

HOUSE BILL REPORT

SHB 2765

As Amended by the Senate

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.

<p style="text-align: center;">Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">· Provides a property owner that is being taxed for current uses in the forest lands program 60 days from the time he or she is removed from this classification to become designated under the open spaces program.

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:

A property owner that is being taxed for current uses in the forest lands program has 60 days from the time he or she is removed from this classification to become designated under the open spaces program.

EFFECT OF SENATE AMENDMENT(S):

Specifies the elements that are included in a timber management plan, specifies when a timber management plan must be filed, and grants a 60-day window for the filing if a plan as part of an application for reclassification. Permits a county assessor to grant a written extension for the filing of a timber management plan for any applications, and allows the assessor to delay the filing of paperwork until the plan is received.

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.