
Finance Committee

HB 1683

Brief Description: Concerning involuntary removal of property from current use classification.

Sponsors: Representative Corry.

Brief Summary of Bill

- Allows a property owner of involuntarily removed property under the current use program to provide documentation within one year that would have prevented the removal of the property.
- Requires the property be restored to current use and the owner receive a refund of taxes paid within 60 days of the documentation being provided.
- Requires an assessor to notify the property owner if the assessor's inspection cannot determine whether a change in use has occurred prior to involuntary removal.

Hearing Date: 1/18/22

Staff: Kyle Raymond (786-7190).

Background:

Current Use Program.

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 authorizes qualifying agricultural, timber, and open space lands to be valued on the basis of their current use rather than fair market value. Two programs of current use valuation have been established, one program that includes open space lands, farm and agricultural lands, and timber lands and a second program for designated forestlands. Taxes and interest apply when land is withdrawn or removed from the program if the use of the property changes, the owner requests withdrawal, or a sale of the

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property is made and the new owner does not sign a notice of intent to continue within the current use program or designated forestland program.

If property no longer qualifies for the current use program, then an additional tax, penalty, and interest are due. Additional tax is the difference between the fair market value and the current use value for each year, multiplied by that year's levy rate, not to exceed seven years. Interest is calculated at 12 percent per year, the same as for delinquent property taxes. The penalty is 20 percent of the additional tax and interest. The penalty does not apply if the owner provides a two-year withdrawal notice. Various exemptions to the additional tax, penalty, and interest are provided, such as if the property removed from current use classification due to a natural disaster such as a flood, windstorm, earthquake, and other calamity, rather than the landowner changing the use of the property.

Summary of Bill:

For property involuntarily removed from current use, a property owner may provide documentation that would have prevented the removal of the property within one year of removal. If the property owner provides such documentation within the timeline, the property must be restored to the current use program and 80 percent of the taxes, penalties, and interest paid must be refunded to the property owner within 60 days of the documentation being provided.

If the property owner, or the owner's representative, provides documentation that the owner was incapable of understanding audit or removal notices, or that the owner was unreachable for audit or did not receive removal notices, the property must be restored to the current use program and any taxes, penalties, and interest paid must be fully refunded to the property owner within 60 days of the documentation being provided.

Prior to the implementation of an involuntary removal process, the assessor must inspect the property to determine if a change in use occurred. If the assessor's inspection cannot determine whether a change in use occurred, the assessor is required to notify the owner and request additional documentation. The notice must be sent by method requiring confirmed delivery. The owner has 90 days from the date of notice to respond with any necessary documentation.

Appropriation: None.

Fiscal Note: Requested on January 12, 2022.

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