

# SENATE BILL REPORT

## SB 5826

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As of February 19, 1999

**Title:** An act relating to the acquisition of rights and interests in open space land, farm and agricultural land, and timber land.

**Brief Description:** Providing funding for the acquisition of rights and interests in open space, farm, and timber land.

**Sponsors:** Senators Haugen, McCaslin, Patterson, Wojahn, Fraser, Jacobsen, Rasmussen, Swecker, Spanel, Gardner, McDonald, Kline, Snyder, Morton and T. Sheldon.

**Brief History:**

**Committee Activity:** Ways & Means: 2/18/99.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Terry Wilson (786-7433)

**Background:** Under the open space program, agricultural, timber, and open space lands are valued on the basis of their current use rather than fair market value for property tax purposes. The owner of the land must apply for classification under the program.

When property is removed from the open space program, back taxes plus interest must be paid. The back taxes represent the tax benefit received over the previous seven years plus interest on the taxes from the time they would have been paid if the land were not assessed at current use. The interest rate is the rate payable on delinquent property taxes, which is 12 percent per year. In addition, a penalty equal to 20 percent of the back taxes and interest is applied. The penalty may be avoided if the property remains in the program for at least 10 years and a two-year waiting period after notice of withdrawal is satisfied.

The back taxes, penalties, and interest are distributed to the taxing districts in the county in the same manner as current property taxes.

**Summary of Bill:** Liability for back taxes is increased from the tax benefit over the previous seven years to the tax benefit over the previous 10 years. Thirty percent of the back taxes, penalties, and interest is distributed to the county and used to purchase rights and interests in open space lands.

**Appropriation:** None.

**Fiscal Note:** Requested on February 12, 1999.

**Effective Date:** The bill takes effect January 1, 2001.

**Testimony For:** Skagit County has a lot of good agricultural land which is being developed. There is a state concern that we are losing this property to development. Counties need money to protect this property. There is not enough money raised by the conservation futures tax for this purpose. The people that pay are the ones that have benefitted the most and who are now moving to a higher use. This is just an additional cost. The delayed effective date allows people who don't want to pay the tax to get out of the program.

**Testimony Against:** None.

**Testified:** PRO: Senator Mary Margaret Haugen, prime sponsor; Bob Rose, Skagitians to Preserve Farmland, Skagit County.