

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1700

Chapter 330, Laws of 1995

54th Legislature
1995 Regular Session

FOREST LANDS--CLASSIFICATION AND CURRENT USE TAXATION OF

EFFECTIVE DATE: 5/11/95

Passed by the House April 20, 1995
Yeas 77 Nays 19

CLYDE BALLARD

**Speaker of the
House of Representatives**

Passed by the Senate April 13, 1995
Yeas 44 Nays 3

JOEL PRITCHARD

President of the Senate

Approved May 11, 1995

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1700** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN

Chief Clerk

FILED

May 11, 1995 - 1:22 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1700

AS AMENDED BY THE SENATE

Passed Legislature - 1995 Regular Session

State of Washington 54th Legislature 1995 Regular Session

By House Committee on Finance (originally sponsored by Representatives
Sehlin, Chopp, Quall and B. Thomas)

Read first time 03/06/95.

1 AN ACT Relating to current use taxation provisions; amending RCW
2 84.33.120 and 84.33.140; and declaring an emergency.

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

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

6 (1) In preparing the assessment rolls as of January 1, 1982, for
7 taxes payable in 1983 and each January 1st thereafter, the assessor
8 shall list each parcel of forest land at a value with respect to the
9 grade and class provided in this subsection and adjusted as provided in
10 subsection (2) of this section and shall compute the assessed value of
11 the land by using the same assessment ratio he or she applies generally
12 in computing the assessed value of other property in his or her county.
13 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
17 an heir or devisee of a deceased owner, shall not, by itself, result in
18 removal of classification. The signed notice of continuance shall be
19 attached to the real estate excise tax affidavit provided for in RCW
20 (~~(82.45.120, as now or hereafter amended)~~) 82.45.150. The notice of
21 continuance shall be on a form prepared by the department of revenue.
22 If the notice of continuance is not signed by the new owner and
23 attached to the real estate excise tax affidavit, all compensating
24 taxes calculated pursuant to subsection (7) of this section shall
25 become due and payable by the seller or transferor at time of sale.
26 The county auditor shall not accept an instrument of conveyance of
27 classified forest land for filing or recording unless the new owner has
28 signed the notice of continuance or the compensating tax has been paid.
29 The seller, transferor, or new owner may appeal the new assessed
30 valuation calculated under subsection (7) of this section to the county
31 board of equalization. Jurisdiction is hereby conferred on the county
32 board of equalization to hear these appeals.

33 The assessor shall remove classification pursuant to
34 (~~(subsections)~~) (c) or (d) (~~(above)~~) of this subsection prior to
35 September 30 of the year prior to the assessment year for which
36 termination of classification is to be effective. Removal of
37 classification as forest land upon occurrence of (~~(subsection)~~) (a),
38 (b), (d), or (e) (~~(above)~~) of this subsection shall apply only to the
39 land affected, and upon occurrence of (~~(subsection)~~) (c) of this

1 subsection shall apply only to the actual area of land no longer
2 primarily devoted to and used for growing and harvesting timber:
3 PROVIDED, That any remaining classified forest land meets necessary
4 definitions of forest land pursuant to RCW 84.33.100 as now or
5 hereafter amended.

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

13 (7) Unless the owner successfully applies for designation of such
14 land or unless the removal is reversed on appeal, notation of removal
15 from classification shall immediately be made upon the assessment and
16 tax rolls, and commencing on January 1 of the year following the year
17 in which the assessor made such notation, such land shall be assessed
18 on the same basis as real property is assessed generally in that
19 county. Except as provided in subsections (5)(e) and (9) of this
20 section and unless the assessor shall not have mailed notice of
21 classification pursuant to subsection (3) of this section, a
22 compensating tax shall be imposed which shall be due and payable to the
23 county treasurer thirty days after the owner is notified of the amount
24 of the compensating tax. As soon as possible, the assessor shall
25 compute the amount of such compensating tax and mail notice to the
26 owner of the amount thereof and the date on which payment is due. The
27 amount of such compensating tax shall be equal to(~~(a)~~) the
28 difference, if any, between the amount of tax last levied on such land
29 as forest land and an amount equal to the new assessed valuation of
30 such land multiplied by the dollar rate of the last levy extended
31 against such land, multiplied by (~~(b)~~) a number, in no event greater
32 than ten, equal to the number of years, commencing with assessment year
33 1975, for which such land was assessed and valued as forest land.

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

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

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

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

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

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

26 (d) The sale or transfer of fee title to the parks and recreation
27 commission for park and recreation purposes.

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

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

36 (1) When land has been designated as forest land pursuant to RCW
37 84.33.120(4) or 84.33.130, a notation of such designation shall be made
38 each year upon the assessment and tax rolls, a copy of the notice of

1 approval together with the legal description or assessor's tax lot
2 numbers for such land shall, at the expense of the applicant, be filed
3 by the assessor in the same manner as deeds are recorded, and such land
4 shall be graded and valued pursuant to RCW 84.33.110 and 84.33.120
5 until removal of such designation by the assessor upon occurrence of
6 any of the following:

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

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

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

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

1 county in which the land is located reasonable evidence in writing of
2 the intent to acquire the designated land as long as the intent
3 continues or within sixty days of a request by the assessor. The
4 assessor may not request this evidence more than once in a calendar
5 year;

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

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

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

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

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

1 shall be equal to(~~(a)~~) the difference between the amount of tax
2 last levied on such land as forest land and an amount equal to the new
3 assessed valuation of such land multiplied by the dollar rate of the
4 last levy extended against such land, multiplied by (~~(b)~~) a number,
5 in no event greater than ten, equal to the number of years for which
6 such land was designated as forest land.

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

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

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

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

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

38 (d) The sale or transfer of fee title to the parks and recreation
39 commission for park and recreation purposes.

1 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and shall take
4 effect immediately.

 Passed the House April 20, 1995.

 Passed the Senate April 13, 1995.

 Approved by the Governor May 11, 1995.

 Filed in Office of Secretary of State May 11, 1995.