



# Designated Forest Land

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State law provides for certain forest land to be assessed at its current use, rather than its highest and best use (market value).

**Designated Forest Land must be at least 5 acres primarily devoted to and used for growing and harvesting timber** (per Senate Bill 6180 the acreage requirement was changed from 20 to 5, effective June 12, 2014). If there is a residence on the parcel, a minimum 1 acre building site is excluded from the classification and will remain fully taxable.

The Department of Revenue annually provides the assessor with a schedule of per-acre values, by "land grade." Land grades are a composite of soil type and utility. The assessor determines the land grades of the subject property by referring to land grade maps provided by the Department of Natural Resources. In Kitsap County, forest land assessed values average about \$125 per acre.

## Application Requirements

Applications are filed with the Assessor. There is no application fee. However, if approved, recording fees will be required.

Applications received by the end of the year will be processed the next year for the following year's taxes. For example if you apply in 2014 and are approved, your first tax break would be in 2016.

Applications will not be approved for property that does not have a merchantable stand of timber or adequate stocking. Stocking levels and /or reforestation must be in accordance with *WAC 222-34-010*. Land within two hundred feet of salt water cannot be included in the forest land classification. A Timber Management Plan is required. Please see the Department of Revenue's brochure *Guidelines for Timber Management Plans*.

## Removal from Designation

Removal from designation will be initiated and compensating taxes added for any one of the following reasons:

- The owner submits a written request to remove the designation, either in part or in whole.
- The land is sold or transferred to an ownership making it exempt from property taxes.
- All or a portion of the land is transferred to a new owner and the new owner does not wish to continue the classification (see transfer/sale of ownership below).
- The Assessor determines, after giving the owner written notice and an opportunity to be heard, that the land is no longer primarily used for and devoted to growing and harvesting timber; the owner has failed to comply with a final order with respect to a violation of the provisions of Title 76 RCW; or restocking has not occurred to the extent or within the time specified in the application for designation.

## Transfer/Sale of Ownership

A buyer may request to continue classification by signing and recording a Notice of Continuance at the time of transfer.

If the buyer requests to continue and the Assessor's Office determines that the land qualifies for a continuance, all buyers must sign a Notice of Continuance before the conveyance is recorded or filed. Also, the Assessor's Office must sign the Real Estate Excise Tax Affidavit before the sale will be processed. An updated Timber Management Plan is required from the new owners. The new owners also assume all tax liability accrued by the previous owner, including liability related to this classification.

If the buyer does not want to continue in the designation than the seller must have the property removed from the program before the transfer. The compensating tax will be due at the time of sale and is the responsibility of the seller.

## Compensating Tax

In most cases, when property is removed from designated forest land compensating tax becomes due. Compensating tax is calculated by multiplying the difference between the current fair market value and the current forest land value, times the current tax rate, times the number of years in the program (not to exceed ten).

A complete list of exceptions to compensating tax can be found in *RCW 84.33.140(13)*. For example, compensating tax is not imposed if the removal of designation resulted solely from one of the following:

- A transfer to a government entity in exchange for other forest land within the State of Washington;
- A taking through the exercise of the power of eminent domain, or a sale or transfer in anticipation of the exercise of such power;
- Creation, sale or transfer of forest riparian easements under *RCW 76.13.120*;
- The sale or transfer of land within two years after the death of the owner if the land has been designated forest land continuously since 1993. The date of death as shown on a death certificate is the date used for the purposes of this exception.
- The discovery that the land was designated under this chapter in error through no fault of the owner.

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