

Finance

HB 1450

Brief Description: *Providing property tax relief for certain land transfers.*

Sponsors: *Representatives Rockefeller and Morris.*

Brief Summary of Bill

- *Restores the exception for payment of back property taxes when property is sold within two years of the death of an owner of at least a 50 percent interest for properties in current use programs continuously since 1993.*

Hearing Date: *2/7/01*

Staff: *Rick Peterson (786-7150).*

Background:

Property meeting certain conditions may have property taxes determined on current use values rather than market values. There are five categories of lands that may be classified and assessed on current use. Three categories are covered in the open space law: open space lands; farm and agriculture lands; and timber lands. The two remaining categories are in the timber tax law: classified and designated forest land.

The land remains in current use classification as long as it continues to be used for the purpose it was placed in the current use program. Land is removed from the program at the request of the owner; by sale or transfer to an ownership making the land exempt from property tax; or by sale or transfer of the land to a new owner, unless the new owner signs a notice of classification continuance. The assessor may also remove land from the program if the land is no longer devoted to its open space purpose.

When property is removed from current use classification, back taxes, plus interest, must be paid. For open space categories, back taxes represent the tax benefit received over the most recent seven years. For classified and designated forest land, back taxes are equal to the tax benefit in the most recent year multiplied by the number of years in the program

(but not more than 10). There are some exceptions to the requirement for payment of back taxes. For example, back taxes are not required on the transfer of the land to an entity using the power of eminent domain or in anticipation of the exercise of that power.

In 1992, the Legislature removed an exception to the payment of back taxes for property sold within two years of the death of an owner of at least 50 percent interest in the property.

Summary of Bill:

The exception for payment of back property taxes when property is sold within two years of the death of an owner of at least 50 percent interest in the property is restored for properties that have been in current use programs continuously since 1993.

Appropriation: *None.*

Fiscal Note: *Requested on January 30, 2001.*

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