

# Implementation of SHB 1733: Equine-related Activities

DECEMBER 2010

## Frequently asked questions

### 1. How will the passage of SHB 1733 impact the farm and agricultural land classification of the current use program?

This bill expands the definition of farm and agricultural land to include property used for equine-related activities. Equine-related activities include, but are not limited to, land primarily used for stabling, training, riding, clinics, schooling, shows, and grazing for feed. Land must also meet all other requirements of the farm and agricultural land classification outlined in RCW 84.34.020(2)(a), (b), and (c).

### 2. What are the other requirements for the farm and agricultural land classification outlined in RCW 84.34.020(2)(a),(b), and (c)?

In addition to the requirement that farm and agricultural land be used for an eligible commercial agricultural purpose, it must also meet the following requirements:

- If a parcel of land is five acres or more but less than 20 acres, it must produce a gross income from the commercial activity of \$200 or more per acre per year for three of the five calendar years preceding the date of application. If the land was admitted to the farm and agricultural land classification prior to 1/1/93, it must produce a gross income from the commercial activity of \$100 or more per year for three of the five calendar years preceding the date of application.
- If a parcel of land is less than five acres, it must generate a gross income from the commercial activity of \$1500 or more per year for three of the five calendar years preceding the date of application. If the land was admitted to the farm and agricultural land classification prior to 1/1/93, it must produce a gross income from the commercial activity of \$1000 or more per year for three of the five calendar years preceding the date of application.

### 3. What type of documentation can be used to demonstrate that the minimum income requirement has been met for parcels less than 20 acres?

According to WAC 458-30-270, during the application process for classification or reclassification and to determine continuing classification, the assessor may require the owner to submit relevant information to determine eligibility. Relevant information includes, but is not limited to:

- Receipts from sales of agricultural products produced on classified land
- Federal income tax returns including schedules documenting farm income, production costs, and other operating expenses
- Rental or lease agreements and receipts
- Government payments and subsidies
- Crop and livestock production data
- Other income and expense information related to the land for which continued classification or reclassification is sought.

#### 4. What is the application process for farm and agricultural land that is being used for equine-related activities?

An application for classification or reclassification as farm and agricultural land is made to the assessor of the county in which the land is located. If an application for classification or reclassification is submitted to the assessor in 2009, the assessor has until May 1, 2010 to either approve or deny it. If approved, the land will be valued based on its current use value on January 1, 2010 for taxes payable in 2011.

Along with the application, the assessor may require the applicant(s) to provide data regarding the current use of the land, sales receipts, federal income tax returns including schedules documenting farm income, other related income and expense data, and any other information relevant to the application. If an application for classification or reclassification is for land under 20 acres, the assessor will also require the applicant to demonstrate that they have met the minimum income requirements, outlined in RCW 84.34.020(2)(b), and (c), from the equine-related activity for three of the five years preceding the date of application.

#### 5. How are structures, such as stables, valued for the farm and agricultural land classification?

The farm and agricultural land classification, which is a part of the current use program, allows a reduction in value for the land only.

Therefore, any improvements to the land, such as a stable, must be valued at its true and fair value or market value. Land under agricultural structures, such as a stable or barn is valued as current use farm and agricultural land. However, the structures must be integral to the operation of the farm.

#### 6. How is the current use value of land calculated if it is used for an equine-related activity?

The current use value of farm and agricultural land is based on the earning or productive capacity of comparable lands that are used or could be used for crops grown most typically in the area averaged over not less than five years. This applies to land that is used for equine related activities as well. The assessor may calculate this value using various methods. For example, the assessor could calculate the current use value based on net cash rental of similar properties, capitalization of income from typical crops, a soil capability analysis, or the average per acre value of farm and agricultural land in the county.

#### 7. If someone owns their own horses and boards them on their land, is the land eligible for the farm and agricultural land classification?

No. In order to qualify, the horses must be used for a commercial purpose. Simply owning horses and boarding them on the land for personal use is not an eligible commercial purpose. However, if the owner uses their horses for a commercial purpose, such as riding lessons, the land may qualify for the farm and agricultural land classification.

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