

# SENATE BILL REPORT

## EHB 1677

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As Reported By Senate Committee On:  
Agriculture, February 19, 2004  
Ways & Means, March 1, 2004

**Title:** An act relating to authorizing a county to exempt certain property used in agriculture from taxation.

**Brief Description:** Authorizing a county to exempt certain property used in agriculture from taxation.

**Sponsors:** Representatives Shabro, Newhouse, Bailey, Roach, Bush, Boldt, Chandler, Linville, Quall and McDermott.

**Brief History:**

**Committee Activity:** Agriculture: 4/1/03, 4/3/03 [DPA-WM]; 2/19/04 [w/oRec-WM].  
Ways & Means: 4/7/03; 3/1/04 [DP, DNP].

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### SENATE COMMITTEE ON AGRICULTURE

**Majority Report:** That it be referred to Committee on Ways & Means without recommendation.

Signed by Senators Swecker, Chair; Brandland, Vice Chair; Rasmussen and Sheahan.

**Staff:** Evan Sheffels (786-7486)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Hale, Honeyford, Johnson, Pflug, Prentice, Rasmussen, Roach, Sheahan and Winsley.

**Minority Report:** Do not pass.

Signed by Senators Regala and B. Sheldon.

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

**Background:** All property in Washington is subject to an assessment and taxation for state, county, and other taxing district purposes. Machinery and equipment that is owned by farmers as personal property is exempt from state property taxes if the machinery and equipment is used exclusively for growing and producing agricultural products.

A farmer's personal property is not exempt from the tax levied by a county or other special taxing district.

Seven counties – King, Pierce, Snohomish, Kitsap, Thurston, Clark, and Spokane – are not "rural counties" as defined under the sales and use tax statutes.

**Summary of Bill:** Machinery and equipment owned by a farmer as personal property is exempt from all county property taxes if the farmer does not live in a "rural county" as defined under the sales and use tax statutes. To qualify for the exemption, the personal property must be used exclusively for the growing and production of agricultural products.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This encourages farmers to continue producing in urban areas. It preserves open space in urban areas. Farmers are endangered. Immediately after farm machinery and equipment was exempt from the state levy, counties wanted to do this.

**Testimony Against:** Tax shifts are tax expenditures. 30 percent of the taxpayers now pay 100 percent of the state levy. Taxes increase several percent a year because of these shifts. This is a precedent. It is the first bill to exempt property from only some levies. It is not clear which county levies this would apply to. It is a departure from historical practice on how exemptions are done. Exemptions have been uniform across the state before. Questions arise for farms that may be in multiple counties.

**Testified:** PRO: Representative Shabro, prime sponsor; Dan Fazio, WA Farm Bureau; WITH CONCERNS: Scott Noble, WA State Assoc. of County Assessors; Peri Maxey, Department of Revenue.