

Current Use Farm & Agriculture and Designated Forest Land Programs

A. CURRENT USE PROGRAM SUMMARY:

The Open Space Taxation Act, enacted in 1970, allows property owners to have land being kept in its natural state, used for farm & agricultural, or used as commercial forest land to be valued for property tax assessment purposes on those actual uses, rather than on the potential highest and best use as required by state law. The Act states that it is in the best interest of the State to maintain, preserve, conserve, and otherwise continue in existence adequate open space 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.

Property value, by law, must be based on the "highest and best" use. Highest and best use is defined as the legal and allowable use that will net the owner the highest economic return over a period of time. Property owners may have difficulty paying property taxes based on the highest and best use of the land while continuing to farm or grow trees for future harvest. As such, property owners may be forced to convert their land to a use that would reduce the overall supply of farm lands, forest lands, or land kept in a natural state. The Current Use program establishes a method for the Assessor to value property based on the current use of the land, rather than on "highest and best" use, resulting in reduced property taxes for the landowner.

A compensating tax must be paid whenever property is withdrawn from this program. A compensating tax is calculated by determining the difference between the tax amount that would have been due, based on a fair market value of the highest and best use, and the tax amount actually paid based on the program classification. The difference between those two amounts is the compensating tax that must be paid when the property is removed from a program classification plus any interest due. Additionally, if land is removed from classification prior to the tenth year of enrollment, or without two years advance notice, state law requires a penalty be added to the compensating tax due.

The amount of interest is calculated at 1% per month on the above-mentioned compensating tax. The penalty for removing the property from classification without two-year advance notice is an additional 20%.

B. LAND USES THAT QUALIFY FOR SPECIAL PROGRAM CLASSIFICATION

USE

CLASSIFICATION

Land kept in natural state -----	Current Use-Open Space
Farm and Agricultural Land -----	Current Use Farm & Agriculture
Forest Land -----	Current Use Timber Land
Forest Land -----	Designated Forest Land

The Assessor's Office administers the Current Use Farm & Agriculture and Designated Forest Land programs. The County's Commissioner's and Planning Office administers the Current Use-Open Space and Current Use Timber Land programs. This document does not include information about the Current Use-Open Space or the Current Use Timber Land programs. If you are interested in either of those two programs you may obtain a separate information kit.

C. REQUIREMENTS FOR CURRENT USE FARM & AGRICULTURAL

- Option 1** A parcel of land, or adjoining parcels of land, that total ***twenty or more acres***, and is:
- a. Devoted primarily to the production of livestock or agricultural commodities for commercial purposes, or
 - b. Enrolled in a cropland retirement program administered by the United States Department of Agriculture.
- Option 2.** A parcel of land, or adjoining parcels, that total ***at least five acres, but less than twenty acres***, and:
- a. Devoted primarily to commercial agricultural production totaling two hundred dollars (\$200) or more per acre per year, for three of the five calendar years proceeding the date of application for classification.
- Option 3.** A parcel of land of ***less than five acres***
- a. Devoted primarily to commercial agricultural production with a gross income of fifteen hundred dollars (\$1,500) or more for three of the five calendar years preceding the date of application for classification.

Lands qualifying for this classification may also include:

- a. Uses compatible with agricultural purposes, providing the use does not exceed twenty percent of the classified land total. **(Example: 20% wooded or 20% wetland)**
- b. Land which has improvements that are necessary for production, preparation, or sale of agricultural products. **(Example: barns, milking parlors, silos, tool sheds)**
- c. Any non-adjoining parcel, one to five acres, that is an integral part of the farming operations. **(Example: pasture, road access)**
- d. Land on which housing for employees and principal place of residence of the farm operation owner is sited, provided the use

of the housing or residence is integral to the use of the classified land for agricultural purposes and that the classified parcel is twenty or more acres. **(Example: caretaker housing for a dairy farm)**

D. DETERMINATION OF CURRENT USE LAND VALUE

The Assessor is required to maintain two values for each land parcel classified in one of the Current Use categories. The first is the value that would be placed on the land if it were not classified. This is commonly referred to as the “fair market value”, and is based on the “highest and best use. The second is the value based on the land’s classified use. The classified value considers only the use to which the property is currently applied, and does not consider any potential “highest and best” uses of the property.

For the Current Use Farm & Agriculture classification, the Assessor evaluates the earning capacity of comparable lands from crops grown most typically in the area, averaged over five or more years, and also receives agriculture land value recommendations from the County Agricultural Committee.

E. SUMMARY OF DESIGNATED FOREST LAND PROGRAM

Qualifying land will be a parcel of land, or adjoining parcels of land, that total ***twenty or more acres***, and is primarily devoted to growing and harvesting merchantable timber.

Applications for the Designated Forest Land Program must be accompanied by a Timber Management Plan prepared by a certified forester.

For the Designated Forest Land program, additional requirements are on the application and in Chapter 84.33 RCW.

F. THE APPLICATION PROCESS

Where to apply

Application forms for Current Use Farm & Agriculture and Designated Forest Land are available at the Assessor's office located at the Stevens County Courthouse, 115 South Oak Street, Colville, WA 99114 or by contacting an Assessor Customer Service Representative by phone at (509)684-6161.

Application Fees

The Stevens County requires an application fee of \$75.00 for the Current Use Farm & Agriculture or the Designated Forest Land programs.

Application Requirements

ALL owners/purchasers of the land for which classification is being requested, must sign the application, and any resulting agreement.

Applications may be made any time during the calendar year from January 1 through December 31. Property valuation, based on a program classification, will be as of January of the year following the date of approval.

An application for Current Use Farm & Agriculture requires a Farm Management Plan be filed with the application. The plan should describe how the land will be used for commercial agricultural production; any land area not devoted to agricultural production should be described, as well. **(A sample is attached as Exhibit 1)**

An application for Designated Forest Land classification requires that a Forest Management Plan be filed with the application. Most applicants lacking expertise have the Forest Management Plan prepared and written by a certified forester. The Forest Management Plan should include information regarding restocking, fire protection, insect and disease control, weed control, and any applicant experience and/or activity that supports the intent to grow and harvest merchantable timber.

The application may be approved in whole or in part. The Assessor will notify the applicant of approval or disapproval of the application in writing prior to **April 30** of the year following the year the application was made. A physical inspection of the property may be performed to determine that the property is qualified, and being used for the purpose(s) stated on the application.

The Assessor will record the approved classification with the County Auditor for the purpose of having a public recording of the tax lien (for compensating tax purposes) on the property.

Appealing an Application Denial

The owner(s) may appeal the Assessor's denial of an application, in whole or in part, to the Stevens County Board of Equalization. The appeal must be filed with that Board within thirty days after the mailing date of the notice of full or partial denial.

Criteria for Classification Continues to Apply after Classification Has Been Granted

An owner(s) of classified land must continue, annually, to meet the criteria established for the approved classification.

State law requires the Assessor to periodically audit these programs. Periodically, physical inspections of the property may be conducted; you may also be asked to submit income information, or other materials necessary to determine continued qualification for the program in which you are enrolled. *All income information is confidential.*

G. TRANSFER OF LAND BETWEEN CLASSIFICATIONS

Land may be transferred (reclassified), at the request of the owner to another program classification. The property is subject to all applicable qualifications of the classification being requested. No compensating tax, interest, or penalty is imposed. The program allows for the following classification transfer:

- a. Current Use Farm & Agriculture may be reclassified to Current Use Timber Land, Designated Forest Land, or Current Use-Open Space
- b. Current Use Timber Land may be reclassified to Current Use & Agriculture, Designated Forest Land, or Current Use-Open Space
- c. Current Use-Open Space land generally cannot be transferred to another classification

Application for a Classification Transfer

A classification transfer is processed in the same manner as an original classification application. The Assessor approves all applications for transfer to Current Use Farm & Agriculture and Designated Forest Land. The Stevens County Board of Commissioners, approves all transfer to Current Use-Open Space, or Current Use Timber Land.

The application for transfer from Designated Forest Land to another classification must be submitted within thirty days from the date of the actual change in use.

H. REQUEST TO WITHDRAW LANDS FROM A PROGRAM CLASSIFICATION

If a property owner plans to withdraw all or a portion of their property from an Current Use classification at the end of the ten year commitment period, a notice must be filed prior to the eighth year, of the initial ten year classification period, to avoid a charge for interest and penalties. Upon receipt of a request for withdrawal, the Assessor will, when the two year prior has elapsed, automatically withdraw the land from classification, and calculate the compensating tax that is due, plus interest.

If a portion of a parcel is removed from classification, the remaining portion must continue to meet the general requirements of the classification, and may be required to meet revised criteria, such as annual income requirements. For example, a reduction in the acres classified can result in a different income requirement schedule being in effect or could result in the remaining acreage being removed from the program.

I. WITHDRAWAL OF CLASSIFICATION DUE TO A CHANGE IN USE

The property owner or the Assessor may initiate the withdrawal of property from a program classification.

Notification by Property Owner of a Change in Use is Required

An owner who has changed or intends to change the use of classified land must notify the County Assessor within sixty days of the change in use. Upon removal from classified status, the Assessor will determine the compensating tax due, and if any interest and penalty are

required to be applied.

Assessor Determination That a Change in Use Has Occurred

Should the Assessor determine, through the Office's annual inspection program, or other means, that a change in use has occurred, the Assessor may remove the classification, and give notice to the property owner within thirty days, explaining the reasons for removal. The compensating tax, and any applicable interest and penalty, is payable within thirty days after the owner is notified by the Assessor.

Removal of Land Classification by Assessor may be appealed

The property owner has thirty (30) days following the date the Assessor mails the notice of removal to file an appeal of the removal to the County Board of Equalization.

J. LIEN OF TAXES

The compensating tax, and any applicable interest and penalty imposed due to a withdrawal from a program classification, becomes a lien against the property at the time of removal. The lien has priority over any other encumbrance on the land. A tax lien may be foreclosed upon in the same manner as delinquent real property taxes.

K. SALE OF CLASSIFIED LAND—LIABILITIES AND REQUIREMENTS

When classified land is sold, the buyer(s) has the option of continuing the enrollment of the land in the program. If the buyer(s) does not want to continue in the program, the seller is liable for the compensating tax, plus interest and penalty.

BEFORE CLASSIFIED LAND CAN BE TRANSFERRED, ONE OF THE FOLLOWING TWO CONDITIONS MUST BE MET:

1. If the buyer wishes to continue in a program, the following items are required at least five (5) days prior to closing:
 - a. Signed Notice of Continuance (available from the Assessor's Office or the Department of Revenue); **AND**
 - b. A new Farm Management Plan or Forest Management Plan signed by all buyers;
 - c. When the Real Estate Excise Affidavit is presented for ownership transfer, all new owners must sign the Notice of Continuance section.
2. If the buyer does not wish to continue in the program, a Request to Remove (with appropriate legal description), signed by all current owners, is required **at least seven business** days prior to closing:

IMPORTANT: The County Auditor will not accept an instrument of conveyance on any classified land unless the Notice of Continuance has been signed by all of the buyers involved, or the compensating tax has been paid.

L. WHEN REMOVAL OF LAND FROM A PROGRAM CLASSIFICATION IS NOT SUBJECT TO COMPENSATING TAXES OR PENALTIES

Compensating tax, applicable interest, and penalty will not be imposed if the removal of classification results solely from:

- a. Land being transferred to a government entity in exchange for other land located in the State of Washington;
- b. Land taken through the exercise of the power of eminent domain, or sold or

transferred in anticipation of the excise of such power, and notification was received in writing or by other official action;

- c. A natural disaster changes the use of such land;
- d. Official action by the state, county, or city denies the Current Use Classification uses of such land;
- e. Transfer of land to a church when such land would qualify for exemptions granted hereto;
- f. Acquisition of property interests by state agencies or agencies or organizations qualified by state law; or
- g. Removal of land classified as Current Use Farm & Agriculture on which housing for employees and/or principal place of residence is sited.

APPLICATION FOR DESIGNATION OF FOREST LAND

\$75.00 FEE

The County Assessor must receive your application for forest land designation no later than December 31 for re-valuation the following year. "Forest Land" means all land in any contiguous ownership of 20 or more acres, which is primarily devoted to and used for growing and harvesting timber. Application must be made by the property owner. (RCW 84.33.130)

Owner <hr/> Address <hr/> City State Zip Code <hr/> Telephone No. ()	FOR ASSESSOR'S USE ONLY Date Received <hr/> Account <hr/> Assessment Year for Tax Collection
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Is all the land described by the Assessor's Account No.(s)? Yes No. If not, show the area applied for using the sketch on back of this form.

Date land acquired _____/_____/_____	Has the land been subdivided or a plat filed? <input type="checkbox"/> Yes <input type="checkbox"/> No
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Legal description of property _____

_____ Sec _____ Twp _____ Rge _____

Give a brief description of the timber on the land, or if harvested, your plan for restocking.* _____

Give a summary of past, current, and continuing activity in growing and harvesting timber.* _____

A forest management plan is required. Please attach a copy and explain the nature and extent of implementation.*

Is the land subject to a lease, option, or other rights which permit it to be used for any purpose other than growing and harvesting timber? (Exclude coal and mineral rights) If yes, explain.* Yes No

Is the land used for grazing of domestic animals? If yes, list the kinds of animals and number of head.* Yes No

Is all of the land subject to a (forest) fire patrol assessment? (RCW 76.04.360) If not, please explain.* Yes No

*** Attach additional pages for explanation if needed.**

To inquire about the availability of this document in an alternate format for the visually impaired or a language other than English please call (360) 753-3217. Teletype (TTY) users may call (800) 451-7985. You may also access tax information on our Internet home page at <http://www.wa.gov/dor/wador.htm>.

Are you and is your land in compliance with the restocking, forest management, fire protection, insect and disease control and forest debris laws? (Title 76 RCW) If not, please explain.* Yes No

AFFIRMATION

As owner(s) of the foregoing described land, I/we indicate by signature(s) below that I/we are aware of the potential tax liability involved when the land ceases to be designated as forest land. I/we also declare under the penalty of perjury that this application and any accompanying papers have been examined by me/us and to the best of my/our knowledge are true, correct, and complete statements. **All owners must sign.***

Date _____

Signature _____

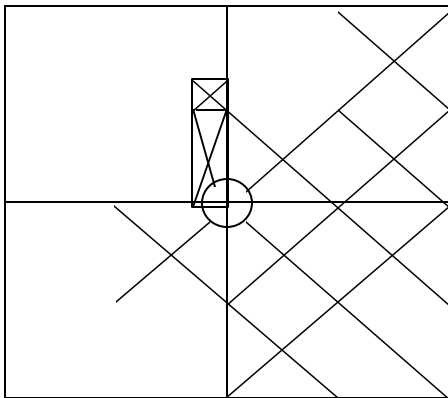
Sketch location of land applied for:

Section: _____

Township: _____

Range: _____

Total acres applied for: _____



NW NW	NE NW	NW NE	NE NE
SW NW	SE NW	SW NE	SE NE
NW SW	NE SW	NW SE	NE SE
SW SW	SE SW	SW SE	SE SE

KEEP THIS PAGE FOR YOUR INFORMATION

Removal from Designation and Compensating Tax (RCW 84.33.130)

The County Assessor shall remove land from forest land designation when any of the following occur:

1. The land owner requests removal;
2. Sale or transfer of the land to an ownership making it exempt from ad valorem taxation;
3. Sale or transfer of all or a portion of the land to a new owner, unless the new owner has signed a notice of forest land continuance. (Compensating taxes are then due and payable by the seller at the time of the sale.)

Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that:

1. The land is no longer primarily devoted to the growing and harvesting of timber;
2. The owner has failed to comply with a final administrative or judicial order with respect to a violation of the restocking, forest management, fire protection, insect and disease control and forest debris provisions under Title 76 RCW; or
3. Restocking has not occurred to the extent or within the time specified in the application for designation.

Within 30 days after the land has been removed from designation as forest land, the county assessor will notify the owner in writing, setting forth the reason for removal. The seller, transferor, or owner may appeal the removal to the County Board of Equalization.

Except in the case of item number 3 above, the compensating tax is due and payable to the county treasurer 30 days after the owner is notified of the amount. The compensating tax due is the **difference between** the amount of tax last levied on the land under designation and the amount of the new assessed valuation, **multiplied by** the dollar rate that was last levied against the land, **multiplied by** the number of years (not to exceed 10) that the land was designated as forest land.

The compensating tax is not imposed if the removal of designation resulted solely from:

1. Transfer to a government entity in exchange for other forest land located within the state.
2. A taking through the exercise of the power of eminent domain, or sale, or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power; or
3. A donation of fee title, development rights or the right to harvest timber to a government agency or qualified organization, or sale or transfer of fee title to a governmental entity or nonprofit nature conservancy corporation, exclusively for the protection and conservation of lands recommended for State Natural Area Preserve purposes by the Natural Heritage Council. When the land is no longer used for these purposes, the compensating tax will be imposed upon the current owner.
4. The sale or transfer of fee title to the Parks and Recreation Commission for park and recreation purposes.

Within 30 days of this Notice of Removal (form 62 0047), the land owner may apply for classification as Open Space Land, Farm and Agricultural Land or Timber Land. No compensating tax would be due until the application is denied, or, if approved, the property is later removed from Open Space classification under RCW 84.34.108.

APPEAL

An appeal of new assessed valuation or removal of classification or designation must be filed with the County Board of Equalization on or before July 1 or within 30 days of the Notice of Removal or Change of Valuation, whichever is the later.

For further information about laws governing designation of forest land (RCW 84.33.140), contact your County Assessor. For information on Forest Practice Laws and Regulations, contact the Department of Natural Resources office in your area or the County Extension Agent.