

### *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](#).

The definition of “contiguous” still includes adjoining parcels having the same ownership.

### **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. Does the new legislation affect land in the open space classification?**

- A. No. Unlike the other classifications and designations, the open space classification, as defined in [RCW 84.34.020\(1\)](#), does not reference contiguous parcels.

### **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

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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:

- 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. How does the assessor determine if parcels owned by legal entities, such as an LLC, are “wholly owned” by members of the same family?**

- A. Parcels owned by legal entities, such as an LLC, are considered “wholly owned” by members of the same family if every member of the LLC meets the definition of “family” with at least one other member of the LLC.

**Q. For parcels not owned by legal entities, how does the assessor determine whether a parcel is “owned by members of the same family?”**

- A. Parcels not owned by legal entities are considered “owned by members of the same family” if every owner of the parcel meets the definition of “family” with at least one of the other parcel owners.

**Q. If multiple parcels are owned by different LLCs, how does the assessor determine whether the parcels are contiguous?**

- A. To determine whether multiple parcels owned by different LLCs meet the definition of “contiguous,” the assessor would verify the parcels are:
- Adjoining;
  - Being managed as part of a single operation;

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- Wholly owned by members of the same family; and
- The assessor confirms each member of each LLC meets the definition of family with at least one member of an LLC that owns an adjoining parcel.

**Example:**

<b>Parcel A</b>	<b>Parcel B</b>	<b>Parcel C</b>
Owned by Smith Farms LLC	Owned by Jones LLC	Owned by Smith Family LLC

Parcel A is owned by Smith Farms LLC. The members of Smith Farms LLC include John and Mary Smith who are husband and wife. This LLC is wholly owned by members of the same family.

Parcel B is owned by Jones LLC. The members of Jones LLC include Bill Jones and Sarah Jones who are husband and wife. Sarah Jones is the daughter of John and Mary Smith. This LLC is wholly owned by members of the same family.

Parcel C is owned by Smith Family LLC. The members of Smith Family LLC include Frank Smith and Mildred Smith who are husband and wife. Frank and Mildred are the parents of John Smith and the grandparents of Mary Smith. This LLC is wholly owned by members of the same family.

In the above example, the parcels are adjoining and being managed as part of a single operation. Each LLC is wholly owned by members of the same family because each member meets the definition of family with at least one other member of the LLC. Finally, all parcels meet the definition of contiguous because each member of Parcel B (Bill and Sarah Jones) meets the definition of family with at least one member of Smith Farms LLC (Parcel A) and Smith Family LLC (Parcel C) because:

- Sarah Jones is the daughter of John and Mary Smith (Parcel A) and the grandchild of Frank and Mildred Smith (Parcel C).
- Bill Jones meets the definition of family with both John and Mary Smith (Parcel A) because he is the spouse of their child, Sarah Jones. He also meets the definition of family with Frank and Mildred Smith (Parcel C) because he is the spouse of their grandchild, Sarah Jones.

**Q. For multiple parcels not owned by legal entities having different ownerships, how does the assessor determine whether the parcels are contiguous?**

- A. To determine whether multiple parcels not owned by legal entities having different ownerships meet the definition of “contiguous,” the assessor would verify the parcels are:
- Adjoining;
  - Being managed as part of a single operation;
  - Owned by members of the same family; and
  - The Assessor confirms each parcel owner meets the definition of family with at least one owner of an adjoining parcel.

**Example:**

<b>Parcel A</b>	<b>Parcel B</b>	<b>Parcel C</b>
Owned by Steve Whitman	Owned by Todd and Jane Whitman	Owned by Katherine Miller

Parcel A is owned by Steve Whitman.

Parcel B is owned by Todd and Jane Whitman. Todd Whitman and Jane Whitman are husband and wife. Todd is the brother of Steve Whitman and the cousin of Katherine Miller.

Parcel C is owned by Katherine Miller.

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In the above example, the parcels are adjoining and being managed as part of a single operation. Each parcel is owned by members of the same family. Finally, all parcels meet the definition of contiguous because each owner of Parcel B (Todd and Jane Whitman) meets the definition of family with at least one owner of Parcel A and one owner of Parcel C because:

- Todd Whitman is the sibling of Steve Whitman (Parcel A) and the cousin of Katherine Miller (Parcel C).
- Jane Whitman meets the definition of family with Steven Whitman (Parcel A) because she is the spouse of Steve Whitman's sibling, Todd Whitman. She also meets the definition of family with Katherine Miller (Parcel C) because Jane is the spouse of Katherine's cousin, Todd Whitman.

**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 and submit it to the assessor. However, the assessor may ask for additional documentation to verify all parcels are being managed as part of a single operation and to confirm familial relationships. This also applies to land already designated as forest land.

If land is classified as timber land and the owners want their parcels to be considered contiguous, they will need to complete and sign the *Certification of Contiguous Parcels with Different Ownerships* form and submit it to the county legislative authority for approval.

If the assessor or county legislative authority determines the 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 parcels classified as farm and agricultural land, timber land, or designated as forest land, and be considered contiguous with other parcels having the same classification or designation, must complete the appropriate application form and addendum. Each owner must complete a separate addendum for their parcel(s).

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 applications 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.

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**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 with parcels that are already classified or designated?**

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

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\(6\)\(b\)\(ii\)](#)

Along with the application form and addendum(s), all parcel owners whose parcels are subject to the application and all owners of parcels already classified that will be considered contiguous with the parcels subject to the application, must complete and sign the *Certification of Contiguous Parcels with Different Ownerships* form and submit it with the application. Only one form is needed for all parcels.

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 applications 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. 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 are considered contiguous, the assessor will 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 though the

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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. If own a 1-acre parcel which contains only my primary residence and also am a member of an LLC that owns 19 acres of classified farm and agricultural land which adjoins my 1-acre parcel, will my home site qualify for a reduction in assessed value under [RCW 84.34.065](#)?**

- A. For your home site to qualify for a reduction in value under RCW 84.34.065, the following conditions must be met:
- The LLC that owns the 19 acres of classified farm and agricultural land which adjoins your 1-acre parcel must be wholly owned by you, members of your family, or you and members of your family;
  - Both parcels must be managed as part of a single operation;
  - The (1) 20-acre unit must be primarily used for eligible commercial agricultural purposes; and
  - The use of your primary residence is *integral* to the use of the 19-acre parcel for commercial agricultural purposes.

**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 will 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 (20 percent) for incidental uses. It would not matter which of the eight parcels contained the incidental use acreage. Each parcel could have two acres of incidental use or two parcels could have eight acres of incidental use.

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**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. Do parcel owners have appeal rights if the assessor or county legislative authority denies their request for their parcels to be considered contiguous?**

- A. Yes. If the granting authority denies the request, the parcel owners have the same appeal rights as they would if their application for initial classification or reclassification was denied.

**Q. Do parcel owners of classified farm and agricultural land have appeal rights if they apply for and get denied by the assessor because their home site does not meet the qualifications as an integral home site under WAC 458-30-210 and 317?**

- A. Yes. The denial of an integral home site consists of three different scenarios:

If the land is currently classified as farm and agricultural land under RCW 84.34.020(2) and the owner builds a home on it but the assessor determines the home site does not meet the qualifications, then the assessor will remove the land on which the home is located. The removal will be subject to additional tax, interest, and penalty. The owner may appeal this removal to the County Board of Equalization.

If the land on which the home is located is not classified as farm and agricultural land under RCW 84.34.020(2) and the owner applies for the home site to be given a reduction in value as an integral home site but the assessor denies the request because the land does not qualify, the owner can appeal the denial to the County Board of Equalization.

If the land is currently receiving a reduction in value as an integral home site but the assessor discovers it no longer qualifies as an integral home site, the assessor will remove the land from classification without charging additional tax, interest, and penalty. RCW 84.34.108(6)(g). The owner can appeal the removal to the County Board of Equalization.

**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](#).

***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. ♦