
Finance Committee

E2SHB 1437

Brief Description: Concerning small farms under the current use property tax program for farm and agricultural lands.

Sponsors: House Committee on Finance (originally sponsored by Representatives Reykdal, Blake, Haigh, Orcutt, Lytton, Van De Wege and Zeiger).

Brief Summary of Bill

- Establishes a pilot program in Thurston County under the current use program for home sites on qualifying farms less than 20 acres.
- Directs the Joint Legislative Audit and Review Committee to provide a report to the Legislature regarding the impact of the pilot program by December 1, 2018.

Hearing Date: 1/30/14

Staff: Jeffrey Mitchell (786-7139).

Background:

The Open Space Taxation Act allows for current use valuations of qualifying 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 farm products \$200 or more per acre in three of each five-year period; or
- 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.

A parcel or contiguous parcels classified as farm and agricultural land in the current use program must be 20 acres or more to receive a reduction in the taxable value of the home site. The housing or residence must be on or contiguous to the current use parcel(s) and integral to the use of the classified land for agricultural purposes. For parcels under 20 acres, the land where the

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housing is situated is valued at fair market value, while the remainder of the parcel is valued at current use.

Summary of Bill:

The housing or residence of agricultural and farm lands at least five acres up to 20 acres located in Thurston county may be eligible for current use valuation if:

- the residential structure is on or contiguous to the current use parcel;
- the residential structure is integral to the farming operation of the classified land; and
- for farm and agricultural land 10 acres or less, the classified land produced a gross income of \$10,000 in three of the last five years before application of current use classification.

The Department of Revenue must develop guidance, in consultation with stakeholders, on how the eligibility requirements for current use valuation to the housing or residence that is on or contiguous to and integral to the current use classified agricultural land will be interpreted by July 1, 2014.

By December 1, 2018, the Joint Legislative Audit and Review Committee must provide a report to the Legislature that addresses the impact of extending the current use valuation to the housing or residence on farms less than 20 acres.

Appropriation: None.

Fiscal Note: Available.

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