



## **Washington State Open Space Taxation Act**

### **Open Space - Farm & Agricultural**

#### **INFORMATION, REQUIREMENTS, AND REGULATIONS REGARDING THE CURRENT USE FARM & AGRICULTURAL ASSESSMENT OF LAND UNDER RCW 84.34 AND WAC 458-30.**

The Open Space Taxation Act, enacted in the 1970's, enables property owners to have their commercially productive Farm and Agricultural and Timberlands valued at their "current use" rather than their "highest and best use", as required by Washington State law. The purpose of the Act is to maintain, preserve, conserve, and otherwise continue in existence, adequate lands for the production of food, fiber, and forest crops and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well being of the State and its Citizens.

#### **FARM & AGRICULTURAL LAND IS DEFINED AS:**

Any parcel of land that is twenty acres or more or multiple parcels of land that are contiguous and total twenty or more acres;

**"DEVOTED PRIMARILY TO THE PRODUCTION OF LIVESTOCK OR  
AGRICULTURAL COMMODITIES FOR COMMERCIAL PURPOSES  
WITH THE INTENTION OF A MONITARY PROFIT."**

Enrolled in a cropland retirement program administered by the United States Department of Agriculture.

Any parcel of land that is five acres or more but less than twenty acres **devoted primarily to the production of commercial agricultural commodities**, which produces: On/after January 1, 1993, two hundred dollars or more per acre per year for three of the five calendar years preceding the date of application.

Any parcel of land that is less than five acres **devoted primarily to the production of commercial agricultural commodities**, which produces: On/after January 1, 1993, One thousand-five hundred dollars or more per year for three of the five calendar years preceding the date of application.

**Farm & Agricultural land may also include:**

Incidental uses compatible with agricultural purposes provided such use does not exceed twenty percent of the classified land.

Land on which appurtenances necessary for the production, preparation, or sale of agricultural products exist in conjunction with the lands producing such products.

Land on which housing for employees and/or the principal place of residence of the farm operator or owner is sited, provided the use of the housing or residence is integral to the use of the classified land for commercial agricultural purposes and provided that the classified parcel is twenty acres or more.

**Who may and where to apply:**

An owner or contract purchaser may apply for current use assessment. Application forms are available from the County Assessor. All owners of record must sign the application for classification.

**Application period:**

Applications may be made for classification any time during the year. If the determination is favorable, the current use valuation assessment will begin on January 1<sup>st</sup> of the following year for property taxes levied in the subsequent year.

**Application fee:**

The application fee for Farm & Agricultural Current Use is \$125.00 and must be submitted at time of application.

### **Determination of Value:**

The Assessor is required to maintain two values for each parcel classified in the Current Use program, the "market value" of the property, as well as the "current use value", which is then used for the distribution of property taxes. In determining the current use value of farm & agricultural land, the Assessor shall use a formula defined by the State Department of Revenue, which considers the earning or productive capacity of comparable lands over, at least, the last five year period. This earning or productive capacity shall be the "net cash rental" and shall be capitalized by a "rate of interest" charged on long term loans secured by a mortgage on farm or agricultural land plus a component for property taxes.

### **Owners Property Tax Liability of parcels in the classification:**

Land that is classified in the Current Use program will remain so unless a request for withdrawal is made by the owner, the use of the land is no longer in compliance with the requirements and is removed from the classification by the Assessor, or ownership has changed and the new owner does not wish to have the property continue in the program. On any of these occurrences, property taxes are due and payable for the current tax year plus the previous 7 tax periods on the difference between what taxes would have been on the market value of the property had the property not been in the classification and what property taxes were distributed to the parcel by being in the classification, plus interest, plus a 20% penalty if the parcel is not in the classification for at least a 10 year period. This property tax liability, which is typically called "compensating taxes", is the seller's responsibility, as they are the ones who received the benefit of the parcel being included in the classification.

### **Owners to notify the Assessor of change of use:**

An owner changing the use of the land in the classification is required to notify the County Assessor within sixty days of this action.

**Requirements for Classification Continue to Apply after Classification has been granted:**

The owner of classified lands must continue to meet the requirements established for the classification on a "continuous and ongoing" basis. If these requirements are not met, the Assessor has a statutory obligation to remove the parcel from the classification and impose the applicable ( compensating) property taxes owing to the parcel.

**When removal of classified land is not subject to the additional (compensating) property taxes:**

The additional taxes, applicable interest, and penalty shall not be imposed if the removal of the classification results solely from:

Land that is transferred to a government entity in exchange for other land located in the State of Washington.

Land taken through the exercise of the power of eminent domain, or sale or transferred in anticipation of the exercise of such power when accompanied in writing by the official action of the legislative authority.

A natural disaster permanently changes the use of the classified land.

Official action by the State, County, or City, which disallows the current use of such land.

Transfer of the land to a Church, when such land would qualify for exemption granted thereto by the State of Washington.

Acquisition of property interests by State agencies or agencies of organizations qualified under RCW 84.34.210 and 64.04.130.

Sale or transfer of the land within two years after the death of the owner of at least a fifty percent interest in such land.

