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**SUBSTITUTE SENATE BILL 5385**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senate Agriculture & Natural Resources (originally sponsored by Senators Chapman, Nobles, and Saldaña; by request of Department of Natural Resources)

READ FIRST TIME 02/21/25.

1 AN ACT Relating to the definition of timberland for the purposes  
2 of determining the real estate excise tax for a governmental entity;  
3 and amending RCW 82.45.060.

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

5 **Sec. 1.** RCW 82.45.060 and 2019 c 424 s 1 are each amended to  
6 read as follows:

7 (1) There is imposed an excise tax upon each sale of real  
8 property.

9 (a) Through December 31, 2019, the rate of the tax imposed under  
10 this section is 1.28 percent of the selling price.

11 (b) Beginning January 1, 2020, except as provided in (c) of this  
12 subsection, the rate of the tax imposed under this section is as  
13 follows:

14 (i) 1.1 percent of the portion of the selling price that is less  
15 than or equal to five hundred thousand dollars;

16 (ii) 1.28 percent of the portion of the selling price that is  
17 greater than five hundred thousand dollars and equal to or less than  
18 one million five hundred thousand dollars;

19 (iii) 2.75 percent of the portion of the selling price that is  
20 greater than one million five hundred thousand dollars and equal to  
21 or less than three million dollars;

1 (iv) Three percent of the portion of the selling price that is  
2 greater than three million dollars.

3 (c) The sale of real property that is classified as timberland or  
4 agricultural land is subject to the tax imposed under this section at  
5 a rate of 1.28 percent of the selling price.

6 (2) Beginning July 1, 2022, and every fourth year thereafter:

7 (a) The department must adjust the selling price threshold in  
8 subsection (1)(b)(i) of this section to reflect the lesser of the  
9 growth of the consumer price index for shelter or five percent. If  
10 the growth is equal to or less than zero percent, the current selling  
11 price threshold continues to apply.

12 (b) The department must adjust the selling price thresholds in  
13 subsection (1)(b)(ii) through (iv) of this section by the dollar  
14 amount of any increase in the selling price threshold in subsection  
15 (1)(b)(i) of this section.

16 (c) The department must publish updated selling price thresholds  
17 by September 1, 2022, and September 1st of every fourth year  
18 thereafter. Updated selling price thresholds will apply beginning  
19 January 1, 2023, and January 1st every fourth year thereafter.  
20 Adjusted selling price thresholds must be rounded to the nearest one  
21 thousand dollars. No changes may be made to adjusted selling price  
22 thresholds once such adjustments take effect.

23 (d) The most recent selling price threshold becomes the base for  
24 subsequent adjustments.

25 (e) The department must report adjustments to the selling price  
26 thresholds to the fiscal committees of the legislature, beginning  
27 December 1, 2022, and December 1st every fourth year thereafter.

28 (3)(a) The department must publish guidance to assist sellers in  
29 properly classifying real property on the real estate excise tax  
30 affidavit for purposes of determining the proper amount of tax due  
31 under this section. Real property with multiple uses must be  
32 classified according to the property's predominant use. The  
33 department's guidance must include factors for use in determining the  
34 predominant use of real property.

35 (b) County treasurers are not responsible for verifying that the  
36 seller has properly classified real property reported on a real  
37 estate excise tax affidavit. The department is solely responsible for  
38 such verification as part of its audit responsibilities under RCW  
39 82.45.150.

1 (4) (a) Beginning July 1, 2013, and ending December 31, 2019, an  
2 amount equal to two percent of the proceeds of this tax must be  
3 deposited in the public works assistance account created in RCW  
4 43.155.050, an amount equal to four and one-tenth percent must be  
5 deposited in the education legacy trust account created in RCW  
6 83.100.230, an amount equal to one and six-tenths percent must be  
7 deposited in the city-county assistance account created in RCW  
8 43.08.290, and the remainder must be deposited in the general fund.

9 (b) Beginning January 1, 2020, amounts collected from the tax  
10 imposed under this section must be deposited as provided in RCW  
11 82.45.230.

12 (5) The definitions in this subsection apply throughout this  
13 section unless the context clearly requires otherwise.

14 (a) "Agricultural land" means farm and agricultural land and farm  
15 and agricultural conservation land, as those terms are defined in RCW  
16 84.34.020, including any structures on such land.

17 (b) "Consumer price index for shelter" means the most current  
18 seasonally adjusted index for the shelter expenditure category of the  
19 consumer price index for all urban consumers (CPI-U) as published by  
20 July 31st by the bureau of labor statistics of the United States  
21 department of labor.

22 (c) "Growth of the consumer price index for shelter" means the  
23 percentage increase in the consumer price index for shelter as  
24 measured from data published by the bureau of labor statistics of the  
25 United States department of labor by July 31st for the most recent  
26 three-year period for the selling price threshold adjustment in 2022,  
27 and the most recent four-year period for subsequent selling price  
28 threshold adjustments.

29 (d) "Timberland" means land (~~(classified under chapter 84.34 RCW~~  
30 ~~or designated under chapter 84.33 RCW)~~), including any structures and  
31 standing timber on such land, and standing timber sold apart from the  
32 land upon which it sits, that at the time of transfer is either:

33 (i) Classified under chapter 84.34 RCW;

34 (ii) Designated under chapter 84.33 RCW; or

35 (iii) Transferred or sold to a governmental entity if the  
36 governmental entity manages the land in the same manner as designated  
37 forestland under chapter 84.33 RCW or property classified as  
38 timberland under chapter 84.34 RCW. The governmental entity must

1 comply with the requirements under RCW 84.33.140(13)(j) or  
2 84.34.108(6)(m).

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