

CHAPTER 120.

[S. B. 268.]

TAXATION OF FORESTS AND FOREST LANDS.

AN ACT relating to the taxation of forest land and the forest crops growing thereon and authorizing the deferment of the payment of taxes on such crops, defining the powers and duties of certain state and local officers in connection therewith, prescribing penalties, declaring certain acts to be gross misdemeanors and providing when this act shall take effect.

Be it enacted by the Legislature of the State of Washington:

Definitions.

SECTION 1. For the purposes of this act, unless otherwise indicated by the context:

(1) The word "commission" means the Tax Commission of the State of Washington;

(2) The term "forest crop" means the merchantable timber growing upon forest land;

(3) The term "forest land" means all land heretofore or hereafter acquired by private ownership held or to be held chiefly for forest crop production, and not classified or eligible for classification as reforestation land under chapter 40, Laws of 1931; but does not include wood lots of forty acres or less situated upon or owned in conjunction with or adjacent to lands devoted primarily to farming;

(4) The word "harvesting" means removal for sale or use;

(5) The term "legal description" or "description" means government subdivision, recorded plat or description by metes and bounds;

(6) The term "merchantable timber" means all wood growth capable of being marketed commercially;

(7) The words "person" and "owner" mean and include persons, firms, co-partnerships, associations or corporations.

SEC. 2. For the purpose of taxation, all forest crops shall be deemed to be personal property whether owned separately from or in conjunction with the ownership of the land and all forest land shall be deemed to be real property. Forest land shall be assessed and taxed under the provisions of law pertaining to the assessment and taxation of real property. The basis of assessment shall be fifty per centum (50%) of the true and fair value of the land in money, which shall be taken to be that value which would remain if the forest crop were entirely harvested. All forest crops shall be assessed and taxed as personal property, but there shall be no distraint for any such taxes until five (5) years after delinquency thereof. Forest crops upon forest lands, as hereinafter classified, shall be assessed and taxed only as in this act provided.

Timber deemed personal property.

Forest land deemed realty.

Basis of assessment.

No distraint for 5 years.

SEC. 3. Upon the taking effect of this act it shall be the duty of the Assessor of each county in the state, having within it any forest lands, to classify such lands for the purpose of applying the provisions of this act. Such classification shall be made upon the verified petition of the owner giving a full and complete legal description of his land, the approximate stand of timber by cruise or count and such other information as may assist the Assessor in determining whether the property shall be classified as forest land. If no verified petition is filed by the owner, the Assessor may classify the property upon the basis of such facts as are available to him, but he shall not classify the property of any owner who objects to having his property classified and refuses to accept the benefits of this act. He shall prepare a list of all forest lands within his county so classified, containing a legal description of each tract or parcel, the name and address of the owner, the cruise or approximate stand of timber and such other information as may be rele-

Duty of County Assessor.

Classification.

Requirements.

Prepare list.

Approximate cruise.

List in
triplicate.

vant to the purposes of this act. Such list shall be made in triplicate and one copy forwarded to the Commission and one furnished to the County Treasurer. After completing his classification, the Assessor shall notify each owner or petitioner by mail

Owner may
appeal from
classification.

that his land has been classified as forest land or that the Assessor has refused to classify a petitioner's land as forest land and the owner, petitioner or any person having a lien on or a contract for the purchase of said property, may thereupon, if dissatisfied with the determination of the Assessor,

Procedure.

appeal to the Commission by mailing to or filing with the Commission within ten (10) days after receipt of the notice a statement in writing that he appeals from the action of the County Assessor.

Hearings.

The Commission shall fix a time for hearing not less than twenty (20) nor more than sixty (60) days from the date of receipt of the notice of appeal at which objections to the classification or the failure of the Assessor to classify may be heard. Such hearing may be held at Olympia or, if the Commission so elects, at the county seat of the county where the land is located, and may be conducted by an agent or appointee of the Commission who shall prepare a transcript of the testimony and submit the same, together with his recommendation, to the Commission for final order. The

Commission
to make final
order.

Commission in its order shall have the right to add to or eliminate from the Assessor's classification such land described in the petition as in its judgment properly should or should not be classified as forest land. One copy of the Commission's order shall be mailed to the Assessor and one copy to the owner or appellant and said order shall be reviewable by certiorari as provided by law. The Assessor shall annually thereafter, in a similar manner and

Order
reviewable.

under similar procedure, make such additions to or eliminations from the list of forest lands within his county as he may deem proper.

To alter list
annually.

SEC. 4. For the assessment year 1941, and annually thereafter, at the time of listing personal property, the County Assessor of each county having within it any classified forest lands shall proceed to assess all forest crops upon the lands so classified, the basis of assessment to be fifty per centum (50%) of the true and fair value of such forest crops in money: *Provided*, That subsequent to the assessment year 1942 or the first assessment year following classification in the case of forest crops classified after the beginning of the assessment year 1942, the County Assessor shall list and assess classified forest crops every year. Permanent forest assessment rolls shall be prepared by the County Assessor, in form prescribed by the Commission, containing vertical columns for the consecutive entry from year to year of "assessed valuation," "total tax," "current tax," "deferred tax," "cumulative deferred taxes," "interest" and "total currently payable." Above the vertical columns shall be space for the listing of the name of the owner, a description of the forest crop and the legal description of the underlying forest land. One such roll may be used for all contiguous lands in common ownership in the same taxing district. After computing and extending the total tax against forest crops classified under this act, based upon his assessment thereof for the year in question, the Assessor shall extend in the "current tax" column the amount of tax against forest crop upon such legal description which is currently to be paid and shall extend in the "deferred tax" column the amount of such tax the payment of which is to be deferred under the provisions of this act, and he shall also compute and extend in the proper columns the amount of cumulative deferred taxes, interest chargeable thereon and the total sum currently payable. For the assessment year 1942, in the

Assessment,
personal
property.

Basis.

Make list
every year.Permanent
assessment
rolls.

Contents.

Assessment rolls forms.	<p>case of forest crops theretofore classified, and for the first assessment year following classification, in the case of forest crops classified after the beginning of the assessment year 1942, the current tax to be extended in the column headed "current tax" shall be the total tax diminished by an amount equal to seven and one-half (7½) per centum thereof and the deferred tax to be extended in the column headed "deferred tax" shall be the amount by which the total tax is thus diminished, and for each succeeding year up to and including the assessment year 1951, or the tenth year after classification, as the case may be, the total tax as annually levied and extended shall be successively diminished by an amount equal to an additional seven and one-half per centum (7½%) thereof in order to arrive at the current tax and deferred tax for each respective year. After the assessment year 1951, or the tenth year after classification, as the case may be, there shall be no further diminution of tax and the current tax shall be twenty-five per centum (25%) and the deferred tax seventy-five per centum (75%), respectively, of the total tax for each year: <i>Provided</i>, That the cumulative total of deferred taxes to be extended against any description in any year prior to the beginning of harvesting shall in no event exceed twenty-five per centum (25%) of the assessed valuation of the forest crop on such description and, whenever in any such year the theretofore accumulated total of deferred taxes plus the amount of annual deferred tax computed on the basis of the percentages above set forth exceeds such twenty-five per centum (25%) of assessed valuation, the annual deferred tax to be currently extended in the "deferred tax" column shall be the amount only, if any, by which such twenty-five per centum (25%) of assessed valuation of the property exceeds the theretofore accumulated deferred taxes.</p>
Basis of computation.	
Deferred tax extended from year to year.	
Diminishing rate.	
No diminution after ten years.	
Permanent basis.	
Proviso.	

Upon completion of the forest assessment rolls and at the time his other assessment rolls are transmitted, the County Assessor shall, for the first year after classification of forest lands under this act, transmit duplicate forest assessment rolls to the County Auditor, who shall in turn transmit the same to the County Treasurer for collection. The County Treasurer shall post the tax and interest currently payable to his segregation register, return one duplicate of the forest assessment rolls to the County Assessor for assessment purposes during the next year and retain the other as his permanent tax roll and record of forest taxes levied under this act. For each succeeding year the forest assessment rolls shall be made singly and be similarly transmitted and upon receipt thereof the County Treasurer shall post the amount currently payable to his segregation register and all amounts as extended thereon by the Assessor to his permanent tax roll and record of forest taxes, returning the forest assessment roll to the County Assessor for next year's assessment purposes.

Assessor to transmit rolls.

Treasurer to post.

SEC. 5. The current tax including accrued interest on deferred taxes shall be collected under the provisions of the general revenue laws applicable to the collection of personal property taxes and shall be subject to the same penalties provided by said laws for delinquency in payment, but there shall be no distraint for such tax until five (5) years after delinquency in payment thereof. The principal of the deferred tax shall accumulate from year to year and shall draw simple interest at the rate of three (3) per centum per annum from the time when such tax would have been payable except for the provisions of this act. The interest on the deferred taxes shall be added to and become part of a taxpayer's current tax and shall be payable annually at the same time and in the

Current tax and interest on deferred tax collected annually.

Interest rate on deferred tax.

same manner and shall be subject to the same rebates and penalties as the current tax against the same description. Deferred tax interest shall when collected be distributed to the same taxing district funds as are entitled to share in current tax collections. Nothing in this act shall be construed to prevent an owner of forest land from paying the deferred tax upon the forest crop at the time of paying the current tax. Deferment of taxes under this act shall in no wise impair the lien thereof against the forest land or crop but the same shall remain a valid and subsisting lien until paid. If an owner of forest crops upon forest lands classified under this act fails to pay or cause to be paid the current tax and deferred tax interest against the forest crop upon any description, plus the interest thereon, and the taxes assessed against the forest land underlying such forest crop, plus the interest thereon, within five (5) years from the date of delinquency thereof, the privilege of further deferment of taxes against such forest crop shall be immediately withdrawn and the cumulative deferred taxes then standing against the particular description upon the County Treasurer's permanent record shall become immediately due and payable and shall be included by the County Treasurer in any distraint proceeding against the forest crop and any proceeding for the foreclosure of certificates of delinquency against the underlying forest land.

Owner may pay deferred tax.

Delinquency for 5 years grounds for cancelling deferment.

After delinquency may distraint or foreclose.

Must obtain permit before cutting timber.

SEC. 6. Any person desiring to harvest the forest crop upon any lands classified under this act shall before commencing such harvesting obtain from the County Treasurer of the county in which such forest crop is situated a harvesting permit. Said permit shall be issued by the Treasurer on written application therefor, stating the name of the applicant and the legal description or descriptions upon which harvesting is proposed to be con-

ducted. Before such permit shall be issued the applicant shall pay or cause to be paid in full all taxes then due and payable against the particular description or descriptions covered by the application, including all taxes plus interest thereon, if any, against the forest land; all current taxes and deferred tax interest plus interest thereon, if any, against the forest crop; and the cumulative deferred taxes then standing against such description or descriptions upon the County Treasurer's permanent record. Deferred taxes are hereby declared to be due and payable against any legal description at the time the harvesting permit is applied for. Each harvesting permit shall explicitly state the legal description or descriptions upon which harvesting is thereby permitted. It shall be unlawful for any person to harvest any forest crop upon forest lands classified under this act without first having secured a harvesting permit under this section.

All taxes due to be paid before permit issued.

SEC. 7. Each such permittee shall, on or before January 15th of each year, report under oath, to the County Treasurer who issued the harvesting permit, the total acreage by description harvested during the preceding calendar year on the authority of each permit theretofore issued. If the report shows, or investigation by the County Treasurer independently of such report discloses, that the acreage actually harvested exceeds that covered by the permit, there shall be added to the cumulative deferred taxes standing on the Treasurer's record against the legal description containing such excess acreage a penalty of ten per centum (10%) thereof, which penalty shall for all purposes become a part of such tax. In case harvesting under a permit is completed before the end of the calendar year, the report required by this section shall be made to the County Treasurer with fifteen (15) days after

Report annually amount of acreage harvested.

Penalty for exceeding permit.

completion of harvesting, but in all other respects the provisions of this section shall apply.

Distribution
of tax by
Treasurer.

SEC. 8. Whenever deferred taxes are collected by the County Treasurer, he shall distribute the same, so far as possible, to the various funds existing at the date the deferred taxes would have become due and payable except for the provisions of this act, in accordance with the levies in effect as of said date. In the event any fund existent at that time has in the meantime been abolished by law and its obligations fully liquidated, its proportion of the tax shall be credited to the County Current Expense Fund. Any advancements between funds shall upon such payment be properly adjusted. Deferred taxes under this act shall be considered an asset against which a county or other taxing district, to whose credit such taxes stand, may for corporate purposes borrow money to the extent of fifty per centum (50%) thereof, and such borrowing shall not be construed as increasing the net indebtedness of the county or other taxing district. Obligations secured by taxes deferred under this act shall be a legal investment for state funds, including the permanent school fund, any higher educational funds and the accident fund. Deferred taxes under this act shall not be considered as delinquent state taxes for the purpose of the State Auditor's certification of such taxes for the seventh preceding year under section 71, chapter 130, Laws Extraordinary Session 1925, it being the intent of this act that the state shall carry its proportion of the deferred taxes the same as counties or other taxing districts until the same are actually collected. Each County Treasurer shall on or before January 15th of each year certify to the State Auditor the amount of the state's portion of the total of forest taxes deferred in his county in the preceding fiscal year and the State Auditor shall

County may
borrow on
deferred tax.

Deferred
tax not
considered
delinquent.

Treasurer
to report
to State
Auditor.

carry such amount as a charge against the county until such cumulative deferred forest taxes are collected as in this act provided.

SEC. 9. From and after the assessment date, all deferred taxes under this act shall be and constitute a lien prior to all other liens against the description of forest crop specifically assessed therefor, and against the description of forest land which underlies the forest crop specifically assessed, and shall also be and constitute a lien against any other harvested or unharvested forest crop belonging to the owner of said taxed property when so assessed. Any transfer of ownership of the forest crop specifically assessed or of the underlying forest land shall not divest or in any wise impair the lien of the deferred taxes against such crop or against the forest land.

Deferred tax
a prior lien.

SEC. 10. Every person who harvests any forest crop without obtaining the permit required by this act or any permittee who wilfully or knowingly violates any provision of section 6 or section 7 of this act shall be guilty of a gross misdemeanor.

Penalty for
violation.

SEC. 11. All acts and parts of acts in conflict with the provisions hereof are hereby repealed but such repeal shall not abate or invalidate any proceedings, whether pending or not, for the collection of taxes upon timber or timber lands levied before the taking effect of this act.

Conflicting
laws re-
pealed.

SEC. 12. If any section, clause or part of this act shall be adjudged to be invalid or unconstitutional for any reason, such adjudication shall not affect the remaining portions of the act.

Partial
invalidity.

SEC. 13. This act is necessary for the immediate support of the state government and its existing public institutions and shall take effect immediately.

Effective
immediately.

Passed the Senate February 26, 1941.

Passed the House March 12, 1941.

Approved by the Governor March 21, 1941.