

SENATE BILL REPORT

SB 6097

As of January 23, 2012

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 Rolfes, Fraser, Kilmer, Nelson, Swecker and Sheldon.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/26/12.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Edward Redmond (786-7471)

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 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

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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 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: Requested on January 21, 2012.

Committee/Commission/Task Force Created: No.

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