

Open Space Tax Program: Farm and Agriculture Land

Protects farm lands by allowing them to be taxed at current use rate rather than highest and best use. (http://dor.wa.gov/docs/pubs/prop_tax/openspace.pdf)

Overview

The Washington State Open Space Taxation Act (1970) lowers the property taxes paid by farmers by allowing eligible land to be taxed at its current use, rather than its “highest and best use,” as would be required otherwise under state law. The program provides a voluntary incentive for property owners 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.”

The program is authorized under state law (RCW 84.34) and administered by Thurston County. The Thurston County Assessor maintains two values for each land parcel that is classified as “Farm and Agricultural Land”: a fair market value (based on its highest and best use) and a current use value (based on its classified use). Property taxes are based on the current use value.

Where it has worked

34,237 acres of farm and agricultural land in Thurston County are currently enrolled in the program.

Eligibility

To qualify for the Open Space Tax Program as “Farm and Agricultural Land,” property must be devoted primarily to the production of livestock or agricultural commodities for commercial purposes, and meet the following requirements:

- Parcels 20 acres or larger: plus housing if integral and proof of commercial income.
- Parcels 5 to 20 acres: \$200 gross income per acre per year for 3 of last 5 years.
- Parcels less than 5 acres: \$1,500 gross income per year for 3 of last 5 years.

The Thurston County Assessor determines if a property qualifies for this designation.

Challenges

- The Open Space Tax Program does not provide permanent protection from open space lands converting to other uses.
- Land can be withdrawn from the program at any time. However, the property owner must pay back taxes, and in some cases penalties, unless he or she had the land in the program for eight years and gives two years notice of intent to withdraw from the program.

Opportunities to make the program more effective

- Increase the minimum amount of time in which land must be enrolled before it can be unenrolled without penalty.
- Increase penalties for leaving the program.

Who needs to make a change?

State

