

# FINAL BILL REPORT

## SHB 1075

---

---

C 170 L 03

Synopsis as Enacted

**Brief Description:** Clarifying 2001 statutory changes made to forest tax statutes.

**Sponsors:** By House Committee on Finance (originally sponsored by Representatives Blake, Cairnes and Gombosky).

**House Committee on Finance**  
**Senate Committee on Ways & Means**

### **Background:**

Property meeting certain conditions may have property taxes determined on current use values rather than market values. There are four categories of lands that are classified and assessed on current use. Three categories are covered in the open space law: open space lands; farm and agriculture lands; and timber lands. The remaining category is designated forest land in the timber tax law.

The land remains in current use classification as long as it continues to be used for the purpose for which it was placed in the current use program. Land is removed from the program: at the request of the owner; by sale or transfer to an ownership making the land exempt from property tax; or by sale or transfer of the land to a new owner, unless the new owner signs a notice of classification continuance. The assessor may also remove land from the program if the land is no longer devoted to its open space purpose.

When property is removed from current use classification, back taxes, plus interest, must be paid. For open space categories, back taxes represent the tax benefit received over the most recent seven years. For designated forest land, back taxes are equal to the tax benefit in the most recent year multiplied by the number of years in the program (but not more than 10). There are some exceptions to the requirement for payment of back taxes. For example, back taxes are not required on the transfer of the land to an entity using the power of eminent domain or in anticipation of the exercise of that power.

In 2001 the Legislature restored an exception for payment of back property taxes when property is sold or transferred within two years of the death of an owner of at least 50 percent interest in the property. This exception only applies to properties that have been in current use programs continuously since 1993.

In 2001 the Legislature eliminated the distinction between classified and designated forest land in the timber tax program. Many technical changes were made to the statutes to

implement this change and to update related statutes.

**Summary:**

The date on the death certificate will be used to implement the exception to payment of back property taxes related to the death of an owner.

Language is restored in the timber tax law that limits the reference to "applicable rules" to only those rules adopted under Title 76 RCW (Forests and Forest Products).

A statute that applies to the repealed classified forest land is repealed.

**Votes on Final Passage:**

House 93 0

Senate 49 0

**Effective:** July 27, 2003