

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5702

57th Legislature
2001 Regular Session

Passed by the Senate April 17, 2001
YEAS 47 NAYS 0

President of the Senate

Passed by the House April 4, 2001
YEAS 95 NAYS 0

**Speaker of the
House of Representatives**

**Speaker of the
House of Representatives**

Approved

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5702** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5702

AS AMENDED BY THE HOUSE

Passed Legislature - 2001 Regular Session

State of Washington 57th Legislature 2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Snyder, Winsley, Spanel, Rossi and Rasmussen)

READ FIRST TIME 02/21/01.

1 AN ACT Relating to simplifying and harmonizing the taxation of
2 lands valued at current use; amending RCW 84.33.035, 84.33.130,
3 84.33.140, 84.33.145, 84.33.170, 84.33.210, 84.33.220, 84.33.230,
4 84.33.250, 84.33.260, 84.33.270, 84.34.020, and 84.34.065; reenacting
5 and amending RCW 84.34.108; decodifying RCW 84.33.112, 84.33.113,
6 84.33.114, 84.33.115, 84.33.116, and 84.33.118; and repealing RCW
7 84.33.020, 84.33.073, 84.33.100, 84.33.110, and 84.33.120.

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

9 **Sec. 1.** RCW 84.33.035 and 1995 c 165 s 1 are each amended to read
10 as follows:

11 Unless the context clearly requires otherwise, the definitions in
12 this section apply throughout this chapter.

13 (1) "Agricultural methods" means the cultivation of trees that are
14 grown on land prepared by intensive cultivation and tilling, such as
15 irrigating, plowing, or turning over the soil, and on which all
16 unwanted plant growth is controlled continuously for the exclusive
17 purpose of raising trees such as Christmas trees and short-rotation
18 hardwoods.

1 (2) "Average rate of inflation" means the annual rate of inflation
2 as determined by the department averaged over the period of time as
3 provided in RCW 84.33.220 (1) and (2). This rate shall be published in
4 the state register by the department not later than January 1st of each
5 year for use in that assessment year.

6 (3) "Composite property tax rate" for a county means the total
7 amount of property taxes levied upon forest lands by all taxing
8 districts in the county other than the state, divided by the total
9 assessed value of all forest land in the county.

10 ~~((+3))~~ (4) "Forest land" is synonymous with "designated forest
11 land" and means ((forest land which is classified or designated forest
12 land under this chapter)) any parcel of land that is twenty or more
13 acres or multiple parcels of land that are contiguous and total twenty
14 or more acres that is or are devoted primarily to growing and
15 harvesting timber. Designated forest land means the land only and does
16 not include a residential homesite. The term includes land used for
17 incidental uses that are compatible with the growing and harvesting of
18 timber but no more than ten percent of the land may be used for such
19 incidental uses. It also includes the land on which appurtenances
20 necessary for the production, preparation, or sale of the timber
21 products exist in conjunction with land producing these products.

22 ~~((+4))~~ (5) "Harvested" means the time when in the ordinary course
23 of business the quantity of timber by species is first definitely
24 determined. The amount harvested shall be determined by the Scribner
25 Decimal C Scale or other prevalent measuring practice adjusted to
26 arrive at substantially equivalent measurements, as approved by the
27 department ~~((of revenue))~~.

28 ~~((+5))~~ (6) "Harvester" means every person who from the person's
29 own land or from the land of another under a right or license granted
30 by lease or contract, either directly or by contracting with others for
31 the necessary labor or mechanical services, fells, cuts, or takes
32 timber for sale or for commercial or industrial use ~~((: PROVIDED, That~~
33 ~~whenever))~~. When the United States or any instrumentality thereof, the
34 state, including its departments and institutions and political
35 subdivisions, or any municipal corporation therein so fells, cuts, or
36 takes timber for sale or for commercial or industrial use, the
37 harvester is the first person other than the United States or any
38 instrumentality thereof, the state, including its departments and
39 institutions and political subdivisions, or any municipal corporation

1 therein, who acquires title to or a possessory interest in (~~(such))~~ the
2 timber. The term "harvester" does not include persons performing under
3 contract the necessary labor or mechanical services for a harvester.

4 (~~(6))~~ (7) "Harvesting and marketing costs" means only those costs
5 directly associated with harvesting the timber from the land and
6 delivering it to the buyer and may include the costs of disposing of
7 logging residues. Any other costs that are not directly and
8 exclusively related to harvesting and marketing of the timber, such as
9 costs of permanent roads or costs of reforesting the land following
10 harvest, are not harvesting and marketing costs.

11 (8) "Incidental use" means a use of designated forest land that is
12 compatible with its purpose for growing and harvesting timber. An
13 incidental use may include a gravel pit, a shed or land used to store
14 machinery or equipment used in conjunction with the timber enterprise,
15 and any other use that does not interfere with or indicate that the
16 forest land is no longer primarily being used to grow and harvest
17 timber.

18 (9) "Local government" means any city, town, county, water-sewer
19 district, public utility district, port district, irrigation district,
20 flood control district, or any other municipal corporation, quasi-
21 municipal corporation, or other political subdivision authorized to
22 levy special benefit assessments for sanitary or storm sewerage
23 systems, domestic water supply or distribution systems, or road
24 construction or improvement purposes.

25 (10) "Local improvement district" means any local improvement
26 district, utility local improvement district, local utility district,
27 road improvement district, or any similar unit created by a local
28 government for the purpose of levying special benefit assessments
29 against property specially benefited by improvements relating to the
30 districts.

31 (11) "Owner" means the party or parties having the fee interest in
32 land, except where land is subject to a real estate contract "owner"
33 means the contract vendee.

34 (12) "Primarily" or "primary use" means the existing use of the
35 land is so prevalent that when the characteristic use of the land is
36 evaluated any other use appears to be conflicting or nonrelated.

37 (13) "Short-rotation hardwoods" means hardwood trees, such as but
38 not limited to hybrid cottonwoods, cultivated by agricultural methods
39 in growing cycles shorter than ten years.

1 ~~((7))~~ (14) "Small harvester" means every person who from his or
2 her own land or from the land of another under a right or license
3 granted by lease or contract, either directly or by contracting with
4 others for the necessary labor or mechanical services, fells, cuts, or
5 takes timber for sale or for commercial or industrial use in an amount
6 not exceeding two million board feet in a calendar year. When the
7 United States or any instrumentality thereof, the state, including its
8 departments and institutions and political subdivisions, or any
9 municipal corporation therein so fells, cuts, or takes timber for sale
10 or for commercial or industrial use, not exceeding these amounts, the
11 small harvester is the first person other than the United States or any
12 instrumentality thereof, the state, including its departments and
13 institutions and political subdivisions, or any municipal corporation
14 therein, who acquires title to or a possessory interest in the timber.
15 Small harvester does not include persons performing under contract the
16 necessary labor or mechanical services for a harvester, and it does not
17 include the harvesters of Christmas trees or short-rotation hardwoods.

18 (15) "Special benefit assessments" means special assessments levied
19 or capable of being levied in any local improvement district or
20 otherwise levied or capable of being levied by a local government to
21 pay for all or part of the costs of a local improvement and which may
22 be levied only for the special benefits to be realized by property by
23 reason of that local improvement.

24 (16) "Stumpage value of timber" means the appropriate stumpage
25 value shown on tables prepared by the department ~~((of revenue))~~ under
26 RCW 84.33.091, provided that for timber harvested from public land and
27 sold under a competitive bidding process, stumpage value shall mean
28 ~~((that))~~ the actual amount paid to the seller in cash or other
29 consideration. Whenever payment for the stumpage includes
30 considerations other than cash, the value shall be the fair market
31 value of the other consideration~~((, provided that))~~. If the other
32 consideration is permanent roads, the value of the roads shall be the
33 appraised value as appraised by the seller.

34 ~~((8))~~ (17) "Timber" means forest trees, standing or down, on
35 privately or publicly owned land, and except as provided in RCW
36 84.33.170 includes Christmas trees and short-rotation hardwoods.

37 ~~((9))~~ (18) "Timber assessed value" for a county means a value,
38 calculated by the department ~~((of revenue))~~ before October 1st of each
39 year, equal to the total stumpage value of timber harvested from

1 privately owned land in the county during the most recent four calendar
2 quarters for which the information is available multiplied by a ratio.
3 The numerator of the ratio is the rate of tax imposed by the county
4 under RCW 84.33.051 for the year of the calculation. The denominator
5 of the ratio is the composite property tax rate for the county for
6 taxes due in the year of the calculation, expressed as a percentage of
7 assessed value.

8 ~~((10))~~ (19) "Timber assessed value" for a taxing district means
9 the timber assessed value for the county multiplied by a ratio. The
10 numerator of the ratio is the total assessed value of forest land in
11 the taxing district. The denominator is the total assessed value of
12 forest land in the county. As used in this section, "assessed value of
13 forest land" means the assessed value of forest land for taxes due in
14 the year the timber assessed value for the county is calculated.

15 (20) "Timber management plan" means a plan prepared by a trained
16 forester, or any other person with adequate knowledge of timber
17 management practices, concerning the use of the land to grow and
18 harvest timber. Such a plan includes:

19 (a) A legal description of the forest land;

20 (b) A statement that the forest land is held in contiguous
21 ownership of twenty or more acres and is primarily devoted to and used
22 to grow and harvest timber;

23 (c) A brief description of the timber on the forest land or, if the
24 timber on the land has been harvested, the owner's plan to restock the
25 land with timber;

26 (d) A statement about whether the forest land is also used to graze
27 livestock;

28 (e) A statement about whether the land has been used in compliance
29 with the restocking, forest management, fire protection, insect and
30 disease control, and forest debris provisions of Title 76 RCW; and

31 (f) If the land has been recently harvested or supports a growth of
32 brush and noncommercial type timber, a description of the owner's plan
33 to restock the forest land within three years.

34 **Sec. 2.** RCW 84.33.130 and 1994 c 301 s 32 are each amended to read
35 as follows:

36 (1) Notwithstanding any other provision of law, lands that were
37 assessed as classified forest land before the effective date of this
38 section shall be designated forest land for the purposes of this

1 chapter. The owners of previously classified forest land shall not be
2 required to apply for designation under this chapter. As of the
3 effective date of this section, the land and timber on such land shall
4 be assessed and taxed in accordance with the provisions of this
5 chapter.

6 (2) An owner of land desiring that it be designated as forest land
7 and valued (~~(pursuant to RCW 84.33.120)~~) under RCW 84.33.140 as of
8 January 1st of any year shall (~~(make)~~) submit an application to the
9 (~~(county)~~) assessor (~~(before such)~~) of the county in which the land is
10 located before January 1st of that year. The application shall be
11 accompanied by a reasonable processing fee when the county legislative
12 authority has established the requirement for such a fee.

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

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

19 (b) The owner of the land submits a document to the assessor's
20 office that explains the details of the forest land exchange within
21 sixty days of the closing date of the exchange. However, if the owner
22 fails to submit information regarding the exchange by the end of this
23 sixty-day period, the owner must file an application for designation as
24 forest land under this chapter and the regular application process will
25 be followed.

26 (~~(+2)~~) (4) The application shall be made upon forms prepared by
27 the department (~~(of revenue)~~) and supplied by the (~~(county)~~) assessor,
28 and shall include the following:

29 (a) A legal description of, or assessor's (~~(tax lot)~~) parcel
30 numbers for, all land the applicant desires to be designated as forest
31 land;

32 (b) The date or dates of acquisition of (~~(such)~~) the land;

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

35 (d) (~~(Whether there is a forest)~~) A copy of the timber management
36 plan, if one exists, for (~~(such)~~) the land prepared by a trained
37 forester or any other person with adequate knowledge of timber
38 management practices;

1 (e) If ~~((so,))~~ a timber management plan exists, an explanation of
2 the nature and extent ~~((of implementation of such plan))~~ to which the
3 management plan has been implemented;

4 (f) Whether ~~((such))~~ the land is used for grazing;

5 (g) Whether ~~((such))~~ the land has been subdivided or a plat has
6 been filed with respect ~~((thereto))~~ to the land;

7 (h) Whether ~~((such))~~ the land and the applicant are in compliance
8 with the restocking, forest management, fire protection, insect and
9 disease control, and forest debris provisions of Title 76 RCW or any
10 applicable ~~((regulations thereunder))~~ rules;

11 (i) Whether ~~((such))~~ the land is subject to forest fire protection
12 assessments ~~((pursuant to))~~ under RCW 76.04.610;

13 (j) Whether ~~((such))~~ the land is subject to a lease, option, or
14 other right ~~((which))~~ that permits it to be used for any purpose other
15 than growing and harvesting timber;

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

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

20 (m) A statement that the applicant is aware of the potential tax
21 liability involved when ~~((such))~~ the land ceases to be designated as
22 forest land;

23 (n) An affirmation that the statements contained in the application
24 are true and that the land described in the application ~~((is, by itself~~
25 ~~or with other forest land not included in the application, in~~
26 ~~contiguous ownership of twenty or more acres which is primarily devoted~~
27 ~~to and used for growing and harvesting timber))~~ meets the definition of
28 forest land in RCW 84.33.035; and

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

32 (5) The assessor shall afford the applicant an opportunity to be
33 heard if the ~~((application))~~ applicant so requests.

34 ~~((+3))~~ (6) The assessor shall act upon the application with due
35 regard to all relevant evidence and without any one or more items of
36 evidence necessarily being determinative, except that the application
37 may be denied for one of the following reasons, without regard to other
38 items:

1 (a) The land does not contain either a "merchantable stand of
2 timber" (~~((or an "adequate stocking"))~~) as defined (~~((by rule adopted by~~
3 ~~the forest practices board, except this reason (a))~~) in chapter 76.09
4 RCW and applicable rules. This reason shall not alone be sufficient
5 (~~((for denial of))~~) to deny the application (i) if (~~((such))~~) the land has
6 been recently harvested or supports a growth of brush or noncommercial
7 type timber, and the application includes a plan for restocking within
8 three years or (~~((such))~~) a longer period necessitated by unavailability
9 of seed or seedlings, or (ii) if only isolated areas within (~~((such))~~)
10 the land do not meet (~~((such))~~) the minimum standards due to rock
11 outcroppings, swamps, unproductive soil or other natural conditions;

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

17 (c) The land abuts a body of salt water and lies between the line
18 of ordinary high tide and a line paralleling (~~((such))~~) the ordinary high
19 tide line and two hundred feet horizontally landward (~~((therefrom,~~
20 ~~except that))~~) from the high tide line. However, if the assessor
21 determines that a higher and better use (~~((determined by the assessor~~
22 ~~to))~~) exists for (~~((such))~~) the land but this use would not be permitted
23 or economically feasible by virtue of any federal, state, or local law
24 or regulation (~~((such))~~), the land shall be assessed and valued
25 (~~((pursuant to the procedures set forth in RCW 84.33.110 and 84.33.120))~~)
26 under RCW 84.33.140 without being designated as forest land.

27 (7) The application shall be deemed to have been approved unless,
28 prior to May (~~((17))~~) 1st of the year after (~~((such))~~) the application was
29 mailed or delivered to the assessor, the assessor (~~((shall notify))~~)
30 notifies the applicant in writing of the extent to which the
31 application is denied.

32 (~~((4))~~) (8) An owner who receives notice (~~((pursuant to subsection~~
33 ~~(3) of this section))~~) that his or her application has been denied, in
34 whole or in part, may appeal (~~((such))~~) the denial to the county board of
35 equalization.

36 **Sec. 3.** RCW 84.33.140 and 1999 sp.s. c 4 s 703 are each amended to
37 read as follows:

1 (1) When land has been designated as forest land (~~pursuant to RCW~~
 2 ~~84.33.120(4) or~~) under RCW 84.33.130, a notation of (~~such~~) the
 3 designation shall be made each year upon the assessment and tax
 4 rolls(~~7~~). A copy of the notice of approval together with the legal
 5 description or assessor's (~~tax lot~~) parcel numbers for (~~such~~) the
 6 land shall, at the expense of the applicant, be filed by the assessor
 7 in the same manner as deeds are recorded(~~7 and such~~).

8 (2) In preparing the assessment roll as of January 1, 2002, for
 9 taxes payable in 2003 and each January 1st thereafter, the assessor
 10 shall list each parcel of designated forest land at a value with
 11 respect to the grade and class provided in this subsection and adjusted
 12 as provided in subsection (3) of this section. The assessor shall
 13 compute the assessed value of the land using the same assessment ratio
 14 applied generally in computing the assessed value of other property in
 15 the county. Values for the several grades of bare forest land shall be
 16 as follows:

<u>LAND</u>	<u>OPERABILITY</u>	<u>VALUES</u>
<u>GRADE</u>	<u>CLASS</u>	<u>PER ACRE</u>
	<u>1</u>	<u>\$234</u>
<u>1</u>	<u>2</u>	<u>229</u>
	<u>3</u>	<u>217</u>
	<u>4</u>	<u>157</u>
	<u>1</u>	<u>198</u>
<u>2</u>	<u>2</u>	<u>190</u>
	<u>3</u>	<u>183</u>
	<u>4</u>	<u>132</u>
	<u>1</u>	<u>154</u>
<u>3</u>	<u>2</u>	<u>149</u>
	<u>3</u>	<u>148</u>
	<u>4</u>	<u>113</u>
	<u>1</u>	<u>117</u>
<u>4</u>	<u>2</u>	<u>114</u>
	<u>3</u>	<u>113</u>
	<u>4</u>	<u>86</u>
	<u>1</u>	<u>85</u>
<u>5</u>	<u>2</u>	<u>78</u>
	<u>3</u>	<u>77</u>
	<u>4</u>	<u>52</u>
	<u>1</u>	<u>43</u>

1	<u>6</u>	<u>2</u>	<u>39</u>
2		<u>3</u>	<u>39</u>
3		<u>4</u>	<u>37</u>
4		<u>1</u>	<u>21</u>
5	<u>7</u>	<u>2</u>	<u>21</u>
6		<u>3</u>	<u>20</u>
7		<u>4</u>	<u>20</u>
8	<u>8</u>		<u>1</u>

9 (3) On or before December 31, 2001, the department shall adjust by
10 rule under chapter 34.05 RCW, the forest land values contained in
11 subsection (2) of this section in accordance with this subsection, and
12 shall certify the adjusted values to the assessor who will use these
13 values in preparing the assessment roll as of January 1, 2002. For the
14 adjustment to be made on or before December 31, 2001, for use in the
15 2002 assessment year, the department shall:

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

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

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

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

35 (5) Land ((shall be)) graded, assessed, and valued ((pursuant to
36 RCW 84.33.110 and 84.33.120)) as forest land shall continue to be so
37 graded, assessed, and valued until removal of ((such)) designation by
38 the assessor upon the occurrence of any of the following:

39 (a) Receipt of notice from the owner to remove ((such)) the

1 designation;

2 (b) Sale or transfer to an ownership making ~~((such))~~ the land
3 exempt from ad valorem taxation;

4 (c) Sale or transfer of all or a portion of ~~((such))~~ the land to a
5 new owner, unless the new owner has signed a notice of forest land
6 designation continuance, except transfer to an owner who is an heir or
7 devisee of a deceased owner, shall not, by itself, result in removal of
8 ~~((classification))~~ designation. The signed notice of continuance shall
9 be attached to the real estate excise tax affidavit provided for in RCW
10 82.45.150. The notice of continuance shall be on a form prepared by
11 the department ~~((of revenue))~~. If the notice of continuance is not
12 signed by the new owner and attached to the real estate excise tax
13 affidavit, all compensating taxes calculated ~~((pursuant to))~~ under
14 subsection ~~((+3))~~ (11) of this section shall become due and payable by
15 the seller or transferor at time of sale. The ~~((county))~~ auditor shall
16 not accept an instrument of conveyance of designated forest land for
17 filing or recording unless the new owner has signed the notice of
18 continuance or the compensating tax has been paid, as evidenced by the
19 real estate excise tax stamp affixed thereto by the treasurer. The
20 seller, transferor, or new owner may appeal the new assessed valuation
21 calculated under subsection ~~((+3))~~ (11) of this section to the county
22 board of equalization. Jurisdiction is hereby conferred on the county
23 board of equalization to hear these appeals;

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

26 (i) ~~((Such))~~ The land is no longer primarily devoted to and used
27 for growing and harvesting timber. However, land shall not be removed
28 from designation if a governmental agency, organization, or other
29 recipient identified in subsection ~~((+5))~~ (13) or ~~((+6))~~ (14) of this
30 section as exempt from the payment of compensating tax has manifested
31 its intent in writing or by other official action to acquire a property
32 interest in the designated forest land by means of a transaction that
33 qualifies for an exemption under subsection ~~((+5))~~ (13) or ~~((+6))~~
34 (14) of this section. The governmental agency, organization, or
35 recipient shall annually provide the assessor of the county in which
36 the land is located reasonable evidence in writing of the intent to
37 acquire the designated land as long as the intent continues or within
38 sixty days of a request by the assessor. The assessor may not request
39 this evidence more than once in a calendar year;

1 (ii) The owner has failed to comply with a final administrative or
2 judicial order with respect to a violation of the restocking, forest
3 management, fire protection, insect and disease control, and forest
4 debris provisions of Title 76 RCW or any applicable ((regulations
5 thereunder)) rules; or

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

8 ~~((Removal of designation upon occurrence of any of (a) through (c) of
9 this subsection shall apply only to the land affected, and upon
10 occurrence of (d) of this subsection shall apply only to the actual
11 area of land no longer primarily devoted to and used for growing and
12 harvesting timber, without regard to other land that may have been
13 included in the same application and approval for designation:
14 PROVIDED, That any remaining designated forest land meets necessary
15 definitions of forest land pursuant to RCW 84.33.100.~~

16 ~~(2))~~ (6) Land shall not be removed from designation if there is a
17 governmental restriction that prohibits, in whole or in part, the
18 harvesting of timber from the owner's designated forest land. If only
19 a portion of the parcel is impacted by governmental restrictions of
20 this nature, the restrictions cannot be used as a basis to remove the
21 remainder of the forest land from designation under this chapter. For
22 the purposes of this section, "governmental restrictions" includes:
23 (a) Any law, regulation, rule, ordinance, program, or other action
24 adopted or taken by a federal, state, county, city, or other
25 governmental entity; or (b) the land's zoning or its presence within an
26 urban growth area designated under RCW 36.70A.110.

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

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

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

33 (8) If land is removed from designation because of any of the
34 circumstances listed in subsection (5)(a) through (c) of this section,
35 the removal shall apply only to the land affected. If land is removed
36 from designation because of subsection (5)(d) of this section, the
37 removal shall apply only to the actual area of land that is no longer
38 primarily devoted to the growing and harvesting of timber, without
39 regard to any other land that may have been included in the application

1 and approved for designation, as long as the remaining designated
2 forest land meets the definition of forest land contained in RCW
3 84.33.035.

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

9 ~~((3))~~ (10) Unless the removal is reversed on appeal a copy of the
10 notice of removal with a notation of the action, if any, upon appeal,
11 together with the legal description or assessor's ((tax lot)) parcel
12 numbers for the land removed from designation shall, at the expense of
13 the applicant, be filed by the assessor in the same manner as deeds are
14 recorded(, and commencing on January 1 of the year following the year
15 in which the assessor mailed such notice, such land shall be assessed
16 on the same basis as real property is assessed generally in that
17 county)) and a notation of removal from designation shall immediately
18 be made upon the assessment and tax rolls. The assessor shall revalue
19 the land to be removed with reference to its true and fair value as of
20 January 1st of the year of removal from designation. Both the assessed
21 value before and after the removal of designation shall be listed.
22 Taxes based on the value of the land as forest land shall be assessed
23 and payable up until the date of removal and taxes based on the true
24 and fair value of the land shall be assessed and payable from the date
25 of removal from designation.

26 (11) Except as provided in subsection ((1)(e), (5), or (6))
27 (5)(c), (13), or (14) of this section, a compensating tax shall be
28 imposed ((which)) on land removed from designation as forest land. The
29 compensating tax shall be due and payable to the ((county)) treasurer
30 thirty days after the owner is notified of the amount of ((the
31 compensating)) this tax. As soon as possible after the land is removed
32 from designation, the assessor shall compute the amount of ((such))
33 compensating tax and mail a notice to the owner of the amount
34 ((thereof)) of compensating tax owed and the date on which payment of
35 this tax is due. The amount of ((such)) compensating tax shall be
36 equal to the difference between the amount of tax last levied on
37 ((such)) the land as designated forest land and an amount equal to the
38 new assessed ((valuation)) value of ((such)) the land multiplied by the
39 dollar rate of the last levy extended against ((such)) the land,

1 multiplied by a number, in no event greater than (~~ten~~) nine, equal to
2 the number of years for which (~~such~~) the land was designated as
3 forest land, plus compensating taxes on the land at forest land values
4 up until the date of removal and the prorated taxes on the land at true
5 and fair value from the date of removal to the end of the current tax
6 year.

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

20 (~~(5)~~) (13) The compensating tax specified in subsection (~~(3)~~)
21 (11) of this section shall not be imposed if the removal of designation
22 (~~pursuant to~~) under subsection (~~(1)~~) (5) of this section resulted
23 solely from:

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

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

29 (c) A donation of fee title, development rights, or the right to
30 harvest timber, to a government agency or organization qualified under
31 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
32 sections, or the sale or transfer of fee title to a governmental entity
33 or a nonprofit nature conservancy corporation, as defined in RCW
34 64.04.130, exclusively for the protection and conservation of lands
35 recommended for state natural area preserve purposes by the natural
36 heritage council and natural heritage plan as defined in chapter 79.70
37 RCW(~~:- PROVIDED, That~~). At such time as the land is not used for the
38 purposes enumerated, the compensating tax specified in subsection
39 (~~(3)~~) (11) of this section shall be imposed upon the current owner;

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

3 (e) Official action by an agency of the state of Washington or by
4 the county or city within which the land is located that disallows the
5 present use of ~~((such))~~ the land;

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

8 (g) The creation, sale, or transfer of a fee interest or a
9 conservation easement for the riparian open space program under RCW
10 76.09.040.

11 ~~((+6+))~~ (14) In a county with a population of more than one million
12 inhabitants, the compensating tax specified in subsection ~~((+3+))~~ (11)
13 of this section shall not be imposed if the removal of
14 ~~((classification))~~ designation as forest land ~~((pursuant to))~~ under
15 subsection ~~((+1+))~~ (5) of this section resulted solely from:

16 (a) An action described in subsection ~~((+5+))~~ (13) of this section;
17 or

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

26 **Sec. 4.** RCW 84.33.145 and 1999 sp.s. c 4 s 704 are each amended to
27 read as follows:

28 (1) If no later than thirty days after removal of ~~((classification~~
29 ~~or))~~ designation the owner applies for classification under RCW
30 84.34.020 (1), (2), or (3), then the ~~((classified or))~~ designated
31 forest land shall not be considered removed from ~~((classification or))~~
32 designation for purposes of the compensating tax under RCW ~~((84.33.120~~
33 ~~or))~~ 84.33.140 until the application for current use classification
34 under chapter 84.34 RCW ~~((84.34.030))~~ is denied or the property is
35 removed from ~~((designation))~~ classification under RCW 84.34.108. Upon
36 removal ~~((from designation))~~ of classification under RCW 84.34.108, the
37 amount of compensating tax due under this chapter shall be equal to:

38 (a) The difference, if any, between the amount of tax last levied

1 on ~~((such))~~ the land as designated forest land and an amount equal to
2 the new assessed valuation of ~~((such))~~ the land when removed from
3 ~~((designation))~~ classification under RCW 84.34.108 multiplied by the
4 dollar rate of the last levy extended against ~~((such))~~ the land,
5 multiplied by

6 (b) A number equal to:

7 (i) The number of years the land was ~~((classified-or))~~ designated
8 under this chapter, if the total number of years the land was
9 ~~((classified-or))~~ designated under this chapter and classified under
10 chapter 84.34 RCW is less than ten; or

11 (ii) Ten minus the number of years the land was classified under
12 chapter 84.34 RCW, if the total number of years the land was
13 ~~((classified-or))~~ designated under this chapter and classified under
14 chapter 84.34 RCW is at least ten.

15 (2) Nothing in this section authorizes the continued
16 ~~((classification-or))~~ designation under this chapter or defers or
17 reduces the compensating tax imposed upon forest land not transferred
18 to classification under subsection (1) of this section which does not
19 meet the ~~((necessary))~~ definition~~((s))~~ of forest land under RCW
20 ~~((84.33.100))~~ 84.33.035. Nothing in this section affects the
21 additional tax imposed under RCW 84.34.108.

22 (3) In a county with a population of more than one million
23 inhabitants, no amount of compensating tax is due under this section if
24 the removal from classification under RCW 84.34.108 results from a
25 transfer of property described in RCW 84.34.108(6).

26 **Sec. 5.** RCW 84.33.170 and 1995 c 165 s 2 are each amended to read
27 as follows:

28 Notwithstanding any provision of this chapter to the contrary, this
29 chapter shall not exempt from the ad valorem tax nor subject to the
30 excise tax imposed by this chapter, Christmas trees and short-rotation
31 hardwoods, which are cultivated by agricultural methods, and ~~((such))~~
32 the land on which ~~((such))~~ the Christmas trees and short-rotation
33 hardwoods stand shall not be taxed as provided in RCW ~~((84.33.100~~
34 ~~through))~~ 84.33.140. However, short-rotation hardwoods, which are
35 cultivated by agricultural methods, on land classified as timber land
36 under chapter 84.34 RCW, shall be subject to the excise tax imposed
37 under this chapter.

1 **Sec. 6.** RCW 84.33.210 and 1992 c 52 s 7 are each amended to read
2 as follows:

3 (1) Any (~~forest~~) land that is designated (~~for classification~~
4 ~~pursuant to~~) as forest land under this chapter (84.33-RCW) at the
5 earlier of the times the legislative authority of a local government
6 adopts a resolution, ordinance, or legislative act (a) to create a
7 local improvement district, in which (~~such~~) the land is included or
8 would have been included but for (~~such classification~~) the
9 designation, or (b) to approve or confirm a final special benefit
10 assessment roll relating to a sanitary or storm sewerage system,
11 domestic water supply or distribution system, or road construction or
12 improvement, which roll would have included (~~such~~) the land but for
13 (~~such classification~~) the designation, shall be exempt from special
14 benefit assessments or charges in lieu of assessment for such purposes
15 as long as that land remains (~~in such classification~~) designated as
16 forest land, except as otherwise provided in RCW 84.33.250.

17 (2) Whenever a local government creates a local improvement
18 district, the levying, collection, and enforcement of assessments shall
19 be in the manner and subject to the same procedures and limitations as
20 are provided (~~pursuant to~~) under the law concerning the initiation
21 and formation of local improvement districts for the particular local
22 government. Notice of the creation of a local improvement district
23 that includes designated forest land shall be filed with the (~~county~~)
24 assessor and the legislative authority of the county in which (~~such~~)
25 the land is located. The (~~county~~) assessor, upon receiving notice of
26 the creation of (~~such~~) a local improvement district, shall send a
27 notice to the owners of the designated forest lands listed on the tax
28 rolls of the applicable (~~county~~) treasurer of:

- 29 (a) The creation of the local improvement district;
30 (b) The exemption of that land from special benefit assessments;
31 (c) The fact that the designated forest land may become subject to
32 the special benefit assessments if the owner waives the exemption by
33 filing a notarized document with the governing body of the local
34 government creating the local improvement district before the
35 confirmation of the final special benefit assessment roll; and
36 (d) The potential liability, pursuant to RCW 84.33.220, if the
37 exemption is not waived and the land is subsequently removed from
38 (~~the~~) designated forest land status.

39 (3) When a local government approves and confirms a special benefit

1 assessment roll, from which designated forest land has been exempted
2 (~~pursuant to~~) under this section, it shall file a notice of ((such))
3 this action with the ((county)) assessor and the legislative authority
4 of the county in which ((such)) the land is located and with the
5 treasurer of that local government(~~, which~~). The notice shall
6 describe the action taken, the type of improvement involved, the land
7 exempted, and the amount of the special benefit assessment that would
8 have been levied against the land if it had not been exempted. The
9 filing of ((such)) the notice with the ((county)) assessor and the
10 treasurer of that local government shall constitute constructive notice
11 to a purchaser or encumbrancer of the affected land, and every person
12 whose conveyance or encumbrance is subsequently executed or
13 subsequently recorded, that ((such)) the exempt land is subject to the
14 charges provided in RCW 84.33.220 and 84.33.230, if ((such)) the land
15 is (~~withdrawn or~~) removed from its ((classification)) designation as
16 forest land.

17 (4) The owner of the land exempted from special benefit assessments
18 (~~pursuant to~~) under this section may waive that exemption by filing
19 a notarized document to that effect with the legislative authority of
20 the local government upon receiving notice from said local government
21 concerning the assessment roll hearing and before the local government
22 confirms the final special benefit assessment roll. A copy of that
23 waiver shall be filed by the local government with the ((county))
24 assessor, but the failure (~~of such filing~~) to file this copy shall
25 not affect the waiver.

26 (5) Except to the extent provided in RCW 84.33.250, the local
27 government shall have no duty to furnish service from the improvement
28 financed by the special benefit assessment to ((such)) the exempted
29 land.

30 **Sec. 7.** RCW 84.33.220 and 1992 c 52 s 8 are each amended to read
31 as follows:

32 Whenever forest land has ((onee)) been exempted from special
33 benefit assessments (~~pursuant to~~) under RCW 84.33.210, any
34 (~~withdrawal~~) removal from ((classification)) designation or change in
35 use from forest land under this chapter (~~84.33-RCW~~) shall result in
36 the following:

37 (1) If the bonds used to fund the improvement in the local
38 improvement district have not been completely retired, ((such)) the

1 land shall immediately become liable for:

2 (a) The amount of the special benefit assessment listed in the
3 notice provided for in RCW 84.33.210; plus

4 (b) Interest on the amount determined in (a) of this subsection,
5 compounded annually at a rate equal to the average rate of inflation
6 from the time the initial notice is filed by the governmental entity
7 that created the local improvement district as provided in RCW
8 84.33.210, to the time the owner (~~((withdraws such))~~) or the assessor
9 removes the land from the exemption category provided by this chapter;
10 or

11 (2) If the bonds used to fund the improvement in the local
12 improvement district have been completely retired, (~~((such))~~) the land
13 shall immediately become liable for:

14 (a) The amount of the special benefit assessment listed in the
15 notice provided for in RCW 84.33.210; plus

16 (b) Interest on the amount determined in (a) of this subsection
17 compounded annually at a rate equal to the average rate of inflation
18 from the time the initial notice is filed by the governmental entity
19 that created the local improvement district as provided in RCW
20 84.33.210, to the time the bonds used to fund the improvement have been
21 retired; plus

22 (c) Interest on the total amount determined in (a) and (b) of this
23 subsection at a simple per annum rate equal to the average rate of
24 inflation from the time the bonds used to fund the improvement have
25 been retired to the time the owner (~~((withdraws such))~~) or the assessor
26 removes the land(~~((s))~~) from the exemption category provided by this
27 chapter;

28 (3) The amount payable (~~((pursuant to))~~) under this section shall
29 become due on the date (~~((such))~~) the land is (~~((withdrawn or))~~) removed
30 from its forest land (~~((classification and))~~) designation. This amount
31 shall be a lien on the land prior and superior to any other lien
32 whatsoever except for the lien for general taxes, and shall be
33 enforceable in the same manner as the collection of special benefit
34 assessments are enforced by that local government.

35 **Sec. 8.** RCW 84.33.230 and 1992 c 52 s 9 are each amended to read
36 as follows:

37 Whenever forest land is (~~((withdrawn or))~~) removed from its forest
38 land (~~((classification))~~) designation, the (~~((county))~~) assessor of the

1 county in which (~~such~~) the land is located shall forthwith give
2 written notice of (~~such withdrawal or~~) the removal to the local
3 government or its successor that (~~had~~) filed with the assessor the
4 notice required by RCW 84.33.210. Upon receipt of the notice from the
5 assessor, the local government shall mail a written statement to the
6 owner of (~~such~~) the land for the amounts payable as provided in RCW
7 84.33.220. (~~Such~~) The amounts due shall be delinquent if not paid
8 within one hundred eighty days after the date of mailing of the
9 statement(~~, and~~). The amount payable shall be subject to the same
10 interest, penalties, lien priority, and enforcement procedures that are
11 applicable to delinquent assessments on the assessment roll from which
12 that land had been exempted, except that the rate of interest charged
13 shall not exceed the rate provided in RCW 84.33.220.

14 **Sec. 9.** RCW 84.33.250 and 1992 c 52 s 11 are each amended to read
15 as follows:

16 The department (~~of revenue~~) shall adopt rules it shall deem
17 necessary to implement RCW (~~84.33.100 and~~) 84.33.210 through
18 84.33.270, which shall include, but not be limited to, procedures to
19 determine the extent to which a portion of the land otherwise exempt
20 may be subject to a special benefit assessment for: (1) The actual
21 connection to the domestic water system or sewerage facilities; (2)
22 (~~for~~) access to the road improvement in relation to its value as
23 forest land as distinguished from its value under more intensive uses;
24 and (3) (~~for such~~) the lands that benefit from or cause the need for
25 a local improvement district. The provision for limited special
26 benefit assessments shall not relieve (~~such~~) the land from liability
27 for the amounts provided in RCW 84.33.220 and 84.33.230 when (~~such~~)
28 the land is (~~withdrawn or~~) removed from its forest land
29 (~~classification~~) designation.

30 **Sec. 10.** RCW 84.33.260 and 1992 c 52 s 12 are each amended to read
31 as follows:

32 Whenever a portion of a parcel of land that was (~~classified~~)
33 designated as forest land (~~pursuant to~~) under this chapter is
34 (~~withdrawn~~) removed from (~~classification~~) designation or there is
35 a change in use, and (~~such~~) the land has been exempted from any
36 benefit assessments (~~pursuant to~~) under RCW 84.33.210, the previously
37 exempt benefit assessments shall become due on only that portion of the

1 land that is (~~withdrawn~~) removed or changed in use.

2 **Sec. 11.** RCW 84.33.270 and 1992 c 52 s 13 are each amended to read
3 as follows:

4 (1) Forest land on which the right (~~to~~) of future development has
5 been acquired by any local government, the state of Washington, or the
6 United States government shall be exempt from special benefit
7 assessments in lieu of assessment for (~~such~~) the purposes in the same
8 manner, and under the same liabilities for payment and interest, as
9 land (~~classified~~) designated under this chapter as forest land, for
10 as long as (~~such classification~~) the designation applies.

11 (2) Any interest, development right, easement, covenant, or other
12 contractual right that effectively protects, preserves, maintains,
13 improves, restores, prevents the future nonforest use of, or otherwise
14 conserves forest land shall be exempt from special benefit assessments
15 as long as (~~such~~) the development right or other (~~such~~) interest
16 effectively serves to prevent nonforest development of (~~such~~) the
17 land.

18 **Sec. 12.** RCW 84.34.020 and 1998 c 320 s 7 are each amended to read
19 as follows:

20 As used in this chapter, unless a different meaning is required by
21 the context:

22 (1) "Open space land" means (a) any land area so designated by an
23 official comprehensive land use plan adopted by any city or county and
24 zoned accordingly, or (b) any land area, the preservation of which in
25 its present use would (i) conserve and enhance natural or scenic
26 resources, or (ii) protect streams or water supply, or (iii) promote
27 conservation of soils, wetlands, beaches or tidal marshes, or (iv)
28 enhance the value to the public of abutting or neighboring parks,
29 forests, wildlife preserves, nature reservations or sanctuaries or
30 other open space, or (v) enhance recreation opportunities, or (vi)
31 preserve historic sites, or (vii) preserve visual quality along
32 highway, road, and street corridors or scenic vistas, or (viii) retain
33 in its natural state tracts of land not less than one acre situated in
34 an urban area and open to public use on such conditions as may be
35 reasonably required by the legislative body granting the open space
36 classification, or (c) any land meeting the definition of farm and
37 agricultural conservation land under subsection (8) of this section.

1 As a condition of granting open space classification, the legislative
2 body may not require public access on land classified under (b)(iii) of
3 this subsection for the purpose of promoting conservation of wetlands.

4 (2) "Farm and agricultural land" means:

5 (a) Any parcel of land that is twenty or more acres or multiple
6 parcels of land that are contiguous and total twenty or more acres:

7 (i) Devoted primarily to the production of livestock or
8 agricultural commodities for commercial purposes;

9 (ii) Enrolled in the federal conservation reserve program or its
10 successor administered by the United States department of agriculture;
11 or

12 (iii) Other similar commercial activities as may be established by
13 rule;

14 (b) Any parcel of land that is five acres or more but less than
15 twenty acres devoted primarily to agricultural uses, which has produced
16 a gross income from agricultural uses equivalent to, as of January 1,
17 1993:

18 (i) One hundred dollars or more per acre per year for three of the
19 five calendar years preceding the date of application for
20 classification under this chapter for all parcels of land that are
21 classified under this subsection or all parcels of land for which an
22 application for classification under this subsection is made with the
23 granting authority prior to January 1, 1993; and

24 (ii) On or after January 1, 1993, two hundred dollars or more per
25 acre per year for three of the five calendar years preceding the date
26 of application for classification under this chapter;

27 (c) Any parcel of land of less than five acres devoted primarily to
28 agricultural uses which has produced a gross income as of January 1,
29 1993, of:

30 (i) One thousand dollars or more per year for three of the five
31 calendar years preceding the date of application for classification
32 under this chapter for all parcels of land that are classified under
33 this subsection or all parcels of land for which an application for
34 classification under this subsection is made with the granting
35 authority prior to January 1, 1993; and

36 (ii) On or after January 1, 1993, fifteen hundred dollars or more
37 per year for three of the five calendar years preceding the date of
38 application for classification under this chapter.

39 Parcels of land described in (b)(i) and (c)(i) of this subsection

1 shall, upon any transfer of the property excluding a transfer to a
2 surviving spouse, be subject to the limits of (b)(ii) and (c)(ii) of
3 this subsection.

4 (~~(Agricultural lands shall also include such)~~) (d) Any lands
5 including incidental uses as are compatible with agricultural purposes,
6 including wetlands preservation, provided such incidental use does not
7 exceed twenty percent of the classified land and the land on which
8 appurtenances necessary to the production, preparation, or sale of the
9 agricultural products exist in conjunction with the lands producing
10 such products. Agricultural lands shall also include any parcel of
11 land of one to five acres, which is not contiguous, but which otherwise
12 constitutes an integral part of farming operations being conducted on
13 land qualifying under this section as "farm and agricultural lands"; or

14 (~~((d))~~) (e) The land on which housing for employees and the
15 principal place of residence of the farm operator or owner of land
16 classified pursuant to (a) of this subsection is sited if: The housing
17 or residence is on or contiguous to the classified parcel; and the use
18 of the housing or the residence is integral to the use of the
19 classified land for agricultural purposes.

20 (3) "Timber land" means any parcel of land that is five or more
21 acres or multiple parcels of land that are contiguous and total five or
22 more acres which is or are devoted primarily to the growth and harvest
23 of (~~(forest crops)~~) timber for commercial purposes. A timber
24 management plan shall be filed with the county legislative authority at
25 the time (a) an application is made for classification as timber land
26 pursuant to this chapter or (b) when a sale or transfer of timber land
27 occurs and a notice of classification continuance is signed. Timber
28 land means the land only.

29 (4) "Current" or "currently" means as of the date on which property
30 is to be listed and valued by the assessor.

31 (5) "Owner" means the party or parties having the fee interest in
32 land, except that where land is subject to real estate contract "owner"
33 shall mean the contract vendee.

34 (6) "Contiguous" means land adjoining and touching other property
35 held by the same ownership. Land divided by a public road, but
36 otherwise an integral part of a farming operation, shall be considered
37 contiguous.

38 (7) "Granting authority" means the appropriate agency or official
39 who acts on an application for classification of land pursuant to this

1 chapter.

2 (8) "Farm and agricultural conservation land" means either:

3 (a) Land that was previously classified under subsection (2) of
4 this section, that no longer meets the criteria of subsection (2) of
5 this section, and that is reclassified under subsection (1) of this
6 section; or

7 (b) Land that is traditional farmland that is not classified under
8 chapter 84.33 or 84.34 RCW, that has not been irrevocably devoted to a
9 use inconsistent with agricultural uses, and that has a high potential
10 for returning to commercial agriculture.

11 **Sec. 13.** RCW 84.34.065 and 2000 c 103 s 23 are each amended to
12 read as follows:

13 The true and fair value of farm and agricultural land shall be
14 determined by consideration of the earning or productive capacity of
15 comparable lands from crops grown most typically in the area averaged
16 over not less than five years, capitalized at indicative rates. The
17 earning or productive capacity of farm and agricultural lands shall be
18 the "net cash rental", capitalized at a "rate of interest" charged on
19 long term loans secured by a mortgage on farm or agricultural land plus
20 a component for property taxes. The current use value of land under
21 RCW 84.34.020(2)((+d)) (e) shall be established as: The prior year's
22 average value of open space farm and agricultural land used in the
23 county plus the value of land improvements such as septic, water, and
24 power used to serve the residence. This shall not be interpreted to
25 require the assessor to list improvements to the land with the value of
26 the land.

27 For the purposes of the above computation:

28 (1) The term "net cash rental" shall mean the average rental paid
29 on an annual basis, in cash, for the land being appraised and other
30 farm and agricultural land of similar quality and similarly situated
31 that is available for lease for a period of at least three years to any
32 reliable person without unreasonable restrictions on its use for
33 production of agricultural crops. There shall be allowed as a
34 deduction from the rental received or computed any costs of crop
35 production charged against the landlord if the costs are such as are
36 customarily paid by a landlord. If "net cash rental" data is not
37 available, the earning or productive capacity of farm and agricultural
38 lands shall be determined by the cash value of typical or usual crops

1 grown on land of similar quality and similarly situated averaged over
2 not less than five years. Standard costs of production shall be
3 allowed as a deduction from the cash value of the crops.

4 The current "net cash rental" or "earning capacity" shall be
5 determined by the assessor with the advice of the advisory committee as
6 provided in RCW 84.34.145, and through a continuing internal study,
7 assisted by studies of the department of revenue. This net cash rental
8 figure as it applies to any farm and agricultural land may be
9 challenged before the same boards or authorities as would be the case
10 with regard to assessed values on general property.

11 (2) The term "rate of interest" shall mean the rate of interest
12 charged by the farm credit administration and other large financial
13 institutions regularly making loans secured by farm and agricultural
14 lands through mortgages or similar legal instruments, averaged over the
15 immediate past five years.

16 The "rate of interest" shall be determined annually by a rule
17 adopted by the department of revenue and such rule shall be published
18 in the state register not later than January 1 of each year for use in
19 that assessment year. The department of revenue determination may be
20 appealed to the state board of tax appeals within thirty days after the
21 date of publication by any owner of farm or agricultural land or the
22 assessor of any county containing farm and agricultural land.

23 (3) The "component for property taxes" shall be a figure obtained
24 by dividing the assessed value of all property in the county into the
25 property taxes levied within the county in the year preceding the
26 assessment and multiplying the quotient obtained by one hundred.

27 **Sec. 14.** RCW 84.34.108 and 1999 sp.s. c 4 s 706 and 1999 c 233 s
28 22 are each reenacted and amended to read as follows:

29 (1) When land has once been classified under this chapter, a
30 notation of (~~such~~) the classification shall be made each year upon
31 the assessment and tax rolls and (~~such~~) the land shall be valued
32 pursuant to RCW 84.34.060 or 84.34.065 until removal of all or a
33 portion of (~~such~~) the classification by the assessor upon occurrence
34 of any of the following:

35 (a) Receipt of notice from the owner to remove all or a portion of
36 (~~such~~) the classification;

37 (b) Sale or transfer to an ownership, except a transfer that
38 resulted from a default in loan payments made to or secured by a

1 governmental agency that intends to or is required by law or regulation
2 to resell the property for the same use as before, making all or a
3 portion of ((such)) the land exempt from ad valorem taxation;

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

22 (d) Determination by the assessor, after giving the owner written
23 notice and an opportunity to be heard, that all or a portion of
24 ((such)) the land no longer meets the criteria for classification under
25 this chapter. The criteria for classification pursuant to this chapter
26 continue to apply after classification has been granted.

27 The granting authority, upon request of an assessor, shall provide
28 reasonable assistance to the assessor in making a determination whether
29 ((such)) the land continues to meet the qualifications of RCW 84.34.020
30 (1) or (3). The assistance shall be provided within thirty days of
31 receipt of the request.

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

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

35 (b) The creation, sale, or transfer of a fee interest or a
36 conservation easement for the riparian open space program under RCW
37 76.09.040.

38 (3) Within thirty days after such removal of all or a portion of
39 ((such)) the land from current use classification, the assessor shall

1 notify the owner in writing, setting forth the reasons for ((such)) the
2 removal. The seller, transferor, or owner may appeal ((such)) the
3 removal to the county board of equalization.

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

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

24 (b) The amount of applicable interest shall be equal to the
25 interest upon the amounts of ((such)) the additional tax paid at the
26 same statutory rate charged on delinquent property taxes from the dates
27 on which ((such)) the additional tax could have been paid without
28 penalty if the land had been assessed at a value without regard to this
29 chapter;

30 (c) The amount of the penalty shall be as provided in RCW
31 84.34.080. The penalty shall not be imposed if the removal satisfies
32 the conditions of RCW 84.34.070.

33 (5) Additional tax, applicable interest, and penalty, shall become
34 a lien on ((such)) the land which shall attach at the time ((such)) the
35 land is removed from classification under this chapter and shall have
36 priority to and shall be fully paid and satisfied before any
37 recognizance, mortgage, judgment, debt, obligation or responsibility to
38 or with which ((such)) the land may become charged or liable. ((Such))
39 This lien may be foreclosed upon expiration of the same period after

1 delinquency and in the same manner provided by law for foreclosure of
2 liens for delinquent real property taxes as provided in RCW 84.64.050
3 now or as hereafter amended. Any additional tax unpaid on its due date
4 shall thereupon become delinquent. From the date of delinquency until
5 paid, interest shall be charged at the same rate applied by law to
6 delinquent ad valorem property taxes.

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

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

13 (b)(i) A taking through the exercise of the power of eminent
14 domain, or (ii) sale or transfer to an entity having the power of
15 eminent domain in anticipation of the exercise of such power, said
16 entity having manifested its intent in writing or by other official
17 action;

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

21 (d) Official action by an agency of the state of Washington or by
22 the county or city within which the land is located which disallows the
23 present use of ((such)) the land;

24 (e) Transfer of land to a church when ((such)) the land would
25 qualify for exemption pursuant to RCW 84.36.020;

26 (f) Acquisition of property interests by state agencies or agencies
27 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
28 purposes enumerated in those sections(~~(:—PROVIDED, That))~~). At such
29 time as these property interests are not used for the purposes
30 enumerated in RCW 84.34.210 and 64.04.130 the additional tax specified
31 in subsection (4) of this section shall be imposed;

32 (g) Removal of land classified as farm and agricultural land under
33 RCW 84.34.020(2)((~~d~~)) (e);

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

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

39 (j) The creation, sale, or transfer of a fee interest or a

1 conservation easement for the riparian open space program under RCW
2 76.09.040.

3 NEW SECTION. **Sec. 15.** The following sections are decodified:

4 (1) RCW 84.33.112 (Forest land valuation--Grading forest land--
5 Completion date--Hearings);

6 (2) RCW 84.33.113 (Forest land valuation--Grading forest land--
7 Review of grades);

8 (3) RCW 84.33.114 (Forest land valuation--Grading forest land--
9 Certification of grades to department of revenue by department of
10 natural resources);

11 (4) RCW 84.33.115 (Forest land valuation--Grading forest land--
12 Certification of grades to county assessors--Placement of forest land
13 within land grades);

14 (5) RCW 84.33.116 (Forest land valuation--Grading forest land--
15 Notice to owners of grades--Petition for correction of grade--Appeal);
16 and

17 (6) RCW 84.33.118 (Forest land valuation--Grading forest land--
18 Notice to owners of value established--Petitions for correction of
19 value).

20 NEW SECTION. **Sec. 16.** The following acts or parts of acts are
21 each repealed:

22 (1) RCW 84.33.020 (Classification of timberlands) and 1990 c 33 s
23 599, 1984 c 204 s 17, & 1971 ex.s. c 294 s 2;

24 (2) RCW 84.33.073 (Definitions) and 1995 c 325 s 1, 1987 c 166 s 2,
25 1986 c 315 s 2, 1982 2nd ex.s. c 4 s 3, & 1981 c 146 s 1;

26 (3) RCW 84.33.100 (Forest land valuation--Definitions) and 1999 c
27 153 s 70, 1992 c 52 s 6, 1983 c 3 s 224, & 1971 ex.s. c 294 s 10;

28 (4) RCW 84.33.110 (Forest land valuation--Grading forest land--
29 Classes) and 1981 c 148 s 4, 1974 ex.s. c 187 s 4, & 1971 ex.s. c 294
30 s 11; and

31 (5) RCW 84.33.120 (Forest land valuation--Assessor to list forest
32 land at grade and class values--Computation of assessed value--
33 Adjustment of values--Certification--Use--Notice of continuance--
34 Appeals--Removal of classification--Compensating tax) and 1999 sp.s. c
35 4 s 702, 1999 c 233 s 20, 1997 c 299 s 1, 1995 c 330 s 1, 1992 c 69 s
36 1, 1986 c 238 s 1, 1984 c 204 s 23, 1981 c 148 s 7, 1980 c 134 s 2,

1 1974 ex.s. c 187 s 5, 1972 ex.s. c 148 s 5, & 1971 ex.s. c 294 s 12.

--- **END** ---