

# HOUSE BILL REPORT

## 2SHB 2080

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### As Passed Legislature

**Title:** An act relating to agricultural lands with long-term commercial significance for the production of food or other agricultural products.

**Brief Description:** Regulating classification of lands with long-term commercial significance.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Parlette, Reams, Mulliken, Chandler and Boldt).

**Brief History:**

**Committee Activity:**

Government Reform & Land Use: 2/26/97, 3/5/97 [DPS];  
Appropriations: 3/8/97 [DP2S(w/o sub GRLU)].

**Floor Activity:**

Passed House: 3/18/97, 98-0.  
Senate Amended.  
House Concurred.  
Passed Legislature.

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### HOUSE COMMITTEE ON GOVERNMENT REFORM & LAND USE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Reams, Chairman; Cairnes, Vice Chairman; Sherstad, Vice Chairman; Bush; Mielke; Mulliken and Thompson.

**Staff:** Kimberly Klaiber (786-7156).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Government Reform & Land Use. Signed by 29 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris;

Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

**Minority Report:** Without recommendation. Signed by 1 member: Representative H. Sommers, Ranking Minority Member.

**Staff:** Jeff Olsen (786-7157).

**Background:** Most property is valued or assessed at its true and fair, or highest and best, value for purposes of imposing property taxes. However, the state Constitution allows the legislature to enact legislation assessing certain types of real property at its present or current use for purposes of imposing property taxes. Two programs of current use valuation have been established: one program for forest lands and a second program that includes open space lands, farm and agricultural lands, and timber lands.

Depending on the acreage of the land sought to be classified as farm and agricultural lands, various requirements must be met, including the generation of certain amounts of gross income per acre in three of the last five calendar years. With certain exceptions, lands that are withdrawn from classification as farm and agricultural lands are subject to an additional tax and penalties.

**Summary of Bill:** A new classification of land as agricultural land with long-term commercial significance is created. To be eligible for the new classification, the lands must already be designated agricultural under the Growth Management Act and must meet other conditions.

The valuation of agricultural lands with long-term commercial significance equals either: (1) the true and fair value of farm and agricultural land; or (2) one-half of the property's true and fair value, whichever is lower.

If the classification of agricultural land as agricultural land with long-term commercial significance is removed, no back taxes, penalties, or interest is paid.

**Appropriation:** None.

**Fiscal Note:**

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

**Testimony For:** (Government Reform & Land Use) This additional classification offers the counties another good tool for enforcing the Growth Management Act because landowners who are told what to do with their property are

rewarded. Allowing voluntary designation is a good approach to land classification. This new category reflects a lower level of service allowed by agricultural designation. Right now, agricultural interests are subsidizing development.

(Appropriations) This bill only applies to counties that have completed comprehensive plans under the Growth Management Act. Agricultural land of long-term commercial use is a different type of farm and agricultural land. Under the Growth Management Act, farmers have no choice regarding how their land is classified. This bill allows farmers to have a choice. Landowners should not be penalized when a county changes the zoning.

**Testimony Against:** (Government Reform & Land Use) Some people would consider this downzoning.- There are problems relating to the lack of penalty for removing land from this classification. There could be unforeseen consequences of allowing this alternative classification with a much lower valuation rate and no penalty for removal, and these could hurt agriculture generally.

(Appropriations) None.

**Testified:** (Government Reform & Land Use) Representative Parlette, prime sponsor (pro); Laura Mrachek and Gordon Cougson, Chelan County Planning Commission (pro); Michael H. Harrison, Chelan County Board of Adjusters (pro); Fred Saeger, Washington Association of County Officials (con); and Mike Ryherd, 1000 Friends of Washington (concerns).

(Appropriations) Representative Parlette, prime sponsor; and Mike Ryherd, 1000 Friends of Washington.