
Finance Committee

HB 2850

Brief Description: Eliminating tax, interest, and penalty provisions for land valued under the open space program.

Sponsors: Representatives Clements, Orcutt, Dunn, Armstrong and Newhouse.

Brief Summary of Bill

- Eliminates back taxes and interest for open space lands that leave the current use property tax program if 2 years notice is given and the property has been in the program for at least 8 years at the time of the notice.

Hearing Date: 1/27/06

Staff: Rick Peterson (786-7150).

Background:

Property meeting certain conditions may have property taxes determined on current use values rather than market values. There are three categories of lands in the open space law that are assessed taxes on current use values; open space lands; farm and agriculture lands; and timber lands.

The land remains in open space classification as long as it continues to be used for the purpose it was placed in the 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 no longer devoted to its open space purpose.

When property leaves open space classification, back taxes, interest, and a 20 percent penalty are paid. Back taxes represent the tax benefit received over the most recent seven years. The 20 percent penalty may be avoided if the property owner gives 2 years notice for withdrawal and the property has been in the program for at least 8 years at the time of the notice. There are some exceptions to the payment of back taxes. For example, back taxes are not required on the transfer of the land to a new owner and the new owner agrees to continue in the open space program.

Summary of Bill:

The back taxes and interest are eliminated for open space lands that leave the program if the property owner gives 2 years notice for withdrawal and the property has been in the program for at least 8 years at the time of the notice.

Appropriation: None.

Fiscal Note: Requested on January 16, 2006.

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