

---

**SUBSTITUTE HOUSE BILL 1544**

---

**State of Washington**

**65th Legislature**

**2017 Regular Session**

**By** House Finance (originally sponsored by Representatives Doglio, Pike, Blake, McBride, Hudgins, Tharinger, Chapman, Macri, and Lovick)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to small farms under the current use property tax  
2 program for farm and agricultural lands; amending RCW 84.34.020;  
3 creating new sections; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that small farms  
6 should have similar current use valuation as larger farms. The  
7 legislature intends this act to provide that farms five to twenty  
8 acres are eligible for current use valuation of the land underlying  
9 the residential structures the same as farms twenty acres and over  
10 and farms less than five acres are also eligible if certain gross  
11 income thresholds are met.

12 **Sec. 2.** RCW 84.34.020 and 2014 c 125 s 2 are each amended to  
13 read as follows:

14 The definitions in this section apply throughout this chapter  
15 unless the context clearly requires otherwise.

16 (1) "Open space land" means (a) any land area so designated by an  
17 official comprehensive land use plan adopted by any city or county  
18 and zoned accordingly, or (b) any land area, the preservation of  
19 which in its present use would (i) conserve and enhance natural or  
20 scenic resources, or (ii) protect streams or water supply, or (iii)

1 promote conservation of soils, wetlands, beaches or tidal marshes, or  
2 (iv) enhance the value to the public of abutting or neighboring  
3 parks, forests, wildlife preserves, nature reservations or  
4 sanctuaries or other open space, or (v) enhance recreation  
5 opportunities, or (vi) preserve historic sites, or (vii) preserve  
6 visual quality along highway, road, and street corridors or scenic  
7 vistas, or (viii) retain in its natural state tracts of land not less  
8 than one acre situated in an urban area and open to public use on  
9 such conditions as may be reasonably required by the legislative body  
10 granting the open space classification, or (c) any land meeting the  
11 definition of farm and agricultural conservation land under  
12 subsection (8) of this section. As a condition of granting open space  
13 classification, the legislative body may not require public access on  
14 land classified under (b)(iii) of this subsection for the purpose of  
15 promoting conservation of wetlands.

16 (2) "Farm and agricultural land" means:

17 (a) Any parcel of land that is twenty or more acres or multiple  
18 parcels of land that are contiguous and total twenty or more acres:

19 (i) Devoted primarily to the production of livestock or  
20 agricultural commodities for commercial purposes;

21 (ii) Enrolled in the federal conservation reserve program or its  
22 successor administered by the United States department of  
23 agriculture; or

24 (iii) Other similar commercial activities as may be established  
25 by rule;

26 (b)(i) Any parcel of land that is five acres or more but less  
27 than twenty acres devoted primarily to agricultural uses, which has  
28 produced a gross income from agricultural uses equivalent to, as of  
29 January 1, 1993:

30 (A) One hundred dollars or more per acre per year for three of  
31 the five calendar years preceding the date of application for  
32 classification under this chapter for all parcels of land that are  
33 classified under this subsection or all parcels of land for which an  
34 application for classification under this subsection is made with the  
35 granting authority prior to January 1, 1993; and

36 (B) On or after January 1, 1993, two hundred dollars or more per  
37 acre per year for three of the five calendar years preceding the date  
38 of application for classification under this chapter;

39 (ii) For the purposes of (b)(i) of this subsection, "gross income  
40 from agricultural uses" includes, but is not limited to, the

1 wholesale value of agricultural products donated to nonprofit food  
2 banks or feeding programs;

3 (c) Any parcel of land of less than five acres devoted primarily  
4 to agricultural uses which has produced a gross income as of January  
5 1, 1993, of:

6 (i) One thousand dollars or more per year for three of the five  
7 calendar years preceding the date of application for classification  
8 under this chapter for all parcels of land that are classified under  
9 this subsection or all parcels of land for which an application for  
10 classification under this subsection is made with the granting  
11 authority prior to January 1, 1993; and

12 (ii) On or after January 1, 1993, fifteen hundred dollars or more  
13 per year for three of the five calendar years preceding the date of  
14 application for classification under this chapter. Parcels of land  
15 described in (b)(i)(A) and (c)(i) of this subsection will, upon any  
16 transfer of the property excluding a transfer to a surviving spouse  
17 or surviving state registered domestic partner, be subject to the  
18 limits of (b)(i)(B) and (c)(ii) of this subsection;

19 (d) Any parcel of land that is five acres or more but less than  
20 twenty acres devoted primarily to agricultural uses, which meet one  
21 of the following criteria:

22 (i) Has produced a gross income from agricultural uses equivalent  
23 to two hundred dollars or more per acre per year for three of the  
24 five calendar years preceding the date of application for  
25 classification under this chapter;

26 (ii) Has standing crops with an expectation of harvest within  
27 seven years, except as provided in (d)(iii) of this subsection, and a  
28 demonstrable investment in the production of those crops equivalent  
29 to one hundred dollars or more per acre in the current or previous  
30 calendar year. For the purposes of this subsection (2)(d)(ii),  
31 "standing crop" means Christmas trees, vineyards, fruit trees, or  
32 other perennial crops that: (A) Are planted using agricultural  
33 methods normally used in the commercial production of that particular  
34 crop; and (B) typically do not produce harvestable quantities in the  
35 initial years after planting; or

36 (iii) Has a standing crop of short rotation hardwoods with an  
37 expectation of harvest within fifteen years and a demonstrable  
38 investment in the production of those crops equivalent to one hundred  
39 dollars or more per acre in the current or previous calendar year;

1 (e) Any lands including incidental uses as are compatible with  
2 agricultural purposes, including wetlands preservation, provided such  
3 incidental use does not exceed twenty percent of the classified land  
4 and the land on which appurtenances necessary to the production,  
5 preparation, or sale of the agricultural products exist in  
6 conjunction with the lands producing such products. Agricultural  
7 lands also include any parcel of land of one to five acres, which is  
8 not contiguous, but which otherwise constitutes an integral part of  
9 farming operations being conducted on land qualifying under this  
10 section as "farm and agricultural lands";

11 (f)(i) The land on which housing for employees and the principal  
12 place of residence of the farm operator or owner of land classified  
13 pursuant to (a) or (g) of this subsection is sited if:

14 (A) The housing or residence is on or contiguous to the  
15 classified parcel; (~~and~~)

16 (B) The use of the housing or the residence is integral to the  
17 use of the classified land for agricultural purposes; and

18 (C) If the land is classified pursuant to (g) of this subsection,  
19 the classified land is twenty or more acres.

20 (ii) The land on which housing for employees and the principal  
21 place of residence of the farm operator or owner of land classified  
22 pursuant to (b), (c), (d), or (g) of this subsection is sited if:

23 (A) The housing or residence is on or contiguous to the  
24 classified parcel;

25 (B) The use of the housing or the residence is integral to the  
26 use of the classified land for agricultural purposes;

27 (C) If the land is classified pursuant to (g) of this subsection,  
28 the classified land is less than twenty acres; and

29 (D) The classified land produced a gross income of five thousand  
30 dollars or more for three of the five calendar years preceding the  
31 date of application for classification under this chapter;

32 (g) Any land that is used primarily for equestrian related  
33 activities for which a charge is made, including, but not limited to,  
34 stabling, training, riding, clinics, schooling, shows, or grazing for  
35 feed and that otherwise meet the requirements of (a), (b), or (c) of  
36 this subsection; or

37 (h) Any land primarily used for commercial horticultural  
38 purposes, including growing seedlings, trees, shrubs, vines, fruits,  
39 vegetables, flowers, herbs, and other plants in containers, whether  
40 under a structure or not, subject to the following:

1 (i) The land is not primarily used for the storage, care, or  
2 selling of plants purchased from other growers for retail sale;

3 (ii) If the land is less than five acres and used primarily to  
4 grow plants in containers, such land does not qualify as "farm and  
5 agricultural land" if more than twenty-five percent of the land used  
6 primarily to grow plants in containers is open to the general public  
7 for on-site retail sales;

8 (iii) If more than twenty percent of the land used for growing  
9 plants in containers qualifying under this subsection (2)(h) is  
10 covered by pavement, none of the paved area is eligible for  
11 classification as "farm and agricultural land" under this subsection  
12 (2)(h). The eligibility limitations described in this subsection  
13 (2)(h)(iii) do not affect the land's eligibility to qualify under (e)  
14 of this subsection; and

15 (iv) If the land classified under this subsection (2)(h), in  
16 addition to any contiguous land classified under this subsection, is  
17 less than twenty acres, it must meet the applicable income or  
18 investment requirements in (b), (c), or (d) of this subsection.

19 (3) "Timberland" means any parcel of land that is five or more  
20 acres or multiple parcels of land that are contiguous and total five  
21 or more acres which is or are devoted primarily to the growth and  
22 harvest of timber for commercial purposes. Timberland means the land  
23 only and does not include a residential homesite. The term includes  
24 land used for incidental uses that are compatible with the growing  
25 and harvesting of timber but no more than ten percent of the land may  
26 be used for such incidental uses. It also includes the land on which  
27 appurtenances necessary for the production, preparation, or sale of  
28 the timber products exist in conjunction with land producing these  
29 products.

30 (4) "Current" or "currently" means as of the date on which  
31 property is to be listed and valued by the assessor.

32 (5) "Owner" means the party or parties having the fee interest in  
33 land, except that where land is subject to real estate contract  
34 "owner" means the contract vendee.

35 (6)(a) "Contiguous" means land adjoining and touching other  
36 property held by the same ownership. Land divided by a public road,  
37 but otherwise an integral part of a farming operation, is considered  
38 contiguous.

39 (b) For purposes of this subsection (6):

1 (i) "Same ownership" means owned by the same person or persons,  
2 except that parcels owned by different persons are deemed held by the  
3 same ownership if the parcels are:

4 (A) Managed as part of a single operation; and

5 (B) Owned by:

6 (I) Members of the same family;

7 (II) Legal entities that are wholly owned by members of the same  
8 family; or

9 (III) An individual who owns at least one of the parcels and a  
10 legal entity or entities that own the other parcel or parcels if the  
11 entity or entities are wholly owned by that individual, members of  
12 his or her family, or that individual and members of his or her  
13 family.

14 (ii) "Family" includes only:

15 (A) An individual and his or her spouse or domestic partner,  
16 child, stepchild, adopted child, grandchild, parent, stepparent,  
17 grandparent, cousin, or sibling;

18 (B) The spouse or domestic partner of an individual's child,  
19 stepchild, adopted child, grandchild, parent, stepparent,  
20 grandparent, cousin, or sibling;

21 (C) A child, stepchild, adopted child, grandchild, parent,  
22 stepparent, grandparent, cousin, or sibling of the individual's  
23 spouse or the individual's domestic partner; and

24 (D) The spouse or domestic partner of any individual described in  
25 (b)(ii)(C) of this subsection (6).

26 (7) "Granting authority" means the appropriate agency or official  
27 who acts on an application for classification of land pursuant to  
28 this chapter.

29 (8) "Farm and agricultural conservation land" means either:

30 (a) Land that was previously classified under subsection (2) of  
31 this section, that no longer meets the criteria of subsection (2) of  
32 this section, and that is reclassified under subsection (1) of this  
33 section; or

34 (b) Land that is traditional farmland that is not classified  
35 under chapter 84.33 or 84.34 RCW, that has not been irrevocably  
36 devoted to a use inconsistent with agricultural uses, and that has a  
37 high potential for returning to commercial agriculture.

38 NEW SECTION. **Sec. 3.** (1) The department of revenue is directed  
39 to develop guidance on the administration of RCW 84.34.020(2)(f) in

1 consultation with stakeholders, including farmers, farm organizations  
2 and associations, county assessors, and county commissioners to be  
3 completed by December 31, 2017.

4 (2) This section expires January 1, 2018.

--- END ---