

**ESHB 1117 - H AMD 602**

By Representative Hansen

**ADOPTED 02/17/2014**

1 Beginning on page 26, after line 20, strike all of section 27 and  
2 insert the following:

3 "Sec. 27. RCW 84.33.140 and 2013 2nd sp.s. c 11 s 13 are each  
4 amended to read as follows:

5 (1) When land has been designated as forest land under RCW  
6 84.33.130, a notation of the designation must be made each year upon  
7 the assessment and tax rolls. A copy of the notice of approval  
8 together with the legal description or assessor's parcel numbers for  
9 the land must, at the expense of the applicant, be filed by the  
10 assessor in the same manner as deeds are recorded.

11 (2) In preparing the assessment roll as of January 1, 2002, for  
12 taxes payable in 2003 and each January 1st thereafter, the assessor  
13 must list each parcel of designated forest land at a value with respect  
14 to the grade and class provided in this subsection and adjusted as  
15 provided in subsection (3) of this section. The assessor must compute  
16 the assessed value of the land using the same assessment ratio applied  
17 generally in computing the assessed value of other property in the  
18 county. Values for the several grades of bare forest land are as  
19 follows:

	LAND	OPERABILITY	VALUES
	GRADE	CLASS	PER ACRE
22		1	\$234
23	1	2	229
24		3	217
25		4	157
26		1	198
27	2	2	190
28		3	183

1		4	132
2		1	154
3	3	2	149
4		3	148
5		4	113
6		1	117
7	4	2	114
8		3	113
9		4	86
10		1	85
11	5	2	78
12		3	77
13		4	52
14		1	43
15	6	2	39
16		3	39
17		4	37
18		1	21
19	7	2	21
20		3	20
21		4	20
22	8		1

23 (3) On or before December 31, 2001, the department must adjust by  
24 rule under chapter 34.05 RCW, the forest land values contained in  
25 subsection (2) of this section in accordance with this subsection, and  
26 must certify the adjusted values to the assessor who will use these  
27 values in preparing the assessment roll as of January 1, 2002. For the  
28 adjustment to be made on or before December 31, 2001, for use in the  
29 2002 assessment year, the department must:

30 (a) Divide the aggregate value of all timber harvested within the  
31 state between July 1, 1996, and June 30, 2001, by the aggregate harvest  
32 volume for the same period, as determined from the harvester excise tax  
33 returns filed with the department under RCW 84.33.074; and

34 (b) Divide the aggregate value of all timber harvested within the  
35 state between July 1, 1995, and June 30, 2000, by the aggregate harvest  
36 volume for the same period, as determined from the harvester excise tax  
37 returns filed with the department under RCW 84.33.074; and

1 (c) Adjust the forest land values contained in subsection (2) of  
2 this section by a percentage equal to one-half of the percentage change  
3 in the average values of harvested timber reflected by comparing the  
4 resultant values calculated under (a) and (b) of this subsection.

5 (4) For the adjustments to be made on or before December 31, 2002,  
6 and each succeeding year thereafter, the same procedure described in  
7 subsection (3) of this section must be followed using harvester excise  
8 tax returns filed under RCW 84.33.074. However, this adjustment must  
9 be made to the prior year's adjusted value, and the five-year periods  
10 for calculating average harvested timber values must be successively  
11 one year more recent.

12 (5) Land graded, assessed, and valued as forest land must continue  
13 to be so graded, assessed, and valued until removal of designation by  
14 the assessor upon the occurrence of any of the following:

15 (a) Receipt of notice from the owner to remove the designation;

16 (b) Sale or transfer to an ownership making the land exempt from ad  
17 valorem taxation;

18 (c) Sale or transfer of all or a portion of the land to a new  
19 owner, unless the new owner has signed a notice of forest land  
20 designation continuance, except transfer to an owner who is an heir or  
21 devisee of a deceased owner or transfer by a transfer on death deed,  
22 does not, by itself, result in removal of designation. The signed  
23 notice of continuance must be attached to the real estate excise tax  
24 affidavit provided for in RCW 82.45.150. The notice of continuance  
25 must be on a form prepared by the department. If the notice of  
26 continuance is not signed by the new owner and attached to the real  
27 estate excise tax affidavit, all compensating taxes calculated under  
28 subsection (11) of this section are due and payable by the seller or  
29 transferor at time of sale. The auditor may not accept an instrument  
30 of conveyance regarding designated forest land for filing or recording  
31 unless the new owner has signed the notice of continuance or the  
32 compensating tax has been paid, as evidenced by the real estate excise  
33 tax stamp affixed thereto by the treasurer. The seller, transferor, or  
34 new owner may appeal the new assessed valuation calculated under  
35 subsection (11) of this section to the county board of equalization in  
36 accordance with the provisions of RCW 84.40.038. Jurisdiction is  
37 hereby conferred on the county board of equalization to hear these  
38 appeals;

1 (d) Determination by the assessor, after giving the owner written  
2 notice and an opportunity to be heard, that:

3 (i) The land is no longer primarily devoted to and used for growing  
4 and harvesting timber. However, land may not be removed from  
5 designation if a governmental agency, organization, or other recipient  
6 identified in subsection (13) or (14) of this section as exempt from  
7 the payment of compensating tax has manifested its intent in writing or  
8 by other official action to acquire a property interest in the  
9 designated forest land by means of a transaction that qualifies for an  
10 exemption under subsection (13) or (14) of this section. The  
11 governmental agency, organization, or recipient must annually provide  
12 the assessor of the county in which the land is located reasonable  
13 evidence in writing of the intent to acquire the designated land as  
14 long as the intent continues or within sixty days of a request by the  
15 assessor. The assessor may not request this evidence more than once in  
16 a calendar year;

17 (ii) The owner has failed to comply with a final administrative or  
18 judicial order with respect to a violation of the restocking, forest  
19 management, fire protection, insect and disease control, and forest  
20 debris provisions of Title 76 RCW or any applicable rules under Title  
21 76 RCW; or

22 (iii) Restocking has not occurred to the extent or within the time  
23 specified in the application for designation of such land.

24 (6) Land may not be removed from designation if there is a  
25 governmental restriction that prohibits, in whole or in part, the owner  
26 from harvesting timber from the owner's designated forest land. If  
27 only a portion of the parcel is impacted by governmental restrictions  
28 of this nature, the restrictions cannot be used as a basis to remove  
29 the remainder of the forest land from designation under this chapter.  
30 For the purposes of this section, "governmental restrictions" includes:  
31 (a) Any law, regulation, rule, ordinance, program, or other action  
32 adopted or taken by a federal, state, county, city, or other  
33 governmental entity; or (b) the land's zoning or its presence within an  
34 urban growth area designated under RCW 36.70A.110.

35 (7) The assessor has the option of requiring an owner of forest  
36 land to file a timber management plan with the assessor upon the  
37 occurrence of one of the following:

38 (a) An application for designation as forest land is submitted; or

1 (b) Designated forest land is sold or transferred and a notice of  
2 continuance, described in subsection (5)(c) of this section, is signed.

3 (8) If land is removed from designation because of any of the  
4 circumstances listed in subsection (5)(a) through (c) of this section,  
5 the removal applies only to the land affected. If land is removed from  
6 designation because of subsection (5)(d) of this section, the removal  
7 applies only to the actual area of land that is no longer primarily  
8 devoted to the growing and harvesting of timber, without regard to any  
9 other land that may have been included in the application and approved  
10 for designation, as long as the remaining designated forest land meets  
11 the definition of forest land contained in RCW 84.33.035.

12 (9) Within thirty days after the removal of designation as forest  
13 land, the assessor must notify the owner in writing, setting forth the  
14 reasons for the removal. The seller, transferor, or owner may appeal  
15 the removal to the county board of equalization in accordance with the  
16 provisions of RCW 84.40.038.

17 (10) Unless the removal is reversed on appeal a copy of the notice  
18 of removal with a notation of the action, if any, upon appeal, together  
19 with the legal description or assessor's parcel numbers for the land  
20 removed from designation must, at the expense of the applicant, be  
21 filed by the assessor in the same manner as deeds are recorded and a  
22 notation of removal from designation must immediately be made upon the  
23 assessment and tax rolls. The assessor must revalue the land to be  
24 removed with reference to its true and fair value as of January 1st of  
25 the year of removal from designation. Both the assessed value before  
26 and after the removal of designation must be listed. Taxes based on  
27 the value of the land as forest land are assessed and payable up until  
28 the date of removal and taxes based on the true and fair value of the  
29 land are assessed and payable from the date of removal from  
30 designation.

31 (11) Except as provided in subsection (5)(c), (13), or (14) of this  
32 section, a compensating tax is imposed on land removed from designation  
33 as forest land. The compensating tax is due and payable to the  
34 treasurer thirty days after the owner is notified of the amount of this  
35 tax. As soon as possible after the land is removed from designation,  
36 the assessor must compute the amount of compensating tax and mail a  
37 notice to the owner of the amount of compensating tax owed and the date  
38 on which payment of this tax is due. The amount of compensating tax is

1 equal to the difference between the amount of tax last levied on the  
2 land as designated forest land and an amount equal to the new assessed  
3 value of the land multiplied by the dollar rate of the last levy  
4 extended against the land, multiplied by a number, in no event greater  
5 than nine, equal to the number of years for which the land was  
6 designated as forest land, plus compensating taxes on the land at  
7 forest land values up until the date of removal and the prorated taxes  
8 on the land at true and fair value from the date of removal to the end  
9 of the current tax year.

10 (12) Compensating tax, together with applicable interest thereon,  
11 becomes a lien on the land, which attaches at the time the land is  
12 removed from designation as forest land and has priority and must be  
13 fully paid and satisfied before any recognizance, mortgage, judgment,  
14 debt, obligation, or responsibility to or with which the land may  
15 become charged or liable. The lien may be foreclosed upon expiration  
16 of the same period after delinquency and in the same manner provided by  
17 law for foreclosure of liens for delinquent real property taxes as  
18 provided in RCW 84.64.050. Any compensating tax unpaid on its due date  
19 will thereupon become delinquent. From the date of delinquency until  
20 paid, interest is charged at the same rate applied by law to delinquent  
21 ad valorem property taxes.

22 (13) The compensating tax specified in subsection (11) of this  
23 section may not be imposed if the removal of designation under  
24 subsection (5) of this section resulted solely from:

25 (a) Transfer to a government entity in exchange for other forest  
26 land located within the state of Washington;

27 (b) A taking through the exercise of the power of eminent domain,  
28 or sale or transfer to an entity having the power of eminent domain in  
29 anticipation of the exercise of such power;

30 (c) A donation of fee title, development rights, or the right to  
31 harvest timber, to a government agency or organization qualified under  
32 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those  
33 sections, or the sale or transfer of fee title to a governmental entity  
34 or a nonprofit nature conservancy corporation, as defined in RCW  
35 64.04.130, exclusively for the protection and conservation of lands  
36 recommended for state natural area preserve purposes by the natural  
37 heritage council and natural heritage plan as defined in chapter 79.70  
38 RCW or approved for state natural resources conservation area purposes

1 as defined in chapter 79.71 RCW, or for acquisition and management as  
2 a community forest trust as defined in chapter 79.155 RCW. At such  
3 time as the land is not used for the purposes enumerated, the  
4 compensating tax specified in subsection (11) of this section is  
5 imposed upon the current owner;

6 (d) The sale or transfer of fee title to the parks and recreation  
7 commission for park and recreation purposes;

8 (e) Official action by an agency of the state of Washington or by  
9 the county or city within which the land is located that disallows the  
10 present use of the land;

11 (f) The creation, sale, or transfer of forestry riparian easements  
12 under RCW 76.13.120;

13 (g) The creation, sale, or transfer of a conservation easement of  
14 private forest lands within unconfined channel migration zones or  
15 containing critical habitat for threatened or endangered species under  
16 RCW 76.09.040;

17 (h) The sale or transfer of land within two years after the death  
18 of the owner of at least a fifty percent interest in the land if the  
19 land has been assessed and valued as classified forest land, designated  
20 as forest land under this chapter, or classified under chapter 84.34  
21 RCW continuously since 1993. The date of death shown on a death  
22 certificate is the date used for the purposes of this subsection  
23 (13)(h); or

24 (i)(i) The discovery that the land was designated under this  
25 chapter in error through no fault of the owner. For purposes of this  
26 subsection (13)(i), "fault" means a knowingly false or misleading  
27 statement, or other act or omission not in good faith, that contributed  
28 to the approval of designation under this chapter or the failure of the  
29 assessor to remove the land from designation under this chapter.

30 (ii) For purposes of this subsection (13), the discovery that land  
31 was designated under this chapter in error through no fault of the  
32 owner is not the sole reason for removal of designation under  
33 subsection (5) of this section if an independent basis for removal  
34 exists. An example of an independent basis for removal includes the  
35 land no longer being devoted to and used for growing and harvesting  
36 timber.

37 (14) In a county with a population of more than six hundred  
38 thousand inhabitants or in a county with a population of at least two

1 hundred forty-five thousand inhabitants that borders Puget Sound as  
2 defined in RCW 90.71.010, the compensating tax specified in subsection  
3 (11) of this section may not be imposed if the removal of designation  
4 as forest land under subsection (5) of this section resulted solely  
5 from:

6 (a) An action described in subsection (13) of this section; or

7 (b) A transfer of a property interest to a government entity, or to  
8 a nonprofit historic preservation corporation or nonprofit nature  
9 conservancy corporation, as defined in RCW 64.04.130, to protect or  
10 enhance public resources, or to preserve, maintain, improve, restore,  
11 limit the future use of, or otherwise to conserve for public use or  
12 enjoyment, the property interest being transferred. At such time as  
13 the property interest is not used for the purposes enumerated, the  
14 compensating tax is imposed upon the current owner."

15 On page 37, line 37, after "during the" strike "2013" and insert  
16 "2014"

EFFECT: Makes technical changes to update dates and reflect  
changes that were made to underlying statutes in amendatory sections  
during the first half of the biennium.

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