
SENATE BILL 6565

State of Washington

54th Legislature

1996 Regular Session

By Senator Sutherland

Read first time 01/17/96. Referred to Committee on Ways & Means.

1 AN ACT Relating to taxation of property valued at its current use;
2 amending RCW 84.33.120, 84.33.140, and 84.34.108; creating a new
3 section; and providing an effective date.

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

5 **Sec. 1.** RCW 84.33.120 and 1995 c 330 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;

34 (c) Determination by the assessor, after giving the owner written
35 notice and an opportunity to be heard, that, because of actions taken
36 by the owner, such land is no longer primarily devoted to and used for
37 growing and harvesting timber. However, land shall not be removed from
38 classification if a governmental agency, organization, or other
39 recipient identified in subsection (9) 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 classified
3 forest land by means of a transaction that qualifies for an exemption
4 under subsection (9) of this section. The governmental agency,
5 organization, or recipient shall annually provide the assessor of the
6 county in which the land is located reasonable evidence in writing of
7 the intent to acquire the classified land as long as the intent
8 continues or within sixty days of a request by the assessor. The
9 assessor may not request this evidence more than once in a calendar
10 year;

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

14 (e) Sale or transfer of all or a portion of such land to a new
15 owner, unless the new owner has signed a notice of forest land
16 classification continuance, except transfer to an owner who is an heir
17 or devisee of a deceased owner, shall not, by itself, result in removal
18 of classification. The signed notice of continuance shall be attached
19 to the real estate excise tax affidavit provided for in RCW 82.45.150.
20 The notice of continuance shall be on a form prepared by the department
21 of revenue. If the notice of continuance is not signed by the new
22 owner and attached to the real estate excise tax affidavit, all
23 compensating taxes calculated pursuant to subsection (7) of this
24 section shall become due and payable by the seller or transferor at
25 time of sale. The county auditor shall not accept an instrument of
26 conveyance of classified forest land for filing or recording unless the
27 new owner has signed the notice of continuance or the compensating tax
28 has been paid. The seller, transferor, or new owner may appeal the new
29 assessed valuation calculated under subsection (7) of this section to
30 the county board of equalization. Jurisdiction is hereby conferred on
31 the county board of equalization to hear these appeals.

32 The assessor shall remove classification pursuant to (c) or (d) of
33 this subsection prior to September 30 of the year prior to the
34 assessment year for which termination of classification is to be
35 effective. Removal of classification as forest land upon occurrence of
36 (a), (b), (d), or (e) of this subsection shall apply only to the land
37 affected, and upon occurrence of (c) of this subsection shall apply
38 only to the actual area of land no longer primarily devoted to and used
39 for growing and harvesting timber: PROVIDED, That any remaining

1 classified forest land meets necessary definitions of forest land
2 pursuant to RCW 84.33.100 as now or hereafter amended.

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

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

31 (8) Compensating tax, together with applicable interest thereon,
32 shall become a lien on such land which shall attach at the time such
33 land is removed from classification as forest land and shall have
34 priority to and shall be fully paid and satisfied before any
35 recognizance, mortgage, judgment, debt, obligation or responsibility to
36 or with which such land may become charged or liable. Such lien may be
37 foreclosed upon expiration of the same period after delinquency and in
38 the same manner provided by law for foreclosure of liens for delinquent
39 real property taxes as provided in RCW 84.64.050. Any compensating tax

1 unpaid on its due date shall thereupon become delinquent. From the
2 date of delinquency until paid, interest shall be charged at the same
3 rate applied by law to delinquent ad valorem property taxes.

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

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

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

12 (c) A donation of fee title, development rights, or the right to
13 harvest timber, to a government agency or organization qualified under
14 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
15 sections, or the sale or transfer of fee title to a governmental entity
16 or a nonprofit nature conservancy corporation, as defined in RCW
17 64.04.130, exclusively for the protection and conservation of lands
18 recommended for state natural area preserve purposes by the natural
19 heritage council and natural heritage plan as defined in chapter 79.70
20 RCW: PROVIDED, That at such time as the land is not used for the
21 purposes enumerated, the compensating tax specified in subsection (7)
22 of this section shall be imposed upon the current owner;

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

25 (e) Sale or transfer of land within two years after the death of
26 the owner of at least a fifty percent interest in such land.

27 (10) With respect to any land that has been designated prior to May
28 6, 1974, pursuant to RCW 84.33.120(4) or 84.33.130, the assessor may,
29 prior to January 1, 1975, on his or her own motion or pursuant to
30 petition by the owner, change, without imposition of the compensating
31 tax provided under RCW 84.33.140, the status of such designated land to
32 classified forest land.

33 **Sec. 2.** RCW 84.33.140 and 1995 c 330 s 2 are each amended to read
34 as follows:

35 (1) When land has been designated as forest land pursuant to RCW
36 84.33.120(4) or 84.33.130, a notation of such designation shall be made
37 each year upon the assessment and tax rolls, a copy of the notice of
38 approval together with the legal description or assessor's tax lot

1 numbers for such land shall, at the expense of the applicant, be filed
2 by the assessor in the same manner as deeds are recorded, and such land
3 shall be graded and valued pursuant to RCW 84.33.110 and 84.33.120
4 until removal of such designation by the assessor upon occurrence of
5 any of the following:

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

7 (b) Sale or transfer to an ownership making such land exempt from
8 ad valorem taxation;

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

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

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

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

23 (3) Unless the removal is reversed on appeal a copy of the notice
24 of removal with notation of the action, if any, upon appeal, together
25 with the legal description or assessor's tax lot numbers for the land
26 removed from designation shall, at the expense of the applicant, be
27 filed by the assessor in the same manner as deeds are recorded, and
28 commencing on January 1 of the year following the year in which the
29 assessor mailed such notice, such land shall be assessed on the same
30 basis as real property is assessed generally in that county. Except as
31 provided in subsection (5) of this section, a compensating tax shall be
32 imposed which shall be due and payable to the county treasurer thirty
33 days after the owner is notified of the amount of the compensating tax.
34 As soon as possible, the assessor shall compute the amount of such
35 compensating tax and mail notice to the owner of the amount thereof and
36 the date on which payment is due. The amount of such compensating tax
37 shall be equal to the difference between the amount of tax last levied
38 on such land as forest land and an amount equal to the new assessed
39 valuation of such land multiplied by the dollar rate of the last levy

1 extended against such land, multiplied by a number, in no event greater
2 than ten, equal to the number of years for which such land was
3 designated as forest land.

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

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

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

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

24 (c) A donation of fee title, development rights, or the right to
25 harvest timber, to a government agency or organization qualified under
26 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
27 sections, or the sale or transfer of fee title to a governmental entity
28 or a nonprofit nature conservancy corporation, as defined in RCW
29 64.04.130, exclusively for the protection and conservation of lands
30 recommended for state natural area preserve purposes by the natural
31 heritage council and natural heritage plan as defined in chapter 79.70
32 RCW: PROVIDED, That at such time as the land is not used for the
33 purposes enumerated, the compensating tax specified in subsection (3)
34 of this section shall be imposed upon the current owner;

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

37 (e) Sale or transfer of land within two years after the death of
38 the owner of at least a fifty percent interest in such land.

1 **Sec. 3.** RCW 84.34.108 and 1992 c 69 s 12 are each amended to read
2 as follows:

3 (1) When land has once been classified under this chapter, a
4 notation of such classification shall be made each year upon the
5 assessment and tax rolls and such land shall be valued pursuant to RCW
6 84.34.060 or 84.34.065 until removal of all or a portion of such
7 classification by the assessor upon occurrence of any of the following:

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

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

15 (c) Sale or transfer of all or a portion of such land to a new
16 owner, unless the new owner has signed a notice of classification
17 continuance, except transfer to an owner who is an heir or devisee of
18 a deceased owner shall not, by itself, result in removal of
19 classification. The signed notice of continuance shall be attached to
20 the real estate excise tax affidavit provided for in RCW (~~82.45.120,~~
21 ~~as now or hereafter amended~~) 82.45.150. The notice of continuance
22 shall be on a form prepared by the department of revenue. If the notice
23 of continuance is not signed by the new owner and attached to the real
24 estate excise tax affidavit, all additional taxes calculated pursuant
25 to subsection (3) of this section shall become due and payable by the
26 seller or transferor at time of sale. The county auditor shall not
27 accept an instrument of conveyance of classified land for filing or
28 recording unless the new owner has signed the notice of continuance or
29 the additional tax has been paid. The seller, transferor, or new owner
30 may appeal the new assessed valuation calculated under subsection (3)
31 of this section to the county board of equalization. Jurisdiction is
32 hereby conferred on the county board of equalization to hear these
33 appeals;

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

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

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

11 (3) Unless the removal is reversed on appeal, the assessor shall
12 revalue the affected land with reference to full market value on the
13 date of removal from classification. Both the assessed valuation
14 before and after the removal of classification shall be listed and
15 taxes shall be allocated according to that part of the year to which
16 each assessed valuation applies. Except as provided in subsection (5)
17 of this section, an additional tax, applicable interest, and penalty
18 shall be imposed which shall be due and payable to the county treasurer
19 thirty days after the owner is notified of the amount of the additional
20 tax. As soon as possible, the assessor shall compute the amount of
21 such an additional tax, applicable interest, and penalty and the
22 treasurer shall mail notice to the owner of the amount thereof and the
23 date on which payment is due. The amount of such additional tax,
24 applicable interest, and penalty shall be determined as follows:

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

30 (b) The amount of applicable interest shall be equal to the
31 interest upon the amounts of such additional tax paid at the same
32 statutory rate charged on delinquent property taxes from the dates on
33 which such additional tax could have been paid without penalty if the
34 land had been assessed at a value without regard to this 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 (4) Additional tax, applicable interest, and penalty, shall become
39 a lien on such land which shall attach at the time such land is removed

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

12 (5) The additional tax, applicable interest, and penalty specified
13 in subsection (3) 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 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 land;

29 (e) Transfer of land to a church when such land would qualify for
30 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 time as
34 these property interests are not used for the purposes enumerated in
35 RCW 84.34.210 and 64.04.130 the additional tax specified in subsection
36 (3) of this section shall be imposed; (~~or~~)

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

1 (h) Sale or transfer of land within two years after the death of
2 the owner of at least fifty percent of the interest in such land.

3 NEW SECTION. **Sec. 4.** This act shall not be construed as affecting
4 any existing right acquired or liability or obligation incurred under
5 the sections amended in this act or under any rule or order adopted
6 under those sections, nor as affecting any proceeding instituted under
7 those sections.

8 NEW SECTION. **Sec. 5.** This act shall take effect July 1, 1996.

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