

SENATE BILL REPORT

SB 6155

As of January 24, 2014

Title: An act relating to current use valuation for farm and agricultural land.

Brief Description: Concerning current use valuation for farm and agricultural land.

Sponsors: Senators Ranker and Chase.

Brief History:

Committee Activity: Agriculture, Water & Rural Economic Development: 1/27/14.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Staff: Diane Smith (786-7410)

Background: The assessed value of most real property is determined by the county assessor. The goal of the appraisal process is arriving at the fair market value of the property, according to its highest and best use.

Open space lands are lands which conserve natural resources, promote conservation, enhance public value and recreation, preserve visual quality, or have other legislatively identified attributes which are of public benefit. Agricultural and timber lands are subject to various requirements regarding size, use, and income.

A constitutional amendment in 1968 established a current use assessment for open space, timber, and agricultural lands.

The open space program allows agricultural lands, timberlands, and other open space lands to be assessed according to their value as they are currently being used, rather than the market value. This current use value is typically much lower than market value and is, therefore, a tax benefit for the property owner.

When property is removed from the current use valuation program, either by the owner or the assessor due to a change in use, back taxes must be paid for the previous seven years, together with interest and penalties, if applicable.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Among other requirements, to qualify as farm and agricultural land the parcel must be 20 or more acres or be contiguous parcels that total 20 or more acres, and either the land must primarily be devoted to the production of livestock or to agricultural commodities for commercial purposes, or enrolled in the federal conservation reserve program or other similar commercial activities as the Department of Revenue establishes by rule.

Farm and agricultural land also includes any lands incidental to and compatible with agricultural purposes so long as the incidental use does not exceed 20 percent of the classified land.

Farm worker housing and the principal place of residence of the farm operator or the land owner can be included if the the housing or residence is on or contiguous to the classified parcel and the use of the housing or residence is integral to the use of the classified land.

Summary of Bill: Various requirements regarding size and use requirements for the farm and agricultural land classification in the open space property tax program are changed and clarified.

Multiple parcels totaling 20 or more acres, though not contiguous, that are part of a single, integrated farming operation, qualify for the program.

Livestock and agricultural commodity production activities that do not directly produce gross income are included in the definition of commercial purpose, as long as cash income is generated by agricultural products.

Land implementing a work plan under the state conservation commission's voluntary stewardship program qualifies as farm and agricultural land.

Incidental uses may not exceed 25 percent of the classified land, rather than 20 percent.

Land used for housing or as the residence, rather than required to be integral to the use of the classified land for agricultural purposes, is eligible if the housing is used by workers on the classified land or if the owner conducts the owner's commercial agricultural business from the residence.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill applies to taxes levied for collection in 2015 and thereafter.