for
16 a commercial use.

17 (3) “Harvest” means the cutting, felling, or removal of timber for
18 purposes of sale or use.

19 (4) “Merchantable stand of timber” means any stand on forestland
20 containing living or dead timber which is being or can be harvested.

1 (5) "Owner of timber" means any individual or combination of
2 individuals, partnership, firm, corporation, or association of any kind holding
3 title to the harvested timber by virtue of:

4 (A) an instrument of conveyance;

5 (B) the harvesting of timber;

6 (C) the harvesting of timber and payment therefore.

7 (6) "Stumpage value" means the value of the timber that is harvested,
8 taking into consideration the location of the timber, the quality of the timber,
9 the size of the sale, and any other factors necessary to harvest the timber that
10 affect the value of timber being cut. Stumpage value of all forest products
11 except those customarily measured by the cord, by weight, or by the piece shall
12 be determined on the basis of international 1/4 inch rule log scale. For timber
13 sold to a purchaser, the stumpage value is presumed to be the stumpage price
14 paid on a per cord, per 1,000 board feet, by weight, or other basis.

15 (7) "Taxpayer" means the owner of the timber at the time of harvest.

16 (8) "Timber" means all logs which can be measured by the cord, by
17 weight, by board feet, or in a scale that can be converted to any of the
18 foregoing.

19 § 9502. TIMBER SEVERANCE TAX

20 (a) There is levied a tax of eight percent of the stumpage value upon
21 taxpayers for the harvesting of all timber on forestland in this state.

1 (b) The first 10,000 feet, board measure, or 25 cords of forest products
2 harvested annually by a taxpayer shall be exempt from taxes under this section.

3 (c) The taxes levied under this section shall be due and payable annually on
4 or before the last day of January for the preceding year with a return containing
5 information as required by the department of taxes. The department of taxes is
6 authorized to adopt rules and procedures to administer the tax under this
7 section.

8 (d) A credit may be taken in the amount of taxes paid under this section
9 against any tax in chapter 151 of this title that would otherwise be due on the
10 harvest of timber subject to this section.

11 Sec. 2. EFFECTIVE DATE

12 This act shall take effect on January 1, 2013 and apply to tax year 2013 and
13 after.