

SENATE BILL REPORT

SB 6233

AS OF JANUARY 28, 1994

Brief Description: Revising the definition of "forest land" to include smaller parcels.

SPONSORS: Senators Hargrove, M. Rasmussen and Morton

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates: January 27, 1994

BACKGROUND:

Timber on privately or federally owned land is exempt from property taxation. The timber is subject to an excise tax based on the stumpage value at the time of harvest. The rate of the tax is 5 percent. In addition, the county may impose a 4 percent tax on timber harvested from privately owned land. The county tax is credited against the state tax and is distributed to the county and taxing districts within the county.

Upon sale, public timber, other than federal, is subject to property taxation as personal property in addition to the excise tax. However, any property tax paid on this timber may be claimed as a credit against the excise tax.

The forest land itself is subject to the property tax. Land which has no higher and better use than growing and harvesting timber may be classified as forest land by the assessor. Land which is used to grow and harvest timber but which is more valuable for other uses may be designated as forest land by the assessor upon application by the landowner. To qualify for either, the land must be 20 acres or more and be used primarily for growing and harvesting timber. The valuation of classified and designated forest land is based on the value of the bare land for growing and harvesting timber.

Upon removal from classification, both classified and designated forest land may be subject to a compensating tax. The tax is equal to the tax benefit in the most recent year multiplied by the number of years the land was classified or designated, not to exceed ten.

In addition to classified and designated forest land, a "current use classification" is available under the open space program for timberland of five acres or more that is primarily devoted to the growth and harvest of forest crops. The land is valued in the same manner as classified and designated forest land. Upon removal from classification, the land may

be subject to an additional tax. The tax is equal to the actual tax benefit over the previous seven years.

SUMMARY:

The minimum amount of land that is eligible for classification or designation as forest land is reduced to one acre.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR: None

TESTIMONY AGAINST:

There is an open space program for 5-20 acres now. The impact of this proposal would be in the millions. There would be a big shift in taxes to other taxpayers, from western Washington to eastern Washington, and from timber counties to non-timber counties. It is hard to justify commercial timber growth on 1-5 acres. The tax break is equal to 99 percent of the value. This would result a loss of a large portion of Kitsap County's tax base.

TESTIFIED: Fred Saeger, WA Assoc. of County Officials (con); Carol Belas, Kitsap County Assessor (con)