
Finance Committee

SB 6251

Brief Description: Concerning the conservation of forest lands.

Sponsors: Senators Regala, Carrell and Kastama.

Brief Summary of Bill

- Extends the exception for payment of back taxes on designated forest land sold or transferred for the purpose of conserving open space land from counties with population greater than 1 million to counties with population greater than 500,000.

Hearing Date: 2/20/08

Staff: Rick Peterson (786-7150).

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 may be 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. Designated forest land is in the timber tax law.

Applications for farm and agricultural classification and designated forest land are made to the county assessor. Applications for open space or timber land are made to the county legislative authority.

The land remains in current use classification as long as it continues to be used for the purpose 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

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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 nine). 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.

The back tax exceptions are slightly different for the open space program and the forest land program. In the open space program, an exception to paying back taxes is allowed for a sale or transfer to a governmental entity, a nonprofit historic preservation, or a nonprofit nature conservancy corporation for the purpose of conserving open space land. In the designated forest land category the similar exception is much more restrictive.

For designated forest land the general rule for the similar exception is restricted to a sale or transfer to a governmental entity or nonprofit nature conservancy corporation for conservation purposes of land which has been recommended for state natural area preserve purposes by the Natural Heritage council, or approved by the Department of Natural Resources for state natural resources conservation area purposes. However, there is an exception to the general rule for designated forest land. In counties with population greater than 1 million an exception to the payment of back taxes is allowed for a sale or transfer to a governmental entity or nonprofit historic preservation or nonprofit nature conservancy corporation for the purpose of conserving open space land.

Summary of Bill:

An exception for payment of back taxes on designated forest land is created for forest land located in counties with population greater than 500,000. The exception is available when the land is transferred to a governmental entity, nonprofit historic preservation or nonprofit nature conservancy corporation, for the purpose of conserving open space land.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.