

SENATE BILL REPORT

SHB 2765

As Reported By Senate Committee On:
Natural Resources, Parks & Shorelines, February 27, 2002

Title: An act relating to timber and forest lands.

Brief Description: Concerning the timber and forest lands compensating tax.

Sponsors: House Committee on Natural Resources (originally sponsored by Representatives Orcutt, Fromhold, Morell and McDermott).

Brief History:

Committee Activity: Natural Resources, Parks & Shorelines: 2/25/02, 2/27/02 [DPA].

SENATE COMMITTEE ON NATURAL RESOURCES, PARKS & SHORELINES

Majority Report: Do pass as amended.

Signed by Senators Jacobsen, Chair; McDonald, Morton, Oke, Snyder, Spanel and Stevens.

Staff: Vic Moon (786-7469)

Background: All property in this state is subject to a property tax each year based on the property's value unless a specific exemption is provided by law. The State Constitution authorizes agricultural, timber, and open space lands to be valued on the basis of their current use rather than fair market value. Standing timber is generally exempt from property taxes and is instead subject to a yield tax on harvest.

Two programs currently implement this constitutional exception to fair market value: the "open space" program and the "forest land" program. Both of these programs allow for a tax to be assessed on the current use. This status is available for certain agricultural, timber, and open space lands. Qualifying lands must meet certain acreage and/or gross income requirements. Timbered land may qualify for the open space assessment if it is at least five acres in size and used primarily for the commercial growth and harvest of commercial crops. Forested stands over 20 acres in size are qualified to be assessed in the forest lands program.

When a property being taxed at current use is sold or transferred, the new owner has the option of maintaining the current use designation for the land. When forest lands are transferred, the county assessor for those lands has the option of requiring the owner to file a timber management plan. Timbered property eligible for current use under the open space program must have a timber management plan submitted to the county assessor whenever an initial application is made, or the property is sold or transferred.

Summary of Amended Bill: A property owner that is being taxed for current uses in the forest lands program has 60 days from the time he or she is removed from this classification

to become designated under the open spaces program. The county assessor can extend the time period.

Amended Bill Compared to Substitute Bill: The striking amendment is similar to the original bill but gives more flexibility to the assessor to assist forest landowners.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Forest planning is very technical and there needs to be adequate time to address forest management when property is sold.

Testimony Against: None.

Testified: Representative Ed Orcutt, prime sponsor; Dianne Dorey, Lewis County Assessor; Ed Ratcliffe, Department of Revenue.