

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1700**

54th Legislature  
1995 Regular Session

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

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**Speaker of the  
House of Representatives**

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

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**President of the Senate**

Approved

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**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.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1700**

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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.

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