



Farm & Agricultural Land

Program Summary

Chapter 84.34 RCW provides property tax relief for properties that meet certain use requirements. *Farm and agricultural land* means either (a) land in any contiguous ownership of twenty or more acres (i) devoted primarily to the production of livestock, equine related activities or agricultural commodities for commercial purposes, (ii) enrolled in a federal conservation reserve program, or (iii) other similar activities as may be established by rule, or (b) land of five to twenty acres devoted primarily to agricultural uses with a gross income from such uses equivalent to two hundred dollars or more per acre per year for three of the five calendar years preceding the date of application, or (c) land of less than five acres devoted primarily to agricultural uses which has produced a gross income of \$1500 or more per year for three of the five calendar years preceding the date of the application. Agricultural lands shall also include land for incidental uses, such as farm wood lots, up to 20% of the total acreage, land on which additions necessary to the production or sale of agricultural products exist, and land of one to five acres which is not contiguous but which constitutes an integral part of farming operations.

Basis of Assessment

Agricultural lands are valued on their productivity capacity, which is based on soil type. Industry interest rates, county assessment ratios and farm product prices are used to derive values each year that are applied to five soil classes. Department of Natural Resources maps identify soil types throughout the county.

Application Requirements

Applications may be obtained from and filed with the assessor's office. The application may be for an entire parcel or any portion thereof. If a residence exists on farms less than 20 acres, a one-acre residence site is excluded from classification. A legal description is required, as well as a site plan and copies of IRS farm income schedules. All owners must sign the application. If there are farm animals, a farm plan must also be submitted with the application. The Kitsap Conservation provides assistance in developing farm plans. There is a \$300 application fee and recording fees may apply. Applications received on or before December 31 will be processed during the next calendar year for the following year's taxes.

Review Process

Applications are reviewed by the assessor's office. The review includes a site visit. Applications are approved or denied by April 30.

Length of Time in Classification

Once property has been classified as agricultural land, the classification continues without need for renewal until farm activity ceases. If the owner cannot or chooses not to continue farming, classification may, under certain circumstances, be transferred to "Open Space" as "farm conservation land."

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Removal of Classification

Classification will be removed, and a compensating tax imposed, upon the occurrence of any of the following:

- Owner's request: The request for withdrawal must be made in writing and signed by all owners, and is irrevocable. Forms for withdrawal are available from the assessor.
- Change of use: Determination is made by Kitsap County that the property is no longer primarily devoted to the use for which it was classified. Removal of classification due to change of use will cause a 20% penalty to be added to the compensating tax.
- Sale or transfer of property, and the new owner does not wish to continue classification: Compensating tax must be collected before the conveyance is recorded.

Transfer of Ownership

A new owner may request to continue classification by signing the Notice of Continuance on the real estate excise tax affidavit. All new owners may be required to provide data regarding the current use of the land, including the productivity of typical crops, sale receipts, federal income tax returns (including schedules documenting income), other income and expense data, and any other information relevant to the application. WAC 458-30-225(d)

Compensating Tax

Compensating tax equals the difference between the tax paid under Farm & Agriculture classification and the tax at true and fair market value for the current year and the last seven years, plus interest at 1% per month. Compensating tax is not collected under the following circumstances:

1. Transfer to a government entity in exchange for other land within the state
2. Land is taken by power of eminent domain or transferred in anticipation of the exercise of such power
3. A natural disaster changes the use of the property
4. Official action by the state, county, or city disallows the present use of such land
5. Transfer of land to a church when such land would qualify for a property tax exemption pursuant to RCW 84.36.020
6. Acquisition of property interests by public agencies for the purpose of preserving open space lands or riparian easements
7. Removal of land classified as forest and agricultural land under RCW 84.43.020 (2)(d)

Compensating tax becomes due 30 days following notification of the owner, and is subject to additional interest of 1% per month after the due date. In certain circumstances, a 20% penalty is also imposed.

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