

# FINAL BILL REPORT

## SHB 1700

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Synopsis as Enacted

**Brief Description:** Changing current use taxation provisions.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Sehlin, Chopp, Quall and B. Thomas).

**House Committee on Finance**  
**Senate Committee on Government Operations**  
**Senate Committee on Ways & Means**

**Background:** Property meeting certain conditions may have property taxes determined on current use values rather than market values. There are five 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; and two are in the timber tax law: classified and designated forest land.

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 not longer devoted to its open space 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 classified and designated forest land, back taxes are equal to the tax benefit in the most recent year times the number of years in the program (but not more than 10). 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.

**Summary of Bill:** A transfer of classified or designated forest land to the Parks and Recreation Commission for parks and recreation purposes is exempt from payment of back taxes. Assessors are instructed not to remove land from forest land classification or designation if the land is expected to be acquired in a transaction exempt from paying the back taxes.

**Votes on Final Passage:**

House	86	12	
Senate	44	3	(Senate amended)
House	77	19	(House concurred)

**Effective:** May 11, 1995