

Frequently Asked Questions

Implementation of SSB 5359: Contiguous Parcels

Q. What is the impact of the passage of SSB 5359 for the Current Use and Designated Forest Land programs?

- A. This bill amended RCW 84.34.020 to expand the definition of “contiguous” to include parcels with different owners. Parcels with different owners must be adjoining, managed as part of a single operation, and owned by:
- Members of the same family;
 - Legal entities wholly owned by members of the same family; or
 - An individual who owns at least one of the parcels and a legal entity or entities that own the other parcel or parcels if the entity or entities are wholly owned by that individual, members of his or her family, or that individual and members of his or her family.

The bill also added the same definition of “contiguous” to the designated forest land program under Chapter 84.33 RCW.

Q. What is the definition of “family?”

- A. Family includes only:
- An individual and his or her spouse or domestic partner, child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling;
 - The spouse or domestic partner of an individual’s child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling;
 - A child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling of the individual’s spouse or the individual’s domestic partner; and
 - The spouse or domestic partner of any child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling.

Q. Which classifications or designations will this new legislation affect?

- A. The new legislation may affect parcels participating in:
- Farm and Agricultural Land – RCW 84.34.020(2)
 - Timber Land – RCW 84.34.020(3)
 - Designated Forest Land – Chapter 84.33 RCW

Q. Will home sites on parcels less than 20 acres now qualify for a reduction in value if the parcel is contiguous with other parcels that equal 20 or more acres?

- A. If all parcels meet the definition of contiguous as defined in RCW 84.34.020(6) and cumulatively, equal at least 20 acres, then the parcels may receive a reduction in value of the land under the primary residence and/or employee housing. However, the primary residence of the farm operator or owner and employee housing must still meet the qualifications as described in RCW 84.34.065 and WAC 458-30-317. The qualifications are as follows:

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- The land on which the residence or housing stands is twenty or more acres or multiple parcels that are *contiguous* and total twenty or more acres;
- The land must be primarily used to produce livestock or agricultural products for commercial purposes or enrolled in the federal Conservation Reserve Program or its successor administered by the United States Department of Agriculture; and
- The use of the residence or housing is integral to the use of the classified land for commercial agricultural purposes.

Q. How will I demonstrate that land is managed as part of a single operation or that I and the other land owners are “family” as defined in RCW 84.34.020(6)(b)(ii)?

- A. Depending on whether land is currently classified or designated, you will complete either an application and addendum for classification or designation or a certification form for land already classified or designated. The granting authority will review your information and then determine whether additional information is needed.

Q. What does “being managed as part of a single operation” mean?

- A. Neither statute nor rule defines “single operation.” Based on the information received from parcel owners on the application, addendum, or certification forms, the granting authority will determine if parcels are “managed as part of a single operation.” To make this determination, the granting authority may request copies of federal income tax returns and schedules, articles of incorporation, partnership agreements, rental or lease agreements, operating agreements, and other information the granting authority considers necessary.

Q. What documentation might the granting authority ask for to verify all applicants meet the definition of “family” as defined in RCW 84.34.020(6)(b)(ii)?

- A. Neither statute nor rule specifies what documentation is necessary to prove familial relationships. To determine if parcel owners meet the definition of “family,” the granting authority may request documentation based on the information received from the parcel owners. The granting authority may ask for birth certificates, marriage certificates, state registered domestic partner agreements, adoption documents, and other documents the granting authority considers necessary.

Q. If I have land already classified as farm and agricultural land and want my land to be considered contiguous with my brother’s parcel, which is also classified as farm and agricultural land, must we complete a new application and re-qualify?

- A. No. Owners of land already classified as farm and agricultural land will only need to complete and sign the *Certification of Contiguous Parcels with Different Ownerships* form. However, the assessor may ask for additional documentation to verify all parcels are managed as part of a single operation and to confirm familial relationships.

If the assessor determines both parcels meet the definition of contiguous, the parcels will immediately be considered contiguous for the purposes of classification or designation.

Q. What is the application process for different owners who have land not yet classified or designated but would like to apply and have their parcels be considered contiguous?

- A. Parcel owners who would like their parcel(s) to be classified as farm and agricultural land, timber land, or designated as forest land, and considered contiguous with other parcels must complete the appropriate application form and addendum. Each owner must complete a separate addendum for their parcel(s).

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The granting authority may also ask for additional documentation to verify:

- The types of commercial activities occurring on the parcels;
- All parcels are being managed as part of a single operation;
- Parcel owners meet the definition of family as defined in RCW 84.34.020(6)(b)(ii)

Additionally, applicants to the timber land classification must submit a timber management plan, as required by RCW 84.34.041. Owners may provide individual timber management plans for each parcel or a single timber management plan for all parcels included in the application.

For the farm and agricultural land classification and designated forest land, completed applications must be processed by May 1 of the year following the year the application was submitted or the application will automatically be approved. Once approved, the assessment of the land in its classified or designated status will begin on January 1 in the year following application.

For the timber land classification, completed applications should be processed within six months of receiving the application and generally, the assessment of the land in its classified status will begin on January 1 in the year following application.

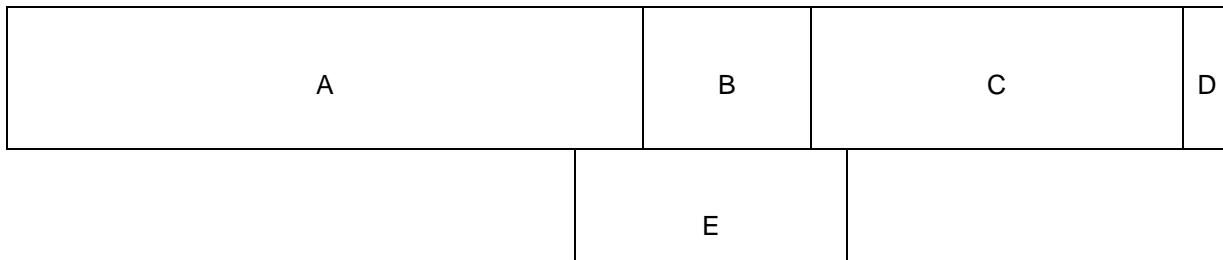
Q. Will owners of parcels under 20 acres who want to apply for the farm and agricultural land classification still be required, at the time of application, to meet the per acre minimum gross income requirements?

- A. If the cumulative acreage of all parcels subject to the application meets or exceeds 20 acres, no minimum gross income per acre is required. However, assessors may still request information from owners to confirm a commercial agricultural activity is occurring on the land. According to WAC 458-30-200(2)(m), the land must be used for a commercial agricultural purpose on a continuous and regular basis, before and after application for classification, that demonstrates the owner or lessee is engaged in and intends to obtain a monetary profit from cash income by producing an agricultural product.

Q. Must all parcel owners meet the definition of “family” as defined in RCW 84.34.020(2)(b)(ii) with every parcel owner who is subject to the application?

- A. Each parcel owner must meet the definition of family with at least one of the other parcel owners whose parcel adjoins it. For example (this example assumes all parcels are being managed as part of a single operation):

- Parcel A: 10 acres owned by Bob Miller (spouse of Lisa Miller, son of Henry Miller)
- Parcel B: 4 acres owned by Henry Miller (Bob Miller’s father)
- Parcel C: 6 acres owned by Miller Inc. (wholly owned by Bob & Lisa Miller)
- Parcel D: 2 acres owned by Jane Wilder (spouse of Lisa Miller’s cousin, Mike Wilder)
- Parcel E: 5 acres owned by Sam Miller (Bob Miller’s brother and Henry Miller’s son)



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For all five parcels to be considered contiguous, each parcel owner must meet the definition of family with at least one of the other parcel owners whose parcel adjoins it. In this example:

- Parcel A must meet the definition of family with the owner of Parcel B or Parcel E. The owner of Parcel A meets the definition of family with the owners of both Parcel B and Parcel E.
- Parcel B must meet the definition of family with the owner of Parcel A, Parcel C, or Parcel E. The owner of Parcel B meets the definition of family with the owners of Parcel A, Parcel C, and Parcel E.
- Parcel C must meet the definition of family with the owner of Parcel B, Parcel D, or Parcel E. The owner of Parcel C meets the definition of family with the owners of Parcel B, Parcel D, and Parcel E.
- Parcel D must meet the definition of family with the owner of Parcel C. The owner of Parcel D meets the definition of family with the owner of Parcel C.
- Parcel E must meet the definition of family with the owner of Parcel A, Parcel B, or Parcel C. The owner of Parcel E meets the definition of family with the owners of Parcel A, Parcel B, and Parcel C.

If any of these parcels are sold, transferred, removed, or reclassified, the assessor must determine whether the remaining parcels are still:

- Adjoining;
- Being managed as part of a single operation; and
- Meeting the definition of family as defined in RCW 84.34.020(6)(b)(ii) with the owner of an adjoining parcel

For example, if Parcel C is removed from classification, Parcel D is no longer considered contiguous because it does not adjoin any of the remaining parcels. However, if Parcel D met the requirements under RCW 84.34.020(2)(c) to qualify on its own as a 2-acre parcel, it could remain classified.

According to RCW 84.34.020(2)(c), any parcel of land less than five acres must meet the following minimum gross income requirements:

- \$1,000 or more per year for three of the five calendar years preceding the date of application if the application was made with the granting authority prior to January 1, 1993; or
- \$1,500 or more per year for three of the five calendar years preceding the date of application if the application was made with the granting authority on or after January 1, 1993.

As long as Parcels A, B, and E are managed as a single operation and the owners meet the definition of family, they remain contiguous. However, these three remaining parcels, with a combined total of 19 acres, are now subject to the minimum income requirements for parcels of at least 5 but less than 20 acres. Additionally, because the combined acreage is less than 20 acres, any land receiving a reduction in value because it contains a primary residence of the farm operator or owner or employee housing, will need to be removed from classification. RCW 84.34.065 and WAC 458-30-317. This type of removal is not subject to additional tax, interest, and penalty. RCW 84.34.108(6)(g).

Q. How will the assessor determine continuing eligibility for multiple parcels with different ownerships that are considered contiguous?

- A. The assessor will determine continuing eligibility in the same manner used as if all of the parcels had the same ownership. When determining continuing eligibility, the assessor will look at multiple parcels with different ownerships as one parcel or unit. For example, if eight 10-acre parcels were considered contiguous, the assessor would determine whether the one 80-acre unit is being primarily used for commercial agricultural purposes (if classified as farm and agricultural land) or for the growing and harvesting of timber (if classified as timber land or designated as forest land). Even

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though the assessor will view the parcels as one unit, he or she may ask each parcel owner to submit information regarding the activity occurring on their specific parcel.

Q. I own a 1-acre parcel which contains only my primary residence and no other farm land. My mother owns 45 acres of classified farm land which adjoins my 1-acre parcel. I help my mother only during the harvest season. Will my home site qualify for a reduction in assessed value under RCW 84.34.065?

A. According to WAC 458-30-317(3), the primary residence of the farm operator or owner must meet the following conditions:

- The land on which the residence or housing stands is twenty or more acres or multiple parcels that are contiguous and total twenty or more acres;
- The land must be primarily used to produce livestock or agricultural products for commercial purposes or enrolled in the federal Conservation Reserve Program or its successor administered by the United States Department of Agriculture; and
- The use of the residence or housing is *integral* to the use of the classified land for commercial agricultural purposes.

While the parcel containing your home site adjoins your mother's parcel, and you and your mother meet the definition of "family" as defined in RCW 84.34.020(6)(b)(ii), you must be able to demonstrate how your 1-acre parcel is being managed as part of a single operation with your mother's 45-acre parcel. If it is, the assessor must then determine whether (1) the 46-acre unit is being primarily used for commercial agricultural purposes, and (2) whether your residence is integral to the farming operation.

To be considered integral, your primary residence must be central to or inherent in the use or operation of your mother's classified farm land *and* it must be the place from which the farmer conducts his or her business activity. Because you only help out during harvest season, your primary residence is not likely integral to the farming operation.

Q. The farm and agricultural land classification allows for 20% incidental use and timber land & designated forest land allow for 10% incidental use. Will each parcel be limited to no more than the allowable percentage of incidental use?

A. No. Multiple parcels with different ownerships would be considered one unit, so the incidental use would be measured against the one unit. For example, if eight 10-acre parcels with different owners meet the definition of contiguous, the parcels are considered one 80-acre unit. If classified as farm and agricultural land, the 80-acre unit can have no more than 16 acres for incidental uses. It would not matter which of the eight parcels contained the incidental use acreage. Each parcel could have 2 acres of incidental use or two parcels could have 8 acres of incidental use.

Q. Will the valuation method of the land change because of the new legislation?

A. No, the valuation method used to value classified or designated land will not change. For information on how classified and designated land is valued, please refer to RCW 84.34.060, 065, and RCW 84.33.140.

Q. Will the removal process change because of the new legislation?

A. No, the removal process will not change because of the new legislation. For information about the removal of land from the current use or designated forest land programs, please refer to RCW 84.34.108 and RCW 84.33.140.

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For more information. . .

If you have questions or need additional information about this topic, contact the Department of Revenue, Property Tax Division at (360) 534-1400. ♦