

HOUSE BILL REPORT

SSB 5359

As Reported by House Committee On:
Agriculture & Natural Resources

Title: An act relating to contiguous land under current use open space property tax programs.

Brief Description: Concerning contiguous land under current use open space property tax programs.

Sponsors: Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Morton, Swecker, Honeyford and Schoesler).

Brief History:

Committee Activity:

Agriculture & Natural Resources: 3/11/11, 3/16/11 [DP].

Brief Summary of Substitute Bill

- Provides definitions applicable to the open space taxation statutes.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 13 members: Representatives Blake, Chair; Stanford, Vice Chair; Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Dunshee, Hinkle, Kretz, Lytton, Orcutt, Pettigrew, Rolfes and Van De Wege.

Staff: Jason Callahan (786-7117).

Background:

Property that meets 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. When land is designated as open space it is generally assessed at a lower value resulting in lower tax payments. When land is removed from designation as open space, the foregone taxes must, with certain exceptions, be paid.

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.

Parcels qualifying for current use valuation must have certain characteristics. One of these characteristics relate to the size of the ownership. For instance, forest land and farm and agricultural lands must be 20 or more acres in size, or be a collection of contiguous parcels that together amount to 20 or more acres. Similarly, timber land must be at least five acres in size, or be composed of contiguous parcels equaling at least five acres.

For timber land and farm and agricultural land, contiguous is defined as adjoining and touching property held by the same ownership. A land-dividing public road does not sever the contiguous nature of the parcels. The term "same ownership" is not defined.

For forest lands, there is not a definition for the word "contiguous" available in the applicable chapters of the tax code.

Summary of Bill:

A definition for the word "contiguous" is provided as it relates to forest land. The term is defined adjoining and touching property held by the same ownership. A land-dividing public road does not sever the contiguous nature of the parcels. This is similar to the existing definition "contiguous" applicable to timber land and farm and agricultural land.

As it applies to timber land, farm and agricultural land, and the new forest land definition of "contiguous," the term "same ownership" is defined. The term is defined to mean land owned by the same person or, if owned by different people, is managed as a single operation. If the land is owned by different people but managed as a single operation, the term "same ownership" only applies if the land is owned by members of the same family or legal entities owned by different family members.

The term "family" is further defined. This term includes: spouses, domestic partners, children, stepchildren, grandchildren, parents, cousins, and siblings.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) One threat to farmland preservation is the loss of a farm after the death of the owner and the succession of the property to multiple family members. Inheritance issues are addressed by the bill. Multiple parcels will be able to be managed together using modern farming practices without losing a tax rate that can make the difference between the success

and failure of a family farm. Helping to keep land in the open space tax rate will help keep land being productive.

(Opposed) None.

Persons Testifying: Senator Morton, prime sponsor; Leslie Cushman; Ron Shultz, Washington State Conservation Commission; and Dick Bergeron, Chimacum Grange.

Persons Signed In To Testify But Not Testifying: None.