

# SENATE BILL REPORT

## SB 5792

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As Reported by Senate Committee On:  
Agriculture & Rural Economic Development, February 23, 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, 2/23/09 [DPS-WM].

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### SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5792 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hatfield, Chair; Schoesler, Ranking Minority Member; Becker, Haugen, Jacobsen, Morton and Shin.

**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;

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- 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.

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 (Recommended Substitute):** For any parcel that is five acres or more, but less than 20 acres, devoted to the commercial production of Christmas trees with an expectation of harvest within approximately seven years, the land is eligible for current use valuation if the owner is able to prove that \$100 or more per acre was expended specifically to establish the stand preceding the date of application.

Christmas trees are defined as evergreen trees grown using agricultural methods normally used in the commercial production of these trees, including tilling of the soil prior to planting, planting of seedlings in evenly spaced rows, periodic pruning or shearing to maintain desired conical shape, and controlling competing vegetation.

**EFFECT OF CHANGES MADE BY AGRICULTURE & RURAL ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute):** The substitute bill is limited to Christmas trees that are grown by methods normally used in the commercial production of these trees.

**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 on Original Bill:** 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.