

SENATE BILL REPORT

SB 5109

As of January 31, 2003

Title: An act relating to penalties assessed when farm and agricultural land is removed from open space classification.

Brief Description: Modifying the assessment of penalties when land is removed from open space classification.

Sponsors: Senator Mulliken.

Brief History:

Committee Activity: Land Use & Planning: 2/3/03.

SENATE COMMITTEE ON LAND USE & PLANNING

Staff: Jennifer Arnold (786-7471)

Background: Under the Open Spaces Taxation Act of 1968, a property owner may enroll agricultural land into the open space program. This program allows property to be taxed on the basis of its current use value as agricultural land, not on the basis of its highest and best use, resulting in reduced property taxes so long as the property remains in agricultural use.

If the property owner wishes to remove the land from the program and to convert the land to a non-agricultural use, there are two ways that this can be done. The first way is for the landowner to provide notification to the county assessor two years prior to the change in use. Under this option, the landowner is required to pay the amount of the taxes saved under the program for the seven prior years, plus interest.

The other option applies when the land is removed from agricultural use without at least two years prior notice. In that case, the amount of the taxes saved during the previous seven-year period, plus interest, is again determined. In addition, a 20 percent penalty is assessed on the amount due.

Summary of Bill: If up to five acres of land classified under the program that includes a residential home site is removed from the program and the owner sells or transfers the remainder of the property, the owner of the up to five-acre parcel does not have to pay the 20 percent penalty if the new owner signs a notice of continuance and qualifies for continued classification as agricultural land, and the removed land is not transferred to a new owner within five years of the initial removal.

Appropriation: None.

Fiscal Note: Requested on January 20, 2003.

Effective Date: Ninety days after adjournment of session in which bill is passed.

