

HOUSE BILL REPORT

HB 2710

As Reported by House Committee On: Business & Financial Services

Title: An act relating to improving the accuracy of the residential real estate disclosure statement associated with the Washington right to farm act by providing a more complete description of the scope of RCW 7.48.305 through references related to working forests.

Brief Description: Adding proximity to working forests to the residential real estate disclosure statement.

Sponsors: Representatives Reeves, Barkis, Kilduff and Graves.

Brief History:

Committee Activity:

Business & Financial Services: 1/23/18, 1/24/18 [DPS].

Brief Summary of Substitute Bill

- Adds working forests to the seller disclosure form's statement regarding farm land for all sales on or after January 1, 2020.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Barkis, Bergquist, Blake, Jenkin, McCabe, Santos and Stanford.

Staff: Robbi Kesler (786-7153).

Background:

In real estate transactions for the sale of improved residential property and commercial real estate, absent an express waiver or exemption, sellers must provide buyers with a completed seller disclosure statement form. The statute specifies the format and questions that the seller must answer. The form includes a statement that disclosure is being made concerning the condition of the property and is provided based on the seller's actual knowledge of the

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property's condition at the time the form is completed. Required disclosures pertain to real property conditions such as title, water, sewer/septic system, structural conditions, systems and fixtures, legal restrictions, and other conditions.

Additionally, all seller disclosure statements must include the following statement regarding farms: "This notice is to inform you that the real property you are considering for purchase may lie in close proximity to a farm. The operation of a farm involves usual and customary agricultural practices, which are protected under RCW 7.48.305, the Washington Right to Farm Act."

The Washington Right to Farm Act includes certain protections to farms and forest lands from nuisance lawsuits that may arise from standard agricultural and forest practices. Forest land includes land where a merchantable stand of trees is located, even if the tree growth is being managed passively and even if the owner does not indicate the land's status as a working forest as long as it is not being actively used for a use that is incompatible with timber growing. If the trees are established prior to surrounding non-forestry activities, then the act of tree growth is considered a necessary part of any other subsequent stages of forest practices necessary to bring a crop of trees from its planting to final harvest.

Summary of Substitute Bill:

The seller disclosure statement is amended to add working forests to the statement regarding farms which gives sellers notice that certain activities may be protected from nuisance lawsuits that arise from standard agricultural and forest practices. All sales on or after January 1, 2020, must include the updated statement.

Substitute Bill Compared to Original Bill:

The substitute bill makes the required working forest statement to sales of property on or after January 1, 2020.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This is a technical cleanup to clarify the notice buyers are given regarding the Washington Right to Farm Act. Working forests are included in the Right to Farm Act, but the seller's disclosure form has not been updated. This does not expand the Right to Farm Act, it just gives buyers notice. Currently there could be a liability concern. Good

communication helps working farms be good neighbors. Small forest land owners do not harvest regularly. Adding notice to the seller disclosure will help protect those involved in working forests.

(Opposed) None.

Persons Testifying: Representative Reeves, prime sponsor; Jason Callahan, Washington Forest Protection Association; Heather Hanson, Washington Farm Forestry Association; and Bob Mitchell, Washington Realtors.

Persons Signed In To Testify But Not Testifying: None.