
SUBSTITUTE SENATE BILL 5702

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Snyder, Winsley, Spanel, Rossi and Rasmussen)

READ FIRST TIME 02/21/01.

1 AN ACT Relating to simplifying and harmonizing the taxation of
2 lands valued at current use; amending RCW 84.33.035, 84.33.130,
3 84.33.140, 84.33.145, 84.33.170, 84.33.210, 84.33.220, 84.33.230,
4 84.33.250, 84.33.260, 84.33.270, 84.34.020, and 84.34.065; reenacting
5 and amending RCW 84.34.108; decodifying RCW 84.33.112, 84.33.113,
6 84.33.114, 84.33.115, 84.33.116, and 84.33.118; and repealing RCW
7 84.33.020, 84.33.073, 84.33.100, 84.33.110, and 84.33.120.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 **Sec. 1.** RCW 84.33.035 and 1995 c 165 s 1 are each amended to read
10 as follows:

11 Unless the context clearly requires otherwise, the definitions in
12 this section apply throughout this chapter.

13 (1) "Agricultural methods" means the cultivation of trees that are
14 grown on land prepared by intensive cultivation and tilling, such as
15 irrigating, plowing, or turning over the soil, and on which all
16 unwanted plant growth is controlled continuously for the exclusive
17 purpose of raising trees such as Christmas trees and short-rotation
18 hardwoods.

1 (2) "Average rate of inflation" means the annual rate of inflation
2 as determined by the department averaged over the period of time as
3 provided in RCW 84.33.220 (1) and (2). This rate shall be published in
4 the state register by the department not later than January 1st of each
5 year for use in that assessment year.

6 (3) "Composite property tax rate" for a county means the total
7 amount of property taxes levied upon forest lands by all taxing
8 districts in the county other than the state, divided by the total
9 assessed value of all forest land in the county.

10 ~~((+3))~~ (4) "Forest land" is synonymous with "designated forest
11 land" and means ((forest land which is classified or designated forest
12 land under this chapter)) any parcel of land that is twenty or more
13 acres or multiple parcels of land that are contiguous and total twenty
14 or more acres that is or are devoted primarily to growing and
15 harvesting timber. Designated forest land means the land only and does
16 not include a residential homesite. The term includes land used for
17 incidental uses that are compatible with the growing and harvesting of
18 timber but no more than ten percent of the land may be used for such
19 incidental uses. It also includes the land on which appurtenances
20 necessary for the production, preparation, or sale of the timber
21 products exist in conjunction with land producing these products.

22 ~~((+4))~~ (5) "Harvested" means the time when in the ordinary course
23 of business the quantity of timber by species is first definitely
24 determined. The amount harvested shall be determined by the Scribner
25 Decimal C Scale or other prevalent measuring practice adjusted to
26 arrive at substantially equivalent measurements, as approved by the
27 department ~~((of revenue))~~.

28 ~~((+5))~~ (6) "Harvester" means every person who from the person's
29 own land or from the land of another under a right or license granted
30 by lease or contract, either directly or by contracting with others for
31 the necessary labor or mechanical services, fells, cuts, or takes
32 timber for sale or for commercial or industrial use ~~((: PROVIDED, That~~
33 ~~whenever))~~. When the United States or any instrumentality thereof, the
34 state, including its departments and institutions and political
35 subdivisions, or any municipal corporation therein so fells, cuts, or
36 takes timber for sale or for commercial or industrial use, the
37 harvester is the first person other than the United States or any
38 instrumentality thereof, the state, including its departments and
39 institutions and political subdivisions, or any municipal corporation

1 therein, who acquires title to or a possessory interest in (~~(such))~~ the
2 timber. The term "harvester" does not include persons performing under
3 contract the necessary labor or mechanical services for a harvester.

4 (~~(6))~~ (7) "Harvesting and marketing costs" means only those costs
5 directly associated with harvesting the timber from the land and
6 delivering it to the buyer and may include the costs of disposing of
7 logging residues. Any other costs that are not directly and
8 exclusively related to harvesting and marketing of the timber, such as
9 costs of permanent roads or costs of reforesting the land following
10 harvest, are not harvesting and marketing costs.

11 (8) "Incidental use" means a use of designated forest land that is
12 compatible with its purpose for growing and harvesting timber. An
13 incidental use may include a gravel pit, a shed or land used to store
14 machinery or equipment used in conjunction with the timber enterprise,
15 and any other use that does not interfere with or indicate that the
16 forest land is no longer primarily being used to grow and harvest
17 timber.

18 (9) "Local government" means any city, town, county, water-sewer
19 district, public utility district, port district, irrigation district,
20 flood control district, or any other municipal corporation, quasi-
21 municipal corporation, or other political subdivision authorized to
22 levy special benefit assessments for sanitary or storm sewerage
23 systems, domestic water supply or distribution systems, or road
24 construction or improvement purposes.

25 (10) "Local improvement district" means any local improvement
26 district, utility local improvement district, local utility district,
27 road improvement district, or any similar unit created by a local
28 government for the purpose of levying special benefit assessments
29 against property specially benefited by improvements relating to the
30 districts.

31 (11) "Owner" means the party or parties having the fee interest in
32 land, except where land is subject to a real estate contract "owner"
33 means the contract vendee.

34 (12) "Primarily" or "primary use" means the existing use of the
35 land is so prevalent that when the characteristic use of the land is
36 evaluated any other use appears to be conflicting or nonrelated.

37 (13) "Short-rotation hardwoods" means hardwood trees, such as but
38 not limited to hybrid cottonwoods, cultivated by agricultural methods
39 in growing cycles shorter than ten years.

1 ~~((7))~~ (14) "Small harvester" means every person who from his or
2 her own land or from the land of another under a right or license
3 granted by lease or contract, either directly or by contracting with
4 others for the necessary labor or mechanical services, fells, cuts, or
5 takes timber for sale or for commercial or industrial use in an amount
6 not exceeding two million board feet in a calendar year. When the
7 United States or any instrumentality thereof, the state, including its
8 departments and institutions and political subdivisions, or any
9 municipal corporation therein so fells, cuts, or takes timber for sale
10 or for commercial or industrial use, not exceeding these amounts, the
11 small harvester is the first person other than the United States or any
12 instrumentality thereof, the state, including its departments and
13 institutions and political subdivisions, or any municipal corporation
14 therein, who acquires title to or a possessory interest in the timber.
15 Small harvester does not include persons performing under contract the
16 necessary labor or mechanical services for a harvester, and it does not
17 include the harvesters of Christmas trees or short-rotation hardwoods.

18 (15) "Special benefit assessments" means special assessments levied
19 or capable of being levied in any local improvement district or
20 otherwise levied or capable of being levied by a local government to
21 pay for all or part of the costs of a local improvement and which may
22 be levied only for the special benefits to be realized by property by
23 reason of that local improvement.

24 (16) "Stumpage value of timber" means the appropriate stumpage
25 value shown on tables prepared by the department ~~((of revenue))~~ under
26 RCW 84.33.091, provided that for timber harvested from public land and
27 sold under a competitive bidding process, stumpage value shall mean
28 ~~((that))~~ the actual amount paid to the seller in cash or other
29 consideration. Whenever payment for the stumpage includes
30 considerations other than cash, the value shall be the fair market
31 value of the other consideration(~~(, provided that))~~). If the other
32 consideration is permanent roads, the value of the roads shall be the
33 appraised value as appraised by the seller.

34 ~~((8))~~ (17) "Timber" means forest trees, standing or down, on
35 privately or publicly owned land, and except as provided in RCW
36 84.33.170 includes Christmas trees and short-rotation hardwoods.

37 ~~((9))~~ (18) "Timber assessed value" for a county means a value,
38 calculated by the department ~~((of revenue))~~ before October 1st of each
39 year, equal to the total stumpage value of timber harvested from

1 privately owned land in the county during the most recent four calendar
2 quarters for which the information is available multiplied by a ratio.
3 The numerator of the ratio is the rate of tax imposed by the county
4 under RCW 84.33.051 for the year of the calculation. The denominator
5 of the ratio is the composite property tax rate for the county for
6 taxes due in the year of the calculation, expressed as a percentage of
7 assessed value.

8 ~~((10))~~ (19) "Timber assessed value" for a taxing district means
9 the timber assessed value for the county multiplied by a ratio. The
10 numerator of the ratio is the total assessed value of forest land in
11 the taxing district. The denominator is the total assessed value of
12 forest land in the county. As used in this section, "assessed value of
13 forest land" means the assessed value of forest land for taxes due in
14 the year the timber assessed value for the county is calculated.

15 (20) "Timber management plan" means a plan prepared by a trained
16 forester, or any other person with adequate knowledge of timber
17 management practices, concerning the use of the land to grow and
18 harvest timber. Such a plan includes:

19 (a) A legal description of the forest land;

20 (b) A statement that the forest land is held in contiguous
21 ownership of twenty or more acres and is primarily devoted to and used
22 to grow and harvest timber;

23 (c) A brief description of the timber on the forest land or, if the
24 timber on the land has been harvested, the owner's plan to restock the
25 land with timber;

26 (d) A statement about whether the forest land is also used to graze
27 livestock;

28 (e) A statement about whether the land has been used in compliance
29 with the restocking, forest management, fire protection, insect and
30 disease control, and forest debris provisions of Title 76 RCW; and

31 (f) If the land has been recently harvested or supports a growth of
32 brush and noncommercial type timber, a description of the owner's plan
33 to restock the forest land within three years.

34 **Sec. 2.** RCW 84.33.130 and 1994 c 301 s 32 are each amended to read
35 as follows:

36 (1) Notwithstanding any other provision of law, lands that were
37 assessed as classified forest land before the effective date of this
38 section shall be designated forest land for the purposes of this

1 chapter. The owners of previously classified forest land shall not be
2 required to apply for designation under this chapter. As of the
3 effective date of this section, the land and timber on such land shall
4 be assessed and taxed in accordance with the provisions of this
5 chapter.

6 (2) An owner of land desiring that it be designated as forest land
7 and valued (~~(pursuant to RCW 84.33.120)~~) under RCW 84.33.140 as of
8 January 1st of any year shall (~~(make)~~) submit an application to the
9 (~~(county)~~) assessor (~~(before such)~~) of the county in which the land is
10 located before January 1st of that year. The application shall be
11 accompanied by a reasonable processing fee when the county legislative
12 authority has established the requirement for such a fee.

13 (3) No application of designation is required when publicly owned
14 forest land is exchanged for privately owned forest land designated
15 under this chapter. The land exchanged and received by an owner
16 subject to ad valorem taxation shall be automatically granted
17 designation under this chapter if the following conditions are met:

18 (a) The land will be used to grow and harvest timber; and

19 (b) The owner of the land submits a document to the assessor's
20 office that explains the details of the forest land exchange within
21 sixty days of the closing date of the exchange. However, if the owner
22 fails to submit information regarding the exchange by the end of this
23 sixty-day period, the owner must file an application for designation as
24 forest land under this chapter and the regular application process will
25 be followed.

26 (~~(+2)~~) (4) The application shall be made upon forms prepared by
27 the department (~~(of revenue)~~) and supplied by the (~~(county)~~) assessor,
28 and shall include the following:

29 (a) A legal description of, or assessor's (~~(tax lot)~~) parcel
30 numbers for, all land the applicant desires to be designated as forest
31 land;

32 (b) The date or dates of acquisition of (~~(such)~~) the land;

33 (c) A brief description of the timber on (~~(such)~~) the land, or if
34 the timber has been harvested, the owner's plan for restocking;

35 (d) (~~(Whether there is a forest)~~) A copy of the timber management
36 plan, if one exists, for (~~(such)~~) the land prepared by a trained
37 forester or any other person with adequate knowledge of timber
38 management practices;

1 (e) If ~~((so,))~~ a timber management plan exists, an explanation of
2 the nature and extent ~~((of implementation of such plan))~~ to which the
3 management plan has been implemented;

4 (f) Whether ~~((such))~~ the land is used for grazing;

5 (g) Whether ~~((such))~~ the land has been subdivided or a plat has
6 been filed with respect ~~((thereto))~~ to the land;

7 (h) Whether ~~((such))~~ the land and the applicant are in compliance
8 with the restocking, forest management, fire protection, insect and
9 disease control, and forest debris provisions of Title 76 RCW or any
10 applicable ~~((regulations thereunder))~~ rules;

11 (i) Whether ~~((such))~~ the land is subject to forest fire protection
12 assessments ~~((pursuant to))~~ under RCW 76.04.610;

13 (j) Whether ~~((such))~~ the land is subject to a lease, option, or
14 other right ~~((which))~~ that permits it to be used for any purpose other
15 than growing and harvesting timber;

16 (k) A summary of the past experience and activity of the applicant
17 in growing and harvesting timber;

18 (l) A summary of current and continuing activity of the applicant
19 in growing and harvesting timber;

20 (m) A statement that the applicant is aware of the potential tax
21 liability involved when ~~((such))~~ the land ceases to be designated as
22 forest land;

23 (n) An affirmation that the statements contained in the application
24 are true and that the land described in the application ~~((is, by itself~~
25 ~~or with other forest land not included in the application, in~~
26 ~~contiguous ownership of twenty or more acres which is primarily devoted~~
27 ~~to and used for growing and harvesting timber))~~ meets the definition of
28 forest land in RCW 84.33.035; and

29 (o) A description and/or drawing showing what areas of land for
30 which designation is sought are used for incidental uses compatible
31 with the definition of forest land in RCW 84.33.035.

32 (5) The assessor shall afford the applicant an opportunity to be
33 heard if the ~~((application))~~ applicant so requests.

34 ~~((+3))~~ (6) The assessor shall act upon the application with due
35 regard to all relevant evidence and without any one or more items of
36 evidence necessarily being determinative, except that the application
37 may be denied for one of the following reasons, without regard to other
38 items:

1 (a) The land does not contain either a "merchantable stand of
2 timber" (~~((or an "adequate stocking"))~~) as defined (~~((by rule adopted by
3 the forest practices board, except this reason (a))~~) in chapter 76.09
4 RCW and applicable rules. This reason shall not alone be sufficient
5 (~~((for denial of))~~) to deny the application (i) if (~~((such))~~) the land has
6 been recently harvested or supports a growth of brush or noncommercial
7 type timber, and the application includes a plan for restocking within
8 three years or (~~((such))~~) a longer period necessitated by unavailability
9 of seed or seedlings, or (ii) if only isolated areas within (~~((such))~~)
10 the land do not meet (~~((such))~~) the minimum standards due to rock
11 outcroppings, swamps, unproductive soil or other natural conditions;

12 (b) The applicant, with respect to (~~((such))~~) the land, has failed to
13 comply with a final administrative or judicial order with respect to a
14 violation of the restocking, forest management, fire protection, insect
15 and disease control, and forest debris provisions of Title 76 RCW or
16 any applicable (~~((regulations thereunder))~~) rules; or

17 (c) The land abuts a body of salt water and lies between the line
18 of ordinary high tide and a line paralleling (~~((such))~~) the ordinary high
19 tide line and two hundred feet horizontally landward (~~((therefrom,~~
20 ~~except that))~~) from the high tide line. However, if the assessor
21 determines that a higher and better use (~~((determined by the assessor~~
22 ~~to))~~) exists for (~~((such))~~) the land but this use would not be permitted
23 or economically feasible by virtue of any federal, state, or local law
24 or regulation (~~((such))~~), the land shall be assessed and valued
25 (~~((pursuant to the procedures set forth in RCW 84.33.110 and 84.33.120))~~)
26 under RCW 84.33.140 without being designated as forest land.

27 (7) The application shall be deemed to have been approved unless,
28 prior to May (~~((17))~~) 1st of the year after (~~((such))~~) the application was
29 mailed or delivered to the assessor, the assessor (~~((shall notify))~~)
30 notifies the applicant in writing of the extent to which the
31 application is denied.

32 (~~((4))~~) (8) An owner who receives notice (~~((pursuant to subsection~~
33 ~~(3) of this section))~~) that his or her application has been denied, in
34 whole or in part, may appeal (~~((such))~~) the denial to the county board of
35 equalization.

36 **Sec. 3.** RCW 84.33.140 and 1999 sp.s. c 4 s 703 are each amended to
37 read as follows:

1 (1) When land has been designated as forest land (~~pursuant to RCW~~
 2 ~~84.33.120(4) or~~) under RCW 84.33.130, a notation of (~~such~~) the
 3 designation shall be made each year upon the assessment and tax
 4 rolls(~~(7)~~). A copy of the notice of approval together with the legal
 5 description or assessor's (~~tax lot~~) parcel numbers for (~~such~~) the
 6 land shall, at the expense of the applicant, be filed by the assessor
 7 in the same manner as deeds are recorded(~~(7) and such~~).

8 (2) In preparing the assessment roll as of January 1, 2002, for
 9 taxes payable in 2003 and each January 1st thereafter, the assessor
 10 shall list each parcel of designated forest land at a value with
 11 respect to the grade and class provided in this subsection and adjusted
 12 as provided in subsection (3) of this section. The assessor shall
 13 compute the assessed value of the land using the same assessment ratio
 14 applied generally in computing the assessed value of other property in
 15 the county. Values for the several grades of bare forest land shall be
 16 as follows:

<u>LAND</u>	<u>OPERABILITY</u>	<u>VALUES</u>
<u>GRADE</u>	<u>CLASS</u>	<u>PER ACRE</u>
	<u>1</u>	<u>\$234</u>
<u>1</u>	<u>2</u>	<u>229</u>
	<u>3</u>	<u>217</u>
	<u>4</u>	<u>157</u>
	<u>1</u>	<u>198</u>
<u>2</u>	<u>2</u>	<u>190</u>
	<u>3</u>	<u>183</u>
	<u>4</u>	<u>132</u>
	<u>1</u>	<u>154</u>
<u>3</u>	<u>2</u>	<u>149</u>
	<u>3</u>	<u>148</u>
	<u>4</u>	<u>113</u>
	<u>1</u>	<u>117</u>
<u>4</u>	<u>2</u>	<u>114</u>
	<u>3</u>	<u>113</u>
	<u>4</u>	<u>86</u>
	<u>1</u>	<u>85</u>
<u>5</u>	<u>2</u>	<u>78</u>
	<u>3</u>	<u>77</u>
	<u>4</u>	<u>52</u>
	<u>1</u>	<u>43</u>

1	<u>6</u>	<u>2</u>	<u>39</u>
2		<u>3</u>	<u>39</u>
3		<u>4</u>	<u>37</u>
4		<u>1</u>	<u>21</u>
5	<u>7</u>	<u>2</u>	<u>21</u>
6		<u>3</u>	<u>20</u>
7		<u>4</u>	<u>20</u>
8	<u>8</u>		<u>1</u>

9 (3) On or before December 31, 2002, the department shall adjust by
10 rule under chapter 34.05 RCW, the forest land values contained in
11 subsection (2) of this section in accordance with this subsection, and
12 shall certify the adjusted values to the assessor who will use these
13 values in preparing the assessment roll as of January 1, 2003. For the
14 adjustment to be made on or before December 31, 2002, for use in the
15 2003 assessment year, the department shall:

16 (a) Divide the aggregate value of all timber harvested within the
17 state between July 1, 1997, and June 30, 2002, by the aggregate harvest
18 volume for the same period, as determined from the harvester excise tax
19 returns filed with the department under RCW 84.33.074; and

20 (b) Divide the aggregate value of all timber harvested within the
21 state between July 1, 1996, and June 30, 2001, by the aggregate harvest
22 volume for the same period, as determined from the harvester excise tax
23 returns filed with the department under RCW 84.33.074; and

24 (c) Adjust the forest land values contained in subsection (2) of
25 this section by a percentage equal to one-half of the percentage change
26 in the average values of harvested timber reflected by comparing the
27 resultant values calculated under (a) and (b) of this subsection.

28 (4) For the adjustments to be made on or before December 31, 2003,
29 and each succeeding year thereafter, the same procedure described in
30 subsection (3) of this section shall be followed using harvester excise
31 tax returns filed under RCW 84.33.074. However, this adjustment shall
32 be made to the prior year's adjusted value, and the five-year periods
33 for calculating average harvested timber values shall be successively
34 one year more recent.

35 (5) Land ((shall be)) graded, assessed, and valued ((pursuant to
36 RCW 84.33.110 and 84.33.120)) as forest land shall continue to be so
37 graded, assessed, and valued until removal of ((such)) designation by
38 the assessor upon the occurrence of any of the following:

1 (a) Receipt of notice from the owner to remove ~~((such))~~ the
2 designation;

3 (b) Sale or transfer to an ownership making ~~((such))~~ the land
4 exempt from ad valorem taxation;

5 (c) Sale or transfer of all or a portion of ~~((such))~~ the land to a
6 new owner, unless the new owner has signed a notice of forest land
7 designation continuance, except transfer to an owner who is an heir or
8 devisee of a deceased owner, shall not, by itself, result in removal of
9 ~~((classification))~~ designation. The signed notice of continuance shall
10 be attached to the real estate excise tax affidavit provided for in RCW
11 82.45.150. The notice of continuance shall be on a form prepared by
12 the department ~~((of revenue))~~. If the notice of continuance is not
13 signed by the new owner and attached to the real estate excise tax
14 affidavit, all compensating taxes calculated ~~((pursuant to))~~ under
15 subsection ~~((+3))~~ (11) of this section shall become due and payable by
16 the seller or transferor at time of sale. The ~~((county))~~ auditor shall
17 not accept an instrument of conveyance of designated forest land for
18 filing or recording unless the new owner has signed the notice of
19 continuance or the compensating tax has been paid, as evidenced by the
20 real estate excise tax stamp affixed thereto by the treasurer. The
21 seller, transferor, or new owner may appeal the new assessed valuation
22 calculated under subsection ~~((+3))~~ (11) of this section to the county
23 board of equalization. Jurisdiction is hereby conferred on the county
24 board of equalization to hear these appeals;

25 (d) Determination by the assessor, after giving the owner written
26 notice and an opportunity to be heard, that:

27 (i) ~~((Such))~~ The land is no longer primarily devoted to and used
28 for growing and harvesting timber. However, land shall not be removed
29 from designation if a governmental agency, organization, or other
30 recipient identified in subsection ~~((+5))~~ (13) or ~~((+6))~~ (14) of this
31 section as exempt from the payment of compensating tax has manifested
32 its intent in writing or by other official action to acquire a property
33 interest in the designated forest land by means of a transaction that
34 qualifies for an exemption under subsection ~~((+5))~~ (13) or ~~((+6))~~
35 (14) of this section. The governmental agency, organization, or
36 recipient shall annually provide the assessor of the county in which
37 the land is located reasonable evidence in writing of the intent to
38 acquire the designated land as long as the intent continues or within

1 sixty days of a request by the assessor. The assessor may not request
2 this evidence more than once in a calendar year;

3 (ii) The owner has failed to comply with a final administrative or
4 judicial order with respect to a violation of the restocking, forest
5 management, fire protection, insect and disease control, and forest
6 debris provisions of Title 76 RCW or any applicable ((regulations
7 thereunder)) rules; or

8 (iii) Restocking has not occurred to the extent or within the time
9 specified in the application for designation of such land.

10 ~~((Removal of designation upon occurrence of any of (a) through (c) of
11 this subsection shall apply only to the land affected, and upon
12 occurrence of (d) of this subsection shall apply only to the actual
13 area of land no longer primarily devoted to and used for growing and
14 harvesting timber, without regard to other land that may have been
15 included in the same application and approval for designation:
16 PROVIDED, That any remaining designated forest land meets necessary
17 definitions of forest land pursuant to RCW 84.33.100.~~

18 ~~(2))~~ (6) Land shall not be removed from designation if there is a
19 governmental restriction that prohibits, in whole or in part, the
20 harvesting of timber from the owner's designated forest land. If only
21 a portion of the parcel is impacted by governmental restrictions of
22 this nature, the restrictions cannot be used as a basis to remove the
23 remainder of the forest land from designation under this chapter. For
24 the purposes of this section, "governmental restrictions" includes:
25 (a) Any law, regulation, rule, ordinance, program, or other action
26 adopted or taken by a federal, state, county, city, or other
27 governmental entity; or (b) the land's zoning or its presence within an
28 urban growth area designated under RCW 36.70A.110.

29 (7) The assessor shall have the option of requiring an owner of
30 forest land to file a timber management plan with the assessor upon the
31 occurrence of one of the following:

32 (a) An application for designation as forest land is submitted; or

33 (b) Designated forest land is sold or transferred and a notice of
34 continuance, described in subsection (5)(c) of this section, is signed.

35 (8) If land is removed from designation because of any of the
36 circumstances listed in subsection (5)(a) through (c) of this section,
37 the removal shall apply only to the land affected. If land is removed
38 from designation because of subsection (5)(d) of this section, the
39 removal shall apply only to the actual area of land that is no longer

1 primarily devoted to the growing and harvesting of timber, without
2 regard to any other land that may have been included in the application
3 and approved for designation, as long as the remaining designated
4 forest land meets the definition of forest land contained in RCW
5 84.33.035.

6 (9) Within thirty days after ((such)) the removal of designation
7 ((of)) as forest land, the assessor shall notify the owner in writing,
8 setting forth the reasons for ((such)) the removal. The seller,
9 transferor, or owner may appeal ((such)) the removal to the county
10 board of equalization.

11 ((+3+)) (10) Unless the removal is reversed on appeal a copy of the
12 notice of removal with a notation of the action, if any, upon appeal,
13 together with the legal description or assessor's ((tax lot)) parcel
14 numbers for the land removed from designation shall, at the expense of
15 the applicant, be filed by the assessor in the same manner as deeds are
16 recorded(~~(, and commencing on January 1 of the year following the year~~
17 ~~in which the assessor mailed such notice, such land shall be assessed~~
18 ~~on the same basis as real property is assessed generally in that~~
19 ~~county)) and a notation of removal from designation shall immediately
20 be made upon the assessment and tax rolls. The assessor shall revalue
21 the land to be removed with reference to its true and fair value as of
22 January 1st of the year of removal from designation. Both the assessed
23 value before and after the removal of designation shall be listed.
24 Taxes based on the value of the land as forest land shall be assessed
25 and payable up until the date of removal and taxes based on the true
26 and fair value of the land shall be assessed and payable from the date
27 of removal from designation.~~

28 (11) Except as provided in subsection ((+1)(c), (5), or (6))
29 (5)(c), (13), or (14) of this section, a compensating tax shall be
30 imposed ((which)) on land removed from designation as forest land. The
31 compensating tax shall be due and payable to the ((county)) treasurer
32 thirty days after the owner is notified of the amount of ((the
33 compensating)) this tax. As soon as possible after the land is removed
34 from designation, the assessor shall compute the amount of ((such))
35 compensating tax and mail a notice to the owner of the amount
36 ((thereof)) of compensating tax owed and the date on which payment of
37 this tax is due. The amount of ((such)) compensating tax shall be
38 equal to the difference between the amount of tax last levied on
39 ((such)) the land as designated forest land and an amount equal to the

1 new assessed (~~(valuation)~~) value of (~~(such)~~) the land multiplied by the
2 dollar rate of the last levy extended against (~~(such)~~) the land,
3 multiplied by a number, in no event greater than (~~(ten)~~) nine, equal to
4 the number of years for which (~~(such)~~) the land was designated as
5 forest land, plus compensating taxes on the land at forest land values
6 up until the date of removal and the prorated taxes on the land at true
7 and fair value from the date of removal to the end of the current tax
8 year.

9 (~~(4)~~) (12) Compensating tax, together with applicable interest
10 thereon, shall become a lien on (~~(such)~~) the land which shall attach at
11 the time (~~(such)~~) the land is removed from designation as forest land
12 and shall have priority to and shall be fully paid and satisfied before
13 any recognizance, mortgage, judgment, debt, obligation, or
14 responsibility to or with which (~~(such)~~) the land may become charged or
15 liable. (~~(Such)~~) The lien may be foreclosed upon expiration of the
16 same period after delinquency and in the same manner provided by law
17 for foreclosure of liens for delinquent real property taxes as provided
18 in RCW 84.64.050. Any compensating tax unpaid on its due date shall
19 thereupon become delinquent. From the date of delinquency until paid,
20 interest shall be charged at the same rate applied by law to delinquent
21 ad valorem property taxes.

22 (~~(5)~~) (13) The compensating tax specified in subsection (~~(3)~~)
23 (11) of this section shall not be imposed if the removal of designation
24 (~~(pursuant to)~~) under subsection (~~(1)~~) (5) of this section resulted
25 solely from:

26 (a) Transfer to a government entity in exchange for other forest
27 land located within the state of Washington;

28 (b) A taking through the exercise of the power of eminent domain,
29 or sale or transfer to an entity having the power of eminent domain in
30 anticipation of the exercise of such power;

31 (c) A donation of fee title, development rights, or the right to
32 harvest timber, to a government agency or organization qualified under
33 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
34 sections, or the sale or transfer of fee title to a governmental entity
35 or a nonprofit nature conservancy corporation, as defined in RCW
36 64.04.130, exclusively for the protection and conservation of lands
37 recommended for state natural area preserve purposes by the natural
38 heritage council and natural heritage plan as defined in chapter 79.70
39 RCW(~~(:—PROVIDED, That)~~). At such time as the land is not used for the

1 purposes enumerated, the compensating tax specified in subsection
2 (~~((+3))~~) (11) of this section shall be imposed upon the current owner;

3 (d) The sale or transfer of fee title to the parks and recreation
4 commission for park and recreation purposes;

5 (e) Official action by an agency of the state of Washington or by
6 the county or city within which the land is located that disallows the
7 present use of (~~((such))~~) the land;

8 (f) The creation, sale, or transfer of forestry riparian easements
9 under RCW 76.13.120; or

10 (g) The creation, sale, or transfer of a fee interest or a
11 conservation easement for the riparian open space program under RCW
12 76.09.040.

13 (~~((+6))~~) (14) In a county with a population of more than one million
14 inhabitants, the compensating tax specified in subsection (~~((+3))~~) (11)
15 of this section shall not be imposed if the removal of
16 (~~((classification))~~) designation as forest land (~~((pursuant to))~~) under
17 subsection (~~((+1))~~) (5) of this section resulted solely from:

18 (a) An action described in subsection (~~((+5))~~) (13) of this section;
19 or

20 (b) A transfer of a property interest to a government entity, or to
21 a nonprofit historic preservation corporation or nonprofit nature
22 conservancy corporation, as defined in RCW 64.04.130, to protect or
23 enhance public resources, or to preserve, maintain, improve, restore,
24 limit the future use of, or otherwise to conserve for public use or
25 enjoyment, the property interest being transferred. At such time as
26 the property interest is not used for the purposes enumerated, the
27 compensating tax shall be imposed upon the current owner.

28 **Sec. 4.** RCW 84.33.145 and 1999 sp.s. c 4 s 704 are each amended to
29 read as follows:

30 (1) If no later than thirty days after removal of (~~((classification~~
31 ~~or))~~) designation the owner applies for classification under RCW
32 84.34.020 (1), (2), or (3), then the (~~((classified or))~~) designated
33 forest land shall not be considered removed from (~~((classification or))~~)
34 designation for purposes of the compensating tax under RCW (~~((84.33.120~~
35 ~~or))~~) 84.33.140 until the application for current use classification
36 under chapter 84.34 RCW (~~((84.34.030))~~) is denied or the property is
37 removed from (~~((designation))~~) classification under RCW 84.34.108. Upon

1 removal (~~((from designation))~~) of classification under RCW 84.34.108, the
2 amount of compensating tax due under this chapter shall be equal to:

3 (a) The difference, if any, between the amount of tax last levied
4 on (~~((such))~~) the land as designated forest land and an amount equal to
5 the new assessed valuation of (~~((such))~~) the land when removed from
6 (~~((designation))~~) classification under RCW 84.34.108 multiplied by the
7 dollar rate of the last levy extended against (~~((such))~~) the land,
8 multiplied by

9 (b) A number equal to:

10 (i) The number of years the land was (~~((classified or))~~) designated
11 under this chapter, if the total number of years the land was
12 (~~((classified or))~~) designated under this chapter and classified under
13 chapter 84.34 RCW is less than ten; or

14 (ii) Ten minus the number of years the land was classified under
15 chapter 84.34 RCW, if the total number of years the land was
16 (~~((classified or))~~) designated under this chapter and classified under
17 chapter 84.34 RCW is at least ten.

18 (2) Nothing in this section authorizes the continued
19 (~~((classification or))~~) designation under this chapter or defers or
20 reduces the compensating tax imposed upon forest land not transferred
21 to classification under subsection (1) of this section which does not
22 meet the (~~((necessary))~~) definition(~~((s))~~) of forest land under RCW
23 (~~((84.33.100))~~) 84.33.035. Nothing in this section affects the
24 additional tax imposed under RCW 84.34.108.

25 (3) In a county with a population of more than one million
26 inhabitants, no amount of compensating tax is due under this section if
27 the removal from classification under RCW 84.34.108 results from a
28 transfer of property described in RCW 84.34.108(6).

29 **Sec. 5.** RCW 84.33.170 and 1995 c 165 s 2 are each amended to read
30 as follows:

31 Notwithstanding any provision of this chapter to the contrary, this
32 chapter shall not exempt from the ad valorem tax nor subject to the
33 excise tax imposed by this chapter, Christmas trees and short-rotation
34 hardwoods, which are cultivated by agricultural methods, and (~~((such))~~)
35 the land on which (~~((such))~~) the Christmas trees and short-rotation
36 hardwoods stand shall not be taxed as provided in RCW (~~((84.33.100~~
37 ~~through))~~) 84.33.140. However, short-rotation hardwoods, which are
38 cultivated by agricultural methods, on land classified as timber land

1 under chapter 84.34 RCW, shall be subject to the excise tax imposed
2 under this chapter.

3 **Sec. 6.** RCW 84.33.210 and 1992 c 52 s 7 are each amended to read
4 as follows:

5 (1) Any (~~forest~~) land that is designated (~~for classification~~
6 ~~pursuant to~~) as forest land under this chapter (~~84.33 RCW~~) at the
7 earlier of the times the legislative authority of a local government
8 adopts a resolution, ordinance, or legislative act (a) to create a
9 local improvement district, in which (~~such~~) the land is included or
10 would have been included but for (~~such classification~~) the
11 designation, or (b) to approve or confirm a final special benefit
12 assessment roll relating to a sanitary or storm sewerage system,
13 domestic water supply or distribution system, or road construction or
14 improvement, which roll would have included (~~such~~) the land but for
15 (~~such classification~~) the designation, shall be exempt from special
16 benefit assessments or charges in lieu of assessment for such purposes
17 as long as that land remains (~~in such classification~~) designated as
18 forest land, except as otherwise provided in RCW 84.33.250.

19 (2) Whenever a local government creates a local improvement
20 district, the levying, collection, and enforcement of assessments shall
21 be in the manner and subject to the same procedures and limitations as
22 are provided (~~pursuant to~~) under the law concerning the initiation
23 and formation of local improvement districts for the particular local
24 government. Notice of the creation of a local improvement district
25 that includes designated forest land shall be filed with the (~~county~~)
26 assessor and the legislative authority of the county in which (~~such~~)
27 the land is located. The (~~county~~) assessor, upon receiving notice of
28 the creation of (~~such~~) a local improvement district, shall send a
29 notice to the owners of the designated forest lands listed on the tax
30 rolls of the applicable (~~county~~) treasurer of:

- 31 (a) The creation of the local improvement district;
32 (b) The exemption of that land from special benefit assessments;
33 (c) The fact that the designated forest land may become subject to
34 the special benefit assessments if the owner waives the exemption by
35 filing a notarized document with the governing body of the local
36 government creating the local improvement district before the
37 confirmation of the final special benefit assessment roll; and

1 (d) The potential liability, pursuant to RCW 84.33.220, if the
2 exemption is not waived and the land is subsequently removed from
3 ~~((the))~~ designated forest land status.

4 (3) When a local government approves and confirms a special benefit
5 assessment roll, from which designated forest land has been exempted
6 ~~((pursuant to))~~ under this section, it shall file a notice of ~~((such))~~
7 this action with the ~~((county))~~ assessor and the legislative authority
8 of the county in which ~~((such))~~ the land is located and with the
9 treasurer of that local government~~((, which))~~. The notice shall
10 describe the action taken, the type of improvement involved, the land
11 exempted, and the amount of the special benefit assessment that would
12 have been levied against the land if it had not been exempted. The
13 filing of ~~((such))~~ the notice with the ~~((county))~~ assessor and the
14 treasurer of that local government shall constitute constructive notice
15 to a purchaser or encumbrancer of the affected land, and every person
16 whose conveyance or encumbrance is subsequently executed or
17 subsequently recorded, that ~~((such))~~ the exempt land is subject to the
18 charges provided in RCW 84.33.220 and 84.33.230, if ~~((such))~~ the land
19 is ~~((withdrawn or))~~ removed from its ~~((classification))~~ designation as
20 forest land.

21 (4) The owner of the land exempted from special benefit assessments
22 ~~((pursuant to))~~ under this section may waive that exemption by filing
23 a notarized document to that effect with the legislative authority of
24 the local government upon receiving notice from said local government
25 concerning the assessment roll hearing and before the local government
26 confirms the final special benefit assessment roll. A copy of that
27 waiver shall be filed by the local government with the ~~((county))~~
28 assessor, but the failure ~~((of such filing))~~ to file this copy shall
29 not affect the waiver.

30 (5) Except to the extent provided in RCW 84.33.250, the local
31 government shall have no duty to furnish service from the improvement
32 financed by the special benefit assessment to ~~((such))~~ the exempted
33 land.

34 **Sec. 7.** RCW 84.33.220 and 1992 c 52 s 8 are each amended to read
35 as follows:

36 Whenever forest land has ~~((once))~~ been exempted from special
37 benefit assessments ~~((pursuant to))~~ under RCW 84.33.210, any
38 ~~((withdrawal))~~ removal from ~~((classification))~~ designation or change in

1 use from forest land under this chapter (~~(84.33-RCW)~~) shall result in
2 the following:

3 (1) If the bonds used to fund the improvement in the local
4 improvement district have not been completely retired, (~~such~~) the
5 land shall immediately become liable for:

6 (a) The amount of the special benefit assessment listed in the
7 notice provided for in RCW 84.33.210; plus

8 (b) Interest on the amount determined in (a) of this subsection,
9 compounded annually at a rate equal to the average rate of inflation
10 from the time the initial notice is filed by the governmental entity
11 that created the local improvement district as provided in RCW
12 84.33.210, to the time the owner (~~withdraws such~~) or the assessor
13 removes the land from the exemption category provided by this chapter;
14 or

15 (2) If the bonds used to fund the improvement in the local
16 improvement district have been completely retired, (~~such~~) the land
17 shall immediately become liable for:

18 (a) The amount of the special benefit assessment listed in the
19 notice provided for in RCW 84.33.210; plus

20 (b) Interest on the amount determined in (a) of this subsection
21 compounded annually at a rate equal to the average rate of inflation
22 from the time the initial notice is filed by the governmental entity
23 that created the local improvement district as provided in RCW
24 84.33.210, to the time the bonds used to fund the improvement have been
25 retired; plus

26 (c) Interest on the total amount determined in (a) and (b) of this
27 subsection at a simple per annum rate equal to the average rate of
28 inflation from the time the bonds used to fund the improvement have
29 been retired to the time the owner (~~withdraws such~~) or the assessor
30 removes the land(~~s~~) from the exemption category provided by this
31 chapter;

32 (3) The amount payable (~~pursuant to~~) under this section shall
33 become due on the date (~~such~~) the land is (~~withdrawn or~~) removed
34 from its forest land (~~classification and~~) designation. This amount
35 shall be a lien on the land prior and superior to any other lien
36 whatsoever except for the lien for general taxes, and shall be
37 enforceable in the same manner as the collection of special benefit
38 assessments are enforced by that local government.

1 **Sec. 8.** RCW 84.33.230 and 1992 c 52 s 9 are each amended to read
2 as follows:

3 Whenever forest land is (~~withdrawn or~~) removed from its forest
4 land (~~classification~~) designation, the (~~county~~) assessor of the
5 county in which (~~such~~) the land is located shall forthwith give
6 written notice of (~~such withdrawal or~~) the removal to the local
7 government or its successor that (~~had~~) filed with the assessor the
8 notice required by RCW 84.33.210. Upon receipt of the notice from the
9 assessor, the local government shall mail a written statement to the
10 owner of (~~such~~) the land for the amounts payable as provided in RCW
11 84.33.220. (~~Such~~) The amounts due shall be delinquent if not paid
12 within one hundred eighty days after the date of mailing of the
13 statement(~~, and~~). The amount payable shall be subject to the same
14 interest, penalties, lien priority, and enforcement procedures that are
15 applicable to delinquent assessments on the assessment roll from which
16 that land had been exempted, except that the rate of interest charged
17 shall not exceed the rate provided in RCW 84.33.220.

18 **Sec. 9.** RCW 84.33.250 and 1992 c 52 s 11 are each amended to read
19 as follows:

20 The department (~~of revenue~~) shall adopt rules it shall deem
21 necessary to implement RCW (~~84.33.100 and~~) 84.33.210 through
22 84.33.270, which shall include, but not be limited to, procedures to
23 determine the extent to which a portion of the land otherwise exempt
24 may be subject to a special benefit assessment for: (1) The actual
25 connection to the domestic water system or sewerage facilities; (2)
26 (~~for~~) access to the road improvement in relation to its value as
27 forest land as distinguished from its value under more intensive uses;
28 and (3) (~~for such~~) the lands that benefit from or cause the need for
29 a local improvement district. The provision for limited special
30 benefit assessments shall not relieve (~~such~~) the land from liability
31 for the amounts provided in RCW 84.33.220 and 84.33.230 when (~~such~~)
32 the land is (~~withdrawn or~~) removed from its forest land
33 (~~classification~~) designation.

34 **Sec. 10.** RCW 84.33.260 and 1992 c 52 s 12 are each amended to read
35 as follows:

36 Whenever a portion of a parcel of land that was (~~classified~~)
37 designated as forest land (~~pursuant to~~) under this chapter is

1 ((~~withdrawn~~)) removed from ((~~classification~~)) designation or there is
2 a change in use, and ((~~such~~)) the land has been exempted from any
3 benefit assessments ((~~pursuant to~~)) under RCW 84.33.210, the previously
4 exempt benefit assessments shall become due on only that portion of the
5 land that is ((~~withdrawn~~)) removed or changed in use.

6 **Sec. 11.** RCW 84.33.270 and 1992 c 52 s 13 are each amended to read
7 as follows:

8 (1) Forest land on which the right ((~~to~~)) of future development has
9 been acquired by any local government, the state of Washington, or the
10 United States government shall be exempt from special benefit
11 assessments in lieu of assessment for ((~~such~~)) the purposes in the same
12 manner, and under the same liabilities for payment and interest, as
13 land ((~~classified~~)) designated under this chapter as forest land, for
14 as long as ((~~such classification~~)) the designation applies.

15 (2) Any interest, development right, easement, covenant, or other
16 contractual right that effectively protects, preserves, maintains,
17 improves, restores, prevents the future nonforest use of, or otherwise
18 conserves forest land shall be exempt from special benefit assessments
19 as long as ((~~such~~)) the development right or other ((~~such~~)) interest
20 effectively serves to prevent nonforest development of ((~~such~~)) the
21 land.

22 **Sec. 12.** RCW 84.34.020 and 1998 c 320 s 7 are each amended to read
23 as follows:

24 As used in this chapter, unless a different meaning is required by
25 the context:

26 (1) "Open space land" means (a) any land area so designated by an
27 official comprehensive land use plan adopted by any city or county and
28 zoned accordingly, or (b) any land area, the preservation of which in
29 its present use would (i) conserve and enhance natural or scenic
30 resources, or (ii) protect streams or water supply, or (iii) promote
31 conservation of soils, wetlands, beaches or tidal marshes, or (iv)
32 enhance the value to the public of abutting or neighboring parks,
33 forests, wildlife preserves, nature reservations or sanctuaries or
34 other open space, or (v) enhance recreation opportunities, or (vi)
35 preserve historic sites, or (vii) preserve visual quality along
36 highway, road, and street corridors or scenic vistas, or (viii) retain
37 in its natural state tracts of land not less than one acre situated in

1 an urban area and open to public use on such conditions as may be
2 reasonably required by the legislative body granting the open space
3 classification, or (c) any land meeting the definition of farm and
4 agricultural conservation land under subsection (8) of this section.
5 As a condition of granting open space classification, the legislative
6 body may not require public access on land classified under (b)(iii) of
7 this subsection for the purpose of promoting conservation of wetlands.

8 (2) "Farm and agricultural land" means:

9 (a) Any parcel of land that is twenty or more acres or multiple
10 parcels of land that are contiguous and total twenty or more acres:

11 (i) Devoted primarily to the production of livestock or
12 agricultural commodities for commercial purposes;

13 (ii) Enrolled in the federal conservation reserve program or its
14 successor administered by the United States department of agriculture;
15 or

16 (iii) Other similar commercial activities as may be established by
17 rule;

18 (b) Any parcel of land that is five acres or more but less than
19 twenty acres devoted primarily to agricultural uses, which has produced
20 a gross income from agricultural uses equivalent to, as of January 1,
21 1993:

22 (i) One hundred dollars or more per acre per year for three of the
23 five calendar years preceding the date of application for
24 classification under this chapter for all parcels of land that are
25 classified under this subsection or all parcels of land for which an
26 application for classification under this subsection is made with the
27 granting authority prior to January 1, 1993; and

28 (ii) On or after January 1, 1993, two hundred dollars or more per
29 acre per year for three of the five calendar years preceding the date
30 of application for classification under this chapter;

31 (c) Any parcel of land of less than five acres devoted primarily to
32 agricultural uses which has produced a gross income as of January 1,
33 1993, of:

34 (i) One thousand dollars or more per year for three of the five
35 calendar years preceding the date of application for classification
36 under this chapter for all parcels of land that are classified under
37 this subsection or all parcels of land for which an application for
38 classification under this subsection is made with the granting
39 authority prior to January 1, 1993; and

1 (ii) On or after January 1, 1993, fifteen hundred dollars or more
2 per year for three of the five calendar years preceding the date of
3 application for classification under this chapter.

4 Parcels of land described in (b)(i) and (c)(i) of this subsection
5 shall, upon any transfer of the property excluding a transfer to a
6 surviving spouse, be subject to the limits of (b)(ii) and (c)(ii) of
7 this subsection.

8 (~~(Agricultural lands shall also include such)~~) (d) Any lands
9 including incidental uses as are compatible with agricultural purposes,
10 including wetlands preservation, provided such incidental use does not
11 exceed twenty percent of the classified land and the land on which
12 appurtenances necessary to the production, preparation, or sale of the
13 agricultural products exist in conjunction with the lands producing
14 such products. Agricultural lands shall also include any parcel of
15 land of one to five acres, which is not contiguous, but which otherwise
16 constitutes an integral part of farming operations being conducted on
17 land qualifying under this section as "farm and agricultural lands"; or

18 (~~((d))~~) (e) The land on which housing for employees and the
19 principal place of residence of the farm operator or owner of land
20 classified pursuant to (a) of this subsection is sited if: The housing
21 or residence is on or contiguous to the classified parcel; and the use
22 of the housing or the residence is integral to the use of the
23 classified land for agricultural purposes.

24 (3) "Timber land" means any parcel of land that is five or more
25 acres or multiple parcels of land that are contiguous and total five or
26 more acres which is or are devoted primarily to the growth and harvest
27 of (~~(forest crops)~~) timber for commercial purposes. A timber
28 management plan shall be filed with the county legislative authority at
29 the time (a) an application is made for classification as timber land
30 pursuant to this chapter or (b) when a sale or transfer of timber land
31 occurs and a notice of classification continuance is signed. Timber
32 land means the land only.

33 (4) "Current" or "currently" means as of the date on which property
34 is to be listed and valued by the assessor.

35 (5) "Owner" means the party or parties having the fee interest in
36 land, except that where land is subject to real estate contract "owner"
37 shall mean the contract vendee.

38 (6) "Contiguous" means land adjoining and touching other property
39 held by the same ownership. Land divided by a public road, but

1 otherwise an integral part of a farming operation, shall be considered
2 contiguous.

3 (7) "Granting authority" means the appropriate agency or official
4 who acts on an application for classification of land pursuant to this
5 chapter.

6 (8) "Farm and agricultural conservation land" means either:

7 (a) Land that was previously classified under subsection (2) of
8 this section, that no longer meets the criteria of subsection (2) of
9 this section, and that is reclassified under subsection (1) of this
10 section; or

11 (b) Land that is traditional farmland that is not classified under
12 chapter 84.33 or 84.34 RCW, that has not been irrevocably devoted to a
13 use inconsistent with agricultural uses, and that has a high potential
14 for returning to commercial agriculture.

15 **Sec. 13.** RCW 84.34.065 and 2000 c 103 s 23 are each amended to
16 read as follows:

17 The true and fair value of farm and agricultural land shall be
18 determined by consideration of the earning or productive capacity of
19 comparable lands from crops grown most typically in the area averaged
20 over not less than five years, capitalized at indicative rates. The
21 earning or productive capacity of farm and agricultural lands shall be
22 the "net cash rental", capitalized at a "rate of interest" charged on
23 long term loans secured by a mortgage on farm or agricultural land plus
24 a component for property taxes. The current use value of land under
25 RCW 84.34.020(2)((+d)) (e) shall be established as: The prior year's
26 average value of open space farm and agricultural land used in the
27 county plus the value of land improvements such as septic, water, and
28 power used to serve the residence. This shall not be interpreted to
29 require the assessor to list improvements to the land with the value of
30 the land.

31 For the purposes of the above computation:

32 (1) The term "net cash rental" shall mean the average rental paid
33 on an annual basis, in cash, for the land being appraised and other
34 farm and agricultural land of similar quality and similarly situated
35 that is available for lease for a period of at least three years to any
36 reliable person without unreasonable restrictions on its use for
37 production of agricultural crops. There shall be allowed as a
38 deduction from the rental received or computed any costs of crop

1 production charged against the landlord if the costs are such as are
2 customarily paid by a landlord. If "net cash rental" data is not
3 available, the earning or productive capacity of farm and agricultural
4 lands shall be determined by the cash value of typical or usual crops
5 grown on land of similar quality and similarly situated averaged over
6 not less than five years. Standard costs of production shall be
7 allowed as a deduction from the cash value of the crops.

8 The current "net cash rental" or "earning capacity" shall be
9 determined by the assessor with the advice of the advisory committee as
10 provided in RCW 84.34.145, and through a continuing internal study,
11 assisted by studies of the department of revenue. This net cash rental
12 figure as it applies to any farm and agricultural land may be
13 challenged before the same boards or authorities as would be the case
14 with regard to assessed values on general property.

15 (2) The term "rate of interest" shall mean the rate of interest
16 charged by the farm credit administration and other large financial
17 institutions regularly making loans secured by farm and agricultural
18 lands through mortgages or similar legal instruments, averaged over the
19 immediate past five years.

20 The "rate of interest" shall be determined annually by a rule
21 adopted by the department of revenue and such rule shall be published
22 in the state register not later than January 1 of each year for use in
23 that assessment year. The department of revenue determination may be
24 appealed to the state board of tax appeals within thirty days after the
25 date of publication by any owner of farm or agricultural land or the
26 assessor of any county containing farm and agricultural land.

27 (3) The "component for property taxes" shall be a figure obtained
28 by dividing the assessed value of all property in the county into the
29 property taxes levied within the county in the year preceding the
30 assessment and multiplying the quotient obtained by one hundred.

31 **Sec. 14.** RCW 84.34.108 and 1999 sp.s. c 4 s 706 and 1999 c 233 s
32 22 are each reenacted and amended to read as follows:

33 (1) When land has once been classified under this chapter, a
34 notation of (~~such~~) the classification shall be made each year upon
35 the assessment and tax rolls and (~~such~~) the land shall be valued
36 pursuant to RCW 84.34.060 or 84.34.065 until removal of all or a
37 portion of (~~such~~) the classification by the assessor upon occurrence
38 of any of the following:

1 (a) Receipt of notice from the owner to remove all or a portion of
2 ((such)) the classification;

3 (b) Sale or transfer to an ownership, except a transfer that
4 resulted from a default in loan payments made to or secured by a
5 governmental agency that intends to or is required by law or regulation
6 to resell the property for the same use as before, making all or a
7 portion of ((such)) the land exempt from ad valorem taxation;

8 (c) Sale or transfer of all or a portion of ((such)) the land to a
9 new owner, unless the new owner has signed a notice of classification
10 continuance, except transfer to an owner who is an heir or devisee of
11 a deceased owner shall not, by itself, result in removal of
12 classification. The notice of continuance shall be on a form prepared
13 by the department ((of revenue)). If the notice of continuance is not
14 signed by the new owner and attached to the real estate excise tax
15 affidavit, all additional taxes calculated pursuant to subsection (4)
16 of this section shall become due and payable by the seller or
17 transferor at time of sale. The ((county)) auditor shall not accept an
18 instrument of conveyance of classified land for filing or recording
19 unless the new owner has signed the notice of continuance or the
20 additional tax has been paid, as evidenced by the real estate excise
21 tax stamp affixed thereto by the treasurer. The seller, transferor, or
22 new owner may appeal the new assessed valuation calculated under
23 subsection (4) of this section to the county board of equalization.
24 Jurisdiction is hereby conferred on the county board of equalization to
25 hear these appeals;

26 (d) Determination by the assessor, after giving the owner written
27 notice and an opportunity to be heard, that all or a portion of
28 ((such)) the land no longer meets the criteria for classification under
29 this chapter. The criteria for classification pursuant to this chapter
30 continue to apply after classification has been granted.

31 The granting authority, upon request of an assessor, shall provide
32 reasonable assistance to the assessor in making a determination whether
33 ((such)) the land continues to meet the qualifications of RCW 84.34.020
34 (1) or (3). The assistance shall be provided within thirty days of
35 receipt of the request.

36 (2) Land may not be removed from classification because of:

37 (a) The creation, sale, or transfer of forestry riparian easements
38 under RCW 76.13.120; or

1 (b) The creation, sale, or transfer of a fee interest or a
2 conservation easement for the riparian open space program under RCW
3 76.09.040.

4 (3) Within thirty days after such removal of all or a portion of
5 ~~((such))~~ the land from current use classification, the assessor shall
6 notify the owner in writing, setting forth the reasons for ~~((such))~~ the
7 removal. The seller, transferor, or owner may appeal ~~((such))~~ the
8 removal to the county board of equalization.

9 (4) Unless the removal is reversed on appeal, the assessor shall
10 revalue the affected land with reference to ~~((full-market))~~ its true
11 and fair value on ~~((the-date))~~ January 1st of the year of removal from
12 classification. Both the assessed valuation before and after the
13 removal of classification shall be listed and taxes shall be allocated
14 according to that part of the year to which each assessed valuation
15 applies. Except as provided in subsection (6) of this section, an
16 additional tax, applicable interest, and penalty shall be imposed which
17 shall be due and payable to the ~~((county))~~ treasurer thirty days after
18 the owner is notified of the amount of the additional tax. As soon as
19 possible, the assessor shall compute the amount of ~~((such-an))~~
20 additional tax, applicable interest, and penalty and the treasurer
21 shall mail notice to the owner of the amount thereof and the date on
22 which payment is due. The amount of ~~((such))~~ the additional tax,
23 applicable interest, and penalty shall be determined as follows:

24 (a) The amount of additional tax shall be equal to the difference
25 between the property tax paid as "open space land", "farm and
26 agricultural land", or "timber land" and the amount of property tax
27 otherwise due and payable for the seven years last past had the land
28 not been so classified;

29 (b) The amount of applicable interest shall be equal to the
30 interest upon the amounts of ~~((such))~~ the additional tax paid at the
31 same statutory rate charged on delinquent property taxes from the dates
32 on which ~~((such))~~ the additional tax could have been paid without
33 penalty if the land had been assessed at a value without regard to this
34 chapter;

35 (c) The amount of the penalty shall be as provided in RCW
36 84.34.080. The penalty shall not be imposed if the removal satisfies
37 the conditions of RCW 84.34.070.

38 (5) Additional tax, applicable interest, and penalty, shall become
39 a lien on ~~((such))~~ the land which shall attach at the time ~~((such))~~ the

1 land is removed from classification under this chapter and shall have
2 priority to and shall be fully paid and satisfied before any
3 recognizance, mortgage, judgment, debt, obligation or responsibility to
4 or with which ((such)) the land may become charged or liable. ((Such))
5 This lien may be foreclosed upon expiration of the same period after
6 delinquency and in the same manner provided by law for foreclosure of
7 liens for delinquent real property taxes as provided in RCW 84.64.050
8 now or as hereafter amended. Any additional tax unpaid on its due date
9 shall thereupon become delinquent. From the date of delinquency until
10 paid, interest shall be charged at the same rate applied by law to
11 delinquent ad valorem property taxes.

12 (6) The additional tax, applicable interest, and penalty specified
13 in subsection (4) of this section shall not be imposed if the removal
14 of classification pursuant to subsection (1) of this section resulted
15 solely from:

16 (a) Transfer to a government entity in exchange for other land
17 located within the state of Washington;

18 (b)(i) A taking through the exercise of the power of eminent
19 domain, or (ii) sale or transfer to an entity having the power of
20 eminent domain in anticipation of the exercise of such power, said
21 entity having manifested its intent in writing or by other official
22 action;

23 (c) A natural disaster such as a flood, windstorm, earthquake, or
24 other such calamity rather than by virtue of the act of the landowner
25 changing the use of ((such)) the property;

26 (d) Official action by an agency of the state of Washington or by
27 the county or city within which the land is located which disallows the
28 present use of ((such)) the land;

29 (e) Transfer of land to a church when ((such)) the land would
30 qualify for exemption pursuant to RCW 84.36.020;

31 (f) Acquisition of property interests by state agencies or agencies
32 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
33 purposes enumerated in those sections(~~(:—PROVIDED, That)~~). At such
34 time as these property interests are not used for the purposes
35 enumerated in RCW 84.34.210 and 64.04.130 the additional tax specified
36 in subsection (4) of this section shall be imposed;

37 (g) Removal of land classified as farm and agricultural land under
38 RCW 84.34.020(2)((~~d~~)) (e);

1 (h) Removal of land from classification after enactment of a
2 statutory exemption that qualifies the land for exemption and receipt
3 of notice from the owner to remove the land from classification;

4 (i) The creation, sale, or transfer of forestry riparian easements
5 under RCW 76.13.120; or

6 (j) The creation, sale, or transfer of a fee interest or a
7 conservation easement for the riparian open space program under RCW
8 76.09.040.

9 NEW SECTION. **Sec. 15.** The following sections are decodified:

10 (1) RCW 84.33.112 (Forest land valuation--Grading forest land--
11 Completion date--Hearings);

12 (2) RCW 84.33.113 (Forest land valuation--Grading forest land--
13 Review of grades);

14 (3) RCW 84.33.114 (Forest land valuation--Grading forest land--
15 Certification of grades to department of revenue by department of
16 natural resources);

17 (4) RCW 84.33.115 (Forest land valuation--Grading forest land--
18 Certification of grades to county assessors--Placement of forest land
19 within land grades);

20 (5) RCW 84.33.116 (Forest land valuation--Grading forest land--
21 Notice to owners of grades--Petition for correction of grade--Appeal);
22 and

23 (6) RCW 84.33.118 (Forest land valuation--Grading forest land--
24 Notice to owners of value established--Petitions for correction of
25 value).

26 NEW SECTION. **Sec. 16.** The following acts or parts of acts are
27 each repealed:

28 (1) RCW 84.33.020 (Classification of timberlands) and 1990 c 33 s
29 599, 1984 c 204 s 17, & 1971 ex.s. c 294 s 2;

30 (2) RCW 84.33.073 (Definitions) and 1995 c 325 s 1, 1987 c 166 s 2,
31 1986 c 315 s 2, 1982 2nd ex.s. c 4 s 3, & 1981 c 146 s 1;

32 (3) RCW 84.33.100 (Forest land valuation--Definitions) and 1999 c
33 153 s 70, 1992 c 52 s 6, 1983 c 3 s 224, & 1971 ex.s. c 294 s 10;

34 (4) RCW 84.33.110 (Forest land valuation--Grading forest land--
35 Classes) and 1981 c 148 s 4, 1974 ex.s. c 187 s 4, & 1971 ex.s. c 294
36 s 11; and

1 (5) RCW 84.33.120 (Forest land valuation--Assessor to list forest
2 land at grade and class values--Computation of assessed value--
3 Adjustment of values--Certification--Use--Notice of continuance--
4 Appeals--Removal of classification--Compensating tax) and 1999 sp.s. c
5 4 s 702, 1999 c 233 s 20, 1997 c 299 s 1, 1995 c 330 s 1, 1992 c 69 s
6 1, 1986 c 238 s 1, 1984 c 204 s 23, 1981 c 148 s 7, 1980 c 134 s 2,
7 1974 ex.s. c 187 s 5, 1972 ex.s. c 148 s 5, & 1971 ex.s. c 294 s 12.

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