

SENATE BILL REPORT

HB 1554

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, March 22, 2005

Title: An act relating to the definition of "farm and agricultural land" for purposes of current use property taxation.

Brief Description: Clarifying the definition of "farm and agricultural land" for purposes of current use property taxation.

Sponsors: Representatives Morrell, Buri, Grant, Holmquist, Newhouse, McDonald, Conway, Blake, Quall, Linville and Miloscia.

Brief History: Passed House: 3/08/05, 98-0.

Committee Activity: Agriculture & Rural Economic Development: 3/22/05 [DP].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Rasmussen, Chair; Shin, Vice Chair; Schoesler, Ranking Minority Member; Delvin, Jacobsen and Morton.

Staff: Bob Lee (786-7404)

Background: Most property is valued or assessed at its true and fair, or highest and best, value for purposes of imposing property taxes. The state Constitution, however, 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.

For parcels over 20 acres to qualify for classification as farm and agricultural lands, the land must be devoted primarily to commercial agricultural purposes. For parcels under 20 acres to qualify for classification as farm and agricultural land, the land must meet income tests for three of the previous five years. For classified farm and agricultural land for which an application was made before January 1, 1993, and that has not been transferred to a new owner since January 1, 1993, farm parcels of less than five acres must generate \$1,000 in farm gross income, and farm parcels of between five and 20 acres must generate \$100 per acre. For other farm and agricultural land classified after January 1, 1993, parcels less than five acres must generate \$1,500 in farm gross income, and parcels of between five and 20 acres must generate \$200 per acre.

Summary of Bill: Participants in the farm and agricultural current use property program may use the wholesale value of agricultural products donated to nonprofit food banks and feeding programs to satisfy the farm gross income test for parcels between 5 and 20 acres.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: The goal of the farm is to grow high quality produce for food banks and the hungry rather than the lower quality discarded produce that food banks often receive. The farm utilizes volunteers and school groups to do the work who gain the experience of growing food and having it feed the hungry in the community. The produce is given away so the land cannot meet the gross income requirements needed under current law to qualify for current use valuation. The parcel lost its agricultural zoning and as a result, the property taxes have increased several-fold. This bill is needed so that the wholesale value of the donated produce can be counted to meet the gross income requirements required by the Open Spaces Taxation Act.

Testimony Against: None.

Who Testified: PRO: Representative Morrell, prime sponsor; Carrie Little, Emergency Food Network and Mother Earth Farm.