Current Use Property Tax, Forest Excise Tax, and Forestland Values

Presented at the April 2026 meeting of the Lewis County Farm Forestry Association

Presented by Ben Craig

4/21/2026

Legislative Declaration

…declares 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, and to assure the use and enjoyment and social well-being of the state and its citizens.

Open Space and Designated Forestland are two forms of current use taxation.

1. Designated Forestland (RCW 84.33)
2. Current Use (RCW 84.34)
   - A. Open Space
   - B. Farm & Ag Land
   - C. Timberland

Tax Shift

Any reduction or exemption to the assessed value of property results in a shift of the tax burden to other taxpayers.

Open Space Classification

Eligibility requirements defined in RCW 84.34.020(1) and WAC 458-30-210(3)

Classification objectives:

- **Preserve or enhance natural or scenic wonders, protect streams/water supply;**
- **Promote conservation of soils, wetlands, beaches, or tidal marshes;**
- **Enhance of public parks, forests, wildlife preserves, sanctuaries, preserve historic sites;**
- **Enhance public recreation opportunities**

Open Space Classification

- No minimum income requirements
- No minimum acreage requirements
- Land only – no home sites (even if it is an historical home site)
- No incidental use allowed
- No land under appurtenances allowed
- County Legislative Authority determines public access but cannot require public access

Twenty of Washington's 39 counties have some form of PBRS program.

1. Chelan
2. Clallam
3. Clark
4. Cowlitz
5. Douglas
6. Franklin
7. Island
8. Jefferson
9. King
10. Kitsap
11. Kittitas
12. Lewis
13. Okanogan
14. Pend Oreille
15. Pierce
16. San Juan
17. Spokane
18. Thurston
19. Whatcom
20. Yakima

Farm & Ag

Farm & Agricultural Land Classification

- Must be using the land primarily for a "Commercial Agricultural Purpose" as defined in WAC 458-30-200(m) – being revised
- "Incidental Use" Not to Exceed 20%
- Includes 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.
- Noncontiguous parcel from 1 - 5 acres, integral to farming operation.

Under *Current Use*, there are two Forest Land Classifications:

1. ***Designated Forest Land (DFL)***
2. ***Current Use Timberland***

Under both classifications,

- land is being used primarily for the Growth & Harvest of Timber (management plan)
- **County** determines land eligibility and since 2014 has had the option to merge Timberland into DFL.

Some counties have combined the two programs.

1. Chelan
2. Clallam
3. Cowlitz
4. Ferry
5. Grays Harbor
6. Island
7. King
8. Kitsap
9. Kittitas
10. Klickitat
11. Lewis
12. Mason
13. Pacific
14. Pend Oreille
15. Pierce
16. Skagit
17. Spokane
18. Stevens
19. Walla Walla
20. Whatcom

"Primarily" or "Primary Use" means:

"...the existing use of the land is so prevalent that when the characteristic use of the land is evaluated any other use appears to be conflicting or nonrelated."
RCW 84.33.035(13)

	Designated Forest Land	Current Use Timber
Required Acreage	>5 acres	>5 acres
Stocking-Trees/Acre	190 seedlings/ac within 3-years, or 100 well distributed Trees/acre	Same
Management Plan	Required	Required
Incidental Uses	10% or less – Roads, landings, cell towers, . . .etc.	Same
Appurtenances	Associated w/ Timber harvest or management.	Same
Home Site	Removes at least 1-acre	Same
Application	Assessor's Office	County Leg. Authority
Removals	Compensating Tax – 9-years plus current.*	Additional Tax – 7-years + 25% penalty & interest.*
Comp or Additional Tax	Current Difference	Actual Difference
Appeals	Board of Equalization	Superior Court
The County Determines Land Eligibility		

*(Exception-If transfer is from an heir or devisee of a deceased landowner.)

Forest Land Program Comparison

	Designated Forest Land	Current Use Timberland
Application Year: **2024**	If Filed by 12/31	If Filed by 12/31
Assessment Year: **2025**	****July 1st ****	6 Months
Tax Relief Year: **2026**	No Dual Roll	**Dual Roll Required**
Application:	Assessor's Office	County Leg. Authority
Removal:	Compensating Tax 9 years plus current	Additional Tax 7-years
Appeal:	Board of Equalization	**Superior Court**

Forest Land Valuation

- Forest Land Values vary by:
  - ***Soil productivity classification***
  - ***Operability classification***

  (WAC 458-40-530)
- Forest Land Values are not based on market value, rather they are index based on 1980 values, which have since then been adjusted annually by ½ of the increase or decrease of the 5-year rolling average of reported statewide private and public stumpage values

Private Forest Land Grades

Species	Site Index	Land Grade
DF	136 ft. and over	1
	118 – 135 ft.	2
	99 – 117 ft.	3
	84 – 98 ft.	4
	Under 84 ft.	5
WH	136 ft. and over	1
	116 – 135 ft.	2
	98 – 115 ft.	3
	83 – 97 ft.	4
	68 – 82 ft.	5
	Under 68 ft.	6
RA	117 ft. and over	6
	Under 117 ft.	7
Marginal Forest Prod	MFP	7 or 8
Noncommercial	NC	8

Private Forest Land Grades Eastside

Species	Site Index	Land Grade
	100-year	
DF	140 ft. and over	3
and	120 - 139 ft.	4
PP	96 - 119 ft.	5
	70 – 95 ft.	6
	Under 70 ft.	7
	MFP	7 or 8
	NC	8

E. Sjoquist, WSU Extension

Operability classes are based on the intrinsic characteristics of soils and slopes

- Class 1 – Favorable
- Class 2 – Average
- Class 3 – Difficult
- Class 4 - Extreme

Current Use Land Values

- ***Land Grade:***
- ***Site Class*** **–** *How well*
- *The soil can grow trees.*
- *Expected height growth by*
- *species in 50 or 100-years.*

- ***Operability Class:***
- *Based on the physical qualities of the soil and operational limitations.*
- *(i.e. Slope, erosion potential)*

The forest land values, per acre, for each grade of forest land for the 2026 assessment year are determined to be as follows:

LAND GRADE	OPERABILITY CLASS	2026 values per acre
1	1	$227
	2	225
	3	211
	4	154
2	1	194
	2	187
	3	180
	4	$128
3	1	150
	2	146
	3	144
	4	$112
4	1	118
	2	113
	3	112
	4	$85
5	1	85
	2	74
	3	73
	4	$52
6	1	43
	2	41
	3	41
	4	$39
7	1	19
	2	19
	3	17
	4	$17
8	1	1

Designated Forest Land

- Application to include criteria set forth in RCW 84.33.130(4)
- Application can be denied for following reasons without regard to any other factor:
  - *The land does not contain a "merchantable stand of timber" or "adequate stocking"*
  - Applicant failed to comply with final administrative or judicial order regarding a violation of restocking, forest management, etc.
  - Land abuts a body of salt water - 200'

Designated Forest Land

- If application is denied, it shall be in writing & include reasons for denial
- If no written determination provided by July 1 of the year following receipt of application, application shall be considered approved
- Applicant can appeal denial to county BOE within 30 days - Form REV 64-0061

Timber Management Plans

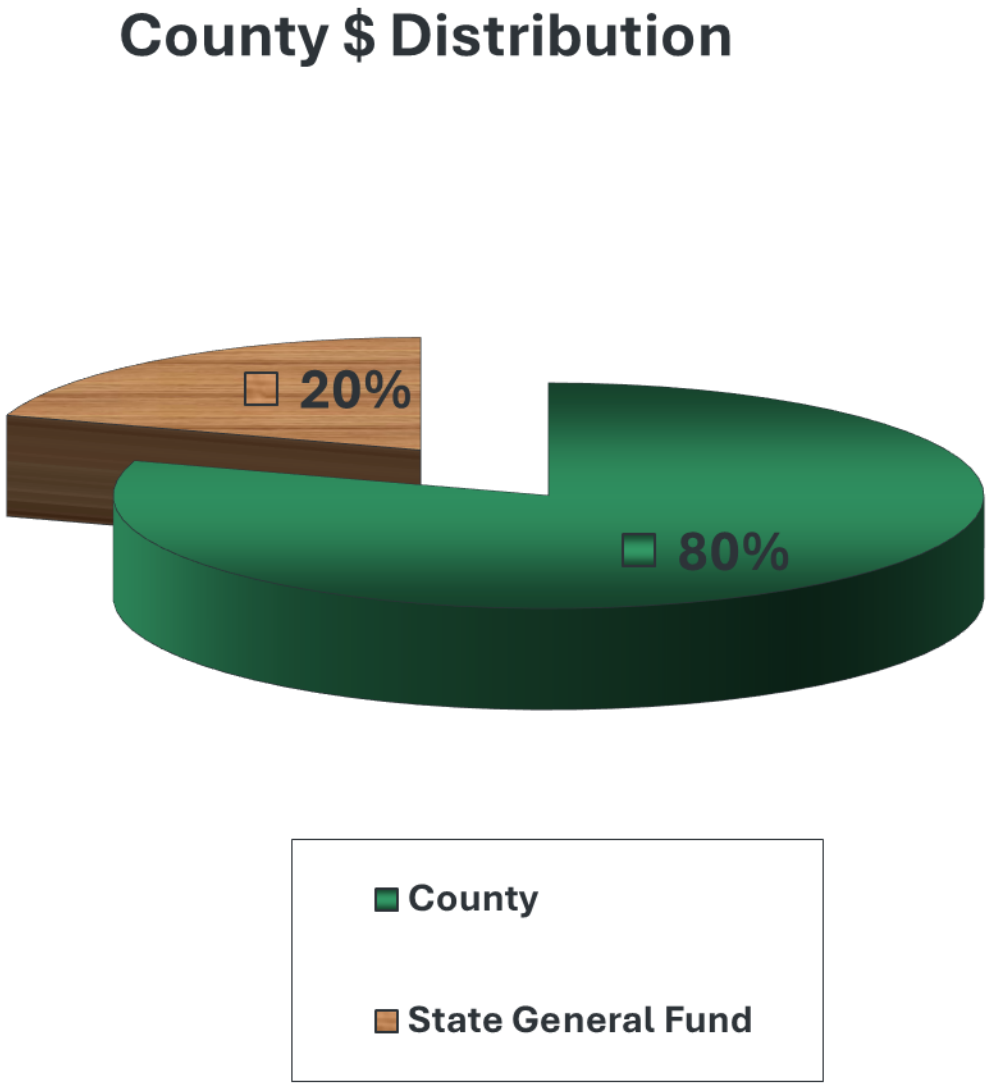
https://dor.wa.gov/sites/default/files/2022-02/ForestSum.pdf

Defined in RCW 84.33.035(21)

Means a plan prepared by a trained forester, or any other person with adequate knowledge of timber management practices, concerning the use of the land to grow and harvest timber.

When you harvest timber…

A 5% forest excise tax (FET) on timber harvest revenue is due.



Forest Excise Tax (=*Timber Tax)*

…the Forest Tax, becomes due…

- Currently the Forest Excise Tax rate is **5%**
- EARR Credit Reduces the 5% tax rate by 0.8% = effectively pay on 4.2% tax rate
- Applies to timber harvested under a DNR approved FPA that is subject to an (EARR) ‘Enhanced Aquatic Resource Requirement’

Responsibility for the forest excise tax depends on when timber ownership is transferred.

Ownership transferred prior to harvest:

- Requires a Timber Deed be filed & recorded in the Auditor's office
- **Purchaser** is liable for the forest excise tax

Ownership not transferred prior to harvest:

- Seller (landowner/ harvester) is liable for the forest excise tax

Forest Practice Application (FPA)

- Used as a tax registration document
- The **timber owner** is registered as the taxpayer *(… it is important who signs as the timber owner)*
- A registration number for Forest Excise Tax (TRA#800 or 600 --- ---) is required on the permit
- TRA# can be obtained by calling 1-360-534-1324

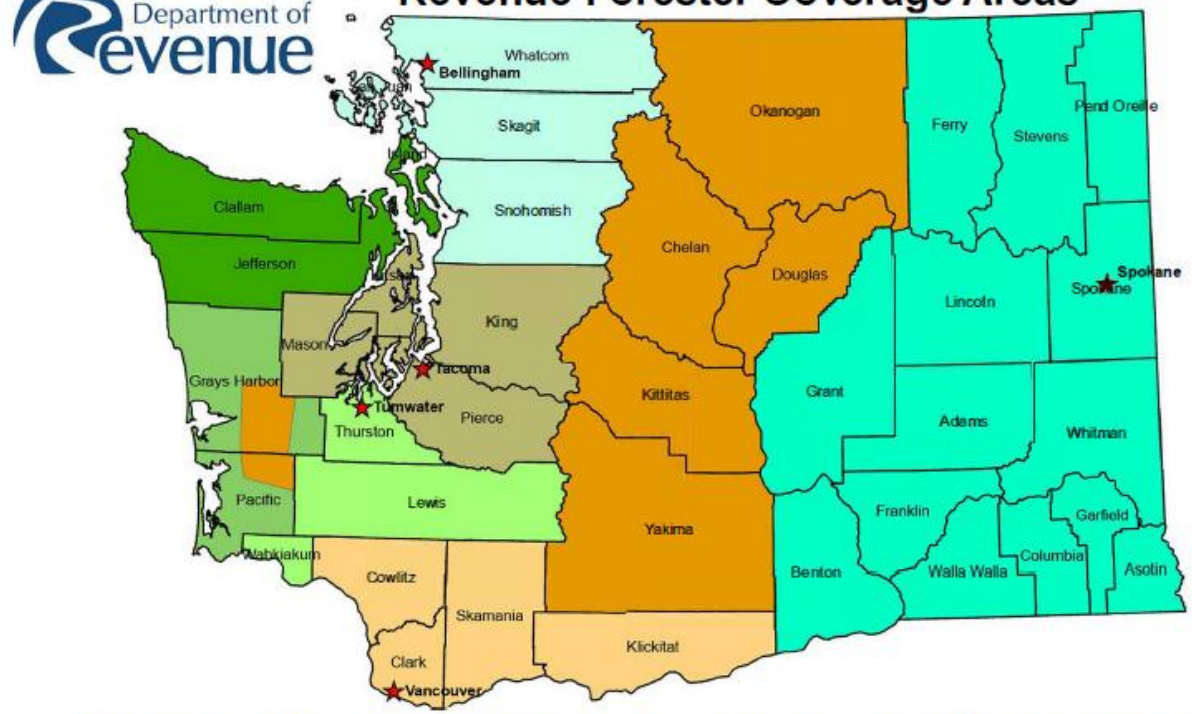
What if No DNR or County Permit is Required?

- Even if you were not required to obtain a DNR or County Timber Harvest (FPA) Permit, you may still be required to file a Forest Excise Tax Return.
- TRA# can be obtained by calling:

  1-360-534-1324

Department of Revenue

Revenue Forester Coverage Areas



Please feel free to call a forester with any questions or concerns.

★ Field Office with Forester

Aileen Liu
(360)819-3123

Ben Craig
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Dwayne Woolsey
(360)608-2151

Hideaki Kubota
(360)764-0001

Kyle Galloway
(509)564-5348

Pat Sullivan
(360)529-6069

Jeremy Brown
(360) 417-9312

Three Methods/Tax Forms for Reporting Forest Excise Tax

- Small Harvester Return
- Standard Harvester Return

  (also called the Large Harvester)
- Public Return
- All 3 can be filed online or on paper

Three Methods/Tax Forms for Reporting Forest Excise Tax

Small Harvester

- Only available to harvesters that harvest less than 2MMbf per year
- Transaction based
- Simpler than standard method
- Costs must be documented, ‘arms length’, and allowed

Standard Harvester

- Can be used by any harvester of private timber
- Volume based with values set by the department and adjustments for specific unit conditions
- Based on actual standing timber sales and calculated every 6 months using 12 months of sales
- Tends to lag behind market

Public Harvester

- Must be used by harvesters of public timber
- Usually transaction based, but there are exceptions

- Timber Harvest of less than 2 mmbf per calendar year
- Costs Allowable
- Costs verifiable & documented
- Taxed at 5% of Proceeds
- Less 0.8% for EARR Credit - if applicable

Department of Revenue Washington State

FOREST EXCISE TAX RETURN
Small Harvester Detail
See Instructions on Page 2

Quarter 1 Year 2026
Detail Page #_____

- If you harvest more than 2 million board feet in a calendar year, you must report on a Standard Harvester Return.

HARVEST FROM PRIVATE LAND

1. Tax Registration Account Number	2. Timber Owner			3. Landowner		
LO- 800#	Landowner			Same		
4. County Name/Number	**5. Permit Number**	**6. Sec.**	**Twn**	**Rge** ☐ East ☐ West	**7. Stumpage Value Area**	**8. Haul Zone**
Lewis	294####				4	0

9. Number of acres harvested this quarter: _____
☐ Partial Cut ☐ Clear Cut
Check only one

10. Is harvesting completed for this permit?
☐ Yes ☐ No
If yes, delete permit on page 1

11. Has DNR approved the EARR Credit for this permit? (Refer to page 1)
☐ Yes ☐ No

12. Volume Harvested this Quarter: (Round to the nearest MBF)	Conifer	Hardwoods
Net Scaled Logs (1 thousand board feet = 1 MBF)		
Net Weighed Logs Tons (volume that was weighed and not scaled, such as CHW or pulp). Divide tons by 8 to convert to MBF.		
TOTAL VOLUME (MBF)	<2mmbf/Yr	

Report Under Block 13 *or* Block 14, but NOT both.

13. Sales of Logs

1. Gross amount paid for logs..... $ Mill Paid

2a. ☐ Harvesting and Marketing Costs *Actual costs must be used when documented records are available*

Itemized Costs	
Item	**Amount**
Logging	$ $$
Hauling	$ $$
	$
Consulting	$ $$
FPA	$ $$
	$
TOTAL COSTS	$

→ ($ Total Logging Costs)

OR

2b. ☐ Department Allowance (**35% of gross amount, line 1**) ..... ($ _____)

3. **Total Taxable Stumpage Value** (subtract line 2a or 2b from line 1)..... $ Proceeds
Transfer amount to page 1

14. Purchase of Standing Timber

Total timber purchase price plus the value of other considerations (permanent roads, reforestation, etc.). Harvesting and marketing costs are not allowed.

Total Taxable Stumpage Value: $ _____
Transfer amount to page 1

15. EARR Credit – If block 11 is yes, then multiply Total Taxable Stumpage Value (Block 13 or 14) by 0.008, this is the EARR credit amount..... $ 0.8% of Proceeds
Transfer amount to page 1

COMPLETE AND RETURN THIS PAGE WITH PAGE 1 TO THE DEPARTMENT OF REVENUE

REV 62 0064 (12/03/12) Page 3

Allowable Harvesting Costs

- Felling
- Bucking
- Yarding
- Loading
- Hauling
- FPA fee

Allowable Marketing Costs

- Timber sale preparation:
  - Timber cruising
  - Timber marketing
  - Sale administration
  - Harvest administration

These costs should be clearly documented in a written contract with a professional forester or somebody in the business of providing these services.

Allowable Miscellaneous Costs

- Slash disposal costs to abate extreme fire hazard as required by:

  Dept. of Natural Resources WAC 332-24-650

- Construction of ***temporary*** roads
- Purchase of temporary easements
- Forest Practice Application fee

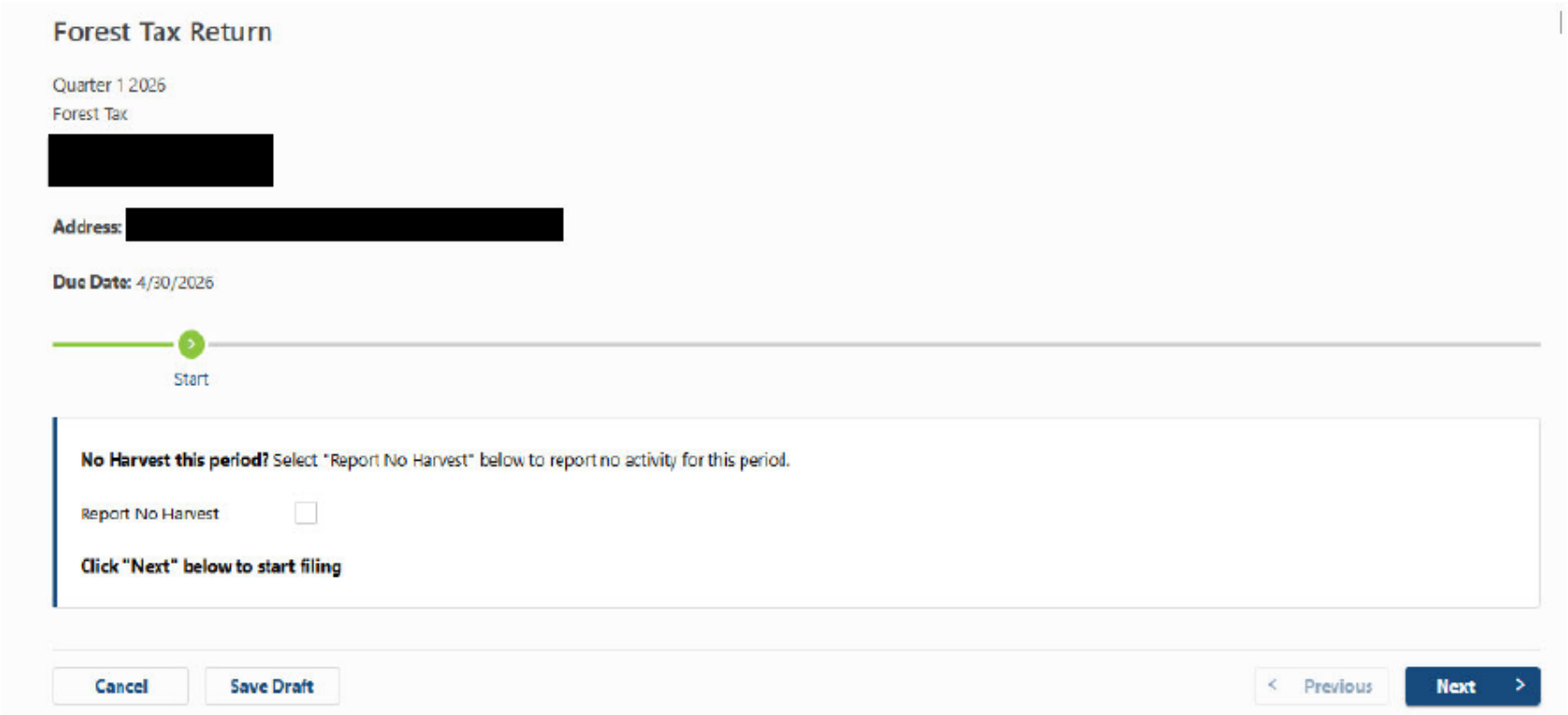
Summary of Allowable Costs

…basically:

Any cost that was directly and exclusively related to the logging and required to bring the timber to market – and only that!

(no future benefit beyond harvest)

Filing a Small Harvester Return Online



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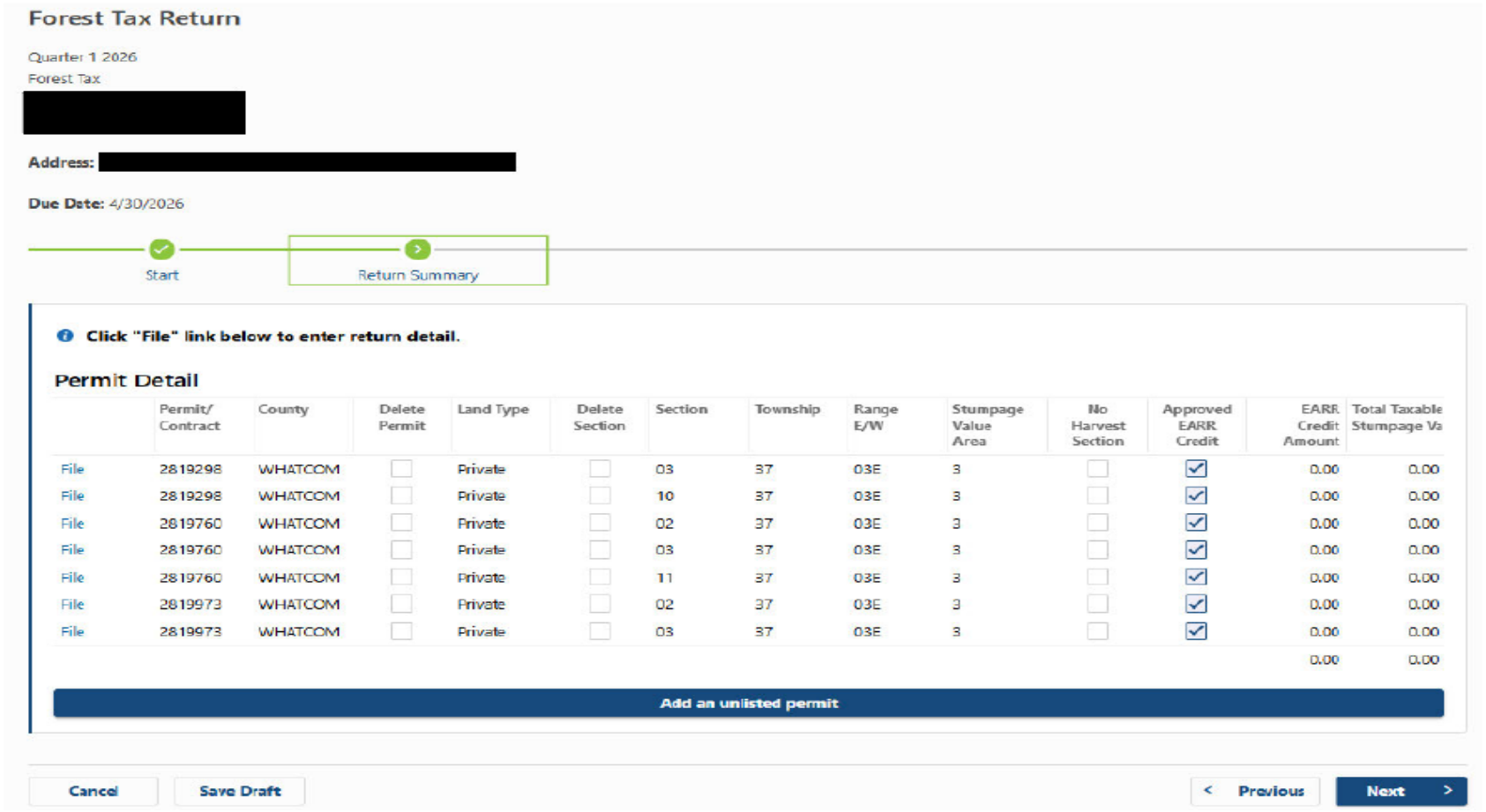


Forest Tax Return

Quarter 1 2026
Forest Tax
[redacted]

Address: [redacted]

Due Date: 4/30/2026

Start → Return Summary

Click "File" link below to enter return detail.

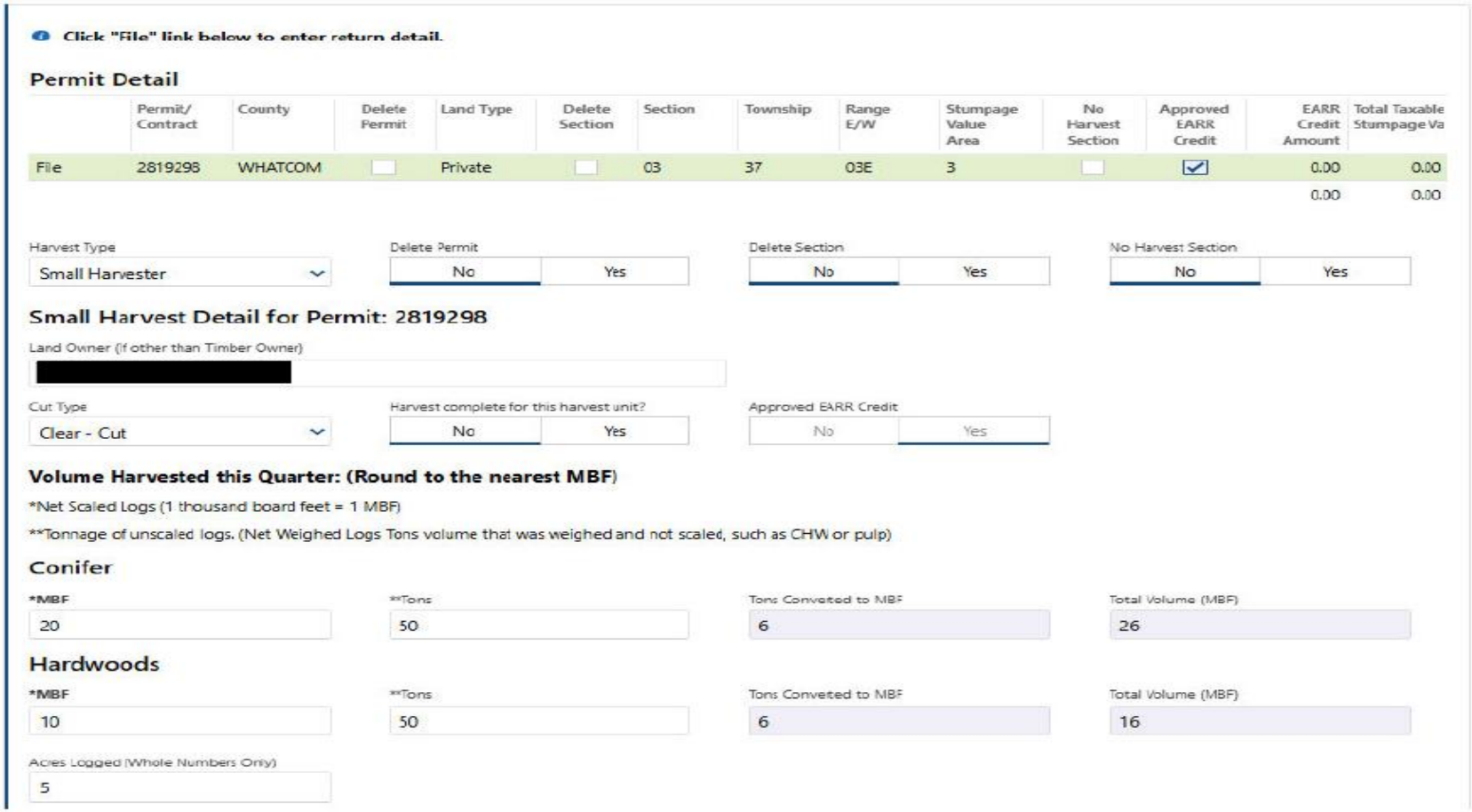
Permit Detail

	Permit/ Contract	County	Delete Permit	Land Type	Delete Section	Section	Township	Range E/W	Stumpage Value Area	No Harvest Section	Approved EARR Credit	EARR Credit Amount	Total Taxable Stumpage Va
File	2819298	WHATCOM	☐	Private	☐	03	37	03E	3	☐	☑	0.00	0.00
File	2819298	WHATCOM	☐	Private	☐	10	37	03E	3	☐	☑	0.00	0.00
File	2819760	WHATCOM	☐	Private	☐	02	37	03E	3	☐	☑	0.00	0.00
File	2819760	WHATCOM	☐	Private	☐	03	37	03E	3	☐	☑	0.00	0.00
File	2819760	WHATCOM	☐	Private	☐	11	37	03E	3	☐	☑	0.00	0.00
File	2819973	WHATCOM	☐	Private	☐	02	37	03E	3	☐	☑	0.00	0.00
File	2819973	WHATCOM	☐	Private	☐	03	37	03E	3	☐	☑	0.00	0.00
												0.00	0.00

Add an unlisted permit

Cancel | Save Draft | < Previous | Next >

Filing a Small Harvester Return Online



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File	2819298	WHATCOM	☐	Private	☐	03	37	03E	3	☐	☑	0.00	0.00
												0.00	0.00

Harvest Type: Small Harvester

Delete Permit: No / Yes

Delete Section: No / Yes

No Harvest Section: No / Yes

Small Harvest Detail for Permit: 2819298

Land Owner (If other than Timber Owner): [redacted]

Cut Type: Clear - Cut

Harvest complete for this harvest unit? No / Yes

Approved EARR Credit: No / Yes

Volume Harvested this Quarter: (Round to the nearest MBF)

*Net Scaled Logs (1 thousand board feet = 1 MBF)

**Tonnage of unscaled logs. (Net Weighed Logs Tons volume that was weighed and not scaled, such as CHW or pulp)

Conifer

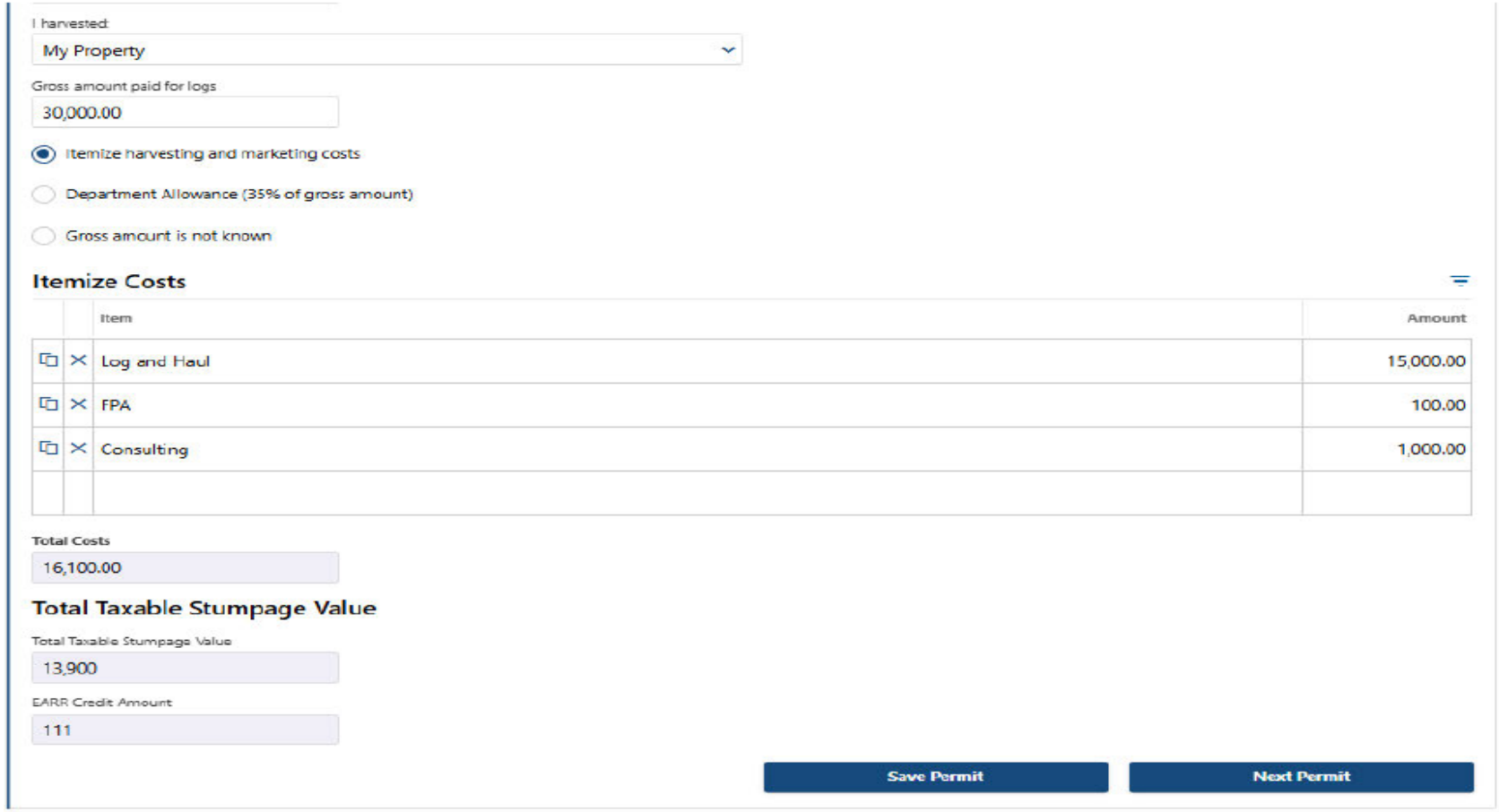
*MBF	**Tons	Tons Converted to MBF	Total Volume (MBF)
20	50	6	26

Hardwoods

*MBF	**Tons	Tons Converted to MBF	Total Volume (MBF)
10	50	6	16

Acres Logged (Whole Numbers Only): 5

Filing a Small Harvester Return Online



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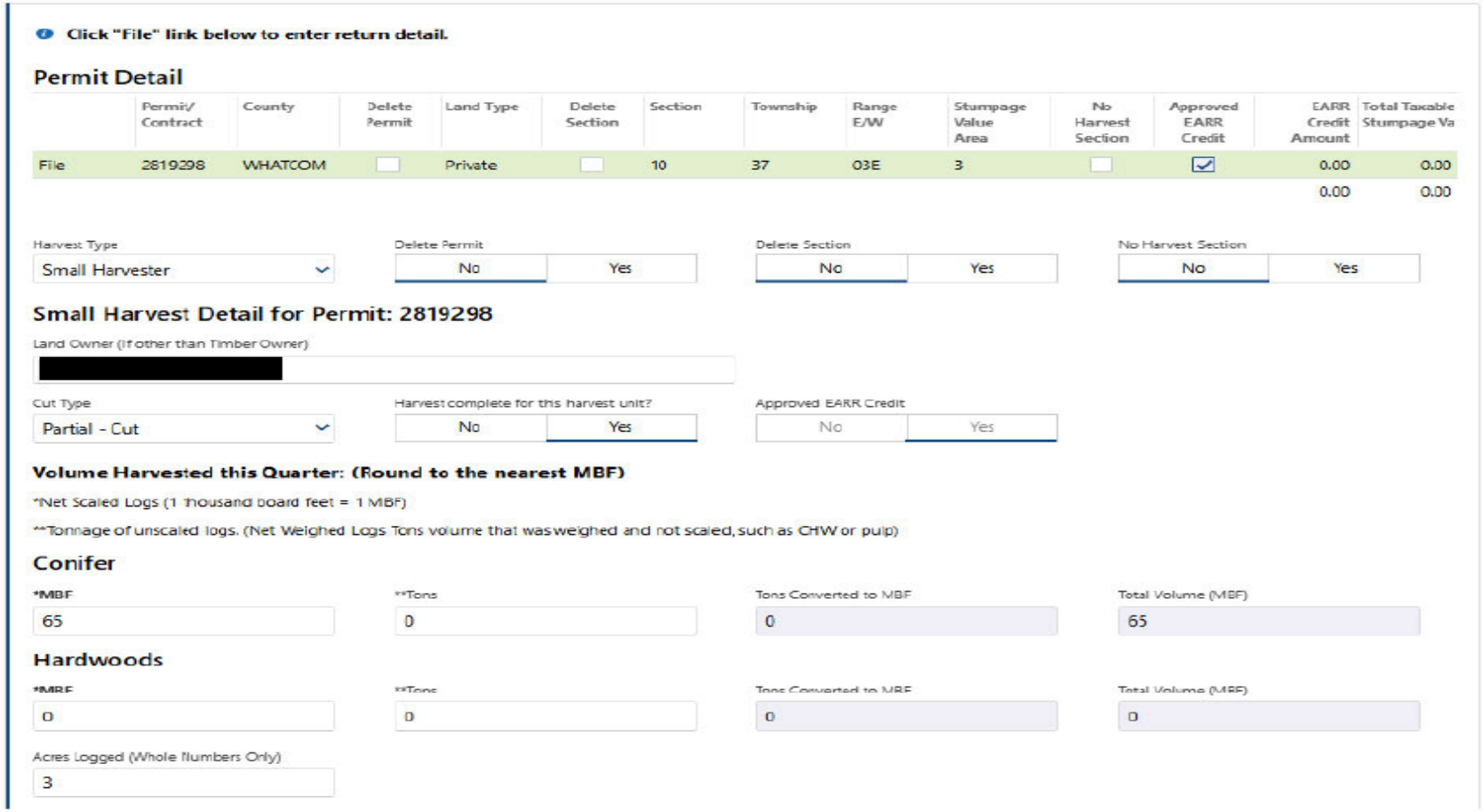

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Permit Detail

	Permit/ Contract	County	Delete Permit	Land Type	Delete Section	Section	Township	Range E/W	Stumpage Value Area	No Harvest Section	Approved EARR Credit	EARR Credit Amount	Total Taxable Stumpage Va
File	2819298	WHATCOM	☐	Private	☐	10	37	03E	3	☐	☑	0.00	0.00
												0.00	0.00

Harvest Type: Small Harvester

Delete Permit: No / Yes

Delete Section: No / Yes

No Harvest Section: No / Yes

Small Harvest Detail for Permit: 2819298

Land Owner (If other than Timber Owner): [redacted]

Cut Type: Partial - Cut

Harvest complete for this harvest unit? No / Yes

Approved EARR Credit: No / Yes

Volume Harvested this Quarter: (Round to the nearest MBF)

*Net Scaled Logs (1 thousand board feet = 1 MBF)

**Tonnage of unscaled logs. (Net Weighed Logs Tons volume that was weighed and not scaled, such as CHW or pulp)

Conifer

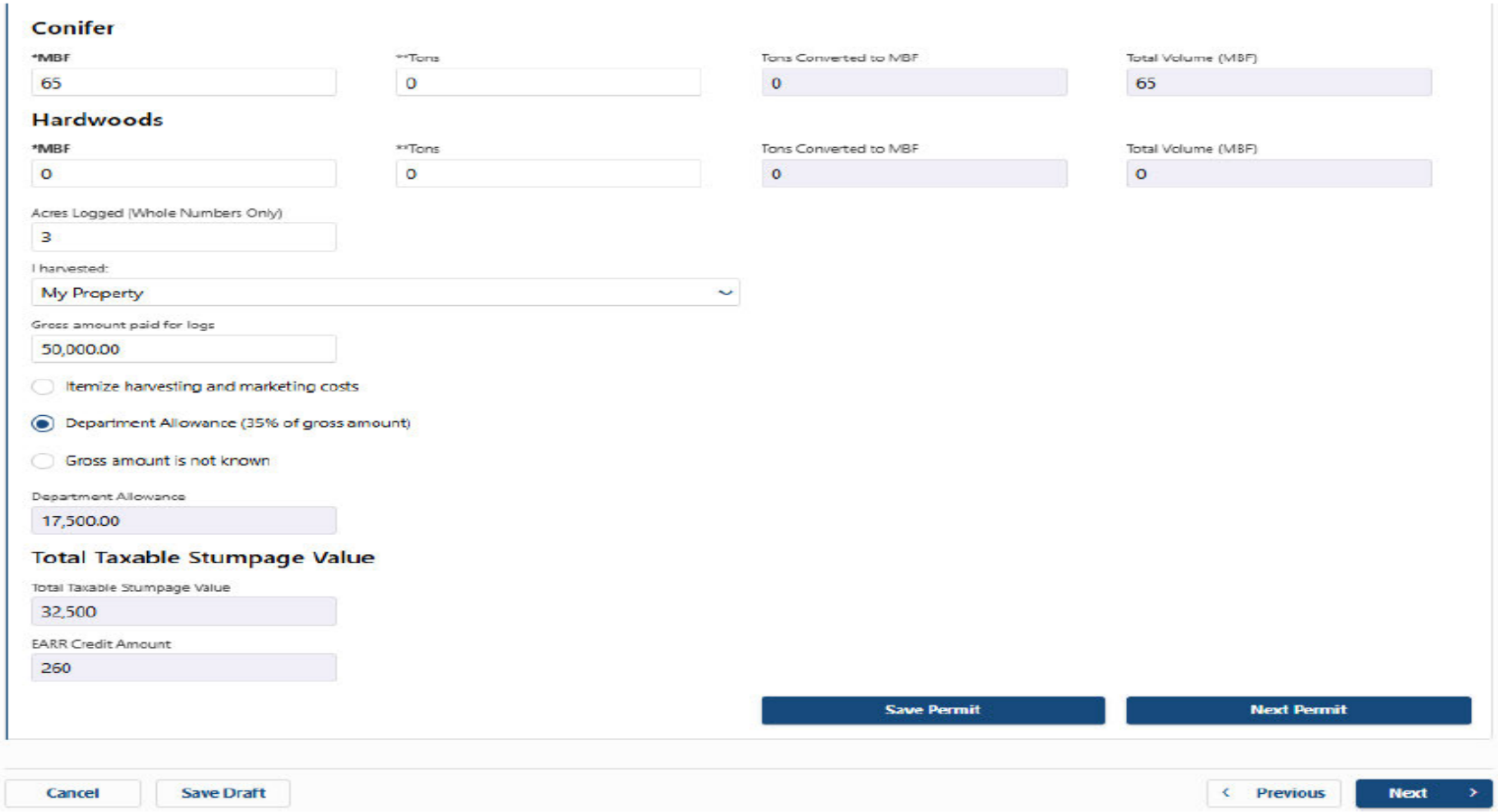
*MBF	**Tons	Tons Converted to MBF	Total Volume (MBF)
65	0	0	65

Hardwoods

*MBF	**Tons	Tons Converted to MBF	Total Volume (MBF)
0	0	0	0

Acres Logged (Whole Numbers Only): 3

Filing a Small Harvester Return Online



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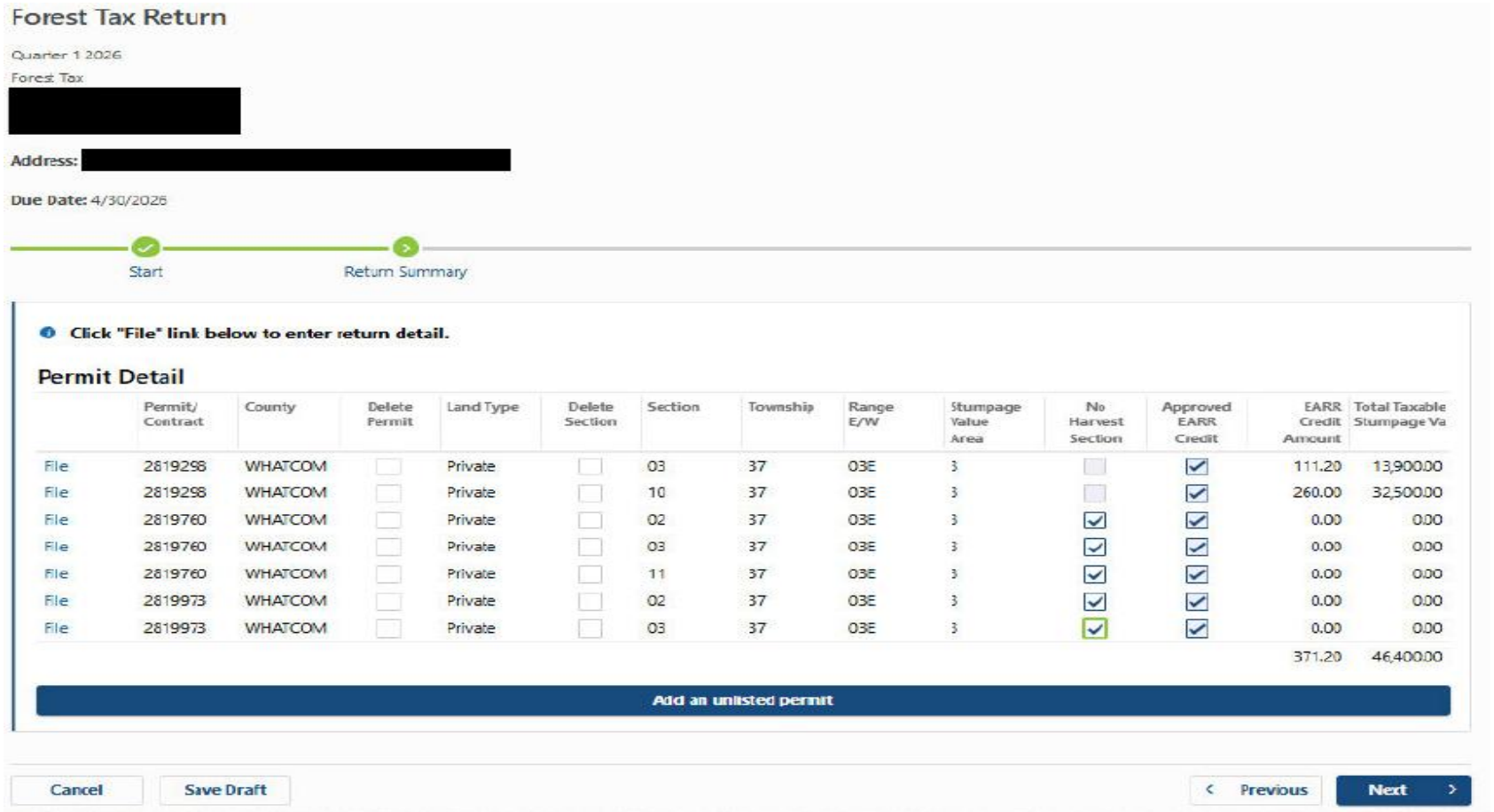

Forest Tax Return

Quarter 1 2026

Forest Tax

[redacted]

Address: [redacted]

Due Date: 4/30/2026

Start — Return Summary

Click "File" link below to enter return detail.

Permit Detail

	Permit/ Contract	County	Delete Permit	Land Type	Delete Section	Section	Township	Range E/W	Stumpage Value Area	No Harvest Section	Approved EARR Credit	EARR Credit Amount	Total Taxable Stumpage Va
File	2819298	WHATCOM		Private		03	37	03E	3		☑	111.20	13,900.00
File	2819298	WHATCOM		Private		10	37	03E	3		☑	260.00	32,500.00
File	2819760	WHATCOM		Private		02	37	03E	3	☑	☑	0.00	0.00
File	2819760	WHATCOM		Private		03	37	03E	3	☑	☑	0.00	0.00
File	2819760	WHATCOM		Private		11	37	03E	3	☑	☑	0.00	0.00
File	2819973	WHATCOM		Private		02	37	03E	3	☑	☑	0.00	0.00
File	2819973	WHATCOM		Private		03	37	03E	3	☑	☑	0.00	0.00
												371.20	46,400.00

Add an unlisted permit

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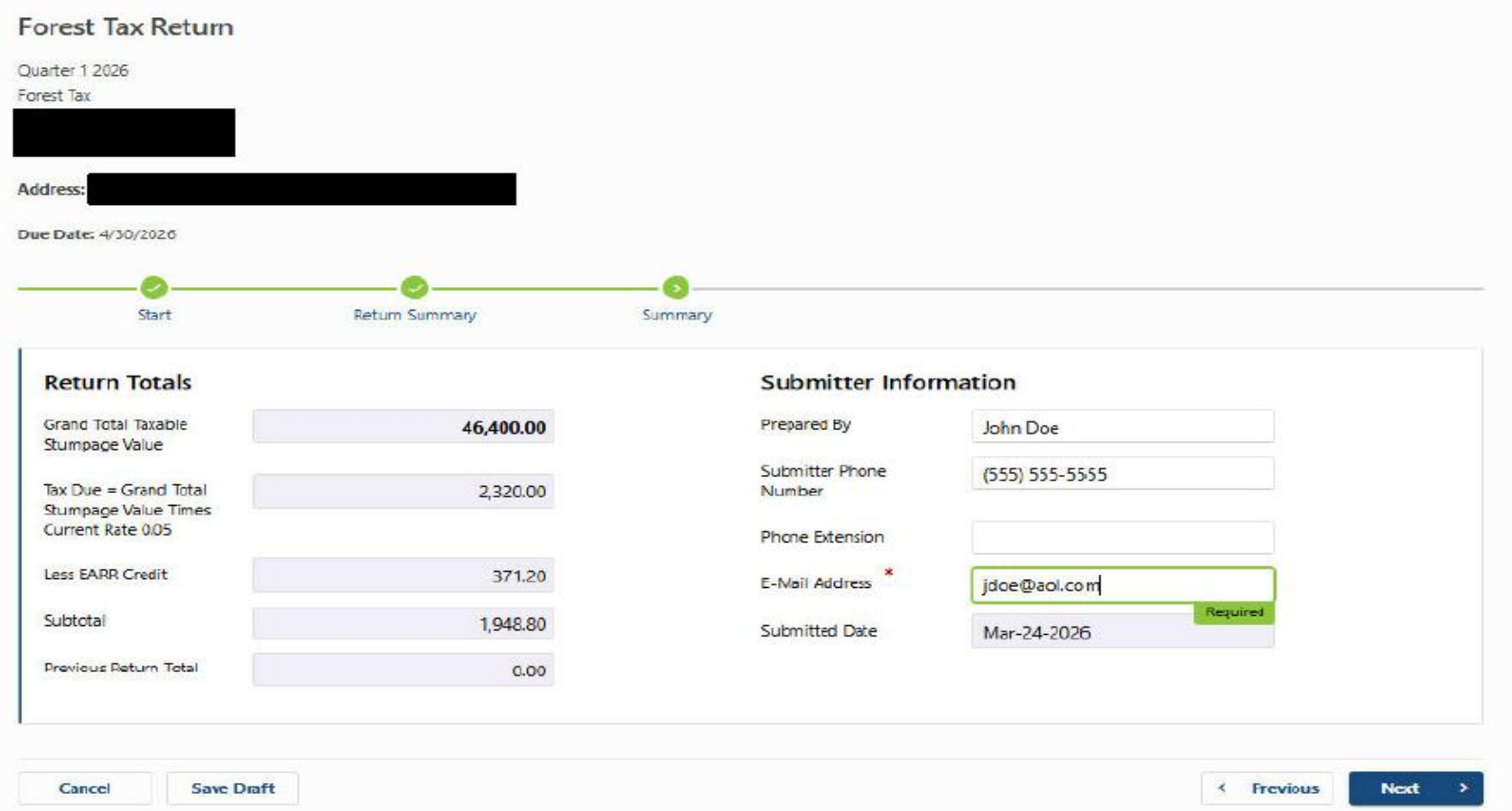
Filing a Small Harvester Return Online



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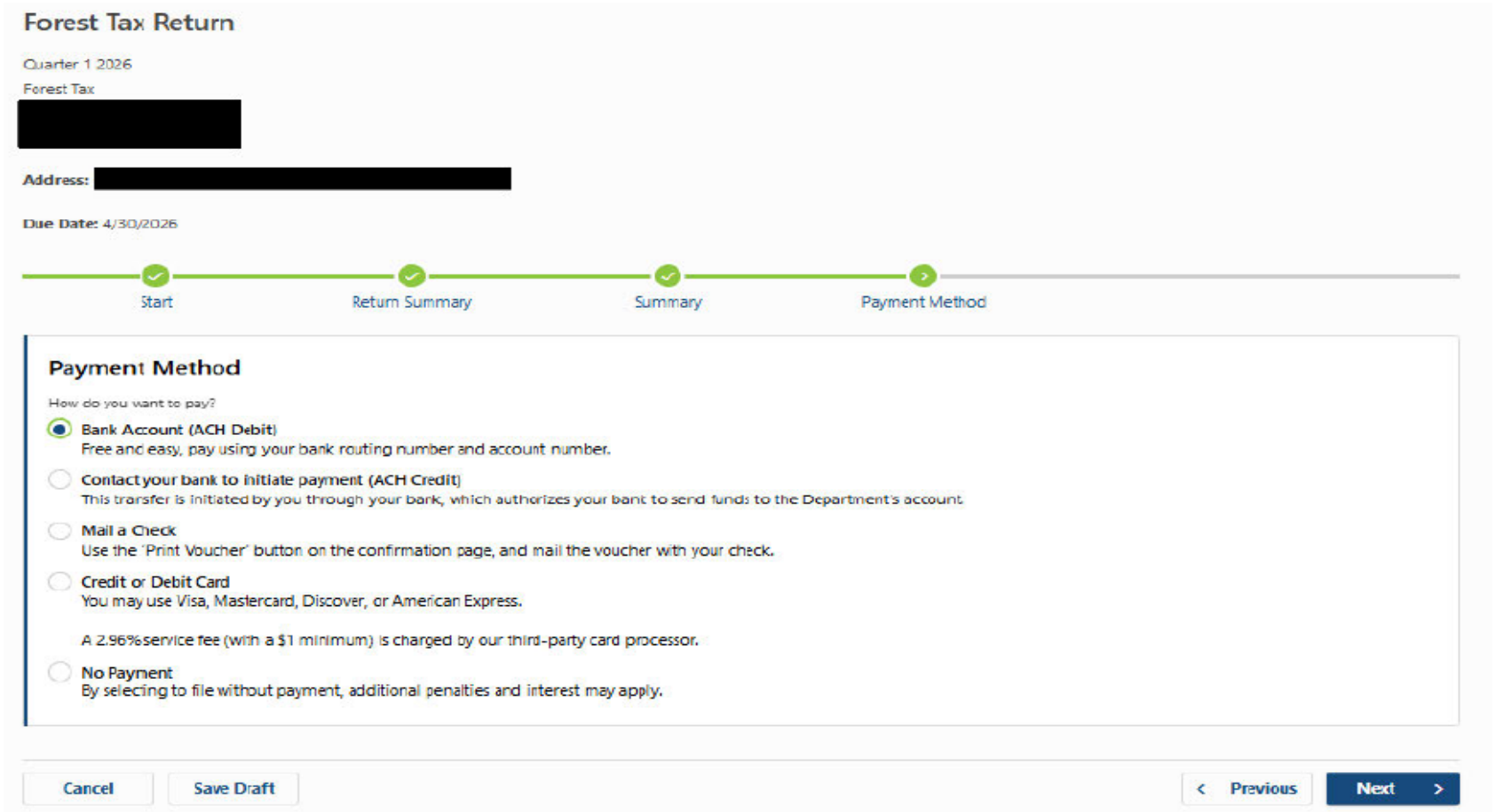

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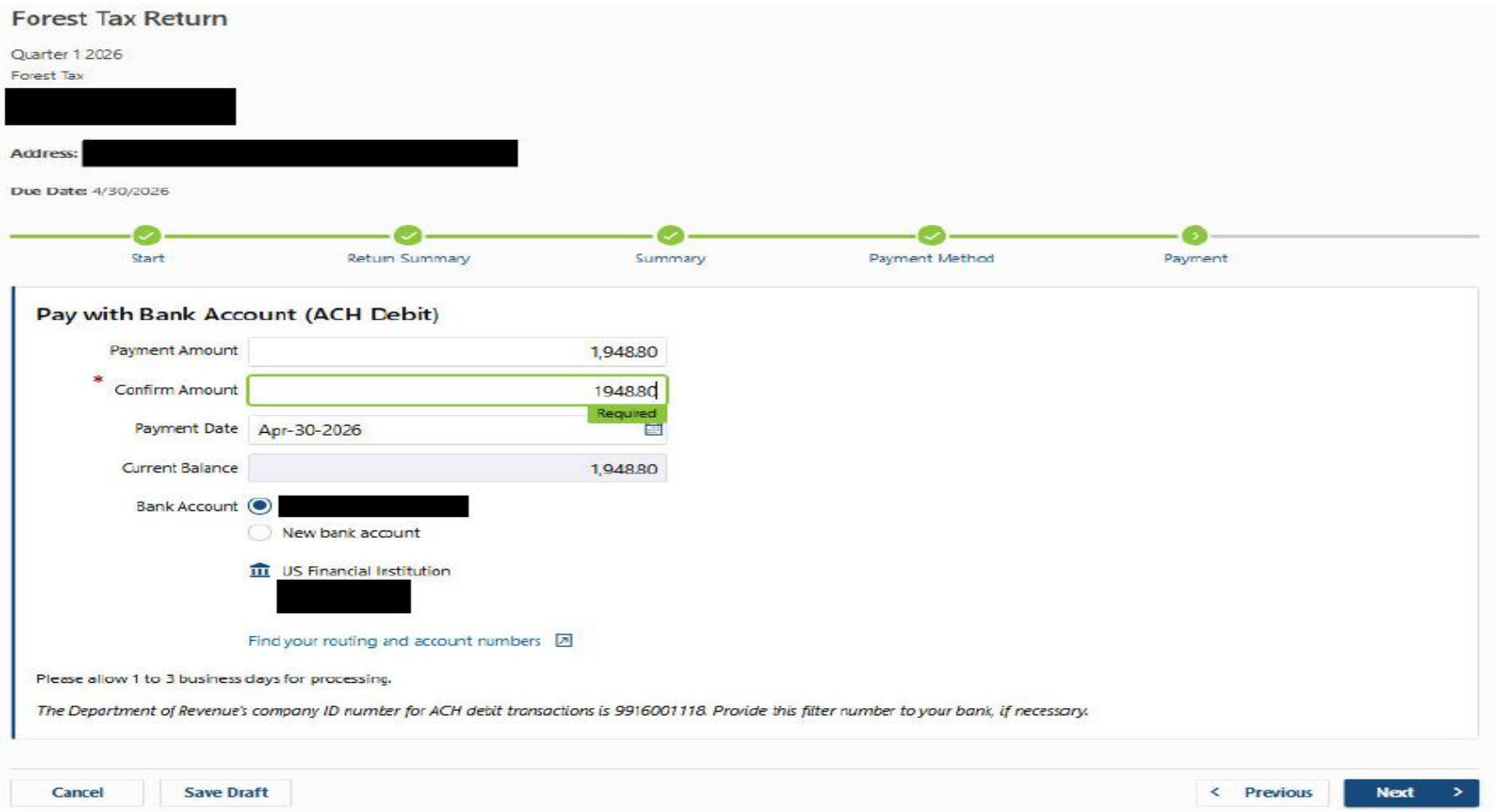

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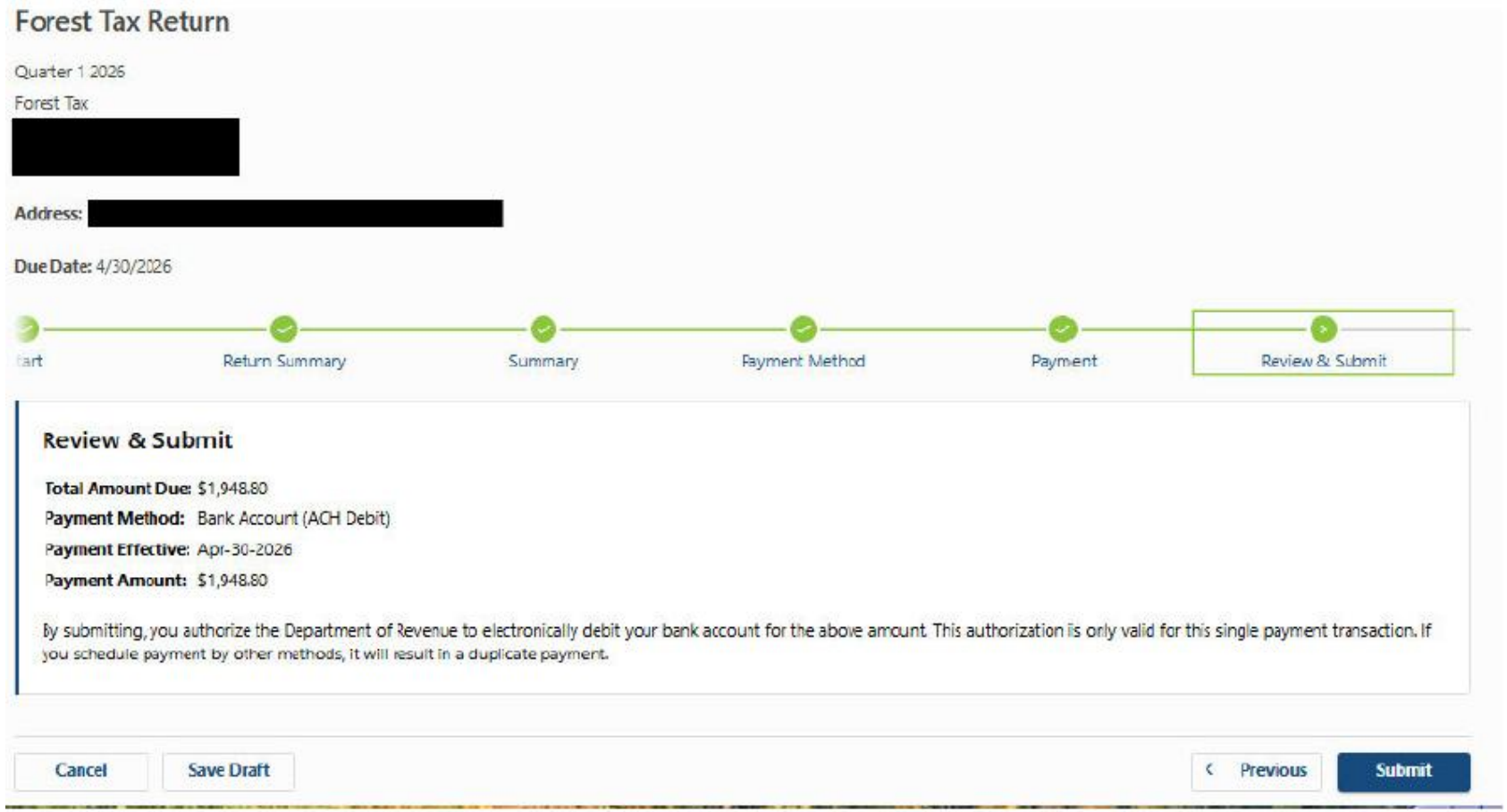

Business and Occupation (B&O) Tax for Timber Extractors

- The First $100,000 is a deduction for small harvesters.
- Preferential Rate 0.003424
- Must file electronically.
- Small harvesters who owe B&O tax may qualify for a Small Business Credit.
- If B&O credit applies, then the threshold is $223,000 before owing B&O tax.

Business and Occupation (B&O) Tax for Timber Extractors

Contact the Department of Revenue for help with your B&O tax return

- B&O tax return assistance:
  360-534-1324

- Electronic filing assistance:
  360-705-6709

Record Keeping Requirements

- Taxpayers are required to keep records **for at least 5 years** in case they get audited
- Taxpayers should be sure to have copies of all scale tickets, purchase orders, contracts, receipts, etc. for this purpose
- Having a good contract protects all parties and helps you identify and document deductible logging costs

Questions?

Contact Information

- Forest Tax Program: **360-534-1324**

  Receptionist for TRA #s, forester referral, general Question's
- B&O Tax questions: Steve Saavedra 360-534-1319
- Log Export questions: **Paul Stuart** 360-594-4862
- County Distribution & Forest Tax Questions:

  Ben Craig 360-480-2436, benjaminc@dor.wa.gov

Current Use: **Janeene Niemi** 360-534-1422, Janeenen@dor.wa.gov

- Dept of Revenue Website: http://dor.wa.gov/
- Forest Tax Website: http://foresttax.dor.wa.gov/