
SENATE BILL 5385

State of Washington

69th Legislature

2025 Regular Session

By Senators Chapman, Nobles, and Saldaña; by request of Department of Natural Resources

Read first time 01/21/25. Referred to Committee on Agriculture & Natural Resources.

1 AN ACT Relating to the definition of timberland for the purposes
2 of determining the real property excise tax for a governmental
3 entity; 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 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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