

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2493

Chapter 125, Laws of 2014

63rd Legislature
2014 Regular Session

PROPERTY TAXES--CURRENT USE VALUATIONS--COMMERCIAL HORTICULTURAL
LANDS

EFFECTIVE DATE: 06/12/14

Passed by the House March 11, 2014
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 7, 2014
Yeas 47 Nays 1

BRAD OWEN

President of the Senate

Approved March 28, 2014, 2:41 p.m.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2493** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

March 31, 2014

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2493

AS AMENDED BY THE SENATE

Passed Legislature - 2014 Regular Session

State of Washington 63rd Legislature 2014 Regular Session

By House Finance (originally sponsored by Representatives Wilcox, Tharinger, Buys, Lytton, Vick, Orcutt, Reykdal, Springer, and Haigh)

READ FIRST TIME 02/11/14.

1 AN ACT Relating to current use valuation for land primarily used
2 for commercial horticultural purposes; amending RCW 84.34.020; and
3 creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature intends to clarify and
6 update the description of farm and agricultural land as it is used
7 under the property tax open space program. Modern technology and water
8 quality and labor regulations have all caused nurseries to increasingly
9 grow plants in containers rather than in the ground. Growing plants in
10 containers preserves topsoil, allows more plants to be grown per acre,
11 allows soil and nutrients to be customized for each type of plant,
12 allows more efficient use of water and fertilizer, allows year round
13 harvest and sales, and reduces labor cost and injuries.

14 **Sec. 2.** RCW 84.34.020 and 2011 c 101 s 1 are each amended to read
15 as follows:

16 (~~As used in this chapter, unless a different meaning is required~~
17 ~~by the context:~~) The definitions in this section apply throughout this
18 chapter unless the context clearly requires otherwise.

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

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

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

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

25 (ii) Enrolled in the federal conservation reserve program or its
26 successor administered by the United States department of agriculture;
27 or

28 (iii) Other similar commercial activities as may be established by
29 rule;

30 (b)(i) Any parcel of land that is five acres or more but less than
31 twenty acres devoted primarily to agricultural uses, which has produced
32 a gross income from agricultural uses equivalent to, as of January 1,
33 1993:

34 (A) One hundred dollars or more per acre per year for three of the
35 five calendar years preceding the date of application for
36 classification under this chapter for all parcels of land that are
37 classified under this subsection or all parcels of land for which an

1 application for classification under this subsection is made with the
2 granting authority prior to January 1, 1993; and

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

6 (ii) For the purposes of (b)(i) of this subsection, "gross income
7 from agricultural uses" includes, but is not limited to, the wholesale
8 value of agricultural products donated to nonprofit food banks or
9 feeding programs;

10 (c) Any parcel of land of less than five acres devoted primarily to
11 agricultural uses which has produced a gross income as of January 1,
12 1993, of:

13 (i) One thousand dollars or more per year for three of the five
14 calendar years preceding the date of application for classification
15 under this chapter for all parcels of land that are classified under
16 this subsection or all parcels of land for which an application for
17 classification under this subsection is made with the granting
18 authority prior to January 1, 1993; and

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

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

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

33 (ii) Has standing crops with an expectation of harvest within seven
34 years, except as provided in (d)(iii) of this subsection, and a
35 demonstrable investment in the production of those crops equivalent to
36 one hundred dollars or more per acre in the current or previous
37 calendar year. For the purposes of this subsection (2)(d)(ii),
38 "standing crop" means Christmas trees, vineyards, fruit trees, or other

1 perennial crops that: (A) Are planted using agricultural methods
2 normally used in the commercial production of that particular crop; and
3 (B) typically do not produce harvestable quantities in the initial
4 years after planting; or

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

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

19 (f) The land on which housing for employees and the principal place
20 of residence of the farm operator or owner of land classified pursuant
21 to (a) of this subsection is sited if: The housing or residence is on
22 or contiguous to the classified parcel; and the use of the housing or
23 the residence is integral to the use of the classified land for
24 agricultural purposes; (~~(e)~~)

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

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

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

36 (ii) If the land is less than five acres and used primarily to grow
37 plants in containers, such land does not qualify as "farm and

1 agricultural land" if more than twenty-five percent of the land used
2 primarily to grow plants in containers is open to the general public
3 for on-site retail sales;

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

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

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

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

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

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

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

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

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

- 1 (B) Owned by:
- 2 (I) Members of the same family;
- 3 (II) Legal entities that are wholly owned by members of the same
- 4 family; or
- 5 (III) An individual who owns at least one of the parcels and a
- 6 legal entity or entities that own the other parcel or parcels if the
- 7 entity or entities are wholly owned by that individual, members of his
- 8 or her family, or that individual and members of his or her family.
- 9 (ii) "Family" includes only:
- 10 (A) An individual and his or her spouse or domestic partner, child,
- 11 stepchild, adopted child, grandchild, parent, stepparent, grandparent,
- 12 cousin, or sibling;
- 13 (B) The spouse or domestic partner of an individual's child,
- 14 stepchild, adopted child, grandchild, parent, stepparent, grandparent,
- 15 cousin, or sibling;
- 16 (C) A child, stepchild, adopted child, grandchild, parent,
- 17 stepparent, grandparent, cousin, or sibling of the individual's spouse
- 18 or the individual's domestic partner; and
- 19 (D) The spouse or domestic partner of any individual described in
- 20 (b)(ii)(C) of this subsection (6).
- 21 (7) "Granting authority" means the appropriate agency or official
- 22 who acts on an application for classification of land pursuant to this
- 23 chapter.
- 24 (8) "Farm and agricultural conservation land" means either:
- 25 (a) Land that was previously classified under subsection (2) of
- 26 this section, that no longer meets the criteria of subsection (2) of
- 27 this section, and that is reclassified under subsection (1) of this
- 28 section; or
- 29 (b) Land that is traditional farmland that is not classified under
- 30 chapter 84.33 or 84.34 RCW, that has not been irrevocably devoted to a
- 31 use inconsistent with agricultural uses, and that has a high potential
- 32 for returning to commercial agriculture.

33 NEW SECTION. **Sec. 3.** The amendments to RCW 84.34.020, as provided
34 in section 2 of this act, are intended to clarify an ambiguity in an
35 existing tax preference, and are therefore exempt from the requirements

1 of RCW 82.32.805 and 82.32.808.

Passed by the House March 11, 2014.

Passed by the Senate March 7, 2014.

Approved by the Governor March 28, 2014.

Filed in Office of Secretary of State March 31, 2014.