
SENATE BILL 6503

State of Washington 52nd Legislature 1992 Regular Session

By Senators Pelz, Wojahn, Vognild, Rinehart, Williams and Moore

Read first time 02/07/92. Referred to Committee on Ways & Means.

1 AN ACT Relating to the taxation of conveyances of real property;
2 amending RCW 82.45.010, 82.45.020, 82.45.030, 82.45.032, 82.45.060,
3 82.45.070, 82.45.080, 82.45.090, 82.45.100, 82.45.150, 82.46.010,
4 82.46.035, 82.46.050, 82.46.070, 84.26.080, 84.33.120, 84.33.140, and
5 84.34.108; reenacting and amending RCW 82.46.040 and 82.46.060; adding
6 new sections to chapter 82.45 RCW; adding a new section to chapter
7 82.46 RCW; repealing RCW 82.45.035, 82.45.105, 82.45.120, 82.45A.010,
8 82.45A.020, and 82.45A.030; prescribing penalties; and declaring an
9 emergency.

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

11 **Sec. 1.** RCW 82.45.010 and 1981 c 93 s 1 are each amended to read
12 as follows:

13 (1) As used in this chapter, the term (~~("sale" shall have its~~
14 ~~ordinary meaning and shall include any))~~ "conveyance"~~((~~7~~))~~ shall mean

1 the grant, assignment, quitclaim, sale, or other transfer of the
2 ownership of or title to real property((, including standing timber, or
3 any estate or interest therein for a valuable consideration, and)).
4 The term includes the grant, assignment, quitclaim, sale, or transfer
5 of improvements constructed upon leased land.

6 (2)(a) The term "conveyance" also includes any contract for ((such
7 conveyance,)) the grant, assignment, quitclaim, sale, or transfer((,
8 and any lease with an option to purchase real property, including
9 standing timber, or any estate or interest therein or other contract))
10 of real property where, under ((which)) the terms of the contract
11 possession of the property is given to the ((purchaser)) contract
12 vendee, or any other person ((by his)) at the vendee's direction,
13 ((which)) and title to the property is retained by the vendor as
14 security for the ((payment of the purchase price)) vendee's performance
15 of the contract terms.

16 (b) The term "conveyance" also includes the transfer or acquisition
17 within any twelve-month period of a controlling interest in any entity
18 with an interest in real property located in this state. For purposes
19 of this subsection, all acquisitions of persons acting in concert shall
20 be aggregated for purposes of determining whether a transfer or
21 acquisition of a controlling interest has taken place. The department
22 of revenue shall adopt standards by rule to determine whether persons
23 are acting in concert. In adopting a rule for this purpose, the
24 department shall take into account the following:

25 (i) Persons shall be treated as acting in concert when they have a
26 relationship one to another such that one person influences or controls
27 the actions of another through common ownership; and

28 (ii) Where persons are not commonly controlled or owned, they shall
29 be treated as acting in concert only when the unity with which the
30 purchasers have negotiated and will consummate the transfer of

1 ownership interests supports a finding that they are acting as a single
2 entity. If the acquisitions are completely independent, with each
3 purchaser buying without regard to the identity of the other
4 purchasers, then the acquisitions are to be treated as separate
5 acquisitions.

6 ~~((The term shall not include a transfer by gift, devise, or~~
7 ~~inheritance, a transfer of any leasehold interest other than of the~~
8 ~~type mentioned above, a cancellation or forfeiture of a vendee's~~
9 ~~interest in a contract for the sale of real property, whether or not~~
10 ~~such contract contains a forfeiture clause, or deed in lieu of~~
11 ~~foreclosure of a mortgage or the assumption by a grantee of the balance~~
12 ~~owing on an obligation which is secured by a mortgage or deed in lieu~~
13 ~~of forfeiture of the vendee's interest in a contract of sale where no~~
14 ~~consideration passes otherwise or the partition of property by tenants~~
15 ~~in common by agreement or as the result of a court decree, any~~
16 ~~transfer, conveyance, or assignment of property or interest in property~~
17 ~~from one spouse to the other in accordance with the terms of a decree~~
18 ~~of divorce or in fulfillment of a property settlement agreement~~
19 ~~incident thereto, the assignment or other transfer of a vendor's~~
20 ~~interest in a contract for the sale of real property, even though~~
21 ~~accompanied by a conveyance of the vendor's interest in the real~~
22 ~~property involved, transfers by appropriation or decree in condemnation~~
23 ~~proceedings brought by the United States, the state or any political~~
24 ~~subdivision thereof, or a municipal corporation, a mortgage or other~~
25 ~~transfer of an interest in real property merely to secure a debt, or~~
26 ~~the assignment thereof, any transfer or conveyance made pursuant to an~~
27 ~~order of sale by the court in any mortgage or lien foreclosure~~
28 ~~proceeding or upon execution of a judgment, or deed in lieu of~~
29 ~~foreclosure to satisfy a mortgage, a conveyance to the federal housing~~
30 ~~administration or veterans administration by an authorized mortgagee~~

1 made pursuant to a contract of insurance or guaranty with the federal
2 housing administration or veterans administration, nor a transfer in
3 compliance with the terms of any lease or contract upon which the tax
4 as imposed by this chapter has been paid or where the lease or contract
5 was entered into prior to the date this tax was first imposed, nor the
6 sale of any grave or lot in an established cemetery, nor a sale by or
7 to the United States, this state or any political subdivision thereof,
8 or a municipal corporation of this state.

9 The term sale shall further not include a transfer to a corporation
10 or partnership which is wholly owned by the transferor and/or the
11 transferor's spouse or children: PROVIDED, That if thereafter such
12 transferee corporation or partnership voluntarily transfers such real
13 property, or such transferor, spouse, or children voluntarily transfer
14 stock in the transferee corporation or interest in the transferee
15 partnership capital, as the case may be, to other than (1) the
16 transferor and/or the transferor's spouse or children, (2) a trust
17 having the transferor and/or the transferor's spouse or children as the
18 only beneficiaries at the time of the transfer to the trust, or (3) a
19 corporation or partnership wholly owned by the original transferor
20 and/or the transferor's spouse or children, within five years of the
21 original transfer to which this exemption applies, excise taxes shall
22 become due and payable on the original transfer as otherwise provided
23 by law.))

24 (3) The term conveyance does not include the grant or transfer of
25 an easement, leasehold, license, equitable servitude, option to
26 purchase, or the execution or assignment of an agreement that obligates
27 the owner of real property to sell, but does not effect a transfer of
28 the possession of, title to, or ownership of the property.

1 **Sec. 2.** RCW 82.45.020 and 1980 c 154 s 1 are each amended to read
2 as follows:

3 (1) As used in this chapter the term (~~("seller,")~~) "transferor,"
4 unless otherwise indicated by the context, shall mean any individual,
5 receiver, assignee, trustee in bankruptcy, trust, estate, firm,
6 copartnership, joint venture, club, company, joint stock company,
7 business trust, municipal corporation, quasi municipal corporation,
8 corporation, association, society, or any group of individuals acting
9 as a unit, whether mutual, cooperative, fraternal, nonprofit or
10 otherwise; but it shall not include the United States or the state of
11 Washington.

12 (2) Unless otherwise defined in this chapter or unless the context
13 requires otherwise, terms used in this chapter shall have the same
14 meaning as in chapter 82.04 RCW.

15 **Sec. 3.** RCW 82.45.030 and 1969 ex.s. c 223 s 28A.45.030 are each
16 amended to read as follows:

17 (1) As used in this chapter, the term (~~("selling price" means the~~
18 ~~consideration, including))~~) "taxable value" means the true and fair
19 value of the property conveyed. Where property has been conveyed in an
20 arm's length transaction between unrelated persons for a valuable
21 consideration, the taxable value shall be equal to the total
22 consideration paid or contracted to be paid to the transferor, or
23 another for the transferor's benefit.

24 (2) In the event the conveyance is a transfer of a controlling
25 interest in an entity with an interest in real property located in this
26 state, the taxable value shall be determined as follows:

27 (a) Where the controlling interest is acquired in an arm's-length
28 transaction between unrelated persons for a valuable consideration, the
29 taxable value shall be that proportion of the consideration paid or

1 contracted to be paid to the transferor, or to another for the
2 transferor's benefit, which is equal to the fair market value of the
3 real property owned by the entity and located in Washington divided by
4 the fair market value of all of the assets of the entity, exclusive of
5 goodwill; or

6 (b) Where the controlling interest is acquired in a transaction
7 other than as described in (a) of this subsection, the taxable value
8 shall be equal to the true and fair value of the real property owned by
9 the entity and located in this state. Where the true and fair value of
10 the real property located in this state cannot reasonably be
11 determined, the taxable value shall be determined according to
12 subsection (4) of this section.

13 (3) For purposes of this section, total consideration paid, or
14 contracted to be paid, includes money or anything of value, paid or
15 delivered or contracted to be paid or delivered in return for the
16 ((transfer of the real property or estate or interest in real
17 property)) conveyance, and shall include the amount of any lien((,
18 mortgage, contract indebtedness,)) or ((other)) incumbrance, either
19 given to secure the purchase price, or any part thereof, or remaining
20 unpaid on such property at the time of ((sale)) conveyance.

21 ((The term)) Total consideration shall not include the amount of
22 any outstanding lien or incumbrance in favor of the United States, the
23 state, or a municipal corporation for ((the)) taxes, special benefits,
24 or improvements.

25 (4) Under circumstances where the total consideration for the
26 conveyance cannot be ascertained or the true and fair value of the
27 property to be valued at the time of the conveyance cannot reasonably
28 be determined, the market value assessment for the property maintained
29 on the county property tax rolls at the time of the conveyance shall be
30 used as the taxable value.

1 **Sec. 4.** RCW 82.45.032 and 1986 c 211 s 1 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Real estate" or "real property" means ~~((real property but~~
6 ~~includes))~~ any interest or estate, including a beneficial interest, in
7 land or anything affixed to land, including standing timber, used
8 mobile homes ~~((and))~~, used floating homes, and improvements upon leased
9 land.

10 (2) "Used mobile home" means a mobile home which has been
11 previously sold at retail and has been subjected to tax under chapter
12 82.08 RCW, or which has been previously used and has been subjected to
13 tax under chapter 82.12 RCW, and which has substantially lost its
14 identity as a mobile unit at the time of ~~((sale))~~ conveyance by virtue
15 of its being fixed in location upon land owned or leased by the owner
16 of the mobile home and placed on a foundation (posts or blocks) with
17 fixed pipe connections with sewer, water, and other utilities.

18 (3) "Mobile home" means a mobile home as defined by RCW 46.04.302,
19 as now or hereafter amended.

20 (4) "Used floating home" means a floating home in respect to which
21 tax has been paid under chapter 82.08 or 82.12 RCW.

22 (5) "Floating home" means a building on a float used in whole or in
23 part for human habitation as a single-family dwelling, which is not
24 designed for self propulsion by mechanical means or for propulsion by
25 means of wind, and which is on the property tax rolls of the county in
26 which it is located.

27 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.45 RCW
28 to read as follows:

1 As used in this chapter, the term "controlling interest" has the
2 following meaning:

3 (1) In the case of a corporation, either fifty percent or more of
4 the total combined voting power of all classes of stock of the
5 corporation entitled to vote, or fifty percent of the capital, profits,
6 or beneficial interest in the voting stock of the corporation; and

7 (2) In the case of a partnership, association, trust, or other
8 entity, fifty percent or more of the capital, profits, or beneficial
9 interest in such partnership, association, trust, or other entity.

10 **Sec. 6.** RCW 82.45.060 and 1987 c 472 s 14 are each amended to read
11 as follows:

12 ~~((1))~~ There is imposed an excise tax upon each ~~((sale))~~
13 conveyance of real property located in this state at the rate of one
14 and twenty-eight one-hundredths percent of the ~~((selling price))~~
15 taxable value of the property conveyed as determined under RCW
16 82.45.030. An amount equal to seven and seven-tenths percent of the
17 proceeds of this tax remitted to the state treasurer shall be deposited
18 in the public works assistance account created in RCW 43.155.050.

19 ~~((2) There is imposed an additional excise tax through June 30,~~
20 ~~1989, upon each sale of real property at the rate of six one-hundredths~~
21 ~~of one percent of the selling price. The tax imposed under this~~
22 ~~subsection shall be deposited in the conservation area account under~~
23 ~~RCW 79.71.110.))~~

24 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.45 RCW
25 to read as follows:

26 The following conveyances are exempt from the tax imposed by this
27 chapter:

1 (1) A transfer of property by gift to a family member or to an
2 entity exempt from federal income tax under section 501(c) of the
3 internal revenue code. For purposes of this section, "family member"
4 means the transferor, the transferor's spouse, grandparents, parents,
5 children, grandchildren, sisters, or brothers.

6 (2) A transfer of property by devise or inheritance.

7 (3) An assignment or transfer of property from one spouse to
8 another to establish or separate community property in accordance with
9 the terms of a community property agreement; or to separate community
10 property in accordance with the terms of a decree of divorce or in
11 fulfillment of a property settlement agreement incident to a decree of
12 divorce.

13 (4) A physical partition of property by tenants in common by
14 agreement or as the result of a court decree.

15 (5) The transfer of real property when it is to a corporation upon
16 its organization solely in exchange for the stock or securities in the
17 corporation, if immediately after such transfer the person or persons
18 making such transfer own all of the stock or securities of the
19 corporation.

20 (6) The transfer of real property when it is to a partnership upon
21 its organization solely in exchange for the interests in the
22 partnership, if immediately after the transfer the person or persons
23 making such transfer own all of the capital and profit interests in the
24 partnership.

25 (7) The transfer of real property, however effected, if it consists
26 of a mere change in identity or form of ownership of the organization,
27 where there is no change in beneficial ownership.

28 (8) The creation of a lien by means of a mortgage or deed of trust
29 or the assignment of a mortgage or deed of trust.

1 (9) The assignment or other transfer of a vendor's interest in a
2 contract for the sale of real property, even though accompanied by a
3 conveyance of the vendor's interest in the real property involved.

4 (10) A release or satisfaction of mortgage or full reconveyance of
5 the beneficiary's interest under a deed of trust.

6 (11) A deed given to the vendee under a real estate contract upon
7 fulfillment of the contract terms.

8 (12) A transfer or conveyance made pursuant to an order of sale by
9 a court in any mortgage or lien foreclosure proceeding or upon
10 execution of a judgment.

11 (13) A transfer by a trustee under a power of sale contained in a
12 deed of trust.

13 (14) A deed in lieu of foreclosure of a mortgage or deed of trust
14 given to the mortgagee or trust deed beneficiary.

15 (15) A declaration of contract forfeiture or deed given by the
16 vendee to the vendor upon, or in lieu of, forfeiture of a real estate
17 contract.

18 (16) A transfer of a grave or cemetery lot in an established
19 cemetery.

20 (17) A transfer by a trustee in bankruptcy or pursuant to a court
21 approved plan of reorganization under chapter 11 or 12 of the
22 bankruptcy code.

23 (18) A transfer by appropriation or decree in condemnation
24 proceedings brought by the United States, the state of Washington or
25 any of its political subdivisions, or a municipal corporation of this
26 state.

27 (19) A transfer to the federal housing administration or the
28 veteran's administration by an authorized mortgagee pursuant to a
29 contract of insurance or guaranty with the federal housing
30 administration or the veteran's administration.

1 (20) A transfer by a nominee to a third-party principal, provided
2 that:

3 (a) The proper tax was paid on the transfer to the nominee;

4 (b) The third-party principal was in legal existence at the time of
5 initial transfer;

6 (c) The funds used by the nominee to initially acquire the property
7 were provided by the third-party principal; and

8 (d) The subsequent transfer from the nominee to the third-party
9 principal is not for a greater consideration than that of the initial
10 acquisition.

11 (21) A transfer by the United States, the state of Washington or
12 any of its political subdivisions, or a municipal corporation of this
13 state.

14 **Sec. 8.** RCW 82.45.070 and 1969 ex.s. c 223 s 28A.45.070 are each
15 amended to read as follows:

16 The tax (~~((herein provided for and any))~~) imposed by this chapter,
17 along with interest ((or penalties thereon)) accruing as provided in
18 RCW 82.45.100, shall be a specific lien upon each (~~((piece))~~) parcel of
19 real property (~~((sold))~~) conveyed from the time of (~~((sale))~~) conveyance
20 until the tax (~~((shall have))~~) has been paid, which lien may be enforced
21 in the manner prescribed for the foreclosure of mortgages. The lien
22 provided under this section shall be perfected without further act and
23 shall have priority over any lien arising after the conveyance, other
24 than a lien arising under RCW 84.60.010.

25 **Sec. 9.** RCW 82.45.080 and 1980 c 154 s 3 are each amended to read
26 as follows:

27 The tax levied under this chapter shall be the obligation of the
28 (~~((seller))~~) transferor and the department of revenue may, at the

1 department's option, enforce the obligation through an action of debt
2 against the (~~seller~~) transferor or the department may proceed in the
3 manner prescribed for the foreclosure of mortgages (~~and~~). Resort to
4 one course of enforcement shall not (~~be an election not to pursue~~)
5 preclude the department from pursuing the other.

6 **Sec. 10.** RCW 82.45.090 and 1991 c 327 s 6 are each amended to read
7 as follows:

8 (1) Except in the case of a conveyance of a beneficial interest in
9 real property where no instrument evidencing the conveyance is recorded
10 in the official real property records of the county in which the
11 property is located, the tax imposed by this chapter shall be paid to
12 and collected by the treasurer of the county (~~within~~) in which the
13 property conveyed is located (~~the real property which was sold,~~
14 said)). In collecting the tax the treasurer (~~acting~~) shall act as
15 agent for the state. The county treasurer shall cause a stamp
16 evidencing satisfaction of the lien to be affixed to the instrument of
17 (~~sale or~~) conveyance prior to its recording or to the real estate
18 (~~excise~~) transfer tax affidavit in the case of sales of used mobile
19 homes (~~sales~~) and used floating homes (~~sales~~)). A receipt issued by
20 the county treasurer for the payment of the tax imposed under this
21 chapter shall be evidence of the satisfaction of the lien imposed
22 hereunder and may be recorded in the manner prescribed for recording
23 satisfactions of mortgages. No instrument (~~of sale or conveyance~~)
24 evidencing a (~~sale~~) conveyance subject to the tax shall be accepted
25 by the county auditor for filing or recording until the tax (~~shall~~
26 have)) has been paid and the (~~stamp affixed thereto~~) instrument has
27 been stamped; in case the tax is not due on the (~~transfer~~)
28 conveyance, the instrument shall not be so accepted until suitable
29 notation of such fact has been made on the instrument by the treasurer.

1 (2) In the case of a conveyance of a beneficial interest in real
2 property where no instrument is recorded in the official real property
3 records of the county in which the property is located, the conveyance
4 shall be reported to the department of revenue within five days from
5 the date of the conveyance on such returns or forms and according to
6 such procedures as the department may prescribe. Such forms or returns
7 shall be signed by both the transferor and the transferee and shall be
8 accompanied by payment of any tax due. Any person who intentionally
9 makes a false statement on any return or form required to be filed with
10 the department under this chapter shall be guilty of perjury.

11 **Sec. 11.** RCW 82.45.100 and 1988 c 286 s 5 are each amended to read
12 as follows:

13 (1) The tax imposed under this chapter is due and payable
14 immediately at the time of (~~sale~~) conveyance, and if not paid within
15 thirty days thereafter shall bear interest at the rate of one percent
16 per month from the time of (~~sale~~) conveyance until the date of
17 payment.

18 (2) In addition to the interest described in subsection (1) of this
19 section, if the payment of any tax is not received by the county
20 treasurer or the department of revenue within thirty days of the date
21 due, there shall be assessed a penalty of five percent of the amount of
22 the tax; if the tax is not received within sixty days of the date due,
23 there shall be assessed a total penalty of ten percent of the amount of
24 the tax; and if the tax is not received within ninety days of the date
25 due, there shall be assessed a total penalty of twenty percent of the
26 amount of the tax. The payment of the penalty described in this
27 subsection shall be collectible from the (~~seller~~) transferor only,
28 and RCW 82.45.070 does not apply to the penalties described in this
29 subsection.

1 (3) If the tax imposed under this chapter is not received by the
2 due date, the transferee shall become personally liable for the tax,
3 along with any interest as provided in subsection (1) of this section,
4 unless:

5 (a) An instrument evidencing the conveyance is recorded in the
6 official real property records of the county in which the property
7 conveyed is located; or

8 (b) Either the transferor or transferee notifies the miscellaneous
9 tax division of the department of revenue in writing of the occurrence
10 of the conveyance within thirty days following the date of the
11 conveyance.

12 (4) If upon examination of any affidavits or from other information
13 obtained by the department or its agents it appears that all or a
14 portion of the tax is unpaid, the department shall assess against the
15 (~~taxpayer~~) transferor the additional amount found to be due plus
16 interest and penalties as provided in subsections (1) and (2) of this
17 section. If the department finds that all or any part of the
18 deficiency resulted from an intent to evade the tax payable under this
19 chapter, an additional penalty of fifty percent of the additional tax
20 found to be due shall be added.

21 (~~(4)~~) (5) No assessment or refund may be made by the department
22 more than four years after the date of (~~sale~~) conveyance except upon
23 a showing of fraud or of misrepresentation of a material fact by the
24 (~~taxpayer~~) transferor or a failure by the (~~taxpayer~~) transferor to
25 record documentation of a (~~sale~~) conveyance or otherwise report the
26 (~~sale~~) conveyance to the county treasurer.

27 (~~(5)~~) (6) Penalties collected pursuant to subsection (2) of this
28 section shall be deposited in the housing trust fund as described in
29 chapter 43.185 RCW.

1 **Sec. 12.** RCW 82.45.150 and 1981 c 167 s 1 are each amended to read
2 as follows:

3 All of chapter 82.32 RCW, except RCW 82.32.030, 82.32.040,
4 82.32.050, 82.32.140, and 82.32.270 and except for the penalties and
5 the limitations thereon imposed by RCW 82.32.090, applies to the tax
6 imposed by this chapter, in addition to any other provisions of law for
7 the payment and enforcement of the tax imposed by this chapter. The
8 department of revenue shall by rule provide for the effective
9 administration of this chapter. The rules shall ~~((also include a~~
10 ~~manual which defines transactions which are taxable under))~~ prescribe
11 and furnish a real estate transfer tax affidavit form to be used by
12 each county in the collection and reporting of the tax imposed by this
13 chapter. The department of revenue shall annually conduct audits of
14 transactions and affidavits filed under this chapter.

15 **Sec. 13.** RCW 82.46.010 and 1990 1st ex.s. c 17 s 36 are each
16 amended to read as follows:

17 (1) The governing body of any county or any city may impose an
18 excise tax on each ~~((sale))~~ conveyance of real property in the
19 unincorporated areas of the county for the county tax and in the
20 corporate limits of the city for the city tax at a rate not exceeding
21 one-quarter of one percent of the ~~((selling price))~~ taxable value as
22 defined in RCW 82.45.030. The revenues from this tax shall be used by
23 the respective jurisdictions for local capital improvements, including
24 those listed in RCW 35.43.040.

25 After July 1, 1990, revenues generated from the tax imposed under
26 this subsection in counties and cities that are required or choose to
27 plan under RCW 36.70A.040 shall be used primarily for financing capital
28 projects specified in a capital facilities plan element of a
29 comprehensive plan and housing relocation assistance under RCW

1 59.18.440 and 59.18.450. However, revenues (a) pledged by such
2 counties and cities to debt retirement prior to July 1, 1990, may
3 continue to be used for that purpose until all outstanding debt is
4 retired, or (b) committed prior to July 1, 1990, by such counties or
5 cities to a capital project may continue to be used for that purpose
6 until the project is completed.

7 (2) In lieu of imposing the tax authorized in RCW 82.14.030(2), the
8 governing body of any county or any city may impose an additional
9 excise tax on each ((sale)) conveyance of real property in the
10 unincorporated areas of the county for the county tax and in the
11 corporate limits of the city for the city tax at a rate not exceeding
12 one-half of one percent of the ((selling price)) taxable value as
13 defined in RCW 82.45.030.

14 (3) Taxes imposed under this section shall be collected from
15 persons who are taxable by the state under chapter 82.45 RCW upon the
16 occurrence of any taxable event within the unincorporated areas of the
17 county or within the corporate limits of the city, as the case may be.

18 (4) Taxes imposed under this section shall comply with all
19 applicable rules, regulations, laws, and court decisions regarding real
20 estate ((excise)) transfer taxes as imposed by the state under chapter
21 82.45 RCW.

22 (5) As used in this section, "city" means any city or town.

23 **Sec. 14.** RCW 82.46.035 and 1991 sp.s. c 32 s 33 are each amended
24 to read as follows:

25 (1) The governing body of any county or any city that plans under
26 RCW 36.70A.040(1) may impose an additional excise tax on each ((sale))
27 conveyance of real property in the unincorporated areas of the county
28 for the county tax and in the corporate limits of the city for the city
29 tax at a rate not exceeding one-quarter of one percent of the ((selling

1 ~~price~~) taxable value as defined in RCW 82.45.030. Any county choosing
2 to plan under RCW 36.70A.040(2) and any city within such a county may
3 only adopt an ordinance imposing the excise tax authorized by this
4 section if the ordinance is first authorized by a proposition approved
5 by a majority of the voters of the taxing district voting on the
6 proposition at a general election held within the district or at a
7 special election within the taxing district called by the district for
8 the purpose of submitting such proposition to the voters.

9 (2) Revenues generated from the tax imposed under subsection (1) of
10 this section shall be used by such counties and cities solely for
11 financing capital projects specified in a capital facilities plan
12 element of a comprehensive plan.

13 (3) Revenues generated by the tax imposed by this section shall be
14 deposited in a separate account.

15 (4) As used in this section, "city" means any city or town.

16 (5) When the governor files a notice of noncompliance under RCW
17 36.70A.340 with the secretary of state and the appropriate county or
18 city, the county or city's authority to impose the additional excise
19 tax under this section shall be temporarily rescinded until the
20 governor files a subsequent notice rescinding the notice of
21 noncompliance.

22 **Sec. 15.** RCW 82.46.040 and 1990 1st ex.s. c 17 s 39 and 1990 1st
23 ex.s. c 5 s 4 are each reenacted and amended to read as follows:

24 Any tax imposed under this chapter (~~or RCW 82.46.070~~) and any
25 interest or penalties thereon is a specific lien upon each piece of
26 real property (~~sold~~) conveyed from the time of (~~sale~~) conveyance
27 until the tax is paid, which lien may be enforced in the manner
28 prescribed for the foreclosure of mortgages.

1 **Sec. 16.** RCW 82.46.050 and 1990 1st ex.s. c 17 s 40 are each
2 amended to read as follows:

3 The taxes levied under this chapter are the obligation of the
4 ~~((seller))~~ transferor and may be enforced through an action of debt
5 against the ~~((seller))~~ transferor or in the manner prescribed for the
6 foreclosure of mortgages. Resort to one course of enforcement is not
7 an election not to pursue the other.

8 **Sec. 17.** RCW 82.46.060 and 1990 1st ex.s. c 17 s 41 and 1990 1st
9 ex.s. c 5 s 5 are each reenacted and amended to read as follows:

10 Any taxes imposed under this chapter ~~((or RCW 82.46.070))~~ shall be
11 ~~paid to and collected by the treasurer of the county within which is~~
12 ~~located the real property which was~~ ~~((sold))~~ conveyed. The treasurer
13 shall act as agent for any city within the county imposing the tax.
14 The county treasurer shall cause a stamp evidencing satisfaction of the
15 lien to be affixed to the instrument of sale or conveyance prior to its
16 recording or to the real estate ~~((exercise))~~ transfer tax affidavit in
17 the case of used mobile home ~~((sales))~~ conveyances. A receipt issued
18 by the county treasurer for the payment of the tax imposed under this
19 chapter ~~((or RCW 82.46.070))~~ shall be evidence of the satisfaction of
20 the lien imposed in RCW 82.46.040 and may be recorded in the manner
21 prescribed for recording satisfactions of mortgages. No instrument of
22 sale or conveyance evidencing a ~~((sale))~~ conveyance subject to the tax
23 may be accepted by the county auditor for filing or recording until the
24 tax is paid and the stamp affixed thereto; in case the tax is not due
25 on the transfer, the instrument shall not be accepted until suitable
26 notation of this fact is made on the instrument by the treasurer.

27 **Sec. 18.** RCW 82.46.070 and 1990 1st ex.s. c 5 s 3 are each amended
28 to read as follows:

1 (1) Subject to subsection (2) of this section, the legislative
2 authority of any county may impose an additional excise tax on each
3 ~~((sale))~~ conveyance of real property in the county at a rate not to
4 exceed one percent of the ~~((selling price))~~ taxable value as defined in
5 RCW 82.45.030. The proceeds of the tax shall be used exclusively for
6 the acquisition and maintenance of conservation areas.

7 The taxes imposed under this subsection shall be imposed in the
8 same manner and on the same occurrences, and are subject to the same
9 conditions, as the taxes under chapter 82.45 RCW, except:

10 (a) The tax shall be the obligation of the ~~((purchaser))~~
11 transferee; and

12 (b) The tax does not apply to the acquisition of conservation areas
13 by the county.

14 The county may enforce the obligation through an action of debt
15 against the ~~((purchaser))~~ transferee or may foreclose the lien on the
16 property in the same manner prescribed for the foreclosure of
17 mortgages.

18 The tax shall take effect thirty days after the election at which
19 the taxes are authorized.

20 (2) No tax may be imposed under subsection (1) of this section
21 unless approved by a majority of the voters of the county voting
22 thereon for a specified period and maximum rate after:

23 (a) The adoption of a resolution by the county legislative
24 authority of the county proposing this action; or

25 (b) The filing of a petition proposing this action with the county
26 auditor, which petition is signed by county voters at least equal in
27 number to ten percent of the total number of voters in the county who
28 voted at the last preceding general election.

29 The ballot proposition shall be submitted to the voters of the
30 county at the next general election occurring at least sixty days after

1 a petition is filed, or at any special election prior to this general
2 election that has been called for such purpose by the county
3 legislative authority.

4 (3) A plan for the expenditure of the excise tax proceeds shall be
5 prepared by the county legislative authority at least sixty days before
6 the election if the proposal is initiated by resolution of the county
7 legislative authority, or within six months after the tax has been
8 authorized by the voters if the proposal is initiated by petition.
9 Prior to the adoption of this plan, the elected officials of cities
10 located within the county shall be consulted and a public hearing shall
11 be held to obtain public input. The proceeds of this excise tax must
12 be expended in conformance with this plan.

13 (4) As used in this section, "conservation area" has the meaning
14 given under RCW 36.32.570.

15 NEW SECTION. **Sec. 19.** A new section is added to chapter 82.46 RCW
16 to read as follows:

17 (1) Any ordinance adopted by the governing body of any county,
18 city, or town that is in effect on the effective date of this act and
19 that imposes a tax authorized by RCW 82.46.010 as in effect before its
20 amendment by chapter ..., Laws of 1992 (this act), shall, without
21 further act of the governing body, be considered effective to impose
22 the tax authorized under RCW 82.46.010 at the rate specified in the
23 ordinance, until such time as the ordinance is otherwise amended or
24 repealed.

25 (2) Any ordinance adopted by the governing body of any county,
26 city, or town that is in effect on the effective date of this act and
27 that imposes a tax as authorized by RCW 82.46.035 as in effect before
28 its amendment by chapter ..., Laws of 1992 (this act), shall, without
29 further act of the governing body or the voters of the county, city, or

1 town adopting the ordinance, be considered effective to impose the tax
2 authorized by RCW 82.46.035 at the rate specified in the ordinance,
3 until such time as the ordinance is otherwise amended or repealed.

4 (3) Any ordinance adopted by the legislative authority of any
5 county, city, or town that is in effect on the effective date of this
6 act and that imposes a tax as authorized by RCW 82.46.070 as in effect
7 before its amendment by chapter ..., Laws of 1992 (this act), shall,
8 without further act of the legislative authority or the voters of the
9 county, city, or town adopting the ordinance, be considered effective
10 to impose the tax authorized by RCW 82.46.070 at the rate specified in
11 the ordinance, until such time as the ordinance is otherwise amended or
12 repealed.

13 **Sec. 20.** RCW 84.26.080 and 1986 c 221 s 6 are each amended to read
14 as follows:

15 (1) When property has once been classified and valued as eligible
16 historic property, it shall remain so classified and be granted the
17 special valuation provided by RCW 84.26.070 for ten years or until the
18 property is disqualified by:

19 (a) Notice by the owner to the assessor to remove the special
20 valuation;

21 (b) Sale or transfer to an ownership making it exempt from property
22 taxation; or

23 (c) Removal of the special valuation by the assessor upon
24 determination by the local review board that the property no longer
25 qualifies as historic property or that the owner has failed to comply
26 with the conditions established under RCW 84.26.050.

27 (2) The sale or transfer to a new owner or transfer by reason of
28 death of a former owner to a new owner does not disqualify the property
29 from the special valuation provided by RCW 84.26.070 if:

1 (a) The property continues to qualify as historic property; and

2 (b) The new owner files a notice of compliance with the assessor of
3 the county in which the property is located. Notice of compliance
4 forms shall be prescribed by the state department of revenue and
5 supplied by the county assessor. The notice shall contain a statement
6 that the new owner is aware of the special valuation and of the
7 potential tax liability involved when the property ceases to be valued
8 as historic property under this chapter. The signed notice of
9 compliance shall be attached to the real estate ((~~excise~~)) transfer tax
10 affidavit provided for in RCW ((~~82.45.120~~)) 82.45.150. If the notice
11 of compliance is not signed by the new owner and attached to the real
12 estate ((~~excise~~)) transfer tax affidavit, all additional taxes
13 calculated pursuant to RCW 84.26.090 shall become due and payable by
14 the seller or transferor at time of sale. The county auditor shall not
15 accept an instrument of conveyance of specially valued historic
16 property for filing or recording unless the new owner has signed the
17 notice of compliance or the additional tax has been paid.

18 (3) When the property ceases to qualify for the special valuation
19 the owner shall immediately notify the state or local review board.

20 (4) Before the additional tax or penalty imposed by RCW 84.26.090
21 is levied, in the case of disqualification, the assessor shall notify
22 the taxpayer by mail, return receipt requested, of the
23 disqualification.

24 **Sec. 21.** RCW 84.33.120 and 1986 c 238 s 1 are each amended to read
25 as follows:

26 (1) In preparing the assessment rolls as of January 1, 1982, for
27 taxes payable in 1983 and each January 1st thereafter, the assessor
28 shall list each parcel of forest land at a value with respect to the
29 grade and class provided in this subsection and adjusted as provided in

1 subsection (2) of this section and shall compute the assessed value of
 2 the land by using the same assessment ratio he applies generally in
 3 computing the assessed value of other property in his county. Values
 4 for the several grades of bare forest land shall be as follows.

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

1		3	46
2		4	31
3	-----		
4		1	26
5	6	2	25
6		3	25
7		4	23
8	-----		
9		1	12
10	7	2	12
11		3	11
12		4	11
13	-----		
14	8		1
15	-----		

16 (2) On or before December 31, 1981, the department shall adjust, by
17 rule under chapter 34.05 RCW, the forest land values contained in
18 subsection (1) of this section in accordance with this subsection, and
19 shall certify these adjusted values to the county assessor for his use
20 in preparing the assessment rolls as of January 1, 1982. For the
21 adjustment to be made on or before December 31, 1981, for use in the
22 1982 assessment year, the department shall:

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

28 (b) Divide the aggregate value of all timber harvested within the
29 state between July 1, 1975, and June 30, 1980, by the aggregate harvest

1 volume for the same period, as determined from the harvester excise tax
2 returns filed with the department under RCW 82.04.291 and 84.33.071;
3 and

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

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

15 (3) In preparing the assessment roll for 1972 and each year
16 thereafter, the assessor shall enter as the true and fair value of each
17 parcel of forest land the appropriate grade value certified to him by
18 the department of revenue, and he shall compute the assessed value of
19 such land by using the same assessment ratio he applies generally in
20 computing the assessed value of other property in his county. In
21 preparing the assessment roll for 1975 and each year thereafter, the
22 assessor shall assess and value as classified forest land all forest
23 land that is not then designated pursuant to RCW 84.33.120(4) or
24 84.33.130 and shall make a notation of such classification upon the
25 assessment and tax rolls. On or before January 15 of the first year in
26 which such notation is made, the assessor shall mail notice by
27 certified mail to the owner that such land has been classified as
28 forest land and is subject to the compensating tax imposed by this
29 section. If the owner desires not to have such land assessed and
30 valued as classified forest land, he shall give the assessor written

1 notice thereof on or before March 31 of such year and the assessor
2 shall remove from the assessment and tax rolls the classification
3 notation entered pursuant to this subsection, and shall thereafter
4 assess and value such land in the manner provided by law other than
5 this chapter 84.33 RCW.

6 (4) In any year commencing with 1972, an owner of land which is
7 assessed and valued by the assessor other than pursuant to the
8 procedures set forth in RCW 84.33.110 and this section, and which has,
9 in the immediately preceding year, been assessed and valued by the
10 assessor as forest land, may appeal to the county board of equalization
11 by filing an application with the board in the manner prescribed in
12 subsection (2) of RCW 84.33.130. The county board shall afford the
13 applicant an opportunity to be heard if the application so requests and
14 shall act upon the application in the manner prescribed in subsection
15 (3) of RCW 84.33.130.

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

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

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

25 (c) Determination by the assessor, after giving the owner written
26 notice and an opportunity to be heard, that, because of actions taken
27 by the owner, such land is no longer primarily devoted to and used for
28 growing and harvesting timber;

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

4 (e) Sale or transfer of all or a portion of such land to a new
5 owner, unless the new owner has signed a notice of forest land
6 classification continuance. The signed notice of continuance shall be
7 attached to the real estate ((~~excise~~)) transfer tax affidavit provided
8 for in RCW ((~~82.45.120~~)) 82.45.150, as now or hereafter amended. The
9 notice of continuance shall be on a form prepared by the department of
10 revenue. If the notice of continuance is not signed by the new owner
11 and attached to the real estate ((~~excise~~)) transfer tax affidavit, all
12 compensating taxes calculated pursuant to subsection (7) of this
13 section shall become due and payable by the seller or transferor at
14 time of sale. The county auditor shall not accept an instrument of
15 conveyance of classified forest land for filing or recording unless the
16 new owner has signed the notice of continuance or the compensating tax
17 has been paid. The seller, transferor, or new owner may appeal the new
18 assessed valuation calculated under subsection (7) of this section to
19 the county board of equalization. Jurisdiction is hereby conferred on
20 the county board of equalization to hear these appeals.

21 The assessor shall remove classification pursuant to subsections
22 (c) or (d) above prior to September 30 of the year prior to the
23 assessment year for which termination of classification is to be
24 effective. Removal of classification as forest land upon occurrence of
25 subsection (a), (b), (d), or (e) above shall apply only to the land
26 affected, and upon occurrence of subsection (c) shall apply only to the
27 actual area of land no longer primarily devoted to and used for growing
28 and harvesting timber: PROVIDED, That any remaining classified forest
29 land meets necessary definitions of forest land pursuant to RCW
30 84.33.100 as now or hereafter amended.

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

8 (7) Unless the owner successfully applies for designation of such
9 land or unless the removal is reversed on appeal, notation of removal
10 from classification shall immediately be made upon the assessment and
11 tax rolls, and commencing on January 1 of the year following the year
12 in which the assessor made such notation, such land shall be assessed
13 on the same basis as real property is assessed generally in that
14 county. Except as provided in subsections (5)(e) and (9) of this
15 section and unless the assessor shall not have mailed notice of
16 classification pursuant to subsection (3) of this section, a
17 compensating tax shall be imposed which shall be due and payable to the
18 county treasurer thirty days after the owner is notified of the amount
19 of the compensating tax. As soon as possible, the assessor shall
20 compute the amount of such compensating tax and mail notice to the
21 owner of the amount thereof and the date on which payment is due. The
22 amount of such compensating tax shall be equal to:

23 (a) The difference, if any, between the amount of tax last levied
24 on such land as forest land and an amount equal to the new assessed
25 valuation of such land multiplied by the dollar rate of the last levy
26 extended against such land, multiplied by

27 (b) A number, in no event greater than ten, equal to the number of
28 years, commencing with assessment year 1975, for which such land was
29 assessed and valued as forest land.

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

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

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

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

21 (c) Sale or transfer of land within two years after the death of
22 the owner of at least a fifty percent interest in such land;

23 (d) A donation of development rights, or the right to harvest
24 timber, to a government agency or organization qualified under RCW
25 84.34.210 and 64.04.130 for the purposes enumerated in those sections
26 or the sale or transfer of fee title to a governmental entity or
27 nonprofit nature conservancy corporation, as defined in RCW 64.04.130,
28 exclusively for the protection and conservation of lands recommended
29 for state natural area preserve purposes by the natural heritage
30 council and natural heritage plan as defined in chapter 79.70 RCW:

1 PROVIDED, That at such time as the land is not used for the purposes
2 enumerated, the compensating tax specified in subsection (7) of this
3 section shall be imposed upon the current owner.

4 (10) With respect to any land that has been designated prior to May
5 6, 1974, pursuant to RCW 84.33.120(4) or 84.33.130, the assessor may,
6 prior to January 1, 1975, on his own motion or pursuant to petition by
7 the owner, change, without imposition of the compensating tax provided
8 under RCW 84.33.140, the status of such designated land to classified
9 forest land.

10 **Sec. 22.** RCW 84.33.140 and 1986 c 238 s 2 are each amended to read
11 as follows:

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

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

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

24 (c) Sale or transfer of all or a portion of such land to a new
25 owner, unless the new owner has signed a notice of forest land
26 designation continuance. The signed notice of continuance shall be
27 attached to the real estate (~~(exercise)~~) transfer tax affidavit provided
28 for in RCW (~~(82.45.120)~~) 82.45.150, as now or hereafter amended. The
29 notice of continuance shall be on a form prepared by the department of

1 revenue. If the notice of continuance is not signed by the new owner
2 and attached to the real estate (~~exercise~~) transfer tax affidavit, all
3 compensating taxes calculated pursuant to subsection (3) of this
4 section shall become due and payable by the seller or transferor at
5 time of sale. The county auditor shall not accept an instrument of
6 conveyance of designated forest land for filing or recording unless the
7 new owner has signed the notice of continuance or the compensating tax
8 has been paid. The seller, transferor, or new owner may appeal the new
9 assessed valuation calculated under subsection (3) of this section to
10 the county board of equalization. Jurisdiction is hereby conferred on
11 the county board of equalization to hear these appeals;

12 (d) Determination by the assessor, after giving the owner written
13 notice and an opportunity to be heard, that (i) such land is no longer
14 primarily devoted to and used for growing and harvesting timber, (ii)
15 such owner has failed to comply with a final administrative or judicial
16 order with respect to a violation of the restocking, forest management,
17 fire protection, insect and disease control and forest debris
18 provisions of Title 76 RCW or any applicable regulations thereunder, or
19 (iii) restocking has not occurred to the extent or within the time
20 specified in the application for designation of such land.

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

29 (2) Within thirty days after such removal of designation of forest
30 land, the assessor shall notify the owner in writing, setting forth the

1 reasons for such removal. The seller, transferor, or owner may appeal
2 such removal to the county board of equalization.

3 (3) Unless the removal is reversed on appeal a copy of the notice
4 of removal with notation of the action, if any, upon appeal, together
5 with the legal description or assessor's tax lot numbers for the land
6 removed from designation shall, at the expense of the applicant, be
7 filed by the assessor in the same manner as deeds are recorded, and
8 commencing on January 1 of the year following the year in which the
9 assessor mailed such notice, such land shall be assessed on the same
10 basis as real property is assessed generally in that county. Except as
11 provided in subsection (5) of this section, a compensating tax shall be
12 imposed which shall be due and payable to the county treasurer thirty
13 days after the owner is notified of the amount of the compensating tax.
14 As soon as possible, the assessor shall compute the amount of such
15 compensating tax and mail notice to the owner of the amount thereof and
16 the date on which payment is due. The amount of such compensating tax
17 shall be equal to:

18 (a) The difference between the amount of tax last levied on such
19 land as forest land and an amount equal to the new assessed valuation
20 of such land multiplied by the dollar rate of the last levy extended
21 against such land, multiplied by

22 (b) A number, in no event greater than ten, equal to the number of
23 years for which such land was designated as forest land.

24 (4) Compensating tax, together with applicable interest thereon,
25 shall become a lien on such land which shall attach at the time such
26 land is removed from designation as forest land and shall have priority
27 to and shall be fully paid and satisfied before any recognizance,
28 mortgage, judgment, debt, obligation or responsibility to or with which
29 such land may become charged or liable. Such lien may be foreclosed
30 upon expiration of the same period after delinquency and in the same

1 manner provided by law for foreclosure of liens for delinquent real
2 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 (5) The compensating tax specified in subsection (3) of this
7 section shall not be imposed if the removal of designation pursuant to
8 subsection (1) 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) Sale or transfer of land within two years after the death of
15 the owner of at least a fifty percent interest in such land;

16 (d) A donation of development rights, or the right to harvest
17 timber, to a government agency or organization qualified under RCW
18 84.34.210 and 64.04.130 for the purposes enumerated in those sections
19 or the sale or transfer of fee title to a governmental entity or
20 nonprofit nature conservancy corporation, as defined in RCW 64.04.130,
21 exclusively for the protection and conservation of lands recommended
22 for state natural area preserve purposes by the natural heritage
23 council and natural heritage plan as defined in chapter 79.70 RCW:
24 PROVIDED, That at such time as the land is not used for the purposes
25 enumerated, the compensating tax specified in subsection (3) of this
26 section shall be imposed upon the current owner.

27 **Sec. 23.** RCW 84.34.108 and 1989 c 378 s 35 are each amended to
28 read as follows:

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

8 (b) Sale or transfer to an ownership making all or a portion of
9 such land exempt from ad valorem taxation;

10 (c) Sale or transfer of all or a portion of such land to a new
11 owner, unless the new owner has signed a notice of classification
12 continuance. The signed notice of continuance shall be attached to the
13 real estate ((~~excise~~)) transfer tax affidavit provided for in RCW
14 ((~~82.45.120~~)) 82.45.150, as now or hereafter amended. The notice of
15 continuance shall be on a form prepared by the department of revenue.
16 If the notice of continuance is not signed by the new owner and
17 attached to the real estate ((~~excise~~)) transfer tax affidavit, all
18 additional taxes calculated pursuant to subsection (3) of this section
19 shall become due and payable by the seller or transferor at time of
20 sale. The county auditor shall not accept an instrument of conveyance
21 of classified land for filing or recording unless the new owner has
22 signed the notice of continuance or the additional tax has been paid.
23 The seller, transferor, or new owner may appeal the new assessed
24 valuation calculated under subsection (3) of this section to the county
25 board of equalization. Jurisdiction is hereby conferred on the county
26 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 all or a portion of such
29 land is no longer primarily devoted to and used for the purposes under
30 which it was granted classification.

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

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

19 (a) The difference between the property tax paid as "open space
20 land", "farm and agricultural land", or "timber land" and the amount of
21 property tax otherwise due and payable for the seven years last past
22 had the land not been so classified; plus

23 (b) Interest upon the amounts of such additional tax paid at the
24 same statutory rate charged on delinquent property taxes from the dates
25 on which such additional tax could have been paid without penalty if
26 the land had been assessed at a value without regard to this chapter.

27 (4) Additional tax, together with applicable interest thereon,
28 shall become a lien on such land which shall attach at the time such
29 land is removed from current use classification under this chapter and
30 shall have priority to and shall be fully paid and satisfied before any

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

10 (5) The additional tax specified in subsection (3) of this section
11 shall not be imposed if the removal of designation pursuant to
12 subsection (1) of this section resulted solely from:

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

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

18 (c) Sale or transfer of land within two years after the death of
19 the owner of at least a fifty percent interest in such land;

20 (d) A natural disaster such as a flood, windstorm, earthquake, or
21 other such calamity rather than by virtue of the act of the landowner
22 changing the use of such property;

23 (e) Official action by an agency of the state of Washington or by
24 the county or city within which the land is located which disallows the
25 present use of such land;

26 (f) Transfer to a church and such land would qualify for property
27 tax exemption pursuant to RCW 84.36.020; or

28 (g) Acquisition of property interests by state agencies or agencies
29 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
30 purposes enumerated in those sections: PROVIDED, That at such time as

1 these property interests are not used for the purposes enumerated in
2 RCW 84.34.210 and 64.04.130 the additional tax specified in subsection
3 (3) of this section shall be imposed.

4 NEW SECTION. **Sec. 24.** The following acts or parts of acts are
5 each repealed:

6 (1) RCW 82.45.035 and 1969 ex.s. c 223 s 28A.45.035;

7 (2) RCW 82.45.105 and 1969 ex.s. c 223 s 28A.45.105;

8 (3) RCW 82.45.120 and 1981 c 167 s 5, 1980 c 134 s 1, & 1969 ex.s.
9 c 223 s 28A.45.120;

10 (4) RCW 82.45A.010 and 1991 sp.s. c 22 s 2;

11 (5) RCW 82.45A.020 and 1991 sp.s. c 22 s 3; and

12 (6) RCW 82.45A.030 and 1991 sp.s. c 22 s 4.

13 NEW SECTION. **Sec. 25.** This act is necessary for the immediate
14 preservation of the public peace, health, or safety, or support of the
15 state government and its existing public institutions, and shall take
16 effect immediately.