WASHINGTON LAW

The legislature finds that farming, timber production, and related agricultural and forest industries have historically been and currently are central factors in the economic and social lifeblood of the state and it is a fundamental policy of the state to protect agricultural and timberlands as a major natural resource. Farmland and timberland in urbanizing areas are often subjected to high levels of property taxation and benefit assessments, and such levels of taxation and assessment encourage and even force the removal of such lands from agricultural and forest uses. Because of this level of taxation and assessment, such farmland and timberland in urbanizing areas are either converted to nonagricultural and nonforest uses. The legislature further finds that with the approval by the voters of the Fifty-third Amendment to the state Constitution, and with the enactment of chapter 84.34 RCW, the owners of farmlands and timberlands were provided with an opportunity to have such land valued on the basis of its current use and not its "highest and best use" as one mechanism to protect agricultural and timberlands. Despite this potential property tax reduction, farmlands and timberlands in urbanized areas are still subject to high levels of benefit assessments and continue to be removed from farm and forest uses.

Therefore the legislature established, with the enactment of RCW 84.34.300 through 84.34.380, another mechanism to protect agricultural and timberland creating an analogous system of relief from certain benefit assessments. It is the intent of the legislature that special benefit assessments are not imposed for the availability of sanitary and/or storm sewerage service, domestic water service, for road construction and/or improvement purposes on designated farm and agricultural lands until withdrawn or removed from such classification or unless such lands
benefit from or cause the need for the local improvement district.

The purpose of RCW 84.34.300 through 84.34.380 and 84.34.922 is to provide an exemption from certain special benefit assessments which do not benefit timberland or open space farm and agricultural land. In addition, to provide the means for local governmental entities to recover such assessments in the event such land is no longer devoted to farming or timber production under chapter 84.34 RCW.

BACKGROUND

Per your letter of January 21, 2022, the Newman Lake Flood Control Zone District (NLFCZD) was created in 1968, pursuant to RCW 86.15. The Board of County Commissioners of Spokane County are the ex-officio supervisors of the district. Among the available methods for funding the ongoing operations of a flood control zone district, the Commissioners have opted to use special assessments on properties benefitted by flood control improvements, as authorized by RCW 86.15.160(2).

On December 19, 2022, Peter B. Gonick, Assistant Attorney General, wrote a letter addressing an opinion on the following question:

Because RCW 86.09.409 uses the term “relative value” as opposed to “assessed value,” may the Spokane County Board of County Commissioners use “market value” as opposed to “assessed value” when making assessments to fund the Newman Lake Flood Control Zone District?

A brief answer was given that yes, flood control zone districts, including the NLFCZD, may be funded through special assessments on the “relative values” of benefited properties. RCW 86.09.409. It is our understanding that your office feels the attorney general letter did not resolve the following questions:

1. Whether properties located within the NLFCZD, designated as “farm and agricultural” or “timberland”, may be exempt from special assessments by the district. See RCW 84.34.320; WAC 458-30-510.

Any land that is designated forestland or classified as farm and agricultural land is exempt from special assessments.

Farm and Agricultural land classification (RCW 84.34.300).

To keep the farmland in areas that are being urbanized and that are subjected to high levels of property tax special benefits assessments are not imposed until the land is removed from the classification. The definition of local government includes flood control districts (RCW 84.34.310 (3)). The statute does specify that if a district was created before the designation or classification that it is exempt from special benefit assessments or charges in lieu of assessment as long as it remains in the classification (RCW 84.34.320 (1)).

Designated Forestland (RCW 84.34.210 (1))

The law states that designated forestland would be exempt from the special benefit that occurred before the designated forestland existed if it remains in the designation. When the land is removed from forestland then it would be subject to the special benefit assessment.

2. Can the integral or nonintegral homesites of a farm and agricultural land be assessed and taxed by the special assessment district?

Integral farm and agricultural homesites could have a potential of being assessed as building only parcels since the land under the dwelling is assessed at a current use value. This would fall under the permission of the Assessor to create these parcels or assist with finding a way for the NLFCZD to assess just the improvements only.

The land of a non-integral homesite in farm and agricultural land is valued at fair market value. Sometimes a county will do an administrative segregation to exclude the homesite. The Assessor will need to be contacted to see if this could be possible. That would enable the NLFCZD to collect a benefit assessment on the portion of the land that is not in the
3. **Can homesites that are excluded from designated forestland be assessed and taxed by the special assessment district?**

   Designated forestland does not allow a homesite to be in the program. The standard acreage for a homesite that is not designated is at least one acre, this land is valued at fair market value as well as the improvements. This would also fall under the jurisdiction of the assessor who possibly could create an administrative segregation for the one-acre parcel.

4. **Any guidance DOR could provide in how the assessment rolls for the Newman Lake Flood Control Zone District might be computed would be helpful in addition to the original inquiry.**

   The Department exercises general supervision and oversite of the administration of state property tax laws and rules. Creating administrative segregations and building only parcels would be one way of computing the assessment role for the NLFCZD. The more administrative segregations and building only parcels that are created cause issues for the county assessor for valuing property and for the taxpayer who may not understand why they have several parcel numbers and how the valuation is distributed when paying taxes or petitioning values to the Board of Equalization. Communicating with the assessor and treasurer would be advantageous in creating the tax roll for the district.

   I hope this information is helpful and explains our interpretation of the exemption for farm and agricultural land and designated forestland for special assessments. If you have additional questions, feel free to contact me at 360-534-1360 or Jeril@dor.wa.gov.

Sincerely,

Jeri Lux

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