
SUBSTITUTE HOUSE BILL 2871

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Finance (originally sponsored by Representatives Parlette, Chandler, Wensman, Anderson, Reams, Clements, Romero, Linville, Gardner and Thompson)

Read first time 02/09/98. Referred to Committee on .

1 AN ACT Relating to current use valuation; amending RCW 84.34.070
2 and 36.70B.230; adding a new section to chapter 36.70A RCW; adding a
3 new chapter to Title 84 RCW; recodifying RCW 36.70B.230; and repealing
4 RCW 35.63.240, 35A.63.260, and 36.70.495.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** This chapter creates a new system of
7 classifying agricultural land for property tax purposes as agricultural
8 land with long-term commercial significance where the true and fair
9 value of the land is based upon its current use. This new current use
10 valuation program applies to eligible land automatically and is in
11 addition to the voluntary farm and agricultural land valuation program
12 under chapter 84.34 RCW.

13 NEW SECTION. **Sec. 2.** (1) Land shall be classified as agricultural
14 land with long-term commercial significance if: (a) The land is
15 designated as agricultural land under RCW 36.70A.170(1) by a county,
16 city, or town planning under RCW 36.70A.040; (b) the land is devoted
17 primarily to agricultural uses specified under RCW 36.70A.030(2) and
18 not used for residential purposes, industrial purposes, or other

1 commercial purposes; and (c) the county, city, or town has adopted its
2 development regulations under RCW 36.70A.060 conserving agricultural
3 land designated under RCW 36.70A.170(1).

4 (2) The assessor shall automatically classify or reclassify land
5 meeting the requirements of this section based upon information
6 submitted to the assessor by counties, cities, and towns under RCW
7 36.70B.230 (as recodified by this act). The manifest error provisions
8 of RCW 84.48.065 apply to the classification or reclassification of
9 land as agricultural land with long-term commercial significance.

10 (3) The true and fair value of agricultural land with long-term
11 commercial significance for property tax purposes shall be the current
12 use value of the land determined in the same manner as the current use
13 value of land classified as farm and agricultural land is determined
14 under chapter 84.34 RCW.

15 (4) The owner of any land eligible for classification or
16 reclassification as agricultural land with long-term commercial
17 significance that is not so classified or reclassified by the assessor
18 under subsection (2) of this section may submit a written request to
19 the assessor requesting the land be classified or reclassified as
20 agricultural land with long-term commercial significance together with
21 proof that the land meets the requirements of this section. The
22 assessor shall investigate the request and either deny or approve the
23 request within thirty days of the date the request was received. The
24 assessor shall give written notice of the denial or approval to the
25 owner requesting the classification or reclassification. A denial may
26 be appealed to the board of equalization of the county in which the
27 property is located, in accordance with RCW 84.40.038, within thirty
28 days of the date the notice of denial is mailed.

29 (5) Eligible land classified as farm and agricultural land under
30 chapter 84.34 RCW shall be reclassified as agricultural land with
31 long-term commercial significance. Land classified or designated as
32 forest land under chapter 84.33 RCW shall not be classified as
33 agricultural land with long-term commercial significance, even if it
34 meets the requirements of this section. Land classified as open space
35 land or timber land under RCW 84.34.020 (1) or (3) shall not be
36 classified as agricultural land with long-term commercial significance,
37 even if it meets the requirements of this section. However, the owner
38 of open space farm and agricultural conservation land under RCW
39 84.34.020(1)(c) may submit an application requesting the land be

1 reclassified as agricultural land with long-term commercial
2 significance and the assessor shall so reclassify this land if it meets
3 the requirements of this section.

4 NEW SECTION. **Sec. 3.** (1) The classification or reclassification
5 of land as agricultural land with long-term commercial significance
6 shall be removed if either: (a) The county, city, or town removes the
7 designation of the land under RCW 36.70A.170(1); or (b) the use of the
8 land changes to a use not permitted for designation as agricultural
9 land with long-term commercial significance.

10 Land removed from classification as agricultural land with long-
11 term commercial significance shall be valued at its true and fair value
12 under RCW 84.40.030 unless it is reclassified under another current use
13 valuation program under chapter 84.33 or 84.34 RCW.

14 (2) Land classified as agricultural land with long-term commercial
15 significance that was not reclassified to that status from farm and
16 agricultural land or open space farm and agricultural conservation land
17 under chapter 84.34 RCW is not subject to any additional tax, penalty,
18 and interest if removed from classification as agricultural land with
19 long-term commercial significance.

20 (3) However, land classified as agricultural land with long-term
21 commercial significance that was reclassified to that status from farm
22 and agricultural land or open space farm and agricultural conservation
23 land under chapter 84.34 RCW is subject to additional tax, penalty, and
24 interest, if the land is removed from classification as agricultural
25 land with long-term commercial significance as follows:

26 (a) The additional tax, penalty, and interest shall be calculated
27 in the same manner as set forth under RCW 84.34.108 and 84.34.080 for
28 removing land from classification as farm and agricultural land or open
29 space farm and agricultural conservation land under chapter 84.34 RCW,
30 except for each year the land remains classified as agricultural land
31 with long-term commercial significance one year of the additional tax,
32 penalty, and interest shall be abated. Additional tax, penalty, and
33 interest shall not be imposed if the reclassified land remains
34 classified as agricultural land with long-term commercial significance
35 for at least seven years.

36 (b) Additional tax, penalty, and interest under this subsection is
37 not due if the land is reclassified as farm and agricultural land or
38 open space farm and agricultural conservation land under chapter 84.34

1 RCW immediately upon being removed from classification as agricultural
2 land with long-term commercial significance.

3 NEW SECTION. **Sec. 4.** The provisions of RCW 84.34.300 through
4 84.34.380, relating to exemptions from special benefit assessments,
5 apply to agricultural land with long-term commercial significance.

6 NEW SECTION. **Sec. 5.** The department shall adopt rules consistent
7 with this chapter as are necessary or desirable to permit the effective
8 administration of this chapter.

9 **Sec. 6.** RCW 84.34.070 and 1992 c 69 s 10 are each amended to read
10 as follows:

11 (1) When land has once been classified under this chapter, it shall
12 remain under such classification and shall not be applied to other use
13 except as provided by subsection (2) of this section for at least ten
14 years from the date of classification and shall continue under such
15 classification until and unless withdrawn from classification after
16 notice of request for withdrawal shall be made by the owner. During
17 any year after eight years of the initial ten-year classification
18 period have elapsed, notice of request for withdrawal of all or a
19 portion of the land may be given by the owner to the assessor or
20 assessors of the county or counties in which such land is situated. In
21 the event that a portion of a parcel is removed from classification,
22 the remaining portion must meet the same requirements as did the entire
23 parcel when such land was originally granted classification pursuant to
24 this chapter unless the remaining parcel has different income criteria.
25 Within seven days the assessor shall transmit one copy of such notice
26 to the legislative body which originally approved the application. The
27 assessor or assessors, as the case may be, shall, when two assessment
28 years have elapsed following the date of receipt of such notice,
29 withdraw such land from such classification and the land shall be
30 subject to the additional tax and applicable interest due under RCW
31 84.34.108. Agreement to tax according to use shall not be considered
32 to be a contract and can be abrogated at any time by the legislature in
33 which event no additional tax or penalty shall be imposed.

34 (2) The following reclassifications are not considered withdrawals
35 or removals and are not subject to additional tax under RCW 84.34.108:

36 (a) Reclassification between lands under RCW 84.34.020 (2) and (3);

1 (b) Reclassification of land classified under RCW 84.34.020 (2) or
2 (3) or chapter 84.33 RCW to open space land under RCW 84.34.020(1);

3 (c) Reclassification of land classified under RCW 84.34.020 (2) or
4 (3) to forest land classified under chapter 84.33 RCW; (~~and~~)

5 (d) Reclassification of farm and agricultural land classified under
6 RCW 84.34.020(2), or open space farm and agricultural conservation land
7 classified under RCW 84.34.020(1)(c), to agricultural land of long-term
8 commercial significance under section 2 of this act; and

9 (e) Reclassification of land classified as open space land under
10 RCW 84.34.020(1)(c) and reclassified to farm and agricultural land
11 under RCW 84.34.020(2) if the land had been previously classified as
12 farm and agricultural land under RCW 84.34.020(2).

13 (3) Applications for reclassification shall be subject to
14 applicable provisions of RCW 84.34.037, 84.34.035, 84.34.041, and
15 chapter 84.33 RCW.

16 (4) The income criteria for land classified under RCW 84.34.020(2)
17 (b) and (c) may be deferred for land being reclassified from land
18 classified under RCW 84.34.020 (1)(c) or (3), or chapter 84.33 RCW into
19 RCW 84.34.020(2) (b) or (c) for a period of up to five years from the
20 date of reclassification.

21 **Sec. 7.** RCW 36.70B.230 and 1996 c 254 s 6 are each amended to read
22 as follows:

23 By July 31, (~~(1997, a local government)~~) 1998, every county or city
24 planning under RCW 36.70A.040 shall provide to the county assessor a
25 copy of (~~the local government's~~) its comprehensive plan and
26 development regulations in effect on July 1st of that year and shall
27 thereafter provide any amendments to the plan and regulations that were
28 adopted before July 31st of each following year. The plans and
29 regulations provided to the assessor must include the agricultural land
30 designated under RCW 36.70A.170 and the regulations adopted under RCW
31 36.70A.060 conserving the designated land.

32 A county or city that initially plans under RCW 36.70A.040 after
33 the effective date of this section shall provide a copy of its
34 comprehensive plan and development regulations to the county assessor
35 by July 31st of the year immediately following the year the county or
36 city initially became subject to RCW 36.70A.040.

1 NEW SECTION. **Sec. 8.** The following acts or parts of acts are each
2 repealed:

3 (1) RCW 35.63.240 and 1996 c 254 s 3;

4 (2) RCW 35A.63.260 and 1996 c 254 s 4; and

5 (3) RCW 36.70.495 and 1996 c 254 s 5.

6 NEW SECTION. **Sec. 9.** RCW 36.70B.230, as amended by this act, is
7 recodified as a new section in chapter 36.70A RCW.

8 NEW SECTION. **Sec. 10.** Sections 1 through 5 of this act constitute
9 a new chapter in Title 84 RCW.

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