

**SUBSTITUTE SENATE BILL 5230**

**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Rossi, Haugen, McCaslin, McDonald and Hale)

Read first time 03/10/97.

1 AN ACT Relating to current use taxation provisions; amending RCW  
2 84.33.120, 84.33.140, and 84.33.145; and declaring an emergency.

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

4 **Sec. 1.** RCW 84.33.120 and 1995 c 330 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.

14	LAND	OPERABILITY	VALUES
15	GRADE	CLASS	PER ACRE
17		1	\$141
18	1	2	136
19		3	131

1		4	95
2			
3		1	118
4	2	2	114
5		3	110
6		4	80
7			
8		1	93
9	3	2	90
10		3	87
11		4	66
12			
13		1	70
14	4	2	68
15		3	66
16		4	52
17			
18		1	51
19	5	2	48
20		3	46
21		4	31
22			
23		1	26
24	6	2	25
25		3	25
26		4	23
27			
28		1	12
29	7	2	12
30		3	11
31		4	11
32			
33	8		1
34			

35 (2) On or before December 31, 1981, the department shall adjust, by  
36 rule under chapter 34.05 RCW, the forest land values contained in  
37 subsection (1) of this section in accordance with this subsection, and  
38 shall certify these adjusted values to the county assessor for his or  
39 her use in preparing the assessment rolls as of January 1, 1982. For

1 the adjustment to be made on or before December 31, 1981, for use in  
2 the 1982 assessment year, the department shall:

3 (a) Divide the aggregate value of all timber harvested within the  
4 state between July 1, 1976, and June 30, 1981, by the aggregate harvest  
5 volume for the same period, as determined from the harvester excise tax  
6 returns filed with the department under RCW 82.04.291 and 84.33.071;  
7 and

8 (b) Divide the aggregate value of all timber harvested within the  
9 state between July 1, 1975, and June 30, 1980, by the aggregate harvest  
10 volume for the same period, as determined from the harvester excise tax  
11 returns filed with the department under RCW 82.04.291 and 84.33.071;  
12 and

13 (c) Adjust the forest land values contained in subsection (1) of  
14 this section by a percentage equal to one-half of the percentage change  
15 in the average values of harvested timber reflected by comparing the  
16 resultant values calculated under (a) and (b) of this subsection.

17 For the adjustments to be made on or before December 31, 1982, and  
18 each succeeding year thereafter, the same procedure shall be followed  
19 as described in this subsection utilizing harvester excise tax returns  
20 filed under RCW 82.04.291 and this chapter except that this adjustment  
21 shall be made to the prior year's adjusted value, and the five-year  
22 periods for calculating average harvested timber values shall be  
23 successively one year more recent.

24 (3) In preparing the assessment roll for 1972 and each year  
25 thereafter, the assessor shall enter as the true and fair value of each  
26 parcel of forest land the appropriate grade value certified to him or  
27 her by the department of revenue, and he or she shall compute the  
28 assessed value of such land by using the same assessment ratio he or  
29 she applies generally in computing the assessed value of other property  
30 in his or her county. In preparing the assessment roll for 1975 and  
31 each year thereafter, the assessor shall assess and value as classified  
32 forest land all forest land that is not then designated pursuant to RCW  
33 84.33.120(4) or 84.33.130 and shall make a notation of such  
34 classification upon the assessment and tax rolls. On or before January  
35 15 of the first year in which such notation is made, the assessor shall  
36 mail notice by certified mail to the owner that such land has been  
37 classified as forest land and is subject to the compensating tax  
38 imposed by this section. If the owner desires not to have such land  
39 assessed and valued as classified forest land, he or she shall give the

1 assessor written notice thereof on or before March 31 of such year and  
2 the assessor shall remove from the assessment and tax rolls the  
3 classification notation entered pursuant to this subsection, and shall  
4 thereafter assess and value such land in the manner provided by law  
5 other than this chapter 84.33 RCW.

6 (4) In any year commencing with 1972, an owner of land which is  
7 assessed and valued by the assessor other than pursuant to the  
8 procedures set forth in RCW 84.33.110 and this section, and which has,  
9 in the immediately preceding year, been assessed and valued by the  
10 assessor as forest land, may appeal to the county board of equalization  
11 by filing an application with the board in the manner prescribed in  
12 subsection (2) of RCW 84.33.130. The county board shall afford the  
13 applicant an opportunity to be heard if the application so requests and  
14 shall act upon the application in the manner prescribed in subsection  
15 (3) of RCW 84.33.130.

16 (5) Land that has been assessed and valued as classified forest  
17 land as of any year commencing with 1975 assessment year or earlier  
18 shall continue to be so assessed and valued until removal of  
19 classification by the assessor only upon the occurrence of one of the  
20 following events:

21 (a) Receipt of notice from the owner to remove such land from  
22 classification as forest land;

23 (b) Sale or transfer to an ownership making such land exempt from  
24 ad valorem taxation;

25 (c) Determination by the assessor, after giving the owner written  
26 notice and an opportunity to be heard, that, because of actions taken  
27 by the owner, such land is no longer primarily devoted to and used for  
28 growing and harvesting timber. However, land shall not be removed from  
29 classification if a governmental agency, organization, or other  
30 recipient identified in subsection (9) of this section as exempt from  
31 the payment of compensating tax has manifested its intent in writing or  
32 by other official action to acquire a property interest in classified  
33 forest land by means of a transaction that qualifies for an exemption  
34 under subsection (9) of this section. The governmental agency,  
35 organization, or recipient shall annually provide the assessor of the  
36 county in which the land is located reasonable evidence in writing of  
37 the intent to acquire the classified land as long as the intent  
38 continues or within sixty days of a request by the assessor. The

1 assessor may not request this evidence more than once in a calendar  
2 year;

3 (d) Determination that a higher and better use exists for such land  
4 than growing and harvesting timber after giving the owner written  
5 notice and an opportunity to be heard;

6 (e) Sale or transfer of all or a portion of such land to a new  
7 owner, unless the new owner has signed a notice of forest land  
8 classification continuance, except transfer to an owner who is an heir  
9 or devisee of a deceased owner, shall not, by itself, result in removal  
10 of classification. The signed notice of continuance shall be attached  
11 to the real estate excise tax affidavit provided for in RCW 82.45.150.  
12 The notice of continuance shall be on a form prepared by the department  
13 of revenue. If the notice of continuance is not signed by the new  
14 owner and attached to the real estate excise tax affidavit, all  
15 compensating taxes calculated pursuant to subsection (7) of this  
16 section shall become due and payable by the seller or transferor at  
17 time of sale. The county auditor shall not accept an instrument of  
18 conveyance of classified forest land for filing or recording unless the  
19 new owner has signed the notice of continuance or the compensating tax  
20 has been paid. The seller, transferor, or new owner may appeal the new  
21 assessed valuation calculated under subsection (7) of this section to  
22 the county board of equalization. Jurisdiction is hereby conferred on  
23 the county board of equalization to hear these appeals.

24 The assessor shall remove classification pursuant to (c) or (d) of  
25 this subsection prior to September 30 of the year prior to the  
26 assessment year for which termination of classification is to be  
27 effective. Removal of classification as forest land upon occurrence of  
28 (a), (b), (d), or (e) of this subsection shall apply only to the land  
29 affected, and upon occurrence of (c) of this subsection shall apply  
30 only to the actual area of land no longer primarily devoted to and used  
31 for growing and harvesting timber: PROVIDED, That any remaining  
32 classified forest land meets necessary definitions of forest land  
33 pursuant to RCW 84.33.100 (~~as now or hereafter amended~~)).

34 (6) Within thirty days after such removal of classification as  
35 forest land, the assessor shall notify the owner in writing setting  
36 forth the reasons for such removal. The owner of such land shall  
37 thereupon have the right to apply for designation of such land as  
38 forest land pursuant to subsection (4) of this section or RCW

1 84.33.130. The seller, transferor, or owner may appeal such removal to  
2 the county board of equalization.

3 (7) Unless the owner successfully applies for designation of such  
4 land or unless the removal is reversed on appeal, notation of removal  
5 from classification shall immediately be made upon the assessment and  
6 tax rolls, and commencing on January 1 of the year following the year  
7 in which the assessor made such notation, such land shall be assessed  
8 on the same basis as real property is assessed generally in that  
9 county. Except as provided in subsections (5)(e) and (9) of this  
10 section and unless the assessor shall not have mailed notice of  
11 classification pursuant to subsection (3) of this section, a  
12 compensating tax shall be imposed which shall be due and payable to the  
13 county treasurer thirty days after the owner is notified of the amount  
14 of the compensating tax. As soon as possible, the assessor shall  
15 compute the amount of such compensating tax and mail notice to the  
16 owner of the amount thereof and the date on which payment is due. The  
17 amount of such compensating tax shall be equal to the difference, if  
18 any, between the amount of tax last levied on such land as forest land  
19 and an amount equal to the new assessed valuation of such land  
20 multiplied by the dollar rate of the last levy extended against such  
21 land, multiplied by a number, in no event greater than ten, equal to  
22 the number of years, commencing with assessment year 1975, for which  
23 such land was assessed and valued as forest land.

24 (8) Compensating tax, together with applicable interest thereon,  
25 shall become a lien on such land which shall attach at the time such  
26 land is removed from classification as forest land and shall have  
27 priority to and shall be fully paid and satisfied before any  
28 recognizance, mortgage, judgment, debt, obligation or responsibility to  
29 or with which such land may become charged or liable. Such lien may be  
30 foreclosed upon expiration of the same period after delinquency and in  
31 the same manner provided by law for foreclosure of liens for delinquent  
32 real property taxes as provided in RCW 84.64.050. Any compensating tax  
33 unpaid on its due date shall thereupon become delinquent. From the  
34 date of delinquency until paid, interest shall be charged at the same  
35 rate applied by law to delinquent ad valorem property taxes.

36 (9) The compensating tax specified in subsection (7) of this  
37 section shall not be imposed if the removal of classification as forest  
38 land pursuant to subsection (5) of this section resulted solely from:

1 (a) Transfer to a government entity in exchange for other forest  
2 land located within the state of Washington;

3 (b) A taking through the exercise of the power of eminent domain,  
4 or sale or transfer to an entity having the power of eminent domain in  
5 anticipation of the exercise of such power;

6 (c) A donation of fee title, development rights, or the right to  
7 harvest timber, to a government agency or organization qualified under  
8 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those  
9 sections, or the sale or transfer of fee title to a governmental entity  
10 or a nonprofit nature conservancy corporation, as defined in RCW  
11 64.04.130, exclusively for the protection and conservation of lands  
12 recommended for state natural area preserve purposes by the natural  
13 heritage council and natural heritage plan as defined in chapter 79.70  
14 RCW: PROVIDED, That at such time as the land is not used for the  
15 purposes enumerated, the compensating tax specified in subsection (7)  
16 of this section shall be imposed upon the current owner;

17 (d) The sale or transfer of fee title to the parks and recreation  
18 commission for park and recreation purposes; or

19 (e) Official action by an agency of the state of Washington or by  
20 the county or city within which the land is located that disallows the  
21 present use of such land.

22 (10) In a county with a population of more than one million  
23 inhabitants, the compensating tax specified in subsection (7) of this  
24 section shall not be imposed if the removal of classification as forest  
25 land pursuant to subsection (5) of this section resulted solely from:

26 (a) An action described in subsection (9) of this section; or

27 (b) A transfer of a property interest to a government entity, or to  
28 a nonprofit historic preservation corporation or nonprofit nature  
29 conservancy corporation, as defined in RCW 64.04.130, to protect or  
30 enhance public resources, or to preserve, maintain, improve, restore,  
31 limit the future use of, or otherwise to conserve for public use or  
32 enjoyment, the property interest being transferred. At such time as  
33 the property interest is not used for the purposes enumerated, the  
34 compensating tax shall be imposed upon the current owner.

35 (11) With respect to any land that has been designated prior to May  
36 6, 1974, pursuant to RCW 84.33.120(4) or 84.33.130, the assessor may,  
37 prior to January 1, 1975, on his or her own motion or pursuant to  
38 petition by the owner, change, without imposition of the compensating

1 tax provided under RCW 84.33.140, the status of such designated land to  
2 classified forest land.

3 **Sec. 2.** RCW 84.33.140 and 1995 c 330 s 2 are each amended to read  
4 as follows:

5 (1) When land has been designated as forest land pursuant to RCW  
6 84.33.120(4) or 84.33.130, a notation of such designation shall be made  
7 each year upon the assessment and tax rolls, a copy of the notice of  
8 approval together with the legal description or assessor's tax lot  
9 numbers for such land shall, at the expense of the applicant, be filed  
10 by the assessor in the same manner as deeds are recorded, and such land  
11 shall be graded and valued pursuant to RCW 84.33.110 and 84.33.120  
12 until removal of such designation by the assessor upon occurrence of  
13 any of the following:

14 (a) Receipt of notice from the owner to remove such designation;

15 (b) Sale or transfer to an ownership making such land exempt from  
16 ad valorem taxation;

17 (c) Sale or transfer of all or a portion of such land to a new  
18 owner, unless the new owner has signed a notice of forest land  
19 designation continuance, except transfer to an owner who is an heir or  
20 devisee of a deceased owner, shall not, by itself, result in removal of  
21 classification. The signed notice of continuance shall be attached to  
22 the real estate excise tax affidavit provided for in RCW 82.45.150.  
23 The notice of continuance shall be on a form prepared by the department  
24 of revenue. If the notice of continuance is not signed by the new  
25 owner and attached to the real estate excise tax affidavit, all  
26 compensating taxes calculated pursuant to subsection (3) of this  
27 section shall become due and payable by the seller or transferor at  
28 time of sale. The county auditor shall not accept an instrument of  
29 conveyance of designated forest land for filing or recording unless the  
30 new owner has signed the notice of continuance or the compensating tax  
31 has been paid. The seller, transferor, or new owner may appeal the new  
32 assessed valuation calculated under subsection (3) of this section to  
33 the county board of equalization. Jurisdiction is hereby conferred on  
34 the county board of equalization to hear these appeals;

35 (d) Determination by the assessor, after giving the owner written  
36 notice and an opportunity to be heard, that:

37 (i) Such land is no longer primarily devoted to and used for  
38 growing and harvesting timber. However, land shall not be removed from



1 designation if a governmental agency, organization, or other recipient  
2 identified in subsection (5) of this section as exempt from the payment  
3 of compensating tax has manifested its intent in writing or by other  
4 official action to acquire a property interest in designated forest  
5 land by means of a transaction that qualifies for an exemption under  
6 subsection (5) of this section. The governmental agency, organization,  
7 or recipient shall annually provide the assessor of the county in which  
8 the land is located reasonable evidence in writing of the intent to  
9 acquire the designated land as long as the intent continues or within  
10 sixty days of a request by the assessor. The assessor may not request  
11 this evidence more than once in a calendar year;

12 (ii) The owner has failed to comply with a final administrative or  
13 judicial order with respect to a violation of the restocking, forest  
14 management, fire protection, insect and disease control and forest  
15 debris provisions of Title 76 RCW or any applicable regulations  
16 thereunder; or

17 (iii) Restocking has not occurred to the extent or within the time  
18 specified in the application for designation of such land.

19 Removal of designation upon occurrence of any of (a) through (c) of  
20 this subsection shall apply only to the land affected, and upon  
21 occurrence of (d) of this subsection shall apply only to the actual  
22 area of land no longer primarily devoted to and used for growing and  
23 harvesting timber, without regard to other land that may have been  
24 included in the same application and approval for designation:  
25 PROVIDED, That any remaining designated forest land meets necessary  
26 definitions of forest land pursuant to RCW 84.33.100 (~~as now or~~  
27 ~~hereafter amended~~)).

28 (2) Within thirty days after such removal of designation of forest  
29 land, the assessor shall notify the owner in writing, setting forth the  
30 reasons for such removal. The seller, transferor, or owner may appeal  
31 such removal to the county board of equalization.

32 (3) Unless the removal is reversed on appeal a copy of the notice  
33 of removal with notation of the action, if any, upon appeal, together  
34 with the legal description or assessor's tax lot numbers for the land  
35 removed from designation shall, at the expense of the applicant, be  
36 filed by the assessor in the same manner as deeds are recorded, and  
37 commencing on January 1 of the year following the year in which the  
38 assessor mailed such notice, such land shall be assessed on the same  
39 basis as real property is assessed generally in that county. Except as

1 provided in subsection (5) of this section, a compensating tax shall be  
2 imposed which shall be due and payable to the county treasurer thirty  
3 days after the owner is notified of the amount of the compensating tax.  
4 As soon as possible, the assessor shall compute the amount of such  
5 compensating tax and mail notice to the owner of the amount thereof and  
6 the date on which payment is due. The amount of such compensating tax  
7 shall be equal to the difference between the amount of tax last levied  
8 on such land as forest land and an amount equal to the new assessed  
9 valuation of such land multiplied by the dollar rate of the last levy  
10 extended against such land, multiplied by a number, in no event greater  
11 than ten, equal to the number of years for which such land was  
12 designated as forest land.

13 (4) Compensating tax, together with applicable interest thereon,  
14 shall become a lien on such land which shall attach at the time such  
15 land is removed from designation as forest land and shall have priority  
16 to and shall be fully paid and satisfied before any recognizance,  
17 mortgage, judgment, debt, obligation or responsibility to or with which  
18 such land may become charged or liable. Such lien may be foreclosed  
19 upon expiration of the same period after delinquency and in the same  
20 manner provided by law for foreclosure of liens for delinquent real  
21 property taxes as provided in RCW 84.64.050. Any compensating tax  
22 unpaid on its due date shall thereupon become delinquent. From the  
23 date of delinquency until paid, interest shall be charged at the same  
24 rate applied by law to delinquent ad valorem property taxes.

25 (5) The compensating tax specified in subsection (3) of this  
26 section shall not be imposed if the removal of designation pursuant to  
27 subsection (1) of this section resulted solely from:

28 (a) Transfer to a government entity in exchange for other forest  
29 land located within the state of Washington;

30 (b) A taking through the exercise of the power of eminent domain,  
31 or sale or transfer to an entity having the power of eminent domain in  
32 anticipation of the exercise of such power;

33 (c) A donation of fee title, development rights, or the right to  
34 harvest timber, to a government agency or organization qualified under  
35 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those  
36 sections, or the sale or transfer of fee title to a governmental entity  
37 or a nonprofit nature conservancy corporation, as defined in RCW  
38 64.04.130, exclusively for the protection and conservation of lands  
39 recommended for state natural area preserve purposes by the natural

1 heritage council and natural heritage plan as defined in chapter 79.70  
2 RCW: PROVIDED, That at such time as the land is not used for the  
3 purposes enumerated, the compensating tax specified in subsection (3)  
4 of this section shall be imposed upon the current owner;

5 (d) The sale or transfer of fee title to the parks and recreation  
6 commission for park and recreation purposes; or

7 (e) Official action by an agency of the state of Washington or by  
8 the county or city within which the land is located that disallows the  
9 present use of such land.

10 (6) In a county with a population of more than one million  
11 inhabitants, the compensating tax specified in subsection (3) of this  
12 section shall not be imposed if the removal of classification as forest  
13 land pursuant to subsection (1) of this section resulted solely from:

14 (a) An action described in subsection (5) of this section; or

15 (b) A transfer of a property interest to a government entity, or to  
16 a nonprofit historic preservation corporation or nonprofit nature  
17 conservancy corporation, as defined in RCW 64.04.130, to protect or  
18 enhance public resources, or to preserve, maintain, improve, restore,  
19 limit the future use of, or otherwise to conserve for public use or  
20 enjoyment, the property interest being transferred. At such time as  
21 the property interest is not used for the purposes enumerated, the  
22 compensating tax shall be imposed upon the current owner.

23 **Sec. 3.** RCW 84.33.145 and 1992 c 69 s 3 are each amended to read  
24 as follows:

25 (1) If no later than thirty days after removal of classification or  
26 designation the owner applies for classification under RCW 84.34.020  
27 (1), (2), or (3), then the classified or designated forest land shall  
28 not be considered removed from classification or designation for  
29 purposes of the compensating tax under RCW 84.33.120 or 84.33.140 until  
30 the application for current use classification under RCW 84.34.030 is  
31 denied or the property is removed from designation under RCW 84.34.108.  
32 Upon removal from designation under RCW 84.34.108, the amount of  
33 compensating tax due under this chapter shall be equal to:

34 (a) The difference, if any, between the amount of tax last levied  
35 on such land as forest land and an amount equal to the new assessed  
36 valuation of such land when removed from designation under RCW  
37 84.34.108 multiplied by the dollar rate of the last levy extended  
38 against such land, multiplied by

1 (b) A number equal to:

2 (i) The number of years the land was classified or designated under  
3 this chapter, if the total number of years the land was classified or  
4 designated under this chapter and classified under chapter 84.34 RCW is  
5 less than ten; or

6 (ii) Ten minus the number of years the land was classified under  
7 chapter 84.34 RCW, if the total number of years the land was classified  
8 or designated under this chapter and classified under chapter 84.34 RCW  
9 is at least ten.

10 (2) Nothing in this section authorizes the continued classification  
11 or designation under this chapter or defers or reduces the compensating  
12 tax imposed upon forest land not transferred to classification under  
13 subsection (1) of this section which does not meet the necessary  
14 definitions of forest land under RCW 84.33.100. Nothing in this  
15 section affects the additional tax imposed under RCW 84.34.108.

16 (3) In a county with a population of more than one million  
17 inhabitants, no amount of compensating tax is due under this section if  
18 the removal from designation under RCW 84.34.108 results from a  
19 transfer of property described in RCW 84.34.108 (5) or (6).

20 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
21 preservation of the public peace, health, or safety, or support of the  
22 state government and its existing public institutions, and takes effect  
23 immediately.

--- END ---