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**SENATE BILL 5730**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** Senators Haugen, Fraser, Oke, Rasmussen, Loveland, Hargrove, Swecker, Spanel and Winsley

Read first time 02/02/95. Referred to Committee on Ways & Means.

1 AN ACT Relating to removal of classification or designation of  
2 forest land for tax purposes; amending RCW 84.33.120 and 84.33.140; and  
3 declaring an emergency.

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

5 **Sec. 1.** RCW 84.33.120 and 1992 c 69 s 1 are each amended to read  
6 as follows:

7 (1) In preparing the assessment rolls as of January 1, 1982, for  
8 taxes payable in 1983 and each January 1st thereafter, the assessor  
9 shall list each parcel of forest land at a value with respect to the  
10 grade and class provided in this subsection and adjusted as provided in  
11 subsection (2) of this section and shall compute the assessed value of  
12 the land by using the same assessment ratio he or she applies generally  
13 in computing the assessed value of other property in his or her county.  
14 Values for the several grades of bare forest land shall be as follows.

1	LAND	OPERABILITY	VALUES
2	GRADE	CLASS	PER ACRE
3			
4		1	\$141
5	1	2	136
6		3	131
7		4	95
8			
9		1	118
10	2	2	114
11		3	110
12		4	80
13			
14		1	93
15	3	2	90
16		3	87
17		4	66
18			
19		1	70
20	4	2	68
21		3	66
22		4	52
23			
24		1	51
25	5	2	48
26		3	46
27		4	31
28			
29		1	26
30	6	2	25
31		3	25
32		4	23
33			
34		1	12
35	7	2	12
36		3	11
37		4	11

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(2) On or before December 31, 1981, the department shall adjust, by rule under chapter 34.05 RCW, the forest land values contained in subsection (1) of this section in accordance with this subsection, and shall certify these adjusted values to the county assessor for his or her use in preparing the assessment rolls as of January 1, 1982. For the adjustment to be made on or before December 31, 1981, for use in the 1982 assessment year, the department shall:

(a) Divide the aggregate value of all timber harvested within the state between July 1, 1976, and June 30, 1981, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 82.04.291 and 84.33.071; and

(b) Divide the aggregate value of all timber harvested within the state between July 1, 1975, and June 30, 1980, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 82.04.291 and 84.33.071; and

(c) Adjust the forest land values contained in subsection (1) of this section by a percentage equal to one-half of the percentage change in the average values of harvested timber reflected by comparing the resultant values calculated under (a) and (b) of this subsection.

For the adjustments to be made on or before December 31, 1982, and each succeeding year thereafter, the same procedure shall be followed as described in this subsection utilizing harvester excise tax returns filed under RCW 82.04.291 and this chapter except that this adjustment shall be made to the prior year's adjusted value, and the five-year periods for calculating average harvested timber values shall be successively one year more recent.

(3) In preparing the assessment roll for 1972 and each year thereafter, the assessor shall enter as the true and fair value of each parcel of forest land the appropriate grade value certified to him or her by the department of revenue, and he or she shall compute the assessed value of such land by using the same assessment ratio he or she applies generally in computing the assessed value of other property in his or her county. In preparing the assessment roll for 1975 and

1 each year thereafter, the assessor shall assess and value as classified  
2 forest land all forest land that is not then designated pursuant to RCW  
3 84.33.120(4) or 84.33.130 and shall make a notation of such  
4 classification upon the assessment and tax rolls. On or before January  
5 15 of the first year in which such notation is made, the assessor shall  
6 mail notice by certified mail to the owner that such land has been  
7 classified as forest land and is subject to the compensating tax  
8 imposed by this section. If the owner desires not to have such land  
9 assessed and valued as classified forest land, he or she shall give the  
10 assessor written notice thereof on or before March 31 of such year and  
11 the assessor shall remove from the assessment and tax rolls the  
12 classification notation entered pursuant to this subsection, and shall  
13 thereafter assess and value such land in the manner provided by law  
14 other than this chapter 84.33 RCW.

15 (4) In any year commencing with 1972, an owner of land which is  
16 assessed and valued by the assessor other than pursuant to the  
17 procedures set forth in RCW 84.33.110 and this section, and which has,  
18 in the immediately preceding year, been assessed and valued by the  
19 assessor as forest land, may appeal to the county board of equalization  
20 by filing an application with the board in the manner prescribed in  
21 subsection (2) of RCW 84.33.130. The county board shall afford the  
22 applicant an opportunity to be heard if the application so requests and  
23 shall act upon the application in the manner prescribed in subsection  
24 (3) of RCW 84.33.130.

25 (5) Land that has been assessed and valued as classified forest  
26 land as of any year commencing with 1975 assessment year or earlier  
27 shall continue to be so assessed and valued until removal of  
28 classification by the assessor only upon the occurrence of one of the  
29 following events:

30 (a) Receipt of notice from the owner to remove such land from  
31 classification as forest land;

32 (b) Sale or transfer to an ownership making such land exempt from  
33 ad valorem taxation, except for transactions qualifying for the  
34 exemptions specified under subsection (9) of this section;

35 (c) Determination by the assessor, after giving the owner written  
36 notice and an opportunity to be heard, that, because of actions taken  
37 by the owner, such land is no longer primarily devoted to and used for  
38 growing and harvesting timber. However, such a removal of designation  
39 shall not occur if a government agency or other entity qualified to be

1 a recipient of such land under a transaction specified as exempt under  
2 subsection (9) of this section has manifested its intent in writing or  
3 by other official action to acquire an interest in such land by means  
4 of a transaction that qualifies for an exemption from compensating tax  
5 under subsection (9) of this section. The recipient shall provide  
6 reasonable evidence in writing of the intent to the assessor annually  
7 so long as the intent continues, or within sixty days of a request by  
8 the assessor, which request shall not be made more than once in a  
9 calendar year;

10 (d) Determination that a higher and better use exists for such land  
11 than growing and harvesting timber after giving the owner written  
12 notice and an opportunity to be heard;

13 (e) Sale or transfer of all or a portion of such land to a new  
14 owner, unless the new owner has signed a notice of forest land  
15 classification continuance(~~{,}~~), except transfer to an owner who is  
16 an heir or devisee of a deceased owner, shall not, by itself, result in  
17 removal of classification. (~~The signed notice of continuance shall be~~  
18 ~~attached to the real estate excise tax affidavit provided for in RCW~~  
19 ~~82.45.120, as now or hereafter amended.)) The notice of continuance  
20 shall be on a form prepared by the department of revenue. If the  
21 notice of continuance is not signed by the new owner and attached to  
22 the real estate excise tax affidavit, all compensating taxes calculated  
23 pursuant to subsection (7) of this section shall become due and payable  
24 by the seller or transferor at time of sale. The county auditor shall  
25 not accept an instrument of conveyance of classified forest land for  
26 filing or recording unless the new owner has signed the notice of  
27 continuance or the compensating tax has been paid. The seller,  
28 transferor, or new owner may appeal the new assessed valuation  
29 calculated under subsection (7) of this section to the county board of  
30 equalization. Jurisdiction is hereby conferred on the county board of  
31 equalization to hear these appeals.~~

32 The assessor shall remove classification pursuant to  
33 (~~subsections~~) (c) or (d) (~~above~~) of this subsection prior to  
34 September 30 of the year prior to the assessment year for which  
35 termination of classification is to be effective. Removal of  
36 classification as forest land upon occurrence of (~~subsection~~) (a),  
37 (b), (d), or (e) (~~above~~) of this subsection shall apply only to the  
38 land affected, and upon occurrence of (~~subsection~~) (c) of this  
39 subsection shall apply only to the actual area of land no longer

1 primarily devoted to and used for growing and harvesting timber:  
2 PROVIDED, That any remaining classified forest land meets necessary  
3 definitions of forest land pursuant to RCW 84.33.100 as now or  
4 hereafter amended.

5 (6) Within thirty days after such removal of classification as  
6 forest land, the assessor shall notify the owner in writing setting  
7 forth the reasons for such removal. The owner of such land shall  
8 thereupon have the right to apply for designation of such land as  
9 forest land pursuant to subsection (4) of this section or RCW  
10 84.33.130. The seller, transferor, or owner may appeal such removal to  
11 the county board of equalization.

12 (7) Unless the owner successfully applies for designation of such  
13 land or unless the removal is reversed on appeal, notation of removal  
14 from classification shall immediately be made upon the assessment and  
15 tax rolls, and commencing on January 1 of the year following the year  
16 in which the assessor made such notation, such land shall be assessed  
17 on the same basis as real property is assessed generally in that  
18 county. Except as provided in subsections (5)(e) and (9) of this  
19 section and unless the assessor shall not have mailed notice of  
20 classification pursuant to subsection (3) of this section, a  
21 compensating tax shall be imposed which shall be due and payable to the  
22 county treasurer thirty days after the owner is notified of the amount  
23 of the compensating tax. As soon as possible, the assessor shall  
24 compute the amount of such compensating tax and mail notice to the  
25 owner of the amount thereof and the date on which payment is due. The  
26 amount of such compensating tax shall be equal to  $((\text{---}(\text{a}))$ ) the  
27 difference, if any, between the amount of tax last levied on such land  
28 as forest land and an amount equal to the new assessed valuation of  
29 such land multiplied by the dollar rate of the last levy extended  
30 against such land, multiplied by  $((\text{+b}))$  a number, in no event greater  
31 than ten, equal to the number of years, commencing with assessment year  
32 1975, for which such land was assessed and valued as forest land.

33 (8) Compensating tax, together with applicable interest thereon,  
34 shall become a lien on such land which shall attach at the time such  
35 land is removed from classification as forest land and shall have  
36 priority to and shall be fully paid and satisfied before any  
37 recognizance, mortgage, judgment, debt, obligation or responsibility to  
38 or with which such land may become charged or liable. Such lien may be  
39 foreclosed upon expiration of the same period after delinquency and in

1 the same manner provided by law for foreclosure of liens for delinquent  
2 real property taxes as provided in RCW 84.64.050. Any compensating tax  
3 unpaid on its due date shall thereupon become delinquent. From the  
4 date of delinquency until paid, interest shall be charged at the same  
5 rate applied by law to delinquent ad valorem property taxes.

6 (9) The compensating tax specified in subsection (7) of this  
7 section shall not be imposed if the removal of classification as forest  
8 land pursuant to subsection (5) of this section resulted solely from:

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

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

14 (c)(i) A donation of fee title, development rights, or the right to  
15 harvest timber, to a government agency (~~(or)~~);

16 (ii) A donation of fee title, development rights, or the right to  
17 harvest timber, to an organization qualified under RCW 84.34.210 and  
18 64.04.130 for the purposes enumerated in those sections (~~(or)~~);

19 (iii) Official action by an agency of the state of Washington or by  
20 the county or city within which the land is located that disallows the  
21 present use of such land;

22 (iv) Acquisitions of property interests by state agencies, or  
23 agencies or organizations qualified under RCW 84.34.210 and 64.04.130,  
24 for the purposes enumerated in those sections; or

25 (v) The sale or transfer of fee title to:

26 (A) A governmental entity; or

27 (B) 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: PROVIDED, That at such time as the land transferred under (c)(iv)  
32 or (v) of this subsection is not used for the purposes enumerated, the  
33 compensating tax specified in subsection (7) of this section shall be  
34 imposed upon the then-current owner.

35 (10) With respect to any land that has been designated prior to May  
36 6, 1974, pursuant to RCW 84.33.120(4) or 84.33.130, the assessor may,  
37 prior to January 1, 1975, on his or her own motion or pursuant to  
38 petition by the owner, change, without imposition of the compensating

1 tax provided under RCW 84.33.140, the status of such designated land to  
2 classified forest land.

3 **Sec. 2.** RCW 84.33.140 and 1992 c 69 s 2 are each amended to read  
4 as follows:

5 (1) When land has been designated as forest land pursuant to RCW  
6 84.33.120(4) or 84.33.130, a notation of such designation shall be made  
7 each year upon the assessment and tax rolls, a copy of the notice of  
8 approval together with the legal description or assessor's tax lot  
9 numbers for such land shall, at the expense of the applicant, be filed  
10 by the assessor in the same manner as deeds are recorded, and such land  
11 shall be graded and valued pursuant to RCW 84.33.110 and 84.33.120  
12 until removal of such designation by the assessor upon occurrence of  
13 any of the following:

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

15 (b) Sale or transfer to an ownership making such land exempt from  
16 ad valorem taxation, except for transactions qualifying for the  
17 exemptions specified under subsection (5) of this section;

18 (c) Sale or transfer of all or a portion of such land to a new  
19 owner, unless the new owner has signed a notice of forest land  
20 designation continuance(~~([,])~~), except transfer to an owner who is an  
21 heir or devisee of a deceased owner, shall not, by itself, result in  
22 removal of classification. (~~The signed notice of continuance shall be~~  
23 attached to the real estate excise tax affidavit provided for in RCW  
24 82.45.120, as now or hereafter amended.)) The notice of continuance  
25 shall be on a form prepared by the department of revenue. If the  
26 notice of continuance is not signed by the new owner and attached to  
27 the real estate excise tax affidavit, all compensating taxes calculated  
28 pursuant to subsection (3) of this section shall become due and payable  
29 by the seller or transferor at time of sale. The county auditor shall  
30 not accept an instrument of conveyance of designated forest land for  
31 filing or recording unless the new owner has signed the notice of  
32 continuance or the compensating tax has been paid. The seller,  
33 transferor, or new owner may appeal the new assessed valuation  
34 calculated under subsection (3) of this section to the county board of  
35 equalization. Jurisdiction is hereby conferred on the county board of  
36 equalization to hear these appeals;

37 (d) Determination by the assessor, after giving the owner written  
38 notice and an opportunity to be heard, that: (i) Such land is no

1 longer primarily devoted to and used for growing and harvesting  
2 timber((7)). However, such a removal of designation shall not occur if  
3 a government agency or other entity qualified to be a recipient of such  
4 land under a transaction specified as exempt under subsection (5) of  
5 this section has manifested its intent in writing or by other official  
6 action to acquire an interest in such land by means of a transaction  
7 that qualifies for an exemption from compensating tax under subsection  
8 (5) of this section. The recipient shall provide reasonable evidence  
9 in writing of the intent to the assessor annually so long as the intent  
10 continues, or within sixty days of a request by the assessor, which  
11 request shall not be made more than once in a calendar year;

12 (ii) Such owner has failed to comply with a final administrative or  
13 judicial order with respect to a violation of the restocking, forest  
14 management, fire protection, insect and disease control and forest  
15 debris provisions of Title 76 RCW or any applicable regulations  
16 thereunder((7)); or

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

19 Removal of designation upon occurrence of any of ((subsections)) (a)  
20 through (c) ((above)) of this subsection shall apply only to the land  
21 affected, and upon occurrence of ((subsection)) (d) of this subsection  
22 shall apply only to the actual area of land no longer primarily devoted  
23 to and used for growing and harvesting timber, without regard to other  
24 land that may have been included in the same application and approval  
25 for designation: PROVIDED, That any remaining designated forest land  
26 meets necessary definitions of forest land pursuant to RCW 84.33.100 as  
27 now or hereafter amended.

28 (2) Within thirty days after such removal of designation of forest  
29 land, the assessor shall notify the owner in writing, setting forth the  
30 reasons for such removal. The seller, transferor, or owner may appeal  
31 such removal to the county board of equalization.

32 (3) Unless the removal is reversed on appeal a copy of the notice  
33 of removal with notation of the action, if any, upon appeal, together  
34 with the legal description or assessor's tax lot numbers for the land  
35 removed from designation shall, at the expense of the applicant, be  
36 filed by the assessor in the same manner as deeds are recorded, and  
37 commencing on January 1 of the year following the year in which the  
38 assessor mailed such notice, such land shall be assessed on the same  
39 basis as real property is assessed generally in that county. Except as

1 provided in subsection (5) of this section, a compensating tax shall be  
2 imposed which shall be due and payable to the county treasurer thirty  
3 days after the owner is notified of the amount of the compensating tax.  
4 As soon as possible, the assessor shall compute the amount of such  
5 compensating tax and mail notice to the owner of the amount thereof and  
6 the date on which payment is due. The amount of such compensating tax  
7 shall be equal to ~~((a))~~ the difference between the amount of tax  
8 last levied on such land as forest land and an amount equal to the new  
9 assessed valuation of such land multiplied by the dollar rate of the  
10 last levy extended against such land, multiplied by ~~((b))~~ a number,  
11 in no event greater than ten, equal to the number of years for which  
12 such land was designated as forest land.

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

25 (5) The compensating tax specified in subsection (3) of this  
26 section shall not be imposed if the removal of designation pursuant to  
27 subsection (1) of this section resulted solely from:

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

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

33 (c) (i) A donation of fee title, development rights, or the right to  
34 harvest timber, to a government agency ~~((e))~~;

35 (ii) A donation of fee title, development rights, or the right to  
36 harvest timber, to an organization qualified under RCW 84.34.210 and  
37 64.04.130 for the purposes enumerated in those sections ~~((e))~~;

1       (iii) Official action by an agency of the state of Washington or by  
2 the county or city within which the land is located which disallows the  
3 present use of such land;

4       (iv) Acquisitions of property interests by state agencies, or  
5 agencies or organization qualified under RCW 84.34.210 and 64.04.130,  
6 for the purposes enumerated in those sections; or

7       (v) The sale or transfer of fee title to:

8       (A) A governmental entity; or

9       (B) A nonprofit nature conservancy corporation, as defined in RCW  
10 64.04.130, exclusively for the protection and conservation of lands  
11 recommended for state natural area preserve purposes by the natural  
12 heritage council and natural heritage plan as defined in chapter 79.70  
13 RCW: PROVIDED, That at such time as the land transferred under (c)(iv)  
14 or (v) of this subsection is not used for the purposes enumerated, the  
15 compensating tax specified in subsection (3) of this section shall be  
16 imposed upon the then-current owner.

17       NEW SECTION. Sec. 3. This act is necessary for the immediate  
18 preservation of the public peace, health, or safety, or support of the  
19 state government and its existing public institutions, and shall take  
20 effect immediately.

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