

This section shall not apply to the dispensing of drugs or poisons on the prescription of a practitioner.

The board of pharmacy shall have the authority to promulgate rules for the enforcement and implementation of this section.

Every person who shall violate any of the provisions of this section shall be guilty of a misdemeanor.

NEW SECTION. Sec. 5. There is added to chapter 70.115 RCW a new section to read as follows:

On the sale at retail of any hypodermic syringe, hypodermic needle, or any device adapted for the use of drugs by injection, the retailer shall satisfy himself or herself that the device will be used for the legal use intended.

NEW SECTION. Sec. 6. The following acts or parts of acts are each repealed:

(1) Section 15, chapter 121, Laws of 1899, section 8, chapter 213, Laws of 1909 and RCW 18.64.243;

(2) Section 256, chapter 249, Laws of 1909 and RCW 69.40.050;

(3) Section 1, chapter 249, Laws of 1977 ex. sess. and RCW 70.115.010;

(4) Section 2, chapter 249, Laws of 1977 ex. sess. and RCW 70.115.020;

(5) Section 3, chapter 249, Laws of 1977 ex. sess. and RCW 70.115.030;

(6) Section 4, chapter 249, Laws of 1977 ex. sess. and RCW 70.115-.040; and

(7) Section 5, chapter 249, Laws of 1977 ex. sess. and RCW 70.115.900.

Passed the House April 23, 1981.

Passed the Senate April 22, 1981.

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CHAPTER 148

[Substitute House Bill No. 175]

TIMBER, FOREST LAND TAXATION

AN ACT Relating to revenue and taxation; amending section 1, chapter 347, Laws of 1977 ex. sess. as amended by section 1, chapter 6, Laws of 1979 and RCW 84.33.071; amending section 5, chapter 294, Laws of 1971 ex. sess. as last amended by section 3, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.050; amending section 9, chapter 294, Laws of 1971 ex. sess. as amended by section 3, chapter 148, Laws of 1972 ex. sess. and RCW 84.33.090; amending section 11, chapter 294, Laws of 1971 ex. sess. as amended by section 4, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.110; amending section 14, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.115; amending section 15, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.116; amending section 12, chapter 294, Laws of 1971 ex. sess. as last amended by section 2, chapter 134, Laws of 1980 and RCW 84.33.120; amending section 13, chapter 294, Laws of 1971 ex. sess. as amended by section

6, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.130; amending section 14, chapter 294, Laws of 1971 ex. sess. as last amended by section 3, chapter 134, Laws of 1980 and RCW 84.33.140; amending section 6, chapter 87, Laws of 1970 ex. sess. as amended by section 7, chapter 212, Laws of 1973 1st ex. sess. and RCW 84.34.060; amending section 82.32.010, chapter 15, Laws of 1961 and RCW 82.32.010; amending section 14, chapter 154, Laws of 1980 (uncodified); creating a new section; repealing section 10, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.111; repealing section 16, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.117; repealing section 15, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.150; providing an effective date; and declaring an emergency.

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

Section 1. Section 1, chapter 347, Laws of 1977 ex. sess. as amended by section 1, chapter 6, Laws of 1979 and RCW 84.33.071 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 imposed 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 June 30, ~~((1981))~~ 1983, inclusive, six and one-half percent.

(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) 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. Each year on

or before December 31 for use the following January through June 30, and on or before June 30 for use the following July through December 31, 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. 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 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 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 account A and a state timber tax reserve account in the state general fund and any interest earned on the investment of cash balances shall be deposited in these accounts. The revenues from the tax imposed by subsection (1) of this section shall be deposited in state timber tax account A and state timber tax reserve account as follows:

YEAR OF COLLECTION	ACCOUNT A	RESERVE ACCOUNT
1973 (through 1982) and thereafter	100%	0%
((1983 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 September 30, 1974 inclusive. The revenues from such surtax shall be deposited in the state timber tax reserve account. 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 account pursuant to subsection (3) of RCW 84.33.080 reduce the balance in such account 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))~~ (7) 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))~~ (8) 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.

Sec. 2. Section 5, chapter 294, Laws of 1971 ex. sess. as last amended by section 3, chapter 187, Laws of 1974 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))~~ Commencing 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 84.33.071.

(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(4) 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.

(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.

Sec. 3. Section 9, chapter 294, Laws of 1971 ex. sess. as amended by section 3, chapter 148, Laws of 1972 ex. sess. and RCW 84.33.090 are each amended to read as follows:

(1) For the purpose of calculating the limit of indebtedness which may be incurred by any taxing district, the value of the taxable property of any taxing district, as that term is used in chapter 39.36 RCW and any other statutes governing limitation of indebtedness of taxing districts, shall include the value of timber as shown from time to time on the timber roll prepared in accordance with RCW 84.33.050.

(2) For the purposes of calculating the amount to be distributed to a school district pursuant to RCW 28A.48.110, there shall be added to the "assessed valuation of all taxable property" within such district an amount equal to the product of the assessment ratio applied generally by the assessor in computing the assessed value of other property in his county and the appropriate portion listed below of the timber roll prepared in accordance with RCW 84.33.050 for such year.

YEAR	PORTION OF TIMBER ROLL
1972	25%
1973	55%
1974 and thereafter	100%

(3) Any taxing district which has classified or designated forest land and which issues general obligation bonds payable from excess property tax levies for bonds is authorized, after the effective date of this 1981 act, to pledge that proceeds from the forest tax distribution system related to the excess bond levy will be used for the purposes for which the excess bond levy was made. For as long as general obligation bonds with respect to which such a pledge has been made remain outstanding, if the legislature alters the timber tax distributions below the amount to which the taxing districts with such pledged bond levies would have been entitled under chapter 84.33 RCW as it existed prior to such future legislative alteration, forest tax revenues as are then available shall be appropriated and distributed pursuant to chapter 84.33 RCW in a dollar amount substantially equivalent to those distributions which would have been provided to taxing districts with such pledged bond levies by chapter 84.33 RCW as it existed prior to such future legislative alteration.

Sec. 4. Section 11, chapter 294, Laws of 1971 ex. sess. as amended by section 4, chapter 187, Laws of 1974 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))~~ Each assessor shall grade all forest land within the county with respect to general land quality classes of "good", "average", and "poor" and, within each quality class, with respect to accessibility and topography as "favorable", "average", "difficult", and "inoperable", in accordance with the rules promulgated by the department of revenue under chapter 34.04 RCW setting forth criteria and procedures for grading forest land. 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)) 1981.

(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 14, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.115 are each amended to read as follows:

(1) The department of revenue shall certify to each county assessor the grades established for forest land within each respective county with instructions for application of the land grades to the parcels of forest land within each county. The certification of land grades by the department of revenue shall occur within twelve months after receiving the certificate from

the department of natural resources (~~((pursuant to section 12 of this 1974 amendatory act))~~) under RCW 84.33.114 or by March 31, ((+198+)) 1982, whichever is earlier. Land grades certified to the department of revenue under RCW 84.33.114 for land which is not initially determined to be forest land but is determined to be forest land after 1980 shall be promptly certified to the appropriate county assessors.

(2) Upon receipt of the land grades certified to him by the department of revenue the assessor shall take such actions as are necessary to cause all acres of forest land within the county to be placed within the applicable land grades.

Sec. 6. Section 15, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.116 are each amended to read as follows:

(1) (~~((Within sixty days after))~~) On or before May 31, 1982, and on or before May 31 next succeeding the certification of forest land grades with respect to land determined to be forest land after 1980, the assessor ((has received certification pursuant to RCW 84.33.115 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 ((+198+)) 1982 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 ((+198+)) 1982 for taxes payable in ((+1982)) 1983.

(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 department of revenue shall appear before the board and defend the determination 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 RCW 84.33.118:)) The decision of the board may be appealed to the board of tax appeals under RCW 84.08.130.

Sec. 7. Section 12, chapter 294, Laws of 1971 ex. sess. as last amended by section 2, chapter 134, Laws of 1980 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 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 rolls as of January 1, 1982, for taxes payable in 1983 and each January 1st thereafter, the assessor shall list each parcel of forest land at a value with respect to the grade and class provided in this subsection and adjusted as provided in subsection (2) of this section and shall compute the assessed value of the land by using the same assessment ratio he applies generally in computing the assessed value of other property in his county. Values for the several grades of bare forest land shall be as follows.

<u>LAND GRADE</u>	<u>OPERABILITY CLASS</u>	<u>VALUES PER ACRE</u>
<u>1</u>	<u>1</u>	<u>\$141</u>
	<u>2</u>	<u>136</u>
	<u>3</u>	<u>131</u>
	<u>4</u>	<u>95</u>
<u>2</u>	<u>1</u>	<u>118</u>
	<u>2</u>	<u>114</u>
	<u>3</u>	<u>110</u>
	<u>4</u>	<u>80</u>
<u>3</u>	<u>1</u>	<u>93</u>
	<u>2</u>	<u>90</u>
	<u>3</u>	<u>87</u>
	<u>4</u>	<u>66</u>
<u>4</u>	<u>1</u>	<u>70</u>
	<u>2</u>	<u>68</u>
	<u>3</u>	<u>66</u>
	<u>4</u>	<u>52</u>

<u>LAND GRADE</u>	<u>OPERABILITY CLASS</u>	<u>VALUES PER ACRE</u>
<u>5</u>	<u>1</u>	<u>51</u>
	<u>2</u>	<u>48</u>
	<u>3</u>	<u>46</u>
	<u>4</u>	<u>31</u>
<u>6</u>	<u>1</u>	<u>26</u>
	<u>2</u>	<u>25</u>
	<u>3</u>	<u>25</u>
	<u>4</u>	<u>23</u>
<u>7</u>	<u>1</u>	<u>12</u>
	<u>2</u>	<u>12</u>
	<u>3</u>	<u>11</u>
	<u>4</u>	<u>11</u>
<u>8</u>		<u>1</u>

(2) On or before December 31, 1981, the department shall adjust, by rule under chapter 34.04 RCW, the forest land values contained in subsection (1) of this section in accordance with this subsection, and shall certify these adjusted values to the county assessor for his use in preparing the assessment rolls as of January 1, 1982. For the adjustment to be made on or before December 31, 1981, for use in the 1982 assessment year, the department shall:

(a) Divide the aggregate value of all timber harvested within the state between July 1, 1976, and June 30, 1981, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 82.04.291 and 84.33.071; and

(b) Divide the aggregate value of all timber harvested within the state between July 1, 1975, and June 30, 1980, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 82.04.291 and 84.33.071; and

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

For the adjustments to be made on or before December 31, 1982, and each succeeding year thereafter, the same procedure shall be followed as described in this subsection utilizing harvester excise tax returns filed under

RCW 82.04.291 and 84.33.071, except that this adjustment shall be made to the prior year's adjusted value, and the five-year periods for calculating average harvested timber values shall be successively one year more recent.

(3) 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(4) or 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))~~ (4) 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 in the manner prescribed in subsection (3) of RCW 84.33.130.

~~((4))~~ (5) 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;

(e) Sale or transfer of all or a portion of such land to a new owner, unless the new owner has signed a notice of forest land classification continuance. The signed notice of continuance shall be attached to the real estate excise tax affidavit provided for in RCW 28A.45.120, as now or hereafter amended. The notice of continuance shall be on a form prepared by the department of revenue. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all compensating taxes calculated pursuant to subsection ~~((6))~~ (7) of this section shall become due and payable by the seller or transferor at time of sale. The county auditor shall not accept an instrument of conveyance of classified forest land for filing or recording unless the new owner has signed the notice of continuance or the compensating tax has been paid. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection ~~((6))~~ (7) of this section to the county board of equalization. Jurisdiction is hereby conferred on the county board of equalization to hear these appeals.

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), (d), or (e) 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: PROVIDED, That any remaining classified forest land meets necessary definitions of forest land pursuant to RCW 84.33.100 as now or hereafter amended.

~~((5))~~ (6) 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))~~ (4) of this section or RCW 84.33.130. The seller, transferor, or owner may appeal such removal to the county board of equalization.

~~((6))~~ (7) 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))~~ (5)(e) and (9) of this section and unless the assessor shall not have mailed notice of classification pursuant to subsection ~~((2))~~ (3) of this section, a compensating tax shall be imposed which shall be due and payable to the county treasurer thirty days after the owner is notified of the amount of the compensating tax. As soon as possible, 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))~~ (8) Compensating tax, together with applicable interest thereon, shall become a lien on such land which shall attach at the time such land is removed from classification as forest land and 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. Any compensating tax unpaid on its due date shall thereupon become delinquent. 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))~~ (9) The compensating tax specified in subsection ~~((6))~~ (7) of this section shall not be imposed if the removal of classification as forest land pursuant to subsection ~~((4))~~ (5) 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))~~ (10) With respect to any land that has been designated prior to May 6, 1974, pursuant to ~~((subsection (3) of))~~ RCW 84.33.120(4) 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. 8. Section 13, chapter 294, Laws of 1971 ex. sess. as amended by section 6, chapter 187, Laws of 1974 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 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. 9. Section 14, chapter 294, Laws of 1971 ex. sess. as last amended by section 3, chapter 134, Laws of 1980 and RCW 84.33.140 are each amended to read as follows:

(1) When land has been designated as forest land pursuant to ~~((subsec-~~ ~~tion (3) of))~~ RCW 84.33.120(4) 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) Sale or transfer to an ownership making such land exempt from ad valorem taxation;

(c) Sale or transfer of all or a portion of such land to a new owner, unless the new owner has signed a notice of forest land designation continuance. The signed notice of continuance shall be attached to the real estate excise tax affidavit provided for in RCW 28A.45.120, as now or hereafter amended. The notice of continuance shall be on a form prepared by the department of revenue. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all compensating taxes calculated pursuant to subsection (3) of this section shall become due and payable by the seller or transferor at time of sale. The county auditor shall not accept an instrument of conveyance of designated forest land for filing or recording unless the new owner has signed the notice of continuance or the compensating tax has been paid. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (3) of this section to the county board of equalization. Jurisdiction is hereby conferred on the county board of equalization to hear these appeals;

(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: **PROVIDED**, That any remaining designated forest land meets necessary definitions of forest land pursuant to RCW 84.33.100 as now or hereafter amended.

(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 seller, transferor, or 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 thirty days after the owner is notified of the amount of the compensating tax. As soon as possible, 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) Compensating tax, together with applicable interest thereon, shall become a lien on such land which shall attach at the time such land is removed from designation as forest land and 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. Any compensating tax unpaid on its due date shall thereupon become delinquent. 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. 10. Section 6, chapter 87, Laws of 1970 ex. sess. as amended by section 7, chapter 212, Laws of 1973 1st ex. sess. and RCW 84.34.060 are each amended to read as follows:

In determining the true and fair value of open space land and timber land, which has been classified as such under the provisions of this chapter, the assessor shall consider only the use to which such property and improvements is currently applied and shall not consider potential uses of such property. The assessor shall compute the assessed value of such property by using the same assessment ratio which he applies generally in computing the assessed value of other property: PROVIDED, That the assessed valuation

of open space land with no current use shall not be less than that which would result if it were to be assessed for agricultural uses; PROVIDED FURTHER, That timber land shall be valued according to chapter 84.33 RCW.

NEW SECTION. Sec. 11. (1) One of the purposes of this act is to establish the values for ad valorem tax purposes of bare forest land which is primarily devoted to and used for growing and harvesting timber without consideration of other potential uses of the land and to provide a procedure for adjusting the values in future years to reflect economic changes which may affect the value established in this act.

(2) Chapter 294, Laws of 1971 ex. sess., as originally enacted, required the department of revenue annually to analyze forest land transactions to ascertain the market value of bare forest land purchased and used exclusively for growing and harvesting timber. Most transactions involving forest land include mature and immature timber with no segregation by the parties between the amounts paid for timber and bare land. The examination of these transactions by the department to ascertain the prices being paid for only the bare land has proven to be very difficult, time consuming, and subject to recurring legal challenge. Samples are small in relation to the total acreage of forest land involved and the administrative time and costs required for the annual analyses are excessive in relation to the changes from year to year which have been observed in the value of bare forest land. This act eliminates most of these administrative costs by establishing the current bare forest land values and by providing a procedure for periodic adjustment of the values which does not require continuing and costly analysis of the numerous forest land transactions throughout the state.

Sec. 12. Section 82.32.010, chapter 15, Laws of 1961 and RCW 82.32-.010 are each amended to read as follows:

The provisions of this chapter shall apply with respect to the taxes imposed under chapters 82.04 through 82.28 RCW of this title and under RCW 84.33.071 in such manner and to such extent as indicated in each such chapter.

Sec. 13. Section 14, chapter 154, Laws of 1980 (uncodified) is amended to read as follows:

Chapter 28A.45 RCW, as amended, repealed, and added to by (~~this 1980 act~~) chapter 134, Laws of 1980 and chapter 154, Laws of 1980 and as amended, repealed, and added to by any other enactment during a regular or extraordinary session of this (~~forty-sixth~~) forty-seventh legislature, is hereby added to and shall be recodified as (~~a new~~) chapter (~~in Title~~) 82.45 RCW.

References to chapter 28A.45 RCW and its sections shall be considered references to chapter 82.45 RCW and its sections, and the code reviser shall

change references to chapter 28A.45 RCW and its sections to refer to chapter 82.45 RCW and its sections.

NEW SECTION. Sec. 14. The following acts or parts of acts are each repealed:

(1) Section 10, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.111;

(2) Section 16, chapter 187, Laws of 1974 ex. sess. and RCW 84.33.117; and

(3) Section 15, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.150.

NEW SECTION. Sec. 15. If any provision of this 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.

NEW SECTION. Sec. 16. This 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, except for section 13 of this act which shall take effect September 1, 1981.

Passed the House April 16, 1981.

Passed the Senate April 23, 1981.

Approved by the Governor May 14, 1981.

Filed in Office of Secretary of State May 14, 1981.

CHAPTER 149

[Substitute House Bill No. 184]

BANKRUPTCY—FEDERAL, STATE EXEMPTIONS

AN ACT Relating to bankruptcy; amending section 5, chapter 64, Laws of 1895 as amended by section 1, chapter 44, Laws of 1909 and RCW 6.12.100; and amending section 344, page 88, Laws of 1869 as last amended by section 1, chapter 136, Laws of 1927 and RCW 6.16.080.

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

Section 1. Section 5, chapter 64, Laws of 1895 as amended by section 1, chapter 44, Laws of 1909 and RCW 6.12.100 are each amended to read as follows:

The homestead is subject to execution or forced sale in satisfaction of judgments obtained:

(1) On debts secured by mechanic's, laborer's, materialmen's or vendor's liens upon the premises.

(2) On debts secured by mortgages on the premises executed and acknowledged by the husband and wife or by any unmarried claimant.