

"This bill waives the statute of limitations on a claim the Alton V. Phillips Company, a highway and bridge contractor, has against the State Highway Department. It allows the company within thirty days from the time the act takes effect to bring an action in the Superior Court of the State of Washington for Thurston County.

"Reluctantly I am allowing Senate Bill No. 618 to become law without my signature.

"I have always been opposed to legislation enacted for the benefit of a private individual or a private corporation. In the first place, I question whether this bill complies with the mandate of the constitution prohibiting special legislation, as provided in Article II, Section 28, particularly subsections 14 and 17 thereof.

"I have been advised that the company involved, while engaged in negotiations with the Highway Department concerning its claim, failed to bring suit within 180 days from date of final acceptance of the work, as required by RCW 47.28.120.

"The Director of Highways has not opposed this measure. The bill has passed both Houses of the Legislature by more than a two-thirds majority. In addition, the bill merely allows the company to present its case and obtain a judgment if the court finds in favor of the company. If the company fails to establish a case it will obtain nothing.

"For these reasons, I am allowing Senate Bill No. 618 to become law without my signature."

ALBERT D. ROSELLINI,
Governor.

CHAPTER 249.

[S. B. 349.]

PROPERTY TAXES—TIMBER AND TIMBERLANDS.

AN ACT relating to the taxation of timber and timberlands; and adding five new sections to chapter 15, Laws of 1961 and to chapter 84.40 RCW.

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

SECTION 1. There is added to chapter 15, Laws of 1961 and to chapter 84.40 RCW a new section to read as follows:

New section.

Based upon the study as directed by house concurrent resolution No. 10 of the thirty-seventh session of the legislature relating to the taxation of timber and timberlands, the legislature hereby establishes the criteria set forth in this amendatory act as standards for the valuation of timber and timberlands for tax purposes.

Timber,
timberlands,
tax valuation.
Standards.

New section.

SEC. 2. There is added to chapter 15, Laws of 1961 and to chapter 84.40 RCW a new section to read as follows:

Timber, timberlands, tax valuation. Timberlands defined.

As used in this amendatory act "timberlands" means land primarily suitable and used for growing a continuous supply of forest products, whether such lands be cut-over, selectively harvested, or contain merchantable or immature timber, and includes the timber thereon. Timberlands are lands devoted to reforestation within the meaning of Article VII, section 1 of the state Constitution as amended.

New section.

SEC. 3. There is added to chapter 15, Laws of 1961, and to chapter 84.40 RCW a new section to read as follows:

Legislative findings, declaration.

It is hereby found and declared that:

(1) Timber constitutes the primary renewable resource of this state.

(2) It is the public policy of this state that timberlands be managed in such a way as to assure a continuous supply of forest products.

(3) It is in the public interest that forest valuation and taxation policy encourage and permit timberland owners to manage their lands to sustain maximum production of raw materials for the forest industry, to maintain other public benefits, and to maintain a stable and equitable tax base.

(4) Forest management entails continuous and accumulative burdens of taxes, protection, management costs, interest on investment, and risks of loss from fire, insects, disease and the elements over long periods of time prior to harvest and realization of income.

(5) Existing timberland valuation and taxation procedures under the general property tax system are consistent with the public interest and the public policy herein set forth only when due consideration and recognition is given to all relevant factors in

determining the true and fair value in money of each tract or lot of timberland.

(6) To assure equality and uniformity of taxation of timberland, uniform principles should be applied for determining the true and fair value in money of such timberlands, taking into account all pertinent factors such as regional differences in species and growing conditions.

(7) The true and fair value in money of timberlands must be determined through application of sound valuation principles based upon the highest and best use of such properties. The highest and best use of timberlands, whether cut-over, selectively harvested, or containing merchantable or immature timber, is to manage, protect and harvest them in a manner which will realize the greatest economic value and assure the maximum continuous supply of forest products. This requires that merchantable timber originally on timberlands be harvested gradually to maintain a continuous supply until immature timber reaches the optimum age or size for harvesting, that immature timber on timberlands be managed and protected for extensive periods until it reaches such optimum age or size and that such timberlands be continually restocked as harvested.

(8) Reforestation entails an integrated forest management program which includes gradual harvesting of existing merchantable timber, management and protection of immature timber during its growth cycle until it reaches the optimum size or age for harvesting and a continual preparation and restocking of areas after harvest. Such management of timberlands is now generally followed and practiced in this state and it is in the public interest that such management be continued and encouraged.

(9) The prices at which merchantable timber is sold generally reflect values based upon immediate

Timber,
timberlands,
tax valuation.
Legislative
findings,
declaration.

harvesting, and the prices at which both merchantable and immature timber are sold frequently reflect circumstances peculiar to the particular purchaser. Such prices generally make little or no allowance for the continuous and accumulative burdens of taxes, protection, management costs, interest on investment, and risks of loss from fire, insects, disease, and the elements which must be borne by the owner of timberlands over long periods of time prior to the time timber is harvested and income is realized. Such prices do not, therefore, provide a reliable measure of the true and fair value in money. Accordingly, both the public policy and the public interest of this state and sound principles of timber valuation require that in the determination of the true and fair value in money of such properties appropriate and full allowance be made for such continuous and accumulative burdens over the period of time between assessment and harvest.

New section.

SEC. 4. There is added to chapter 15, Laws of 1961 and to chapter 84.40 RCW a new section to read as follows:

Factors in
determining
valuation.

In determining the true and fair value in money of timberlands, sales prices, or values based upon immediate harvesting, however ascertained, shall be adjusted to give full consideration and effect to, and make appropriate allowance for, the following factors:

(1) Forest land quality, which shall be determined by analysis of existing timber stands, if present, of soil quality and of other generally accepted indicators.

(2) Age and density of timber stand.

(3) Species of timber.

(4) Quality of timber, which shall be determined by analysis of the percentages of the various log grades that will be recovered, such grades to be

determined by references to generally accepted log grade rules.

(5) Harvesting costs which will be incurred in converting the timber to marketable products, as affected by topography, distance from roads, distance from markets, harvesting methods and volume and size of timber.

(6) Accumulative burdens which will be incurred during the period of time between the date of assessment and the probable date of harvesting. The allowance made for such burdens shall include full and adequate provisions for each of the following elements:

(a) The current rate of return obtainable on long-term, risk-free investments.

(b) The risks of loss due to fire, insects, disease and storms.

(c) Property taxes.

(d) Other carrying charges, which shall include, but not be limited to, costs of protection, regeneration, administration and management.

The period of time between the date of assessment and the probable date of harvesting shall be ascertained by the rate of harvesting in the area and other relevant factors. For the purposes hereof, the area considered may be county-wide and include all the timberlands in the county but shall not be smaller than the individual owner's tract of timberlands in the county.

SEC. 5. There is added to chapter 15, Laws of 1961 and to chapter 84.40 RCW a new section to read as follows:

New section.

The timber appraisal manual heretofore prepared and published pursuant to chapter 20, Laws of 1951 second extraordinary session shall be revised and updated by seven county assessors with the advice of the state tax commission and shall thereafter be revised and updated at least once every four years. The seven

Timber appraisal manual
revision—
Distribution.

Timber,
timberlands,
tax valuation.
Timber ap-
praisal manual
revision—
Distribution.

assessors shall be selected by the executive board of the Washington State Association of County Assessors as follows: Two members shall be from the western district of the association of county assessors; two members from the Puget Sound district; one member from the central district; one member from the eastern district; and the duly elected and acting president of the association. The districts herein specified shall be as designated in the bylaws of the association adopted in September, 1961. The department of natural resources shall aid and assist in the preparation of the manual. The aforementioned parties shall meet within thirty days of the effective date of this act and shall revise and update the timber appraisal manual. The revised and updated manual shall be delivered to the tax commission on or before January 1, 1964. The tax commission shall reproduce the manual in suitable form and furnish two copies free of charge to each county assessor prior to March 15, 1964, and shall furnish the manual to others upon request at a price of five dollars per copy. The purposes of revising and updating this manual shall be solely in accordance with this act and no other.

Severability.

SEC. 6. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of this act, or the application of the provisions to other persons or circumstances is not affected.

Passed the Senate March 10, 1963.

Passed the House March 14, 1963.

Governor's
comment.

NOTE: Governor's explanation for allowing this measure to become law without his approval:

"This bill deals in a comprehensive manner with the taxation of timber lands. I am aware of the fact that growing timber needs a tax structure furthering its economic growth and development. Continued timber growth is, of course, one of our essential natural resources deserving our primary attention.

"Senate Bill No. 349 outlines a number of factors to be taken into consideration in establishing true and fair value for our timber lands. It provides that the timber appraisal manual prepared and published

pursuant to chapter 20, Laws of 1951, Second Extraordinary Session, shall be revised and updated by seven county assessors, with the advice of the State Tax Commission and the Department of Natural Resources.

"I have some misgivings that Senate Bill No. 349 may discriminate in favor of the small number of large timber owners as against the large number of small timber owners. However, I am willing to permit this act to become law and observe its practical operations closely during the coming biennium. I am of the opinion that we should continue to study our methods of taxing timber lands, so that at some future date we might find a truly equitable solution of the timber tax problem which will treat small, medium and large timber owners alike.

"For the reasons indicated, I am permitting Senate Bill No. 349 to become law without my signature.

ALBERT D. ROSELLINI,
Governor.

NOTICE

This page concludes the printing of
the Laws of the 1963 Regular Session.