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**SUBSTITUTE HOUSE BILL 2609**

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**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Sullivan, Gombosky, Cairnes and Simpson; by request of Department of Revenue)

Read first time 02/08/2002. Referred to Committee on .

1 AN ACT Relating to improving property tax administration by merging  
2 double amendments, correcting out-of-date terminology, and clarifying  
3 procedures; amending RCW 36.68.525, 84.09.030, 84.09.037, 84.38.130,  
4 and 84.40.020; reenacting and amending RCW 84.33.130, 84.33.140, and  
5 84.34.108; creating new sections; and repealing RCW 84.33.120.

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

7 NEW SECTION. **Sec. 1.** During the regular session of the 2001  
8 legislature, RCW 84.33.120 was amended by section 3, chapter 185 and by  
9 section 1, chapter 305, and repealed by section 16, chapter 249, each  
10 without reference to the other. The purpose of sections 4 through 7 of  
11 this act is to resolve any uncertainty about the status of RCW  
12 84.33.120 caused by the enactment of three changes involving RCW  
13 84.33.120 during the 2001 regular legislative session.

14 (1) Chapter 249, Laws of 2001 both repealed RCW 84.33.120 and  
15 incorporated pertinent and vital parts of RCW 84.33.120 into RCW  
16 84.33.140. The technical amendments made to RCW 84.33.120 by section  
17 3, chapter 185, Laws of 2001 were also made to RCW 84.33.140 by section  
18 5, chapter 185, Laws of 2001. The amendments made to RCW 84.33.120 by  
19 section 1, chapter 305, Laws of 2001 were also made to RCW 84.33.140 by

1 section 2, chapter 305, Laws of 2001. Therefore, RCW 84.33.140 as  
2 amended during the 2001 regular legislative session embodies the  
3 pertinent and vital parts of RCW 84.33.120 and the 2001 amendments to  
4 RCW 84.33.120.

5 (2) The legislature intends to confirm the repeal of RCW 84.33.120,  
6 including the 2001 regular legislative session amendments to that  
7 section, as of the effective date of chapters 185, 249, and 305, Laws  
8 of 2001.

9 NEW SECTION. **Sec. 2.** During the regular session of the 2001  
10 legislature, RCW 84.33.130 was amended by section 4, chapter 185 and by  
11 section 2, chapter 249, each without reference to the other. The  
12 purpose of section 4 of this act is to reenact and amend RCW 84.33.130  
13 so that it reflects all amendments made by the legislature.

14 NEW SECTION. **Sec. 3.** During the regular session of the 2001  
15 legislature, RCW 84.34.108 was amended by section 7, chapter 185, by  
16 section 14, chapter 249, and by section 3, chapter 305, each without  
17 reference to the other. The purpose of section 6 of this act is to  
18 reenact and amend RCW 84.34.108 so that it reflects all amendments made  
19 by the legislature and to clarify any misunderstanding as to how the  
20 exemption contained in chapter 305 is to be applied.

21 **Sec. 4.** RCW 84.33.130 and 2001 c 249 s 2 and 2001 c 185 s 4 are  
22 each reenacted and amended to read as follows:

23 (1) Notwithstanding any other provision of law, lands that were  
24 assessed as classified forest land before July 22, 2001, shall be  
25 designated forest land for the purposes of this chapter. The owners of  
26 previously classified forest land shall not be required to apply for  
27 designation under this chapter. As of July 22, 2001, the land and  
28 timber on such land shall be assessed and taxed in accordance with the  
29 provisions of this chapter.

30 (2) An owner of land desiring that it be designated as forest land  
31 and valued under RCW 84.33.140 as of January 1st of any year shall  
32 submit an application to the assessor of the county in which the land  
33 is located before January 1st of that year. The application shall be  
34 accompanied by a reasonable processing fee when the county legislative  
35 authority has established the requirement for such a fee.

1 (3) No application of designation is required when publicly owned  
2 forest land is exchanged for privately owned forest land designated  
3 under this chapter. The land exchanged and received by an owner  
4 subject to ad valorem taxation shall be automatically granted  
5 designation under this chapter if the following conditions are met:

6 (a) The land will be used to grow and harvest timber; and

7 (b) The owner of the land submits a document to the assessor's  
8 office that explains the details of the forest land exchange within  
9 sixty days of the closing date of the exchange. However, if the owner  
10 fails to submit information regarding the exchange by the end of this  
11 sixty-day period, the owner must file an application for designation as  
12 forest land under this chapter and the regular application process will  
13 be followed.

14 (4) The application shall be made upon forms prepared by the  
15 department and supplied by the assessor, and shall include the  
16 following:

17 (a) A legal description of, or assessor's parcel numbers for, all  
18 land the applicant desires to be designated as forest land;

19 (b) The date or dates of acquisition of the land;

20 (c) A brief description of the timber on the land, or if the timber  
21 has been harvested, the owner's plan for restocking;

22 (d) A copy of the timber management plan, if one exists, for the  
23 land prepared by a trained forester or any other person with adequate  
24 knowledge of timber management practices;

25 (e) If a timber management plan exists, an explanation of the  
26 nature and extent to which the management plan has been implemented;

27 (f) Whether the land is used for grazing;

28 (g) Whether the land has been subdivided or a plat has been filed  
29 with respect to the land;

30 (h) Whether the land and the applicant are in compliance with the  
31 restocking, forest management, fire protection, insect and disease  
32 control, and forest debris provisions of Title 76 RCW or any applicable  
33 rules;

34 (i) Whether the land is subject to forest fire protection  
35 assessments under RCW 76.04.610;

36 (j) Whether the land is subject to a lease, option, or other right  
37 that permits it to be used for any purpose other than growing and  
38 harvesting timber;

1 (k) A summary of the past experience and activity of the applicant  
2 in growing and harvesting timber;

3 (l) A summary of current and continuing activity of the applicant  
4 in growing and harvesting timber;

5 (m) A statement that the applicant is aware of the potential tax  
6 liability involved when the land ceases to be designated as forest  
7 land;

8 (n) An affirmation that the statements contained in the application  
9 are true and that the land described in the application meets the  
10 definition of forest land in RCW 84.33.035; and

11 (o) A description and/or drawing showing what areas of land for  
12 which designation is sought are used for incidental uses compatible  
13 with the definition of forest land in RCW 84.33.035.

14 (5) The assessor shall afford the applicant an opportunity to be  
15 heard if the applicant so requests.

16 (6) The assessor shall act upon the application with due regard to  
17 all relevant evidence and without any one or more items of evidence  
18 necessarily being determinative, except that the application may be  
19 denied for one of the following reasons, without regard to other items:

20 (a) The land does not contain (~~either~~) a "merchantable stand of  
21 timber" as defined in chapter 76.09 RCW and applicable rules. This  
22 reason shall not alone be sufficient to deny the application (i) if the  
23 land has been recently harvested or supports a growth of brush or  
24 noncommercial type timber, and the application includes a plan for  
25 restocking within three years or a longer period necessitated by  
26 unavailability of seed or seedlings, or (ii) if only isolated areas  
27 within the land do not meet the minimum standards due to rock  
28 outcroppings, swamps, unproductive soil or other natural conditions;

29 (b) The applicant, with respect to the land, has failed to comply  
30 with a final administrative or judicial order with respect to a  
31 violation of the restocking, forest management, fire protection, insect  
32 and disease control, and forest debris provisions of Title 76 RCW or  
33 any applicable rules under Title 76 RCW; or

34 (c) The land abuts a body of salt water and lies between the line  
35 of ordinary high tide and a line paralleling the ordinary high tide  
36 line and two hundred feet horizontally landward from the high tide  
37 line. However, if the assessor determines that a higher and better use  
38 exists for the land but this use would not be permitted or economically  
39 feasible by virtue of any federal, state, or local law or regulation,

1 the land shall be assessed and valued under RCW 84.33.140 without being  
2 designated as forest land.

3 (7) The application shall be deemed to have been approved unless,  
4 prior to May 1st of the year after the application was mailed or  
5 delivered to the assessor, the assessor notifies the applicant in  
6 writing of the extent to which the application is denied.

7 (8) An owner who receives notice that his or her application has  
8 been denied, in whole or in part, may appeal the denial to the county  
9 board of equalization in accordance with the provisions of RCW  
10 84.40.038.

11 **Sec. 5.** RCW 84.33.140 and 2001 c 305 s 2, 2001 c 249 s 3, and 2001  
12 c 185 s 5 are each reenacted and amended to read as follows:

13 (1) When land has been designated as forest land under RCW  
14 84.33.130, a notation of the designation shall be made each year upon  
15 the assessment and tax rolls. A copy of the notice of approval  
16 together with the legal description or assessor's parcel numbers for  
17 the land shall, at the expense of the applicant, be filed by the  
18 assessor in the same manner as deeds are recorded.

19 (2) In preparing the assessment roll as of January 1, 2002, for  
20 taxes payable in 2003 and each January 1st thereafter, the assessor  
21 shall list each parcel of designated forest land at a value with  
22 respect to the grade and class provided in this subsection and adjusted  
23 as provided in subsection (3) of this section. The assessor shall  
24 compute the assessed value of the land using the same assessment ratio  
25 applied generally in computing the assessed value of other property in  
26 the county. Values for the several grades of bare forest land shall be  
27 as follows:

28	LAND	OPERABILITY	VALUES
29	GRADE	CLASS	PER ACRE
30		1	\$234
31	1	2	229
32		3	217
33		4	157
34		1	198
35	2	2	190
36		3	183
37		4	132
38		1	154

1	3	2	149
2		3	148
3		4	113
4		1	117
5	4	2	114
6		3	113
7		4	86
8		1	85
9	5	2	78
10		3	77
11		4	52
12		1	43
13	6	2	39
14		3	39
15		4	37
16		1	21
17	7	2	21
18		3	20
19		4	20
20	8		1

21 (3) On or before December 31, 2001, the department shall adjust by  
22 rule under chapter 34.05 RCW, the forest land values contained in  
23 subsection (2) of this section in accordance with this subsection, and  
24 shall certify the adjusted values to the assessor who will use these  
25 values in preparing the assessment roll as of January 1, 2002. For the  
26 adjustment to be made on or before December 31, 2001, for use in the  
27 2002 assessment year, the department shall:

28 (a) Divide the aggregate value of all timber harvested within the  
29 state between July 1, 1996, and June 30, 2001, by the aggregate harvest  
30 volume for the same period, as determined from the harvester excise tax  
31 returns filed with the department under RCW 84.33.074; and

32 (b) Divide the aggregate value of all timber harvested within the  
33 state between July 1, 1995, and June 30, 2000, by the aggregate harvest  
34 volume for the same period, as determined from the harvester excise tax  
35 returns filed with the department under RCW 84.33.074; and

36 (c) Adjust the forest land values contained in subsection (2) of  
37 this section by a percentage equal to one-half of the percentage change  
38 in the average values of harvested timber reflected by comparing the  
39 resultant values calculated under (a) and (b) of this subsection.

1 (4) For the adjustments to be made on or before December 31, 2002,  
2 and each succeeding year thereafter, the same procedure described in  
3 subsection (3) of this section shall be followed using harvester excise  
4 tax returns filed under RCW 84.33.074. However, this adjustment shall  
5 be made to the prior year's adjusted value, and the five-year periods  
6 for calculating average harvested timber values shall be successively  
7 one year more recent.

8 (5) Land graded, assessed, and valued as forest land shall continue  
9 to be so graded, assessed, and valued until removal of designation by  
10 the assessor upon the occurrence of any of the following:

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

12 (b) Sale or transfer to an ownership making the land exempt from ad  
13 valorem taxation;

14 (c) Sale or transfer of all or a portion of the land to a new  
15 owner, unless the new owner has signed a notice of forest land  
16 designation continuance, except transfer to an owner who is an heir or  
17 devisee of a deceased owner, shall not, by itself, result in removal of  
18 designation. The signed notice of continuance shall be attached to the  
19 real estate excise tax affidavit provided for in RCW 82.45.150. The  
20 notice of continuance shall be on a form prepared by the department.  
21 If the notice of continuance is not signed by the new owner and  
22 attached to the real estate excise tax affidavit, all compensating  
23 taxes calculated under subsection (11) of this section shall become due  
24 and payable by the seller or transferor at time of sale. The auditor  
25 shall not accept an instrument of conveyance ((of)) regarding  
26 designated forest land for filing or recording unless the new owner has  
27 signed the notice of continuance or the compensating tax has been paid,  
28 as evidenced by the real estate excise tax stamp affixed thereto by the  
29 treasurer. The seller, transferor, or new owner may appeal the new  
30 assessed valuation calculated under subsection (11) of this section to  
31 the county board of equalization in accordance with the provisions of  
32 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of  
33 equalization to hear these appeals;

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

36 (i) The land is no longer primarily devoted to and used for growing  
37 and harvesting timber. However, land shall not be removed from  
38 designation if a governmental agency, organization, or other recipient  
39 identified in subsection (13) or (14) 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 the  
3 designated forest land by means of a transaction that qualifies for an  
4 exemption under subsection (13) or (14) of this section. The  
5 governmental agency, organization, or recipient shall annually provide  
6 the assessor of the county in which the land is located reasonable  
7 evidence in writing of the intent to acquire the designated land as  
8 long as the intent continues or within sixty days of a request by the  
9 assessor. The assessor may not request this evidence more than once in  
10 a calendar year;

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

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

18 (6) Land shall not be removed from designation if there is a  
19 governmental restriction that prohibits, in whole or in part, the owner  
20 from harvesting ((of)) timber from the owner's designated forest land.  
21 If only a portion of the parcel is impacted by governmental  
22 restrictions of this nature, the restrictions cannot be used as a basis  
23 to remove the remainder of the forest land from designation under this  
24 chapter. For the purposes of this section, "governmental restrictions"  
25 includes: (a) Any law, regulation, rule, ordinance, program, or other  
26 action adopted or taken by a federal, state, county, city, or other  
27 governmental entity; or (b) the land's zoning or its presence within an  
28 urban growth area designated under RCW 36.70A.110.

29 (7) The assessor shall have the option of requiring an owner of  
30 forest land to file a timber management plan with the assessor upon the  
31 occurrence of one of the following:

32 (a) An application for designation as forest land is submitted; or

33 (b) Designated forest land is sold or transferred and a notice of  
34 continuance, described in subsection (5)(c) of this section, is signed.

35 (8) If land is removed from designation because of any of the  
36 circumstances listed in subsection (5)(a) through (c) of this section,  
37 the removal shall apply only to the land affected. If land is removed  
38 from designation because of subsection (5)(d) of this section, the  
39 removal shall apply only to the actual area of land that is no longer



1 primarily devoted to the growing and harvesting of timber, without  
2 regard to any other land that may have been included in the application  
3 and approved for designation, as long as the remaining designated  
4 forest land meets the definition of forest land contained in RCW  
5 84.33.035.

6 (9) Within thirty days after the removal of designation as forest  
7 land, the assessor shall notify the owner in writing, setting forth the  
8 reasons for the removal. The seller, transferor, or owner may appeal  
9 the removal to the county board of equalization in accordance with the  
10 provisions of RCW 84.40.038.

11 (10) Unless the removal is reversed on appeal a copy of the notice  
12 of removal with a notation of the action, if any, upon appeal, together  
13 with the legal description or assessor's parcel numbers for the land  
14 removed from designation shall, at the expense of the applicant, be  
15 filed by the assessor in the same manner as deeds are recorded and a  
16 notation of removal from designation shall immediately be made upon the  
17 assessment and tax rolls. The assessor shall revalue the land to be  
18 removed with reference to its true and fair value as of January 1st of  
19 the year of removal from designation. Both the assessed value before  
20 and after the removal of designation shall be listed. Taxes based on  
21 the value of the land as forest land shall be assessed and payable up  
22 until the date of removal and taxes based on the true and fair value of  
23 the land shall be assessed and payable from the date of removal from  
24 designation.

25 (11) Except as provided in subsection (5)(c), (13), or (14) of this  
26 section, a compensating tax shall be imposed on land removed from  
27 designation as forest land. The compensating tax shall be due and  
28 payable to the treasurer thirty days after the owner is notified of the  
29 amount of this tax. As soon as possible after the land is removed from  
30 designation, the assessor shall compute the amount of compensating tax  
31 and mail a notice to the owner of the amount of compensating tax owed  
32 and the date on which payment of this tax is due. The amount of  
33 compensating tax shall be equal to the difference between the amount of  
34 tax last levied on the land as designated forest land and an amount  
35 equal to the new assessed value of the land multiplied by the dollar  
36 rate of the last levy extended against the land, multiplied by a  
37 number, in no event greater than nine, equal to the number of years for  
38 which the land was designated as forest land, plus compensating taxes  
39 on the land at forest land values up until the date of removal and the

1 prorated taxes on the land at true and fair value from the date of  
2 removal to the end of the current tax year.

3 (12) Compensating tax, together with applicable interest thereon,  
4 shall become a lien on the land which shall attach at the time the land  
5 is removed from designation as forest land and shall have priority to  
6 and shall be fully paid and satisfied before any recognizance,  
7 mortgage, judgment, debt, obligation, or responsibility to or with  
8 which the land may become charged or liable. The lien may be  
9 foreclosed upon expiration of the same period after delinquency and in  
10 the same manner provided by law for foreclosure of liens for delinquent  
11 real property taxes as provided in RCW 84.64.050. Any compensating tax  
12 unpaid on its due date shall thereupon become delinquent. From the  
13 date of delinquency until paid, interest shall be charged at the same  
14 rate applied by law to delinquent ad valorem property taxes.

15 (13) The compensating tax specified in subsection (11) of this  
16 section shall not be imposed if the removal of designation under  
17 subsection (5) of this section resulted solely from:

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

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

23 (c) A donation of fee title, development rights, or the right to  
24 harvest timber, to a government agency or organization qualified under  
25 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those  
26 sections, or the sale or transfer of fee title to a governmental entity  
27 or a nonprofit nature conservancy corporation, as defined in RCW  
28 64.04.130, exclusively for the protection and conservation of lands  
29 recommended for state natural area preserve purposes by the natural  
30 heritage council and natural heritage plan as defined in chapter 79.70  
31 RCW. At such time as the land is not used for the purposes enumerated,  
32 the compensating tax specified in subsection (11) of this section shall  
33 be imposed upon the current owner;

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

36 (e) Official action by an agency of the state of Washington or by  
37 the county or city within which the land is located that disallows the  
38 present use of the land;

1 (f) The creation, sale, or transfer of forestry riparian easements  
2 under RCW 76.13.120;

3 (g) The creation, sale, or transfer of a fee interest or a  
4 conservation easement for the riparian open space program under RCW  
5 76.09.040;

6 (h) The sale or transfer of land within two years after the death  
7 of the owner of at least a fifty percent interest in the land if the  
8 land has been assessed and valued as classified forest land, designated  
9 as forest land under this chapter, or classified under chapter 84.34  
10 RCW continuously since 1993. The date of death shown on a death  
11 certificate is the date used for the purposes of this subsection  
12 (13)(h); or

13 (i) The sale or transfer of land after the death of the owner of at  
14 least a fifty percent interest in the land if the land has been  
15 assessed and valued as classified forest land, designated as forest  
16 land under this chapter, or classified under chapter 84.34 RCW  
17 continuously since 1993 and the sale or transfer takes place (~~within~~  
18 ~~two years~~)) after July 22, 2001, and on or before July 22, 2003, and  
19 the death of the owner occurred after January 1, 1991(~~or~~

20 ~~(j) The date of death shown on a death certificate is the date used~~  
21 ~~for the purpose of this subsection (5)).~~ The date of death shown on  
22 a death certificate is the date used for the purposes of this  
23 subsection (13)(i).

24 (14) In a county with a population of more than one million  
25 inhabitants, the compensating tax specified in subsection (11) of this  
26 section shall not be imposed if the removal of designation as forest  
27 land under subsection (5) of this section resulted solely from:

28 (a) An action described in subsection (13) of this section; or

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

37 **Sec. 6.** RCW 84.34.108 and 2001 c 305 s 3, 2001 c 249 s 14, and  
38 2001 c 185 s 7 are each reenacted and amended to read as follows:

1 (1) When land has once been classified under this chapter, a  
2 notation of the classification shall be made each year upon the  
3 assessment and tax rolls and the land shall be valued pursuant to RCW  
4 84.34.060 or 84.34.065 until removal of all or a portion of the  
5 classification by the assessor upon occurrence of any of the following:

6 (a) Receipt of notice from the owner to remove all or a portion of  
7 the classification;

8 (b) Sale or transfer to an ownership, except a transfer that  
9 resulted from a default in loan payments made to or secured by a  
10 governmental agency that intends to or is required by law or regulation  
11 to resell the property for the same use as before, making all or a  
12 portion of the land exempt from ad valorem taxation;

13 (c) Sale or transfer of all or a portion of the land to a new  
14 owner, unless the new owner has signed a notice of classification  
15 continuance, except transfer to an owner who is an heir or devisee of  
16 a deceased owner shall not, by itself, result in removal of  
17 classification. The notice of continuance shall be on a form prepared  
18 by the department. If the notice of continuance is not signed by the  
19 new owner and attached to the real estate excise tax affidavit, all  
20 additional taxes calculated pursuant to subsection (4) of this section  
21 shall become due and payable by the seller or transferor at time of  
22 sale. The auditor shall not accept an instrument of conveyance ((of))  
23 regarding classified land for filing or recording unless the new owner  
24 has signed the notice of continuance or the additional tax has been  
25 paid, as evidenced by the real estate excise tax stamp affixed thereto  
26 by the treasurer. The seller, transferor, or new owner may appeal the  
27 new assessed valuation calculated under subsection (4) of this section  
28 to the county board of equalization in accordance with the provisions  
29 of RCW 84.40.038. Jurisdiction is hereby conferred on the county board  
30 of equalization to hear these appeals;

31 (d) Determination by the assessor, after giving the owner written  
32 notice and an opportunity to be heard, that all or a portion of the  
33 land no longer meets the criteria for classification under this  
34 chapter. The criteria for classification pursuant to this chapter  
35 continue to apply after classification has been granted.

36 The granting authority, upon request of an assessor, shall provide  
37 reasonable assistance to the assessor in making a determination whether  
38 the land continues to meet the qualifications of RCW 84.34.020 (1) or

1 (3). The assistance shall be provided within thirty days of receipt of  
2 the request.

3 (2) Land may not be removed from classification because of:

4 (a) The creation, sale, or transfer of forestry riparian easements  
5 under RCW 76.13.120; or

6 (b) The creation, sale, or transfer of a fee interest or a  
7 conservation easement for the riparian open space program under RCW  
8 76.09.040.

9 (3) Within thirty days after such removal of all or a portion of  
10 the land from current use classification, the assessor shall notify the  
11 owner in writing, setting forth the reasons for the removal. The  
12 seller, transferor, or owner may appeal the removal to the county board  
13 of equalization in accordance with the provisions of RCW 84.40.038.

14 (4) Unless the removal is reversed on appeal, the assessor shall  
15 revalue the affected land with reference to its true and fair value on  
16 January 1st of the year of removal from classification. Both the  
17 assessed valuation before and after the removal of classification shall  
18 be listed and taxes shall be allocated according to that part of the  
19 year to which each assessed valuation applies. Except as provided in  
20 subsection (6) of this section, an additional tax, applicable interest,  
21 and penalty shall be imposed which shall be due and payable to the  
22 treasurer thirty days after the owner is notified of the amount of the  
23 additional tax. As soon as possible, the assessor shall compute the  
24 amount of additional tax, applicable interest, and penalty and the  
25 treasurer shall mail notice to the owner of the amount thereof and the  
26 date on which payment is due. The amount of the additional tax,  
27 applicable interest, and penalty shall be determined as follows:

28 (a) The amount of additional tax shall be equal to the difference  
29 between the property tax paid as "open space land", "farm and  
30 agricultural land", or "timber land" and the amount of property tax  
31 otherwise due and payable for the seven years last past had the land  
32 not been so classified;

33 (b) The amount of applicable interest shall be equal to the  
34 interest upon the amounts of the additional tax paid at the same  
35 statutory rate charged on delinquent property taxes from the dates on  
36 which the additional tax could have been paid without penalty if the  
37 land had been assessed at a value without regard to this chapter;

1 (c) The amount of the penalty shall be as provided in RCW  
2 84.34.080. The penalty shall not be imposed if the removal satisfies  
3 the conditions of RCW 84.34.070.

4 (5) Additional tax, applicable interest, and penalty, shall become  
5 a lien on the land which shall attach at the time the land is removed  
6 from classification under this chapter and shall have priority to and  
7 shall be fully paid and satisfied before any recognizance, mortgage,  
8 judgment, debt, obligation or responsibility to or with which the land  
9 may become charged or liable. This lien may be foreclosed upon  
10 expiration of the same period after delinquency and in the same manner  
11 provided by law for foreclosure of liens for delinquent real property  
12 taxes as provided in RCW 84.64.050 now or as hereafter amended. Any  
13 additional tax unpaid on its due date shall thereupon become  
14 delinquent. From the date of delinquency until paid, interest shall be  
15 charged at the same rate applied by law to delinquent ad valorem  
16 property taxes.

17 (6) The additional tax, applicable interest, and penalty specified  
18 in subsection (4) of this section shall not be imposed if the removal  
19 of classification pursuant to subsection (1) of this section resulted  
20 solely from:

21 (a) Transfer to a government entity in exchange for other land  
22 located within the state of Washington;

23 (b)(i) A taking through the exercise of the power of eminent  
24 domain, or (ii) sale or transfer to an entity having the power of  
25 eminent domain in anticipation of the exercise of such power, said  
26 entity having manifested its intent in writing or by other official  
27 action;

28 (c) A natural disaster such as a flood, windstorm, earthquake, or  
29 other such calamity rather than by virtue of the act of the landowner  
30 changing the use of the property;

31 (d) Official action by an agency of the state of Washington or by  
32 the county or city within which the land is located which disallows the  
33 present use of the land;

34 (e) Transfer of land to a church when the land would qualify for  
35 exemption pursuant to RCW 84.36.020;

36 (f) Acquisition of property interests by state agencies or agencies  
37 or organizations qualified under RCW 84.34.210 and 64.04.130 for the  
38 purposes enumerated in those sections. At such time as these property  
39 interests are not used for the purposes enumerated in RCW 84.34.210 and

1 64.04.130 the additional tax specified in subsection (4) of this  
2 section shall be imposed;

3 (g) Removal of land classified as farm and agricultural land under  
4 RCW 84.34.020(2)(e);

5 (h) Removal of land from classification after enactment of a  
6 statutory exemption that qualifies the land for exemption and receipt  
7 of notice from the owner to remove the land from classification;

8 (i) The creation, sale, or transfer of forestry riparian easements  
9 under RCW 76.13.120;

10 (j) The creation, sale, or transfer of a fee interest or a  
11 conservation easement for the riparian open space program under RCW  
12 76.09.040;

13 (k) The sale or transfer of land within two years after the death  
14 of the owner of at least a fifty percent interest in the land if the  
15 land has been assessed and valued as classified forest land, designated  
16 as forest land under chapter 84.33 RCW, or classified under this  
17 chapter continuously since 1993. The date of death shown on a death  
18 certificate is the date used for the purposes of this subsection  
19 (6)(k); or

20 (l) The sale or transfer of land after the death of the owner of at  
21 least a fifty percent interest in the land if the land has been  
22 assessed and valued as classified forest land, designated as forest  
23 land under chapter 84.33 RCW, or classified under this chapter  
24 continuously since 1993 and the sale or transfer takes place (~~within~~  
25 ~~two years~~) after July 22, 2001, and on or before July 22, 2003, and  
26 the death of the owner occurred after January 1, 1991(~~or~~  
27 ~~+~~). The date of death shown on a death certificate is the date  
28 used for the purposes of this subsection (6)(l).

29 **Sec. 7.** RCW 36.68.525 and 1994 c 156 s 5 are each amended to read  
30 as follows:

31 A park and recreation service area may impose regular property tax  
32 levies in an amount equal to sixty cents or less per thousand dollars  
33 of assessed value of property in the service area in each year for six  
34 consecutive years when specifically authorized so to do by a majority  
35 of at least three-fifths of the voters thereof approving a proposition  
36 authorizing the levies submitted not more than twelve months prior to  
37 the date on which the proposed initial levy is to be made and not  
38 oftener than twice in such twelve month period, either at a special

1 election or at the regular election of the service area, at which  
2 election the number of voters voting "yes" on the proposition shall  
3 constitute three-fifths of a number equal to forty percent of the  
4 number of voters voting in the service area at the last preceding  
5 general election when the number of voters voting on the proposition  
6 does not exceed forty percent of the number of voters voting in such  
7 taxing district in the last preceding general election; or by a  
8 majority of at least three-fifths of the voters thereof voting on the  
9 proposition if the number of voters voting on the proposition exceeds  
10 forty per centum of the number of voters voting in such taxing district  
11 in the last preceding general election. A proposition authorizing such  
12 tax levies shall not be submitted by a park and recreation service area  
13 more than twice in any twelve-month period. Ballot propositions shall  
14 conform with RCW 29.30.111. If a park and recreation service area is  
15 levying property taxes, which in combination with property taxes levied  
16 by other taxing districts result in taxes in excess of the ((~~nine-~~  
17 ~~dollar and fifteen~~)) five dollars and ninety cents per thousand dollars  
18 of assessed valuation limitation provided for in RCW 84.52.043, the  
19 park and recreation service area property tax levy shall be reduced or  
20 eliminated before the property tax levies of other taxing districts are  
21 reduced.

22 **Sec. 8.** RCW 84.09.030 and 1996 c 230 s 1613 are each amended to  
23 read as follows:

24 Except as follows, the boundaries of counties, cities and all other  
25 taxing districts, for purposes of property taxation and the levy of  
26 property taxes, shall be the established official boundaries of such  
27 districts existing on the first day of March of the year in which the  
28 property tax levy is made.

29 (1) The official boundaries of a newly incorporated taxing district  
30 shall be established at a different date in the year in which the  
31 incorporation occurred as follows:

32 ~~((1))~~ (a) Boundaries for a newly incorporated city shall be  
33 established on the last day of March of the year in which the initial  
34 property tax levy is made, and the boundaries of a road district,  
35 library district, or fire protection district or districts, that  
36 include any portion of the area that was incorporated within its  
37 boundaries shall be altered as of this date to exclude this area, if  
38 the budget for the newly incorporated city is filed pursuant to RCW



1 84.52.020 and the levy request of the newly incorporated city is made  
2 pursuant to RCW 84.52.070. Whenever a proposed city incorporation is  
3 on the March special election ballot, the county auditor shall submit  
4 the legal description of the proposed city to the department of revenue  
5 on or before the first day of March;

6 ~~((+2))~~ (b) Boundaries for a newly incorporated port district shall  
7 be established on the first day of October if the boundaries of the  
8 newly incorporated port district are coterminous with the boundaries of  
9 another taxing district, as they existed on the first day of March of  
10 that year;

11 ~~((+3))~~ (c) Boundaries of any other newly incorporated taxing  
12 district shall be established on the first day of June of the year in  
13 which the property tax levy is made if the taxing district has  
14 boundaries coterminous with the boundaries of another taxing district,  
15 as they existed on the first day of March of that year;

16 ~~((+4))~~ (d) Boundaries for a newly incorporated water-sewer  
17 district shall be established on the fifteenth of June of the year in  
18 which the proposition under RCW 57.04.050 authorizing a water district  
19 excess levy is approved.

20 (2) The boundaries of a mosquito control district shall be the  
21 established official boundary of the district existing on the first day  
22 of September of the year in which the property tax levy is made.

23 (3) The boundaries of a taxing district shall be established on the  
24 first day of June if territory has been added to, or removed from, the  
25 taxing district after the first day of March of that year with  
26 boundaries coterminous with the boundaries of another taxing district  
27 as they existed on the first day of March of that year. However, the  
28 boundaries of a road district, library district, or fire protection  
29 district or districts, that include any portion of the area that was  
30 annexed to a city or town within its boundaries shall be altered as of  
31 this date to exclude this area. In any case where any instrument  
32 setting forth the official boundaries of any newly established taxing  
33 district, or setting forth any change in such boundaries, is required  
34 by law to be filed in the office of the county auditor or other county  
35 official, said instrument shall be filed in triplicate. The officer  
36 with whom such instrument is filed shall transmit two copies to the  
37 county assessor.

1 No property tax levy shall be made for any taxing district whose  
2 boundaries are not established as of the dates provided in this  
3 section.

4 **Sec. 9.** RCW 84.09.037 and 1990 c 33 s 597 are each amended to read  
5 as follows:

6 Each school district affected by a transfer of territory from one  
7 school district to another school district under chapter 28A.315 RCW  
8 shall retain its preexisting boundaries for the purpose of the  
9 collection of excess tax levies authorized under RCW 84.52.053 before  
10 the effective date of the transfer, for such tax collection years and  
11 for such excess tax levies as the (~~state board of education~~) regional  
12 committee on school district organization may approve and order that  
13 the transferred territory shall either be subject to or relieved of  
14 such excess levies, as the case may be. For the purpose of all other  
15 excess tax levies previously authorized under chapter 84.52 RCW and all  
16 excess tax levies authorized under RCW 84.52.053 subsequent to the  
17 effective date of a transfer of territory, the boundaries of the  
18 affected school districts shall be modified to recognize the transfer  
19 of territory subject to RCW 84.09.030.

20 **Sec. 10.** RCW 84.38.130 and 1984 c 220 s 26 are each amended to  
21 read as follows:

22 Special assessments and/or real property tax obligations deferred  
23 under this chapter shall become payable together with interest as  
24 provided in RCW 84.38.100:

25 (1) Upon the sale of property which has a deferred special  
26 assessment and/or real property tax lien upon it.

27 (2) Upon the death of the claimant with an outstanding deferred  
28 special assessment and/or real property tax lien except a surviving  
29 spouse who is qualified under this chapter may elect to incur the  
30 special assessment and/or real property tax lien which shall then be  
31 payable by that spouse as provided in this section.

32 (3) Upon the condemnation of property with a deferred special  
33 assessment and/or real property tax lien upon it by a public or private  
34 body exercising eminent domain power, except as otherwise provided in  
35 RCW 84.60.070.

36 (4) At such time as the claimant ceases to reside permanently in  
37 the residence upon which the deferral has been granted.

1 (5) Upon the failure of any condition set forth in RCW 84.38.030  
2 except when the income of the claimant rises above the level of  
3 combined disposable income in RCW 84.38.030(3).

4 **Sec. 11.** RCW 84.40.020 and 2001 c 187 s 16 are each amended to  
5 read as follows:

6 (1) All real property in this state subject to taxation shall be  
7 listed and assessed every year, with reference to its value on the  
8 first day of January of the year in which it is assessed. Such listing  
9 and all supporting documents and records shall be open to public  
10 inspection during the regular office hours of the assessor's office(~~(+  
11 PROVIDED, That~~)). However, confidential income data is hereby exempted  
12 from public inspection as noted in RCW 42.17.260 and 42.17.310.

13 (2) All personal property in this state subject to taxation shall  
14 be listed and assessed every year, with reference to its value and  
15 ownership on the first day of January of the year in which it is  
16 assessed(~~(+ PROVIDED, That if the stock of goods, wares, merchandise  
17 or material, whether in a raw or finished state or in process of  
18 manufacture~~)). However, if the stock of taxable products or materials,  
19 except for business inventories as defined in RCW 84.36.477, owned or  
20 held by any taxpayer on January 1<sup>st</sup> of any year does not fairly  
21 represent the average stock of such products or materials carried by  
22 ~~((such))~~ the taxpayer, ~~((such))~~ the stock shall be listed and assessed  
23 upon the basis of the monthly average ~~((of stock))~~ owned or held by  
24 ~~((such))~~ the taxpayer during the preceding calendar year or during such  
25 portion thereof as the taxpayer was engaged in business.

26 NEW SECTION. **Sec. 12.** RCW 84.33.120 (Forest land valuation--  
27 Assessor to list forest land at grade and class values--Computation of  
28 assessed value--Adjustment of values--Certification--Use--Notice of  
29 continuance--Appeals--Removal of classification--Compensating tax) and  
30 2001 c 305 s 1, 2001 c 185 s 3, 1999 sp.s. c 4 s 702, 1999 c 233 s 20,  
31 1997 c 299 s 1, 1995 c 330 s 1, 1992 c 69 s 1, 1986 c 238 s 1, 1984 c  
32 204 s 23, 1981 c 148 s 7, 1980 c 134 s 2, 1974 ex.s. c 187 s 5, 1972  
33 ex.s. c 148 s 5, & 1971 ex.s. c 294 s 12 is repealed.

1        NEW SECTION.   **Sec. 13.**   Sections 4 through 12 of this act apply to  
2   taxes levied for collection in 2003 and thereafter.

--- **END** ---