

# SENATE BILL REPORT

## SB 5792

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As of February 16, 2009

**Title:** An act relating to current use valuation under the property tax open space program.

**Brief Description:** Concerning current use valuation under the property tax open space program.

**Sponsors:** Senators Sheldon, Hatfield, Schoesler, Swecker and Holmquist.

**Brief History:**

**Committee Activity:** Agriculture & Rural Economic Development: 2/10/09.

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### SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

**Staff:** Bob Lee (786-7404)

**Background:** In November 1968 voters approved Amendment 53 to the State Constitution that allowed the Legislature to establish current use valuation for property tax purposes of farm and agricultural lands, timberlands and other open space lands which are used for recreation or for enjoyment of their scenic or natural beauty. The Open Space Taxation Act, enacted in 1970, deals primarily with farm and agricultural lands, and open space lands, and the chapter that deals primarily with timber and forest lands was enacted in 1971.

To qualify as "farm and agricultural land," there are separate criteria for three parcel categories:

- any contiguous parcels totaling 20 or more acres that are devoted primarily to the production of livestock or agricultural commodities for commercial production; enrolled in the federal conservation reserve program; or similar commercial activity as established by rule;
- any parcel between five and 20 acres devoted primarily to agricultural use which has produced gross income from agricultural use of at least \$200 per acre in three of five years preceding the date of application;
- any parcel less than five acres devoted primarily to agricultural uses which has produced a gross income of at least \$1,500 in three of the five years preceding the date of application.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

There is concern how standing crops (e.g. Christmas trees, short rotation hardwoods, vineyards and orchards) that take several years to produce income after planting meet the income requirements applicable to parcels under 20 acres.

**Summary of Bill:** For standing crops with an expectation of harvest within 15 years on parcels between five and 20 acres, they must have a demonstrable investment in the production of those crops equivalent to \$100 or more per acre in the current or previous calendar year.

If a county assessor determines that a land no longer meets the criteria of the classification, written notice by the assessor is to provide information about the appeal process including timelines, petition forms, and the county Board of Equalization contact information.

**Appropriation:** None.

**Fiscal Note:** Requested on February 3, 2009.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: Christmas tree farms under 20 acres run into a problem because the income requirements in the law must be met in three out of five years, but it takes a minimum of seven years to grow a tree. A farmer inquired with the county assessor's office before planting and was told that Christmas trees qualified for current use valuation, then invested funds to plant trees, and afterwards was told that the land did not qualify.

CON: Fifteen years is too long and there is concern about only requiring \$100 per acre investment over two years. It opens the system up for potential abuse and needs to be tightened down.

**Persons Testifying:** PRO: Senator Sheldon, prime sponsor; Caleb Hayes, Washington Christmas Tree Growers Association; Dan Wood, Farm Bureau.

CON: Robert Carlton, Washington Association of County Officials.