

Section 4 repeals RCW 79.01.484, which provides for the sale or lease, when the public interest is best served, of second class shorelands, and grants a preference in case of such sale or lease to the abutting upland owner. Repeal of this section would take away the desired flexibility presently within the Department of Natural Resources to lease second class shorelands to abutting owners while still preserving the property ultimately for the public benefit. Accordingly, I have determined to veto section 4.

With the foregoing exceptions, the remainder of House Bill 1181 is approved."

Veto  
Message

-----

CHAPTER 187

[Substitute House Bill No. 1185]

REVENUE AND TAXATION OF  
TIMBER AND FOREST LANDS

AN ACT Relating to revenue and taxation of timber and forest lands; amending section 7, chapter 294, Laws of 1971 ex. sess. as amended by section 1, chapter 148, Laws of 1972 ex. sess. and RCW 82.04.291; amending section 5, chapter 294, Laws of 1971 ex. sess. as last amended by section 90, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.33.050; amending section 8, chapter 294, Laws of 1971 ex. sess. as last amended by section 92, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.33.080; amending section 11, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.110; amending section 12, chapter 294, Laws of 1971 ex. sess. as amended by section 5, chapter 148, Laws of 1972 ex. sess. and RCW 84.33.120; amending section 13, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.130; amending section 14, chapter 294, Laws of 1971 ex. sess. as last amended by section 93, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.33.140; amending section 10, chapter 146, Laws of 1967 ex. sess. as last amended by section 1, chapter 125, Laws of 1972 ex. sess. and RCW 84.40.045; adding new sections to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW; repealing section 18, chapter 294, Laws of 1971 ex. sess., section 7, chapter 148, Laws of 1972 ex. sess. and RCW 84.33.180; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 7, chapter 294, Laws of 1971 ex. sess. as amended by section 1, chapter 148, Laws of 1972 ex. sess. and RCW 82.04.291 are each amended to read as follows:

(1) Upon every person engaging within this state in business as a harvester of timber; as to such persons the amount of tax with respect to such business shall be equal to the stumpage value of

timber harvested for sale or for commercial or industrial use multiplied by the appropriate rate as follows:

(a) For timber harvested between October 1, 1972 and September 30, 1973 inclusive, the rate shall be one and three-tenths percent;

(b) For timber harvested between October 1, 1973 and September 30, 1974 inclusive, the rate shall be two and nine-tenths percent and between October 1, 1974 and December 31, 1978, inclusive, six and one-half percent ((;

(c) For timber harvested on or after October 1, 1974, the rate shall be determined and fixed by the first session of the legislature commencing on or after January 1, 1973, whether regular or extraordinary, in accordance with the purposes and intent of RCW 84.33.180)).

(2) For purposes of this section:

(a) "Harvester" means every person who from his own privately owned land or from the privately owned land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services fells, cuts or takes timber for sale or for commercial or industrial use. It does not include persons performing under contract the necessary labor or mechanical services for a harvester.

(b) "Timber" means forest trees, standing or down on privately owned land, and except as provided in RCW 84.33.170 includes Christmas trees.

(c) "Stumpage value of timber" means the appropriate stumpage value shown on tables to be prepared by the department of revenue pursuant to subsection (3) of this section.

(d) Timber shall be considered harvested at the time when in the ordinary course of business the quantity thereof by species is first definitely determined. The amount harvested shall be determined by the Scribner Decimal C Scale or other prevalent measuring practice adjusted to arrive at substantially equivalent measurements, as approved by the department of revenue.

(3) On or before July 1, 1972 and as necessary thereafter, the department of revenue shall designate areas containing timber having similar growing, harvesting and marketing conditions to be used as units for the preparation and application of stumpage values. Before September 1, 1972 for use during the fourth quarter of 1972 and all of 1973, and before December 1 of each year commencing with 1973, for use during the succeeding year, the department shall prepare tables of stumpage values of each species or subclassification of timber within such units, which values shall be the amount that each such species or subclassification would sell for

at a voluntary sale made in the ordinary course of business for purposes of immediate harvest. Such stumpage values, expressed in terms of a dollar amount per thousand board feet or other unit measure, shall be determined from (a) gross proceeds from sales on the stump of similar timber of like quality and character at similar locations, and in similar quantities, or from (b) gross proceeds from sales of logs adjusted to reflect only the portion of such proceeds attributable to value on the stump immediately prior to harvest, or from a combination of (a) and (b), and shall be determined in a manner which makes reasonable and adequate allowances for age, size, quality, costs of removal, accessibility to point of conversion, market conditions and all other relevant factors. If, on or before April 1 of any year commencing with 1975, the department shall determine that the stumpage value index as of January 1 of such year is greater or smaller, by ten percent or more, than the stumpage value index as of July 1 of the preceding year it shall, in the same manner prescribed for annual stumpage value determinations, prepare revised tables setting forth stumpage values. Such revised tables shall be applicable to timber harvested between July 1 and December 31 of such year, inclusive. The term stumpage value index as of any date shall mean a weighted average price of state and federal timber sales for all species during the twelve months prior to such date, such weighting to be based upon the actual volumes of the several species or subclassifications of timber harvested during the four most recent calendar quarters for which such information is available from tax returns filed by harvesters. Such index and the procedures to be followed in calculating it shall be further defined in regulations to be prepared by the department of revenue and reviewed by the ways and means committees of the house and senate prior to promulgation by the department. Upon application from any person who plans to harvest damaged timber, the stumpage values for which have been materially reduced from the values shown in the applicable tables due to damage resulting from fire, blow down, ice storm, flood or other sudden unforeseen cause, the department shall revise such tables for any area in which such timber is located and shall specify any additional accounting or other requirements to be complied with in reporting and paying such tax. The preliminary area designations and stumpage value tables and any revisions thereof shall be subject to review by the ((forest tax committee established pursuant to REW 84\*33:100)) ways and means committees of the house and senate prior to finalization. Tables of stumpage values shall be signed by the director or his designee and authenticated by the official seal of the department. A copy thereof shall be mailed to anyone who has submitted to the department a written request therefor.

(4) On or before ((October 31, 1972, with respect to stumpage values set by the department of revenue for the fourth quarter of 1972 and all of 1973, and on or before January 31 of each succeeding year commencing with 1974, with respect to stumpage values set by the department of revenue for such year,)) the sixtieth day after the date of final adoption of any stumpage value tables, any harvester may appeal to the board of tax appeals for a revision of stumpage values for an area determined pursuant to subsection (3) of this section.

(5) There are hereby created in the state treasury a state timber tax fund A and a state timber tax fund B, separate and apart from the state general fund. The revenues from the tax imposed by subsection (1) of this section shall be deposited in state timber tax fund A and state timber tax fund B as follows:

YEAR OF COLLECTION	FUND A	FUND B
1973 through 1978	100%	0%
1979	75%	25%
1980	50%	50%
1981	25%	75%
1982 and thereafter	0%	100%

(6) In addition to the rates specified in subsection (1) of this section, there shall be imposed upon such persons a surtax at a rate of .5% of the stumpage value of timber as specified in such subsection (1) upon timber harvested between October 1, 1972 and ((December 31)) September 30, 1974 inclusive. The revenues from such surtax shall be deposited in a separate fund designated the state timber reserve fund, which is hereby created in the state treasury separate and apart from the state general fund. Such surtax shall be reimposed for one year upon timber harvested in any calendar year following any fourth quarter during which transfers from such reserve fund pursuant to subsection (3) of RCW 84.33.080 reduce the balance in such fund to less than five hundred thousand dollars, but in no event shall such surtax be imposed in any year after 1980.

(7) The tax imposed under this section shall be computed with respect to timber harvested each calendar quarter and shall be due and payable in quarterly installments and remittance therefor shall be made on or before the last day of the month next succeeding the end of the quarterly period in which the tax accrued. The taxpayer on or before such date shall make out a return, upon such forms and setting forth such information as the department of revenue may require, showing the amount of the tax for which he is liable for the preceding quarterly period, and shall sign and transmit the same to the department of revenue, together with a remittance for such amount.

(8) The taxes imposed by this section shall be in addition to any taxes imposed upon the same persons pursuant to one or more of sections RCW 82.04.230 to 82.04.290, inclusive, and RCW 82.04.440, and none of such sections shall be construed to modify or interact with this section in any way, except RCW 82.04.450 and 82.04.490 shall not apply to the taxes imposed by this section.

(9) Any harvester incurring less than ten dollars tax liability under this section in any calendar quarter shall be excused from the payment of such tax, but may be required by the department of revenue to file a return even though no tax may be due.

~~((10) Subsection (1) of this section is enacted to be fully effective commencing upon May 24, 1974, even though all rates of tax are not specified. The forest tax committee established pursuant to RCW 84.33.180 shall, as its first priority and in addition to its other responsibilities, develop a recommendation with respect to rates for presentation to the first session of the legislature commencing on or after January 4, 1972, whether regular or extraordinary.))~~

Sec. 2. Section 8, chapter 294, Laws of 1971 ex. sess. as last amended by section 92, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.33.080 are each amended to read as follows:

(1) On or before December 15 of each year commencing with 1972 and ending with 1980, the assessor of each timber county shall deliver to the treasurer of such county and to the department of revenue a schedule setting forth for each taxing district or portion thereof lying within such county:

(a) The value of timber as shown on the timber roll for such year;

(b) The aggregate dollar rate calculated pursuant to RCW 84.33.060 and actually utilized the immediately preceding October in extending real property taxes upon the tax rolls for collection in the following year;

(c) A "timber factor" which is the product of such aggregate dollar rate, the assessment ratio applied generally by such assessor in computing the assessed value of other property in his county and the appropriate portion listed below of the timber roll for such year ((a) above):

Year	Portion of Timber Roll
1972	25%
1973	55%
1974 through 1977	100%
1978	75%
1979	50%
1980	25%

On or before December 31 of each year commencing with 1972 and ending with 1980, the department of revenue shall determine the proportion that each taxing district's timber factor bears to the sum of the timber factors for all taxing districts in the state, and shall deliver a list to the assessor and the treasurer of each timber county and to the state treasurer showing the factor and proportion for each taxing district.

(2) On the ~~((tenth))~~ twentieth day of the second month of each calendar quarter, commencing February ~~((1973))~~ 20, 1974 and ending November ~~((19))~~ 20, 1981, the state treasurer shall pay to the treasurer of each timber county for the account of each taxing district such district's proportion (determined in December of the preceding year pursuant to subsection (1) of this section) of the amount in state timber tax fund A collected upon timber harvested in the preceding calendar quarter, but in no event shall any such quarterly payment to a taxing district, when added to ~~((the))~~ such payments made to such district the previous quarters of the same year, exceed, respectively one-fourth, one-half, three-fourths, or the full amount of the timber factor for such district determined in December of the preceding year.

The balance in state timber tax fund A, if any, after the distribution to taxing districts on November ~~((19 each year commencing with 1973 and ending with 1981,))~~ 20, 1974 and on the twentieth day of the second month of each calendar quarter commencing February 20, 1975 and ending November 20, 1981 shall be transferred to the state timber reserve fund.

(3) If the balance in state timber tax fund A immediately prior to such ~~((November 19 distribution to taxing districts))~~ twentieth day of the second month of each calendar quarter is not sufficient to permit a payment of one-fourth, one-half, three-fourths, or the full amount, as the case may be, which, when added to the payments made to any taxing district the previous quarters of the same year, will equal the timber factor for such district determined in December of the preceding year, the necessary additional amount shall be transferred from the state timber reserve fund to state timber tax fund A.

(4) If, after the transfer, if any, from the state timber tax fund A (pursuant to subsection (2) of this section) in August of any year commencing with 1974, the balance in the state timber reserve fund exceeds two million dollars, the amount of the excess shall be applied first, subject to legislative appropriation of funds allocated from the state timber reserve fund, for activities undertaken by the department of revenue forest valuation section and for the activities undertaken by the department of natural resources

relating to classification of lands as required by this chapter: PROVIDED, That within the 1973-75 biennium, the state treasurer shall transfer from the state timber reserve fund to the state general fund an amount equal to actual expenditures of the department of revenue related to the activities of the forest valuation section no later than August 31, 1974 and August 31, 1975, for the fiscal year just completed. If the amount of such excess is more than is necessary for reimbursement for such purposes, the remaining amount of the excess shall be distributed to the taxing districts which distribution shall be made in the following manner:

(a) The department of revenue shall calculate a harvest factor and a harvest factor proportion for each taxing district, in the manner provided in subsection (5) of this section except that for years before 1978 there shall be used the aggregate value of timber harvested for as many quarters for which information is available;

(b) By multiplying the amount of such excess by the harvest factor proportion for each taxing district respectively, the department of revenue shall calculate the amount to be distributed to each local taxing district and to the state and shall certify such amounts to the respective county assessors and state on or before  
V October 15;

(c) Along with each quarterly payment pursuant to subsection (2) of this section, the state treasurer shall pay, out of the state timber reserve fund, to the treasurer of each timber county for the account of each local taxing district one-fourth of such district's portion (determined pursuant to (b) above) of such excess and the state treasurer shall pay into the state's general fund for the support of the common schools out of the state timber reserve fund such additional one-fourth amount due the state.

The balance, if any, in the state timber reserve fund after the final transfer, if any, to or from state timber tax fund A in November of 1981, shall be transferred to state timber tax fund B on December 31, 1981, and one-fourth of such balance shall be distributed in each quarter of 1982 in the manner set forth in subsection (6) of this section.

(5) On or before December 31 of each year commencing with 1978, the department of revenue shall deliver to the treasurer of each timber county a schedule setting forth for each taxing district or portion thereof lying within such county:

(a) The average of the aggregate value of all timber harvested within such district in each of the immediately preceding five years as determined from the excise tax returns filed with the department of revenue;

(b) The aggregate dollar rate calculated pursuant to RCW 84.33.060 and chapter 84.52 RCW and actually utilized the immediately preceding October in extending real property taxes upon the tax rolls for collection the following year;

(c) A "harvest factor" which is the product of such five year average and such aggregate dollar rate;

(d) The proportion that each taxing district's harvest factor bears to the sum of the harvest factors for all taxing districts in the state.

(6) On the (~~tenth~~) twentieth day of the second month of each calendar quarter commencing February (~~(40)~~) 20, 1979, the state treasurer shall pay to the treasurer of each timber county for the account of each taxing district such district's proportion (determined in December of the preceding year pursuant to subsection (5) of this section) of the amount in state timber tax fund B collected upon timber harvested in the preceding calendar quarter.

Sec. 3. Section 5, chapter 294, Laws of 1971 ex. sess. as last amended by section 90, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.33.050 are each amended to read as follows:

(1) In preparing the assessment roll as of January 1, 1971 for taxes payable in 1972, the assessor of each timber county shall list all timber within such county on January 1, 1971 at the 1970 timber value. For each year commencing with 1972, the assessor of each timber county shall prepare a timber roll, which shall be separate and apart from the assessment roll, listing all timber within such county on January 1, 1972 at values determined as follows:

(a) For the five years commencing with 1972, the value shall be the 1970 timber value;

(b) For each succeeding five year period, the first of which commences on January 1, 1977, the value shall be such 1970 timber value increased or decreased in proportion to the percentage change, if any, which has occurred between the last year of the preceding five year period and 1973 in the average stumpage value per unit of measure of all timber harvested in such county. Such percentage change shall be determined by the department of revenue on the basis of information contained in the excise tax returns filed pursuant to RCW 82.04.291.

(2) As used in subsection (1) of this section, "1970 timber value" means the value for timber calculated in the same manner and using the same values and valuation factors actually used by such assessor in determining the value of timber for the January 1, 1970 assessment roll, except that if a revised schedule of such values and valuation factors was applied to some but not all timber in a county



for the January 1, 1970 assessment roll, such revised schedule shall be used by the assessor for any timber revalued for the 1971 or 1972 assessment rolls, and except that if the value of timber in any county on January 1, 1970 was not separately determined and shown on such assessment roll, 1970 timber value shall mean the value reconstructed from available records and information in accordance with rules to be prescribed by the department of revenue.

(3) The assessor of each timber county shall add to the assessment roll showing values of property as of January 1 of the years listed below, an "assessed valuation" of the portion, indicated below opposite each such year, of the value of timber as shown on the timber roll for such year. Such assessed valuation shall be calculated by multiplying such portion of the timber roll by the assessment ratio applied generally by such assessor in computing the assessed valuation of other property in his county. The dollar rates, calculated pursuant to RCW 84.33.060 for each taxing district within which there was timber on January 1 of such year, shall be extended against such "assessed valuation" of timber within such district as well as against the assessed value of all other property within such district as shown on such assessment roll.

YEAR	PORTION OF TIMBER ROLL
1972	75%
1973	45%
1974 and thereafter	None

(4) Timber may be added to the timber roll, at the value specified in subsection (1) of this section, commencing as of January 1 following the designation of the land upon which such timber stands pursuant to subsection (3) of RCW 84.33.120 or 84.33.130, but only if the value of such timber was not separately determined and shown on the assessment roll as of either January 1, 1970 or January 1, 1972((?))<sub>1</sub>.

(5) Timber may be added to the timber roll, at the value specified in subsection (1) of this section, commencing as of January 1st following the sale or transfer of the land upon which such timber stands from an ownership in which such land was exempt from ad valorem taxation to an ownership in which such land is no longer exempt.

(6) The value of timber shall be deleted from the timber roll upon the sale or transfer of the land upon which such timber stands to an ownership in which such land is exempt from ad valorem taxation.

V- (7) A county may correct their timber inventory subject to the approval and under the direction of the department of revenue: PROVIDED, That the program is undertaken at county expense: AND

PROVIDED FURTHER, That all corrected inventories be completed by December 31, 1975. A corrected inventory shall consist of the existing timber inventory minus all inventory removed since the date of last deletion from inventory plus all new inventory that can be substantiated and certified by the department of revenue: PROVIDED, That such new inventory is adjusted to 1970 values.

Sec. 4. Section 11, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.110 are each amended to read as follows:

(1) On or before September 1, 1971, the department of revenue shall promulgate rules in accordance with chapter 34.04 RCW setting forth criteria and procedures for grading forest land on the basis of its quality, accessibility and topography. Three general quality classes shall be established which shall be "good", "average" and "poor". Within each of the three general quality classes, four classes of accessibility and topography shall be established which shall be "favorable", "average", "difficult" and "inoperable". On or before March 1, 1972 each assessor shall grade all forest land within his county, in accordance with such rules. Land not initially so graded but later designated as forest land pursuant to subsection (3) of RCW 84.33.120 or 84.33.130, or otherwise determined to be forest land, shall be graded in accordance with such rules. This subsection and rules promulgated thereunder shall not have any force or effect after grading of all forest land in the state has been completed by the department of natural resources or December 31, 1980, whichever first occurs.

(2) The department of natural resources, in consultation with the department of revenue and other appropriate representatives of government agencies and landowners, shall design and implement a program to determine which privately owned land is forest land as defined by RCW 84.33.100 and as classified under chapter 84.28 RCW and to have such forest land graded by the department of natural resources in conformance with factors that may affect the nurture and continued production of forests at each site, such as but not limited to species variability, characteristics of forest soils, climate variability, topography and access. The program shall include field work to obtain data which are necessary or useful in determining such grades and identifying which land is devoted to or suitable for growing and harvesting timber. The program shall be completed by December 31, 1980.

Sec. 5. Section 12, chapter 294, Laws of 1971 ex. sess. as amended by section 5, chapter 148, Laws of 1972 ex. sess. and RCW 84.33.120 are each amended to read as follows:

(1) On or before March 1, 1972 and January 1 of each year commencing with 1973, subject to review by the ((forest tax committee

established pursuant to RCW 84.33.400) ways and means committees of the house and senate and after compliance with the procedures set forth in chapter 34.04 RCW for adoption of rules, the department of revenue shall determine the true and fair value of each grade of bare forest land and shall certify such values to the county assessors. Such values shall be determined on the basis that the only use of the land is for growing and harvesting timber, and other potential uses shall not be considered in fixing such values.

(2) In preparing the assessment rolls as of January 1, 1971 for taxes payable in 1972, the assessor shall list each parcel of forest land at a value not to exceed the value used on the 1970 assessment roll for such land. In preparing the assessment roll for 1972 and each year thereafter, the assessor shall enter as the true and fair value of each parcel of forest land the appropriate grade value certified to him by the department of revenue, and he shall compute the assessed value of such land by using the same assessment ratio he applies generally in computing the assessed value of other property in his county. In preparing the assessment roll for 1975 and each year thereafter, the assessor shall assess and value as classified forest land all forest land that is not then designated pursuant to subsection (3) of RCW 84.33.120 or RCW 84.33.130 and shall make a notation of such classification upon the assessment and tax rolls. On or before January 15 of the first year in which such notation is made, the assessor shall mail notice by certified mail to the owner that such land has been classified as forest land and is subject to the compensating tax imposed by this section. If the owner desires not to have such land assessed and valued as classified forest land, he shall give the assessor written notice thereof on or before March 31 of such year and the assessor shall remove from the assessment and tax rolls the classification notation entered pursuant to this subsection, and shall thereafter assess and value such land in the manner provided by law other than this chapter 84.33 RCW.

(3) In any year commencing with 1972, an owner of land which is assessed and valued by the assessor other than pursuant to the procedures set forth in RCW 84.33.110 and subsections (1) and (2) of this section, and which has, in the immediately preceding year, been assessed and valued by the assessor as forest land, may appeal to the county board of equalization by filing an application with the board in the manner prescribed in subsection (2) of RCW 84.33.130. The county board shall afford the applicant an opportunity to be heard if the application so requests and shall act upon the application ((with due regard to all relevant evidence without any one or more items of evidence necessarily being determinative)) in the manner prescribed in subsection (3) of section 6 of this 1974 amendatory act.

(4) ((The assessor may in any year commencing with 1972 discontinue assessing and valuing pursuant to the procedures set forth in RCW 84.33.140 and subsections (1) and (2) of this section any land, except designated forest land, for which a higher and better use exists than growing and harvesting timber. The owner of such land shall thereupon have the right to apply for designation of such land as forest land pursuant to subsection (3) of this section or RCW 84.33.130.)) Land that has been assessed and valued as classified forest land as of any year commencing with 1975 assessment year or earlier shall continue to be so assessed and valued until removal of classification by the assessor only upon the occurrence of one of the following events:

(a) Receipt of notice from the owner to remove such land from classification as forest land;

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

(c) Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that, because of actions taken by the owner, such land is no longer primarily devoted to and used for growing and harvesting timber;

(d) Determination that a higher and better use exists for such land than growing and harvesting timber after giving the owner written notice and an opportunity to be heard.

The assessor shall remove classification pursuant to subsections (c) or (d) above prior to September 30 of the year prior to the assessment year for which termination of classification is to be effective. Removal of classification as forest land upon occurrence of subsection (a), (b) or (d) above shall apply only to the land affected, and upon occurrence of subsection (c) shall apply only to the actual area of land no longer primarily devoted to and used for growing and harvesting timber.

(5) Within thirty days after such removal of classification as forest land, the assessor shall notify the owner in writing setting forth the reasons for such removal. The owner of such land shall thereupon have the right to apply for designation of such land as forest land pursuant to subsection (3) of this section or RCW 84.33.130 or to appeal such removal to the county board of equalization.

(6) Unless the owner successfully applies for designation of such land or unless the removal is reversed on appeal, notation of removal from classification shall immediately be made upon the assessment and tax rolls, and commencing on January 1 of the year following the year in which the assessor made such notation, such land shall be assessed on the same basis as real property is assessed

generally in that county. Except as provided in subsection (8) of this section and unless the assessor shall not have mailed notice of classification pursuant to subsection (2) of this section, a compensating tax shall be imposed which shall be due and payable to the county treasurer on or before April 30 of the following year. On or before May 31 following such assessment date, the assessor shall compute the amount of such compensating tax and mail notice to the owner of the amount thereof and the date on which payment is due. The amount of such compensating tax shall be equal to:

(a) The difference, if any, between the amount of tax last levied on such land as forest land and an amount equal to the new assessed valuation of such land multiplied by the dollar rate of the last levy extended against such land, multiplied by

(b) A number, in no event greater than ten, equal to the number of years, commencing with assessment year 1975, for which such land was assessed and valued as classified forest land.

(7) Any compensating tax unpaid on its due date shall thereupon become delinquent and, together with applicable interest thereon, shall as of said date become a lien on such land which shall have priority to and shall be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation or responsibility to or with which such land may become charged or liable. Such lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes as provided in RCW 84.64.050. From the date of delinquency until paid, interest shall be charged at the same rate applied by law to delinquent ad valorem property taxes.

(8) The compensating tax specified in subsection (6) of this section shall not be imposed if the removal of classification as forest land pursuant to subsection (4) of this section resulted solely from:

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

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

(c) Sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in such land.

(9) With respect to any land that has been designated prior to the effective date of this amendatory act, pursuant to subsection (3) of RCW 84.33.120 or 84.33.130, the assessor may, prior to January 1, 1975, on his own motion or pursuant to petition by the owner, change, without imposition of the compensating tax provided under RCW

84.33.140, the status of such designated land to classified forest land.

Sec. 6. Section 13, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.130 are each amended to read as follows:

(1) An owner of land desiring that it be designated as forest land and valued pursuant to RCW 84.33.120 as of January 1 of any year commencing with 1972 shall make application to the county assessor before such January 1.

(2) The application shall be made upon forms prepared by the department of revenue and supplied by the county assessor, and shall include the following:

(a) A legal description of or assessor's tax lot numbers for all land the applicant desires to be designated as forest land;

(b) The date or dates of acquisition of such land;

(c) A brief description of the timber on such land, or if the timber has been harvested, the owner's plan for restocking;

(d) Whether there is a forest management plan for such land;

(e) If so, the nature and extent of implementation of such plan;

(f) Whether such land is used for grazing;

(g) Whether such land has been subdivided or a plat filed with respect thereto;

(h) Whether ((a permit for cutting on such land has been granted pursuant to RCW 76.00-030)) such land and the applicant are in compliance with the restocking, forest management, fire protection, insect and disease control and forest debris provisions of Title 76 RCW or any applicable regulations thereunder;

(i) Whether such land is subject to fire patrol assessments pursuant to RCW 76.04.360;

(j) Whether such land is subject to a lease, option or other right which permits it to be used for any purpose other than growing and harvesting timber;

(k) A summary of the past experience and activity of the applicant in growing and harvesting timber;

(l) A summary of current and continuing activity of the applicant in growing and harvesting timber;

(m) A statement that the applicant is aware of the potential tax liability involved when such land ceases to be designated as forest land;

(n) An affirmation that the statements contained in the application are true and that the land described in the application is, by itself or with other forest land not included in the application, in contiguous ownership of twenty or more acres which is primarily devoted to and used for growing and harvesting timber.

The assessor shall afford the applicant an opportunity to be heard if the application so requests.

(3) The assessor shall act upon the application with due regard to all relevant evidence and without any one or more items of evidence necessarily being determinative, except that the application may be denied for one of the following reasons, without regard to other items:

(a) The land does not contain either a "merchantable stand of timber" or an "adequate stocking" as defined in RCW 76.08.010, or any laws or regulations adopted to replace such minimum standards, except this reason (a) shall not alone be sufficient for denial of the application (i) if such land has been recently harvested or supports a growth of brush or noncommercial type timber, and the application includes a plan for restocking within three years or such longer period necessitated by unavailability of seed or seedlings, or (ii) if only isolated areas within such land do not meet such minimum standards due to rock outcroppings, swamps, unproductive soil or other natural conditions;

(b) The applicant, with respect to such land, has failed to comply with a final administrative or judicial order with respect to a violation of the restocking, forest management, fire protection, insect and disease control and forest debris provisions of Title 76 RCW or any applicable regulations thereunder;

(c) The land abuts a body of salt water and lies between the line of ordinary high tide and a line paralleling such ordinary high tide line and two hundred feet horizontally landward therefrom, except that if the higher and better use determined by the assessor to exist for such land would not be permitted or economically feasible by virtue of any federal, state or local law or regulation such land shall be assessed and valued pursuant to the procedures set forth in RCW 84.33.110 and subsections (1) and (2) of RCW 84.33.120 without being designated. The application shall be deemed to have been approved unless, prior to May 1, of the year after such application was mailed or delivered to the assessor, he shall notify the applicant in writing of the extent to which the application is denied.

(4) An owner who receives notice pursuant to subsection (3) of this section that his application has been denied may appeal such denial to the county board of equalization.

Sec. 7. Section 14, chapter 294, Laws of 1971 ex. sess. as last amended by section 93, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.33.140 are each amended to read as follows:

(1) When land has been designated as forest land pursuant to subsection (3) of RCW 84.33.120 or 84.33.130, a notation of such

designation shall be made each year upon the assessment and tax rolls, a copy of the notice of approval together with the legal description or assessor's tax lot numbers for such land shall, at the expense of the applicant, be filed by the assessor in the same manner as deeds are recorded, and such land shall be graded and valued pursuant to RCW 84.33.110 and 84.33.120 until removal of such designation by the assessor upon occurrence of any of the following:

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

(b) Passage of sixty days following the sale or transfer of such land to a new owner without receipt of an application pursuant to RCW 84.33.130 from the new owner;

(c) Sale or transfer to an ownership making such land exempt from ad valorem taxation;

(d) Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that (i) such land is no longer primarily devoted to and used for growing and harvesting timber, (ii) such owner has failed to comply with a final administrative or judicial order with respect to a violation of the restocking, forest management, fire protection, insect and disease control and forest debris provisions of Title 76 RCW or any applicable regulations thereunder, or (iii) restocking has not occurred to the extent or within the time specified in the application for designation of such land.

Removal of designation upon occurrence of any of subsections (a) through (c) above shall apply only to the land affected, and upon occurrence of subsection (d) shall apply only to the actual area of land no longer primarily devoted to and used for growing and harvesting timber, without regard to other land that may have been included in the same application and approval for designation.

(2) Within thirty days after such removal of designation of forest land, the assessor shall notify the owner in writing, setting forth the reasons for such removal. The owner may appeal such removal to the county board of equalization.

(3) Unless the removal is reversed on appeal a copy of the notice of removal with notation of the action, if any, upon appeal, together with the legal description or assessor's tax lot numbers for the land removed from designation shall, at the expense of the applicant, be filed by the assessor in the same manner as deeds are recorded, and commencing on January 1 of the year following the year in which the assessor mailed such notice, such land shall be assessed on the same basis as real property is assessed generally in that county. Except as provided in subsection (5) of this section, a compensating tax shall be imposed which shall be due and payable to



the county treasurer on or before April 30 of the following year. On or before May 31 following such assessment date, the assessor shall compute the amount of such compensating tax and mail notice to the owner of the amount thereof and the date on which payment is due. The amount of such compensating tax shall be equal to:

(a) The difference between the amount of tax last levied on such land as forest land and an amount equal to the new assessed valuation of such land multiplied by the dollar rate of the last levy extended against such land, multiplied by

(b) A number, in no event greater than ten, equal to the number of years for which such land was designated as forest land.

(4) Any compensating tax unpaid on its due date shall thereupon become delinquent and together with applicable interest thereon, shall as of said date become a lien on such land which shall have priority to and shall be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation or responsibility to or with which such land may become charged or liable. Such lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes as provided in RCW 84.64.050. From the date of delinquency until paid, interest shall be charged at the same rate applied by law to delinquent ad valorem property taxes.

(5) The compensating tax specified in subsection (3) of this section shall not be imposed if the removal of designation pursuant to subsection (1) of this section resulted solely from:

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

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

(c) Sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in such land.

Sec. 8. Section 10, chapter 146, Laws of 1967 ex. sess. as last amended by section 1, chapter 125, Laws of 1972 ex. sess. and RCW 84.40.045 are each amended to read as follows:

The assessor shall give notice of any change in the true and fair value of real property for the tract or lot of land and any improvements thereon no later than thirty days after appraisal: PROVIDED, That for appraisals made between December 1st and February 15th notice shall not be sent out prior to March 1st; PROVIDED FURTHER, That no notice need be sent with respect to changes in valuation of forest land made pursuant to chapter 84.33 RCW.

The notice shall contain a statement of both the prior and the new true and fair value and the ratio of the assessed value to the true and fair value on which the assessment of the property is based, stating separately land and improvement values, and a brief statement of the procedure for appeal to the board of equalization and the time, date, and place of the meetings of the board.

The notice shall be mailed by the assessor to the taxpayer.

If any taxpayer, as shown by the tax rolls, holds solely a security interest in the real property which is the subject of the notice, pursuant to a mortgage, contract of sale, or deed of trust, such taxpayer shall, upon written request of the assessor, supply, within thirty days of receipt of such request, to the assessor the name and address of the person making payments pursuant to the mortgage, contract of sale, or deed of trust, and thereafter such person shall also receive a copy of the notice provided for in this section. Wilful failure to comply with such request within the time limitation provided for herein shall make such taxpayer subject to a civil penalty of five dollars for each parcel of real property within the scope of the request in which it holds the security interest, the aggregate of such penalties in any one year not to exceed five thousand dollars. The penalties provided for herein shall be recoverable in an action by the county prosecutor, and when recovered shall be deposited in the county current expense fund. The assessor shall make the request provided for by this section during the month of January.

NEW SECTION. Sec. 9. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

(1) The legislature shall review the system of distribution and allocation of all timber excise tax revenues in January, 1975 and each year thereafter to provide a uniform and equitable distribution and allocation of such revenues to the state and local taxing districts.

(2) In order to allow legislative review of the rules and regulations to be adopted by the department of revenue establishing the stumpage value index provided for in section 1 (3) of this 1974 amendatory act, such rules and regulations shall be effective not less than sixty days after transmitting to the staffs of the senate and house ways and means committees (or their successor committees) the same proposed rules and regulations as shall have been previously filed with the office of the code reviser pursuant to RCW 34.04.025 (1) (a).

(3) The ways and means committees of the house and senate, with the advice of the department of revenue, the department of

natural resources, office of the superintendent of public instruction, county government, and affected landowners, shall review the yield tax rate and rate structure prior to December 31, 1978, and shall recommend modification of the rate and rate structure as necessary so that timber bears an equitable and proportionate tax share in conformance with the provisions of this chapter.

(4) The department of revenue and the department of natural resources shall make available to the revenue committees of the senate and house of representatives of the state legislature information and data, as it may be available, pertaining to the status of forest land grading throughout the state, the collection of timber excise tax revenues, the distribution and allocation of timber excise tax revenues to the state and local taxing districts, and any other information as may be necessary the proper legislative review and implementation of the timber excise tax system, and in addition, the departments shall provide an annual report of such matters in January of each year to such committees.

NEW SECTION. Sec. 10. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

After the department of natural resources has completed the design and outline of the grading program it shall hold public hearings for the purpose of advising interested persons of the department's program and soliciting comments on it. Such hearings shall be held prior to December 31, 1975 at no fewer than ten different locations within the state. A notice shall be published of each hearing in a newspaper of general circulation in each community where a hearing is scheduled. The notice shall state the time, place and purpose of the hearing. At such hearings the department shall explain the purpose of the program and its consequences to forest land owners and the standards, procedures and schedules it will follow in grading forest land.

NEW SECTION. Sec. 11. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

The department of natural resources shall complete the grading of forest land on or before July 1, 1980. Within three months after the grading has been completed in each county, the department shall hold a public hearing in such county at which the forest land grades shall be described and explained. A notice shall be published of such hearing in one or more newspapers of general circulation in the county where the hearing is to be held. The notice shall state the time, place and purpose of the hearing. At the hearing the department shall explain the grades it has established for forest

land within the county and shall provide maps of the county on which the established forest land grades are set forth for inspection by the public. Copies of such maps shall be provided to any person upon payment of the reasonable cost of production thereof.

NEW SECTION. Sec. 12. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

Within sixty days following the hearing held pursuant to section 11 of this amendatory act, any owner of forest land may request a review by the department for the purpose of modifying the grades established for his land. The department shall conduct such review in the county where the land is located. The forest land owner shall have the right to reasonably present testimony and data in support of his contentions. Following such review, except as provided below in sections 15 and 17, the decision of the department shall be final.

NEW SECTION. Sec. 13. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

Within three months following the hearing in each county held pursuant to section 11 of this amendatory act, the department of natural resources shall certify to the department of revenue the grades of all forest land in such county. If at that time the grade of any specific forest land is under review or has not been determined following such review, its grade shall be certified when the review is completed. If any privately owned land not initially determined to be forest land is determined to be forest land subsequent to 1980, the grade of such land shall be certified to the department of revenue promptly after such determination.

NEW SECTION. Sec. 14. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

The department of revenue shall certify to each county assessor the grades established for forest land within each respective county within twelve months after receiving the certificate from the department of natural resources pursuant to section 12 of this 1974 amendatory act or March 31, 1981, whichever is earlier.

NEW SECTION. Sec. 15. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

(1) Within sixty days after the assessor has received certification pursuant to section 14 of this 1974 amendatory act of forest land grades within his county he shall mail a notice to each

owner of forest land stating the number of acres of each grade of forest land included in any tax parcel to which the notice applies. Any such notice mailed prior to 1981 shall plainly advise the forest land owner that the grades established for his forest land will not be used as a basis for assessment of such forest land until in the assessment year 1981 for taxes payable in 1982.

(2) In addition to any other remedies provided by law, any owner who feels aggrieved by the forest land grade determined for any forest land owned by him may petition the county board of equalization for correction of such grade. The board shall have jurisdiction to review such petition and may grant or deny the relief requested. Such petition must be filed with the board on or before July 1 next succeeding the date of mailing any notice given pursuant to subsection (1) of this section. The filing of such petition shall not jeopardize the owner's right to petition the board pursuant to section 17 of this 1974 amendatory act.

NEW SECTION. Sec. 16. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

As of January 1, 1981, and in each succeeding year each county assessor shall list the true and fair value of each parcel of classified or designated forest land according to the applicable grade values certified to him pursuant to RCW 84.33.120 and the applicable forest land grades certified pursuant to section 13 of this 1974 amendatory act.

NEW SECTION. Sec. 17. There is added to chapter 294, Laws of 1971 ex. sess. and to chapter 84.33 RCW a new section to read as follows:

(1) On or before May 31, 1981 each county assessor shall mail notice to each owner of forest land within his county stating the number of acres of each grade of forest land included in any tax parcel to which the notice applies and the value established for each forest land grade and the total value of such tax parcel on which the assessment of such parcel is based.

(2) In addition to any other remedies provided by law, any owner who feels aggrieved by the valuation of any tax parcel owned by him may petition the county board of equalization for correction of such value. The board shall have jurisdiction to review such petitions and may grant or deny the requested relief.

NEW SECTION. Sec. 18. Section 18, chapter 294, Laws of 1971 ex. sess., section 7, chapter 148, Laws of 1972 ex. sess. and RCW 84.33.180 are each hereby repealed.

NEW SECTION. Sec. 19. This 1974 amendatory act is necessary for the immediate preservation of the public peace, health, and

safety, the support of the state government and its existing public institutions, and shall take effect immediately.

NEW SECTION. Sec. 20. If any provision of this 1974 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the House April 23, 1974.  
Passed the Senate April 23, 1974.  
Approved by the Governor May 6, 1974, with the exception of certain items which are vetoed.  
Filed in Office of Secretary of State May 6, 1974.  
Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to certain items Substitute House Bill No. 1185 entitled:

"AN ACT Relating to revenue and taxation of timber and forest lands." Veto  
Message

Section 2(4)(b) requires the computation and certification by the Department of Revenue of amounts of reserve fund revenue to be distributed to local taxing districts and to the state. An item therein sets a deadline of October 15 therefor. This deadline would be impossible for the department to meet since it cannot compute the distribution until the taxing districts have reported their millage rates, and the deadline for reporting such millage rates in RCW 84.33.080 is December 15. I have accordingly vetoed the referenced item.

Section 3(7) allows for adjustments to the timber roll resulting from timber inventory adjustments made before December 31, 1975. This provision was apparently enacted to alleviate the concern in some counties over their share of the distribution of timber excise tax because of failure to update their timber rolls. It is now clear, however, that the cost of such an effort would be greater than any tax advantage that may result therefrom. Furthermore, the act provides, starting in 1976, for a different basis for distribution of timber tax revenue by using on a phase-in basis a formula which takes account of the amount of timber harvest occurring in each county. For these reasons, I have determined to veto section 3(7).

With the foregoing exceptions, I have approved the remainder of Substitute House Bill No. 1185."

-----  
CHAPTER 188

[House Bill No. 1208]

ELECTRICAL CONTRACTORS' LICENSING

AN ACT Relating to electrical contractors; amending section 1, chapter 30, Laws of 1969 as last amended by section 1, chapter 129, Laws of 1971 ex. sess. and RCW 19.28.120; adding new sections to chapter 19.28 RCW; and making an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 1, chapter 30, Laws of 1969 as last amended by section 1, chapter 129, Laws of 1971 ex. sess. and RCW 19.28.120 are each amended to read as follows: