



1           (a) *Definition.* -- For purposes of this section, the term  
2 "green lumber" means boards of wood, that have been sawed from one  
3 or more species of logs into various lengths, widths and  
4 thicknesses, but that have not undergone any further processing,  
5 including, but not limited to, drying, in a dry kiln, or otherwise.

6           (b) *Legislative intent and retroactive effect.* -- This section  
7 is intended to clarify the intent of the Legislature as to the  
8 measure of tax imposed by this article on a person who produces  
9 timber and further saws, mills or otherwise manufactures that  
10 timber into green lumber or other wood products for sale, profit or  
11 commercial use. This clarification shall be applied retrospectively  
12 to the effective date of the enactment of section three-b of this  
13 article during the first extraordinary session of the Legislature  
14 in the year 1993.

15           (c) *Measure of tax on integrated producer-processor.* --

16           (1) A person who produces timber and further saws, mills, or  
17 otherwise manufactures the timber into green lumber for sale,  
18 profit or commercial use, shall report twenty-five percent of the  
19 person's gross proceeds from the sale of the green lumber as the  
20 value subject to tax under section three-b of this article.

21           (2) A person who produces timber and further saws, mills, or  
22 otherwise manufactures the timber into green lumber but does not  
23 sell the green lumber and further processes or manufactures the

1 green lumber, including but not limited to, drying, in a dry kiln,  
2 or otherwise, shall report twenty-five percent of the value of the  
3 green lumber before such further processing or manufacturing as the  
4 value subject to tax under section three-b of this article. This  
5 value shall be determined according to section two of this article  
6 applicable to determining the value of similar green lumber in the  
7 area of the saw mill, or by use of data contained in regularly  
8 published independent market reports of the current, arms-length  
9 sale of similar green lumber in the area of the saw mill. In no  
10 event may any value added to green lumber by any further processing  
11 or manufacturing, including, but not limited to, value added by  
12 drying the green lumber in a dry kiln, or otherwise, be included in  
13 the measure of tax for purposes of the tax imposed by section  
14 three-b of this article.

NOTE: The purpose of this bill is to clarify the measure of the severance tax imposed on the privilege of producing timber in the case of a person who does not sell the timber he or she severs and produces, but further processes that timber into other wood products for sale, profit or commercial use.

This section is new; therefore, strike-throughs and underscoring have been omitted.