



Current Use and Designated Forestland

Current Use Specialist Janeene Niemi
JaneeneN@dor.wa.gov
360.534.1422

Fundamentals, April 2025

Introduction

- Started career by earning a degree in education, worked in classrooms preschool to high school, adjunct faculty at Lower Columbia College
- 23 years with Cowlitz County, started on the front lines, moved to CU assessment, then GIS... eventually became Chief Deputy and levy specialist
- Started with the Department in January

Purpose today:

- High-level overview of Current Use and Designated Forestland programs
- Won't have time to get into the finer details and exceptions to every rule (that's next month, sign up for **Basic Current Use May 7th**)

Open Space Taxation Act Chapter 84.34 RCW

- Enacted in 1970 “...to maintain, preserve, conserve, and otherwise continue in existence...” adequate lands for:
 - Food, fiber, and forest crops
 - Natural resources and scenic beauty
 - Economic and social well-being
- Tax incentive
- Impacts LAND value only
- Requires dual assessment
- Represents a **tax shift**
- Removals subject to Additional Tax, Interest, and Penalty



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Open Space Taxation Act enacted in 1970 in the interest of the state to “**maintain, preserve, conserve and otherwise continue in existence**” adequate land for the:

- Production of food, fiber, and forest crops
- Assure use and enjoyment of natural resources and scenic beauty
- Economic and social well being of the state and its people

Program offers a **tax incentive** - allows property owners to have their open space land, farm and agricultural land, and timber land valued based on its current use rather than fair market value (highest and best use)

Land value only (no impact to improvement value)

Requires **dual assessment** – Assessors must maintain both the current use value and the market (highest & best) value

Represents a **tax shift** to other taxpayers in the districts where Open Space land is located – taxing districts still collect their highest lawful levy, but based on reduced values for these owners

Intended to be a long-term commitment. Removals are subject to calculation of **Additional Tax, Interest, and Penalty**. We’ll discuss why and how removals occur later in the presentation.

Open Space Taxation Act

Chapter 84.34 RCW

Three Classifications of Open Space Land:

OPEN SPACE



FARM & AGRICULTURAL



TIMBER



WASHINGTON STATE DEPARTMENT OF REVENUE 3

Three categories in Current Use Open Space:

1. **Open Space** (yes, that makes it “open space open space land”) – such as nature preserves, waterways, historic or cultural sites
2. **Farm & Agriculture** – commercial agricultural use
3. **Timber** – commercial timber production

Quick mention of **Designated Forestland** – it’s a completely different chapter, **RCW 84.33**

- Many counties have merged DFL and OSTL (SB 6180, 2014)
- Where they are combined, it’s DFL that remains

For now, we’re focusing on Open Space under 84.34, and we’ll start with Open Space Open Space.

Open Space Taxation Act

Chapter 84.34 RCW

Classification: OPEN SPACE

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

- (a) **Land zoned for open space** in an official comprehensive land use plan
- (b) Land that **meets specific classification objectives** by preserving its present use
- (c) Land meeting definition of **"Farm & Ag Conservation Land"**
 - Previously classified as Farm/Ag land under 84.34 but no longer meets the criteria to remain so classified
 - Traditional farmland that has a high potential for returning to commercial agricultural use



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There are three ways land can qualify as Open Space Open Space, defined in **RCW 84.34.020 (1)**

- a) any land area so **designated by an official comprehensive land use plan** adopted by any city or county and zoned accordingly, or
- b) any land area, the preservation of which in its present use would **meet specific classification objectives**, or
- c) any land meeting the definition of **farm and agricultural conservation land** under subsection (8) of this section:
 - (8) "Farm and agricultural conservation land" means either:
 - (a) Land that was **previously classified under subsection (2)** of this section, **that no longer meets the criteria** of subsection (2) of this section, and that is reclassified under subsection (1) of this section; or
 - (b) Land that is **traditional farmland** that is not classified under chapter [84.33](#) or [84.34](#) RCW, that has not been irrevocably devoted to a use inconsistent with agricultural uses, and that has a **high potential for returning to commercial agriculture**.

Note – definition for farm/ag conservation land includes an important distinction – note they're calling out a difference between "traditional" farmland and farmland that was classified under 84.34. This becomes relevant should the land ever **cease** to qualify as Open Space Open Space, and we'll find out **why** when we get to removals.

Let's take a closer look at **1(b) – specific classification objectives**

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: OPEN SPACE

Classification objectives include:

- Conserve and enhance natural or scenic resources
- Protect streams or water supply
- Promote conservation of soils, wetlands, beaches or tidal marshes
- Enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries or other open space
- Enhance recreation opportunities
- Preserve historic sites
- Preserve visual quality along highway, road, and street corridors or scenic vistas
- Retain in its natural state tracts of land not less than one acre situated in an urban area and open to public use

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This classification **emphasizes conservation efforts.**

RCW 84.34.020(1)(b) complete

(1) "Open space land" means...

(b) any land area, the preservation of which in its present use would (i) conserve and enhance natural or scenic resources, or (ii) protect streams or water supply, or (iii) promote conservation of soils, wetlands, beaches or tidal marshes, or (iv) enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries or other open space, or (v) enhance recreation opportunities, or (vi) preserve historic sites, or (vii) preserve visual quality along highway, road, and street corridors or scenic vistas, or (viii) retain in its natural state tracts of land not less than one acre situated in an urban area and open to public use on such conditions as may be reasonably required by the legislative body granting the open space classification"

Common misconception is that owners are required to grant public access to open space lands – **not true.** Offering public access may be worth points under a PBRs if they do, but it's not mandatory:

The legislative body **may not require public access on land classified under (b)(iii)** of this subsection for the purpose of promoting conservation of wetlands.

(c) any land meeting the definition of farm and agricultural conservation land under subsection (8) of this section. As a condition of granting open space classification, the legislative body may not require public access on land classified under (b)(iii) of this subsection for the purpose of promoting conservation of wetlands.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: OPEN SPACE

Jurisdiction: **County Legislative Authority (CLA)**

- Public hearing required
- Must approve or deny within 6 months of receiving application
- NOT automatically approved if it takes longer than 6 months
- Denials must be appealed in Superior Court
- **Open Space Taxation Agreement** must be signed and recorded
- Reduction in value - Jan 1 of the year following application year
- Assessor determines taxable value of property either by PBRS or, if there is no PBRS, value cannot be lower than the lowest Farm Ag value



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County Legislative Authority (CLA) – **county commissioners or county council**; sometimes CLA will direct the community development department to review applications, inspect, and give them a referral if the application should be denied or approved. The assessor might not see an open space application until it has been approved by the CLA.

- Granting authority must approve or deny within 6 months of receiving application per RCW 84.34.050(1)
- NOT automatically approved if approval takes longer than 6 months
- **Open Space Taxation Agreement, must include:**
 - All conditions of approval
 - Description of ways the classified land may be used
 - Actions that cause removal
- Owner has 30 days to sign and return Agreement
- Agreement must be recorded at auditor with copy to assessor WAC 458-30-245
- Reduction in assessed value will be made on **Jan 1 of the year following the year the completed application was submitted**
- Assessor values property either by PBRS or, if there is no PBRS, value cannot be lower than the lowest Ag value

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: OPEN SPACE

Public Benefit Rating System (PBRs)

- Typically a points-based system
- Reflects open space priorities (higher priority = more points)
- CLA reviews the application and determines the rating
- Assessor applies the rating to the market value to determine the assessed (or taxable) value

Public Benefit Rating	% Reduction from Market Value
1-4 points	15%
5-10 points	30%
11-15 points	40%
16-20 points	60%
21-34 points	75%
> 35 points	90%

Example:

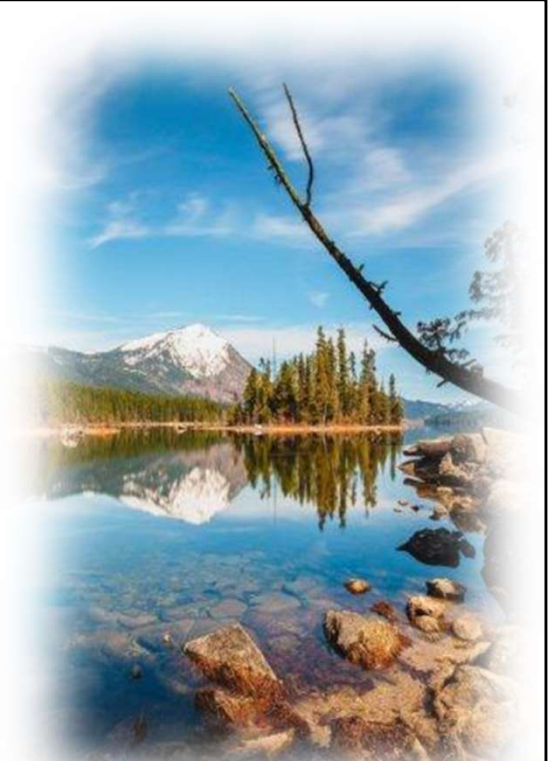
Application is approved with 18 points.

Market value is \$450,000.

*$\$450,000 - (\$450,000 * 60\%) =$*

$\$180,000$ Current Use Value

Sample rating schedule



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Open Space land often valued using a **Public Benefit Rating System (PBRs)**

- Often a points-based system, typically set by a planning or community development department
- CLA determines which priorities are important and sets the rating table accordingly
- When an application is received, the CLA reviews and determines the rating the parcel(s) will receive
- Assessor applies that rating to the market value
- Bear in mind, some counties require a minimum number of points before there is a reduction in value.

Example: The CLA approves a wildlife conservation area for open space classification. Under this county's existing PBRs, wildlife conservation areas receive eighteen points, and eighteen points equates to a 60% reduction in the fair market value of the land. The market value of the land \$450,000 so the taxable value is \$180,000.

$\$450,000 - (\$450,000 * 60\%) = \$180,000$

$\$450,000 - \$270,000 = \$180,000$

A list of counties who have adopted a PBRs and a link to the rating system or contact information is provided on the PTRC. <https://propertytax.dor.wa.gov/programs/current-use>

Open Space Taxation Act

Chapter 84.34 RCW

Classification: FARM & AGRICULTURAL

Defined in RCW 84.34.020(2)(a)(i)

Land must be devoted primarily to the production of livestock or agricultural commodities for commercial purposes.

WAC 458-30-200(2)(d) Agricultural products/commodities

- Raising of livestock, poultry, bees, or fur-bearing animals;
- Production of milk, eggs, wool, fur, meat, honey, or other substances obtained therefrom;
- Includes any agricultural, horticultural, or aquacultural produce or crop
- Does *not* include cannabis; could include industrial hemp

Assessor maintains a dual tax roll, reflecting both the current use value and the market value.



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Devoted primarily to the production of **livestock or agricultural commodities** for commercial purposes

Commodities (or the “agricultural product”) means livestock and 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.

When used in relation to livestock or fur-bearing animals used for food or fiber, "**raising**" means breeding or increasing the value, size, or weight of the animal.

The definition of “agricultural product” in this chapter does not include cannabis and, in fact, specifically excludes cannabis and cannabis products.

Dual tax roll - assessor determines both the current use value and market value

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

“Commercial Agricultural Purposes” Defined

WAC 458-30-200(2)(n) "Commercial agricultural purposes" means the use of farm and agricultural land on a continuous and regular basis, prior to and subsequent to application for classification or reclassification, that demonstrates that the owner or lessee is engaged in and intends to obtain through lawful means, a monetary profit from cash income by producing an agricultural product.

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"**Commercial agricultural purposes**" means the use of farm and agricultural land on a continuous and regular basis, prior to and subsequent to application for classification or reclassification, that demonstrates that the owner or lessee is engaged in and intends to obtain through lawful means, a monetary profit from cash income by producing an agricultural product.

- Gross income = cash income derived from commercial ag uses
- No bartering, trading, etc
- Commodities are to be sold, not to be used for the owner's personal consumption or pleasure.
- Does not include leases that are not for agricultural purposes

"**Agrotourism**" uses do not disqualify a property so long as the land is being used on a continuous and regular basis for the primary purpose for which it was granted classification.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

Acreage & Income Requirements RCW 84.34.020(2)

Less than 5.00 acres

After 1993: \$1,500 per year for 3 of 5 years preceding application date
Before 1993: \$1,000 per year for 3 of 5 years preceding application date

5.00 – 19.99 acres

After 1993: \$200/acre per year for 3 of 5 years preceding application date
Before 1993: \$100/acre per year for 3 of 5 years preceding application date

20.00 acres or more

No minimum income per acre or per year
Does not require farming in advance to being in the program
May include a homesite for farm owner/operator

Regardless of parcel size, the assessor may require owners to submit pertinent data regarding the use of the land to verify that an eligible commercial activity is being conducted.



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RCW 84.34.121 Information required. The assessor may require owners of land classified under this chapter to submit pertinent data regarding the use of the land, productivity of typical crops, and such similar information pertinent to continued classification and appraisal of the land.

Proof of income typically includes:

- Receipts and invoices
- Federal income tax return (including all schedules)
- Lease agreements

If they don't respond to an audit – follow through with removal process as outlined in CU manual

- Notice of intent/request for information
- Give them opportunity to respond (typically 30 days)
- Notice of Removal – triggers right to appeal (30 days)

“Agrotourism” - income from agrotourism is NOT included as income generated from the commercial ag use.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

RCW 84.34.020(6)(a) "Contiguous" means land adjoining and touching other property held by the same ownership. Land divided by a public road, but otherwise an integral part of a farming operation is considered contiguous.

"Same ownership" means

- Owned by the same person or persons, OR
- Owned by different persons that are members of the same family **and** the parcels are managed as part of a single agricultural operation

"Family" is defined to include individuals and their spouse or domestic partner, along with children, stepchildren, adopted children, grandchildren, parents, stepparents, grandparents, cousins, and siblings.



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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.
- Long list in statute defining specific familial relationships that qualify

(6)(a) "Contiguous" means land adjoining and touching other property held by the same ownership. Land divided by a public road, but otherwise an integral part of a farming operation, is considered contiguous.

(b) For purposes of this subsection (6):

(i) "Same ownership" means owned by the same person or persons, except that parcels owned by different persons are deemed held by the same ownership if the parcels are:

(A) Managed as part of a single operation; and

(B) Owned by:

(I) Members of the same family;

(II) Legal entities that are wholly owned by members of the same family; or

(III) An individual who owns at least one of the parcels and a legal entity or entities that own the other parcel or parcels if the entity or entities are wholly owned by that individual, members of his or her family, or that individual and members of his or her family.

(ii) "Family" includes only:

(A) An individual and his or her spouse or domestic partner, child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling;

(B) The spouse or domestic partner of an individual's child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling;

(C) A child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling of the individual's spouse or the individual's domestic partner; and

(D) The spouse or domestic partner of any individual described in (b)(ii)(C) of this subsection (6).

(7) "Granting authority" means the appropriate agency or official who acts on an application for classification of land pursuant to this chapter.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

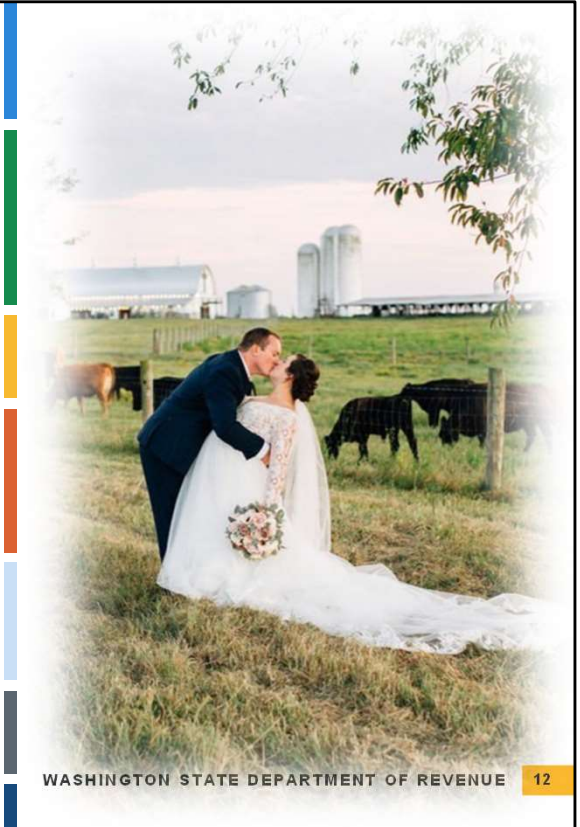
CLASSIFICATION: FARM & AGRICULTURE

APPURTENANCE

WAC 458-30-200(2)(h) "Appurtenance" refers to something used with, and related to or dependent upon another thing; that is, something that belongs to something else, an adjunct. The thing appurtenant is strictly necessary and essential to the proper use and enjoyment of the land, as well as useful or necessary for carrying out the purposes for which the land was classified under chapter 84.34 RCW.

INCIDENTAL USE

WAC 458-30-200(2)(bb) "Incidental use" means a use of land classified as farm and agricultural land or timber land that is compatible with commercial agricultural purposes. Incidental use for land classified as farm and agricultural land cannot exceed 20 percent of the total classified land. An incidental use may include, but is not limited to, wetland preservation, a gravel pit, a farm woodlot, or a produce stand.



WASHINGTON STATE DEPARTMENT OF REVENUE 12

WAC 458-30-200(2)(h) "Appurtenance" refers to something used with, and related to or dependent upon another thing; that is, something that belongs to something else, an adjunct. The thing appurtenant is strictly necessary and essential to the proper use and enjoyment of the land, as well as useful or necessary for carrying out the purposes for which the land was classified under chapter 84.34 RCW.

Remember, we're talking about **the land under** these things, not the value of the improvement itself.

* Examples: cold storage shed, barn, maintenance shed, equipment garage, machinery

From Incidental Use/Appurtenance Guidance 2024:

- An "appurtenance" is a structure that is **integral to the agricultural use of the land** it is associated with for Current Use Farm and Agriculture classification purposes.
- These structures must be **widely and routinely used in commercial agricultural activities**.
- If a structure ceases to be used primarily for its agricultural purpose, it forfeits its appurtenance status, which makes the land it sits upon ineligible for the Current Use Farm and Agriculture classification.
- It's important to note that an "integral homesite" is distinct from an appurtenance.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

Jurisdiction: **County Assessor**

- Must be approved or denied by May 1st of the year following the year of application
- **Automatically approved** if not denied by May 1st
- On-site inspection not required by law or rule but recommended
- **Notice of Approval/Denial** recorded and sent to property owner
- Owner can appeal denial to County Board of Equalization
- Reduction in assessed value will be made on Jan 1 of the year following the year the completed application was submitted
- Assessor values property using an income approach including lease data and/or the earning or productive capacity of the land

$$\text{Net Ag Income} \div \text{Capitalization Rate} = \text{Current Use Value}$$



WASHINGTON STATE DEPARTMENT OF REVENUE 13

Jurisdiction: **County Assessor**

Must be approved or denied by May 1st of the year following the year of application

Automatically approved if not denied by May 1st

Inspection not required but recommended

Notice of Approval/Denial recorded and sent to property owner

Owner can appeal denial to County BOE

Reduction in assessed value will be made on Jan 1 of the year following the year the completed application was submitted

Assessor values property according to the income approach based on the earning or productive capacity of the land.

$$\text{Net Ag Income} \div \text{Capitalization Rate} = \text{Current Use Value}$$

Farm Ag Advisory committee – RCW 84.34.145 The county legislative authority shall appoint a five member committee representing the active farming community within the county to serve in an advisory capacity to the assessor in implementing assessment guidelines as established by the department of revenue for the assessment of open space, farms and agricultural lands, and timberlands classified under this chapter.

Open Space Taxation Act

Chapter 84.34 RCW

Classification: **TIMBER**

Defined in RCW 84.34.020(3)

- Must be used primarily for the growth and harvest of timber for commercial purposes
- Must be 5.00 acres or more
- Must be managed with intent to grow and harvest commercially
- NO homesite allowance
- Incidental use limited to 10%

Assessor maintains a dual tax roll, reflecting both the current use value and the market value.

** Some counties do not have Open Space Timber Land. In 2014, SB 6180 gave counties the option to merge OSTL with Designated Forestland.*



WASHINGTON STATE DEPARTMENT OF REVENUE 14

Defined in RCW 84.34.020(3)

- Must be used primarily for the growth and harvest of timber for commercial purposes
- Must be 5.00 acres or more
- Must be managed with intent to grow and harvest commercially
- NO homesite allowance
- Incidental use limited to 10% max

NOTE: Some counties DO NOT have Open Space Timber. SB 6180 (2014) gave counties option to merge Open Space Timber land with Designated Forest land **RCW 84.34.400**

Remember, OSTL merged into DFL, not the other way around.

Department sets timber values each year **WAC 458-40-540** – more about that momentarily...

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: TIMBER

Jurisdiction: **County Legislative Authority (CLA)**

- Public hearing required
- Granting authority must approve or deny within 6 months of receiving application RCW 84.34.050(1)
- NOT automatically approved if it takes longer than 6 months
- Denials must be appealed in Superior Court
- **Open Space Taxation Agreement** is signed and recorded
- Reduction in assessed value will be made on Jan 1 of the year following the year the completed application was submitted
- Assessor values property using values set by department



WASHINGTON STATE DEPARTMENT OF REVENUE 15

Jurisdiction: **County Legislative Authority (CLA)**

Public hearing must be held for granting authority to consider application

Granting authority must approve or deny within 6 months of receiving application RCW 84.34.050(1)

NOT automatically approved if it takes longer than 6 months

Denials must be appealed in Superior Court

Open Space Taxation Agreement must include

All conditions of approval

Description of ways the classified land may be used

Actions that cause removal

Owner has 30 days to sign and return; Must be recorded at auditor with copy to assessor WAC 458-30-245

Reduction in assessed value will be made on Jan 1 of the year following the year the completed application was submitted

Assessor values property using values set by department

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: TIMBER

The value of timber land is determined using several components and is published annually in WAC 458-40-540.

Used for both Open Space Timber and Designated Forestland value.

LAND GRADE (1 to 8) – based on types of trees that can grow on the land and the site index

SITE INDEX – the productivity quality of the land

OPERABILITY CLASS – soil types and geographic features, i.e. slope

Land is valued by comparing the parcel boundaries to the soils map maintained by the Department of Natural Resources (DNR) and determining the approximate acreage that exists in each of the underlying timber grades.

Agency filings affecting this section

PDF WAC 458-40-540

Forest land values—2025.

The forest land values, per acre, for each grade of forest land for the 2025 assessment year are determined to be as follows:

LAND GRADE	OPERABILITY CLASS	2025 VALUES PER ACRE
1	1	\$226
	2	224
	3	210
	4	153
2	1	193
	2	186
	3	179
	4	127
3	1	149
	2	145
	3	143
	4	111
4	1	117
	3	111

[Statutory Act 25-01-052, § 540, filed 1/2 effective 1/2 21 10 10 11]

WASHINGTON STATE DEPARTMENT OF REVENUE 16

The value of timber land is determined using several components and is published annually in WAC 458-40-540.

LAND GRADE (1 to 8) – based on types of trees that can grow on the land and the site index

SITE INDEX – the productivity quality of the land

OPERABILITY CLASS – soil types and geographic features, i.e. slope

Note – **timber value is the same** for Designated Forestland and Open Space Timber land

Land is valued by comparing the parcel boundaries to the underlying soils/timber grading map maintained by DNR.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: TIMBER

TIMBER MANAGEMENT PLAN RCW 84.34.041(1)

The “elements that constitute a timber management plan” must include:

- Legal description and parcel number(s)
- Statement that the land is primarily devoted to commercial timber production
- Brief description of the timber (species, size, age, condition, stocking level)
- Summary of applicant’s experience in growing and harvesting timber
- Statement that the applicant is aware of the potential tax liability involved

RESOURCES

- Washington State University Forest & Wildlife Extension @ forestry.wsu.edu
- Washington Forest Protection Association @ wfpa.org
- Washington State Dept of Natural Resources @ dnr.wa.gov/LandownerAssistancePortal
- Trust for Public Lands @ tpl.org
- Washington State Dept of Revenue publication “Guidelines for Timber Management Plans” @ dor.wa.gov/sites/default/files/2022-02/ForestSum.pdf

WASHINGTON STATE DEPARTMENT OF REVENUE 17

All applications for Open Space Timber must include a timber management plan

- Describes timber harvesting and associated activities
- Prepared by a professional forester or someone with adequate knowledge of timber management practices

There is a list of about 13 specific things required to be included as part of a timber management plan – included a few of the most significant on the slide, but here’s the full list:

(1) An application for current use classification or reclassification under RCW [84.34.020](#)(3) must be made to the county legislative authority.

The application must be made upon forms prepared by the department of revenue and supplied by the granting authority and must include the following elements that constitute a timber management plan:

- (a) A legal description of, or assessor’s parcel numbers for, all land the applicant desires to be classified as timberland;
- (b) The date or dates of acquisition of the land;
- (c) A brief description of the timber on the land, or if the timber has been harvested, the owner’s plan for restocking;
- (d) Whether there is a forest management plan for the land;
- (e) If so, the nature and extent of implementation of the plan;
- (f) Whether the land is used for grazing;
- (g) Whether the land has been subdivided or a plat filed with respect to the land;
- (h) Whether the land and the applicant are in compliance with the restocking, forest management, fire protection, insect and disease control, weed control, and forest debris provisions of Title [76](#) RCW
- (i) Whether the land is subject to forest fire protection assessments pursuant to RCW [76.04.610](#);
- (j) Whether the land is subject to a lease, option, or other right that permits it to be used for a 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 the land ceases to be classified as timberland.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: TIMBER

APPURTENANCE

WAC 458-30-200(2)(h) "Appurtenance" refers to something used with, and related to or dependent upon another thing; that is, something that belongs to something else, an adjunct. The thing appurtenant is strictly necessary and essential to the proper use and enjoyment of the land, as well as useful or necessary for carrying out the purposes for which the land was classified under chapter 84.34 RCW.

INCIDENTAL USE

WAC 458-30-200(2)(bb) "Incidental use" means a use of land classified as timber land that is compatible with the commercial growing and harvesting of timber. Incidental use for land classified as timber land cannot exceed 10 percent of the total classified land. An incidental use may include, but is not limited to wetland preservation, a gravel pit, or a staging area.



WASHINGTON STATE DEPARTMENT OF REVENUE 18

APPURTENANCE

WAC 458-30-200(2)(h) "Appurtenance" refers to something used with, and related to or dependent upon another thing; that is, something that belongs to something else, an adjunct. The thing appurtenant is strictly necessary and essential to the proper use and enjoyment of the land, as well as useful or necessary for carrying out the purposes for which the land was classified under chapter 84.34 RCW. i.e. logging roads

INCIDENTAL USE

WAC 458-30-200(2)(bb) "Incidental use" means a use of land classified as timber land that is compatible with the commercial growing and harvesting of timber. Incidental use for land classified as timber land cannot exceed 10 percent of the total classified land. An incidental use may include, but is not limited to wetland preservation, a gravel pit, or a staging area.

Notice limit for Incidental Use is different – limited to 10% (instead of 20% for Farm/Ag)

Designated Forestland

Chapter 84.33 RCW

- Legislative intent to encourage forestry for present and future generations
 - Enhancing water supply
 - Minimizing soil erosion
 - Habitat for wild game
 - Scenic and recreational spaces
 - Ecological equilibrium
 - Employment and profits
 - Raw materials for products
- Impacts land value only
- Does not require dual assessment
- Assessor not required to send valuation notice
- Represents a **tax shift**
- Removals subject to **Compensating Tax**



WASHINGTON STATE DEPARTMENT OF REVENUE 19

84.33.010 (1) The public welfare requires that this state's system for taxation of timber and forestlands be modernized to assure the citizens of this state and its future generations the advantages to be derived from the continuous production of timber and forest products from the significant area of privately owned forests in this state. **It is this state's policy to encourage forestry and restocking and reforestation of such forests so that present and future generations will enjoy the benefits which forest areas provide** in enhancing water supply, in minimizing soil erosion, storm and flood damage to persons or property, in providing a habitat for wild game, in providing scenic and recreational spaces, in maintaining land areas whose forests contribute to the natural ecological equilibrium, and in providing employment and profits to its citizens and raw materials for products needed by everyone.

- **No dual roll** – assessor not required to send valuation notices
- Timber value not appealable
- Land only – no homesite allowance
- Removals subject to **compensating** tax (note the difference from “**additional tax**” in Open Space – the terms are NOT interchangeable)

Designated Forestland

Chapter 84.33 RCW

Designated Forestland

Defined in RCW 84.33.035 (5) "Forestland" is synonymous with "designated forestland" and means any parcel of land that is five or more acres or multiple parcels of land that are contiguous and total five or more acres that is or are devoted primarily to growing and harvesting timber.

- Primary use must be the growth and harvest of timber
- Must be managed with the intent to grow and harvest
- Must be 5.00 acres or more
- NO homesite allowance



WASHINGTON STATE DEPARTMENT OF REVENUE 20

Defined in RCW 84.33.035 (5) "Forestland" is synonymous with "designated forestland" and means any parcel of land that is five or more acres or multiple parcels of land that are contiguous and total five or more acres that is or are devoted primarily to growing and harvesting timber.

- Must be used for timber production - notice that the word "commercial" is not included in this definition (like it is for OSTL) – one of the nuances and why words matter – It's why we often respond to your questions with more questions – when we give guidance, it's really important for us to have a clear understanding of the scenario
- Must be **managed** with the intent to grow and harvest
- Used to be 20.00 acre minimum, changed in 2014 to **5.00 ac min** (some counties no longer have Open Space Timber – combined with DFL)
- No homesite allowance (appurtenances allowed in the same capacity as timber or farm – if it is specific to the timber operation, the land under an appurtenance can be classified)

DESIGNATED FORESTLAND

CHAPTER 84.33 RCW

Jurisdiction: **County Assessor**

- Must be approved or denied by July 1st of the year following the year of application
- Automatically approved if not denied by July 1st
- On-site inspection not required by law or rule but recommended
- **Notice of Approval/Denial** is recorded and sent to property owner
- Denials can be appealed to BOE

Timber Management Plans – Assessor *may* require on DFL

- Upon application
- Upon sale/transfer with signed continuance
- If they believe all or a portion of the land is no longer devoted to timber production

WASHINGTON STATE DEPARTMENT OF REVENUE 21

Jurisdiction: **County Assessor**

Must be approved or denied by July 1st of the year following the year of application

Automatically approved if not denied by July 1st

On-site inspection not required by law or rule but recommended

Notice of Approval/Denial sent to property owner and recorded

Denials can be appealed to BOE

Automatic denial:

- 1) No stand of timber UNLESS recently harvested/plan to restock within 3 years OR only in isolated areas.
- 2) Applicant is out of compliance with Title 76 order.
- 3) Land abuts body of salt water and is within 200' of high tide line.

Timber Management Plans – Assessor *may* require on DFL:

- Upon application
- Upon sale/transfer with signed continuance
- If they believe land is no longer devoted to timber production

DOR has “**Guidelines for Timber Management Plans**” on the PTRC

REMOVALS & WITHDRAWALS

CHAPTER 84.33 & 84.34 RCW

REASONS FOR REMOVAL

- ❖ Written notice from owner
- ❖ Sale or transfer to a new owner making the property exempt from property taxes
- ❖ Sale or transfer to a new owner without a signed notice of continuance
- ❖ Assessor determination, including
 - Failure of owner to respond to assessor's written request for information about the use of the land
 - Failure of owner to comply with a Title 76 order
 - Land is no longer being used for the purpose for which it was granted classification
 - Land was classified in error through no fault of the owner



WASHINGTON STATE DEPARTMENT OF REVENUE 22

Removals are generally due to one of four reasons:

(for both DFL RCW 84.33.140 and Open Space RCW 84.34.108)

- Owner request;
- Sale/Transfer to exempt owner;
- Sale/Transfer with no signed continuance;
- Assessor determination, based on:
 - * Failure of owner to respond to assessor's written request for information about the use of the land
 - * Failure of owner to comply with a Title 76 order
 - * Land is no longer being used for the purpose for which it was granted classification
 - * Land was classified in error through no fault of the owner

Remember to use the CU manual as a resource – we've added sections to walk you through each type of removal and what steps are required.

REMOVALS & WITHDRAWALS

CHAPTER 84.33 & 84.34 RCW

REASONS FOR REMOVAL

If a potential removal is due to assessor determination, BEFORE A REMOVAL CAN BE DONE:

- Owner must be given written **Notice of Intent**
 - **REV 64 0071** Notice of Intent to Remove Current Use Classification
 - **REV 62 0048** Notice of Intent to Remove Designated Forestland Classification
- Owner must have an **opportunity to respond**
- **Notice of Removal** prepared on proper form
 - **REV 62 0047** Notice of Removal of Designated Forestland and Compensating Tax Calculation
 - **REV 62 0023** Notice of Removal of Current Use classification and Additional Tax Calculation

The image shows two forms from the Washington State Department of Revenue. The top form is titled "Notice of Intent To Remove Designated Forest Land Chapter 84.33 RCW". It includes fields for "County Assessor", "To:", "Assessor's Parcel Number(s) or Tax Lot Number(s)", "Legal description", "Auditor's File No.", and "Date". It also has checkboxes for "Open removal of designation: Yes" and "If you have any questions regarding this action or information regarding reclassification requirements, please contact this office at:". The bottom form is titled "Notice of Intent To Remove Current Use Assessment Classification Chapter 84.34 RCW". It includes fields for "County Assessor", "To:", "Assessor's Parcel Number(s) or Tax Lot Number(s)", "Legal description of land", "Auditor's File No.", "Current Use Appl. Agreement No.", "Date", and "Current Use Classification" with checkboxes for "Open Space", "Farm & Agricultural", and "Timber Land". It also has checkboxes for "This notice refers to:" with options "All" and "A portion of the classified land area". Both forms include a 30-day response deadline and contact information for the Department of Revenue.

WASHINGTON STATE DEPARTMENT OF REVENUE 23

If a potential removal is due to assessor determination, BEFORE A REMOVAL CAN BE DONE:

- Owner must be given written **Notice of Intent** – wait 30 days before proceeding
- Owner must have an opportunity to respond – If registered mail comes back unclaimed, undeliverable, you may need to try other ways to communicate with the owner (i.e. reach out to another department for alternate address or phone number, look online, check for business information esp for farms, etc). Make sure they are afforded due process, even if they are difficult to reach. Document your efforts in case they appeal the removal when the bill comes.
- **Notice of Removal** prepared on proper form – the Notice of Removal is the trigger that starts the taxpayer appeal period

REMOVALS & WITHDRAWALS

CHAPTER 84.33 & 84.34 RCW

COMPENSATING TAX

Designated Forestland Removals RCW 84.33.140

WAC 458-30-700(6) This tax recaptures taxes that would have been paid on the land if it had been assessed at its true and fair value instead of the forest land value.

- Market value – Timber value = Value Difference in year of removal
- Current year is prorated to date of removal
- Back years: Value Difference * Last levy rate applied * 9 years (max)

Assessor notifies the treasurer of the amount of compensating tax and the due date for the tax by providing the treasurer a copy of the removal notice. WAC 458-30-700

If removal is due to sale/transfer, any imposed compensating tax is due at the time of conveyance. RCW 84.40.038(1)

Being managed as part of a single operation (WAC 458-30-700(1))

Designated Forest Land Compensating Tax Statement

RCW 84.33.140(10). The assessor shall revalue the land to be removed with reference to its true and fair value as of January 1 of the year of removal from designation. Both the assessed value before and after the removal of designation shall be listed. Taxes based on the value of the land as forest land shall be assessed and payable up until the date of removal and taxes based on the true and fair value of the land shall be assessed and payable from the date of removal from designation.

Parcel No: _____ Date of Removal: _____

1. Calculation of Current Year's Taxes to Date of Removal.

No. of days in DFL	=	365	=	0.0000000000
		No. of days in year		Proration Factor (apply to 1a and 1b)

a. True & Fair Value (Jan 1 of year removed) x Levy Rate per \$1,000 of AV = 1,000 x 0.0000000000 = \$0.00

b. Forest Land Value x Levy Rate per \$1,000 of AV = 1,000 x 0.0000000000 = \$0.00

c. Total amount of compensating tax for current year to date of removal (1a minus 1b) = \$0.00

2. Calculation of Prior Year's Compensating Tax.

True & Fair Value (Jan 1 of year removed)	Forest Land Value	Total Assessed Value	Last Levy Rate Extended Against Land Divided by 1,000	Tax Due	Years*	Compensating Tax
\$0	\$0	\$0		\$0		\$0.00

* Number of years in designation, not to exceed 9. Recording fees: \$0.00
Total Amount of prior year's compensating tax plus recording fee: \$0.00

3. Total Compensating Tax to the Date of Removal (1c plus 2) = \$0.00
(See page one for payment due date)

4. Calculation of Tax for Remainder of Current Year.

No. of days from date of removal to end of year	=	365	=	Proration Factor (apply to 4a and 4b)
		No. of days in year		

a. True & Fair Value (Jan 1 of year removed) x Levy Rate = 1,000 x _____ = _____

b. Forest Land Value x Levy Rate = 1,000 x _____ = _____

c. Amount of tax due for remainder of current year (4a minus 4b) = _____

d. Taxes are payable on regular due dates and may be paid in half payments under provisions of RCW 84.56.020-82.0047 (06/02/17)

When DFL is removed from classification, compensating taxes are typically due. There are some exceptions (like every rule), and we'll get to those in a moment.

WAC 458-30-700(6) "Compensating tax is imposed when land is removed from its designated forest land status. This tax recaptures taxes that would have been paid on the land if it had been assessed and taxed at its true and fair value instead of the forest land value."

Use form **REV 62 0047** – on PTRC and there are instructions in the CU manual

- Calculated by determining the difference between market value and timber value in the year of removal.
- Multiply that difference by the last levy rate extended on the land and multiply by up to nine.
- Current year's tax (Jan 1 to date of removal) due within 30 days, balance on regular due dates

Assessor provides copy of Notice to treasurer with amount due and due date.

RCW 84.40.038(1) If removal is **the result of a sale**, comp tax (if imposed) is due and payable at the time of conveyance

REMOVALS & WITHDRAWALS

CHAPTER 84.33 & 84.34 RCW

ADDITIONAL TAX

Current Use Removals RCW 84.34.108

Subject to **ADDITIONAL TAX, INTEREST, and PENALTY**

- **Market value – Current Use value = Value Difference**
- Current year is prorated to date of removal
- Back years:
Actual Value Difference * Actual levy rates from 7 prior years (max)
- 1% or .75% interest per month from April 1st of each year
- 20% penalty

Current Use Withdrawals RCW 84.34.070

Subject to **ADDITIONAL TAX and INTEREST**

- Must be requested in writing prior to Notice of Removal
- Owner's Request to Withdraw (form REV 64 0027)
- Calculated in the same manner as above except **NO 20% penalty**

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, or .75% per month for a parcel with a residence of four or fewer units*.) Tax Year 1 will be the year preceding the year of removal.

Cols	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
No. of Tax Yrs	True & Fair Value	Current Use Value	Difference 1-2	Levy Rate	Additional Tax Due 3 x 4	Interest Rate 12% annual (.75% monthly)	Total Interest 5 x 6	Total Tax & Interest 5 + 7
1		\$0			\$0.00		\$0.00	\$0.00
2		\$0			\$0.00		\$0.00	\$0.00
3		\$0			\$0.00		\$0.00	\$0.00
4		\$0			\$0.00		\$0.00	\$0.00
5		\$0			\$0.00		\$0.00	\$0.00
6		\$0			\$0.00		\$0.00	\$0.00
7		\$0			\$0.00		\$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 - fill in (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 - fill in = \$0.00

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.)

10. Calculation of Tax for Remainder of Current Year.

No. of days from date of removal to end of year = 365
No. of days in year = 365
Proportion Factor = 1.000000000

a. True & Fair Value (Jan 1 of year removed) x 0.000000000 = 1.000 x 1.000000000 = \$0.00
Levy Rate Proportion Factor

b. Current Use Value (Jan 1 of year removed) x 0.000000000 = 1.000 x 1.000000000 = \$0.00
Levy Rate Proportion Factor

c. Amount of tax due for remainder of current year (10a minus 10b) = \$0.00

d. Taxes are payable on regular due dates and may be paid in half payments under provisions of RCW 84.56.020.

Calculated very differently from compensating tax

Still starts with current year, difference between market and CU values times actual levy rate

Current year prorate to date of removal

Back years use actual values and levy rates that would have been applied in those years plus interest.

Anything after date of removal is due according to normal due dates.

Note about interest:

Effective Jan 1, 2023: Interest rate changed to **9% annually (or 0.75% monthly)** instead of 12% annually

***For "residential" property – parcels with residence of four or fewer units

All other property remains 12% per year.

Withdrawals –

- Land must have been classified for at least 10 years
- Must be done before assessor sends written Notice of Removal
- In writing, on proper form
- Same calculation but no 20% penalty

Remember to use the CU manual as a reference!

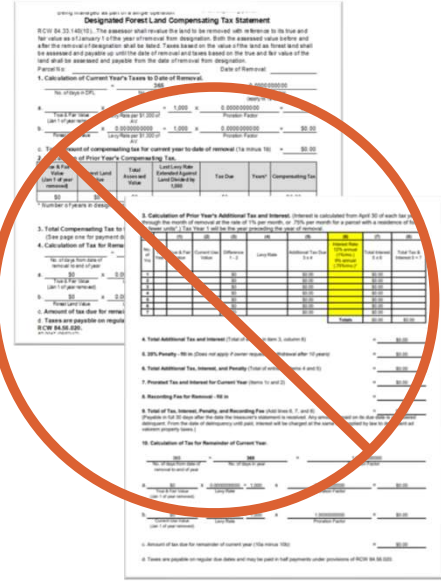
REMOVALS & WITHDRAWALS

CHAPTER 84.33 & 84.34 RCW

EXCEPTIONS TO COMPENSATING or ADDITIONAL TAXES

Some removals are EXEMPT from the compensating or additional taxes.

- ❖ Exceptions are listed in statute and on the back of the removal forms. Common exceptions include:
 - Eminent Domain
 - Natural disasters
 - Official actions
 - Transfer to a church
 - Farm/ag homesite
 - Riparian easements
 - 2-year "death window"
 - No-fault error
- ❖ Exemptions must be construed **narrowly**.
 - What was the reason for removal?
 - Is that reason listed?
 - If yes, the removal is not subject to compensating or additional taxes.
 - If no, the removal is subject to compensating or additional taxes.



Some removals are **exempt** from Compensating or Additional Taxes.

Complete list of exceptions to Compensating or Additional Taxes **in statute** and **on the removal forms** – a few common ones listed on the slide

- Comp tax exceptions found in RCW 84.33.140(13)
- Addtl tax exceptions found in RCW 84.34(6)
- Here's where the Open Space Farm/Ag conservation land we talked about earlier comes into play
 - When land classified as OSOS as Ag Conservation is **reclassified** to Farm/Ag under 84.34
 - IF it was previously classified as Ag under 84.34, **NO ADDITIONAL TAXES** are due upon reclassification
 - If it was **NOT** previously classified under 84.34, additional taxes would be due upon reclassification

Exemptions must be construed narrowly – if the situation or condition that exists with the removal is not listed, the removal is likely subject to the compensating or additional tax.

REMOVALS & WITHDRAWALS

CHAPTER 84.33 & 84.34 RCW

APPEALS

Removal: Within 30 days after receiving a **Notice of Removal**, a seller/transferor/owner may appeal that decision to the County Board of Equalization (BOE).

- They may not appeal the amount of the additional tax, interest, penalty, or the compensating tax.
- They may only appeal the removal of classification.

Valuation Notice: Within 30 days (or 60 days, depending on county) after receiving a Valuation Notice, an owner may appeal the current use value or the fair market value to the County Board of Equalization (BOE).

Denial of Application: Within 30 days of receiving a Notice of Denial, a seller/transferor/owner may appeal that denial.

- Open Space & Timber – Superior Court
- Farm/Ag & DFL – Board of Equalization

The image shows a form titled "Taxpayer Petition to the County Board of Equalization for Review of Current Use or Designated Forest Land Determination". The form includes sections for "Office Use Only" (Petition No., Date Received), "Tax Parcel No.", and a checkbox for requesting information used by the assessor. It contains instructions for appealing a true and fair market value, a "Change of Value Notice", or a determination notice. There are three checkboxes for reversing the assessor's decision, the denial of application for current use, or the denial of application for designated forest land. A section titled "All Items Must Be Completed (Please Print)" includes fields for Account Parcel Number, Owner, Mailing Address, Street Address, City, State, Zip Code, Daytime Phone No., and Fax No. It also has checkboxes for present classification designations: Farm and agricultural land, Open space, Timber land, and Designated forest land. A table for "General description of property and use" has columns for "Present Use" and "Acres". A note at the bottom states the petition must be filed with the County Board of Equalization on or before July 1 of the year of the assessment or determination, or within 30 days (or up to 60 days if the county legislative authority has adopted it) after the date an assessment, value change notice, or other notice has been mailed. The form number REV 64 0075 is at the bottom left.

Removal: Within 30 days after receiving a **Notice of Removal**, a seller/transferor/owner may appeal that decision to the County Board of Equalization (BOE).

- They may not appeal the amount of the additional tax, interest, penalty, or the compensating tax.
- They may only appeal the removal of classification.

Valuation Notice: Within 30 days (or 60 days, depending on county) after receiving a Valuation Notice, an owner may appeal the current use value or the fair market value to the County Board of Equalization (BOE).

Denial of Application: Within 30 days of receiving a Notice of Denial, a seller/transferor/owner may appeal that denial.

- Open Space & Timber – Superior Court
- Farm/Ag & DFL – Board of Equalization



Questions?



Contact Us

For any questions or to get help
from our tax experts

Property Tax Resource Center

 propertytax.dor.wa.gov

Janeene Niemi, CU Specialist

 360-534-1422

 JaneeneN@dor.wa.gov