



Current Use Basic

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- Welcome
- Overview – laws and rules
- **Open Space Taxation Act, RCW 84.34**
 - Open Space Open Space Land – Definitions, application process, Public Benefit Rating System (PBRs), land valuation
 - Open Space Farm & Agricultural Land – Definitions, income requirements, application process, incidental use and appurtenances, land valuation
 - Open Space Timber Land – Definitions, application process, timber management plans, land valuation, incidental use and appurtenances
- **Designated Forestland, RCW 84.33**
 - Definitions, requirements for classification, application process, timber management plans, land valuations, incidental use and appurtenances
- **Administrative issues**
 - Conveyances
 - Removals – Additional Tax and Compensating Tax
 - Reclassifications
 - Audits
 - Appeals
- **Q & A session**

Current Use Basic

Current Use & Designated Forestland Manual

Our Role: Supervision and guidance over property tax administration

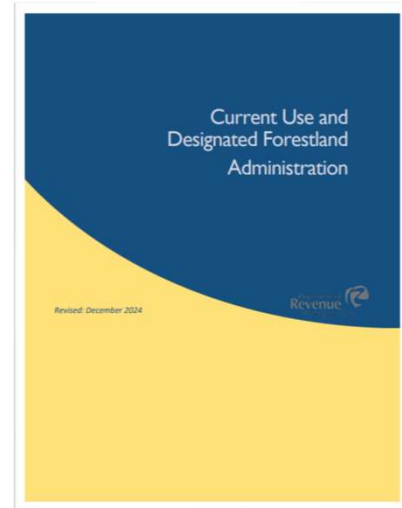
Our Goal: Statewide **EQUITY** and **UNIFORMITY** in the administration of property taxes

RCW 84.40.030(1) *All property shall be valued at 100% of its true and fair value in money... unless provided otherwise by law*

“Current Use” vs “current use”

“Current Use Basic” – provides information about two tax programs that allow land to be taxed according to its use at the time (or its *current use*) instead of market value.

“Current Use Open Space” – the program described in Chapter 84.34 RCW, Open Space Taxation Act.



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Current Use Basic

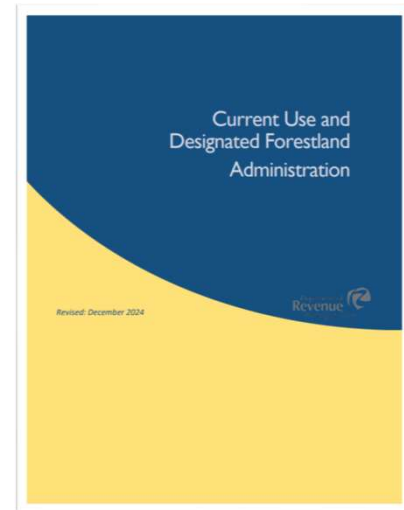
Current Use & Designated Forestland Manual

- **Revised Code of Washington (RCW)** is the law.
- **Washington Administrative Code (WAC)** is the set of rules that helps administer the law.
 - Chapter 84.33 Designated Forestland
 - Chapter 84.34 Current Use Open Space
 - WAC 458-30 Current Use & Designated Forestland
 - WAC 458-40 Taxation of Forest Land and Timber

RCW 84.34.020(1) "Open space land" means.....

Title Chapter Section Subsection

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Revised Code of Washington (RCW) – the law – made by a legislative body of government, in this case, the state legislature

Washington Administrative Code (WAC) is the set of rules that helps administer the law – written by Department of Revenue with public input

Current Use Basic

USE CODES

WAC 458-53-030 Stratification

(5) Standard two-digit land use code. The following two-digit land use code will be used as the standard to identify the actual use of the land. Counties may elect to use a more detailed land use code system using additional digits, however, no county land use code system may use fewer than the standard two digits.

- 81 Agriculture not classified under current use law
- 83 Agricultural land classified under 84.34 RCW
- 86 Marijuana grow operations
- 88 Designated Forestland classified under 84.33 RCW
- 92 Noncommercial forest
- 94 Open space land classified under 84.34 RCW
- 95 Timber land classified under 84.34 RCW

PRIMARY USE

RCW 84.33.035(13) & WAC 458-30-200(2)(II)

"Primary use" means the existing use of 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.

- Does not represent a specific percentage of the total classified land
- Applies to all classifications of Open Space and Designated Forestland

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Use codes can vary from county to county – some counties use additional digits, some use a subcodes and/or secondary codes

WAC 458-53-030 *"The following two-digit land use codes shall be used as the standard to identify the actual use of the land. Counties may elect to use a more detailed land use code system using additional digits; however, no county land use code system may use fewer than the standard two digits."*

PRIMARY USE should be considered whenever making a determination about classification, like reviewing a new application, a request for continuance, during an audit (both of which we'll discuss later), and so forth.

- **The land use should be so predominant that any conflicting or unrelated uses appear to be excluded or very limited.**
- Does not represent a specific percentage of the classified land.
- Applies to all Open Space/Current Use and Designated Forestland.
- We'll talk specifically about "incidental uses" within each classification

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
- Removals subject to Additional Tax, Interest, and Penalty
- Represents a **tax shift**



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CURRENT USE OPEN SPACE RCW 84.34 – the “Current Use” chapter

The 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) – there may be an improvement, depending on the approved land use, but there is no reduction in value to the improvement

Requires **dual assessment** – Assessors must maintain both the current use value and the market (highest & best) value. Exactly HOW the current use value is determined is unique to each type of classification. In all cases, the assessor is required to track both current use and market.

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.

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

Open Space Taxation Act

Chapter 84.34 RCW

Current Use Value Reductions

(Dollar values in Billions)					
Year Due	Acres	Highest & Best Value	Current Use Value	Value Reduction	Percent Value Reduction
2024	11,114,011	33.901	8.097	25.804	76.12%
2023	9,685,164	33.995	7.612	26.383	77.61%
2022	10,411,875	27.550	6.565	20.985	76.17%
2021	10,670,945	24.953	6.691	18.262	73.19%
2020	10,713,198	25.264	6.877	18.387	72.78%
2019	11,108,396	24.742	7.163	17.579	71.05%
2018	10,017,033	21.125	7.120	14.005	66.30%
2017	10,766,264	21.258	6.818	14.440	67.93%
2016	10,208,317	19.614	6.457	13.157	67.08%
2015	10,056,591	18.563	5.799	12.764	68.76%
2014	11,365,849	17.768	5.470	12.298	69.21%
2013	10,338,289	17.077	4.878	12.199	71.44%
2012	11,358,749	17.752	4.745	13.007	73.27%
2011	11,469,581	18.068	4.756	13.312	73.68%
2010	11,410,865	18.493	4.653	13.840	74.84%
2009	11,419,003	17.650	4.498	13.152	74.52%
2008	11,462,225	16.398	4.193	12.205	74.43%
2007	11,484,216	13.940	3.901	10.039	72.02%
2006	11,457,666	12.964	3.671	9.293	71.68%
2005	11,551,815	12.005	3.441	8.564	71.34%

A Closer Look at 2024:

33,901,000,000 Highest & Best Value
 -8,097,000,000 Current Use Value
 25,804,000,000 Value Reduction Statewide

A reduction in taxable value means **increased levy rates**.

Sample School District			
Market Value in District	2,252,086,346		
Value Reduction for Current Use	-74,829,000		
Total Taxable Value in District:	2,177,257,346	2,252,086,346	
Total Levy to Collect:	6,500,000	6,500,000	
Resulting Levy Rate:	2.985407	2.886213	
	With CU reduction	Without CU Reduction	

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For taxes due in 2024 the difference between market value and current use value resulted in:

- A tax loss of an estimated \$11.8 million.
- A tax shift to other taxpayers of an estimated \$215.7 million in taxes (value reduction multiplied by average levy rate)

Of the acreage reported for taxes due in 2024,

- Farm/Ag = 90% of land in current use program
 - Timber land = 0.5% of the land in the current use program
- About half WA counties have combined OSTL into DFL, removing those acres from the CU program
- Open Space land = 9.5% of land in the current use program

Open Space Taxation Act

Chapter 84.34 RCW

Three Classifications of Open Space Land:

OPEN SPACE



FARM & AGRICULTURAL



TIMBER



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Three categories in Current Use Open Space:

1. **Open Space** (“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

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**.

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 and preservation 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.

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
- **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
- Denials must be appealed in Superior Court

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Applications are provided by assessors, but they must be submitted to the County Legislative Authority (CLA). CLA is typically comprised of **county commissioners or county council** (depending on county); incorporated areas of county usually combine City and County representatives. Sometimes the 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 even see a completed open space application until it has been approved by the CLA.

- Must be a public hearing
- 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
- Upon approval, the CLA will prepare and send to the applicant an **Open Space Taxation Agreement**, which 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 10 days, assessor's responsibility per WAC 458-30-245(3)
- Reduction in assessed value will be made on **Jan 1 of the year following the year the completed application was submitted** (even if it takes longer than 6 months to approve)
- Assessor values property either by PBRS or, if there is no PBRS, value cannot be lower than the lowest Ag value
- Denials must be appealed to superior court

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: OPEN SPACE

Valuation of Open Space land

WAC 458-30-267 (1):

(a) In valuing land classified as open space, the assessor shall consider only the way in which the land and improvements are currently used; the assessor shall not consider potential uses of the land.

(b) The assessed value of open space land shall not be less than the minimum value per acre of classified farm and agricultural land in the county.

An alternative method of valuing open space land is using a **Public Benefit Rating System (PBRs)**.

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VALUING OPEN SPACE LAND

Determining the assessed value of open space land can be difficult because the features of each parcel are unique and the benefit to the citizens of the county is subjective.

84.40.030 requires all property to be valued at 100% of its true and fair value unless specifically provided otherwise by law

WAC 458-07-030 Highest and best use: The most profitable, legally permissible, and the most probable use of the land

Open Space Act gives assessors the authority to ignore 84.40.030 (requiring all real property to be valued at market) and value open space land based on its use.

WAC 458-30-267(1) explains how the assessor is to determine the assessed (taxable) value of open space land

Alternative method – **Public Benefit Rating System (PBRs)**

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: OPEN SPACE

Public Benefit Rating System (PBRs)

- Allows OS parcels to be valued based on identical criteria that correspond to a percentage reduction from market value
- Reflects open space priorities (higher priority means 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

Sample rating schedule

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

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PBRs creates equity among parcels with the same type of land and may help explain valuation process to taxpayers; allows all open space parcels to be valued based on identical criteria and awarded points that correspond to a percentage reduction of market value

Public Benefit Rating System (PBRs)

- Often a points-based system, typically set by a planning or community development department – allows valuation based on uniform set of criteria that will be applied to all applications for open space
- 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>

No new Open Space Taxation Agreement needs to be signed when adopting a New PBRs or Amending an Old PBRs. If the assessed value changes due to the adoption of a new or old PBRs the assessor must send a change of value notice. The owner can request to remove the parcel without any additional tax, interest or penalties. This needs to be within 30 days of receipt of the change of value notice.

Open Space Taxation Act

Chapter 84.34 RCW

Classification: FARM & AGRICULTURAL

Defined in RCW 84.34.020(2)

20 acres or more, must be:

- Devoted primarily to the production of livestock or agricultural commodities for commercial purposes, OR
- Enrolled in federal CRP/CREP or its successor, OR
- Other commercial agricultural activities established under WAC 458-30.

5 acres or more but less than 20 acres:

- Devoted primarily to the production of livestock or agricultural commodities for commercial purposes, AND
- Meet annual income requirements or provide demonstrable investment for standing crops with longer harvest cycle

Less than 5 acres:

- Devoted primarily to the production of livestock or agricultural commodities for commercial purposes, AND
- Meet annual income requirements



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Meet annual income requirements or provide demonstrable investment for standing crops with longer harvest cycle

Less than 5 acres:

Devoted primarily to the production of livestock or agricultural commodities for commercial purposes, AND
Meet annual income requirements

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

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

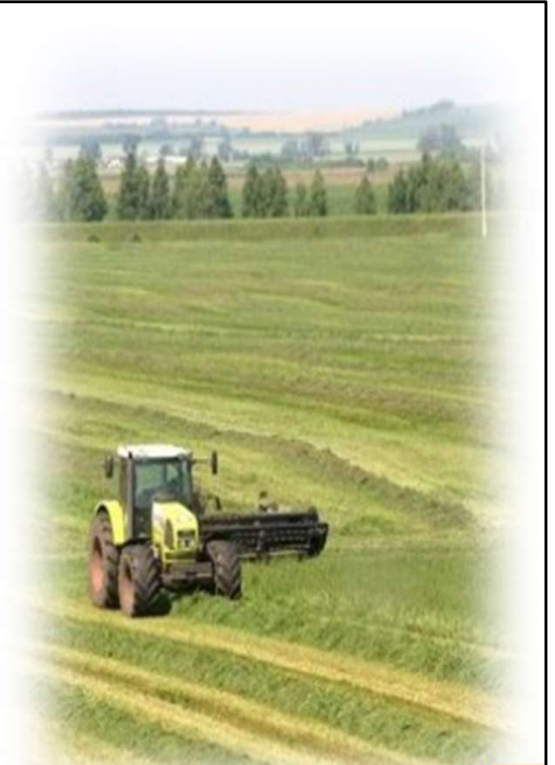
AGRICULTURAL COMMODITIES

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

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*"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

*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.*

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

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.

Some examples of appurtenances:

- Barns and silos
- Maintenance garage
- Tool shed
- Shipping facility
- Equipment shed
- Cold storage area
- Machinery
- Milking parlor

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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.

Only applies to 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

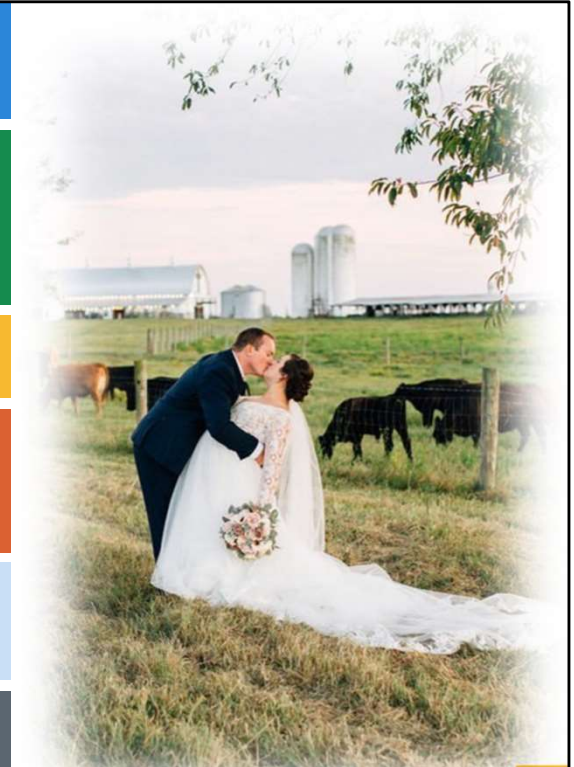
CLASSIFICATION: FARM & AGRICULTURE

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.

Some examples of incidental use:

- Wetland preservation
- Gravel pit (if used on the property)
- Farm woodlot
- Produce stand
- Storage shed to store machinery
- Occasional weddings
- Pumpkin patches
- Hayrides
- Seasonal festivals



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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.

Some examples of incidental use:

- Wetland preservation
- Gravel pit (if used on the property – the gravel can't be sold, it's not an agricultural product)
- Farm woodlot
- Produce stand (the land under the produce stand – the produce stand is an appurtenance)
- Storage shed to store machinery (again, the land under the shed – the shed is an appurtenance)

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

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

WASHINGTON STATE DEPARTMENT OF REVENUE

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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.

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: FARM & AGRICULTURE

Valuation of Farm/Ag land

RCW 84.34.065 and WAC 458-30-260

Legislative intent to preserve land for farming and agriculture by basing the assessed (taxable) value on the actual use of the land

Assessor maintains dual tax roll

- Market value determined as usual
- Current use value determined based on income approach

EXAMPLE of current use value calculation

- | | |
|----|---|
| 1. | Determine gross income per acre |
| 2. | Subtract expenses per acre |
| 3. | Equals net income per acre |
| 4. | Net income per acre ÷ capitalization rate
= current use value per acre |

WASHINGTON STATE DEPARTMENT OF REVENUE

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RCW 84.34.065 and WAC 458-30-260

The legislative intent of the farm and agricultural classification is to preserve the use of land for farming and agriculture use by basing the assessed value on the actual use of the land.

Assessor maintains dual tax roll

Market value determined as usual; current use value based on a relatively “simple” formula:

Net Ag Income ÷ Capitalization Rate = Current Use Value

- 1 Gross income per acre
- 2 Less expenses per acre
- 3 Equals net income per acre
- 4 Net income per acre / capitalization rate = current use value per acre

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

Valuation of Farm/Ag land

RCW 84.34.065 and WAC 458-30-260

- Net cash rental based on leases
- Cash value of crops typically grown on the land
- Reasonable amount based on the land's estimated productivity

NET CASH RENTALS AND LEASES

- **Cash Leases**
 - Can include government subsidies IF based on the earning or productivity capacity of the land
 - Only leases of land available for 3 years, to reliable person, without unreasonable restrictions for producing agricultural crops
- **Crop Share Leases**
 - Landowner and farmer share profits from the crop
 - Written preferred but may be verbal

WASHINGTON STATE DEPARTMENT OF REVENUE

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Earning or productive capacity Methods to determine net income based on earning or productive capacity are prioritized in RCW 84.34.065 and WAC 458-30-260, and include the use of **net cash rental** or **cash value of crops**.

- 1) **Net cash rental** based on leases – 1st preferred method
Income producing capability determined by using rental agreements, including cash leases and crop share leases. If net cash rental data is not available then the assessor may use the second preferred method.
- 2) **Cash value of crops typically grown on land** – 2nd preferred method
Cash value of crops typically grown on land, less production costs, equals the net income.
More complex - analyze and deduct crop production costs to isolate the income attributable to the land.
- 3) **Reasonable amount based on the lands estimated productivity** – 3rd preferred method
Land not being used for commercial ag purposes, OR not enough information to determine the net cash rental or earning or productive capacity of the land - assessor can compute a reasonable amount based on the land's estimated productive capacity.

Cash leases: Factors to consider when evaluating cash leases:

- Cash value of leases can include government subsidies, if subsidies are based on the earning or productive capacity of the land.
- Only leases of land available for rent for at least three years, to a reliable person, without unreasonable restrictions for producing agricultural crops, may be used when valuing agricultural land.

Crop share leases:

- Commonly used in wheat growing regions when the landowner and the farmer share the profits from the crop.
- Typically negotiate an agreement explaining the crop split, payment of expenses, etc
- Written agreement is preferred, but some agreements may be verbal.
- Cash value of the crop, less the cost of fertilizer, insurance, and transportation is capitalized to determine the value of the land.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

Valuation of Farm/Ag land

PRODUCTIVE CAPACITY BASED ON NET CASH RENTAL

1. **Determine gross income by leases or rentals. Be sure to choose a common unit of comparison (i.e. acre, bushel, etc).**
 - Group data from farmland that is similar (irrigated, dryland, pasture, etc)
 - Consider government subsidies
 - Averaged over 5 years
2. **Deduct allowable expenses.**
 - Average cost over 5 years
 - Period considered should be same for income and expenses
 - Property tax is not an allowable expense
3. **Adjust for irrigation (if applicable).**
4. **Divide net income by capitalization rate.**
5. **Result is value per unit (acre, bushel, etc)**



WASHINGTON STATE DEPARTMENT OF REVENUE

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Determine earning or productive capacity **based on net cash rentals/leases** – choose common unit of comparison (acre, bushel, etc.)

1. **Gather and evaluate lease and rental payment information**
 - Collect leases for various categories of farm and agricultural land that are similar and grow the same types of crops (irrigated crop land, dryland crop land, pasture, grazing, and other categories)
 - Consider leases paid on a yearly basis
 - Use only leases of land available for rent for a period of at least three years to any reliable person without unreasonable restrictions on its use to produce agricultural crops

Include government subsidies, if:

 - The landlord receives the subsidy in addition to rent, and
 - The subsidy is based on the earning or productive capacity of the land

Lease payments shall be averaged as follows:

 - Each annual lease or rental payment in an area of land with similar qualities and comparable crops are averaged for at least the preceding five crop years
2. **Deduct allowable expenses** - allowable costs and expenses usually paid by the landlord are deducted from the typical cash rental.
 - Allowable costs and expenses are based on the average for at least the preceding five crop years
 - Evaluate expenses for the same number of years as used for the income. If basing income on a 5-year history, then use 5-year history for expenses. Other timeframes may be used, but the period should be the same for income and expenses
 - Do not deduct property tax as an expense because the capitalization rate includes a property tax component
3. **Adjust for irrigation (only if applicable)** - Deduct rent attributable to irrigation system
4. **Divide net income by capitalization rate**
5. **Result is Value per Unit (acre, bushel, etc)**

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

Valuation of Farm/Ag land

PRODUCTIVE CAPACITY BASED ON VALUE OF TYPICAL CROPS

1. **Determine the income based on typical crops grown on land of similar quality and location.**
 - Typically averaged over 5 years.
 - Consider government subsidies
 - Acreage kept out of production because of subsidies should be included in total acreage.
2. **Deduct allowable expenses.**
 - Average cost over 5 years.
 - Period considered should be same for income and expenses.
 - Property tax is not an allowable expense.
3. **Divide net income by capitalization rate.**
4. **Result is value per unit (acre, bushel, etc)**

WASHINGTON STATE DEPARTMENT OF REVENUE

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Earning or productive capacity **based on value of typical crops**

Use the second preferred method when there are not enough leases available to determine the value of the land based on net cash rental.

1. Determine income – choose unit of comparison (acre, bushel, etc.) – consider crops grown on land of similar quality and location
 - a. Typical crop income averaged over at least five crop years
 - b. Cash value includes, but is not limited to, government subsidies if the subsidies are based on the earning or productive capacity of the land
 - c. Any acreage that is kept out of production because of government subsidies should be included in the total acreage
2. Deduct allowable expenses - subtract the standard production costs of the crops
 - a. Evaluate expenses for the same number of years as used for the income. If basing income on a 5-year history, then use 5-year history for expenses. Other timeframes may be used, but the period should be the same for income and expenses
 - b. Do not deduct property tax as an expense because the capitalization rate includes a property tax component
 - 3. The cash value of crops minus the production costs of crops are averaged over at least five crop years
3. Divide net income by capitalization rate
4. Equals value per unit of comparison (acre, bushel, etc.).

The income approach using the value of typical crops can be more complex than using net cash rental. When using the value of typical crops method the appraiser determines and adjusts for all production costs of the crops to reach a residual level of income attributable to only the land.

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: FARM & AGRICULTURE

Valuation of Farm/Ag land

Capitalization Rate: *Sum of two components*

- Interest rate AND
- Property tax component

INTEREST RATE - Statewide

- 5-year average of interest rates charged on mortgages by financial institutions making loans secured by farm & agriculture lands
- Department publishes annually by Jan 1
- Owner of Farm/Ag land or an assessor may appeal the Department's rate to the BTA within 30 days of publication

PROPERTY TAX COMPONENT – County specific

- Determined by dividing total taxes levied in the county by the total assessed value in the county, then multiplying by 100



WACs > Title 458 >
Chapter 458-30 >
Section 458-30-262

HTML has links - PDF has Authentication

458-30-260 << 458-30-262 >> 458-30-265

Agency filings affect

PDF WAC 458-30-262

Agricultural land valuation—Interest rate—Property tax component.

For assessment year 2025, the interest rate and the property tax component that value classified farm and agricultural lands are as follows:

- (1) The interest rate is 6.58 percent; and
(2) The property tax component for each county is:

COUNTY	PERCENT	COUNTY	PERCENT
Adams	1.06	Lewis	0.71
Asotin	1.08	Lincoln	0.96
Benton	0.88	Mason	0.78
Chelan	0.76	Okanogan	0.85
Clallam	0.79	Pacific	0.70
Clark	0.89	Pend	0.84
		Oreille	
Columbia	1.09	Pierce	1.01
Cowlitz	0.84	San Juan	0.54
Douglas	0.82	Skagit	0.86
Ferry	0.87	Skamania	0.85
Franklin	0.78	Snohomish	0.83
Garfield	1.09	Spokane	0.93
Grant	0.96	Stevens	0.76
Grays	0.85	Thurston	0.97
Harbor			
Island	0.73	Wahkiakum	0.58
Jefferson	0.83	Walla Walla	0.95
King	0.92	Whatcom	0.76
Kitsap	0.83	Whitman	1.34
Kittitas	0.69	Yakima	0.87
Klickitat	0.86		

WASHINGTON STATE DEPARTMENT OF REVENUE 26

Capitalization Rate

Applying a capitalization rate (cap rate) is the final step in calculating the current use value per acre (or other unit of comparison). The cap rate is the sum of two components: a statewide interest rate and county specific property tax rate (RCW 84.34.065).

Interest rate

- One interest rate applies statewide.
- The Department annually publishes the interest rate by rule (WAC 458-30-262).
- The rule is adopted on or before January 1, each year providing the interest rate to be used for that assessment year.
- The rate is a five-year average of interest rates charged on mortgages by financial institutions making loans secured by farm and agricultural lands.
- An owner of farm and agricultural land or an assessor may appeal the Department's rate to the state Board of Tax Appeals within 30 days after publication.

Property tax component

- The Department annually determines a specific rate for each county, which is published by rule WAC 458-30-262.
- The property tax component is determined by dividing the total taxes levied in the county for the prior year's assessment by the total assessed value of all property in the county, then multiplying that amount by 100.
- The rule providing the property tax component to be used is adopted on or before January 1, of that assessment year.

New capitalization rate must be applied each year

The interest rate and property tax component change each year. If analysis of income and expense data indicate no change from the previous year in the net income, it is important to apply the new cap rate annually

About a dozen resources on page 50 of the manual – USDA stats, Dept of Ag, State Farm Bureau, etc.

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 27

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**

There are no income requirements, but an owner must be managing the land with the intent to grow and harvest trees with the intent to make a commercial profit.

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

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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

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

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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

(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

Valuation of Timber land

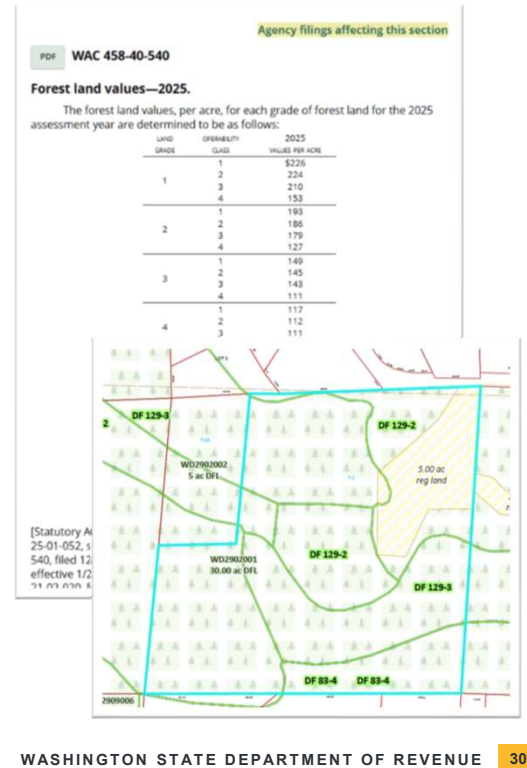
The value of timber land is determined using several components and is published annually in WAC 458-40-540.

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

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



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

Resource: Ben Craig, DOR Forester
BenjaminC@dor.wa.gov

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

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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

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.

- Must be used primarily for the growth and harvest of timber
- Must be managed with intent to grow and harvest
- Must be 5.00 acres or more
- NO homesite allowance



WASHINGTON STATE DEPARTMENT OF REVENUE

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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

- 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 33

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.

- Land only – no homesite allowance
- **No dual roll** – assessor not required to send valuation notices
- Tax shift – even though market isn't tracked, it's still a loss
- Removals subject to **compensating** tax

DESIGNATED FORESTLAND

CHAPTER 84.33 RCW

CLASSIFICATION: DESIGNATED FORESTLAND

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

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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 commercial timber production

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

OPEN SPACE TAXATION ACT

CHAPTER 84.34 RCW

CLASSIFICATION: DESIGNATED FORESTLAND

Valuation of Designated Forestland

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

Land is valued by comparing the parcel boundaries to the timber grading 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
	2	112
	3	111

WASHINGTON STATE DEPARTMENT OF REVENUE

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DFL valued same as OS Timber; the value 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: DESIGNATED FORESTLAND

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

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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)

Administrative Issues

Designated Forestland & Current Use



WASHINGTON STATE DEPARTMENT OF REVENUE

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Some of the administrative issues we face - Conveyance, Audits, Reclassification, Appeals, Removals

Conveyance – sale, transfer, inheritance – typically a REETA

Reclassification from one program to another;

Removals – when classification is removed from all or a portion of the land;

Audits – regularly scheduled reviews and as needed

Appeals – when and how

Administrative Issues

CHAPTER 84.33 & 84.34 RCW

RECLASSIFICATION

Legislature provides a process and options for transferring land between classification under RCW 84.33 and 84.34.

FROM:	TO: <i>With no additional or compensating tax</i>
Open Space Farm/Ag Conservation land (RCW 84.34.020(1)(c))	<ul style="list-style-type: none">Farm & Agricultural land, RCW 84.34.020(2) ONLY IF land was previously classified as such
Farm and Agricultural land (RCW 84.34.020(2))	<ul style="list-style-type: none">Timber land, RCW 84.34.020(3)Open Space land, RCW 84.34.020(1)OS Farm & Ag Conservation land, RCW 84.34.020(1)(c)Designated Forestland, RCW 84.33
Timber land (RCW 84.34.020(3))	<ul style="list-style-type: none">Farm & Agricultural land, RCW 84.24.020(2)Open Space land, RCW 84.34.020(1)Timber land, RCW 84.34.020(3)
Designated Forestland (RCW 84.33)	<ul style="list-style-type: none">Farm & Agricultural land, RCW 84.24.020(2)Open Space land, RCW 84.34.020(1)Timber land, RCW 84.34.020(3)



WASHINGTON STATE DEPARTMENT OF REVENUE

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Legislature provides a process and options for transferring land between classification under RCW 84.33 and 84.34. Certain reclassifications can be done without being subject to the compensating tax or the additional tax, interest, and penalty.

In general applications for reclassification are treated just like new applications: Owner submits (1) Form for Reclassification along with (2) the Form for Application to new program

Important distinction for Farm & Ag land: **Minimum income requirements can be deferred for up to five years** upon reclassification.

WAC 458-30-325(7) **Gross income requirements of land to be reclassified.** The minimum gross income requirements relating to the following reclassifications may be deferred for a period of up to five years from the effective date of reclassification when:

- (a) Land classified as open space/farm and agricultural conservation land under RCW [84.34.020](#) (1)(c) or timber land under RCW [84.34.020](#)(3) is reclassified as farm and agricultural land under RCW [84.34.020](#) (2)(b) or (c); or
- (b) Land designated as forest land under chapter [84.33](#) RCW is reclassified as farm and agricultural land under RCW [84.34.020](#) (2)(b) or (c).

Administrative Issues

CHAPTER 84.33 & 84.34 RCW

CONVEYANCE OF CLASSIFIED LAND

NEW OWNER WANTS TO CONTINUE CLASSIFICATION

- New owner must sign Notice of Continuance
- If requested by assessor, new owner must complete Request for Information
- Assessor has 15 days to review
- If needed, consult with CLA
- Assessor signs REETA "☑ does"
- Document may record

NEW OWNER DOES NOT WANT TO CONTINUE OR ASSESSOR DETERMINES IT DOES NOT QUALIFY

- No Notice of Continuance
- Assessor signs REETA "☒ does not"
- Additional tax or Compensating tax must be paid or marked exempt
- Document may record

Department of Revenue
Form 84 0001a
Check box if partial sale, indicate % sold.

Real Estate Excise Tax Affidavit (RCW 82.45 WAC 458-61A)

Only for sales in a single location code on or after April 1, 2021.
This affidavit will not be accepted unless all areas on all pages are fully and accurately completed.
This form is your receipt when stamped by cashier. Please type or print.

List percentage of ownership acquired next to each name.

1 Seller/Grantor
Name _____
Mailing address _____
City/State/Zip _____
Phone (including area code) _____

2 Buyer/Grantee
Name _____
Mailing address _____
City/State/Zip _____
Phone (including area code) _____

3 Send all property tax correspondence to: ☐ Same as Buyer/Grantee
Name _____
Mailing address _____
City/State/Zip _____

4 Street address of property _____
☐ Check box if any of the listed parcels are being segregated from another parcel, as part of a boundary line adjustment or parcels being merged. Legal description of property (if you need more space, attach a separate sheet to each page of the affidavit): _____

5 Land use code _____
Enter any additional codes _____
Enter last 4 of last page for identification.
Was the seller receiving a property tax exemption or deferral under RCW 84.34, 84.35, 84.36, or 84.38 (except for agricultural or timber land)? ☐ Yes ☐ No
Is this property predominantly used for timber (as classified under RCW 84.34 and 84.35) or agricultural (as classified under RCW 84.34 and 84.35) and will continue in its current use? ☐ Yes ☐ No
If the answer is "No", the transferor must complete the following: _____

6 Is this property designated as forest land per RCW 84.31? ☐ 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 84.36? ☐ Yes ☐ No
If any parcels are not complete as indicated below:
(1) NOTICE OF CONTINUANCE (FOREST LAND OR CURRENT USE)
NEW OWNERS: To continue the current designation as forest land or classification as current use (open space, farm and agricultural, or timber) land, you must sign on (2) below. The county assessor must then determine if the new owner's intent is to continue, 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 recorded and the transferor or additional owner will be due and payable by the seller or transferee at the time of sale (RCW 84.33, 84.34 or 84.34.108). Prior to signing (2) below, you may contact your local county assessor for more information.
This land: ☐ Does ☐ Does not qualify for _____
County assessor signature _____ Date _____
(2) NOTICE OF COMPLIANCE (HISTORIC PROPERTY)
NEW OWNERS: To continue special valuation as historic property, sign (2) below. If the new owner's intent is to continue, all additional tax calculated pursuant to RCW 84.36, shall be due and payable by the seller or transferee at the time of sale.
(3) NEW OWNERS' SIGNATURE _____
Signature _____
Name (print) _____
Date & city of signing _____

7 List all personal property (tangible and intangible) included in selling price.
If claiming an exemption, enter exemption code and reason for exemption. "See list was given/REIT for exemption codes" Exemption No. (check) _____ Reason for exemption _____

Gross selling price _____
"Personal property (deduct)" _____
Exemption claimed (deduct) _____
Net selling price _____
Sales tax rate: _____
Less than \$125,000.00 at 1.5%
From \$125,000.00 to \$1,521,000 at 1.88%
From \$1,521,000.00 to \$5,000,000 at 2.15%
Above \$5,000,000 at 3%
Agricultural and timberland at 1.28%
Total excise tax due _____

Local _____
State _____
"Delinquent penalty" _____
"State technology fee" _____
"Affluent processing fee" _____
Total due _____
A MINIMUM OF \$10.00 IS DUE IN FEES) AND/OR TAX "SEE INSTRUCTIONS"

8 SIGNATURES
Signature of grantor or agent _____
Signature of grantee or agent _____
Name (print) _____
Date & city of signing _____

Preparing the required document is a civil offense which is punishable by confinement in a state correctional institution for a maximum term of five years, or by a fine in an amount fixed by the court of not more than \$10,000, or by both such confinement and fine (RCW 9A.71.001 and RCW 9A.71.002).
To ask about the availability of this publication to an alternate format, please call 800-759-4765, TDD/voice.
(TTY) users may use the toll-free Relay Service by calling 711.
REV 06/0001a (01/2020) THIS SPACE TREASURER'S USE ONLY COUNTY TREASURER

WASHINGTON STATE DEPARTMENT OF REVENUE

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Although not required, it is recommended the assessor review the completed Notice of Continuance form with the new owner, so they understand the classification requirements.

Open space land (including farm and agricultural conservation): Review the classification requirements with the new owner.

Timberland: Review the timber management plan with the new owner to see if it is still applicable. If necessary, the new owner may need to submit a revised or new plan.

Farm and agricultural land: The assessor may require additional information before allowing farm and agricultural land to continue in the classification by a new owner. A farm plan or statement on how the new owner intends to continue farming the land are examples of additional information that may be required.

Designated forestland: The assessor has the option of requiring a timber management plan from the new owner when the property is being continued in the designated forestland classification.

Administrative Issues

CHAPTER 84.33 & 84.34 RCW

REMOVAL of CLASSIFICATION

Triggering events include:

- 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

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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

Administrative Issues

CHAPTER 84.33 & 84.34 RCW

REMOVAL of CLASSIFICATION

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'. The bottom form is titled 'Notice of Intent To Remove Current Use Assessment Classification Chapter 84.34 RCW'. Both forms include 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 Agreement No.', 'Current Use Classification' (with checkboxes for Open Space, Farm & Agricultural, and Timber Land), and 'This notice refers to:'. The bottom form also includes a section for 'You have thirty days from the date of this notice to provide a written response to this office. If no written response is received by [blank], classification will be removed from the above described land. Upon removal of classification, the land will be valued at its true and fair value without regard to its previous classification. Said land will be subject to up to seven years of additional tax, interest and penalty. If you have any questions regarding this action or information regarding reclassification requirements, please contact this office at [blank]'. Both forms have a footer with contact information for the Washington State Department of Revenue.

WASHINGTON STATE DEPARTMENT OF REVENUE

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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

Administrative Issues

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 (see RCW 84.33.140(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
Forest Land Value	x	Levy Rate per \$1,000 of AV	=	0.0000000000 x 1,000 = \$0.00
b. Forest Land Value	x	Levy Rate per \$1,000 of AV	=	0.0000000000 x 1,000 = \$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	0.0000000000	=	1,000 x 0.0000000000 = \$0.00
Forest Land Value	x	0.0000000000	=	1,000 x 0.0000000000 = \$0.00
b. Forest Land Value	x	0.0000000000	=	1,000 x 0.0000000000 = \$0.00
c. Amount of tax due for remainder of current year (4a minus 4b)	=		=	\$0.00

d. Taxes are payable on regular due dates and may be paid in half payments under provisions of RCW 84.56.020-82.0047 (05/02/17)

WASHINGTON STATE DEPARTMENT OF REVENUE

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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

Administrative Issues

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 Year	True & Fair Value	Current Use Value	Difference 1 - 2	Levy Rate	Additional Tax Due 3 x 4	Interest Rate 12% annual (1% monthly) 9% annual (.75% monthly)	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 - 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
Proration Factor = 1.0000000000

a. $\frac{\$0}{\text{True & Fair Value (Jan 1 of year removed)}} \times \frac{0.0000000000}{\text{Levy Rate}} = 1.000 \times \frac{1.0000000000}{\text{Proration Factor}} = \0.00

b. $\frac{\$0}{\text{Current Use Value (Jan 1 of year removed)}} \times \frac{0.0000000000}{\text{Levy Rate}} = 1.000 \times \frac{1.0000000000}{\text{Proration Factor}} = \0.00

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.

Note about SHB 1261:

Changes calculation from 7 years to 4 effective Sept 1, 2025 – guidance to come

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

Administrative Issues

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.

WASHINGTON STATE DEPARTMENT OF REVENUE

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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)
- For Open Space Farm/Ag Conservation land ONLY
 - 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.

Administrative Issues

CHAPTER 84.33 & 84.34 RCW

AUDITING CLASSIFIED LAND

Open Space, Farm/Ag, and Timber

Audit procedure WAC 458-30-270

1. **Send a Request for Information**
 - Standard mail;
 - 60 days to respond.
2. **If no response within 60 days, send 2nd request**
 - Certified mail, return receipt requested;
 - 30 days to respond;
 - Include **Notice of Intent** to Remove Current Use Assessment Classification (REV 64 0071) and estimate of tax liability.
3. **If no response within 30 days, begin removal process.**

County Assessor

Request for Information Verifying Intent to
Continue Current Use Classification or Designated Forest Land
Chapter 84.33 & 84.34 RCW

To: _____

Assessor's Parcel Number(s) or Tax Lot Number(s): _____

Legal description of land: _____

Number of acres in current use classification/designated forest land: _____

Current Use Classification/Designated Forest Land: ☐ Open Space ☐ Farm and Agricultural Land
☐ Timber Land ☐ Designated Forest Land

Our office conducts a review of all Real Estate Excise Tax affidavits received on real property sales. Your signature on the Notice of Continuance block of the affidavit concerning the property you recently acquired indicates your intent to continue the current use classification or forest land designation of this land. The following information is required in order to ascertain the eligibility of the land for continued classification/designation. Your response must be received in this office no later than _____ (You may use the space below or attach additional pages if needed.)

Explain how you intend to use the land in continuing its eligibility for current use classification or designated forest land.

If the land is in the timber land classification and a timber management plan has not yet been submitted, when will you be submitting the timber management plan?

If the land is in designated forest land and the assessor is requiring a timber management plan but a plan has not yet been submitted, when will you be submitting the timber management plan?

If the land is in the farm and agricultural land classification, the assessor may require owners to provide pertinent data regarding the use of the classified land, the productivity of crops, and/or gross income or investment information (WAC 458-20-270).

After receiving your response, we will review the information and determine if classification or designation will continue. If you have any questions concerning this request for information please contact this office at _____ by the above stated due date.

Assessor or Deputy _____ Owner _____

Date: _____ Title: _____

To ask about the availability of this publication in an alternate format for the visually impaired, please call 800-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711. For tax assistance, call 360-534-1400.

REV 64 0071a (12/23/19)

WASHINGTON STATE DEPARTMENT OF REVENUE

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Procedure WAC 458-30-270:

This basic procedure is common to all open space classifications.

1. The assessor sends a request for information to the owner by first class mail, and requires the owner to provide the requested information or data in writing within 60 calendar days.
2. If no response is received within 60 calendar days, the assessor sends the owner a second request by certified mail, return receipt requested. Include Notice of Intent to Remove Current Use Assessment Classification (REV 64 0071), and notify the owner they must respond within 30 calendar days.
3. If the owner does not respond to the first or second request for information, the assessor may begin the process to remove the land from classification.

Administrative Issues

CHAPTER 84.33 & 84.34 RCW

AUDITING CLASSIFIED LAND

Designated Forestland

- No audit procedures in law or rule
- Department encourages DFL audits to ensure compliance
- DNR provides Forest Practice Permits (cutting permits)

Suggested procedure (consistent with OS rules):

1. Send request for information
2. If no response after 60 days, send certified, including statement of 30 days to respond and estimate of comp tax
3. If no response OR information provided does not meet requirements, begin removal process

Whatever your procedure is, apply it consistently.

County Assessor

Request for Information Verifying Intent to
Continue Current Use Classification or Designated Forest Land
Chapter 84.33 & 84.34 RCW

To: _____

Assessor's Parcel Number(s) or Tax Lot Number(s): _____

Legal description of land: _____

Number of acres in current use classification/designated forest land: _____

Current Use Classification/Designated Forest Land: ☐ Open Space ☐ Farm and Agricultural Land
☐ Timber Land ☐ Designated Forest Land

Our office conducts a review of all Real Estate Excise Tax affidavits received on real property sales. Your signature on the Notice of Continuance block of the affidavit concerning the property you recently acquired indicates your intent to continue the current use classification or forest land designation of this land. The following information is required in order to ascertain the eligibility of the land for continued classification/designation. Your response must be received in this office no later than _____ (You may use the space below or attach additional pages if needed.)

Explain how you intend to use the land in continuing its eligibility for current use classification or designated forest land.

If the land is in the timber land classification and a timber management plan has not yet been submitted, when will you be submitting the timber management plan?

If the land is in designated forest land and the assessor is requiring a timber management plan but a plan has not yet been submitted, when will you be submitting the timber management plan?

If the land is in the farm and agricultural land classification, the assessor may require owners to provide pertinent data regarding the use of the classified land, the productivity of crops, and/or gross income or investment information (WAC 480-20-270).

After receiving your response, we will review the information and determine if classification or designation will continue. If you have any questions concerning this request for information please contact this office at _____ by the above stated due date.

Assessor or Deputy _____ Owner _____

Date _____ Date _____

To ask about the availability of this publication in an alternate format for the visually impaired, please call 800-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711. For tax assistance, call 360-534-1400.
REV 44-0879a (12/23/19)

WASHINGTON STATE DEPARTMENT OF REVENUE

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Assessors are not required to perform audits on designated forestland (no requirements in law or rule), but the Department encourages counties do this to ensure owners are in compliance with program requirements.

The Department of Natural Resources provides Forest Practice Permits (cutting permits) for designated forestland. These can be very helpful for counties to review as part of an audit process.

To ensure continued compliance the assessor may consider using the following procedures:

The assessor sends a request for information to the owner by first class mail, and requires the owner to provide the requested information or data in writing within 60 calendar days.

If no response is received within 60 calendar days, send the owner a second request by certified mail, return receipt requested. Include a statement that failure to provide requested information within 30 calendar days may cause the land to be removed. Include an estimate of the compensating tax.

If the owner does not respond to the first or second request for information, the assessor may begin the process to remove the land from classification.

Administrative Issues

CHAPTER 84.33 & 84.34 RCW

AUDITING CLASSIFIED LAND

Relevant information to consider includes:

OPEN SPACE

(including Farm/Ag Conservation)

- Is the owner following the requirements in the Open Space Taxation Agreement?
- Has the use of the land changed?
- Is the land being preserved for the potential return to commercial agriculture production?

TIMBER/DFL

- Timber harvest information.
- Information on whether the timber management plan is being followed.
- Information on whether the owner is following the requirements in the application.

FARM & AGRICULTURE

- Receipts from sales of agricultural products produced on the classified land.
- Federal income tax returns such as Schedule F or other documents listing income, production costs, and operating expenses.
- Rental or lease agreements/receipts.
- Government payments and subsidies.
- Crop and livestock data.
- Crop production/yield rates.
- Other income/expense information related to the land.



WASHINGTON STATE DEPARTMENT OF REVENUE

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OPEN SPACE

(including Farm/Ag Conservation)

- Is the owner following the requirements in the Open Space Taxation Agreement?
- Has the use of the land changed?
- Is the land being preserved for the potential return to commercial agriculture production?

TIMBER/DFL

- Timber harvest information.
- Information on whether the timber management plan is being followed.
- Information on whether the owner is following the requirements in the application.

FARM & AGRICULTURE

- Receipts from sales of agricultural products produced on the classified land.
- Federal income tax returns such as Schedule F or other documents listing income, production costs, and operating expenses.
- Rental or lease agreements/receipts.
- Government payments and subsidies.
- Crop and livestock data.
- Crop production/yield rates.
- Other income/expense information related to the land.

Administrative Issues

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

**Taxpayer Petition to the
County Board of Equalization for
Review of Current Use or Designated Forest Land Determination**

Office Use Only:
Petition No. _____
Date Received: _____

Tax Parcel No.: _____
☐ I request the information used by the assessor in valuing my property.
Assessor's "Change of Value Notice" or other determination notice was dated: _____

If appealing the true and fair (market) value for land classified under chapter 84.34 RCW (Current Use) or chapter 84.33 RCW (Designated Forest Land), do not complete this form. Instead, complete form REV 64 0075, *Taxpayer Petition to the County Board of Equalization for Review of Real Property Valuation Determination*.
The undersigned petitions the Board of Equalization to:

☐ Change the current use or forest land valuation of the following described property as shown on the assessment rolls for the year _____ to the amount shown in Item 7.
☐ Reverse the assessor's decision to remove classification designation from the following described land. The statement supporting continued classification designation is shown in Item 6.
☐ Reverse the denial of application for current use farm and agricultural land classification. I have attached a copy of the application form, REV 64 0024 or REV 64 0108.
☐ Reverse the denial of application for designated forest land. I have attached a copy of the application form, REV 62 0021 or REV 62 0110.

All Items Must Be Completed (Please print):

1. Account Parcel Number: Enter this number in the space provided at the top right-hand corner of this petition. Your account or parcel number appears on both your determination notice and your tax statement. If you are appealing multiple parcels, you must submit separate petitions for each parcel.

2. Owner: _____
Mailing address for all correspondence relative to appeal:
Street Address: _____
City, State, Zip Code: _____ Fax No: _____
Daytime Phone No: _____
Name of Petitioner or Authorized Agent: _____

3. Present classification/designation of the property which is the subject of this petition is: (check one)
☐ Farm and agricultural land ☐ Open space ☐ Timber land ☐ Designated forest land

4. General description of property:
a. Address Location: _____
b. Zoning or Permitted Use: _____

5. General description of property and use:

Present Use	Acres
_____	_____
_____	_____
_____	_____
_____	_____

This 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, whichever is later.

REV 64 0075 (03/20/15)

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



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



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