



Wes Cornelius
CHELAN COUNTY ASSESSOR

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WEBSITE: www.co.chelan.wa.us/assessor

Designated Forest Land

Congratulations on your decision to purchase land that is currently classified as designated forest land (DFL). The property was placed in the DFL classification by the existing or prior owner so that present and future generations can enjoy the many benefits that healthy forests provide. This packet has been compiled to provide you with the necessary information to help you better understand what the DFL classification means, what the requirements are to maintain the property, and your options to either continue or remove the classification.

The intent of the classification is to promote the growth and harvest of forest products for commercial use. Lands that are classified as DFL are assessed for property values based on their current use instead of their best or highest use. The current use assessed values are generally significantly lower than those lands not classified, which is reflected in the property tax payments.

A minimum of 5 contiguous acres, which must be primarily devoted to and used for growing and harvesting timber for commercial purposes, is required for the property to continue to be eligible. If a residence exists on the parcel or the purchaser plans to build on the property, a minimum of one acre is excluded from classification per the 1992 Board of County Commissioner's adopted Resolution 92-178. The parcel must be at least 6 acres in size if a residence exists or if the owner plans to build.

When purchasing lands that are currently classified as DFL, the purchaser has the option to either continue the classification or to remove the classification, with the seller responsible for paying the compensating taxes. **If the purchaser chooses to continue the classification, our office requires that they submit the following to our office for approval and signature prior to recording the sale:**

- A Real Estate Excise Tax Affidavit (REET) with the purchaser's signature in Section 6 indicates that they wish to continue the classification. *Important: Failure by the purchaser to sign the REET and the Notice of Continuance may result in removal from the program and payment of the compensating taxes and any penalties.*
- A Notice of Continuance will need to be recorded with the County Auditor at the same time as the conveyance documents. A one-time recording fee for five (5) pages must be submitted pursuant to the Chelan County Auditor's fee schedule to record the notice.
- A Timber Management Plan (TMP) Agreement was signed by the purchaser, who agreed to submit an updated plan to our office within 90 days of the sale date. This agreement does not get recorded but is placed in the property file. *Important: Failure by the new owner to submit an*

updated TMP within 90 days of the sale date may result in removal from the program and payment of the compensating taxes and any penalties.

Note: You will find all the information you need for completing a TMP on our website at: <http://www.co.chelan.wa.us/files/assessor/documents/TMPinfoonly.pdf> and our Frequently Asked Questions at: <http://www.co.chelan.wa.us/files/assessor/documents/faq/2015OpenDFLFAQ.pdf>

If the purchaser chooses not to continue the classification and would like to remove the property, our office requires notification prior to the closing of the sale so that we can work with the Treasurer's Office to calculate the amount of compensating taxes that will need to be collected at closing and to prepare the Notice of Removal. A recording fee is required for the Notice of Removal and compensating taxes, and any penalties will need to be paid at the time of recording. The amount of compensating taxes due is based on the sale closing date and the difference between the current fair market value (newly assessed value) of the land and the DFL value. This amount is then multiplied by the last levy rate and the last years that the land was designated, up to 9 years plus the current year.

When classified land is sold or transferred, the seller or transferor becomes liable at the time of sale for the additional tax, interest, and penalty unless the new owner(s) signs the Notice of Continuance, which is attached to or shown on the real estate excise tax affidavit. The Treasurer's Office will not process any sale transactions for properties that are currently classified unless the Assessor's Office has signed and approved the continuance or removal.

If you have any questions or need more information, please contact Erin Fonville at 509-667-6375 or erin.fonville@co.chelan.wa.us.

Best regards,

A handwritten signature in black ink, appearing to read 'Erin Fonville', with a long horizontal flourish extending to the right.

Erin Fonville
Chief Deputy

Designated Forest Land

JULY 2017

Washington State encourages sound forestry practices so that present and future generations can enjoy the many benefits they provide. In addition to scenic and recreational spaces, healthy forests provide:

- **An enhanced water supply.**
- **Reduced soil erosion, storm and flood damage.**
- **Habitat for wild game.**
- **Employment opportunities.**
- **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 be designated as forest land, the following requirements apply:

- The land must be used primarily for growing and harvesting timber.
- The land must consist of a single parcel of 5 or more acres; or multiple, contiguous parcels totalling 5 or more acres. Residential home sites are not included in the 5 acre minimum.
- 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.
- If the land has appurtenances necessary for the production, preparation, or sale of the timber products, that land may also be included.
- You must comply with forest practice laws and regulations.
- Application must be made to the county assessor.

Application for Designated Forest Land

You can get an application for Designated Forest Land from your local assessor's office. In some counties, an application fee may also apply. The application requires the following information:

- A legal description of, or assessor's parcel numbers for, all land you want designated as forest land.
- The date or dates of acquisition of the land.
- A brief description of the timber on the land, or if the timber has been harvested, your plan for restocking.
- If one exists, a copy of the timber management plan for the land, prepared by a forester or a person with adequate knowledge of timber management practices.
- If a timber management plan exists, an explanation of the extent to which the management plan has been implemented.
- Whether the land is used for grazing.
- Whether the land has been subdivided or a plat has been filed with respect to the land.
- Whether the land is managed in compliance with the restocking, forest management, fire protection, insect and disease control, and forest debris provisions of Title 76 RCW or any applicable rules under Title 76 RCW.



- Whether the land is subject to forest fire protection assessments under RCW 76.04.610.
- Whether the land is subject to a lease, option, or other right that permits it to be used for any purpose other than growing and harvesting timber.
- A summary of your past and current experience growing and harvesting timber.
- A statement that you are aware of the potential tax liability involved when the land is no longer designated as forest land.
- An affirmation that the statements contained in the application are true and that the land described in the application meets the definition of forest land in RCW 84.33.035.
- A description and/or map showing what areas of the land are used for incidental uses compatible with the definition of forest land in RCW 84.33.035.

The assessor may also require an applicant to provide a timber management plan when an application for classification or reclassification into designated forest land is submitted. For additional information on timber management plans, please refer to the Guidelines for Timber Management Plans publication or visit www.foresttax.dor.wa.gov

Submit your completed application to the assessor's office by December 31.

If approved, designated status begins January 1 the year after you apply. If the assessor does not notify you as to whether your application was approved or denied prior to July 1 of the year after you apply, the application is automatically approved. If denied, you may appeal the denial to the county board of equalization.

Valuation of Designated Forest Land

The Department of Revenue annually adjusts and certifies forest land values to be used by county assessors in preparing assessment rolls. The assessors assign the forest land values to the property based upon land grades and operability classes. The timber on Designated Forest Land is exempt from real property taxes but is subject to timber excise tax under chapter 84.33 RCW. For additional information on timber excise tax, please refer to the [Timber Excise Tax publication](#) or visit www.foresttax.dor.wa.gov

Removal from Designated Forest Land

Land may be removed from designation if:

- You choose to remove the land and you notify the assessor in writing.
- You sell or transfer the land to an ownership that makes the land exempt from ad valorem taxation.
- You sell or transfer the land to a new owner that does not sign a notice of forest land continuance.
- Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that:
 1. The land is no longer primarily devoted to and used for growing and harvesting timber.
 2. You did not comply with a final administrative or judicial order with respect to a violation of the restocking, forest management, fire protection, insect and disease control, and forest debris provisions of Title 76 RCW or any applicable rules under Title 76 RCW.
 3. Restocking the land has not occurred to the extent or within the time specified in your designation application.

Compensating Tax

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) (14), or(15). 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. Compensating taxes will also be due on the land from January 1 of the year the designation is removed up to the removal date.



Reclassification of Designated Forest Land

You may request the land to be reclassified (subject to all applicable qualifications for each classification) to the Current Use Program outlined in chapter 84.34 RCW, without paying the compensating tax. The Current Use Program offers three classifications:

- Open Space Land
- Farm and Agricultural Land
- Timber Land

For more information on these classifications, please refer to the [Open Space Taxation Act](#) publication.

Appeals

You may appeal the denial of your application for initial classification or reclassification as Designated Forest Land to the county board of equalization. You may also appeal any removals from designation as well as the new assessed value used to calculate the compensating tax.

Need More Information?

Please contact either your local assessor's office or the Property Tax Division at (360) 534-1400

Department of Revenue Taxpayer Assistance

- [Call our Telephone Information Center 1-800-647-7706](#)
- For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.



When Recorded Return to:

Chelan County Assessor
350 Orondo Ave., Suite 206
Wenatchee, WA 98801

THIS FORM IS FOR
EXAMPLE PURPOSES ONLY
& NOT FOR RECORDING.
PLEASE VISIT OUR WEBSITE
FOR A DOWNLOADABLE FORM.

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

Grantor(s)/Sellers: MR. & MRS. JONES

Grantee(s)/Buyers: JOHN SMITH

Mailing Address: 123 ABC STREET

City, State, Zip: WENATCHEE, WA 98801 Phone No:

Assessor's Parcel No: 12345678910

Address: NNA MNOP AVE
EXAMPLE

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. 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 (360) 705-6715. Teletype (TTY) users, please call (360) 705-6718. 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 Timberland 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 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. The land must also meet the requirements of (a), (b), or (c) listed above.
 - 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.
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 years.
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 or federal agency, county, city, town, metropolitan park district; metropolitan municipal corporation, nonprofit historic preservation corporation as defined in RCW 64.04.130, or nonprofit nature conservancy corporation or association as defined in RCW 84.34.250;
 - 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 twenty 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;
- 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 or 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. At such time as the land is not used for the purposes enumerated, the compensating tax will be imposed upon the current owner;
- d. the sale or transfer of fee title to the parks and recreation commission for park and recreation purposes;
- e. 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 use of such land;
- 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:
PLEASE PUT SOMETHING IN HERE**

***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.**

Buyer's Signature
123 ABC STREET, WENATCHEE, WA 98801

Address

Date

Buyer's Signature

Address

Date

Pending Reclassification Applications (only complete this section if a reclassification application is pending for this parcel(s)).

Do you wish to continue with the reclassification process? 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 application is approved or denied? Yes No

Buyer's Signature

Date

Buyer's Signature

Date

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.