



April 29, 2019

The Honorable Jay Inslee
Governor, State of Washington
P.O. Box 40002
Olympia, WA 98504-0002

Re: Urging support for E3SHB 1324, helping Washington businesses succeed by extending the business and occupation tax provisions for forest products manufacturing

The American Forest Resource Council (AFRC) represents more than 30 wood products manufacturing facilities in Washington. These businesses create and sustain good paying jobs in rural communities across Western and Eastern Washington such as Colville, Morton, Darrington, Aberdeen, and Port Angeles. According to Washington's Department of Commerce, the overall direct, indirect, and induced jobs created by the state's Forest Products Sector in 2017 was 101,000 workers, earning \$5.5 billion in wages. AFRC is proud to help represent this critically important and vibrant industry.

E3SHB 1324 extends the lower B&O tax rate for wood products manufacturing beyond its current sunset date of 2024. The current rate was enacted at a time when many mills in Washington state were at risk of curtailments or closure. The lower tax rate has given our members confidence in investing in new plants and equipment, and growing jobs, since it was enacted more than a decade ago. Indeed, our members have invested more than a billion dollars in new plants and equipment to modernize and add new capacity in the past two decades.

More importantly, extending the 2024 sunset at this time will remove uncertainty over the B&O tax rate as our members consider new investments in milling infrastructure, equipment, and, more importantly, employees across the state. Investment decisions for capital upgrades and new facilities are typically made on a 20 to 30-year planning horizon. Extending the current B&O rate for forest products companies will align with that planning horizon.

As you know, our industry also pays a B&O tax surcharge to fund critical ongoing adaptive management and monitoring components of the Forests and Fish Habitat Conservation Plan – one of the largest and most comprehensive conservation agreements in the United States. This funding helps support the ongoing engagement of western Washington treaty tribes through the Northwest Indian Fisheries Commission.

AFRC is grateful for the efforts of Representative Mike Chapman, Representative Jacquelin Maycumber and Senator Van De Wege on this important legislation. We urge you to sign

E3SHB into law. Doing so will assist in maintaining a vibrant forest product milling infrastructure in this state that is critical to supporting rural communities, addressing declining forest health conditions, and manufacturing affordable, renewable, and carbon-friendly wood products used by citizens every day.

Sincerely,

A handwritten signature in black ink, appearing to read "Travis Joseph". The signature is written in a cursive, flowing style.

Travis Joseph
President

cc: Sen. Kevin Van De Wege
Rep. Mike Chapman
Rep. Jacquelin Maycumber