



I Owe



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CORRESPONDENCE CLOCKHOURS

INSTRUCTIONS:

1. Print out the class.
2. Read the class material.
3. At the end of the material there is a quiz (all the answers are in the material that you have read).
4. Answer the questions.
5. Return to me the Quiz, evaluation and your check payable to Clockhours by Angie, or complete your credit/debit card information on the sheet provided.
6. Upon receipt, I will email you a certificate, usually the same day.

Disclaimer: I try very hard to have the latest known information on a subject in these classes, but the real estate industry is forever changing with new updates all the time. The class materials are not to be used for legal advice. In our State, some items are handled different in the different regions. If you have any concerns, please do not hesitate to contact me at 509-216-3220 or at clockhoursbyangie@gmail.com

Federal, State and County information regarding the various taxes in this material are based on the material current at time of writing this class. Please note subsequent law changes may supersede or invalidate some of this information.

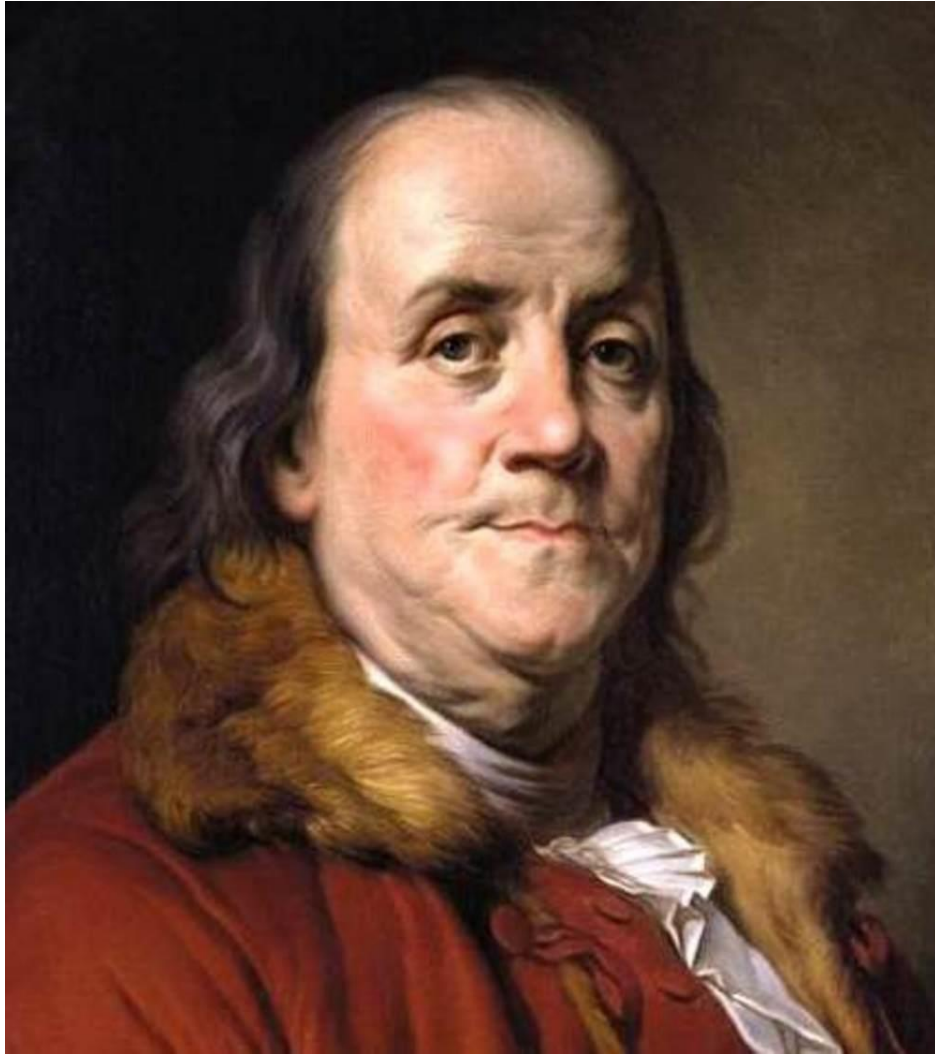
COURSE OBJECTIVE:

The students of this class will be able to identify many of the various taxes that possibly are involved in a real estate transaction. They will have a better understanding of each of the different types of taxes and the red flags to look out for in their transaction.

This class will allow students to recognize how these various taxes will affect either their sellers or purchasers bottom line so the information they give their clients is correct.

CURRICULUM

Session/Hours	Topics	Method of instruction
20 minutes	Real Property Taxes	Read material/discussion
20 minutes	Personal Property Taxes	Read material/discussion
20 minutes	Exempt Taxes	Read material/discussion
20 minutes	Tax Relief & Exemption	Read material/discussion
10 minutes	Excise Tax (NEW EXCISE 1/1/20)	Read material/discussion
20 minutes	Sales Tax/ Use Tax	Read material/discussion
30 minutes 30 minutes	Current Use Tax FIRPTA/ 1099 REPORT Capital Gains	Read material/discussion



Benjamin Franklin wrote in a 1789 letter that "Our new Constitution is now established, and has an appearance that promises permanency; but in this world, nothing can be said to be certain, except death and taxes"

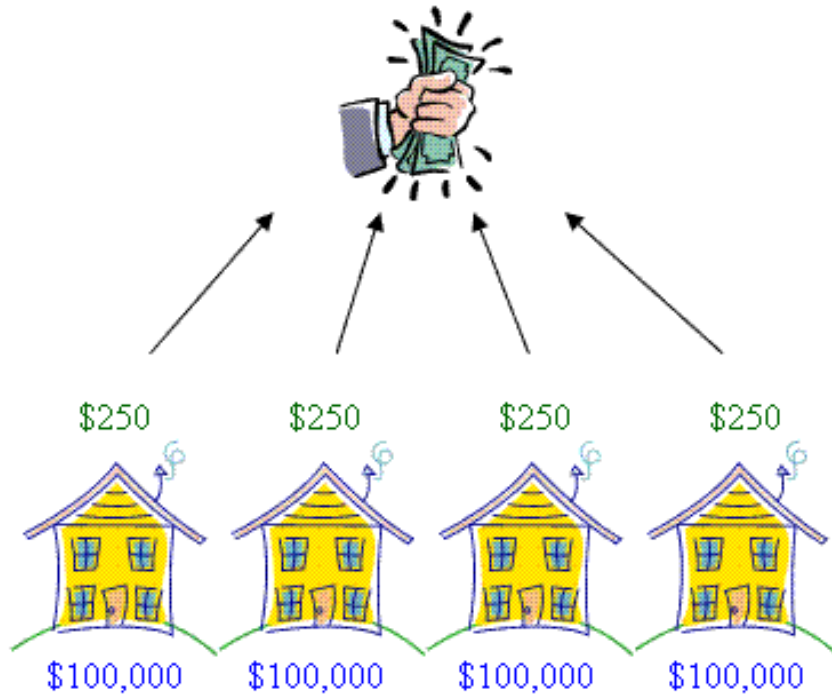
PROPERTY TAX EXPLANATION



Have you ever wondered how your property taxes are determined, where limits apply and how it's distributed? The best way to explain Washington's property tax system is with a simple illustration.

Imagine a city that consists of only four homes, each exactly the same and each appraised by the Assessor at \$100,000. Let's also say that the annual city budget for our imaginary city is \$1,000. To raise the amount of the budget, each homeowner must pay \$250. Four homes each paying \$250 raises \$1,000. Our property tax system is budget based. You are taxed enough to raise the amount needed for the budget. No more, no less.

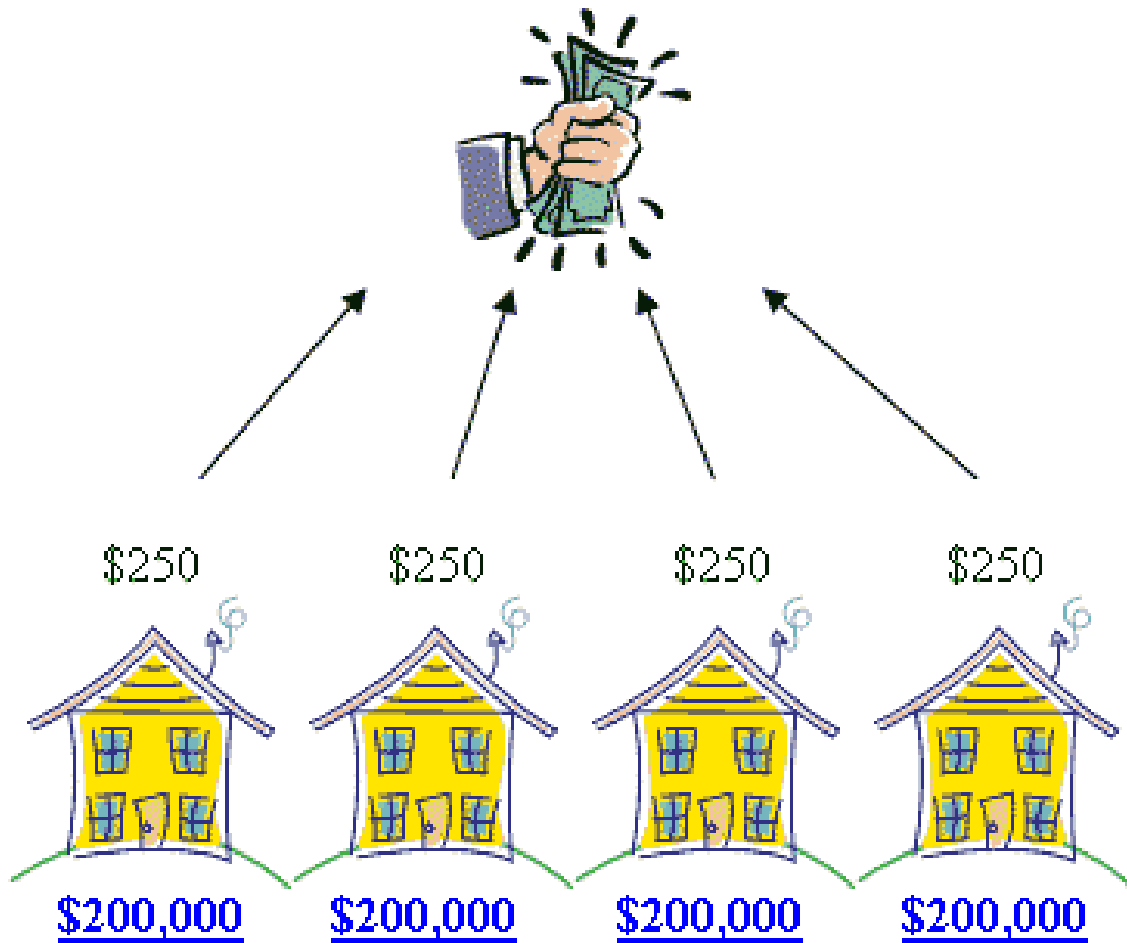
\$1000 Budget



Let's say next year's budget remains at \$1,000 but the Assessor doubles the assessed value of all the homes to \$200,000 each. Do the taxes on each

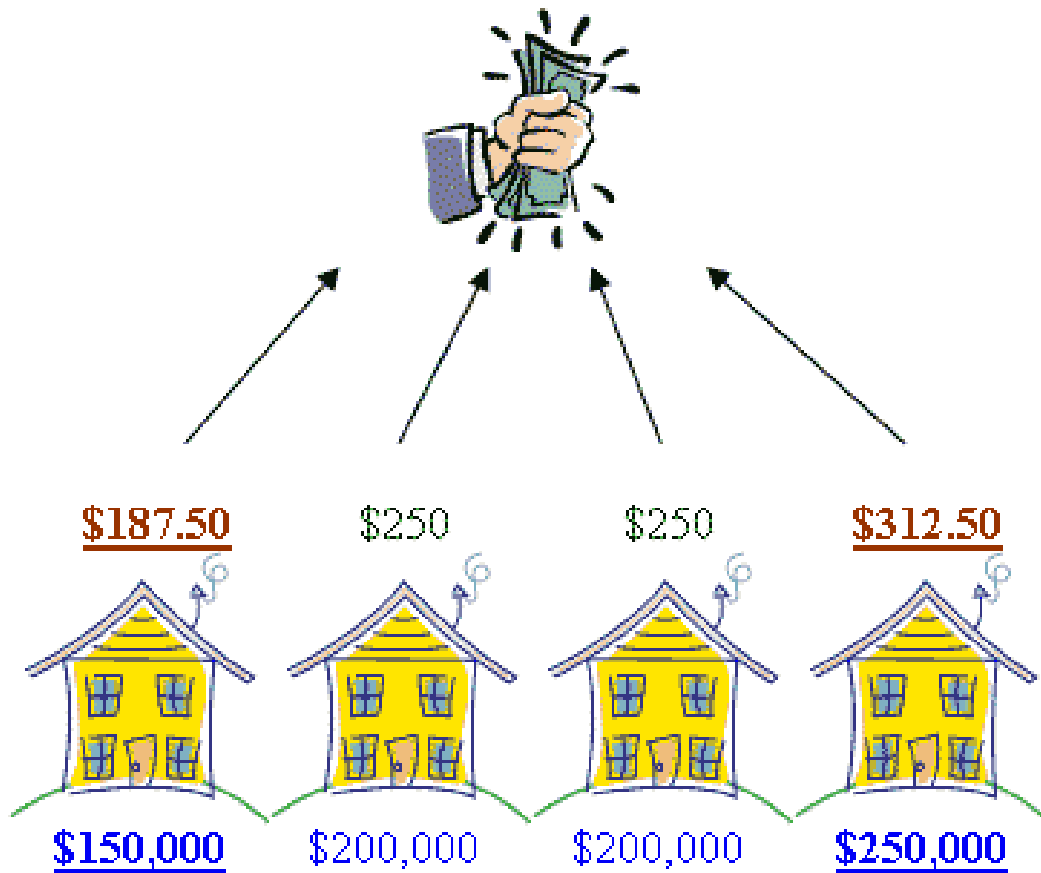
change? No. To raise the budgeted amount, each must still pay \$250. In this example the assessed value of each home doubled, but the tax didn't change.

\$1000 Budget



Now, let's get a bit more realistic and say that the values on the homes change differently. Suppose one home goes from \$100,000 to \$150,000. Two homes double in value to \$200,000 and the last home jumps up to a whopping \$250,000! Now what happens to the taxes? Well, the average value of the four homes is still \$200,000. So, the taxes on the two homes that go to \$200,000 are unchanged. They are at the average and they each still pay \$250. The lowest valued home sees its tax go down to \$187.50 even though the assessed value goes up 50 percent! The home that jumped up 150 percent to \$250,000 in value sees its property tax go up to \$312.50, a 25 percent increase. In the end, the tax totals \$1,000 to meet the budget.

\$1000 Budget



But wait. Normally budgets don't stay the same; they go up, right? Back in 2000, Washington State voters approved Initiative 747. I-747 limited the annual budget increases to 1 percent unless voters approve a greater increase. In our imaginary city, the \$1,000 budget can only increase 1 percent to \$1,010 the following year unless the voters who live in the city approve a higher increase.

Our imaginary city gives a simple illustration of our property tax system. In reality, it's not so simple. In Spokane County, there are about 215,000 properties (all different from each other), 127 tax code areas and 56 tax districts. Although each property is in one tax code area, each property is in a number of tax districts because tax districts overlap. For instance, say my mother lives in the house next door to mine. We both live in Fire District

10, however, she is in the Cheney School District while I'm in School District 81. The results are that even though we live right next to each other, we are in different tax code areas, and our total tax rates differ.

The 56 tax districts in Spokane County are comprised of:

- county
- cities
- fire districts
- emergency services districts
- library
- sewer
- water
- cemetery

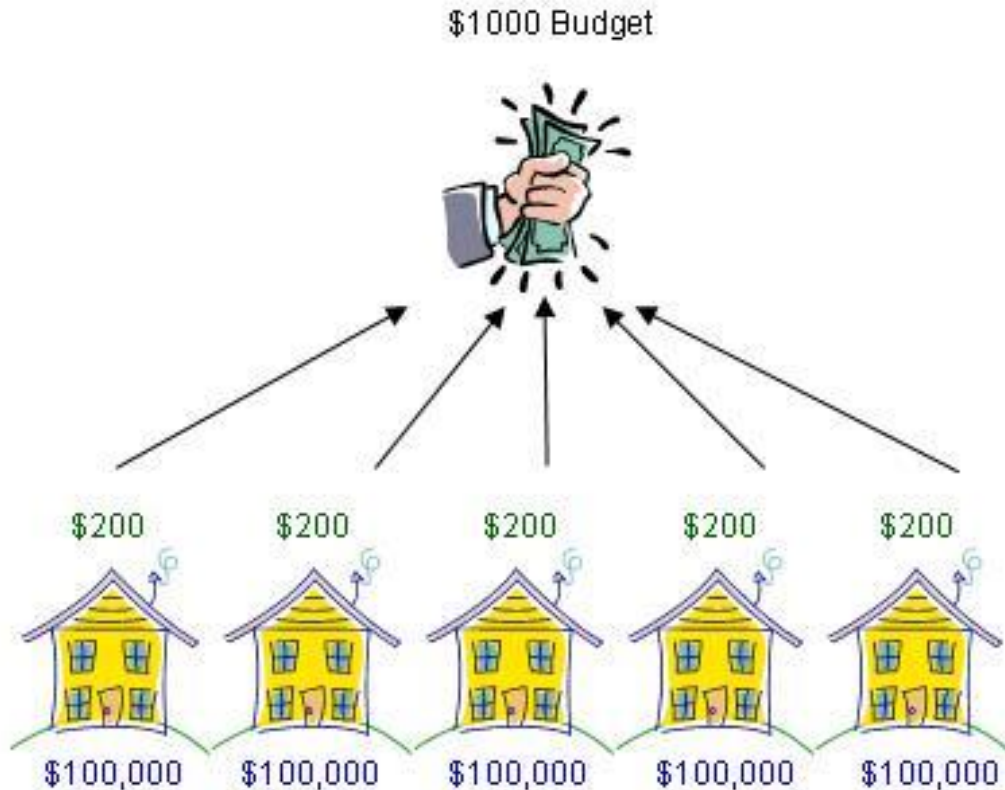
And this resulted in 127 tax code areas.

Each tax district has an annual budget. Spokane County's property tax system operates just like our imaginary little city but on a much larger scale and with all these different factors. Nonetheless, their computer systems allow very accurate calculation of property taxes.

Most taxpayers who call the assessor believe there is a limit on increases to assessed values. Not so. Assessed values are driven by the real estate market. The limit is on the annual budget increase of tax districts.

Now, let's look at what happens if someone moves into our little city and builds a new house. If we again say the assessed value of each home is the original \$100,000 but add a new home, look what happens to the individual property tax on each home.

Five homes supporting the \$1,000 budget means each home now pays only \$200 each. While growth brings more demand for government services, and is likely to push up demand for a greater budget, the initial effect is decreased taxes.



I have one more illustration that I think useful in our discussion. After we've determined how the values are established and the levy rates are set, the

next step is generating the actual tax amount. This is done by multiplying the assessed value by the levy rate. This sets the * ad valorem (or base) tax, which matches the budget requests discussed previously. Special assessments are added if the property is within an irrigation, stormwater, aquifer, drain water or flood district and tax statements are sent out. As the taxes are paid, the monies collected are divided among the budgeting entities, such as schools, fire, road, cities, water and libraries. At the end of each month, the total tax collected is distributed to these individual districts. So, let's use the example from

above. If your tax was \$200 for the year and you paid the first half in April that would be \$100 collected. This \$100 needs to be divided among the districts established in your area according to their budgeted amounts. The breakdown may look something like this: Schools (local and state) \$50, County/City, \$27, Fire district \$12, Roads \$4, Library \$4 and Water \$3

**ad valorem: a tax based on the assessed value of the real estate.*



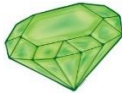
The above distribution process is continued throughout the year giving each district the funds requested to sustain their business activities.

Something to remember:

Spokane County is known as an “Annual County”. That means all property is to be adjusted to fair market value each year. All property is valued based upon the sale of comparable homes. So, what

does that look like when prices begin to decline? Will the assessed value decline with it? The answer is yes. The assessor will follow the market. But, remember the examples above, they will still raise the amount of the budget. Declining values would not necessarily mean lower taxes.

REAL PROPERTY TAXES:



Tax statements are mailed out approximately February 15th each year once the taxes are certified. Current year first half taxes are due by April 30th. Second half property taxes are due by October 31st. If the tax amount is less than \$50, the entire amount is due April 30th. If the due date falls on a Saturday, Sunday or a County observed holiday, then payment will be accepted the next business day.

INTEREST/PENALTIES/ FEES



Delinquent taxes are subject to interest and penalties calculated as follows:

- Interest is charged at the rate of 12% per year computed at 1% per month on the full amount of tax paid.
- Penalty is charged at 3% on the full year amount of tax unpaid on June 1st of the penalty of 8% on the amount of tax delinquent on December 1st of the year in which the tax is due

Note: Stormwater, Flood and Irrigation are not assessed penalty. Aquifer is not assessed interest or penalty.

Property tax statements are mailed once per year (generally by mid-February) and contain two payment coupons for payments due April 30th and October 31st. If you have not received a statement by March 31st, you are to contact the Treasurer's office at 509-477-4713. It is possible they may have an incorrect mailing address, a mortgage company may be paying your taxes, or they may be holding the statement for an adjustment that needs to be made prior to mailing (i.e. senior or disability exemptions). Failure to receive a Property Tax Statement does not exempt the taxpayer from timely payment of the taxes due.

If you receive a postcard which states "COURTESY/INFORMATION ONLY" at the top, then the records show that you or your agent has instructed us to bill a mortgage company for the taxes on this parcel. If this is incorrect, you need to pay the taxes prior to the due date to avoid delinquent charges.

NOTE TO HOMEOWNER:



At your signing appointment for the purchase of your home, you will be executing a document called "Real Estate Excise Tax Affidavit". This form is completed by the closing agent, inserting the sellers name and address, purchasers name and address, and directing under block # 3 where to direct the Treasurer to send future tax statements. Generally, if there is a new deed of trust on the property and the lender holds a reserve account for taxes and insurance, then the closing agent will insert the lenders name and address there. If there is not, then there is a box that can be checked that says "same as purchaser". Please pay special attention to this particular box to be sure the direction to the Treasurer is correct.

CHANGE OF NAME OR ADDRESS:



If you wish to change the name or mailing address on your statement, you

must contact the Treasurer's office. You can also request a form on line to do this Any request for owner name/address change must be done through the Assessor's Office. A legal document such as a deed, real estate contract, divorce decree, death certificate or a court document must be provided. Always have your parcel number available.

MORTGAGE PAID OFF/ NEW LENDER:



When a taxpayer pays off a mortgage during the tax year, they must contact the Treasurer's Office to update their billing information and request a duplicate bill. Failure to receive a tax bill does not relieve the responsibility for payment, nor constitute cause for cancelation of interest, penalty and/or cost charges if the tax bill becomes delinquent.

The following is information on contacting the Treasurer's Office for Spokane County:

Physical Address

Spokane County Treasurer
1116 W. Broadway Avenue
Spokane, WA. 99260

Mailing Address:

P.O. Box 199
Spokane, WA. 99210
509-477-4713



CALCULATING YOUR TAXES:

In the State of Washington, taxes are based on the assessed values from the previous year. Property taxes on your 2016 assessment are paid in 2017. Spokane County is comprised of 127 tax code areas.

Your tax bill is determined by the budget requests of the tax district and the assessed value of your property.

Levy rates (budget requests) are multiplied by each \$1,000 of assessed value to determine your tax bill.

For example:

If your home is assessed at \$100,000 and the levy rate in your tax district is 14.54067946
 $\$100,000$ (Assessed Value) \times 14.54067946 (Levy Rate) = \$1,454.07 TAXES DUE

EXAMPLE OF TAX LEVY FOR AREA#10 FROM 2002- 2016

Summary By Year

Detail By Year

Tax ID	Year	Levy Rate	Tax ID	Year	Levy Name	Levy Type	Levy Rate
10	2016	13.93	10	2016	County General Cons Futures	Non-Voted	00.05
10	2015	14.24	10	2016	Spokane Bond New	Voted	00.15
10	2014	14.20	10	2016	Spokane Bond	Voted	00.22
10	2013	14.20	10	2016	Spokane EMS	Non-Voted	00.49
10	2012	13.76	10	2016	County General	Non-Voted	01.43
10	2011	13.18	10	2016	SD081 Spokane B&I	Voted	01.96
10	2010	11.77	10	2016	State School	Non-Voted	02.10
10	2009	11.23	10	2016	Spokane General	Non-Voted	03.52
10	2008	11.10	10	2016	SD081 Spokane General	Voted	04.01
10	2007	13.08	Totals:				13.92989627
10	2006	14.83					
10	2005	15.53					
10	2004	15.05					
10	2003	14.54					
10	2002	14.75					

PERSONAL PROPERTY

TAX:



Most personal property owned by individuals is exempt. For example, household goods and personal effects are not subject to property tax. But, if these items are used in a business, property tax applies.

Personal property is subject to the same levy rate as real property. The characteristic that distinguishes real and personal property is mobility. Real property includes land, structures, improvements to the land, and certain equipment affixed to land or structures. Personal property includes machinery, equipment, furniture, and supplies of businesses and farmers. It also includes any improvements made to land leased from the government (leasehold improvements).

As a property owner, you are responsible for filing out a **personal property listing** each year that you have taxable property even if you do not receive the form by mail. The assessed value is allocated to

the taxing district based on where the property is located.

After the property owner has completed the form and returned to the assessor by April 30th, then the assessor values the property at 100 percent of its current market value. After the assessment, the assessor informs the property owner of the assessed value.

SEE HANDOUT #1 
PERSONAL PROPERTY LISTING

PROPERTIES ELIGIBLE FOR EXEMPTION:



Historical Property (RCW 84.26.030)

The actual cost of substantial improvement to eligible historic property (25% or greater of the assessed value prior to rehabilitation) may be excluded from assessed value for a period of ten years. Applications are furnished by the Assessor. Approval is made by the local Historical Preservation Board with each jurisdiction.

The Spokane Register of Historic Places is a local government's official list of properties that have been designated as significant contributors to the historical development of Spokane. The Register was established by ordinance in both the City and County of Spokane in 1981 and 1982, respectively. These ordinances deem the City/County Historic Landmarks Commission responsible for the stewardship of historic and architecturally significant properties.

Eligibility for the Spokane Register is determined by the following Criteria:

1. Those structures that are associated with events that have made a significant contribution to the broad patterns of our local history, or
2. That are associated with the lives of persons significant in our past, or
3. That embody the distinctive characteristics of a type, period or method of construction, or that represent a significant and distinguishable entity whose components may lack individual distinction, or
4. That have yielded, or may be likely to yield information important to prehistory or history, and
5. The property is 50 years of age, or older.

Physical Improvement to Single Family Dwelling (RCW 84.36.400)

Exempts from taxation any physical improvement to a detached single-family dwelling for three assessment years subsequent to completion of the improvement, up to 30% of the value of the original structure. This home improvement exemption may be claimed only once in a 5-year period. Normal maintenance work does not qualify. Notice to claim the exemption must be filed with the Assessor prior to completion of the improvement.

Urban Centers (RCW 84.14)

Either new or rehabilitated structures having 4 or more dwelling units within a defined urban center may receive exemption on the improvement value for a period of ten years.

As cited in recorded "CERTIFICATION OF TAX EXEMPTION"

"Whereas, Chapter 84.14 RCW authorizes cities as the governing authority as defined in RCW 84.14.010 to implement a multiple family housing tax exemption program where by an exemption from ad valorem property taxation for a period of ten years shall be granted to owners of

property who meet the requirements of the local jurisdiction's the multiple family housing property tax incentive program."

less than \$500 are exempt from property taxation. This exemption is determined by the Assessor.



As cited in the preliminary title report:

***“General taxes and potential supplemental assessments including other amounts due thereunder, which results from any change in tax exempt status. The land is currently carried on the tax rolls as exempt from taxes. (Multi Family Urban Housing Exemption) For Further information regarding the above, contact the County treasurer.*”**

RCW 84.36.010 allows exemption of taxes to all publicly-owned property, such as that of the federal, state, county or city governments and certain tribal lands. This exemption is determined by the Assessor.

Parcels of less than \$500 in value (RCW.84.36.015)

All parcels of real and personal property that individually have an assessed value of

TAX RELIEF & EXEMPTIONS

Senior & disability exemption:

If you are a senior citizen or disabled with your primary residence in Washington State, there are two programs that may help you pay your property taxes and/or special assessments. Your household income and your age or disability determines your eligibility for both programs.

Program Overview: Under the exemption program, the value of your Washington State residence is frozen for property tax purposes, and you become exempt from all excess and special levies and possibly regular levies – resulting in a reduction in your

property taxes. The exemption is available for your primary residence and up to five acres* of land, A mobile home may qualify, even if the land where the mobile home is located is leased or rented.

*The exemption is available for a primary residence and one acre of land. If local zoning and land use regulations require more than one acre of land per residence in the area where you live, you may be eligible for a property tax exemption on up to five acres of land.

Age and Disability: On December 31 of the year before the tax is due, you must meet one of the following criteria.

- At least 61 years of age and/or
- Unable to work because of a disability or a veteran entitled to a disability.

Household Income: Your annual household disposable income may not exceed \$40,000. If your household income is between \$40,000 AND \$45,000, you may qualify for the deferral program. See the Property Tax Deferral for Senior Citizens and Disabled Persons fact sheet for more information.

SEE HANDOUT # 2



SENIOR CITIZEN AND DISABLED PERSONS EXEMPTION FROM REAL PROPERTY TAXES FORM.



NOTE TO AGENTS:

If your seller has exemption status on the home they are selling, the exemption will continue through the period of ownership. The taxes will be recalculated without the exemption for the remainder of the tax year and the new owner will be billed for the portion of taxes for his/her period of ownership.

If your seller is purchasing a home, and they still meet the requirements for exemption status, they may transfer the exempt status to a new residence. If they are moving to another

state, it may be transferred if eligibility requirements are met for that State.

EXCISE TAX (aka Transfer Tax)

“Excise Tax’ also referred to as “transfer tax” are taxes imposed by States, counties and municipalities on the transfer of ownership of real estate property. In many states, buyers pay excise tax. This is not true for the State of Washington. In Washington State typically, the seller will pay the excise tax.

458-61A-100

AND SAR ELA has verbiage on page 3 under #14 regarding what the seller will pay at closing and it addresses the excise tax.

The following are some commonly asked questions:

1. What is the real estate excise tax? It is a tax on the sale of real estate. The real estate excise tax is typically paid by the seller of the property **although the buyer is liable for the tax if it is not paid.** The tax also

applies to transfers of controlling interests (50% or more) in entities that own property in the state.

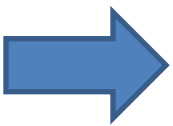
2. How do I pay the tax? County treasurers collect the state and local taxes, except for the tax that applies to acquisition of controlling interest which is reported directly to the Department of Revenue.
3. What rate do I pay? The state tax rate varies based on sales price.
4. What are the funds used for? 1.3% of the state tax collected by counties is retained to cover administration costs. Of the net proceeds to the state, 2% goes into the public works assistance account. 4.1% to the education legacy account with remaining amounts going to the general fund.

SEE HANDOUT # 3 EXCISE TAX AFFIDAVIT

NOTE: under #3 this is where the closer will insert who will pay the future taxes and the change is made to the records.

Under #6 of the excise tax affidavit this is where the seller and purchaser will sign if they want the property to remain in current use – We'll take about this a little later in the material.

EFFECTIVE 1/1/20

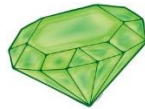


- **State portion of**
-
- **1.28 Will change as follows:**
- **1.1% for sales below \$500,000**
- **1.28% for sales between \$500,000 to \$1,500.00**
- **2.75% for sales between \$1,500,000 to \$3,000,000**
- **3% for sales over \$3,000,000**
- **(And these are calculated as tiers up to)**
 - **And, remember that is just the State's portion, now we will add to that the .25% or .50% the municipalities elect, so in our area below \$500,000 would be 1.1, 1.36 or 1.6**

HERE IS AN EXAMPLE FOR YOU:

- For example, a sales price of \$750,000 on 1/1/20
- The first \$500,000 is taxed at 1.6 = \$8,000
- The next \$250,000 is taxed at 1.78 = \$4,450
- For a total excise tax of \$12,450 for 2020
- You calculate the tax based on the tiers....
- (2019 would have been \$13,350)

SALES AND USE TAX



A sales tax is a **consumption tax** imposed by the government on the sale of goods and services. A conventional sales tax is levied at the point of sale, collected by the retailer and passed on to the government.

Conventional or retail sales taxes are only charged to the **end user** of a good or service. Because the majority of goods in modern economies pass through a number of stages or manufacturing, often handled by different entities, a significant amount of documentation is necessary to prove who is ultimately liable for sales tax. For example, say a sheep farmer sells wool to a company that manufactures yard. In order to avoid paying the sales tax, the yarn maker must obtain a resale certificate from the government saying that it is not the end user. The yarn maker then sells its product on to a garment maker, which must also obtain a resale certificate. Finally, the garment maker sells fuzzy socks to a retail store, which will charge the customer sales tax along with the price of said socks.

Use Tax is a type of tax levied by the United States by numerous state governments. It is essentially the same as sales tax but is applied not where a product or service was sold but where a merchant bought a product or service and then converted it for its own use, without having paid tax when it was initially purchased. Use taxes are functionally equivalent to sales taxes. They are typically levied upon the use, storage, enjoyment or other consumption in the state of tangible personal property that has not been subject to a sales tax.

LOCAL SALES AND USE TAX RATES – effective October 1, 2020

	Local	State	Combined
Spokane (City)	.023	.065	.089
Spokane (Unincorp)	.016	.065	.081
Spokane (Valley)	.023	.065	.089

SEE HANDOUT # 4 – CONSUMER USE TAX RETURN



Here is a little history on sales tax:

What two things are sure in life? Death and Taxes. The idea of sales taxation is not a new idea. The sales tax idea was borne in ancient cultures but is only written in history as having started with roman emperor Augustus in 9AD and continuing until 60AD under Nero. It then disappears until about the 12th century when it reappears in Europe. The first formal laws in Europe were passed in 1292 by France of ½% to be collected on the sale of all goods except for food.

Modern Taxation in the United States was first proposed in 1862 during the Civil War as the Union government struggled with finding a way to pay for what appeared to be a long term and expensive civil war. The proposal was for 1% National tax. The tax bill was tabled and never was acted upon. Then in 1921 a national sales tax of 1% was again proposed to help pay for the debt incurred during World War I. Again, this measure was defeated, but not before tokens had already been produced. The tokens were supposedly all destroyed.

In 1921, West Virginia was the first state to pass legislation for a sales tax. In 1929 Georgia passed similar legislation but neither took the time to figure out how to enforce or implement the system, so there was no progress.

In 1933, eleven states passed legislation for sales tax and by 1940 over 30 states had enacted legislation and systems for sales tax collection due to the success of the early programs at generating revenue for the state. April 1 to May 10, 1933 Kewanee IL was the first city in the nation to produce and use sales tax tokens for a 3% tax. It is 16mm in diameter and made of copper. The Illinois state supreme court struck its use down and they were removed from circulation just a few weeks after issue. July 1 that same year a 2% sales tax was passed and the tokens again circulated.

Michigan and California passed similar legislation in 1933 followed by Ohio in 1934. In 1935 Washington State caused a stir when their tax laws were passed and implemented on May 21, 1935. **The US government and treasury department filed a suit against the State of Washington claiming the use of sales tax tokens as an assault on US**

coinage. The governor of Washington refused to back down and the issue was tabled by the government.

On July 2, 1935, the Illinois state government issued state tax tokens. And the local tokens were removed from circulation slowly. July 10, just eight days later the State of Illinois was asked to cease the distribution of its round tokens because they were too much like US dimes. The state was forced to change the design. This resulted in the production of square pieces 16mm x 16mm.

On July 22nd, the United States government backed by President Roosevelt and Treasurer Secretary Henry Morgenthau proposed a ½ cent and a 1/10th cent coin in copper and aluminum respectively. These coins were never produced and the idea was effectively abandoned on August 21st.

In late July, New Mexico issued its tokens that it had held awaiting the US government resolution. In August Missouri issued its Milk-Cap tokens (called this because they resembled a milk cap and were produced in Kansas City by a prominent milk bottle cap manufacturer. September 1, Colorado issued their tokens and in all 12 states issued sales tax tokens. Ohio, Kentucky, West Virginia, North Carolina and Michigan issued paper stamp or punch card systems that are not considered to be part of the 12 state token issues.

Even when some state governments refused to issue sales tax tokens, many businesses issued them on their own to help their customers (e.g. California). Local issues are primarily associated with Washington and Illinois, but several other states including Kansas had a few.

An interesting fact is that Kansas was the first state to suspend the token usage in July, 1939 and Missouri was the last state to repeal the use of sales tax tokens from the books in 1961. Most states had already effectively stopped their usage after World War II. They lost favor during the war due to the additional complication of ration tokens and stamps.

TAX TOKENS, WHY WERE THEY NEEDED?

Merchants had to pay sales tax to the state on the total amount of sales made by the merchant during each day's sales. You can imagine that if the sales tax rate is 3% and a child buys a 10cents piece of candy there is no way to collect the three-tenths of one cent. If you rounded down that meant that the merchant could not collect anything for the tax. If you rounded up the state was gaining 7 tenths of a cent on every 10-cent sale. You can see that if the merchant sold 100 pieces of candy, he was losing 30 cents a day in tax revenue to the state, so the token was born. This allowed the merchant to take 11 cents for the first piece of candy and give change back in mills. The next time you wanted to buy a 10c candy you could present the merchant with the 10c and a token and complete the transaction. This allowed the merchant to collect the sales tax on each transaction

There are over 500 different sales tax tokens that can be collected from 13 states.

OPEN SPACE TAXATION ACT RCW 84.34 and WAC 458-30

The Open Space Taxation Act, enacted in 1970, allows property owners to have their open space, farm and agricultural and timber lands valued at their current use rather than at their highest and best use. The Act states that it is in the best interest of the state to maintain, preserve, conserve, and otherwise continue in existence adequate open space lands for the production of food, fiber, and forest crops to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well-being of the state and its citizens.

NOTE: NWMLS FORM 22 L&A specifically addresses this tax designation on page 1 under "E" and on page 4 under "6"

OPEN SPACE, FARM AND AG PROGRAMS



Washington State property tax laws offer tax reductions on land used to grow commercial crops or harvestable trees. Referred to as the Current Use Program, the law encourages farmers to continue to use their land for commercial farming operations or for growing trees. The land is valued at its current use value rather than the "highest and best use". Sounds inviting, but be careful, there is a catch.

This program is broken down into 3 sub programs:

1. Current Use Farm and Agriculture Program (**Farming**)
 - Less than 5 acres
 - 5 but less than 20 acres
 - 20 acres or more
2. Current Use Open Space (**Open Space**)
 - Open Space
 - Farm and Agriculture Conservation
3. The Current Use Timber Program (**Growing Trees**)
 - Designated Forest Program

FARMING



Let's review the Current Use Farm and Agriculture Programs. They all have the same intentions, to offer a tax reduction to property owners who continue to use their land to raise **commercially** viable crops or for other **commercial** agriculture purposes. The difference between each sub program is the number of acres.

If an owner places **less than 5 acres** into the program, he or she must be able to show earnings of at least \$1,500 for 3 out of the last 5-year period. If the property was placed into the program prior to 1993, only \$1,000 of earnings for 3 out of the last 5- year period is required. Proof of income can be shown with receipts or IRS tax statements. The receipts or IRS statements can be provided by anyone who produces the agriculture product on the land. It could be a farmer using or renting the land. The receipts do not have to be from the landowner.

If a property owner places **greater than 5 but less than 20 acres** into the Current Use Program, he or she must show earnings of \$200 per acre for 3 years out of the last 5-year period. If the land was placed in the program prior to 1993, only \$100 per acre income is required. Once again, the receipts can be from anyone who uses the land for **commercial** agriculture purposes.

The Department of Natural Resources (DNR) rates all land in our county for its soil productive capacity. The Assessor annually determines the expected productivity of each category of land. This productivity rating along with other factors is then used to determine the per acre value. The value is significantly lower than the "highest and best use" value, and results in a significant reduction in taxable value. The reduction applies only to the land and not to the home or other buildings (improvements) on the land; those are valued at fair market value.

SEE HANDOUT # 5:



- 1. Notice of Continuance Land Classification as Current Use or Forest Land**
- 2. Farm and Ag Open Space – Agricultural Use Plan**

3. Notice of Request to Remove Current Use Assessment Classification

Transfer or Sale of Farm & Agricultural Land:

1. You must have ALL buyers or grantees signatures on the excise tax affidavit in the Box 6 continuance area **(That was hand out # 3, previously reviewed)**
2. **Notice of Continuation** – Include information about the history of the land and what the buyers or grantees plan to do with it. Also include the income information for the past 3 years (Crop Sheet & Animal Sheet).
3. **FARM AND AGRICULTURAL USE PLAN:** Sell provides what has and is occurring on the property and buyer provides what they plan to do. This helps determine if the property can continue or not. In addition, there is the requirement of the income proof (Schedule F, Form 4835, receipts, etc.) for the last 3-5 years. This is required to determine if the property has been in compliance and can continue.
4. **NOT CONTINUING:**
If the property is not going to be continued, the current owner needs to provide the original **Request for Remove** document. The property will be removed from the program and back taxes, interest and penalties must be paid before the transfer can be processed.

OPEN SPACE



Our legislature also provided property tax reductions for land used to enhance the public use of open space. If privately owned land is made accessible to the public for recreational purposes, to preserve access to public land, or to view scenic vistas, it may be valued at its current use value rather than its “highest and best use” fair market value. In the Open Space Program the land is assigned a “public benefit rating”. The rating is used to determine the percentage of the highest and best use fair market value that will be taxable. The taxing district in which the land resides organizes the public benefit rating board.

A subset of the Open Space Program is Farm and Agricultural Conservation Land Program. It is a special program where property that was once in one of the other Current Use Programs, but no longer meets the requirements of the program or it land that qualified to be in a Current Use Program but for some reason wasn't, can continue to receive or begin to receive current use tax rates if there is a likelihood that the property will eventually return to farm and agricultural use in the future. To place land into this program requires public benefit rating board approval.

SEE HAND OUT # 6:

Application for Classification or Reclassification Open Space Land



DESIGNATED FOREST LAND



The Washington State Legislature also wanted to encourage the use of land to grow trees used for this purpose to be valued for property tax purposes at its current use rather than its "highest and best use". The taxable value is based upon the DNR soil type and productivity of the land.

In addition to scenic and recreational spaces, healthy forests provide:

1. An enhanced water supply
2. Reduced soil erosion, Storm and flood damage
3. Habitat for wild game
4. Employment opportunities
5. Raw materials for products

As a way to encourage commercial forestry in Washington State, landowners may choose to have their land designated as forest land. This designation often results in a lower assessed value and lower taxes. Specific requirements must be met to qualify for this designation.

Requirements for Designated Forest Land

To request your land to be designated as forest land, the following requirements apply:

1. The land must be used primarily for growing and harvesting timber.
2. The land must consist of a single parcel of 5 or more acres; or multiple contiguous parcels totaling 5 or more acres. Residential home sites are not included in the 5-acre minimum.
3. Designated forest land may include land used for incidental uses that are compatible with growing and harvesting timber, but no more than ten percent of the land may be used for such incidental uses.

4. If the land has appurtenances necessary for the production, preparation, or sale of the timber products, that land may also be included.
5. You must comply with forest practice laws and regulations
6. Application must be made to the county assessor.

SEE HANDOUT #7



- 1. Notice of Continuation**
- 2. Forest Management Plan**
- 3. Request for removal**

What is required for Forest Land Designation?

1. Signatures of ALL buyers/Grantees on excise tax affidavit document in the "Box 6" continuance area.
- 2. Notice of Continuation:** Must be signed by all buyers/transferees and completed
- 3. Forest Management Plan** (unless one is on file – can check with Val). The buyer has within 60 days to provide the Assessor's Office with a forest management plan to determine eligibility to continue in the land Classification. The Buyer/transferee would need to provide their hired forester with the Forest Management Plan template. The original "notarized" signature page needs to be provided to the Assessor's Office along with the forest plan (prefer email, on CD or hardcopy).

NOT CONTINUING:

If the Property is not going to be continued, the current owner needs to provide the original of the "**REQUEST TO REMOVE**" document. This will have to be removed with the compensating taxes paid before the transfer could be processed. Please allow time for this process. The Treasurer's office has up to 7 days to process.

THE CATCH



All these programs have a catch. The catch is the same for all programs except the Designated Forest Program which is explained separately in the next paragraph. Now, what's the catch? Well if the landowner whose land is in any of these programs fails to provide the proof required or removes the land from the intended purpose, then the land will be removed from the program. If this occurs, 7 years of back taxes are due along with interest and penalties. Back taxes are based on the difference between the current use value and the market value and the tax rate in effect for the previous year. Interest is applied at the delinquent rate for the past 7 years and a penalty of 20 percent is added. The legislature's purpose for applying the taxes and interest penalties for removal of land from these programs is to encourage long-term retention of land in these programs. If the land is being sold and will not be kept in the program, the seller is responsible for paying the back taxes, interest and penalties. If the land is being sold and the new buyer intends to continue using the land for the intended purpose of the program and signs a continuance on the real estate tax affidavit when the property changes hands, no taxes penalties, or interest will be due.

However, if the land is not subsequently used for the intended purpose or appropriate proof is not provided during an audit, it will be removed from the program and the new owner will owe 7 years of taxes, interest and penalties even if he or she has owned the land for less than 7 years.

As for the Designated Forest Program, upon removal, you will be required to pay compensating tax unless the removal meets one of the exceptions outlined in RCW 84.33.140(13) or (14). The amount of compensating tax is the difference between the last Designated Forest Land value and the new assessed value of the land. This amount is then multiplied by the last levy rate extended against the land and multiplied by the number of years the land was designated as forest land, not to exceed nine (9). Compensating taxes will also be due on the land from January 1 of the year the designation is removed up to the removal date.

Here's a strange Current Use story:

Purchase and sale agreement was received by closer on December 11th, with a projected closing date of 1/4/17. In the agreement, it said the property was in AG classification and the purchasers were not going to continue it so the sellers agreed to take out of classification and pay the 7 years back taxes plus penalties and interest. Everyone, including both agents were aware of this.

Closer was being very pro-active and sent the documents to the seller to complete to take out of this status and received them back from the seller and sent to the assessor's office to be processed, as it was very close to year end and she wanted to be ready for the closing on 1/4/17.

She got the documents and the amount that was owed on 12/29/16 and called the seller and gave him the amount that was owed. He was very upset with her that she already sent them in.

He failed to tell the closer and his agent, that when the property was put into classification in 2008 the property was assessed the following year at a very high amount, almost doubled. The seller complained and finally got the taxes lowered for the following years.

He purposely set the closing date for 2017 so that the highest year would drop off and it would save him over \$2,500 in taxes and penalties for that one high year. Since the closer sent in the form in 2016, it was based on 7 years back from that year, not 2017.

The closer called the Assessor who had to call the Treasurer on this. Since it was now 2017 the taxes for 2017 were not certified until 2/15/17 so it was "locked-out" and they were not able to do anything.

The removal from Current Use was cancelled. The closing was extended to 3/1/17 so the closer could then apply for the removal after 2/15/17 which would then allow the seller to save the money he had planned to save but neglected to tell the right parties what he was doing!

F.I.R.P.T.A.
(Foreign Investment in Real Property Tax Act of 1980)

NWMLS Form 21 has added a few new lines on FIRPTA as of 7-24-15

Page 1 of 5:

#14 Seller Citizenship: Seller warrants that Seller ___ is a U.S. Citizen ___ is a foreign person for purposes of U.S. Taxation.

Page 3 of 5:

Lines 113-117:

Seller Citizenship and FIRPTA. Seller warrants that the identification of Seller's citizenship status in Specific Term No 14 is correct. Seller shall prepare and execute a certification (NWMLS Form 22 E, or equivalent) under the Foreign Investment in Real Property Tax Act ("FIRPTA") at Closing and provide the certification to the Closing Agent. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.

SEE HANDOUT #2 – NWMLS FORM 22E

Page 5 of 5:

Any change in the terms presented in an offer or counteroffer, other than the insertion of the seller's name and the Seller's warranty of citizenship status.....

NOTE: CHANGES EFFECTIVE 2/17/16:

On December 18, 2015, President Barack Obama signed the Protecting Americans from Tax Hikes Act of 2015 (PATH Act) into law. The PATH Act makes significant changes to provisions of the Internal Revenue Code of 1986, as amended with respect to the Foreign Investment in Real Property Act of 1980 (FIRPTA).

The Foreign Investment in Real Property Tax Act (“FIRPTA”) provides that the disposition of a U.S. real property interest by a foreign person for the purposes of U.S. income taxation is subject to income withholding. Under FIRPTA, **the buyer is responsible for determining if the seller is a foreign person and if the buyer fails to do so, the buyer could be liable for the tax.**

Effective February 17, 2016, FIRPTA withholding was imposed at a rate of 15% (an increase from 10%) on the amount realized from the sale (i.e. the purchase price).

There are two notable exceptions:

- If the amount realized does not exceed \$300,000 and the buyer will use the property as the buyer’s personal residence – then there is no tax withhold.
- If the amount realized exceeds \$300,000, but does not exceed \$1,000,000 and the buyer will use the property as the buyer’s personal residence, then the tax withheld is 10%.

Buyer intends to use property as residence	Yes	No
\$300,000 and under on amount realized	\$0	15%
\$1,000,000 and under on amount realized	10%	15%
\$1,000,001 and over on amount realized	15%	15%
Regardless of buyer intended use		

Real Estate agents and Settlement agents should carefully review purchase and sale contracts for transactions scheduled to close on or after February 27, 2016. Specifically, NWMLS has made appropriate changes to Addendum 22E – FIRPTA Certification relative to the percentage changes. In addition, they should continue to pay attention to the information provided at Paragraph 14, Form 21 PSA and contained in Section J., as applicable.

Additional provisions of the PATH Act address taxation of real property interests held in a real estate investment trust (REIT), a real estate investment company (RIC) or by a qualified foreign pension plan. Agents should make certain their customers contact independent tax professionals for guidance in these matters.

If you have any further questions regarding this issue, please seek professional advice from your attorney or tax advisor.

A LIMITED PRACTICE OFFICER CAN NOT ASSIST YOU OR YOUR CLIENT IN PREPARING ANY OF THE FRIPTA DOCUMENTS – IT IS AGAINST THE RULES OF APR 12.

THE CLOSING TABLE IS NOT THE PLACE TO DISCOVER THAT THE SELLERS ARE OF FOREIGN STATUS AND DO NOT HAVE A TIN OR EIN

IRS 1099 Reporting

Proceeds from real estate transaction must be reported to the IRS on the Form 1099-S. Real Estate transaction includes the sale or exchange of residential, commercial, agricultural, vacant land, multi-family etc.

The laws pertaining to 1099-S reporting proceeds from real estate transactions were amended in 1998. The IRS now allows for the use of a capital gains Certification in connection with the sale or exchange of certain residential property. Use of such a Certification eliminates the requirements that Form 1099-S be completed and filed with the IRS. This Certification now falls under “exceptions” in the 1099-S reporting Regulations. The IRS has set out specific guidelines for the use of the certification... The certification is called: *CERTIFICATION FOR NO INFORMATION REPORTING ON THE SALE OR EXCHANGE OF A PRINCIPAL RESIDENCE*

The Certificate may be used as an alternative to FORM 1099-S reporting for sales or exchanges of a principal residence where the sale price is \$250,000 or less for a single person or \$500,000 or less for a married couple.

The Certification must be in writing and signed by each seller, including spouses, under penalties of perjury. Each spouse must execute a separate Certification. **If a seller answers false to any of the assurances listed in Part II of the Certification you must file a 1099-S**

Now we shall review the form (which is on the next page)

At the very top of the form, it says:

“this information is necessary to determine whether the sale or exchange should be reported to the seller, and to the Internal Revenue Service on Form 1099-S, Proceeds from Real Estate Transactions.”

Part I. Seller Information

Name of seller

Address of seller

TIN number

And then they need to answer the questions on whether their primary residence yes or no. If no, skip part II and sign at bottom

If yes, then proceed:

Part II. Seller Assurances

There is a series of 6 questions that are all true/false questions. They must read these carefully. I find that if the client is sitting in front of me and has read the question and still has a puzzling look on their face, I tell them to read the question out loud and then they always seem to understand the question so much better.

Then they sign the bottom. Bear in mind whether checked true or false, will determine whether a reporting will be done by the closer to the sellers AND the IRS.

CERTIFICATION FOR NO INFORMATION REPORTING ON THE SALE OR EXCHANGE OF A PRINCIPAL RESIDENCE

This form may be completed by the seller of a principal residence. This information is necessary to determine whether the sale or exchange should be reported to the seller, and to the Internal Revenue Service on Form 1099-S, *Proceeds From Real Estate Transactions*. If the seller properly completes Parts I and III, and makes a "true" response to assurances (1) through (6) in Part II (or a "not applicable" response to assurance (6)), no information reporting to the seller or to the Service will be required for that seller. The term "seller" includes each owner of the residence that is sold or exchanged. Thus, if a residence has more than one owner, a real estate reporting person must either obtain a certification from each owner (whether married or not) or file an information return and furnish a payee statement for any owner that does not make the certification.

Part I. Seller Information

- 1 Name Sally Seller
- 2 Address or legal description (including city, state, and ZIP code) of residence being sold or exchanged
1234 anywhere street, Spokane, WA 99201
- 3 Taxpayer Identification Number (TIN) 123-12-1234 at _____% of Gross Sales Price
- 4 Is this Property a Primary Residence? Yes/No. If no, skip part II and sign at bottom.

Part II. Seller Assurances

Check "true" or "false" for assurances (1) through (5), and "true", "false", or "not applicable" for assurance (6).

True False

- (1) I owned and used the residence as my principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence.
- (2) I have not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence.
- (3) I (or my spouse or former spouse, if I was married at any time during the period beginning after May 6, 1997, and ending today) have not used any portion of the residence for business or rental purposes after May 6, 1997.

True False

- (4) At least one of the following three statements applies:
The sale or exchange is of the entire residence for \$250,000 or less.

OR

I am married, the sale or exchange is of the entire residence for \$500,000 or less, and the gain on the sale or exchange of the entire residence is \$250,000 or less.

OR

I am married, the sale or exchange is of the entire residence for \$500,000 or less, and (a) I intend to file a joint return for the year of the sale or exchange, (b) my spouse also used the residence as his or her principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence, and (c) my spouse also has not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the principal residence.

- (5) During the 5-year period ending on the date of the sale or exchange of the residence, I did not acquire the residence in an exchange to which section 1031 of the Internal Revenue Code applied.

True False N/A

- (6) If my basis in the residence is determined by reference to the basis in the hands of a person who acquired the residence in an exchange to which section 1031 of the Internal Revenue Code applied, the exchange to which section 1031 applied occurred more than 5 years prior to the date I sold or exchanged the residence.

Part III. Seller Certification

Under penalties of perjury, I certify that all the above information is true as of the end of the day of the sale or exchange.

Seller Signature: Sally Seller

Date

AND FINALLY, WHAT ABOUT CAPITAL GAINS?

Many times, at closing when the seller is completing the 1099 input form, they ask the question, will I be subject to capital gains. And, of course the answer we give at closing is that you need to check with your accountant on this. And, I'm sure they ask agents the same questions as many times after I say that they look at their agent and I'm hoping this is what they are saying because just like me not wanting to put on my "attorney or accountant hat" neither do you.

Let's look at Capital Gains a bit:

What is long-term capital gain?

The term "capital gain" simply refers to a profit made by selling an asset for more than you paid for it. As an example, if you paid \$3,000 for a stock investment and sell it for \$4,000, you'd have a \$1,000 capital gain on the sale.

The IRS splits capital gains into two distinct baskets for tax purposes: long- and short-term capital gains. A short-term capital gain occurs if you owned the asset for a year or less. If this is the case, the gain is considered ordinary income and is taxed at your applicable marginal tax rate.

On the other hand, if you owned the asset for a least a year and a day, any profit made upon the sale of the asset is considered a long-term gain and is taxed at preferential rates.

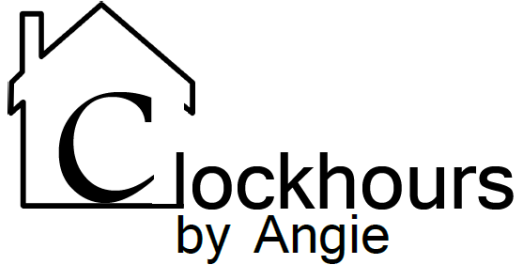
Quiz for "I owe, I owe, I owe"

1	The property tax system for Spokane County is based on the annual budget.	True	False
2	There are only 10 tax districts in Spokane County.	True	False
3	Spokane County taxes are due April 30 th and October 31 st of each year.	True	False
4	Interest on delinquent property taxes is charged at the rate of 18%.	True	False
5	The Spokane Register of Historic Places was established in 1981 and 1982.	True	False
6	If you are applying for an Urban Center exemption, it must be 8 or more units.	True	False
7	Property with assessed value of \$500.00 or less must pay the full taxes by April 30	True	False
8	To obtain a senior exemption on your taxes you must be 66 and retired.	True	False
9	Excise tax is based on the sales price of the property and has different tiers that will affect the total.	True	False
10	100% of the excise tax collected goes into the state general fund.	True	False
11	A sales tax is a consumption tax imposed by the government.	True	False
12	Use Tax is typically charged to the purchaser.	True	False
13	The Open Space Taxation Act was enacted in 1970.	True	False
14	The Open Space Act was set up so homeowners could plant gardens in their yards for their own use.	True	False
15	There are three programs in this act.	True	False
16	Current Use Farm and Ag is to encourage commercial farming.	True	False
17	Once you are approved for the Current Use program, you never have to provide proof to the County to remain in the program. It is for life.	True	False
18	A seller can take their property out of Current use anytime with no additional taxes due, as the reduction while on that program was a gift from the County.	True	False
19	Timber, Agriculture and open space are the three programs available	True	False
20	Compensating Tax is the difference between the current use tax and the full fair market value tax.	True	False

I hereby attest that I have read the material and answered the questions.

Signature _____

Date _____



Mandatory Evaluation for

"I owe, I owe, I owe"

Please fill out the following form and return with your completed clock hour class quiz.

Name/ Company: _____

Address: _____

City, State, Zip: _____

Phone: (personal) _____ (work) _____

Email: _____

License Renewal Date: _____

Signature: _____ Date: _____

1. What are 3 things that you learned from this course?

1. _____
2. _____
3. _____

2. Do you feel the clock hour material was easy to follow? _____

3. Did the material give you information to help you in your profession? _____

4. Will the material help you with future transactions? _____

5. Why did you choose to take this course? Topic __ Time __ Cost __ Ease __ Other __

6. How long did this class take you to complete? _____ (a "clock hour" is 50 minute)

How will you pay for this correspondence class?

____ cash ____ check ____ debit/credit information needed:

Card number _____ Exp date _____

Zip code of where bill is mailed _____ three-digit code on back of card _____

Instructions for Completing the Application

2

Parts 1 through 5

Provide the information requested in Parts 1 through 4. Leave the "County Use Only" areas blank. In **Part 1**, a co-tenant is someone who lives with you and has an ownership interest in your home. Your signature in **Part 5** must have two witnesses. If you do not have anyone available to witness your signature, take your completed application to the Assessor's Office and someone there will witness your signature. To avoid delays in processing your application, remember to answer all questions and include all of the required documentation. If you have questions about what to include, contact your County Assessor's Office.

PAGE 2 - How is disposable income calculated?

The Legislature gave "disposable income" a specific definition. According to RCW 84.36.383(5), "disposable income" is adjusted gross income, as defined in the federal internal revenue code, plus all of the following that were not included in, or were deducted from, adjusted gross income:

- ◆ Capital gains, other than a gain on the sale of a principal residence that is reinvested in a new principal residence;
 - ◆ Amounts deducted for losses or depreciation;
 - ◆ Pensions and annuities;
 - ◆ Social Security Act and railroad retirement benefits;
 - ◆ Military pay and benefits other than attendant-care and medical-aid payments;
 - ◆ Veterans pay and benefits other than attendant-care, medical-aid payments, veterans' disability benefits, and dependency and indemnity compensation; and
 - ◆ Dividend receipts and interest received on state and municipal bonds.
- ◆ **This income is included in "disposable income" even when it is not taxable for IRS purposes.**

What if my income changed in mid-year?

If your income was substantially reduced (or increased) for at least two months before the end of the year and you expect that change in income to continue indefinitely, you can use your new average monthly income to estimate your annual income. Calculate your income by multiplying your new average monthly income (during the months after the change occurred) by twelve. Report this amount on Line K and do not complete Lines A through J. Provide documentation that shows your new monthly income and when the change occurred.

Example: You retired in May and your monthly income was reduced from \$3,500 to \$1,000 beginning in June. Multiply \$1,000 x 12 to estimate your new annual income.

Important: Include all income sources and amounts received by you, your spouse/domestic partner, and any co-tenants during the application/assessment year (the year before the tax is due). If you report income that is very low or zero, attach documentation showing how you meet your daily expenses.

Use **Line K** to report any income not reported on your tax return and not listed on Lines A through J. Include foreign income not reported on your federal tax return and income contributed by other household members. Provide the source and amount of the income.

Lines L - O - What is combined disposable in

RCW 84.36.383(4) defines "combined disposable as your disposable income plus the disposable income of your spouse or domestic partner and any co-tenants, minus amounts paid by you or your spouse or domestic partner for:

- ◆ Prescription drugs;
- ◆ Treatment or care of either person in the home or in a nursing home, boarding home, or adult family home; and
- ◆ Health care insurance premiums for Medicare. (At this time, other types of insurance premiums are not an allowable deduction.)

Care or treatment in your home means medical treatment or care received in the home, including physical therapy. You can also deduct costs for necessities such as oxygen, special needs furniture, attendant-care, light housekeeping tasks, meals-on-wheels, life alert, and other services that are part of a necessary or appropriate in-home service.

Special instructions for Line P.

If you had adjustments to your income for any of the following and you did not file an IRS return, report these amounts on Line P and include the IRS form or worksheet you used to calculate the amount of the adjustment.

- ◆ Certain business expenses for teachers, reservists, performing artists, and fee-basis government officials
- ◆ Self-employed health insurance or contributions to pension, profit-sharing, or annuity plans
- ◆ Health savings account deductions
- ◆ Moving expenses
- ◆ IRA deduction
- ◆ Alimony paid
- ◆ Student loan interest, tuition, and fees deduction
- ◆ Domestic products activities deduction

What are the program benefits?

The taxable value of your home will be "frozen" as of January 1 in the year you first qualify for this program. Even though your assessed value may change, your taxable value will not increase above your frozen value. In addition, your combined disposable income determines the level of reduction (exemption) in your annual property taxes. **Note:** In 2015, the Legislature increased the income thresholds effective for taxes levied for collection in 2016 and forward. The following thresholds apply to 2016 and forward.

Income	Level of Reduction
0 - \$30,000	Exempt from regular property taxes on \$60,000 or 60% of the valuation, whichever is greater, plus exemption from 100% of excess levies.
\$30,001 - \$35,000	Exempt from regular property taxes on \$50,000 or 35% of the valuation, whichever is greater, not to exceed \$70,000, plus exemption from 100% of excess levies.
\$35,001 - \$40,000	Exempt from 100% of excess levies.

CONTACT YOUR COUNTY ASSESSOR'S OFFICE FOR ASSISTANCE IN COMPLETING THIS FORM.

Documentation to Include

You must provide documentation to the Assessor for all income received by you, your spouse, domestic partner, and any co-tenants.

2

PROOF OF INCOME

Federal Tax Forms

If you filed a federal tax return, provide a complete copy including, but not limited to, all of the following forms or schedules that are part of your federal return.

- IRS Form 1040, 1040A, or 1040EZ
- Schedule B - Interest & Ordinary Dividends
- Schedule C - Profit & Loss from Business
- Schedule D - Capital Gains & Losses
- Schedule E - Supplemental Income & Loss
- Schedule F - Profit & Loss from Farming
- Form 1116 - Foreign Tax Credit
- Form 4797 - Sales of Business Property
- Form 6252 - Installment Sale Income
- Form 8829 - Expenses for Business Use of your Home
- Social Security Statement (Generally, SSA 1099)
- K-1's

Non-IRS Filers:

If you do not file an IRS return, you must provide documentation of all income received by you, your spouse/domestic partner, and any co-tenants.

Other Documents:

Include copies of standard federal forms and documents used by others to report income they paid out including, but not limited to, the following:

1. W-2's - Wage & Tax Statement
- W-2-G - Certain Gambling Winnings
2. 1099's:
 - 1099-B - Proceeds from Broker & Barter Exchange
 - 1099-Div - Dividends & Distributions
 - 1099-G - Unemployment Compensation, State & Local Income Tax Refunds, Agricultural Payments
 - 1099-Int - Interest Income
 - 1099-Misc - Contract Income, Rent & Royalty Payments, Prizes
 - 1099-R - Distributions from Pensions, Annuities, IRA's, Insurance Contracts, Profit Sharing Plans
 - 1099-S - Proceeds from Real Estate Transactions
 - RRB-1099 - Railroad Retirement Benefits
 - SSA-1099 - Social Security Benefits

Other Income Sources

If you have income from other sources and you did not receive a W2 or 1099 for the income you received, provide the following:

- a statement from the organization that issued the payments; and/or
- copies of your monthly bank statements with a statement describing the type of income received (e.g. tips, cash earned from yard sales or odd jobs, rental income, groceries purchased for you in return for a room in your house, etc.).

PROOF OF EXPENSES

Provide documentation for all allowable out-of-pocket expenses that were not reimbursed by insurance or a government program.

Provide a copy of an invoice, bill, or cancelled check if you or your spouse or domestic partner paid for any of the following:

- Care in a nursing home, boarding home, or adult family home
- In-home care
- Prescription drugs (Most pharmacies will provide a print-out for the year if you ask for one.)
- Medicare Prescription Drug or Medicare Advantage insurance plans

PROOF OF AGE OR DISABILITY AND PROOF OF OWNERSHIP AND RESIDENCY

You must provide documentation to the Assessor demonstrating you meet the age or disability, ownership, and residency requirements such as:

- A copy of your driver's license or state issued photo id.
- A copy of your voter registration.
- A copy of your birth certificate.
- If your eligibility is based on a disability, a copy of your disability award letter from SSA or VA, or a Proof of Disability statement completed and submitted by your physician.
- A complete copy of your trust documents, if applicable.

Please call 1-800-647-7706. Teletype (TTY) users may use the

REAL ESTATE EXCISE TAX AFFIDAVIT
CHAPTER 82.45 RCW - CHAPTER 458-61A WAC

This form is your receipt when stamped by counties

3

PLEASE TYPE OR PRINT

THIS AFFIDAVIT WILL NOT BE ACCEPTED UNLESS ALL AREAS ON ALL PAGES ARE FULLY COMPLETED
(See back of last page for instructions)

Check box if partial sale of property. If multiple owners, list percentage of ownership next to name.

<p>1 Name _____</p> <p>Mailing Address _____</p> <p>City/State/Zip _____</p> <p>Phone No. (including area code) _____</p>	<p>2 Name _____</p> <p>Mailing Address _____</p> <p>City/State/Zip _____</p> <p>Phone No. (including area code) _____</p>
<p>3 Send all property tax correspondence to <input type="checkbox"/> Same as Buyer/Grantee</p> <p>Name _____</p> <p>Mailing Address _____</p> <p>City/State/Zip _____</p> <p>Phone No. (including area code) _____</p>	
<p>4 Street address of property _____</p> <p>The property is located in <input type="checkbox"/> unincorporated _____ County OR within <input type="checkbox"/> city of _____</p> <p><input type="checkbox"/> Check box if any of the listed parcels are being segregated from another parcel, are part of a boundary line adjustment or parcels being merged.</p> <p>Legal description of property (if more space is needed, you may attach a separate sheet to each page of the affidavit)</p>	

NOTE #3 must be completed to where future tax statements sent.

5 Select Land Use Code(s): _____

enter any additional codes: _____
(See back of last page for instructions)

Was the seller receiving a property tax exemption or deferral under chapters 84.36, 84.37, or 84.38 RCW (nonprofit organization, senior citizen, or disabled person, homemaker with limited income)? YES NO

6 Is this property designated as forest land per chapter 84.33 RCW? YES NO

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

Is this property receiving special valuation as historic property per chapter 84.26 RCW? YES NO

If any answers are yes, complete as instructed 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 agriculture, or timber) land, you must sign on (3) below. The county assessor must then determine if the land transferred continues to qualify and will indicate by signing below. If the land no longer qualifies or you do not wish to continue the designation or classification, it will be removed and the corresponding or additional taxes will be due and payable by the seller or transferee at the time of sale. (RCW 84.33, 140 or RCW 84.34 108). Prior to signing (3) below, you may contact your local county assessor for more information.

This land does does not qualify for continuance.

DEPUTY ASSESSOR _____ DATE _____

(2) NOTICE OF COMPLIANCE (HISTORIC PROPERTY) NEW OWNER(S): To continue special valuation as historic property, sign (3) below. If the new owner(s) does not wish to continue, all additional tax calculated pursuant to chapter 84.26 RCW, shall be due and payable by the seller or transferee at the time of sale.

(3) OWNER(S) SIGNATURE _____

PRINT NAME _____

7 List all personal property (tangible and intangible) included in selling price.

If claiming an exemption, list WAC number and reason for exemption:

WAC No. (Section/Subsection) _____

Reason for exemption _____

Type of Document _____

Date of Document _____

Gross Selling Price \$ _____

*Personal Property (deduct) \$ _____

Exemption Claimed (deduct) \$ _____

Taxable Selling Price \$ _____

Excise Tax: State \$ _____

Local \$ _____

*Delinquent Interest: State \$ _____

Local \$ _____

*Delinquent Penalties \$ _____

State/Territory _____

County _____

City/Town/Village _____

IN FEES(S) AND/OR TAXES _____

NOTE #6 - Current use Section

8 I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Signature of Grantor or Grantor's Agent _____	Signature of Grantee or Grantee's Agent _____
Name (print) _____	Name (print) _____
Date & city of signing _____	Date & city of signing _____

Perjury: Perjury is a class C felony which is punishable by imprisonment in the state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars (\$5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C)).

REV 84 0001a (05/11/15) THIS SPACE - TREASURER'S USE ONLY COUNTY TREASURER

WAC 458-61A-100

Real estate excise tax – Overview

- (1) Introduction. Chapter 82.45 RCW imposes an excise tax on every sale of real estate in the State of Washington. All sales of real property in this state are subject to the real excise tax unless specifically exempted by chapter 82.45 RCW and these rules. The general provisions for the administration of the state's excise taxes contained in chapter 82.32 RCW apply to the real estate excise tax, except as provided in RCW 82.45.150. This chapter provides applicable definitions, describes procedures for payment, collection, and reporting of the tax, explains when penalties and interest are imposed on late payment, describes those transactions exempted from imposition of the tax, and explains the procedures for refunds and reviews.

LEGISLATION ADOPTED IN 2010. Effective May 1, 2010, chapter 23, Laws of 2010sp.sess. established new requirements regarding:

- (a) Sales of real estate that result from the transfer of a controlling interest in an entity that owns real property. See WAC458-61A-101
- (b) Enforcement of tax liability. See WAC 458-61A-301
- (c) Imposition of tax.
- (d) The taxes imposed are due at the time the sale occurs, **are the obligation of the seller**, and, in most instances are collected by the County upon presentation of the documents of sale for recording in the public records.

WAC 458-61A-301

Payment of tax, collection responsibility, audit responsibility and tax rulings.

- (1) Tax imposed.
- (a) The taxes imposed are due at the time the sale occurs and are collected by the county when the documents of sale are presented for recording or, in the case of a transfer of controlling interest (see WAC 458-61A-101), by department
 - (b) The tax is imposed upon the seller.**



OFFICE USE ONLY

TRN

Period/Year /

Consumer Use Tax Return

5

Use this return to report and pay use tax on items you purchased without paying Washington sales tax. Questions? Call us at 1-800-647-7706.

Do not use this form if you are:

- **A business.** Report use tax for business-related purchases on your combined excise tax return. If your business does not have an assigned reporting frequency, then you may use this form.
- **Reporting use tax on automobiles, vessels, or airplanes.** Use tax on automobiles, vessels or airplanes must be paid by contacting your local [Revenue office](#) or [vehicle licensing office](#).

Purchase information

- * To find the **Location Code** and **Total Tax Rate**, use the [Tax Rate Lookup Tool](#) on our website. The location code refers to the address where the item was first used in Washington (usually your home).
- ** If you made purchases in a state with a tax rate lower than Washington State, enter taxes paid next to **Credit for taxes paid****.

General Description of Item(s) Purchased	Location Code* (46)	Item Value (i.e. purchase price)	Total Tax Rate* <small>Enter as a decimal: 0.087</small>	Tax Due
		\$	x =	\$
		\$	x =	\$
		\$	x =	\$
		\$	x =	\$
		\$	x =	\$
Total value of all items (05)		\$	Subtotal	\$
<i>Credit for taxes paid**</i>				-\$
Total use tax due				\$

Your information

Name: _____ Phone: _____

Address: _____ City: _____ ST: _____ Zip: _____

Signature: _____ Date: _____

Make check payable to: Department of Revenue

Mail return and check to: Washington State Department of Revenue
PO Box 94481
Seattle, WA 98124-6781

For tax assistance or to inquire about the availability of this document in an alternate format, please call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.

6

When Recorded Return to:

Notice of Continuance
Land Classified as Current Use or Forest Land
 Chapter 84.34 and 84.33 Revised Code of Washington

Grantor(s)/Sellers: _____

Grantee(s)/Buyers: _____

Mailing Address: _____

City, State, Zip: _____ Phone No: _____

Assessor's Parcel No: _____

Address: _____

Legal Description:

Date of Sale or Transfer: _____ Date Notice of Continuance Received by Assessor: _____

Reference numbers of documents assigned or released: _____

Interest in property: Fee Owner Contract Purchaser Other

If the new owner(s) of land classified as current use or designated as forest land wishes to continue the classification or designation, the new owner(s) must sign the last page of this form. A signature is not required if land is transferred to an owner who is an heir or devisee of a deceased owner or transferred by a transfer on death deed and the new owner wants to continue classification or designation. The county assessor must then determine if the land continues to qualify. The county assessor has 15 calendar days, from the date all documentation is received, to determine whether the land will continue to qualify. All new owners must sign before the conveyance is recorded or filed. If the new owner(s) do(es) not desire to continue the classification or designation, all additional tax, interest, and penalty or compensating tax calculated pursuant to RCW 84.34.108 or RCW 84.33.140, will be due and payable by the seller or transferor at the time of sale. Payment in full is required before the conveyance can be recorded or filed.

For Official Office Use Only	
Transfer Document _____	Real Estate Excise Tax No. _____

To ask about the availability of this publication in an alternate format for the visually impaired, please call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1400.

A. CLASSIFICATION UNDER CHAPTER 84.34 RCW. I/we request that this land retain the current use classification as Open Space Land Farm & Agricultural Land Timber Land and I am/we are aware of the following land use classifications;

1. OPEN SPACE LAND MEANS EITHER:

- 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: (i) conserve and enhance natural or scenic resources; (ii) protect streams or water supply; (iii) promote conservation of soils, wetland, beaches, or tidal marshes; (iv) enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries or other open space; (v) enhance recreation opportunities; (vi) preserve historic sites; (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; or
- c. any land that meets the definition of farm and agricultural conservation land. "Farm and agricultural conservation land" is either: (i) land that was previously classified as farm and agricultural land under RCW 84.34.020(2) that no longer meets the criteria and is reclassified as open space under RCW 84.34.020(1); or (ii) 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 has a high potential for returning to commercial agriculture.

2. FARM AND AGRICULTURAL LAND MEANS EITHER:

- a. any parcel of land or contiguous parcels of land that are twenty or more acres: (i) devoted primarily to the production of livestock or agricultural commodities, for commercial purposes; or (ii) enrolled in the federal conservation reserve program or its successor administered by the United States Department of Agriculture; or (iii) other similar commercial activities as may be established by rule; or
- b. any parcel of land or contiguous parcels of land that are at least five acres but less than twenty acres devoted primarily to agricultural uses which has:
Produced a gross income equal to two hundred dollars or more per acre per year for three out of the five calendar years preceding the date of application for classification under chapter 84.34 RCW;
Standing crops with an expectation of harvest within seven years and a demonstrable investment in the production of those crops equivalent to one hundred dollars or more per acre in the current or previous year; or
Standing crops of short rotation hardwoods with an expectation of harvest within fifteen years and a demonstrable investment in the production of those crops equivalent to one hundred dollars or more per acre in the current or previous year;
For the purposes listed above, "gross income from agricultural uses" includes, but is not limited to, the wholesale value of agricultural products donated to nonprofit food banks or feeding programs;
- c. any parcel of land less than five acres devoted primarily to agricultural uses which has produced a gross income equal to fifteen hundred dollars or more per year for three out of the five calendar years preceding the date of application for classification under chapter 84.34 RCW;

"Commercial agricultural purposes" means the use of 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. In addition, commercial agricultural purposes include the following uses of agricultural land:

- Land, one to five acres which is not contiguous (in this context, means non adjoining/touching) to a classified parcel, that constitutes an integral part of the farming operation being conducted on the land qualifying as "farm and agricultural land."
 - Land, not to exceed twenty percent of classified land, that has incidental uses compatible with agricultural purposes, and also the land on which appurtenances necessary to the production, preparation or sale of the agricultural products exist in conjunction with the lands producing such products.
 - Land used primarily for equestrian-related activities, for which a charge is made, including, but not limited to, stabling, training, riding, clinics, schooling, shows, or grazing for feed.
 - Land on which the principal place of residence of the farm operator or owner of land or housing for employees is sited if the farm and agricultural land is classified pursuant to RCW 84.34.020(2)(a), if the residence or housing is on or contiguous to the classified parcel, and the use of the residence or housing is integral to the use of the classified land for agricultural purposes.
 - Any land primarily used for commercial horticultural purposes, whether under a structure or not. Land cannot be primarily used for the storage, care, or selling of plants purchased from other growers for retail sale or covered by more than 20 percent pavement if the primary use is growing plants in containers. If the primary use of the land is growing plants in containers and the land used for this purpose is less than five acres, the land will not qualify for classification if more than 25 percent is open to the general public for on-site retail sales.
3. **TIMBER LAND MEANS** any parcel or contiguous parcels of land five or more acres devoted primarily to the growing and harvesting of forest crops for commercial purposes. Timber land means the land only and does not include a residential home site. The term includes land used for incidental uses that are compatible with the growing and harvesting of timber but no more than ten percent of the land may be used for such incidental uses. It also includes the land on which appurtenances necessary for the production, preparation, or sale of the timber products exist in conjunction with land producing these products.

I/we declare that I am/we are aware of the liability of withdrawal or removal of this land from classification to the following extent:

1. If the owner has filed the proper two year notice to withdraw the classified land and the land has been classified for a minimum of ten years he/she will pay an amount equal to the difference between the tax computed on the basis of "current use" and the tax computed on the basis of true and fair value plus interest at the same statutory rate charged on delinquent property taxes. The additional tax and interest must be paid for the preceding seven tax years. This provision will not apply if there is a pending merger of a county's timber land classification and designated forest land program and the merger will occur prior to the date of withdrawal. If this occurs, the owner can choose to: (1) request immediate removal of the land from the timber land classification, (2) request immediate removal, after the merger, of the land from the designated forest land program, or (3) request the assessor to remove the land from the designated forest land program once two assessment years have passed following the receipt of the notice to withdraw. These removals will still be subject to the additional tax, interest, and penalty, or compensating tax.
2. If land is removed from classification and the removal does not meet one of the exceptions listed in (3) below, the additional tax and interest described in 1 above plus a penalty of twenty percent on the sum of the additional tax and interest will be imposed on the owner. The additional tax, interest, and penalty must be paid for the preceding seven tax years and from January 1 of the year of removal up to the date of removal.
3. The additional tax, interest, and penalty will not be imposed if the withdrawal or removal from classification resulted solely from:
 - a. transfer to a government entity in exchange for other land located within the state of Washington;
 - b. a taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of this power, said entity having manifested its intent in writing or by other official action.

- c. a natural disaster such as a flood, windstorm, earthquake, or other calamity rather than by virtue of the act of the landowner changing the use of the classified land;
- d. official action by an agency of the state of Washington or by the county or city within which the land is located that disallows the present classified use of the land;
- e. transfer of land to a church when the land would qualify for exemption pursuant to RCW 84.38.020;
- f. acquisition of property interests by a state agencies or agencies or organizations qualified under RCW 64.04.130 and RCW 84.34.210 for the purposes enumerated in those sections;
- g. removal of classified farm and agricultural land under RCW 84.34.020(2)(f) on which the principal residence of the farm operator or owner or housing for employees is located;
- h. removal of land from classification after enactment of a statutory exemption that qualifies the land for exemption and receipt of notice from the owner to remove the land from classification;
- i. the creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;
- j. the creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;
- k. The sale or transfer within two years after the death of an owner with at least a fifty percent interest in the land if the land has been continuously assessed and valued as designated forest land under chapter 84.33 RCW or classified under chapter 84.34 RCW since 1993 and the individual(s) or entity(ies) receiving the land from the deceased owner is selling or transferring the land. The date of death shown on a death certificate is the date used; or
- l. The discovery that the land was classified in error through no fault of the owner.

B. CLASSIFICATION UNDER CHAPTER 84.33 RCW. I/we request that this land retains its designation as forest land and I am/we are aware of the following definition of forest land.

FOREST LAND is synonymous with designated forest land and means any parcel of land or contiguous parcels of land at least five acres that is primarily devoted to and used for growing and harvesting timber and means the land only.

I/we declare that I am/we are aware of the liability of removal of this land from designated forest land and upon removal a compensating tax will be imposed that is equal to the difference between the amount of tax last levied on the land as "forest land" and an amount equal to the new assessed valuation of the land as of January 1 of the year of removal, multiplied by the dollar rate of the last levy extended against the land, multiplied by a number, not greater than nine, equal to the number of years the land was designated as forest land. Compensating tax will also be due on the land from January 1 of the year the designation is removed up to the removal date.

The compensating tax will not be imposed if the removal of designation resulted solely from:

- a. transfer to a government entity in exchange for other forest land located within the state of Washington;
- b. a taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of this power based on official action taken by the entity and confirmed in writing;
- c. a donation of fee title, development rights, or the right to harvest timber, to a government agency or organization qualified under RCW 84.34.210 and 64.04.130 for the purposes enumerated in those sections;
- d. the sale or transfer of fee title to a governmental entity or a nonprofit nature conservancy corporation, as defined in RCW 64.04.130, exclusively for the protection and conservation of lands recommended for state natural area preserve purposes by the natural heritage council and natural heritage plan as defined in chapter 79.70 RCW or approved for state natural resources conservation area purposes as defined in chapter 79.71 RCW, or for acquisition and management as a community forest trust as defined in chapter 79.155 RCW. At such time as the land is not used for the purposes enumerated, the compensating tax will be imposed upon the current owner;
- e. the sale or transfer of fee title to the parks and recreation commission for park and recreation purposes;
- f. the creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;

- g. the creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;
- h. the sale or transfer within two years after the death of an owner with at least a fifty percent interest in the land if the land has been continuously assessed and valued as designated forest land under chapter 84.33 RCW or classified under chapter 84.34 RCW since 1993 and the individual(s) or entity(ies) receiving the land from the deceased owner is selling or transferring the land. The date of death shown on a death certificate is the date used;
- i. the discovery that the land was designated in error through no fault of the owner; or
- j. a transfer of a property interest, in a county with a population of more than six hundred thousand inhabitants or in a county with a population of at least two hundred forty-five thousand inhabitants that borders Puget Sound as defined in RCW 90.71.010, to a government entity, or to a nonprofit historic preservation corporation or nonprofit nature conservancy corporation, as defined in RCW 64.04.130, to protect or enhance public resources, or to preserve, maintain improve, restore, limit the future use of, or otherwise to conserve for public use or enjoyment, the property interest being transferred. At such time as the land is not used for the purposes enumerated, the compensating tax will be imposed upon the current owner.

The agreement to tax according to use of the property is not a contract and can be annulled or canceled at any time by the Legislature (RCW 84.34.070).

Please describe how you intend to use the land for continued classification or designation:*

***The assessor may require additional information from the seller(s) and/or Buyer(s) to determine whether the land will continue to qualify for classification or designation.**

***The assessor may require additional information from the seller(s) and/or buyer(s) to determine whether the land will continue to qualify for classification or designation.**

- Is there a reclassification pending for this parcel(s)? Yes No
- If yes, have you notified the granting authority, in writing, that you wish to continue with the reclassification process? Yes No
- If yes, do you understand your rights and responsibilities if the reclassification is approved or denied? Yes No

Buyer's Signature Date

Address

Buyer's Signature Date

Address

Assessor Use Only

Does the parcel(s) subject to this document meet the qualifications for classification/designation continuance? Yes No

Assessor Signature Date

If the parcel(s) subject to this document is/are considered contiguous, as defined in RCW 84.33.035(4) or RCW 84.34.020(6), with other parcels having different ownerships, then verify the following information with the purchaser:

- The parcel(s) subject to this document will be managed as part of a single operation with the other parcels having different ownerships.
- The new purchaser meets the definition of "family" as defined in RCW 84.34.020(6)(b)(ii) with the owner of an adjoining parcel.

6.

PLEASE GIVE ANY 3
OF THE LAST 5 YRS
OF INFORMATION

CROP LAND

YEAR	YOUR CROP	ACRES USED	YIELD/ ACRE	PRICE/ UNIT	FERTILLIZER COST PER AC	WEED SPRAY PER ACRE
E						
X	WHEAT	160	68 BU	3.36 BU	\$34.00	\$7.00
A	BARLEY	160	1.5 T	92.06 T	\$30.00	\$6.00
M	ALFALFA	40	25 T	60.00 T		
P	FALLOW	160	0	0		
L	LENTILS	160	800 LBS	29 CWT	\$30.00	\$10.00
E						
20__						
20__						
20__						
20__						
20__						

6.

PLEASE GIVE ANY 3
OF THE LAST 5 YRS OF
INFORMATION

ANIMAL OR ANIMAL PRODUCTS

LIST PRODUCTS FOR YOUR FARM:

YEAR	# OF ACRES INVOLVED	PRODUCT	# ANIMAL SUSTAINED	UNITS SOLD	SALES GROSS	FEED PURCHASED QUANTITY PRICE		# OF MONTHS PASTURED	QUANTITY OF FEED PRODUCED
E	160	BEEF	30	25	\$5500	60T	3900	5 MONTHS	
X									
A									
M									
P	140	SHEEP	120	160	\$8800	6 T HAY	390	7 MONTHS	
L						4.5 T GR	500		
E									
20									
20									
20									
20									

Notice of Request to Remove Current Use Assessment Classification 6

Chapter 84.34 RCW

To the _____ County Assessor.

I, _____, hereby request the removal of current use classification granted under Chapter 84.34 RCW from the following described property as of _____ (date).

Said property is presently classified as: Open Space Land Farm and Agricultural Land Timber Land
and was filed under County Auditor's Recording No. _____

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

Legal description of area from which removal of classification is requested: _____

This request refers to:

- All
 A portion of the classified land area

I acknowledge that I am aware of the additional tax liability that will be imposed when classification is removed from the above described land.

1. The additional tax to be collected shall consist of an amount equal to the difference between the property tax that was levied on the current use value and the tax that would have been levied on its true and fair value for the last seven years, or the number of years the land was classified, whichever is less, in addition to the portion of the tax year when the removal occurs, plus interest at the rate charged on delinquent taxes specified in RCW 84.56.020 from April 30 of the year when the tax could have been paid without penalty to the date when said tax is paid.
2. A penalty equal to twenty percent of the sum of the additional tax and interest specified in Item (1) above shall be collected when land is removed from current use classification unless the land had been classified at least 10 years at the time of the removal and the owner provided the assessor with a two-year notice to withdraw the land. If an intervening act causes the current use classification to be removed before the two assessment years have elapsed, the twenty percent penalty will be due.
3. The additional tax, interest and penalty shall not be imposed if removal of classification resulted solely from:
 - a. Transfer to a governmental entity in exchange for other land located within the State of Washington;
 - b. A taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power in anticipation of the exercise of such power and having manifested its intent in writing or by other official action;

- c. A natural disaster such as a flood, windstorm, earthquake, or other such calamity rather than by virtue of the act of the landowner changing the use of such property;
- d. Official action by an agency of the State of Washington or by the county or city where the land is located disallowing the present use of such land;
- e. Transfer to a church when such land would qualify for property tax exemption pursuant to RCW 84.36.020;
- f. Acquisition of property interests by State agencies or organizations qualified under RCW 84.34.210 and 64.04.130 for the purposes enumerated in those sections. RCW 84.34.108(6)(f);
- g. Removal of land classified as farm and agricultural land under RCW 84.34.020(2)(f);
- h. Removal of land from classification after enactment of a statutory exemption that qualifies the land for exemption and receipt of notice from the owner to remove the land from classification;
- i. The creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;
- j. The creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;
- k. The sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in the land if the land has been assessed and valued as classified forest land, designated as forest land under chapter 84.33 RCW, or classified under this chapter continuously since 1993. The date of death shown on a death certificate is the date used, or
- l. The discovery that the land was classified in error through no fault of the owner.

Date: _____

Signature of Property Owner

Signature of Property Owner

Address

City, State, Zip Code

Assessor Use Only

If the parcel subject to this document is considered contiguous, as defined in RCW 84.34.020(6), with other parcels having different ownerships, verify all remaining classified parcels with different ownerships are still:

- Adjoining
 Being managed as part of a single operation
 Meeting the definition of "family" as defined in RCW 84.34.020(6)(b)(ii) with the owner of an adjoining parcel

To ask about the availability of this publication in an alternate format for the visually impaired, please call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1400.

REV 64 0070e (w) (8/5/14)



Application for Classification or Reclassification
Open Space Land
Chapter 84.34 RCW

File With The County Legislative Authority

Name of Owner(s): _____ Phone No: _____
Email Address: _____
Address: _____

Parcel Number(s): _____
Legal Description:

Total Acres in Application: _____

Indicate what category of open space this land will qualify for:

- Conserve or enhance natural, cultural, or scenic resources
- Protect streams, stream corridors, wetlands, natural shorelines, or aquifers
- Protect soil resources, unique or critical wildlife, or native plant habitat
- Promote conservation principles by example or by offering educational opportunities
- Enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries, or other open spaces
- Enhance recreation opportunities
- Preserve historic or archaeological sites
- Preserve visual quality along highway, road, 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 on such conditions as may be reasonably required by the granting authority
- Farm and agricultural conservation land previously classified under RCW 84.34.020(2), that no longer meets the criteria
- Farm and agricultural conservation land that is "traditional farmland" not classified under Chapter 84.33 or Chapter 84.34 RCW, that has not been irrevocably devoted to a use inconsistent with agricultural uses, and has a high potential for returning to commercial agriculture

1. Describe the present use of the land.

2. Is the land subject to a lease or agreement which permits any other use than its present use? Yes No
If yes, attach a copy of the lease agreement.

3. Describe the present improvements (residence, buildings, etc.) located on the land.

4. Is the land subject to any easements? Yes No
If yes, describe the type of easement, the easement restrictions, and the length of the easement.

5. If applying for the farm and agricultural conservation land category, provide a detailed description below about the previous use, the current use, and the intended future use of the land.

NOTICE:
The county and/or city legislative authorities may require owners to submit additional information regarding the use of the land.

As owner of the parcel(s) described in this application, I hereby indicate by my signature below that I am aware of the additional tax, interest, and penalties involved when the land ceases to be classified under the provisions of Chapter 84.34 RCW. I also certify that this application and any accompanying documents are accurate and complete.

The agreement to tax according to use of the property is not a contract and can be annulled or canceled at any time by the Legislature (RCW 84.34.070)

Print the name of each owner:	Signature of each owner:

The granting or denial of an application for classification or reclassification as open space land is a legislative determination and shall be reviewable only for arbitrary and capricious actions. Denials are only appealable to the superior court of the county in which the land is located and the application is made.

Statement of Additional Tax, Interest, and Penalty Due Upon Removal of Classification

1. Upon removal of classification, an additional tax shall be imposed which shall be due and payable to the county treasurer 30 days after removal or upon sale or transfer, unless the new owner has signed the Notice of Continuance. The additional tax shall be the sum of the following:
 - (a) The difference between the property tax paid as "Open Space Land" and the amount of property tax otherwise due and payable for the last seven years had the land not been so classified; plus
 - (b) Interest upon the amounts of the difference (a), paid at the same statutory rate charged on delinquent property taxes; plus
 - (c) A penalty of 20% will be applied to the additional tax and interest if the classified land is applied to some other use except through compliance with the property owner's request for withdrawal as described in RCW 84.34.070(1).
2. The additional tax, interest, and penalty specified in (1) shall not be imposed if removal resulted solely from:
 - (a) Transfer to a governmental entity in exchange for other land located within the State of Washington.
 - (b) A taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power.
 - (c) A natural disaster such as a flood, windstorm, earthquake, or other such calamity rather than by virtue of the act of the landowner changing the use of such property.
 - (d) Official action by an agency of the State of Washington or by the county or city where the land is located disallows the present use of such land.
 - (e) Transfer of land to a church when such land would qualify for property tax exemption pursuant to RCW 84.36.020.
 - (f) Acquisition of property interests by State agencies or agencies or organizations qualified under RCW 84.34.210 and 64.04.130 (See RCW 84.34.108(6)(f)).
 - (g) Removal of land classified as farm & agricultural land under RCW 84.34.020(2)(f) (farm home site).
 - (h) Removal of land from classification after enactment of a statutory exemption that qualifies the land for exemption and receipt of notice from the owner to remove the land from classification.
 - (i) The creation, sale, or transfer of forestry riparian easements under RCW 76.13.120.
 - (j) The creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040.
 - (k) The sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in the land if the land has been assessed and valued as designated forest land under chapter 84.33 RCW, or classified under this chapter 84.34 RCW continuously since 1993. The date of death shown on the death certificate is the date used.
 - (l) The discovery that the land was classified in error through no fault of the owner.

FOR LEGISLATIVE AUTHORITY USE ONLY

Date application received: _____ By: _____

Amount of processing fee collected: \$

- Is the land subject to a comprehensive land use plan adopted by a city or county? Yes No
 If yes, application should be processed in the same manner in which an amendment to the comprehensive land use plan is processed.
 If no, application must be acted upon after a public hearing and notice of the hearing shall have been given by one publication in a newspaper of general circulation in the area at least ten days before the hearing.

- If the land is not subject to a comprehensive land use plan, is the land located within an incorporated part of the county? Yes No
 If yes, application must be acted upon by three members of the county legislative authority and three members of the city legislative authority. See RCW 84.34.037(1) for details.
 If no, application must be acted upon by three members of the county legislative authority.

- Application approved In whole In part
- Application denied Date owner notified of denial (Form 64 0103):

If approved, date Open Space Taxation Agreement (OSTA) was mailed to owner:

Signed OSTA received by Legislative Authority on:

Copy of signed OSTA forwarded to Assessor on:

When Recorded Return to:

Notice of Continuance
Land Classified as Current Use or Forest Land
Chapter 84.34 and 84.33 Revised Code of Washington

Grantor(s)/Sellers: _____
Grantee(s)/Buyers: _____
Mailing Address: _____
City, State, Zip: _____ Phone No: _____
Assessor's Parcel No: _____
Address: _____

Legal Description: _____

Date of Sale or Transfer: _____ Date Notice of Continuance Received by Assessor: _____

Reference numbers of documents assigned or released: _____

Interest in property: Fee Owner Contract Purchaser Other

If the new owner(s) of land classified as current use or designated as forest land wishes to continue the classification or designation, the new owner(s) must sign the last page of this form. A signature is not required if land is transferred to an owner who is an heir or devisee of a deceased owner or transferred by a transfer on death deed and the new owner wants to continue classification or designation. The county assessor must then determine if the land continues to qualify. The county assessor has 15 calendar days, from the date all documentation is received, to determine whether the land will continue to qualify. All new owners must sign before the conveyance is recorded or filed. If the new owner(s) do(es) not desire to continue the classification or designation, all additional tax, interest, and penalty or compensating tax calculated pursuant to RCW 84.34.108 or RCW 84.33.140, will be due and payable by the seller or transferor at the time of sale. Payment in full is required before the conveyance can be recorded or filed.

For Official Office Use Only
Transfer Document _____ Real Estate Excise Tax No. _____

To ask about the availability of this publication in an alternate format for the visually impaired, please call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1400.

A. CLASSIFICATION UNDER CHAPTER 84.34 RCW. I/we request that this land retain the current use classification as Open Space Land Farm & Agricultural Land Timber Land and I am/we are aware of the following land use classifications;

1. OPEN SPACE LAND MEANS EITHER:

- 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: (i) conserve and enhance natural or scenic resources; (ii) protect streams or water supply; (iii) promote conservation of soils, wetland, beaches, or tidal marshes; (iv) enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries or other open space; (v) enhance recreation opportunities; (vi) preserve historic sites; (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; or
- c. any land that meets the definition of farm and agricultural conservation land. "Farm and agricultural conservation land" is either: (i) land that was previously classified as farm and agricultural land under RCW 84.34.020(2) that no longer meets the criteria and is reclassified as open space under RCW 84.34.020(1); or (ii) 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 has a high potential for returning to commercial agriculture.

2. FARM AND AGRICULTURAL LAND MEANS EITHER:

- a. any parcel of land or contiguous parcels of land that are twenty or more acres: (i) devoted primarily to the production of livestock or agricultural commodities, for commercial purposes; or (ii) enrolled in the federal conservation reserve program or its successor administered by the United States Department of Agriculture; or (iii) other similar commercial activities as may be established by rule; or
- b. any parcel of land or contiguous parcels of land that are at least five acres but less than twenty acres devoted primarily to agricultural uses which has:
Produced a gross income equal to two hundred dollars or more per acre per year for three out of the five calendar years preceding the date of application for classification under chapter 84.34 RCW;
Standing crops with an expectation of harvest within seven years and a demonstrable investment in the production of those crops equivalent to one hundred dollars or more per acre in the current or previous year; or
Standing crops of short rotation hardwoods with an expectation of harvest within fifteen years and a demonstrable investment in the production of those crops equivalent to one hundred dollars or more per acre in the current or previous year;
For the purposes listed above, "gross income from agricultural uses" includes, but is not limited to, the wholesale value of agricultural products donated to nonprofit food banks or feeding programs;
- c. any parcel of land less than five acres devoted primarily to agricultural uses which has produced a gross income equal to fifteen hundred dollars or more per year for three out of the five calendar years preceding the date of application for classification under chapter 84.34 RCW;

"Commercial agricultural purposes" means the use of 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. In addition, commercial agricultural purposes include the following uses of agricultural land:

- Land, one to five acres which is not contiguous (in this context, means non adjoining/touching) to a classified parcel, that constitutes an integral part of the farming operation being conducted on the land qualifying as "farm and agricultural land."
 - Land, not to exceed twenty percent of classified land, that has incidental uses compatible with agricultural purposes, and also the land on which appurtenances necessary to the production, preparation or sale of the agricultural products exist in conjunction with the lands producing such products.
 - Land used primarily for equestrian-related activities, for which a charge is made, including, but not limited to, stabling, training, riding, clinics, schooling, shows, or grazing for feed.
 - Land on which the principal place of residence of the farm operator or owner of land or housing for employees is sited if the farm and agricultural land is classified pursuant to RCW 84.34.020(2)(a), if the residence or housing is on or contiguous to the classified parcel, and the use of the residence or housing is integral to the use of the classified land for agricultural purposes.
 - Any land primarily used for commercial horticultural purposes, whether under a structure or not. Land cannot be primarily used for the storage, care, or selling of plants purchased from other growers for retail sale or covered by more than 20 percent pavement if the primary use is growing plants in containers. If the primary use of the land is growing plants in containers and the land used for this purpose is less than five acres, the land will not qualify for classification if more than 25 percent is open to the general public for on-site retail sales.
3. **TIMBER LAND MEANS** any parcel or contiguous parcels of land five or more acres devoted primarily to the growing and harvesting of forest crops for commercial purposes. Timber land means the land only and does not include a residential home site. The term includes land used for incidental uses that are compatible with the growing and harvesting of timber but no more than ten percent of the land may be used for such incidental uses. It also includes the land on which appurtenances necessary for the production, preparation, or sale of the timber products exist in conjunction with land producing these products.

I/we declare that I am/we are aware of the liability of withdrawal or removal of this land from classification to the following extent:

1. If the owner has filed the proper two year notice to withdraw the classified land and the land has been classified for a minimum of ten years he/she will pay an amount equal to the difference between the tax computed on the basis of "current use" and the tax computed on the basis of true and fair value plus interest at the same statutory rate charged on delinquent property taxes. The additional tax and interest must be paid for the preceding seven tax years. This provision will not apply if there is a pending merger of a county's timber land classification and designated forest land program and the merger will occur prior to the date of withdrawal. If this occurs, the owner can choose to: (1) request immediate removal of the land from the timber land classification, (2) request immediate removal, after the merger, of the land from the designated forest land program, or (3) request the assessor to remove the land from the designated forest land program once two assessment years have passed following the receipt of the notice to withdraw. These removals will still be subject to the additional tax, interest, and penalty, or compensating tax.
2. If land is removed from classification and the removal does not meet one of the exceptions listed in (3) below, the additional tax and interest described in 1 above plus a penalty of twenty percent on the sum of the additional tax and interest will be imposed on the owner. The additional tax, interest, and penalty must be paid for the preceding seven tax years and from January 1 of the year of removal up to the date of removal.
3. The additional tax, interest, and penalty will not be imposed if the withdrawal or removal from classification resulted solely from:
 - a. transfer to a government entity in exchange for other land located within the state of Washington;
 - b. a taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of this power, said entity having manifested its intent in writing or by other official action;

- c. a natural disaster such as a flood, windstorm, earthquake, or other calamity rather than by virtue of the act of the landowner changing the use of the classified land;
- d. official action by an agency of the state of Washington or by the county or city within which the land is located that disallows the present classified use of the land;
- e. transfer of land to a church when the land would qualify for exemption pursuant to RCW 84.36.020;
- f. acquisition of property interests by a state agencies or agencies or organizations qualified under RCW 64.04.130 and RCW 84.34.210 for the purposes enumerated in those sections;
- g. removal of classified farm and agricultural land under RCW 84.34.020(2)(f) on which the principal residence of the farm operator or owner or housing for employees is located;
- h. removal of land from classification after enactment of a statutory exemption that qualifies the land for exemption and receipt of notice from the owner to remove the land from classification;
- i. the creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;
- j. the creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;
- k. The sale or transfer within two years after the death of an owner with at least a fifty percent interest in the land if the land has been continuously assessed and valued as designated forest land under chapter 84.33 RCW or classified under chapter 84.34 RCW since 1993 and the individual(s) or entity(ies) receiving the land from the deceased owner is selling or transferring the land. The date of death shown on a death certificate is the date used; or
- l. The discovery that the land was classified in error through no fault of the owner.

B. CLASSIFICATION UNDER CHAPTER 84.33 RCW. I/we request that this land retains its designation as forest land and I am/we are aware of the following definition of forest land.

FOREST LAND is synonymous with designated forest land and means any parcel of land or contiguous parcels of land at least five acres that is primarily devoted to and used for growing and harvesting timber and means the land only.

I/we declare that I am/we are aware of the liability of removal of this land from designated forest land and upon removal a compensating tax will be imposed that is equal to the difference between the amount of tax last levied on the land as "forest land" and an amount equal to the new assessed valuation of the land as of January 1 of the year of removal, multiplied by the dollar rate of the last levy extended against the land, multiplied by a number, not greater than nine, equal to the number of years the land was designated as forest land. Compensating tax will also be due on the land from January 1 of the year the designation is removed up to the removal date.

The compensating tax will not be imposed if the removal of designation resulted solely from:

- a. transfer to a government entity in exchange for other forest land located within the state of Washington;
- b. a taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of this power based on official action taken by the entity and confirmed in writing;
- c. a donation of fee title, development rights, or the right to harvest timber, to a government agency or organization qualified under RCW 84.34.210 and 64.04.130 for the purposes enumerated in those sections;
- d. the sale or transfer of fee title to a governmental entity or a nonprofit nature conservancy corporation, as defined in RCW 64.04.130, exclusively for the protection and conservation of lands recommended for state natural area preserve purposes by the natural heritage council and natural heritage plan as defined in chapter 79.70 RCW or approved for state natural resources conservation area purposes as defined in chapter 79.71 RCW, or for acquisition and management as a community forest trust as defined in chapter 79.155 RCW. At such time as the land is not used for the purposes enumerated, the compensating tax will be imposed upon the current owner;
- e. the sale or transfer of fee title to the parks and recreation commission for park and recreation purposes;
- f. the creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;

- g. the creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;
- h. the sale or transfer within two years after the death of an owner with at least a fifty percent interest in the land if the land has been continuously assessed and valued as designated forest land under chapter 84.33 RCW or classified under chapter 84.34 RCW since 1993 and the individual(s) or entity(ies) receiving the land from the deceased owner is selling or transferring the land. The date of death shown on a death certificate is the date used;
- i. the discovery that the land was designated in error through no fault of the owner; or
- j. a transfer of a property interest, in a county with a population of more than six hundred thousand inhabitants or in a county with a population of at least two hundred forty-five thousand inhabitants that borders Puget Sound as defined in RCW 90.71.010, to a government entity, or to a nonprofit historic preservation corporation or nonprofit nature conservancy corporation, as defined in RCW 64.04.130, to protect or enhance public resources, or to preserve, maintain improve, restore, limit the future use of, or otherwise to conserve for public use or enjoyment, the property interest being transferred. At such time as the land is not used for the purposes enumerated, the compensating tax will be imposed upon the current owner.

The agreement to tax according to use of the property is not a contract and can be annulled or canceled at any time by the Legislature (RCW 84.34.070).

Please describe how you intend to use the land for continued classification or designation:*

***The assessor may require additional information from the seller(s) and/or Buyer(s) to determine whether the land will continue to qualify for classification or designation.**

***The assessor may require additional information from the seller(s) and/or buyer(s) to determine whether the land will continue to qualify for classification or designation.**

Is there a reclassification pending for this parcel(s)?

Yes No

If yes, have you notified the granting authority, in writing, that you wish to continue with the reclassification process?

Yes No

If yes, do you understand your rights and responsibilities if the reclassification is approved or denied?

Yes No

Buyer's Signature

Date

Address

Buyer's Signature

Date

Address

Assessor Use Only

Does the parcel(s) subject to this document meet the qualifications for classification/designation continuance? Yes No

Assessor Signature

Date

If the parcel(s) subject to this document is/are considered contiguous, as defined in RCW 84.33.035(4) or RCW 84.34.020(6), with other parcels having different ownerships, then verify the following information with the purchaser:

The parcel(s) subject to this document will be managed as part of a single operation with the other parcels having different ownerships.

The new purchaser meets the definition of "family" as defined in RCW 84.34.020(6)(b)(ii) with the owner of an adjoining parcel.

REPORT FORMAT FOR FOREST/TIMBER MANAGEMENT PLAN REPORTS

Spokane County Assessor's Office requires a specific format and content of information regarding the Forest/Timber Management Plan, see attached. This will ensure that all the necessary information is contained in your report and is presented in a consistent manner to the Spokane County Assessor. The information must be attached to the application for Designated Forest Classification to determine if the applicant qualifies for a reduction of assessed value of the property tax pursuant Chapter 84.33 RCW.

These instructions should be given to the qualified forester that you have retained to prepare the timber land management plan.

If you have suggestions for improving the Timber Management Plan report format and content please contact us at (509) 477-2096

Note, your TIMBER MANAGEMENT PLAN must include all the Titles and words of the attached "sample" that are not printed in *italics*. The *italic words* are the narrative instructions for the content of the Plan and are not to be duplicated except as written into your response. Please follow the attached format.

TIMBER MANAGEMENT PLAN

File No. _____

PROPERTY OWNER:

*Name of Applicant
Address
City, State, Zip
phone number(s)*

PROPERTY DESCRIPTION:

cut and paste or type legal description here

Continue to back of this page if necessary

SIZE OF PROPERTY:

??? Acres

PROPERTY PURCHASE DATE:

Month Day, Year

PREPARED BY:

*Company Name, if any
Name of Forester, Title
Address
City, State, Zip
phone number(s)*

DATE PREPARED:

Month Day, Year

GOALS AND OBJECTIVE

GOAL: *This statement should address "commercial production and harvesting of timber" and any other timber related long term goals.*

OBJECTIVE: *This statement should in (general and brief terms) identify "how" the property owner intends to accomplish their above Goal, such as -- planting, thinning, fire access, disease control, erosion control, control of competitive plants and trees, harvest and other topics of growth or production. The details and specifics of these topics will be addressed below.*

GENERAL PROPERTY DESCRIPTION

COUNTY ASSESSOR MAP:

- 1 *Identify the Assessor tax parcel number(s) in this paragraph.*
- 2 *Identify the boundary of the property boundary (with as solid RED line) on an attached current copy of an Assessor Map.*

ASSESSED VALUE OF PROPERTY:

1. *Attach a copy of your last property tax statement. Give the year and the amount of taxes last paid on the property. If the property is in an open space program, identify which program (type of open space) it is in.*
2. *Obtain a letter from the Spokane County Assessor. Note, you may wish to accomplish this first before retaining a qualified forester (time and \$) - - to see if the property's soils can qualify for the Timber Land Open Space Program. The Assessor letter must identify:*
 - a. *Tax parcel,*
 - b. *Year and \$ amount of property tax last paid,*
 - c. *The type and code number of property tax program the property is presently in,*
 - d. *If the property is in an "open space" tax program, give the equivalent \$ amount that would have been paid as if it were not in the "open space" program. This is needed to identify the amount of tax reduction, and*
 - e. *To see if the property can qualify for the Designated Forest program, the Assessor's Office must identify the LAND GRADE and the OPERABILITY CLASS of the various soils on the property.*

GENERAL PROPERTY DESCRIPTION - CONTINUED

USGS MAP:

1. *Identify the boundary of the property boundary (with as solid RED line) on an attached copy of a 7112' Quad United States Geological Survey Map. This map must have topography lines to show slope and drainage.*

TOPOGRAPHY:

1. *Identify the general topography of the property in this paragraph. Give approximate % slopes, the direction of the slopes and describe the drainages and direction of flow of the drainage.*
2. *Reference to the attached USGS map.*

WATER BODIES OR WETLANDS:

1. *Identify any water bodies, streams or wetlands on or adjacent the property.*
2. *Reference to the attached USGS map and/or Aerial Photograph.*

SOILS MAP:

1. *Identify the boundary of the property boundary (with as solid RED line) on an attached copy of a Soil Map. This map must have the soil type name and boundaries of the soils types.*

GENERAL SOIL DESCRIPTION:

1. *Identify the overall soil types (with % of the property and general location). Describe the ability to grow and harvest timber regarding climate, rainfall, seedling mortality, wind throw hazard, erosion and equipment limitations.*
2. *Define the property's soil productivity and site index (poor, moderate, good, excellent). Reference to the attached soils map.*

AERIAL PHOTOGRAPH:

1. *Identify the property size and reference its general location on an attached aerial photograph in this paragraph.*
2. *Identify the date of the photograph and the source of the photograph.*
3. *Identify (with as solid RED line) the boundary of the property on the photograph.*

TIMBER STAND:

1. *In this paragraph, provide a general overall description of the timber, non-commercial trees and ground cover on the property, such as, acres of land with timber, non-commercial trees and ground cover overall (average) status of timber (harvested, age, height and type of timber stand, other); acres of open areas (without timber) and any other*

GENERAL PROPERTY DESCRIPTION - CONTINUED

TIMBER STAND: - continued

general characteristics of the overall timber stand (density, overstory condition, other). Note, specific details of the timber stand is described below -- see DESCRIPTION OF TIMBER STAND.

2. *Reference to the attached aerial photograph or site plan.*

WILDLIFE:

1. *Identify the type of wildlife (mammals, birds, reptiles) on the property. Specify if any are known as endangered or protected species. Explain if there are any critical area wildlife habitats on the property. Briefly explain how the growing and harvesting of commercial timber will be coordinated with the wildlife or wildlife habitat.*
2. *Reference to one or more of the attached maps or aerial photograph.*

USES OTHER THAN TIMBER:

1. *Identify and describe the other uses on the property that are not timber, such as dwellings, cultivated fields, pastures, roads and other non-timber uses of the property. Identify the number of acres for each.*
2. *Reference to one or more of the attached maps, aerial photograph or attach a site plan of the property showing the location and extent of these non-timber uses.*
3. *Describe the extent of existing or planned grazing of domestic animals (cows, horses, sheep, other), specifically in the timber areas. Explain your measures to protect the timber and ensure the growth and production of timber.*

DESCRIPTION OF TIMBER STAND

PAST HARVESTS:

1. *Describe the location, extent and when timber harvest(s) have occurred on the property. Describe any resulting aspect of that harvest that may affect or impede the growth, production or harvest of commercial timber.*
2. *If necessary, reference to one or more of the attached maps, aerial photograph or attach a site plan of the property.*

EXISTING TIMBER:

1. *By generic species tree name, generally (average or range) describe the number, % of timber stand, age, size, density, and condition. If necessary, reference attached maps, photograph or site plan .*

DESCRIPTION OF TIMBER STAND • continued

TIMBER HEALTH:

1. *Generally describe the health of the timber stand (by type). Describe timber disease by type and extent. If necessary, reference attached maps, photograph or site plan . This should include competing ground cover or non-commercial trees, grazing and/or other competing land uses.*

TIMBER PRODUCTION:

1. *Generally describe the estimated existing board feet (MBF) of lumber of the timber stand and the projected board feet by timber type, as it would exist if the Action Plan and Schedule were accomplished. List the estimated \$ value of each at today's prices.*

FOREST FIRES

EMERGENCY FIRE ACCESS:

1. *Describe how the timber stand is and will be protected from forest fire, such as cleared access trails, removal of slash or undergrowth or other.*
2. *If necessary, reference attached maps, photograph or site plan .*

ACTION PLAN

Note, this description must be what the property owner agrees to do. This Action Plan can NOT be only the recommendation of a qualified forester's.

This paragraph must start with - - "The property owner agrees to the following Action Plan." Generally describe what action the property owner is going to accomplish to ensure the growth, production and harvest of commercial timber on the property. If necessary, reference attached maps, photograph or site plan. Depending on the timber stand's characteristics, health and circumstances, briefly explain what action will be taken for the following, if applicable:

<i>Clean up slash ---</i>	<i>Thinning ---</i>
<i>Fire protection access ---</i>	<i>Planting ---</i>
<i>Clear out or control ground cover ---</i>	<i>Disease control ---</i>
<i>Erosion control ---</i>	<i>Open areas ---</i>
<i>Selective harvest ---</i>	<i>Harvest ---</i>
<i>Update Action Plan and Schedule (after major harvest)</i>	
<i>Other timber related improvements or treatments---</i>	
<i>Other non-timber related improvements or activities---</i>	

SCHEDULE

This paragraph must start with - - " The property owner agrees to the following Schedule." Note, this description should be realistic and within the property owners ability (time and \$). This Schedule should identify a range of time for each activity, but can be specific if the exact year* is know. See the example:

1 ST AND 2ND YEAR:

- Thinning - Area #3. Followed by a brief description and reference to site plan.
Planting - Area #1 . Followed by a brief description and reference to site plan.
Fire Access - Area #2, #4 and #6. Followed by a brief description and reference to site plan.

2ND THRU 5TH YEAR.

- Thinning - Area #4 and Area #2. Followed by a brief description and reference to site plan.
Disease - Area #6 and Area #2. Followed by a brief description and reference to site plan.
Ground Cover - Area #3 and Area #1. Followed by a brief description and refer to site plan.

*3RD YEAR:

- Harvest - Area #5. Followed by a brief description and reference to site plan.

*4TH YEAR:

- Clear Slash - Area #5. Followed by a brief description and reference to site plan.
Planting - Area #5. Followed by a brief description and reference to site plan.

4TH THRU 10TH YEAR: (Note overlap of year ranges, which allows flexibility)

- Selective Harvest - Area #?. Followed by a brief description and reference to site plan.
Thinning - Area #? and Area #?. Followed by a brief description and reference to site plan.
Ground Cover - Area #?. Followed by a brief description and refer to site plan. Clear Fire
Access - Area #?, #? and #?. Describe and reference to site plan.

8TH THRU 15TH YEAR:

- Major Harvest - Area #?, #? and #?. Followed by a brief description and reference to site plan.
Amend Mgmt Plan and Schedule - Area #? and Area #?. Describe and reference to site plan.
Planting - Area #?. Followed by a brief description and reference to site plan.

12TH THRU 20TH YEAR: (the schedule should be 20 years but can be longer)

- Harvest - Area #? and Area #?. Followed by a brief description and reference to site plan.
Amend Mgmt Plan and Schedule - Area #? and Area #?. Describe and reference to site plan.
Planting - Area #?. Followed by a brief description and reference to site plan.

NOTE, All the topics and timber management tasks in the above ACTION PLAN must be identified for action in this SCHEDULE.

FORESTER:

As a qualified Forester, I have inspected and inventoried the property regarding the above timber and related information, as required by Chapter 84.33 RCW. I have advised and recommended to the property owner(s) the above ACTION PLAN and SCHEDULE. The TIMBER MANAGEMENT PLAN information is accurate and correct to the best of my knowledge.

Date _____

NAME OF FORESTER

TITLE

PROPERTY OWNER(S):

As owner(s) of the herein described property I (we) indicated by my (our) signature(s) that I (we) am (are) aware of and understand the TIMBER MANAGEMENT PLAN information, the ACTION PLAN and the SCHEDULE. I (we) further affirm that the TIMBER MANAGEMENT PLAN information is accurate and correct to the best of my (our) knowledge.

Date _____

OWNER(S)

ADDRESS

CITY, STATE, ZIP

Date _____

(MUST BE SIGNED BY ALL OWNERS)

ADDRESS

CITY, STATE, ZIP

Date _____

(MUST BE SIGNED BY ALL OWNERS)

ADDRESS

CITY, STATE, ZIP

NOTARY:

STATE OF WASHINGTON) S S
COUNTY OF SPOKANE)

Signed and sworn to (affirmed) before me on _____, 20 ____
by _____ (print name).

GIVEN under my hand and official seal this _____ day of _____, 20 ____

NOTARY PUBLIC in and for the state of Washington,
My appointment expires

**Property Owner's Request For Removal
Of Designated Forest Land
Under Chapter 84.33 RCW**

To _____, County Assessor Parcel No. _____

I hereby request removal of my land from forest land designation in accordance with Chapter 84.33 RCW. The complete legal description is:

This request for removal includes all part of the property designated as forest land. The land was designated as forest land on _____ and the approved application was filed under County Auditor's Record No. _____. I declare that I am aware of the liability for removal from designation to the following extent:

1. Cost of recording the Notice of Removal with the County Auditor; and
2. A compensating tax will be imposed and due to the County Treasurer 30 days after the date I am notified of the amount owing. Any amount unpaid on the due date will be considered delinquent. From the date of delinquency until paid, interest will be charged at the same rate applied by law to delinquent ad valorem property taxes. The compensating tax will be calculated in the following manner:

True & Fair Value of Land as of January 1 of the Year of Removal	Less	Designated Forest Land Value at Time of Removal	Multiplied By	Last Levy Rate Extended Against Land	Multiplied By	No. of Years in Designation (Not to Exceed 9)
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I understand that the compensating tax and applicable interest becomes a lien on the land until fully satisfied.

Signature of Property Owner

Printed Name of Property Owner

Address

Phone Number

City, State, Zip Code

Date

Assessor Use Only

If the parcel subject to this document is considered contiguous, as defined in RCW 84.33.035(4), with other parcels having different ownerships, verify all remaining designated parcels with different ownerships are still:

- Adjoining
- Being managed as part of a single operation
- Meeting the definition of "family" as defined in RCW 84.34.020(6)(b)(ii) with the owner of an adjoining parcel

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