
SENATE BILL 6545

State of Washington 56th Legislature 2000 Regular Session

By Senators Snyder, Hargrove, Honeyford, Rasmussen, Gardner and Haugen

Read first time 01/19/2000. Referred to Committee on Ways & Means.

1 AN ACT Relating to the current use valuation of agricultural land;
2 and amending RCW 84.34.065.

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

4 **Sec. 1.** RCW 84.34.065 and 1998 c 320 s 8 are each amended to read
5 as follows:

6 The true and fair value of farm and agricultural land(~~(, including~~
7 ~~land classified under section 2, chapter 320, Laws of 1998,)~~) shall be
8 the lesser of two-thirds of fair market value or an amount determined
9 by consideration of the earning or productive capacity of comparable
10 lands from crops grown most typically in the area averaged over not
11 less than five years, capitalized at indicative rates. The earning or
12 productive capacity of farm and agricultural lands shall be the "net
13 cash rental", capitalized at a "rate of interest" charged on long term
14 loans secured by a mortgage on farm or agricultural land plus a
15 component for property taxes. The current use value of land under RCW
16 84.34.020(2)(d) shall be established as: The prior year's average
17 value of open space farm and agricultural land used in the county plus
18 the value of land improvements such as septic, water, and power used to

1 serve the residence. This shall not be interpreted to require the
2 assessor to list improvements to the land with the value of the land.

3 For the purposes of the above computation:

4 (1) The term "net cash rental" shall mean the average rental paid
5 on an annual basis, in cash, for the land being appraised and other
6 farm and agricultural land of similar quality and similarly situated
7 that is available for lease for a period of at least three years to any
8 reliable person without unreasonable restrictions on its use for
9 production of agricultural crops. There shall be allowed as a
10 deduction from the rental received or computed any costs of crop
11 production charged against the landlord if the costs are such as are
12 customarily paid by a landlord. If "net cash rental" data is not
13 available, the earning or productive capacity of farm and agricultural
14 lands shall be determined by the cash value of typical or usual crops
15 grown on land of similar quality and similarly situated averaged over
16 not less than five years. Standard costs of production shall be
17 allowed as a deduction from the cash value of the crops.

18 The current "net cash rental" or "earning capacity" shall be
19 determined by the assessor with the advice of the advisory committee as
20 provided in RCW 84.34.145, and through a continuing internal study,
21 assisted by studies of the department of revenue. This net cash rental
22 figure as it applies to any farm and agricultural land may be
23 challenged before the same boards or authorities as would be the case
24 with regard to assessed values on general property.

25 (2) The term "rate of interest" shall mean the rate of interest
26 charged by the farm credit administration and other large financial
27 institutions regularly making loans secured by farm and agricultural
28 lands through mortgages or similar legal instruments, averaged over the
29 immediate past five years.

30 The "rate of interest" shall be determined annually by a rule
31 adopted by the department of revenue and such rule shall be published
32 in the state register not later than January 1 of each year for use in
33 that assessment year. The department of revenue determination may be
34 appealed to the state board of tax appeals within thirty days after the
35 date of publication by any owner of farm or agricultural land or the
36 assessor of any county containing farm and agricultural land.

37 (3) The "component for property taxes" shall be a figure obtained
38 by dividing the assessed value of all property in the county into the

1 property taxes levied within the county in the year preceding the
2 assessment and multiplying the quotient obtained by one hundred.

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