

SENATE BILL REPORT

ESB 5169

As Passed Senate, March 7, 2011

Title: An act relating to encouraging economic development by exempting certain counties from the forest land compensating tax.

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

Sponsors: Senators Rockefeller, Kilmer and Shin.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 2/07/11, 2/10/11 [DP].
Ways & Means: 2/23/11, 2/24/11 [DP, w/oRec].
Passed Senate: 3/07/11, 48-0.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: Do pass.

Signed by Senators Kastama, Chair; Chase, Vice Chair; Baumgartner, Ranking Minority Member; Hatfield, Holmquist Newbry, Kilmer and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pridemore, Regala, Rockefeller, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senator Pflug.

Staff: Dianne Criswell (786-7433)

Background: Most property is valued or assessed at its true and fair, or highest and best, value for purposes of imposing property taxes. The state Constitution, however, allows the

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Legislature to enact legislation assessing certain types of real property at its present or current use for purposes of imposing property taxes. Two programs of current use valuation have been established: one program for designated forest lands (DFL); and a second program that includes open space lands, farm and agricultural lands, and timber lands.

The DFL classification is for parcels of 20 or more acres devoted to commercial growing and harvesting of timber. If the property is removed from the classification, a compensating tax is imposed. The amount of compensating tax is the difference between the amount of tax last levied on the land as DFL and an amount equal to the new assessed value of the land for the last nine years. The compensating tax is not imposed under the following:

- a sale or transfer of the property to a government entity in exchange for other forest land located within the state of Washington;
- a taking through the exercise of the power of eminent domain (or sale in anticipation of the exercise of such power);
- a donation to a government agency or organization qualified under RCW 84.34.210 and 64.04.130 for the purposes enumerated in those sections;
- a sale or transfer to a governmental entity or a nonprofit nature conservancy corporation, as defined in RCW 64.04.130, exclusively for the protection and conservation of lands recommended for state natural area preserve purposes by the natural heritage council and natural heritage plan as defined in chapter 79.70 RCW or approved for state natural resources conservation area purposes as defined in chapter 79.71 RCW. At such time as the land is not used for the purposes enumerated, the compensating tax specified in subsection (11) of this section must be imposed upon the current owner;
- a sale or transfer to the parks and recreation commission for park and recreation purposes;
- an official action by an agency of the state of Washington or by the county or city within which the land is located that disallows the present use of the land;
- the creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;
- the creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;
- a sale or transfer of land within two years after the death of the owner of at least a 50 percent interest in the land if the land has been assessed and valued as classified forest land, designated as forest land under this chapter, or classified under chapter 84.34 RCW continuously since 1993; or
- a sale or transfer of property to a government entity or to a nonprofit historic preservation corporation or nonprofit nature conservancy corporation, as defined in RCW 64.04.130, to protect or enhance public resources, or to preserve, maintain, improve, restore, limit the future use of, or otherwise to conserve for public use or enjoyment, in a county with a population of more than 600,000 inhabitants.

Summary of Engrossed Bill: The exception for payment of compensating tax for counties with a population greater than 600,000 is modified to include counties with a population of at least 245,000 bordering Puget Sound [Kitsap and Thurston Counties].

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Economic Development, Trade & Innovation):

PRO: This affects Kitsap County, the only one of the four Puget Sound Regional Council counties not currently exempt. Kitsap County is the second densest county in the state. This will allow preservation and the building of ecotourism.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Senator Rockefeller, prime sponsor; Steve Bauer, Kitsap County Commissioner.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill provides Kitsap County, a high density population county, with the same treatment as other counties in the Puget Sound. There should be no impact to the state. This would be an economic development tool for ecotourism. It would create jobs in Kitsap County. Further, it would preserve property for open space, providing trails for the public and protection of wildlife habitat.

Persons Testifying (Ways & Means): PRO: Senator Rockefeller, prime sponsor; Tom McBride, Kitsap County.