
Finance Committee

HB 1508

Brief Description: Concerning the reclassification of property enrolled in current use property tax programs.

Sponsors: Representatives Sullivan, Nelson and Simpson.

Brief Summary of Bill

- Allows land classified in the open space program to transfer into the farm and agricultural land, timber land, and designated forest land current use programs without paying back taxes if land is in counties with a population over 1.5 million.

Hearing Date: 2/3/09

Staff: Rick Peterson (786-7150)

Background:

Property meeting 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 lands, farm and agriculture lands, and timber lands. The fourth category, designated forest land, is in the timber tax law.

Applications for farm and agricultural classification and designated forest land are made to the county assessor. Applications for open space or timber land are made to the county legislative authority.

The land remains in current use classification as long as it continues to be used for the purpose it was placed in the current use program. Land is removed from the program at the request of the owner, by sale or transfer to an ownership making the land exempt from property tax, or by sale or transfer of the land to a new owner, unless the new owner signs a notice of classification continuance. The assessor may also remove land from the program if the land is no longer

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devoted to its classified purpose.

When property is removed from current use classification, back taxes plus interest must be paid. For open space categories, back taxes represent the tax benefit received over the most recent seven years. For designated forest land, back taxes are equal to the tax benefit in the most recent year multiplied by the number of years in the program (but not more than nine). There are some exceptions to the requirement for payment of back taxes. For example, back taxes are not required on the transfer of the land to an entity using the power of eminent domain or in anticipation of the exercise of that power.

Back taxes are not imposed when property is transferred between programs for farm and agricultural land, timber land, and designated forest land. Land in these programs can also be transferred into the open space program without paying back taxes. However, with one exception, land in the open space program cannot be transferred into the farm and agricultural land, timber land and designated forest land categories. The one exception is very restrictive. Land in the farm and agricultural conservation land subcategory of the open space program may be transferred to the farm and agriculture classification without paying back taxes only if the land had previously been classified as farm and agricultural land.

Summary of Bill:

In counties with a population over 1.5 million, land classified in the open space program may transfer into the farm and agricultural land, timber land, and designated forest land current use programs without paying back taxes.

Appropriation: None.

Fiscal Note: Requested on 2/3/09

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