HOUSE BILL 1155-FN-LOCAL

AN ACT relative to exemptions from timber taxes for certain residential cutting.

SPONSORS: Rep. Flanagan, Hills. 26

COMMITTEE: Municipal and County Government

ANALYSIS

This bill exempts the first 10,000 board feet of logs cut from residential or other non-commercial property from the timber tax, provided that the timber cut is not made for sale purposes.

Explanation: Matter added to current law appears in bold italics. Matter removed from current law appears [in brackets and struckthrough.] Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
AN ACT relative to exemptions from timber taxes for certain residential cutting.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Timber Tax; Exemption from Notice to Cut and Tax. Amend RSA 79:1, II(b)(1) to read as follows:
   (1) A person who cuts, within the tax year, up to 10,000 board feet of logs from [his own land for use in the construction, reconstruction, or alteration of his own buildings, structures, or fences situated in the state of New Hampshire; provided that such buildings are not being built] the person’s residential or non-commercial property, provided that the timber cut is not for sale purposes;

2 Timber Tax; Exemption from Tax. Amend RSA 79:3 to read as follows:
   79:3 Normal Yield Tax. A normal yield tax at the rate of 10 percent on the stumpage value at the time of cutting shall be assessed by the assessing officials within 30 days after receipt of a report of wood or timber cut is filed with said officials in the town in which said operation took place. Interest as provided in RSA 79:4-a shall be charged 30 days after the bills are mailed by the tax collector, on any tax which is due and payable and which remains unpaid. The yield tax under this section shall not apply to the first 10,000 board feet of logs cut from a person’s residential or non-commercial property, provided that the timber cut is not for sale purposes.

3 Effective Date. This act shall take effect January 1, 2021.
AN ACT relative to exemptions from timber taxes for certain residential cutting.

FISCAL IMPACT: [ ] State [ ] County [X] Local [ ] None

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<thead>
<tr>
<th>LOCAL:</th>
<th>Estimated Increase / (Decrease)</th>
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<tbody>
<tr>
<td></td>
<td>FY 2020</td>
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<tr>
<td>Appropriation</td>
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<td>Expenditures</td>
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Funding Source: [ ] General [ ] Education [ ] Highway [ ] Other

METHODOLOGY:

This bill would expand the existing exemption under the Timber Yield Tax to apply to the first 10,000 board feet of logs a person may cut within each tax year, provided the cut is on the person's residential or non-commercial property and the wood or timber cut is not for sale purposes. It eliminates the exemption requirement that such timber be used for the person's buildings or structures located in New Hampshire that are not being built for sale. The Department of Revenue Administration (DRA) states the current 10,000 board feet exemption is applicable for cuts up to 10,000 board feet only; it does not apply if the board feet cut exceeds 10,000 feet, thereby resulting in taxation of the entire cut, inclusive of the first 10,000 feet. This bill would exempt the first 10,000 board feet of such a cut and only allow taxation of the cut in excess of 10,000 board feet.

The Timber Tax is a tax on 10% of the stumpage value of wood or timber at the time of cutting and is assessed by local officials and revenue is retained by local municipalities. The DRA and New Hampshire Municipal Association state there would be an indeterminable decrease in local revenue resulting from the changes to this tax exemption, due to an unknown number of timber cuts and their associated values under the expanded exemption.

AGENCIES CONTACTED:

Department of Revenue Administration and New Hampshire Municipal Association