

Current Use Assessment

Property Tax Savings for Stewardship



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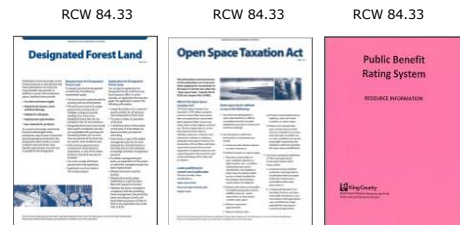
My property values are so high –
how can I save money on taxes..?



What is Current Use Taxation?



Current Use Taxation Laws and Policies



Three Current Use Taxation Programs

Created by State of Washington in 1970

- **Designated Forestland**
Five acres or more of contiguous forest primarily devoted to the growth and harvest of timber. An approved and implemented forest stewardship plan may be required
- **Farm and Agricultural Land**
Production of livestock or agricultural commodities. Financial requirements dependent on acreage.



Three Current Use Categories/Programs

- **Open Space/Public Benefit Rating System**
No set acreage requirement BUT:
Property must contain one or more of the program's defined open space resources. Voluntary resource protection beyond requirements.
Examples include native forest cover, stream buffers, significant wildlife, farmland, public recreation, historic property.
(Timber Land)
(***has been merged in Designated Forestland via SB 6180)





More on savings...

- **Designated Forestland**
 \$\$\$/acre based on timber productivity potential of land ≈ \$1 to \$200
- **Farm and Agricultural Land**
 \$\$\$/acre based on type of farm activity/product
- **Public Benefit Rating System (PBRs)**
 percentage reduction for enrolled portion of property as determined by resource point system based on HBU



What about Open Space/PBRs?

- Each county can choose to develop their own unique PBRs open space program
- Replaces a county's 'old' open space/open space classification
- Why? To establish more specific criteria used to evaluate or rate open space resource value on properties. Based on point system and tiered level of savings
- **An approved and implemented forest stewardship plan can be part of a PBRs program**
- Some counties with PBRs: Chelan, Douglas, Franklin, Island, San Juan, Whatcom, Pierce, Kitsap, Spokane, Thurston, Clallam and King...

Selling

Change of ownership does not trigger or require removal if buyer is continuing with incentive program:

- Letter of continuance to be signed by buyer
 - + Buyer contacts staff
 - + Staff review property for compliance
 - + Staff educates buyer on property enrollment/program expectations
- Buyer signs Real Estate Excise Tax Affidavit (REETA)
- Property continues on in program



Withdrawal/Removal

PBRs, Farm and (Timber Land) (RCW 84.34):

- Owe up to seven (7) years of past savings plus interest
- Additionally, there will be a 20% penalty if the land has not been in the program for longer than 10 years and a two year notice is not given

Forest Land (RCW 84.33):

- Removal "cost" based on current years savings times years enrolled, but not more than 10

Why not enroll my property in CUT?

- Not enough qualifying land
- Fear of long term commitment/program requirements
- Selling soon
- Savings too small
- Need to sign county agreement (some programs)
- Monitoring – county may check in for compliance



King County's PBRs Program (1,405+ owners, 14,260+ acres enrolled)

- Adopted in 1992, KCC Chapter 20.36
- Property must contain at least one or more of the defined open space resources
- Points awarded for voluntarily providing protection to resources beyond that required
- Total points translates into land value percentage reduction (50% to 90%) for the proportion of acres participating
- Home site/personal use area **NOT** eligible for **current use reduction**



Sample PBRs Categories

- Surface water quality buffer
- Significant wildlife habitat
- Equestrian-pedestrian trail linkage
- Farm and agricultural land
- Forest stewardship land (greater management flexibility)
- Urban or rural open space
- Historic landmark
- Aquifer protection area
- Public access
- Watershed protection area



Defined in PBRs Resource Information document

Sample PBRs Enrollment

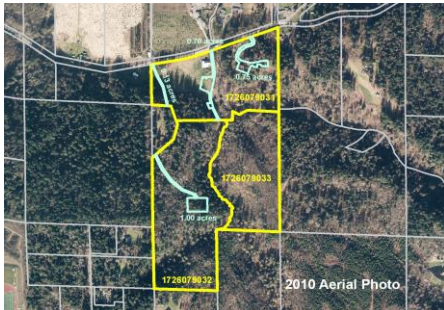


5.03 total acres; 4 acres/≈80% of enrolled; ≈ \$1500 savings/yr.

PBRs Historic Ag Enrollment



Be neighborly –
enroll with neighbors and everyone wins!



How much will I save?

Our favorite answer – It depends!

- More points = more savings, averages \$700 to \$2500 per year
- Smaller excluded area = greater savings
- 50 – 90% reduction of property tax on qualifying land
- 0% reduction on non-qualifying land or improvements

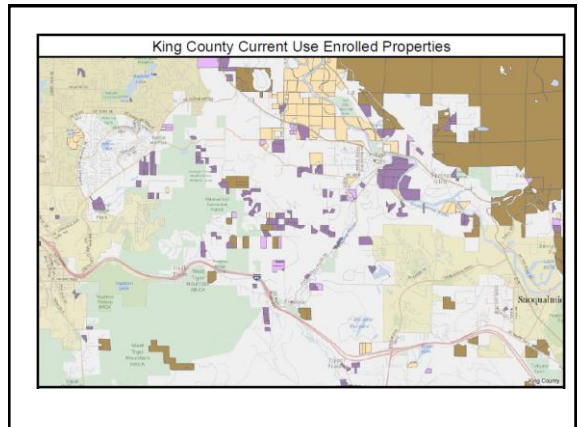




Open Space/PBRs Application Process

- Submit application (\$480 fee) before December 31 (2016)
- January 2017 fee increases to \$1200
- King County staff visits property/reviews app (early 2017)
- Staff recommendation/report to applicant and Hearing Examiner
- Public hearing (spring 2017)
- Hearing Examiner recommendation (copies sent to County Council, Assessor, applicant)
- King County Council approval (by July 2017) - City Council approval necessary as well if property located within incorporated area
- Agreement signed by landowner and County Council Chair and recorded on title (savings start in 2018)

Note: Forestland and Farm applications are processed by Dept. of Assessments *administratively (May 1 approval)*



KC Public Benefit Rating Staff

- Provide education and technical assistance
- Assist landowner with program selection based on program criteria and landowner objectives
- Review application, site visit/resource analysis and recommendation for program qualification
- Staff hearings and act as advocate for qualified property
- Monitor for compliance to ensure program success
- Work with Dept. of Assessments to ensure smooth sales



King County contacts

Public Benefit Rating System (PBRs):

Bill Bernstein (206) 477-4643 email: bill.bernstein@kingcounty.gov
 Megan Kim (206) 477-4788 email: megan.kim@kingcounty.gov

Designated Forest Land and Farm and Agricultural Lands:

Debra Clark (206) 263-2374 email: Debra.Clark@kingcounty.gov

Not in King County? Start with your Assessor's Office...

Resources

PBRS and Timber Land website:

<http://www.kingcounty.gov/environment/stewardship/sustainable-building/resource-protection-incentives.aspx>

Open Space Taxation Act



Designated Forest Land



Department of Revenue

Revised Code of Washington (RCW),
Chapter 84.34 (Open Space, Farm and
Agricultural land and Timber land) and
Chapter 84.33 (Forestland)

Washington Administrative Code,
Chapter 458-30 (Open Space Taxation
Act rules)

http://dor.wa.gov/docs/pubs/prop_tax/openspace.pdf

