

# HOUSE BILL REPORT

## SSB 5996

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### As Reported by House Committee On: Agriculture & Natural Resources

**Title:** An act relating to contiguous land under the current use open space property tax programs.

**Brief Description:** Concerning contiguous land under the current use open space property tax programs.

**Sponsors:** Senate Committee on Agriculture, Water & Rural Economic Development (originally sponsored by Senators Schoesler, Hatfield, Haugen, Becker and Fraser).

#### **Brief History:**

##### **Committee Activity:**

Agriculture & Natural Resources: 2/17/12, 2/21/12 [DP].

#### **Brief Summary of Substitute Bill**

- Amends existing definitions, and adds a new definition, to the statutes controlling current use open space tax programs.
- Requires a declaration of truth from applicants for current use open space tax programs.

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### HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

**Majority Report:** Do pass. Signed by 13 members: Representatives Blake, Chair; Stanford, Vice Chair; Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Dunshee, Finn, Hinkle, Kretz, Lytton, Orcutt, Pettigrew and Van De Wege.

**Staff:** Jason Callahan (786-7117).

#### **Background:**

Property that meets certain conditions may have property taxes determined on current use values rather than market values. There are four categories of lands that may be classified and assessed on current use. Three categories are covered in the open space law: open space

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lands, farm and agriculture lands, and timber lands. The fourth category, designated forest land, is in the timber tax law. When land is designated as open space it is generally assessed at a lower value resulting in lower tax payments. When land is removed from designation as open space, the foregone taxes must, with certain exceptions, be paid.

Parcels qualifying for current use valuation must have certain characteristics. One of these characteristics relates to the size of the ownership. For instance, forest land and farm and agricultural lands must be 20 or more acres in size, or be a collection of contiguous parcels that together amount to 20 or more acres. Similarly, timber land must be at least five acres in size, or be composed of contiguous parcels equaling at least five acres.

The term "contiguous" is defined as adjoining and touching property held by the same ownership. A land dividing a public road does not sever the contiguous nature of the parcels. The term "same ownership" is defined to mean land owned by the same person or, if owned by different people, land managed as a single operation. If the land is owned by different people but managed as a single operation, the term "same ownership" only applies if the land is owned by members of the same family or legal entities owned by different family members. The term "family" is further defined. This term includes spouses, domestic partners, children, stepchildren, grandchildren, parents, cousins, and siblings.

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#### **Summary of Bill:**

The definition of "same ownership" is changed as it relates to current use tax valuations. The new definition includes any combination of individuals and legal entities if the individuals and the owners of the legal entities are members of the same family. The new definition replaces a former definition that required the same ownership to have both a real person and a legal entity as shared owners.

The definition of "family" is expanded to include great-grandparents, great-grandchildren, aunts, uncles, nieces, and nephews. Cousins are included in the amended underlying definition; however, the term "cousin" is provided with a definition. That definition includes a person that is a direct lineal descendent of the person applying for current use taxation valuation.

The applicants for current use taxation valuation must, themselves, make a declaration that any information provided on the application is true and identify parcels that the applicant feel satisfies the definition of "contiguous lands."

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**Appropriation:** None.

**Fiscal Note:** Available

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Legislation from last year that intended to keep family farms together and working needs a few tweaks and additions. Family farms are often split up with each generation and it is important for the farm to remain whole in the eyes of the tax code. The current use tax program is one of the best farmland preservation tools available. The ownership patterns of farms have changed since the current use tax program was created and the statutes creating the program need to be amended from time to time to reflect the current realities.

(With concerns) Adding cousins to the definition of family could result in adding many new parcels to the current use tax program so the existing concise definition of the word "cousin" is important. An expansion of the current tax use program to additional properties may have an effect on county resources.

(Opposed) None.

**Persons Testifying:** (In support) Senator Schoesler, prime sponsor; Leslie Cushman; Nancy Laich, Common Ground Farm; Tom Davis, Washington Farm Bureau; and Holli Johnson, Washington State Grange.

(With concerns) Monty Cobb, Washington Association of County Officials.

**Persons Signed In To Testify But Not Testifying:** None.