
Finance Committee

HB 1261

Brief Description: Reducing the additional tax imposed on land removed from open space classification.

Sponsors: Representatives Sump, Pearson, Kenney, Mielke and Hinkle.

Brief Summary of Bill

- Reduces the number of years of back taxes that are repaid from seven years to three years on property that is removed or withdrawn from the open space program.

Hearing Date: 2/25/03

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 is removed from open space classification, back taxes, interest, and a 20 percent penalty must be paid. Back taxes represent the tax benefit received over the most recent seven years. The 20 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 requirement for 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The back taxes that are repaid at the time property is removed or withdrawn from the open space program are reduced. The number of years of back taxes is reduced from seven years to three years.

Appropriation: None.

Fiscal Note: Available.

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