

HOUSE BILL REPORT

SHB 2765

As Passed Legislature

Title: An act relating to timber and forest lands.

Brief Description: Concerning the timber and forest lands compensating tax.

Sponsors: By House Committee on Natural Resources (originally sponsored by Representatives Orcutt, Fromhold, Morell and McDermott).

Brief History:

Committee Activity:

Natural Resources: 2/6/02 [DPS].

Floor Activity:

Passed House: 2/14/02, 98-0.

Senate Amended.

Passed Senate: 3/6/02, 44-0.

House Concurred.

Passed House: 3/9/02, 94-0.

Passed Legislature.

Brief Summary of Substitute Bill

- Clarifies when timber management plans are required and the timelines for their submission.
- Defines the elements of a timber management plan.
- Permits a county to extend the timelines for submission of a timber management plan, and delay the processing of an application until the plan is submitted.

HOUSE COMMITTEE ON NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Doumit, Chair; Rockefeller, Vice Chair; Sump, Ranking Minority Member; Buck, Eickmeyer, Ericksen, Jackley, McDermott, Orcutt, Pearson and Upthegrove.

Staff: Jason Callahan (786-7117).

Background:

All property in this state is subject to a property tax each year based on the property's value unless a specific exemption is provided by law. The state Constitution authorizes agricultural, timber, and open space lands to be valued on the basis of their current use rather than fair market value. Standing timber is generally exempt from property taxes and is instead subject to a yield tax on harvest.

Two programs currently implement this constitutional exception to fair market value: the "open space" program and the "forest land" program. Both of these programs allow for a tax to be assessed on the current use. This status is available for certain agricultural, timber, and open space lands. Qualifying lands must meet certain acreage and/or gross income requirements. Timbered land may qualify for the open space assessment if it is at least five acres in size and used primarily for the commercial growth and harvest of commercial crops. Forested stands over 20 acres in size are qualified to be assessed in the forest lands program.

When a property being taxed at current use is sold or transferred, the new owner has the option of maintaining the current use designation for the land. When *forest lands* are transferred, the county assessor for those lands has the option of requiring the owner to file a timber management plan. Timbered property eligible for current use under the *open space* program must have a timber management plan submitted to the county assessor whenever an initial application is made, or the property is sold or transferred.

Summary of Substitute Bill:

The elements of a timber management plan are defined to include a legal description of the property, a brief description of the standing timber, the existence and nature of a forest management plan for the parcel, information on use, and information on existing forest practices. The timber management plan must be filed with a county either when an application for designation as current use is submitted, when a sale of timber land occurs, or within 60 days of applying for a reclassification of current use designation. An applicant that is required to submit a timber management plan may have an extension to the timelines granted in writing by the county. If the timelines are extended, the county may delay processing the application until the timber management plan is submitted.

Appropriation: None.**Fiscal Note:** Not Requested.**Effective Date:** Ninety days after adjournment of session in which bill is passed.

Testimony For: Many people purchase rural property and are surprised to learn that they need to complete a timber management plan. Often they are not made aware of this requirement until a week of the statutory 30-day deadline has passed. Often these plans are delayed due to complications with attaining aerial photographs, which makes the 30-day deadline even tougher to meet. Extending this deadline to 60 days will allow a landowner more time to have a plan completed and give him or her an opportunity to study the plan and become familiar with the document that is being committed to.

Testimony Against: None.

Testified: Representative Orcutt, prime sponsor.