

# SENATE BILL REPORT

## SHB 1747

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As of March 16, 2017

**Title:** An act relating to the withdrawal of land from a designated classification.

**Brief Description:** Concerning the withdrawal of land from a designated classification.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Taylor, McCaslin, Volz, Young and Shea).

**Brief History:** Passed House: 3/06/17, 98-0.

**Committee Activity:** Agriculture, Water, Trade & Economic Development: 3/16/17.

### Brief Summary of Bill

- Eliminates the requirement that property owners must give a two-year notice to withdraw land from the current use program, if the property has been classified as current use for at least ten years.

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### SENATE COMMITTEE ON AGRICULTURE, WATER, TRADE & ECONOMIC DEVELOPMENT

**Staff:** Greg Vogel (786-7413)

**Background:** All property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The Washington Constitution and the Open Space Taxation Act authorize qualifying agricultural, timber, and open space lands to be valued on the basis of their current use rather than fair market value.

If property no longer qualifies for the current use valuation, an additional tax, a penalty, and interest are due. The additional tax is equal to the difference between the property tax paid as classified in the program, as well as the amount of property tax otherwise due and payable for the last seven years had the land not been classified. Interest is calculated at 12 percent per year, the same rate that applies for delinquent property taxes. The penalty is 20 percent of the additional tax and interest.

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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.*

If the land has been in the program for at least ten years and the owner provides a two-year withdrawal notice, the penalty does not apply. However, the additional tax and interest still apply.

**Summary of Bill:** A property owner is no longer required to give a two-year advance notice when requesting to withdraw land from the program, given the land has been in the program for at least ten years. Additional tax and interest still apply.

Penalty payments are due on parcels that are removed from the current use program if the assessor has begun the removal process prior to the owner requesting the land to be withdrawn from the current use program.

The legislation impacts taxes levied for collection in 2018 and beyond.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: All this bill does is remove a two-year notification requirement to the county assessor for lands that have been classified under the program for ten years or more, thereby removing the penalty that would apply without the notice. The bill is a simplification brought to the Legislature by the Yakima county assessor. Agricultural businesses are primarily distinguished by investment in land and that investment is used also for things like funding retirement or a child's college education. This bill alleviates the financial impact created upon reclassification by removing the penalty that applies without the two-year notice.

**Persons Testifying:** PRO: Representative David Taylor, Prime Sponsor; Brad Tower, Washington Christmas Tree Growers.

**Persons Signed In To Testify But Not Testifying:** No one.