
SENATE BILL 6582

State of Washington 57th Legislature

2002 Regular Session

By Senators Poulsen, Rossi and Fraser; by request of Department of Revenue

Read first time 01/22/2002. Referred to Committee on Ways & Means.

1 AN ACT Relating to improving property tax administration by merging
2 double amendments, correcting out-of-date terminology, and clarifying
3 procedures; amending RCW 36.68.525, 84.09.030, 84.09.037, 84.14.110,
4 84.38.130, and 84.40.020; reenacting and amending RCW 84.33.130,
5 84.33.140, and 84.34.108; creating new sections; and repealing RCW
6 84.33.120.

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

8 NEW SECTION. **Sec. 1.** During the regular session of the 2001
9 legislature, RCW 84.33.120 was amended by section 3, chapter 185 and by
10 section 1, chapter 305, and repealed by section 16, chapter 249, each
11 without reference to the other. The purpose of sections 4 through 7 of
12 this act is to resolve any uncertainty about the status of RCW
13 84.33.120 caused by the enactment of three changes involving RCW
14 84.33.120 during the 2001 regular legislative session.

15 (1) Chapter 249, Laws of 2001 both repealed RCW 84.33.120 and
16 incorporated pertinent and vital parts of RCW 84.33.120 into RCW
17 84.33.140. The technical amendments made to RCW 84.33.120 by section
18 3, chapter 185, Laws of 2001 were also made to RCW 84.33.140 by section
19 5, chapter 185, Laws of 2001. The amendments made to RCW 84.33.120 by

1 section 1, chapter 305, Laws of 2001 were also made to RCW 84.33.140 by
2 section 2, chapter 305, Laws of 2001. Therefore, RCW 84.33.140 as
3 amended during the 2001 regular legislative session embodies the
4 pertinent and vital parts of RCW 84.33.120 and the 2001 amendments to
5 RCW 84.33.120.

6 (2) The legislature intends to confirm the repeal of RCW 84.33.120,
7 including the 2001 regular legislative session amendments to that
8 section, as of the effective date of chapters 185, 249, and 305, Laws
9 of 2001.

10 NEW SECTION. **Sec. 2.** During the regular session of the 2001
11 legislature, RCW 84.33.130 was amended by section 4, chapter 185 and by
12 section 2, chapter 249, each without reference to the other. The
13 purpose of section 4 of this act is to reenact and amend RCW 84.33.130
14 so that it reflects all amendments made by the legislature.

15 NEW SECTION. **Sec. 3.** During the regular session of the 2001
16 legislature, RCW 84.34.108 was amended by section 7, chapter 185, by
17 section 14, chapter 249, and by section 3, chapter 305, each without
18 reference to the other. The purpose of section 6 of this act is to
19 reenact and amend RCW 84.34.108 so that it reflects all amendments made
20 by the legislature and to clarify any misunderstanding as to how the
21 exemption contained in chapter 305 is to be applied.

22 **Sec. 4.** RCW 84.33.130 and 2001 c 249 s 2 and 2001 c 185 s 4 are
23 each reenacted and amended to read as follows:

24 (1) Notwithstanding any other provision of law, lands that were
25 assessed as classified forest land before July 22, 2001, shall be
26 designated forest land for the purposes of this chapter. The owners of
27 previously classified forest land shall not be required to apply for
28 designation under this chapter. As of July 22, 2001, the land and
29 timber on such land shall be assessed and taxed in accordance with the
30 provisions of this chapter.

31 (2) An owner of land desiring that it be designated as forest land
32 and valued under RCW 84.33.140 as of January 1st of any year shall
33 submit an application to the assessor of the county in which the land
34 is located before January 1st of that year. The application shall be
35 accompanied by a reasonable processing fee when the county legislative
36 authority has established the requirement for such a fee.

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

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

7 (b) The owner of the land submits a document to the assessor's
8 office that explains the details of the forest land exchange within
9 sixty days of the closing date of the exchange. However, if the owner
10 fails to submit information regarding the exchange by the end of this
11 sixty-day period, the owner must file an application for designation as
12 forest land under this chapter and the regular application process will
13 be followed.

14 (4) The application shall be made upon forms prepared by the
15 department and supplied by the assessor, and shall include the
16 following:

17 (a) A legal description of, or assessor's parcel numbers for, all
18 land the applicant desires to be designated as forest land;

19 (b) The date or dates of acquisition of the land;

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

22 (d) A copy of the timber management plan, if one exists, for the
23 land prepared by a trained forester or any other person with adequate
24 knowledge of timber management practices;

25 (e) If a timber management plan exists, an explanation of the
26 nature and extent to which the management plan has been implemented;

27 (f) Whether the land is used for grazing;

28 (g) Whether the land has been subdivided or a plat has been filed
29 with respect to the land;

30 (h) Whether the land and the applicant are in compliance with the
31 restocking, forest management, fire protection, insect and disease
32 control, and forest debris provisions of Title 76 RCW or any applicable
33 rules;

34 (i) Whether the land is subject to forest fire protection
35 assessments under RCW 76.04.610;

36 (j) Whether the land is subject to a lease, option, or other right
37 that permits it to be used for any purpose other than growing and
38 harvesting timber;

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

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

5 (m) A statement that the applicant is aware of the potential tax
6 liability involved when the land ceases to be designated as forest
7 land;

8 (n) An affirmation that the statements contained in the application
9 are true and that the land described in the application meets the
10 definition of forest land in RCW 84.33.035; and

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

14 (5) The assessor shall afford the applicant an opportunity to be
15 heard if the applicant so requests.

16 (6) The assessor shall act upon the application with due regard to
17 all relevant evidence and without any one or more items of evidence
18 necessarily being determinative, except that the application may be
19 denied for one of the following reasons, without regard to other items:

20 (a) The land does not contain (~~either~~) a "merchantable stand of
21 timber" as defined in chapter 76.09 RCW and applicable rules. This
22 reason shall not alone be sufficient to deny the application (i) if the
23 land has been recently harvested or supports a growth of brush or
24 noncommercial type timber, and the application includes a plan for
25 restocking within three years or a longer period necessitated by
26 unavailability of seed or seedlings, or (ii) if only isolated areas
27 within the land do not meet the minimum standards due to rock
28 outcroppings, swamps, unproductive soil or other natural conditions;

29 (b) The applicant, with respect to the land, has failed to comply
30 with a final administrative or judicial order with respect to a
31 violation of the restocking, forest management, fire protection, insect
32 and disease control, and forest debris provisions of Title 76 RCW or
33 any applicable rules; or

34 (c) The land abuts a body of salt water and lies between the line
35 of ordinary high tide and a line paralleling the ordinary high tide
36 line and two hundred feet horizontally landward from the high tide
37 line. However, if the assessor determines that a higher and better use
38 exists for the land but this use would not be permitted or economically
39 feasible by virtue of any federal, state, or local law or regulation,

1 the land shall be assessed and valued under RCW 84.33.140 without being
2 designated as forest land.

3 (7) The application shall be deemed to have been approved unless,
4 prior to May 1st of the year after the application was mailed or
5 delivered to the assessor, the assessor notifies the applicant in
6 writing of the extent to which the application is denied.

7 (8) An owner who receives notice that his or her application has
8 been denied, in whole or in part, may appeal the denial to the county
9 board of equalization in accordance with the provisions of RCW
10 84.40.038.

11 **Sec. 5.** RCW 84.33.140 and 2001 c 305 s 2, 2001 c 249 s 3, and 2001
12 c 185 s 5 are each reenacted and amended to read as follows:

13 (1) When land has been designated as forest land under RCW
14 84.33.130, a notation of the designation shall be made each year upon
15 the assessment and tax rolls. A copy of the notice of approval
16 together with the legal description or assessor's parcel numbers for
17 the land shall, at the expense of the applicant, be filed by the
18 assessor in the same manner as deeds are recorded.

19 (2) In preparing the assessment roll as of January 1, 2002, for
20 taxes payable in 2003 and each January 1st thereafter, the assessor
21 shall list each parcel of designated forest land at a value with
22 respect to the grade and class provided in this subsection and adjusted
23 as provided in subsection (3) of this section. The assessor shall
24 compute the assessed value of the land using the same assessment ratio
25 applied generally in computing the assessed value of other property in
26 the county. Values for the several grades of bare forest land shall be
27 as follows:

28	LAND	OPERABILITY	VALUES
29	GRADE	CLASS	PER ACRE
30		1	\$234
31	1	2	229
32		3	217
33		4	157
34		1	198
35	2	2	190
36		3	183
37		4	132
38		1	154

1	3	2	149
2		3	148
3		4	113
4		1	117
5	4	2	114
6		3	113
7		4	86
8		1	85
9	5	2	78
10		3	77
11		4	52
12		1	43
13	6	2	39
14		3	39
15		4	37
16		1	21
17	7	2	21
18		3	20
19		4	20
20	8		1

21 (3) On or before December 31, 2001, the department shall adjust by
22 rule under chapter 34.05 RCW, the forest land values contained in
23 subsection (2) of this section in accordance with this subsection, and
24 shall certify the adjusted values to the assessor who will use these
25 values in preparing the assessment roll as of January 1, 2002. For the
26 adjustment to be made on or before December 31, 2001, for use in the
27 2002 assessment year, the department shall:

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

32 (b) Divide the aggregate value of all timber harvested within the
33 state between July 1, 1995, and June 30, 2000, by the aggregate harvest
34 volume for the same period, as determined from the harvester excise tax
35 returns filed with the department under RCW 84.33.074; and

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

1 (4) For the adjustments to be made on or before December 31, 2002,
2 and each succeeding year thereafter, the same procedure described in
3 subsection (3) of this section shall be followed using harvester excise
4 tax returns filed under RCW 84.33.074. However, this adjustment shall
5 be made to the prior year's adjusted value, and the five-year periods
6 for calculating average harvested timber values shall be successively
7 one year more recent.

8 (5) Land graded, assessed, and valued as forest land shall continue
9 to be so graded, assessed, and valued until removal of designation by
10 the assessor upon the occurrence of any of the following:

11 (a) Receipt of notice from the owner to remove the designation;

12 (b) Sale or transfer to an ownership making the land exempt from ad
13 valorem taxation;

14 (c) Sale or transfer of all or a portion of the land to a new
15 owner, unless the new owner has signed a notice of forest land
16 designation continuance, except transfer to an owner who is an heir or
17 devisee of a deceased owner, shall not, by itself, result in removal of
18 designation. The signed notice of continuance shall be attached to the
19 real estate excise tax affidavit provided for in RCW 82.45.150. The
20 notice of continuance shall be on a form prepared by the department.
21 If the notice of continuance is not signed by the new owner and
22 attached to the real estate excise tax affidavit, all compensating
23 taxes calculated under subsection (11) of this section shall become due
24 and payable by the seller or transferor at time of sale. The auditor
25 shall not accept an instrument of conveyance ((of)) regarding
26 designated forest land for filing or recording unless the new owner has
27 signed the notice of continuance or the compensating tax has been paid,
28 as evidenced by the real estate excise tax stamp affixed thereto by the
29 treasurer. The seller, transferor, or new owner may appeal the new
30 assessed valuation calculated under subsection (11) of this section to
31 the county board of equalization in accordance with the provisions of
32 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of
33 equalization to hear these appeals;

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

36 (i) The land is no longer primarily devoted to and used for growing
37 and harvesting timber. However, land shall not be removed from
38 designation if a governmental agency, organization, or other recipient
39 identified in subsection (13) or (14) of this section as exempt from

1 the payment of compensating tax has manifested its intent in writing or
2 by other official action to acquire a property interest in the
3 designated forest land by means of a transaction that qualifies for an
4 exemption under subsection (13) or (14) of this section. The
5 governmental agency, organization, or recipient shall annually provide
6 the assessor of the county in which the land is located reasonable
7 evidence in writing of the intent to acquire the designated land as
8 long as the intent continues or within sixty days of a request by the
9 assessor. The assessor may not request this evidence more than once in
10 a calendar year;

11 (ii) The owner has failed to comply with a final administrative or
12 judicial order with respect to a violation of the restocking, forest
13 management, fire protection, insect and disease control, and forest
14 debris provisions of Title 76 RCW or any applicable rules; or

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

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

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

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

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

34 (8) If land is removed from designation because of any of the
35 circumstances listed in subsection (5)(a) through (c) of this section,
36 the removal shall apply only to the land affected. If land is removed
37 from designation because of subsection (5)(d) of this section, the
38 removal shall apply only to the actual area of land that is no longer
39 primarily devoted to the growing and harvesting of timber, without

1 regard to any other land that may have been included in the application
2 and approved for designation, as long as the remaining designated
3 forest land meets the definition of forest land contained in RCW
4 84.33.035.

5 (9) Within thirty days after the removal of designation as forest
6 land, the assessor shall notify the owner in writing, setting forth the
7 reasons for the removal. The seller, transferor, or owner may appeal
8 the removal to the county board of equalization in accordance with the
9 provisions of RCW 84.40.038.

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

24 (11) Except as provided in subsection (5)(c), (13), or (14) of this
25 section, a compensating tax shall be imposed on land removed from
26 designation as forest land. The compensating tax shall be due and
27 payable to the treasurer thirty days after the owner is notified of the
28 amount of this tax. As soon as possible after the land is removed from
29 designation, the assessor shall compute the amount of compensating tax
30 and mail a notice to the owner of the amount of compensating tax owed
31 and the date on which payment of this tax is due. The amount of
32 compensating tax shall be equal to the difference between the amount of
33 tax last levied on the land as designated forest land and an amount
34 equal to the new assessed value of the land multiplied by the dollar
35 rate of the last levy extended against the land, multiplied by a
36 number, in no event greater than nine, equal to the number of years for
37 which the land was designated as forest land, plus compensating taxes
38 on the land at forest land values up until the date of removal and the

1 prorated taxes on the land at true and fair value from the date of
2 removal to the end of the current tax year.

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

15 (13) The compensating tax specified in subsection (11) of this
16 section shall not be imposed if the removal of designation under
17 subsection (5) of this section resulted solely from:

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

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

23 (c) A donation of fee title, development rights, or the right to
24 harvest timber, to a government agency or organization qualified under
25 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
26 sections, or the sale or transfer of fee title to a governmental entity
27 or a nonprofit nature conservancy corporation, as defined in RCW
28 64.04.130, exclusively for the protection and conservation of lands
29 recommended for state natural area preserve purposes by the natural
30 heritage council and natural heritage plan as defined in chapter 79.70
31 RCW. At such time as the land is not used for the purposes enumerated,
32 the compensating tax specified in subsection (11) of this section shall
33 be imposed upon the current owner;

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

36 (e) Official action by an agency of the state of Washington or by
37 the county or city within which the land is located that disallows the
38 present use of the land;

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

3 (g) The creation, sale, or transfer of a fee interest or a
4 conservation easement for the riparian open space program under RCW
5 76.09.040;

6 (h) The sale or transfer of land within two years after the death
7 of the owner of at least a fifty percent interest in the land if the
8 land has been assessed and valued as classified forest land, designated
9 as forest land under this chapter, or classified under chapter 84.34
10 RCW continuously since 1993. The date of death shown on a death
11 certificate is the date used for the purposes of this subsection
12 (13)(h); or

13 (i) The sale or transfer of land after the death of the owner of at
14 least a fifty percent interest in the land if the land has been
15 assessed and valued as classified forest land, designated as forest
16 land under this chapter, or classified under chapter 84.34 RCW
17 continuously since 1993 and the sale or transfer takes place (~~within~~
18 ~~two years~~)) after July 22, 2001, and on or before July 22, 2003, and
19 the death of the owner occurred after January 1, 1991(~~or~~

20 ~~(j) The date of death shown on a death certificate is the date used~~
21 ~~for the purpose of this subsection (5)).~~ The date of death shown on
22 a death certificate is the date used for the purposes of this
23 subsection (13)(i).

24 (14) In a county with a population of more than one million
25 inhabitants, the compensating tax specified in subsection (11) of this
26 section shall not be imposed if the removal of designation as forest
27 land under subsection (5) of this section resulted solely from:

- 28 (a) An action described in subsection (13) of this section; or
- 29 (b) A transfer of a property interest to a government entity, or to
30 a nonprofit historic preservation corporation or nonprofit nature
31 conservancy corporation, as defined in RCW 64.04.130, to protect or
32 enhance public resources, or to preserve, maintain, improve, restore,
33 limit the future use of, or otherwise to conserve for public use or
34 enjoyment, the property interest being transferred. At such time as
35 the property interest is not used for the purposes enumerated, the
36 compensating tax shall be imposed upon the current owner.

37 **Sec. 6.** RCW 84.34.108 and 2001 c 305 s 3, 2001 c 249 s 14, and
38 2001 c 185 s 7 are each reenacted and amended to read as follows:

1 (1) When land has once been classified under this chapter, a
2 notation of the classification shall be made each year upon the
3 assessment and tax rolls and the land shall be valued pursuant to RCW
4 84.34.060 or 84.34.065 until removal of all or a portion of the
5 classification by the assessor upon occurrence of any of the following:

6 (a) Receipt of notice from the owner to remove all or a portion of
7 the classification;

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

13 (c) Sale or transfer of all or a portion of the land to a new
14 owner, unless the new owner has signed a notice of classification
15 continuance, except transfer to an owner who is an heir or devisee of
16 a deceased owner shall not, by itself, result in removal of
17 classification. The notice of continuance shall be on a form prepared
18 by the department. If the notice of continuance is not signed by the
19 new owner and attached to the real estate excise tax affidavit, all
20 additional taxes calculated pursuant to subsection (4) of this section
21 shall become due and payable by the seller or transferor at time of
22 sale. The auditor shall not accept an instrument of conveyance ((of))
23 regarding classified land for filing or recording unless the new owner
24 has signed the notice of continuance or the additional tax has been
25 paid, as evidenced by the real estate excise tax stamp affixed thereto
26 by the treasurer. The seller, transferor, or new owner may appeal the
27 new assessed valuation calculated under subsection (4) of this section
28 to the county board of equalization in accordance with the provisions
29 of RCW 84.40.038. Jurisdiction is hereby conferred on the county board
30 of equalization to hear these appeals;

31 (d) Determination by the assessor, after giving the owner written
32 notice and an opportunity to be heard, that all or a portion of the
33 land no longer meets the criteria for classification under this
34 chapter. The criteria for classification pursuant to this chapter
35 continue to apply after classification has been granted.

36 The granting authority, upon request of an assessor, shall provide
37 reasonable assistance to the assessor in making a determination whether
38 the land continues to meet the qualifications of RCW 84.34.020 (1) or

1 (3). The assistance shall be provided within thirty days of receipt of
2 the request.

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

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

6 (b) 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 (3) Within thirty days after such removal of all or a portion of
10 the land from current use classification, the assessor shall notify the
11 owner in writing, setting forth the reasons for the removal. The
12 seller, transferor, or owner may appeal the removal to the county board
13 of equalization in accordance with the provisions of RCW 84.40.038.

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

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

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

1 (c) The amount of the penalty shall be as provided in RCW
2 84.34.080. The penalty shall not be imposed if the removal satisfies
3 the conditions of RCW 84.34.070.

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

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

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

23 (b)(i) A taking through the exercise of the power of eminent
24 domain, or (ii) sale or transfer to an entity having the power of
25 eminent domain in anticipation of the exercise of such power, said
26 entity having manifested its intent in writing or by other official
27 action;

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

31 (d) Official action by an agency of the state of Washington or by
32 the county or city within which the land is located which disallows the
33 present use of the land;

34 (e) Transfer of land to a church when the land would qualify for
35 exemption pursuant to RCW 84.36.020;

36 (f) Acquisition of property interests by state agencies or agencies
37 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
38 purposes enumerated in those sections. At such time as these property
39 interests are not used for the purposes enumerated in RCW 84.34.210 and

1 64.04.130 the additional tax specified in subsection (4) of this
2 section shall be imposed;

3 (g) Removal of land classified as farm and agricultural land under
4 RCW 84.34.020(2)(e);

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

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

10 (j) 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 (k) The sale or transfer of land within two years after the death
14 of the owner of at least a fifty percent interest in the land if the
15 land has been assessed and valued as classified forest land, designated
16 as forest land under chapter 84.33 RCW, or classified under this
17 chapter continuously since 1993. The date of death shown on a death
18 certificate is the date used for the purposes of this subsection
19 (6)(k); or

20 (l) The sale or transfer of land after the death of the owner of at
21 least a fifty percent interest in the land if the land has been
22 assessed and valued as classified forest land, designated as forest
23 land under chapter 84.33 RCW, or classified under this chapter
24 continuously since 1993 and the sale or transfer takes place (~~within~~
25 ~~two years~~) after July 22, 2001, and on or before July 22, 2003, and
26 the death of the owner occurred after January 1, 1991(~~or~~
27 ~~+~~). The date of death shown on a death certificate is the date
28 used for the purposes of this subsection (6)(l).

29 **Sec. 7.** RCW 36.68.525 and 1994 c 156 s 5 are each amended to read
30 as follows:

31 A park and recreation service area may impose regular property tax
32 levies in an amount equal to sixty cents or less per thousand dollars
33 of assessed value of property in the service area in each year for six
34 consecutive years when specifically authorized so to do by a majority
35 of at least three-fifths of the voters thereof approving a proposition
36 authorizing the levies submitted not more than twelve months prior to
37 the date on which the proposed initial levy is to be made and not
38 oftener than twice in such twelve month period, either at a special

1 election or at the regular election of the service area, at which
2 election the number of voters voting "yes" on the proposition shall
3 constitute three-fifths of a number equal to forty percent of the
4 number of voters voting in the service area at the last preceding
5 general election when the number of voters voting on the proposition
6 does not exceed forty percent of the number of voters voting in such
7 taxing district in the last preceding general election; or by a
8 majority of at least three-fifths of the voters thereof voting on the
9 proposition if the number of voters voting on the proposition exceeds
10 forty per centum of the number of voters voting in such taxing district
11 in the last preceding general election. A proposition authorizing such
12 tax levies shall not be submitted by a park and recreation service area
13 more than twice in any twelve-month period. Ballot propositions shall
14 conform with RCW 29.30.111. If a park and recreation service area is
15 levying property taxes, which in combination with property taxes levied
16 by other taxing districts result in taxes in excess of the ((~~nine-~~
17 ~~dollar and fifteen~~)) five dollars and ninety cents per thousand dollars
18 of assessed valuation limitation provided for in RCW 84.52.043, the
19 park and recreation service area property tax levy shall be reduced or
20 eliminated before the property tax levies of other taxing districts are
21 reduced.

22 **Sec. 8.** RCW 84.09.030 and 1996 c 230 s 1613 are each amended to
23 read as follows:

24 Except as follows, the boundaries of counties, cities and all other
25 taxing districts, for purposes of property taxation and the levy of
26 property taxes, shall be the established official boundaries of such
27 districts existing on the first day of March of the year in which the
28 property tax levy is made.

29 (1) The official boundaries of a newly incorporated taxing district
30 shall be established at a different date in the year in which the
31 incorporation occurred as follows:

32 ~~((1))~~ (a) Boundaries for a newly incorporated city shall be
33 established on the last day of March of the year in which the initial
34 property tax levy is made, and the boundaries of a road district,
35 library district, or fire protection district or districts, that
36 include any portion of the area that was incorporated within its
37 boundaries shall be altered as of this date to exclude this area, if
38 the budget for the newly incorporated city is filed pursuant to RCW

1 84.52.020 and the levy request of the newly incorporated city is made
2 pursuant to RCW 84.52.070. Whenever a proposed city incorporation is
3 on the March special election ballot, the county auditor shall submit
4 the legal description of the proposed city to the department of revenue
5 on or before the first day of March;

6 ~~((+2))~~ (b) Boundaries for a newly incorporated port district shall
7 be established on the first day of October if the boundaries of the
8 newly incorporated port district are coterminous with the boundaries of
9 another taxing district, as they existed on the first day of March of
10 that year;

11 ~~((+3))~~ (c) Boundaries of any other newly incorporated taxing
12 district shall be established on the first day of June of the year in
13 which the property tax levy is made if the taxing district has
14 boundaries coterminous with the boundaries of another taxing district,
15 as they existed on the first day of March of that year;

16 ~~((+4))~~ (d) Boundaries for a newly incorporated water-sewer
17 district shall be established on the fifteenth of June of the year in
18 which the proposition under RCW 57.04.050 authorizing a water district
19 excess levy is approved.

20 (2) The boundaries of a mosquito control district shall be the
21 established official boundary of the district existing on the first day
22 of September of the year in which the property tax levy is made.

23 (3) The boundaries of a taxing district shall be established on the
24 first day of June if territory has been added to, or removed from, the
25 taxing district after the first day of March of that year with
26 boundaries coterminous with the boundaries of another taxing district
27 as they existed on the first day of March of that year. However, the
28 boundaries of a road district, library district, or fire protection
29 district or districts, that include any portion of the area that was
30 annexed to a city or town within its boundaries shall be altered as of
31 this date to exclude this area. In any case where any instrument
32 setting forth the official boundaries of any newly established taxing
33 district, or setting forth any change in such boundaries, is required
34 by law to be filed in the office of the county auditor or other county
35 official, said instrument shall be filed in triplicate. The officer
36 with whom such instrument is filed shall transmit two copies to the
37 county assessor.

1 No property tax levy shall be made for any taxing district whose
2 boundaries are not established as of the dates provided in this
3 section.

4 **Sec. 9.** RCW 84.09.037 and 1990 c 33 s 597 are each amended to read
5 as follows:

6 Each school district affected by a transfer of territory from one
7 school district to another school district under chapter 28A.315 RCW
8 shall retain its preexisting boundaries for the purpose of the
9 collection of excess tax levies authorized under RCW 84.52.053 before
10 the effective date of the transfer, for such tax collection years and
11 for such excess tax levies as the (~~state board of education~~) regional
12 committee on school district organization may approve and order that
13 the transferred territory shall either be subject to or relieved of
14 such excess levies, as the case may be. For the purpose of all other
15 excess tax levies previously authorized under chapter 84.52 RCW and all
16 excess tax levies authorized under RCW 84.52.053 subsequent to the
17 effective date of a transfer of territory, the boundaries of the
18 affected school districts shall be modified to recognize the transfer
19 of territory subject to RCW 84.09.030.

20 **Sec. 10.** RCW 84.14.110 and 2001 c 185 s 1 are each amended to read
21 as follows:

22 (1) If improvements have been exempted under this chapter, the
23 improvements continue to be exempted and are not to be converted to
24 another use for at least ten years from date of issuance of the
25 certificate of tax exemption. If the owner intends to convert the
26 multifamily development to another use, the owner shall notify the
27 assessor within sixty days of the change in use. If, after a
28 certificate of tax exemption has been filed with the county assessor,
29 the city or assessor or agent discovers that all or a portion of the
30 property is changed or will be changed to a use that is other than
31 residential or that housing or amenities no longer meet the
32 requirements as previously approved or agreed upon by contract between
33 the governing authority and the owner and that the multifamily housing,
34 or a portion of the housing, no longer qualifies for the exemption, the
35 tax exemption must be canceled and the following must occur:

36 (a) Additional (~~real~~) property tax must be imposed upon the value
37 of the nonqualifying improvements (~~in the amount that would normally~~

1 be imposed, plus a penalty must be imposed amounting to twenty percent.
2 This additional tax is calculated based upon the difference between the
3 property tax paid and the property tax that would have been paid if it
4 had included the value of the nonqualifying improvements dated back to
5 the date that the improvements were converted to a nonmultifamily
6 use)), plus a penalty amount equal to twenty percent of the additional
7 property tax. The amount of additional property tax shall be equal to
8 the difference between the property taxes paid because the improvements
9 of the multifamily development were exempt and the property taxes that
10 would have been paid if the assessed value of the property had included
11 the value of the exempt improvements from the time the tax exemption
12 was effective until the date the exemption was canceled because the
13 improvements were converted to a nonmultifamily residential use;

14 (b) The tax must include interest upon the amounts of the
15 additional tax at the same statutory rate charged on delinquent
16 property taxes from the dates on which the additional tax could have
17 been paid without penalty if the improvements had been assessed at a
18 value without regard to this chapter; and

19 (c) The additional tax owed together with interest and penalty
20 (~~must~~) becomes a lien on the land (~~and attach~~) that attaches at the
21 time the property or portion of the property is removed from
22 multifamily use or the amenities no longer meet applicable
23 requirements(~~, and~~). This lien has priority to and must be fully
24 paid and satisfied before a recognizance, mortgage, judgment, debt,
25 obligation, or responsibility to or with which the land may become
26 charged or liable. The lien may be foreclosed upon expiration of the
27 same period after delinquency and in the same manner provided by law
28 for foreclosure of liens for delinquent real property taxes. An
29 additional tax unpaid on its due date is delinquent. From the date of
30 delinquency until paid, interest must be charged at the same rate
31 applied by law to delinquent ad valorem property taxes.

32 (2) Upon a determination that a tax exemption is to be canceled for
33 a reason stated in this section, the governing authority shall notify
34 the record owner of the property as shown by the tax rolls by mail,
35 return receipt requested, of the determination to cancel the exemption.
36 The owner may appeal the determination to the governing authority
37 within thirty days by filing a notice of appeal with the clerk of the
38 governing authority, which notice must specify the factual and legal
39 basis on which the determination of cancellation is alleged to be

1 erroneous. The governing authority or a hearing examiner or other
2 official authorized by the governing authority may hear the appeal. At
3 the hearing, all affected parties may be heard and all competent
4 evidence received. After the hearing, the deciding body or officer
5 shall either affirm, modify, or repeal the decision of cancellation of
6 exemption based on the evidence received. An aggrieved party may
7 appeal the decision of the deciding body or officer to the superior
8 court under RCW 34.05.510 through 34.05.598.

9 (3) Upon determination by the governing authority or authorized
10 representative to terminate an exemption, the county officials having
11 possession of the assessment and tax rolls shall correct the rolls in
12 the manner provided for omitted property under RCW 84.40.080. The
13 county assessor shall (~~make such a valuation of~~) value the property
14 and improvements as is necessary to permit the correction of the rolls.
15 The owner may appeal the valuation to the county board of equalization
16 under chapter 84.48 RCW and according to the provisions of RCW
17 84.40.038. If there has been a failure to comply with this chapter,
18 the property must be listed as an omitted assessment for assessment
19 years beginning January 1 of the calendar year in which the
20 noncompliance first occurred, but the listing as an omitted assessment
21 may not be for a period more than three calendar years preceding the
22 year in which the failure to comply was discovered.

23 **Sec. 11.** RCW 84.38.130 and 1984 c 220 s 26 are each amended to
24 read as follows:

25 Special assessments and/or real property tax obligations deferred
26 under this chapter shall become payable together with interest as
27 provided in RCW 84.38.100:

28 (1) Upon the sale of property which has a deferred special
29 assessment and/or real property tax lien upon it.

30 (2) Upon the death of the claimant with an outstanding deferred
31 special assessment and/or real property tax lien except a surviving
32 spouse who is qualified under this chapter may elect to incur the
33 special assessment and/or real property tax lien which shall then be
34 payable by that spouse as provided in this section.

35 (3) Upon the condemnation of property with a deferred special
36 assessment and/or real property tax lien upon it by a public or private
37 body exercising eminent domain power, except as otherwise provided in
38 RCW 84.60.070.

1 (4) At such time as the claimant ceases to reside permanently in
2 the residence upon which the deferral has been granted.

3 (5) Upon the failure of any condition set forth in RCW 84.38.030
4 except when the income of the claimant rises above the level of
5 combined disposable income in RCW 84.38.030(3).

6 **Sec. 12.** RCW 84.40.020 and 2001 c 187 s 16 are each amended to
7 read as follows:

8 (1) All real property in this state subject to taxation shall be
9 listed and assessed every year, with reference to its value on the
10 first day of January of the year in which it is assessed. Such listing
11 and all supporting documents and records shall be open to public
12 inspection during the regular office hours of the assessor's office(~~(=~~
13 ~~PROVIDED, That~~)). However, confidential income data is hereby exempted
14 from public inspection as noted in RCW 42.17.260 and 42.17.310.

15 (2) All personal property in this state subject to taxation shall
16 be listed and assessed every year, with reference to its value and
17 ownership on the first day of January of the year in which it is
18 assessed(~~(= PROVIDED, That if the stock of goods, wares, merchandise~~
19 ~~or material, whether in a raw or finished state or in process of~~
20 ~~manufacture)~~). However, if the stock of taxable products or materials,
21 except for business inventories as defined in RCW 84.36.477, owned or
22 held by any taxpayer on January 1st of any year does not fairly
23 represent the average stock of such products or materials carried by
24 ((such)) the taxpayer, ((such)) the stock shall be listed and assessed
25 upon the basis of the monthly average ((of stock)) owned or held by
26 ((such)) the taxpayer during the preceding calendar year or during such
27 portion thereof as the taxpayer was engaged in business.

28 NEW SECTION. **Sec. 13.** RCW 84.33.120 (Forest land valuation--
29 Assessor to list forest land at grade and class values--Computation of
30 assessed value--Adjustment of values--Certification--Use--Notice of
31 continuance--Appeals--Removal of classification--Compensating tax) and
32 2001 c 305 s 1, 2001 c 185 s 3, 1999 sp.s. c 4 s 702, 1999 c 233 s 20,
33 1997 c 299 s 1, 1995 c 330 s 1, 1992 c 69 s 1, 1986 c 238 s 1, 1984 c
34 204 s 23, 1981 c 148 s 7, 1980 c 134 s 2, 1974 ex.s. c 187 s 5, 1972
35 ex.s. c 148 s 5, & 1971 ex.s. c 294 s 12 is repealed.

1 NEW SECTION. **Sec. 14.** Sections 4 through 13 of this act apply to
2 taxes levied for collection in 2003 and thereafter.

--- **END** ---