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## Community Development & Housing Committee

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### ESB 5169

**Brief Description:** Encouraging economic development by exempting certain counties from the forest land compensating tax.

**Sponsors:** Senators Rockefeller, Kilmer and Shin.

#### Brief Summary of Engrossed Bill

- Extends the exception for payment of back taxes on designated forest land sold or transferred for the purpose of conserving open space land to include counties with a population of at least 245,000 inhabitants that border the Puget Sound (Kitsap and Thurston Counties).

**Hearing Date:** 3/16/11

**Staff:** Jennifer Thornton (786-7147).

#### Background:

Property that meets 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. The fourth category, designated forest land, is in the timber tax law.

When land is designated as forest land it is generally assessed at a lower value resulting in lower taxes. When land is removed from designation as forest land, back taxes must, with certain exceptions, be paid. The amount of the back tax owed for designated forest land is specified by formula and is equal to the tax benefit in the most recent year multiplied by the number of years in the current use program (but not more than nine).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

There are some exceptions to the requirement for payment of back taxes, including: when land is transferred to an entity using the power of eminent domain; when the land is transferred to a government entity in exchange for other forest land within Washington; and when land is sold or transferred 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.

Additionally, in counties with populations greater than 600,000, an exception to the payment of back taxes is allowed for a sale or transfer to a governmental entity, nonprofit historic preservation, or nonprofit nature conservancy corporation for the purpose of conserving open space.

**Summary of Bill:**

An exception for payment of back taxes on designated forest land is created for property located in counties with a population of at least 245,000 inhabitants that border the Puget Sound (Kitsap and Thurston Counties). 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. New fiscal note requested on March 14, 2011.

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