

# SENATE BILL REPORT

## SB 5640

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As Reported By Senate Committee On:  
Agriculture, March 4, 2003

**Title:** An act relating to authorizing a county to exempt certain property used in agriculture from taxation.

**Brief Description:** Authorizing a county to exempt certain property used in agriculture from taxation.

**Sponsors:** Senators Rasmussen, Swecker and Shin.

**Brief History:**

**Committee Activity:** Agriculture: 2/11/03, 3/4/03 [DP-WM].

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### SENATE COMMITTEE ON AGRICULTURE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Swecker, Chair; Brandland, Vice Chair; Jacobsen, Rasmussen and Sheahan.

**Staff:** Evan Sheffels (786-7486)

**Background:** All property in this state, including personal property, is subject to property tax each year based on its value unless a specific exemption is provided by law. The value of personal property is to be reported each year by taxpayers, on "personal property affidavits," to the county assessors.

The Legislature has provided numerous property tax exemptions. In 2001, the Legislature specifically exempted farm machinery owned by a farmer and used exclusively in farming activities from the state portion of personal property taxes. Such machinery and equipment continues to be subject to county property taxes and special levies.

The Washington Constitution states that "such property as the Legislature may by general laws provide shall be exempt from taxation."

**Summary of Bill:** The legislative authority of a county is authorized to exempt from county property taxes all machinery and equipment owned by a farmer that is personal property used exclusively in farming activities to produce agricultural products.

A county legislative authority cannot disallow such an exemption once it has been granted.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Washington State recently dropped from 11th to 12th among states for agricultural productivity and has seen a 13 percent reduction in agricultural employees. It seems best to let the local counties determine whether the exemption is needed or not, especially in high population counties that are seeing agricultural land go out of production and into pavement. King County can exempt farm equipment from county property taxes without negatively impairing or affecting the county's overall revenue stream.

**Testimony Against:** The goal of this legislation is understandable and laudable; however, there are constitutional concerns. The state Constitution states that exemptions shall be granted as provided by the Legislature by general laws. This bill would cause further fragmentation of our property tax system. Under this bill, the same type of property could be exempt in one county and not in another just across the county line.

**Testified:** Bob Meeks, King/Pierce County Farm Bureau (pro); Dan Fazio, WA State Farm Bureau (pro); Scott Noble, WA Assn. of County Assessors (con); Julie Sexton, Dept. of Revenue (con).