FINAL BILL REPORT
E2SHB 2493

C 125 L 14
Synopsis as Enacted

Brief Description: Concerning current use valuation for land primarily used for commercial horticultural purposes.

Sponsors: House Committee on Finance (originally sponsored by Representatives Wilcox, Tharinger, Buys, Lytton, Vick, Orcutt, Reykdal, Springer and Haigh).

House Committee on Agriculture & Natural Resources
House Committee on Finance
Senate Committee on Agriculture, Water & Rural Economic Development
Senate Committee on Ways & Means

Background:

All property is subject to a property tax each year based on the property's highest and best use, unless a specific exemption is provided by law. The Washington Constitution authorizes agricultural, timber, and open space lands to be valued on the basis of their current use rather than fair market value.

The Open Space Taxation Act allows for current use valuations of qualifying farm and agricultural land, which includes:

- parcels 20 acres and larger devoted primarily to agricultural production;
- parcels five to 20 acres that generate gross income from the sale of agricultural products of $200 or more per acre in three years of each five-year period;
- parcels that are less than five acres that generate a gross income of at least $1,500 per year in three years of each five-year period; and
- lands whose use is compatible with agricultural purposes, so long as the compatible use lands do not exceed 20 percent of the land classified for farm and agricultural use, and the compatible use is necessary to the production, preparation or sale of an agricultural product.

In 2013 legislation was enacted that established certain conditions on the creation of new tax preferences. A default expiration date of 10 years for new tax preferences is required, unless the legislation specifies an alternate date. All new tax preference legislation must include a tax preference performance or legislative intent statement. Legislation that clarifies or makes

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technical amendments to existing tax preferences is not subject to the tax preference performance or legislative intent statement requirements.

Summary:

Land used primarily for commercial horticulture is made eligible for the farm and agricultural land use classification. Commercial horticulture practices that qualify land for the farm and agricultural use classification include the growing of various types of plants in containers, whether indoors or outdoors.

Commercial horticulture lands used to grow plants in containers must meet certain conditions in order to qualify for the farm and agricultural land use tax classification:
- Parcels that are smaller than 20 acres must meet the same income qualifications that apply to other lands that are classified for farm and agricultural uses.
- Lands smaller than five acres do not qualify if more than 25 percent of the land is open to the general public for on-site retail sales.
- Lands used primarily for the storage, care, or selling of plants purchased from other growers for resale do not qualify for the farm and agricultural land use tax classification.
- If more than 20 percent of commercial horticulture lands are covered by pavement, the paved area does not qualify for farm and agricultural land use tax classification unless the land otherwise qualifies under the Open Space Taxation Act as an incidental use compatible with farm and agricultural land use.

The inclusion of commercial horticulture within the definition of farm and agricultural land is declared to clarify an ambiguity in an existing tax preference, and to not require a performance statement or be subject to the default 10-year expiration date.

Votes on Final Passage:

House	98	0	
Senate	47	1	(Senate amended)
House	98	0	(House concurred)

Effective: June 12, 2014