

SENATE BILL REPORT

SB 5479

As of February 1, 2025

Title: An act relating to providing tax relief for certain incidental uses on open space land.

Brief Description: Providing tax relief for certain incidental uses on open space land.

Sponsors: Senators Liias, Chapman and Nobles.

Brief History:

Committee Activity: Agriculture & Natural Resources: 2/03/25.

Brief Summary of Bill

- Adds agritourism activities as an allowable use under the Open Space Property Tax Program.
- Reduces the penalty for removal of land from the Current Use Valuation Program from the amount of tax otherwise due for the past seven years to the past four years.

SENATE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Staff: Jeff Olsen (786-7428)

Background: Most property is valued or assessed at its highest and best use value for the purposes of imposing property taxes. The Washington State Constitution allows the Legislature to enact legislation assessing certain types of real property at its present or current use for purposes of imposing property taxes. Two programs of current use valuation have been established: one program for forest lands and a second program that includes open space lands, farm and agricultural lands, and timber lands.

To qualify for the Open Space Program, farm and agricultural lands must be 20 or more acres and devoted primarily to commercial agricultural purposes or enrolled in the federal

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Conservation Reserve Program. Parcels of land less than 20 acres devoted primarily to agriculture may qualify for the Current Use Valuation Program if certain income tests are met. Farm and agricultural land also includes certain incidental uses compatible with agricultural purposes, including wetland preservation, provided such use does not exceed 20 percent of the classified land.

If the property no longer satisfies the criteria for classification, the assessor notifies the owner in writing that the property will be removed from the program. When the property is removed from current use classification, back taxes plus interest must be paid. For open space categories, back taxes represent the tax benefit received over the most recent seven years. There are some exceptions to the requirement for payment of back taxes.

Summary of Bill: Agritourism activities are added as an allowable use on farm and agricultural land in the Current Use Valuation Program. Agritourism activities mean any activity carried out on a farm whose primary use is agriculture and that allows the general public to view or enjoy rural activities for recreational, entertainment, or educational purposes. The agritourism activities must be incidental to and compatible with the required growing and production of agriculture on classified farm and agricultural land. Incidental use may not exceed 20 percent of the total classified land.

Agritourism activities include, but are not limited to:

- recreational farming programs including on-site educational programs, hospitality services, and self-guided tours;
- farm festivals, corn mazes, self-harvest operations, hayrides, horseback riding, fishing, camping, petting zoos, or barn parties; and
- celebratory gatherings and events including birthday parties, graduation parties, and weddings.

Land may not be removed from the Current Use Valuation Program due to the occurrence of:

- celebratory gatherings and events including birthday parties, graduation parties, and weddings; or
- the construction of small supporting structures, gravel parking lots, or de minimis alterations to an existing appurtenance on the land the Department of Agriculture determines is integral for agritourism activities or other incidental uses of the land.

The penalty for removal of land from the current use program is reduced from the amount of tax otherwise due for the past seven years to the past four years. An assessor may waive or a county treasurer may refund additional tax, interest, and penalty owed or previously paid by a person.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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