



P.O. Box 1350
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Board of Commissioners
Connie Beauvais, *President*
Steven Burke, *Vice President*
Colleen McAleer, *Secretary*
Executive Director
Karen Goschen

February 28, 2019

To: Representative Gael Tarleton, Chair, House Finance Committee
Rep. Ed Orcutt, Ranking Member, House Finance Committee
Senator Christine Rolfes, Chair, Senate Ways and Means Committee
Senator John Braun, Ranking Member, Senate Ways and Means Committee

RE: Support for the Extension of the Current B&O Tax Rates for Wood Products Manufacturing

Dear Committee members,

The forest products industry continues to be a vital component of Clallam County's economy, with more than 650 direct jobs paying above a living wage and therefore improving the overall financial well-being of our community. There are over 1,500 total jobs when taking into account indirect and induced jobs. The wood products manufacturing industry has one of the highest job multipliers of any industry in rural communities. The Port of Port Angeles' log sorting and handling facilities alone provides services that support about half of the jobs in the forest products industry and helps to bring or deliver logs to mills in Western Washington.

Today, the Port and others are working with McKinley Paper to assist in their efforts to re-open their mill, bringing new jobs and economic activity to our region.

Accordingly, the Port supports Representative Mike Chapman's efforts, embodied within both HB 1348 and HB 1324, to extend the sunset date for the current B&O tax rate for wood products beyond its current 2024 sunset date.

The Port is proud of its long history in partnering with the industry to provide transportation and logistics services that serve the industry across Western Washington – and even as far as Colville. The industry creates and sustains good paying jobs in our rural communities across the North Olympic Peninsula.

The lower B&O tax rate for wood products was enacted at a time when many mills in Washington state were at risk of curtailments or closure. The lower tax rate has given the sector some confidence in investing in new plants and equipment, and growing jobs. Today, advances are being made with new products combining mass timber and carbon fiber, potentially opening the door to continued growth in the industry within our region.

Extending the 2024 sunset at this time will remove the uncertainty over the B&O tax rate as McKinley Paper, and other businesses, consider new investments in infrastructure, equipment, and, more importantly, employees in our region. Investment decisions for capital upgrades and new facilities are typically made with a long planning horizon. Extending the current B&O tax rate for forest products companies will align with that long horizon.

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Thank you for your consideration on this matter and continued work to maintain a vibrant forest product sector that is critical to supporting rural communities, addressing forest health issues, and strengthening the emerging advanced wood products industry to create affordable, renewable, and carbon-friendly wood products every Washingtonian uses every day.


Best Regards,



Connie L. Beauvais
President



Steven D. Burke
Vice-President



Colleen M. McAleer
Secretary

Cc: Representative Mike Chapman
Representative Steve Tharinger
Senator Kevin Van De Wege

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