

SENATE BILL REPORT

SB 6545

As of January 31, 2000

Title: An act relating to the current use valuation of agricultural land.

Brief Description: Modifying the tax valuation of agricultural land.

Sponsors: Senators Snyder, Hargrove, Honeyford, Rasmussen, Gardner and Haugen.

Brief History:

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: The state Constitution authorizes agricultural, timber, and open space land to be valued on the basis of their current use rather than fair market value. Two programs currently implement this constitutional exception to fair market value: the "open space" program and the "forest land" program. There are three categories of land under the open space program: (1) open space lands, (2) farm and agricultural lands, and (3) timber lands.

The value of farm and agricultural land in the open space program is determined by considering the earning or productive capacity of comparable lands from crops grown most typically in the area averaged over not less than five years, capitalized at indicative rates. The earning or productive capacity is the net cash rental, capitalized at a rate of interest charged on long-term loans secured by a mortgage on farm or agricultural land, plus a component for property taxes.

Summary of Bill: The true and fair value of farm and agricultural land is the lesser of two-thirds of fair market value or an amount determined by considering the earning or productive capacity of comparable lands from crops grown most typically in the area averaged over not less than five years, capitalized at indicative rates.

Appropriation: None.

Fiscal Note: Requested on January 19, 2000.

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