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**Agriculture & Natural Resources  
Committee**

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**ESSB 6286**

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

**Sponsors:** Senate Committee on Agriculture, Water & Rural Economic Development (originally sponsored by Senators Rivers, Dammeier, Hobbs, Honeyford, Hatfield, Fraser and Roach).

**Brief Summary of Engrossed Substitute Bill**

- Defines farm and agricultural lands eligible for current use tax classification to include certain commercial horticultural lands.

**Hearing Date:** 2/25/14

**Staff:** Jacob Lipson (786-7196).

**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 State 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 (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 \$200 or more per acre in three 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 of each five-year period; and

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- 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 the Legislature passed Engrossed Substitute Senate Bill 5882, which 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 technical amendments to existing tax preferences is not subject to the tax preference performance or legislative intent statement requirements.

**Summary of Bill:**

Land used primarily for commercial horticulture is included within the definition of the farm and agricultural land use classification. Commercial horticulture practices which qualify for farm and agricultural use classification include the indoor or outdoor growing of trees, fruits, vegetables, and other plants in containers.

Certain limitations are placed on commercial horticulture lands that can qualify for the farm and agricultural use 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.
- Qualifying commercial horticulture lands may not exceed a reasonably necessary area.
- Lands used for the storage, care, or selling of plants purchased from other growers for resale do not qualify for the farm and agricultural use classification.
- Lands used to grow plants in containers may not be more than 20 percent covered by asphalt, concrete, or other impervious surfaces.

The inclusion of commercial horticulture within the definition of farm and agricultural land is declared to not constitute a new tax preference that would require a performance statement or be subject to the default 10 year expiration date.

**Appropriation:** None.

**Fiscal Note:** Available.

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