



Department of
Revenue
Washington State

*"Working together to
fund Washington's future"*

Current Use

Basic Training

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May 8, 2024

Current Use and Designated Forestland Manual

- Offer guidance
- Provide a reference resource
- Create equity and uniformity
In the programs



Laws

Revised Code of Washington (RCW)

Title 84 – Property Taxes

Chapter 84.34

Section 84.34.010

Rules

Washington Administrative Code (WAC)

Written by DOR with public input

Title 458 – Property Taxes

Chapter 458-30 – Current Use

Open Space Taxation Act Chapter 84.34 RCW



Basis of valuing property

“All property shall be appraised at one hundred percent of its true and fair value in money . . . unless provided otherwise by law”

RCW 84.40.030(1)

Tax shift/loss

Reduction to the assessed value of property results in a shift of the tax burden to other taxpayers.



Use Codes

The Department uses the following land use codes to stratify property for county ratio:

- **83** Agriculture classified under current use chapter 84.34 RCW
- **86** Marijuana grow operations
- **88** Designated forest land under chapter 84.33 RCW
- **94** Open space land classified under chapter 84.34 RCW
- **95** Timberland classified under chapter 84.34 RCW

They also help counties identify the major use of the property

CURRENT USE VALUE REDUCTIONS
1993-2023 Collection Years

Year Due	Acres	Highest & Best Use Value (\$ Billions)	Current Use Value (\$ Billions)	Value Reduction (\$ Billions)	Percent Value Reduction
2023	9,685,164	\$33.995	\$7.612	\$26.383	77.6
2022	10,411,875	27.550	6.565	20.985	76.2
2021	10,670,945	24.953	6.691	18.261	73.2
2020	10,713,198	25.264	6.877	18.387	72.8
2019	11,108,396	24.742	7.163	17.579	71.1
2018	10,017,033	21.125	7.120	14.005	66.3
2017	10,766,264	21.258	6.818	14.440	67.9
2016	10,208,317	19.614	6.457	13.157	67.1
2015	10,056,591	18.563	5.799	12.764	68.8
2014	11,365,849	17.768	5.470	12.298	69.2
2013	10,338,289	17.077	4.878	12.199	71.4
2012	11,358,749	17.752	4.745	13.007	73.3
2011	11,469,581	18.068	4.756	13.312	73.7
2010	11,410,865	18.493	4.653	13.840	74.8
2009	11,419,003	17.650	4.498	13.153	74.5
2008	11,462,225	16.398	4.193	12.204	74.4
2007	11,484,216	13.940	3.901	10.038	72.0
2006	11,457,666	12.964	3.671	9.293	71.7
2005	11,551,815	12.005	3.441	8.565	71.3
2004	11,599,164	11.546	3.309	8.237	71.3
2003	12,172,766	11.157	3.200	7.957	71.3
2002	11,753,080	10.793	3.204	7.588	70.3
2001	11,755,825	10.306	3.154	7.152	69.4
2000	12,069,061	9.740	2.989	6.751	69.3
1999	11,667,542	9.360	2.938	6.422	68.6
1998	11,445,541	8.717	2.927	5.790	66.4
1997	11,574,810	8.366	2.729	5.637	67.4
1996	11,485,934	8.008	2.634	5.374	67.1
1995	11,203,257	7.829	2.699	5.130	65.6
1994	11,458,638	7.372	2.393	4.979	67.5
1993	11,517,719	7.017	2.333	4.683	66.7

Primary use

Primary use means the existing use of the land is so prevalent that when the characteristic use of the land is evaluated a conflicting or nonrelated use appears to be very limited or excluded.

RCW 84.33.035 (13)

The definition of primary use applies to all open space classifications and designated forest land.







Three Classifications:

- Open Space Land (includes Farm & Agricultural Conservation Land)
- Farm & Agricultural Land
- Timber Land



Open Space Classification



Eligibility requirements:

- Open space land is also any land area designated by an official comprehensive land use plan adopted by any city or county and zoned accordingly
- Preserve or enhance natural or scenic vistas,
- Protect streams/water supply;
- Promote conservation of soils, wetlands, beaches, or tidal marshes
- Enhance parks, forests, wildlife preserves, sanctuaries, preserve historic sites;
- Enhance recreation opportunities, like campgrounds & golf courses.
- Land only, no improvements

RCW 84.34.020(1) and WAC 458-30-200(2)(gg)



Wildlife
preserves

Sanctuaries

Wenatchee River

A wide, shallow river flows through a valley. The water is clear and reflects the sky. In the background, there are large mountains with patches of snow. The sky is blue with some white clouds. The foreground shows some dry grass and reeds in the water.

The Open Space program was created to protect these types of water ways

Palouse River with Steptoe Butte in background





Break

Please return in 10 minutes

Open Space Applications

A photograph of a pond with ducks and reeds. The pond is surrounded by tall, dry reeds and grasses. In the center of the pond, there are several logs floating. Two ducks are swimming in the water, and their reflections are visible in the calm water. The background shows a line of trees and a clear sky.

The Assessor provides the Open Space Applications to landowners, but they are filed with the County Legislative Authority.

Granting Authority

Unincorporated areas of county –
County Legislative Authority (CLA)

Incorporated areas of county –
Combined City and County
Legislative Authorities

Granting authority determines public
access but cannot require public access for
the conservation of wetlands



Approval of application

- **Granting authority must approve/deny within 6 months of receiving completed application for classification or reclassification.**
- **Not automatically approved if longer than 6 months.**
- **If approved and approval takes longer than 6 months, the reduction in assessed value will be made on January 1 of the year following the year the completed application was submitted.**

Approval of application

- **Granting authority may approve application in whole or in part**
- **If denied, the applicant may appeal to County Superior Court**
- **If approved, the granting authority will prepare an Open Space Taxation Agreement (REV 64 0022)**

Open Space Taxation Agreement Procedures

Preparation and Contents

- Date of approval is the date the granting authority approves the application.
- Agreement states all conditions attached to the approval of the application.
- Agreement applies to all parcels described in the agreement.
- Includes a description of the ways the classified land may be used to retain its classification status, actions that will cause the removal from classification

WAC 458-30-240

Open Space Taxation Agreement

Submit agreement to owner for signature

- Within 5 calendar days after approval.
- Deliver by certified mail, return receipt requested.
- Owner may accept or reject the agreement.
- If accepted must be signed and returned to granting authority withing thirty calendar days.
- If agreement is not signed and returned within thirty days, the granting authority presumes that the agreement was rejected.
- If the owner can show proof that they were prevented from returning the agreement by events beyond their control.
- Within Ten days of receiving the signed agreement a copy must be sent to the assessor.
- The assessor records the agreement.

Public Benefit Rating System (PBRS)

**County Legislative Authority may direct
The county planning commission to develop a PBRS**

**A public hearing is required for the adoption of a
PBRS.**

RCW 84.34.055

WAC 458-30-330

Currently 23 of the 39 counties have a PBRS




Chelan
Clallam
Clark
Cowlitz
Douglas
Franklin
Island
Jefferson
King
Kitsap
Kittitas
Lewis
Mason
Okanogan
Pend Oreille
Pierce
San Juan
Spokane
Thurston
Whatcom
Yakima

A list of counties who have adopted a PBRS and a link to the rating system or contact information is provided at propertytax.dor.wa.gov.

A scenic landscape featuring a winding river through a valley with rolling hills and a forest of evergreen trees in the foreground. The river flows from the upper right towards the lower right, curving around a bend. The valley floor is a mix of dry, brownish grass and patches of green. In the distance, there are rolling green hills under a clear blue sky. A prominent, rounded hill is visible on the left side of the horizon. The foreground is dominated by a dense forest of tall, green evergreen trees.

Upon approval of a new PBRS, all parcels classified as Open Space (including Farm and Agricultural Conservation Land) must be revalued using the newly adopted PBRS. Assessor must notify owners of open space land of the new assessed value.

Upon approval of an amended PBRS, parcels may need to be revalued under the amended PBRS. If the assessed value changes, the Assessor must notify owners of open space land of the new assessed value.



When adopting or amending a PBRS, owners are not required to sign a new Open Space Taxation Agreement.

If assessed value has changed due to the adoption or amendment of a PBRS, the assessor must send a change of value notice and the owner may request removal without additional tax, interest, and penalty, within 30 days of receipt of the change of value notice

Land Valuation

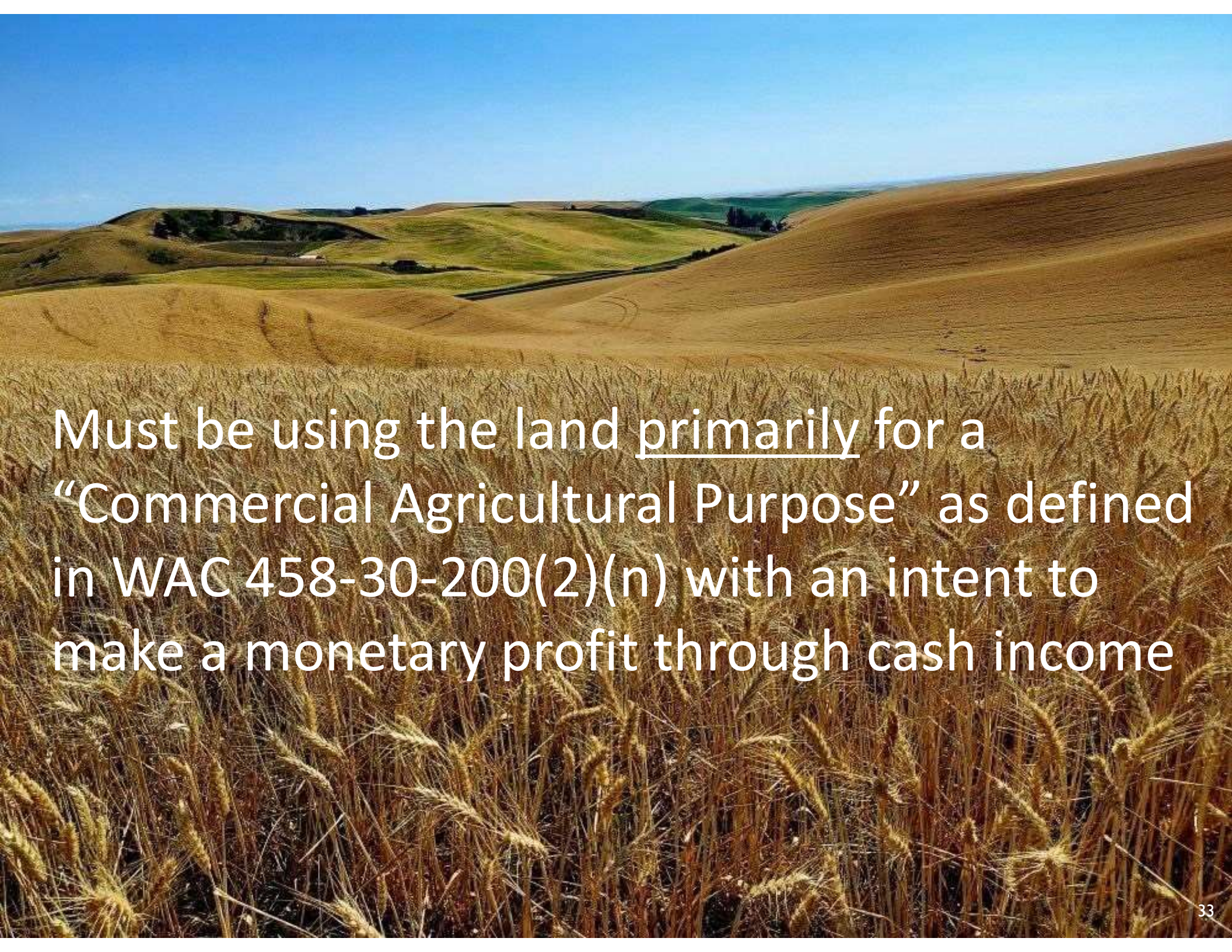
If there is no Public Benefit Rating System (PBRS):

- The per acre current use value of open space land may not be less than the lowest per acre current use value of farm and agricultural land in the county
- Open space land located in a county with a PBRS will be valued according to the criteria of the rating system
- Most PBRS criteria is based on points that reduces fair market value by a percentage

Farm & Agricultural Land

RCW 84.34.020(2)





Must be using the land primarily for a
“Commercial Agricultural Purpose” as defined
in WAC 458-30-200(2)(n) with an intent to
make a monetary profit through cash income

Agricultural Product

Agricultural product means livestock & plants that are produced for commercial purposes and includes any agricultural, horticultural, or aquacultural produce or crop; the raising of livestock, poultry, bees, or fur-bearing animals; or the production of milk, eggs, wool, fur, meat, honey, or other substances obtained therefrom.

“Raising” means breeding or increasing the value, size, or weight of the animal.

WAC 458-30-200(2)(d)

Livestock

- Cattle
- Goats
- Horses
- Pigs
- Sheep
- Llamas



Appurtenance

An appurtenance is something necessary and essential for the production, preparation, or sale of commercial agricultural products. A maintenance shed or a shipping facility located on farm and agricultural land that produces products that need to be shipped might be considered appurtenances.

Some examples of appurtenances:

- Barn
- Tool shed
- Equipment shed
- Machinery shed



WAC 458-30-200(2)(h) and RCW 84.33.035(5)

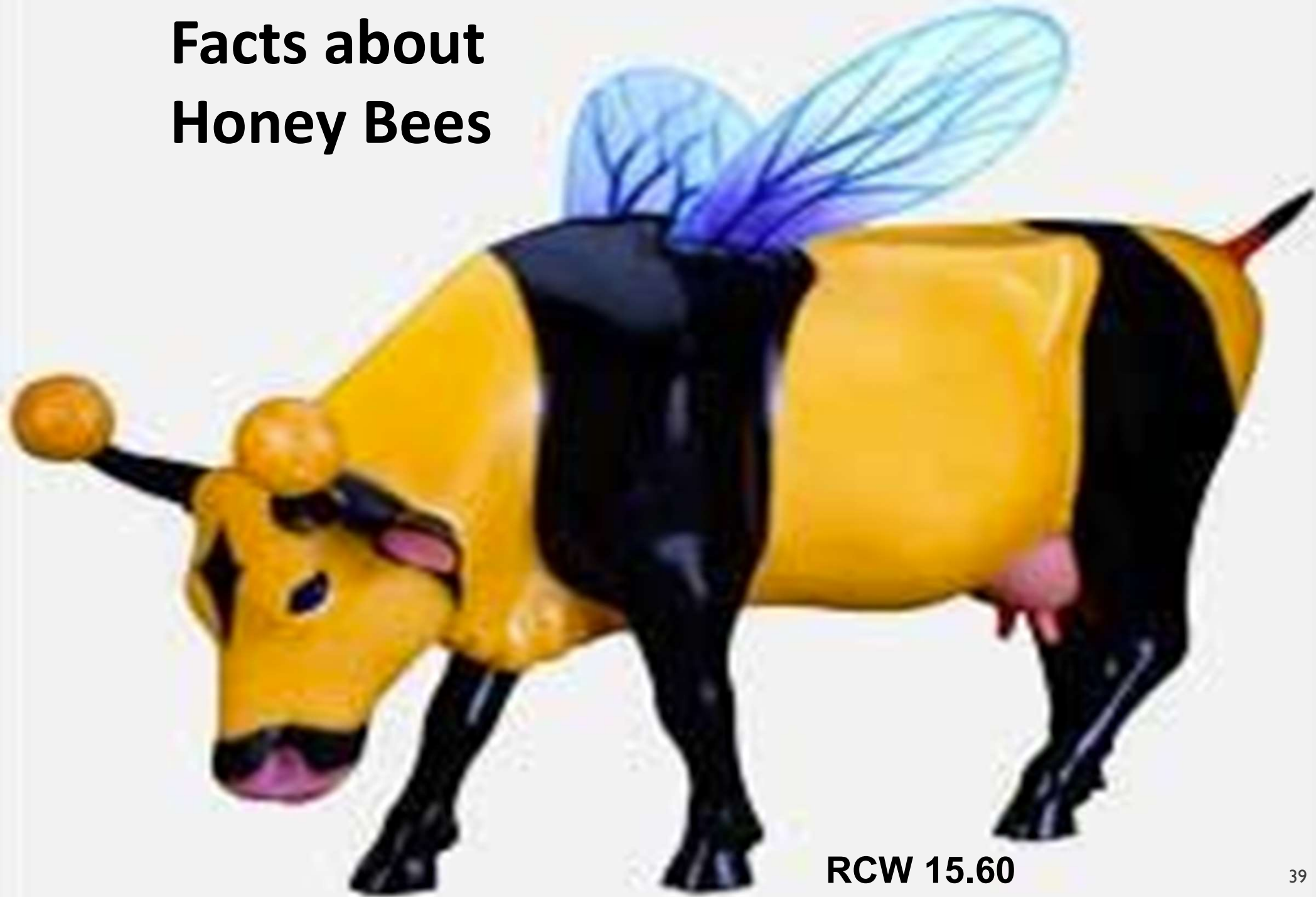
Storage Buildings



Honey Bees



Facts about Honey Bees



RCW 15.60

A PRODUCTIVE BEE
HIVE CAN PRODUCE AND
STORE ALMOST



OF HONEY IN A SINGLE DAY.



Aquaculture





Barns

Silos

Loafing Sheds

Milking Parlor



Incidental Use

Incidental use means a use of classified land that is compatible with commercial agricultural purposes or the growing and harvesting of timber WAC 458-30-200(bb) and RCW 84.33.035(9).

Some examples of incidental use:

- Wetland preservation
- Gravel pit (if the gravel is used exclusively on the property, the gravel cannot be sold)
- Farm woodlot
- Produce stand
- Storage shed used to store machinery



Acreage and income requirements

20 or more acres

- **Can be multiple parcels of land that is contiguous (touching)**
- **Devoted primarily to the commercial production of an agricultural commodity (product)**
- **Enrolled in a federal conservation reserve program**

RCW 84.34.020

5 or more acres but less than 20

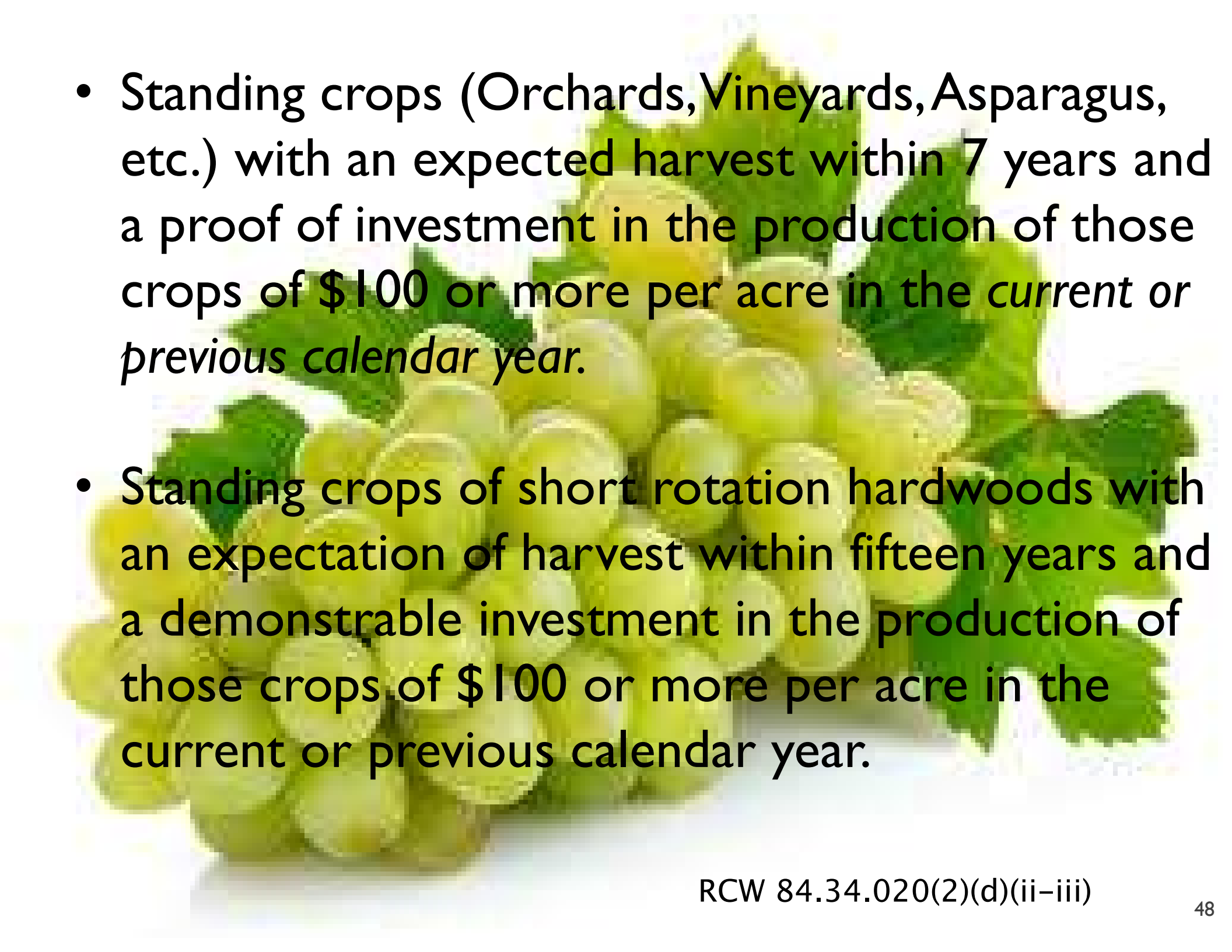
Land must be farmed prior to approval of application and after it has been classified.

Must provide gross income of:

•\$200 or more per acre per year for three of the past five years *preceding* the date of application if application was made on or after 1/1/93; or

•\$100 or more per acre per year for three of the past five years *preceding* the date of application if application was made before 1/1/93

RCW 84.34.020(2)(b)(i)

- 
- Standing crops (Orchards, Vineyards, Asparagus, etc.) with an expected harvest within 7 years and a proof of investment in the production of those crops of \$100 or more per acre in the *current or previous calendar year*.
 - Standing crops of short rotation hardwoods with an expectation of harvest within fifteen years and a demonstrable investment in the production of those crops of \$100 or more per acre in the current or previous calendar year.

Less than 5 acres:

Land must be farmed prior to approval of application and after it has been classified

Must provide gross income of:

- **\$1,500 per year** for three of the past five years *preceding* the date of application if application was made on or **after 1/1/93**
- **\$1,000 per year** for three of the past five years *preceding* the date of application if application was made **before 1/1/93**

Gross Income

Cash income derived from commercial agricultural purposes including payments received from the United States Department of Agricultural for participating in a crop reduction or set-aside program when such payments are based on the productive capacity of the land

WAC 458-30-200(2)(aa)

Gross income does not include:

- The value of any products produced on the land and consumed by the owner or lessee
- Cash income derived from leases for the use of the land for noncommercial agricultural purposes
- Payments for soil conservation programs
- The value represented from an exchange of goods and services for other goods or services (bartering)

Lease Income

To meet the per acre gross income requirements for parcels less than 20 acres, if the land is entirely leased, either the income received from the lease *or* the income attributable to the commercial ag activity occurring on the land can be used – but not a combination of both.



Portion of the land is leased

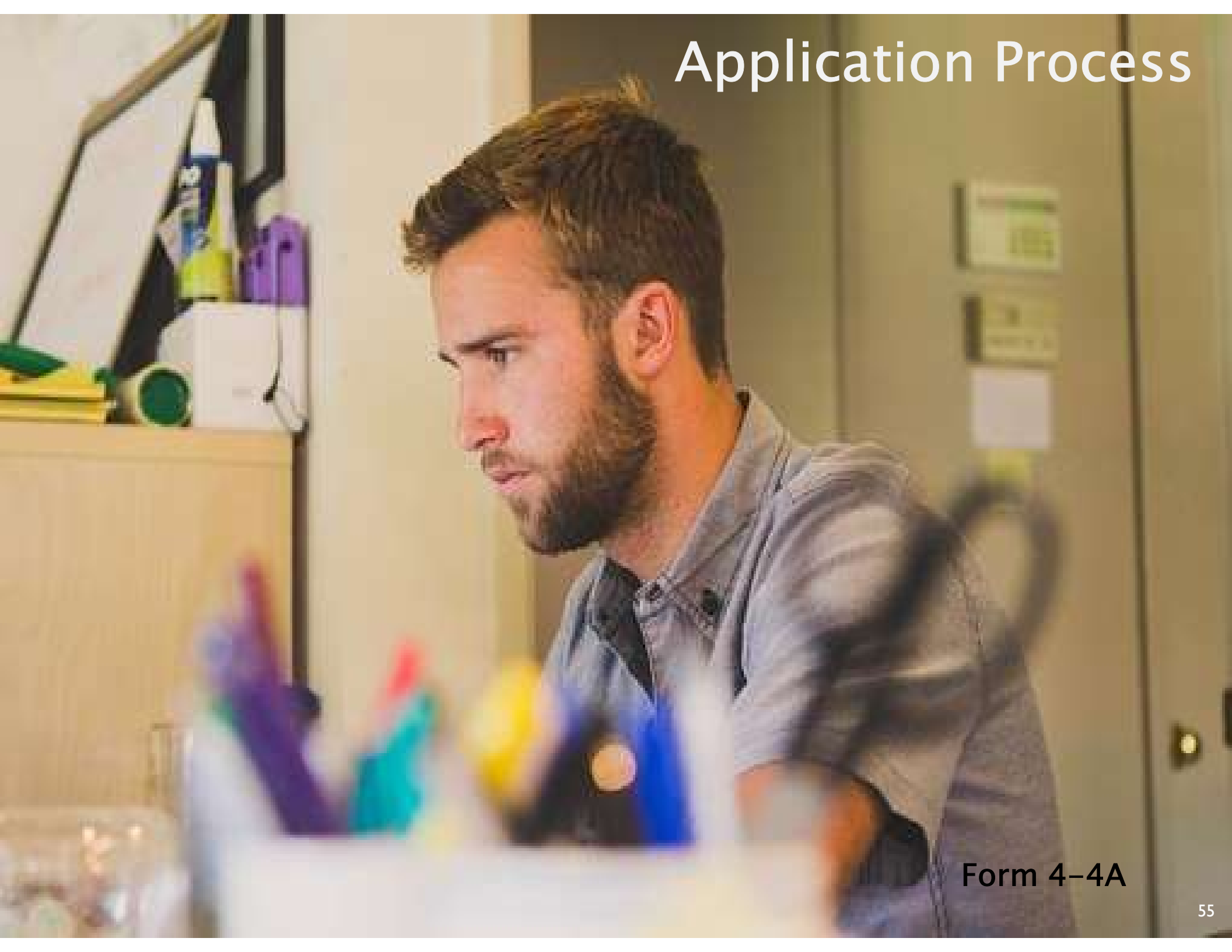
If the farmer leases out part of his/her land and farms the rest him/herself, then a combination of the income received from the lease and the income (or investment) attributable to the farmer's own commercial ag activity is used.



Break

Please return in 10 minutes

Application Process



Form 4-4A

Application to county assessor

Must be approved or denied prior to **May 1** of the year following the year of application – or is automatically approved

Review the application and be sure it is complete

- **Inspect the property – in person or by using current aerial photos**
- **Approve application if the property meets qualifications**
- **Send applicant an approval/ denial letter**
- **Record application with county auditor within 10 days**

Qualifications for family

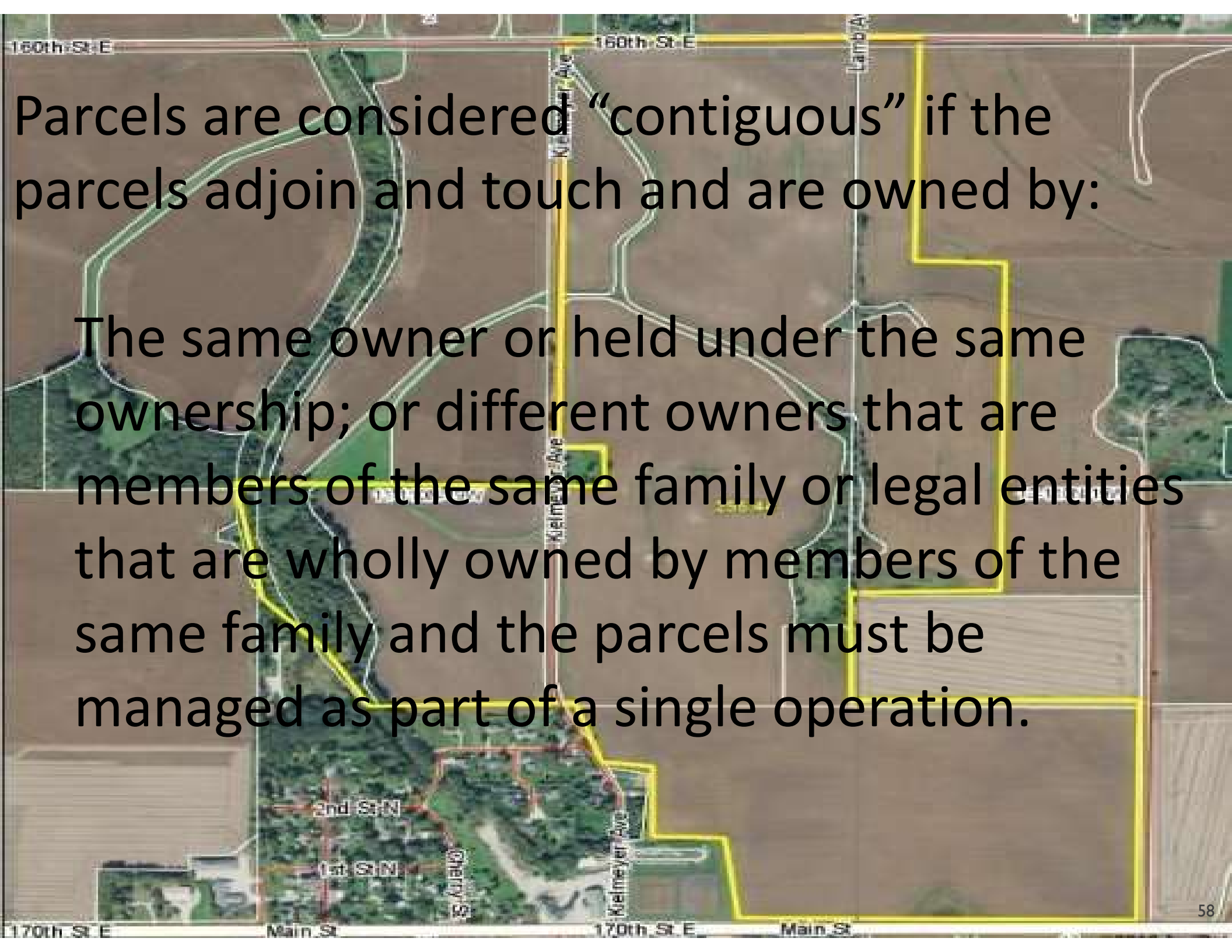
Defined in

RCW 84.34.020(6)

WAC 458-30-200(2)(i)

Parcels are considered “contiguous” if the parcels adjoin and touch and are owned by:

The same owner or held under the same ownership; or different owners that are members of the same family or legal entities that are wholly owned by members of the same family and the parcels must be managed as part of a single operation.



Farm & Agricultural Land Valuation

RCW 84.34.065 / WAC 458-30-260



Gathering Data



Farm & Agricultural Land Valuation

Gather valuation information

Send questionnaires to landowners. Request information for:

- **Production information**
- **Expense information**
- **Lease information (not necessarily a copy of lease)**
- **Use the cash rental information provided by the USDA**
- **Use information gathered by your Farm Advisory Board**
- **Develop your own model using typical crops in your county along with the USDA's or Farm Advisory Board's productive capacity information**

Questions to ask

- **How many acres are being leased?**
- **What farming activity is occurring on the land?**
- **What is the annual per acre lease amount?**
- **What expenses must the tenant pay for?**
- **What expenses must the landlord pay for**

Advisory Committee

- **Five-member committee, appointed by the county legislative authority, representing the active farming committee to *advise* the assessor in implementing assessment guidelines**
- **They are in an advisory capacity – they cannot give advice regarding the valuation of specific parcels; however, they may supply the assessor with advice on typical crops, land quality, etc.**

CU per acre value = $\frac{\text{Net Cash Rental per acre}}{\text{Capitalization Rate}}$

Capitalization Rate = Interest Rate on Long Term Farm & Ag Loans Plus Property Tax Component.

The property tax component is calculated by dividing the assessed value of all property in the county into the property taxes levied within the county in the year preceding the assessment and multiplying by one hundred.

WAC 458-30-262

Agricultural land valuation—Interest rate—Property tax component.

For assessment year 2024, the interest rate and the property tax component that are used to value classified farm and agricultural lands are as follows:


- (1) The interest rate is 6.03 percent; and
- (2) The property tax component for each county is:

COUNTY	PERCENT	COUNTY	PERCENT
Adams	1.05	Lewis	0.78
Asotin	1.12	Lincoln	1.03
Benton	0.88	Mason	0.87
Chelan	0.81	Okanogan	0.93
Clallam	0.82	Pacific	0.77
Clark	0.92	Pend	0.86
		Oreille	
Columbia	1.11	Pierce	0.98
Cowlitz	0.89	San Juan	0.59
Douglas	0.95	Skagit	0.88
Ferry	0.88	Skamania	0.89
Franklin	0.84	Snohomish	0.76
Garfield	1.09	Spokane	0.93
Grant	0.98	Stevens	0.81
Grays	0.89	Thurston	0.95
Harbor			
Island	0.74	Wahkiakum	0.60
Jefferson	0.80	Walla Walla	1.00
King	0.83	Whatcom	0.85
Kitsap	0.85	Whitman	1.42
Kittitas	0.77	Yakima	0.96
Klickitat	0.87		

Net cash rental

“...means the average rental paid on an annual basis... for the land being appraised and other farm and agricultural land of similar quality and similarly situated that is available for lease for a period of at least three years...”

WAC 458-30-260(2)(b)



Based on leases
Based on earning or productive capacity of
land if insufficient number of leases
are available

Lease payments must be averaged for at
least the preceding five crop years

RCW 84.34.065 & WAC 458-30-260(4)(5)

Based on leases



- **Average annual gross rental income: \$100 per acre**
- **Average annual expenses paid by landlord: \$10 per acre**
- **$\$100 - \$10 = \$90$ (Annual net cash rental per acre)**
- **2024 Capitalization rate: 6.98% (6.03 + 0.95 Thurston County)**

$\$90 / 6.98\%$ (capitalization rate) = \$1,289 CU value per acre

Net cash income

Based on earning or productive capacity of land:

If an insufficient number of leases are available, the assessor can use the earning or productive capacity of farm and agricultural land.

Calculated using the cash value of typical crops grown on land of similar quality and similarly situated within the area then subtracting the standard production costs of the crops.

The cash value minus the production costs of typical crops are averaged over at least five crop years.

The valuation formula

Step	Action
1	Yield per acre (x) price per unit = Gross income per acre
2	Gross income per acre (–) production costs per acre = Net income per acre
3	Average net income per acre over five crop years
4	Net income per acre (/) cap rate = current use value per acre

The National Agricultural Statistics Service (NASS) publishes county-level data on cash rental rates for agricultural land. The information includes average rental rates for non-irrigated cropland, irrigated cropland, and pastureland.

<http://quickstats.nass.usda.gov/>

Farm & Agricultural Land Home Sites

RCW 84.34.065 & WAC 458-30-317



Integral Home site valuation

1. Prior year total cu farm & ag land value in the county (/) Prior year total cu acreage of farm & ag land in the county (=) Average cu per acre home site value in the county
2. Then add market value of land improvements used to serve the residence, i.e., sewer, water, and power

Market value of land improvements used to serve the residence may be listed on either the land or the improvement side. RCW 84.34.065



Open Space Farm and Agricultural Conservation Land

**RCW 84.34.020 (1)(c), (8)
WAC 458-30-242 (3)**



Land only – No improvements

No minimum income requirements like the farm & agricultural land classification - RCW 84.34.020(2)

Incidental use does not apply – land approved would just be considered farm and agricultural conservation land

Land may be actively farmed (purpose is to preserve farmland for potential return to commercial agricultural use)




FARMING
LIKE




Questions?

Break

Please return in 10 minutes



Timber Land
RCW 84.34.020(3)

A close-up photograph of a person's hand holding a small, young evergreen tree with a ball of dark soil. The background is a soft, out-of-focus green. The text is overlaid on this image.

Timber Land

RCW 84.34.020(3)


Timber land is any parcel of land that is 5 or more contiguous acres being used to grow and harvest timber for *commercial* purposes

Value is based on its timber land value – determined by DOR in WAC 458-40-540

Forest land values—2024.

The forest land values, per acre, for each grade of forest land for the 2024 assessment year are determined to be as follows:

LAND GRADE	OPERABILITY CLASS	2024 VALUES PER ACRE
1	1	\$227
	2	225
	3	211
	4	154
2	1	194
	2	187
	3	180
	4	127
3	1	150
	2	146
	3	144
	4	111
4	1	117
	2	112
	3	111
	4	84
5	1	84
	2	74
	3	73
	4	52
6	1	43
	2	41
	3	41
	4	39
7	1	19
	2	19
	3	17
	4	17
8	1	1

- 
- A close-up photograph of a person's hands holding a small green seedling in soil. The hands are positioned on either side of the seedling, which is being held in a shallow depression in the dark brown soil. The background is a blurred, natural setting with more soil and some green foliage.
- Timber land means land only – does not include a residential home site or any improvements
 - 10% Incidental use is allowed
 - Includes land with appurtenances necessary for the production, preparation or sale of timber in conjunction with land producing the products



Land Grade

Grade is established based on timber species and site index.

Site index is the productive quality of forest land, how well the land can grow trees.

It is determined by the total height reached by the trees on a particular site at a given age.

Types of trees that can grow on the land

WAC 458-40-530



Operability Class

Established based on the geographic features of the soil and the types of trees that can grow on the land. The criteria for each class apply statewide. Based on the physical qualities of the soil and operational limitations (e.g., slope, erosion potential)

Class 1 - Favorable

Class 2 - Average

Class 3 - Difficult

Class 4 - Extreme

WAC 458-40-530

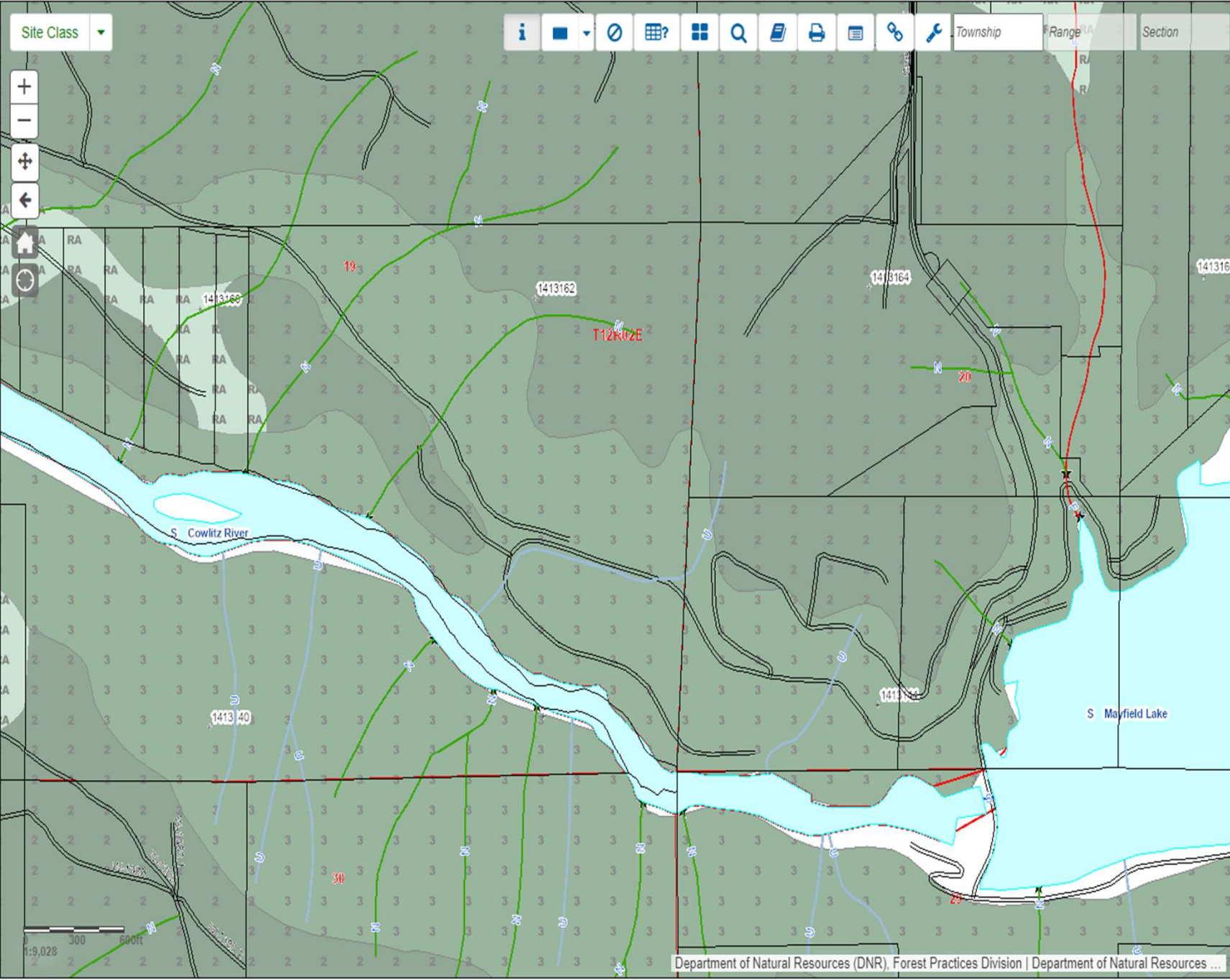
WAC 458-40-530

WASHINGTON STATE PRIVATE FOREST LAND GRADES			
SPECIES	SITE INDEX	LAND GRADE	
WESTSIDE			
Douglas Fir	136 ft. and over	1	
	118-135 ft.	2	
	99-117 ft.	3	
	84-98 ft.	4	
	under 84 ft.	5	
Western Hemlock	136 ft. and over	1	
	116-135 ft.	2	
	98-115 ft.	3	
	83-97 ft.	4	
	68-82 ft.	5	
Red Alder	under 68 ft.	6	
	117 ft. and over	6	*2
	under 117 ft.	7	
	Marginal forest productivity	7 or 8	
	Noncommercial	8	
EASTSIDE			
Douglas Fir	140 ft. and over	3	*1
	& 120-139 ft.	4	*1
Ponderosa Pine	96-119 ft.	5	*1
	70-95 ft.	6	*1
	under 70 ft.	7	*1
	Marginal forest productivity	7 or 8	*2
	Noncommercial	8	

Data Active (12) Legend

Search for Layers

- Site Class Map**
- Site Class (FP)
 - Public Land Survey Townships
 - Public Land Survey Sections
 - Map Registration Tics
 - Water Type Breaks (FP)
 - DNR Roads
 - Orphaned & Abandoned Roads (FP)
 - Trails & Railroads (FP)
 - Water Courses (FP)
 - Water Bodies (FP)
 - County Boundaries
 - County Tax Parcels
- Forest Practices Applications**
- Hydraulic Projects (FP)
 - FPA - All Alternate Plans
 - FPA - Active Harvest by Classification
 - FPA - All Harvest by Classification
 - FPA - All Harvest by Decision/Status
- Basemap**
- [Water Type Definitions and Viewing Guide](#)





Restocking levels for timber land & DFL

West

190 well-distributed seedlings per acre

Less than 20% of the harvest area with stocking levels of 150 to 190 seedlings/acre

OR

100 vigorous well-distributed saplings or merchantable trees per acre.

WAC 222-34-010(2)

East

150 well-distributed seedlings per acre

Less than 20% of the harvest area with stocking levels of 120 to 150 seedlings/acre

OR

100 vigorous well-distributed saplings or merchantable trees per acre.

WAC 222-34-020(2)

Timber Management Plan

Criteria found under RCW 84.34.041 & WAC 458-30-232:

Required

- **Legal description / Date land acquired**
- **Contiguous ownership/5 acres**
- **Timber**
- **Harvested/restocking/reforestation**
- **Livestock grazing**
- **Compliance with forest practices (76 RCW)**



Timber Plan cont'd

Recommended

- Goals**
- Forest types and stands**
- Resource inventory**
- Aerials/maps**
- Statement that applicant is aware of tax liability**

Application Process

- **Application to County Legislative Authority (or combined County/City Legislative Authority if land is in an incorporated area of county)**
- **Granting authority must approve/deny within 6 months of receiving completed application for classification or reclassification.**
- **All applications *require* a timber management plan**

Form 5 – 5A

WAC 458-30-232

Application can be denied for the following reasons without regard to any other factor

WAC 458-30-232 (4)(c):

- **The land does not contain a “stand of timber” unless:**
 - 1. land has been recently harvested and application includes a plan for restocking within 3 years, or**
 - 2. only isolated areas do not meet minimum standards due to natural features.**

More Reasons for Denial

Applicant failed to comply with a final administrative or judicial order regarding a violation of restocking, forest management, etc.

Land abuts a body of salt water – 200' from high tide line.

No application can be approved if the county has merged timber land and designated forest land.



**Merged Timberland
and Designated
Forestland**

Process to merge timber land & designated forest land

Enact an ordinance or resolution that:

1. Terminates timber land classification
2. Land previously timber land is now designated forest land

Once timber land classification is terminated:

1. Land is now designated forest land with same date as it was given when classified as timber land
2. County must notify DOR classification and designation have merged



Notification

RCW 84.34.400(3) : “A county must notify the department after taking action under [the merger] section. The department must maintain a list of all counties that have provided this notice on their agency internet web site.”

If your county has merged the programs and is not on the list, please email Jeri at jeril@dor.wa.gov with a copy of the ordinance.

List of counties that merged Timberland & DFL

**List of counties
that merged
timber land and
DFL**

County	Effective Date of Merger	Resolution / Ordinance No.	Date Signed
Chelan	07/01/2014	2014-65	07/01/2014
Clallam	01/20/2015	897	01/20/2015
Cowlitz	07/15/2014	14-062	07/15/2014
Ferry	08/04/2014	2014-05	08/04/2014
Grays Harbor	07/07/2014	412	07/07/2014
Island	06/12/2014	C-57-14 Amended	06/02/2014 07/28/2014
King	09/02/2022	19484	09/02/2022
Kitsap	08/25/2014	514-2014	08/25/2014
Kittitas	01/01/2015	2015-001	01/06/2015
Klickitat	09/30/2014	O093014	09/30/2014
Lewis	07/14/2014	1225	07/14/2014
Mason	07/18/2017	40-17	07/18/2017
Pacific	07/08/2014	173	07/08/2014
Pend Oreille	09/07/2014	2014-2	09/02/2014
Pierce	01/03/2016	2015-36	09/15/2015
Skagit	07/07/2015	O20150004	07/07/2015
Spokane	12/03/2014	14-0960	12/03/2014
Stevens	02/29/2016	2016-01	02/29/2016
Walla Walla	06/05/2017	467	06/05/2017
Whatcom	10/28/2014	2014-055	10/28/2014

Resources:

- DOR publication Guidelines to Timber Management Plans
- Washington State University Forest & Wildlife Extension
www.forestry.wsu.edu
- Washington Forest Protection Association www.wfpa.org
- Washington State Department of Natural Resources
www.dnr.wa.gov/sflo/
- Trust for Public Lands www.tpl.org
- Washington State Department of Revenue Forest Tax
www.foresttax.dor.wa.gov
- UDFS Web Soil Survey
<https://websoilsurvey.nrcs.usda.gov/app/>

Designated Forest Land (DFL)

- Means any parcel of land 5 acres or more that is primarily devoted to growing and harvesting timber.
- Value is based on its timber land value – determined by DOR



DFL Facts



- **Forest land is land only – does not include a residential home site or any improvements**
- **10% Incidental use is allowed**
- **Includes land with appurtenances necessary for the production, preparation or sale of timber in conjunction with land producing the products**
- **No specific statutory income requirement**
- **Assessor not required to send valuation notice**

2022 Valuation of

Privately-owned Designated Forest Land by County

County	Designated Forest Land	
	Acres	Value
Adams	0	\$0
Asotin	0	0
Benton	N/A	N/A
Chelan	76,835	2,078,123
Clallam	304,131	35,023,611
Clark	76,950	11,831,282
Columbia	26,570	1,142,680
Cowlitz	477,619	67,233,620
Douglas	372	36,100
Ferry	135,749	3,339,948
Franklin	N/A	N/A
Garfield	1,559	96,242
Grant	0	0
Grays Harbor	619,645	133,994,150
Island	11,616	1,737,344
Jefferson	158,271	18,349,755
King	220,520	42,837,553
Kitsap	40,421	5,434,400
Kittitas	71,208	2,525,810
Klickitat	N/A	55,261,740
Lewis	708,275	58,258,600
Lincoln	N/A	N/A
Mason	278,875	56,710,800
Okanogan	63,780	1,750,664
Pacific	417,322	63,920,037
Pend Oreille	218,946	9,865,546
Pierce	258,125	133,735,065
San Juan	11,922	1,009,160
Skagit	224,652	27,009,000
Skamania	99,026	11,312,100
Snohomish	119,521	14,211,800
Spokane	133,554	6,305,384
Stevens	658,889	22,715,520
Thurston	126,236	17,277,450
Wahkiakum	104,909	17,342,100
Walla Walla	13,722	2,411,560
Whatcom	121,631	13,388,999
Whitman	N/A	N/A
Yakima	30,325	1,601,280
TOTAL	5,811,176	\$839,747,423

Application Process

Application is made to the county assessor and may be approved in whole or part.

Application must be approved/denied prior to July 1 of the year following application or it is automatically approved.

Form 6- 6A

RCW 84.33.130



Timber Management Plan



The assessor has the option to require timber management plan to determine eligibility/continued eligibility when:

- An application for classification or reclassification is submitted
- DFL is sold/transferred, and a continuance is signed
- They believe land less than 20 acres is no longer devoted to growing and harvesting timber

Reviewing the Application



- Is there a timber management plan? Does it make sense?
- Inspect the property – in person or by using current aerial photos
- Approve application if the property meets qualifications
- Send applicant an approval letter
- Record notice with county auditor within 10 days

Application can be denied for the following reasons without regard to any other factor WAC 458-30-232 (4)(c):

- **The land does not contain a “stand of timber” unless:**
 - 1. land has been recently harvested and application includes a plan for restocking within 3 years, or**
 - 2. only isolated areas do not meet minimum standards due to natural features.**
- **Applicant failed to comply with a final administrative or judicial order regarding a violation of restocking, forest management, etc.**
- **Land abuts a body of salt water - 200’ from high tide line**





Real-life scenario

- Taxpayer recently purchased 86 acres in DFL and sent in a continuance
- Much of the land is well forested, however several large areas will not grow
- Taxpayer consulted DNR, who indicated several large areas (one spot alone is 8 acres) that won't support replanting. The previous owner tried and failed.
- What would you do? Why?

- Many natural features such as wetlands, rocky outcroppings, streams, etc. can be found on land designated as DFL, and are not conducive to growing timber
- These areas should be considered separate from 10% incidental use allowance, because they have little to no use.
- How significant are these areas? Can the land still be devoted primarily to growth and harvest of timber? Assessor's discretion to determine how significant these areas are.
- What is the market value of land that cannot support tree growth? Many of these areas may have little or no use, therefore minimal market value.
- Could area fall under any other classification?
- Taxpayer has right to appeal value

Questions?



Break

Please return in 10 minutes

A person is shown from the side, holding a photograph of a wide river flowing through a landscape. The person is wearing glasses and a watch. In the background, a computer monitor displays a gallery of various images, including nature scenes and abstract colors. The scene is set in an office or workspace.

Administrative Issues/Solutions



STEWARDSHIP FOREST



USDA



Continuance

RCW 84.33.104(5)(d)

RCW 84.34.108 (1)(c)

Forms 7- 7A- 7B



Enter any additional codes _____
(see back of last page for instructions)

Was the seller receiving a property tax exemption or deferral under RCW 84.36, 84.37, or 84.38 (nonprofit org., senior citizen or disabled person, homeowner with limited income)? Yes No

Is this property predominately used for timber (as classified under RCW 84.34 and 84.33) or agriculture (as classified under RCW 84.34.020) and will continue in it's current use? **If yes and the transfer involves multiple parcels with different classifications, complete the predominate use calculator (see instructions)** Yes No

6 Is this property designated as forest land per RCW 84.33? Yes No

Is this property classified as current use (open space, farm and agricultural, or timber) land per RCW 84.34? Yes No

Is this property receiving special valuation as historical property per RCW 84.26? Yes No

If any answers are yes, complete as instructed below.

(1) NOTICE OF CONTINUANCE (FOREST LAND OR CURRENT USE)

NEW OWNER(S): To continue the current designation as forest land or classification as current use (open space, farm and agriculture, or timber) land, **you must sign on (3) below.** The county assessor must then determine if the land transferred continues to qualify and will indicate by signing below. If the land no longer qualifies or you do not wish to continue the designation or classification, it will be removed and the compensating or additional taxes will be due and payable by the seller or transferor at the time of sale (RCW 84.33.140 or 84.34.108). Prior to signing (3) below, you may contact your local county assessor for more information.

This land: does does not qualify for continuance.

Deputy assessor signature Date

(2) NOTICE OF COMPLIANCE (HISTORIC PROPERTY)

NEW OWNER(S): To continue special valuation as historic property, **sign (3) below.** If the new owner(s) doesn't wish to continue, all additional tax calculated pursuant to RCW 84.26, shall be due and payable by the seller or transferor at the time of sale.

(3) NEW OWNER(S) SIGNATURE

Signature

Print name

Signature

Print name

Continuance

General requirements:

Assessor may also request additional information to determine continued classification or designation.

A notice of continuance is not required when classified or designated land is transferred to a new owner who is the heir or devisee of a deceased owner.

WAC 458-30-275 and WAC 458-30-700(3)

Owner requirements:

- To continue in a classification a **Notice of Continuance (REV 64 0047)** must be signed by the new owners. The notice must be on a form provided by the Department.

Form 6

- Complete form **Request for Information Verifying Intent to Continue Current Use Classification or Designated Forest Land (REV 64 0073)**. Form 8

If Notice of Continuance is not signed by the buyer or, if signed, and the assessor determines the land will not continue in classification or designation, the land will be removed.

- **Seller will be responsible for all additional tax, interest, & penalties, or compensating tax.**
- **Additional tax, interest, & penalties, or compensating tax.**
- **These taxes must be paid at the time of sale or transfer.**

Farm & agriculture land

- New owner will be required to comply with eligibility requirements of current law
- Seller or buyer of a parcel less than 20 acres may be asked to provide gross income or investment data related to the productivity of the land
- The higher minimum income requirements for parcels less than 20 acres will be deferred for three years.
- The new owner is required to produce either \$200 per acre per year if the parcel is five acres or more or \$1500 per year if the parcel is less than five acres at least once during the three calendar years immediately following the sale or transfer.

Timber land

- New owner must submit a timber management plan, but assessor may allow an extension of time to submit one
- Assessor sends a copy of the timber management plan to the county legislative authority
- Depending on the quality and *age* of the timber management plan used by the seller, the assessor may allow the buyer to continue using it.

Designated Forest land

- The assessor has an option to request the new owner to provide a timber management plan
- The assessor has 15 days to review the timber management plan to make sure that it meets it provides the information that satisfies the requirements for the designation

Reclassifications

RCW 84.34.070(2)
&
WAC 458-30-325

Form 8

Circumstances that may cause owner to seek reclassification include:

- The land is no longer being used for purpose granted
- The owner decides to change the use of the land
- The land no longer meets the requirements for classification/designation
- The land is subject to removal

Minimum Gross Income Requirements

Reclassification into the farm and ag classification:

Gross income requirements may be deferred up to five years if reclassified from farm and agricultural conservation land, timber land, or designated forest land.



RCW 84.34.070(4)

- Application for reclassification is handled in the same manner as initial application
- Granting Authority must follow same procedures as initial application
- Same appeal rights as initial application
- If denied, applicant must wait 365 days from the date the application was received to reapply into any current use classification.
- There is no similar waiting time for reclassifications into DFL under chapter RCW 84.33 RCW.

Reclassifications if land is subject to removal:



- If the owner submits a reclassification application within 30 days of receiving the Notice of Removal form, the land is not considered “removed” until the reclassification application is denied.
- If approved, the new classification will be effective on January 1 of the year following the year the application was submitted.



Reclassifications

From:

Farm & Ag Land
RCW 84.34.020(2)

To:

Timber Land
RCW 84.34.020(3)



Open Space Land
RCW 84.34.020(1)(b)

Open Space Farm & Ag
Conservation Land
RCW 84.34.020(1)(c)

Designated Forest Land
Chapter 84.33 RCW

Reclassifications (continued)

From:

Timber Land
RCW 84.34.020(3)



To:

Farm & Ag Land
RCW 84.34.020(2)

Open Space Land
RCW 84.34.020(1)(b)

Designated Forest

Chapter 84.33 RCW

Reclassifications (continued)

From:

Designated Forest Land
Chapter 84.33 RCW



To:

Farm & Ag Land
RCW 84.34.020(2)

Open Space Land
RCW 84.34.020(1)(b)

Timber Land
RCW 84.34.020(3)

Reclassifications (continued)

From:

Farm & Ag Conservation

RCW 84.34.020(1)(c)

To:

Farm & Ag Land

RCW 84.34.020(2)

(Only if land was previously classified as farm & ag land under RCW 84.34.020(2))



Cannot reclassify “traditional farmland” classified under farm & ag conservation land (RCW 84.34.020(1)(c)) to farm and ag land (RCW 84.34.070(2)(d)).

Cannot reclassify open space land (RCW 84.34.020(1)(a)&(b)) into any of the other classifications. It must be removed first.



Land that no longer meets classification requirements may need to be removed and additional tax or compensating tax may be due.

RCW 84.34.108 and WAC 458-30-295 – Open Space

RCW 84.33.140 and WAC 458-30-700 - DFL

Actions that cause removal of land from classification:

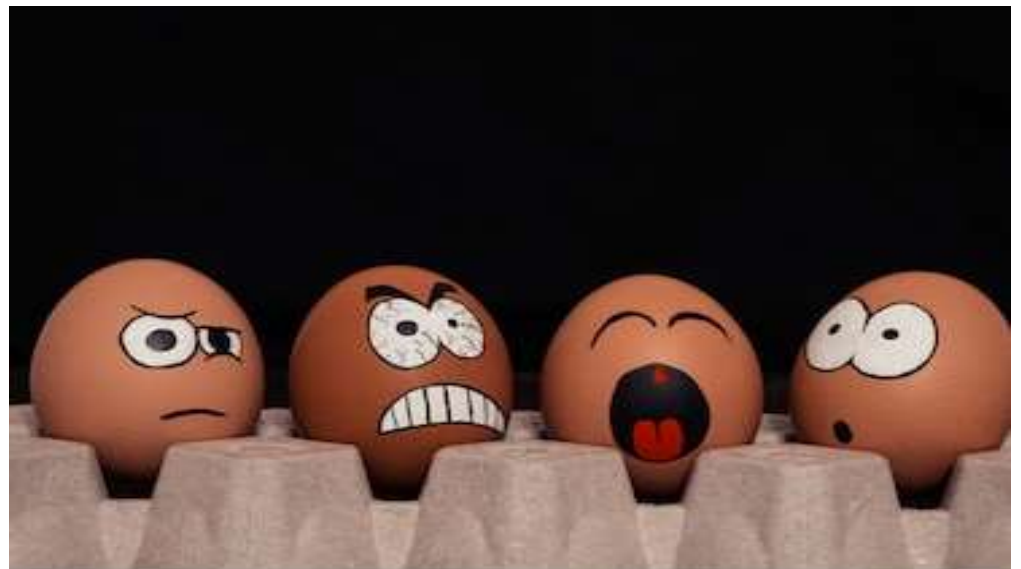
- Receipt of notice from the owner to remove the land
- Sale or transfer to an ownership making land exempt from ad valorem taxation (automatically exempt - no exemption application required)
- Sale or transfer to new owner if the new owner does not sign the notice of continuance, except a transfer to an owner who is an heir or devisee of a deceased owner

- Sale or transfer to a new owner if the notice of continuance is signed but not approved by the assessor.
- Failure of an owner to respond to request for data when owner has sought reclassification because land was subject to removal and the reclassification was denied.
- The assessor determines, based on field inspections, analysis of income and expense data, or any other reasonable evidence, that the land no longer meets the criteria for classification.

Open space, farm & ag, and timber land

- Removals may be initiated by the Assessor
- Up to 7 years of additional tax, interest, and penalty will be due – payable in 30 days
- Current year's tax and interest (January 1 of year removed up through the date of removal) – payable in 30 days

Form 9 - 9A



Additional Tax

“The amount of additional tax shall be equal to the difference between the property tax paid as “open space land”, “farm and agricultural land”, or “timber land” and the amount of property tax otherwise due and payable for seven years last past had the land not been so classified.”



RCW 84.34.108(4)(a)



“The amount of applicable interest shall be equal to the interest upon the amount of such additional tax paid at the same statutory rate charged on delinquent property taxes from the dates on which such additional tax could have been paid without penalty if the land had been assessed at a value without regard to this chapter.”

RCW 84.34.108(4)(b)

3. Calculation of Prior Year's Additional Tax and Interest. (Interest is calculated from April 30 of each tax year through the month of removal at the rate of 1% per month.) Tax Year 1 will be the year preceding the year of removal.

Col's	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
No. of Yrs	Tax Year	True & Fair Value	Current Use Value	Difference 1 - 2	Levy Rate	Additional Tax Due 3 x 4	Interest Rate @ 1% per mo.	Total Interest 5 x 6	Total Tax & Interest 5 + 7
1				\$0		\$0.00		\$0.00	
2				\$0		\$0.00		\$0.00	
3				\$0		\$0.00		\$0.00	
4				\$0		\$0.00		\$0.00	
5				\$0		\$0.00		\$0.00	
6				\$0		\$0.00		\$0.00	
7				\$0		\$0.00		\$0.00	
							Totals	\$0.00	\$0.00

4. Total Additional Tax and Interest (Total of entries in item 3, column 8) = \$0.00

5. 20% Penalty (Does not apply if owner requested withdrawal after 10 years) = \$0.00

6. Total Additional Tax, Interest, and Penalty (Total of entries in items 4 and 5) = \$0.00

7. Prorated Tax and Interest for Current Year (Items 1c and 2) = \$0.00

8. Recording Fee for Removal =

9. Total of Tax, Interest, Penalty, and Recording Fee (Add lines 6, 7, and 8) = \$0.00

(Payable in full 30 days after the date the treasurer's statement is received. Any amount unpaid on its due date is considered delinquent. From the date of delinquency until paid, interest will be charged at the same rate applied by law to delinquent ad valorem property taxes.)

The penalty is twenty percent of the sum of the additional tax and interest.

RCW 84.34.080

P E N A L T Y

Assessor's duty

- If Assessor determination, must notify owner in writing and give a 30-day notice (Notice of Intent to Remove form REV 64 0071).
- If Assessor determines that land still does not qualify, they will remove the land and send (Notice of Removal of Current Use Classification REV 64 0023).
- From the date the Notice of Removal form was received, the owner has 30 days to apply for reclassification.
- From the date the Notice of Removal form was mailed, the owner has 30 or 60 days (depending on the county) or until July 1 of the year of removal, whichever is later, to appeal the removal to the BOE.

RCW 84.40.038(1)

Designated Forest Land



- Removals are initiated by the assessor
- Up to nine years of compensating tax - payable in 30 days
- Current year's tax (from January 1 of the year of removal up to the date of removal) – payable in 30 days

Designated Forest Land Removal cont'd



- If the removal occurs as a result of a sale or transfer, the compensating tax, if imposed, is due at the time of the sale or transfer.
- The compensating tax will become a lien on the land at the time of removal from designation.

Notice of Removal

- Notice of Removal form explains the steps to reclassify the land and appeal the removal decision, including when a notice of appeal must be filed, where the forms can be obtained, and how to contact the county board of equalization.
- Assessor notifies treasurer of removal and treasurer will mail out statement indicating the amount due and the due date.
- If not paid by the due date, the amount is considered delinquent and subject to the interest outlined in RCW 84.56.020.
- See Special Notice dated May 17, 2010.

Withdrawal Open Space

Withdrawals are owner initiated

When land has been classified for 10 years and the owner files a notice of request to withdraw all or a portion of the land there is no 20% penalty applied.

- Owner must submit a written request (Notice of Request to Withdraw Current Use Classification Form REV 64-0027 or Notice of Withdrawal from Current Use REV 64 0093).

Form 11

Form 11A

Withdrawal (continued)

- Withdrawal can be either a complete or a partial withdrawal. If a partial withdrawal:
 - Remaining land must meet same criteria that is required by statute
- The assessor may ask owner to submit relevant information for remaining classified acreage - if open space or timber land, assessor will consult granting authority before determining whether remaining portion will qualify. The land may need to be re-rated if subject to a PBRs.

WAC 458-30-285(3)(c)

Additional Tax and Interest

At the time of withdrawal:

- Assessor calculates the additional tax & interest on the date withdrawn and a 20% penalty will not be imposed. If land has been classified for at least 10 years
- Treasurer mails notice of amount due to owner
- Additional tax and interest are due 30 days after the owner is notified of the amount due
- Additional tax and interest will become a lien on the parcel at the time of withdrawal from classification.

Auditing parcels



Land Must Continue to Qualify

Assessors are responsible for ensuring land continues to meet the qualifications after the application has been approved.

RCW 84.34.121

RCW 84.33.140(5)(d)



Assessor requesting information

The assessor may request relevant data or information that will assist in determining whether the land is eligible for continued classification

WAC 458-30-270



Auditing Issues

What kind of audits?

- Mail audits
- Physical audits (if no response)

How to audit?

- By revaluation or physical inspection area
- By classification type



Statutory authority allowing assessors to review parcels for continued compliance:

RCW 84.34.121: Assessor may require owners of classified land to submit:

- Pertinent data regarding use of land
- Productivity of typical crops
- Such similar information pertinent to continued classification and appraisal of the land



WAC 458-30-270

Relevant data or information includes, but is not limited to:

- Receipts from sales of ag products produced on the classified land,
- federal income tax returns,
- rental or lease agreements/receipts,
- government payments and subsidies,
- crop and livestock data; or
- other income/expense information related to the land



Procedure for requesting information:

Current Use:

- The assessor sends written request for information by first class mail – owner has 60 days to submit information.
- If no response to first request is received within 60 days, the assessor sends a second written request by certified mail (also send by first class mail in case the owner does not claim it).
- The owner has 30 days to submit information. The second request must state that failure to submit information may cause the land to be removed from classification.
- If the owner fails to respond to second request, assessor may remove the land from classification and mail the owner a Notice of Removal.

Procedure for requesting information (continued)

Designated Forest Land:

The assessor must provide the owner with a written notice and an opportunity to be heard by the assessor, or the assessor's deputy, when the assessor intends to remove the land because it is no longer primarily devoted to and used for growing and harvesting timber. RCW [84.33.140](#) (5)(d).

Each county assessor may set his or her own procedure for giving a landowner this notice and opportunity to be heard so long as it is done in a reasonable and consistent manner that ensures due process for each owner.

Notice of Intent to Remove form for DFL

WAC 458-30-700(4)(d):

Forest practices applications

- Most harvesting activities require a Forest Practices application (FPA) obtained through the Department of Natural Resources (DNR)
- If approved for harvesting, DNR will provide restocking requirements for the owner.
- If a natural reforestation plan is approved, it will be in their FPA
- If DNR has approved a longer or shorter plan, the property owner and assessor should abide by the approved plan.
- DNR has a lot of helpful information on their website at dnr.wa.gov. Under the FPARS information.

Appeals

Owner may appeal the following to the Board of Equalization

Value:

- **Market value of a parcel**
- **Assessed value of a parcel (which may include current use values)**

If appealing current use timber land & DFL values, the owner is most likely appealing their land grade & operability class.

Denial of application into Farm & Ag or DFL

Initial application

Reclassification application

Removals :

Current Use

Designated Forest Land

Appeals to County Superior Court

Owners may appeal the following to County Superior Court:

Denial of Open Space (including Farm and Agricultural Conservation Land) or Timber Land applications for:

- Initial classification
- Reclassification



Appeals to State Board of Tax Appeals

- Appellant may appeal directly to the BTA – not have to go through the BOE - *all parties have to agree.*

(WAC 458-14-171)

- If appealed through BOE first, the appeal to BTA must occur within 30 days of receiving the determination from the BOE.
- The owner and/or the assessor can appeal the BOE ruling to the BTA.
- DOR does not have any authority over the BTA.

Recording Documents

The following documents must be recorded with the County Auditor:

- **Open Space Taxation Agreement for the Open Space and Timber Land classifications (initial classification and reclassification)**
- **Notice of Approval for Farm and Ag Land and DFL (initial classification and reclassification)**
- **Notice of Withdrawal or Removal (for current use & DFL)**

Fees for recording documents:

Recording fees associated with the application should be included in the application fee and recording fees for withdrawals and removals are required to be paid by the owner.

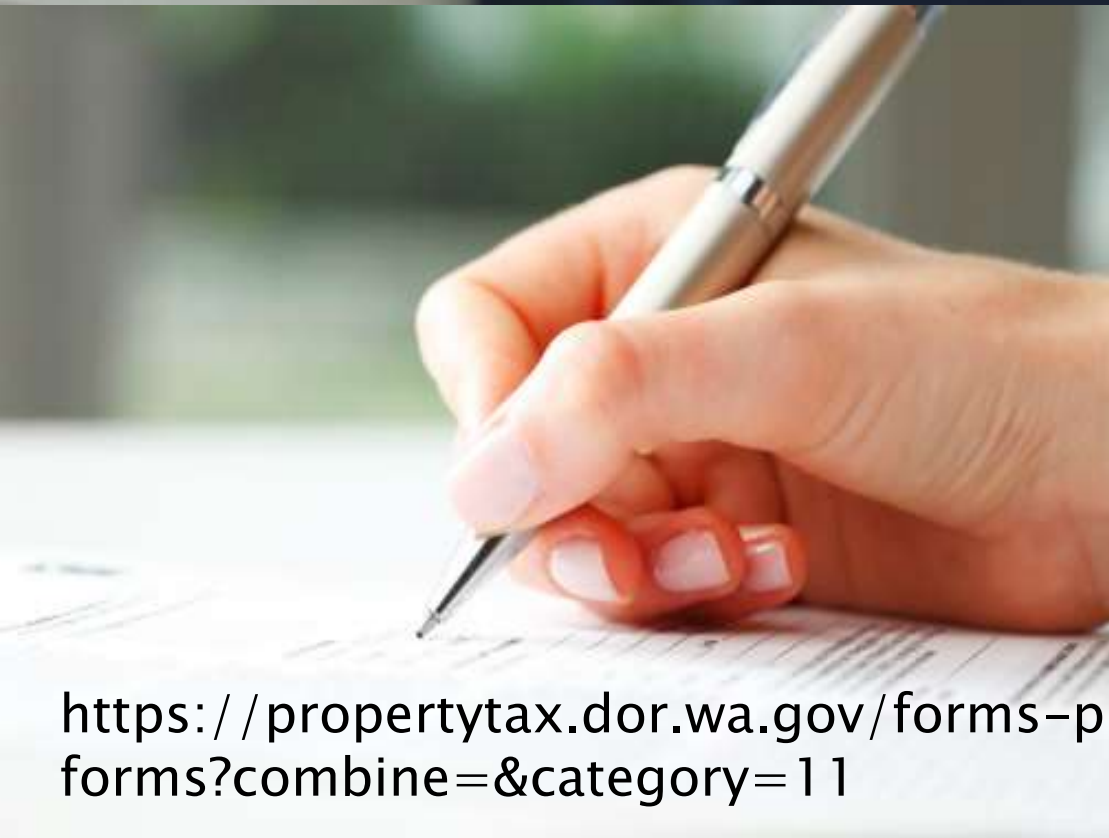
WAC 458-30-245(5)

WAC 458-30-700(5)(c)

Questions



Forms



<https://propertytax.dor.wa.gov/forms-publications/all-forms?combine=&category=11>

Department of Revenue Contact Information

Brian Moneymaker, Current Use Specialist

(509) 987-1227

BrianM@dor.wa.gov

Sam Simiskey - Auditor

(360) 534-1363

SamS2@dor.wa.gov