

SENATE BILL REPORT

SB 5996

As of February 7, 2012

Title: An act relating to contiguous land under the current use open space property tax programs.

Brief Description: Concerning contiguous land under the current use open space property tax programs.

Sponsors: Senators Schoesler, Hatfield, Haugen, Becker and Fraser.

Brief History:

Committee Activity: Agriculture, Water & Rural Economic Development: 1/12/12, 2/02/12 [DPS-WM].

Ways & Means: 2/06/12.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5996 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hatfield, Chair; Shin, Vice Chair; Honeyford, Ranking Minority Member; Becker, Delvin, Haugen, Hobbs and Schoesler.

Staff: Bob Lee (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: The Open Spaces Taxation Act allows qualifying resource land to be valued at its current use rather than market value. The purpose of the program is to encourage retention of land in agricultural, forestry, or other approved open space uses. This is done by taxing the land according to its income producing capacity rather than on its value if converted to other uses. In exchange for a reduction in lower property valuations, the landowner must agree to keep the land in its current use for a period of ten years.

Parcels under 20 acres must show a gross income of at least \$200 per acre from the sale of agricultural products in three of any five-year period. Parcels over 20 acres do not have a

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specific gross income requirement, but must be devoted primarily to the production of livestock or agricultural commodities for commercial purposes.

SSB 5359 was enacted in the 2011 legislative session. It clarified the meaning of the term "same ownership" for purposes of determining whether multiple contiguous parcels may be added together to total more than 20 acres. That legislation allowed multiple contiguous parcels that are managed as part of a single operation and owned by members of the same family to be added together to meet the 20 acre parcel size criteria.

The definition of family in SSB 5359 includes many typical family relationship terms, but not aunts, uncles, nieces, nephews, great-grandchildren, or great-grandparents.

Summary of Bill (Recommended Substitute): Included in the definition of family are aunts, uncles, nieces, nephews, great-grandchildren, great-grandparents, and any other relative that is a lineal descendent of an individual who has held title to the property.

An application to a county assessor to request that land be valued according to its current use must be accompanied by a signed statement from each applicant, under penalty of perjury, that the land meets the definition of contiguous.

EFFECT OF CHANGES MADE BY AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute): The original bill added collateral descendants and the substitute bill removed collateral descendants.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Agriculture, Water & Rural Economic Development): PRO: We have a farm that has been passed down to the fifth generation and the plan is to pass it down to the sixth generation. It is farmed as a single farming unit but the property ownership has been passed down and the relatives are getting spread further than cousins and grandchildren. This bill will help keep the farm in operation. Even if it is one farm, it is worth doing.

CON: County assessors are concerned with being able to administer the bill. They don't want to have to become experts in family genealogy and have concerns about how to determine whether everyone is a lineal or collateral decedent.

Persons Testifying (Agriculture, Water & Rural Economic Development): PRO: Leslie Cushman; Paul Cushman; Holli Johnson, Washington State Grange; Nancy Laich, Common Ground Farm.

CON: Monty Cobb, Washington Association of County Officials.

Staff Summary of Public Testimony (Ways & Means): PRO: Last year, several issues arose in the course of administering SSB 5359, and this bill addresses those. We worked with DOR over the interim to identify some gaps and address the missing definitions of family. This bill adds some administrative processes to reduce the burden of administration.

CON: County assessors are concerned about expanding the eligibility to more family members and having additional properties moving into this classification. Further, the property tax shifts from last year's legislation were greater than expected. The fiscal note assumes that all the property owners that wish to be included as part of a single operation already participate in the current use program. If that is the case, we do not understand why this proposal has been put forward.

Persons Testifying (Ways & Means): PRO: Leslie Cushman, citizen.

CON: Monty Cobb, WA Assn. of County Officials.