

FINAL BILL REPORT

SHB 2456

C 122 L 94
Synopsis as Enacted

Brief Description: Eliminating references to reclassified reforestation lands.

By House Committee on Revenue (originally sponsored by Representatives Valle, Silver, Morris, Talcott, Wolfe, Romero and Van Luven).

House Committee on Revenue
Senate Committee on Ways & Means

Background: In 1931, the Legislature adopted a law to give private timberland owners the option of having their cut-over lands classified as "reforestation" land by the state Department of Forestry. Once classified, the land was subject to a annual tax of \$1 an acre in western Washington and \$.50 an acre in eastern Washington. The standing timber was exempt from the annual property tax but instead was subject to a "yield" tax of 12.5 percent of the harvest value when cut. About 550,000 acres were classified as reforestation land.

In 1971, the Legislature adopted a yield-tax system for all private timber. All land that is classified or designated as timberland is subject to the annual property tax only on the land. The standing timber is exempt from the annual property tax but subject to a yield tax of 5 percent of the harvest value when cut. The annual property tax on the land is based on land values set in statute. These land values are adjusted each year by one-half the percentage change in the five year rolling average of timber stumpage prices. The 1971 law stopped new classifications of reforestation land.

On July 1, 1984, the classification of timberland as reforestation land was terminated. Reforestation land was reclassified under the new timber tax law and made subject to the annual property tax on the same land values as classified and designed timberland.

Starting in 1984, the 12.5 percent yield-tax rate for reforestation timber was gradually reduced. The phase-down ended in 1994, with reforestation timber paying the same 5 percent rate applicable to other timber.

Summary: The laws relating to the taxation of timberlands classified as reforestation lands are repealed. (The "classified" reforestation timber and timberlands will remain subject to the same taxes as other timber and timberland.)

Votes on Final Passage:

House	95	0
Senate	46	0

Effective: January 1, 1994