

## **Appraisals and Open Space Taxation**

### **Jim Nowadnick, Private Appraiser and Charles Zalmanek, County Assessor**

A public workshop was held in Eastsound on March 20, 2008. The featured speakers for the informal gathering were Charles Zalmenak, the San Juan County Assessor, and Jim Nowadnick, a private appraiser with extensive experience in the county. Charles told us about the Agricultural Open Space tax program, which assesses working farms by their current use as a farm, instead of the 'highest and best use', which is usually residential. The result is that property taxes can be reduced up to 80%, depending on the two assessments. Charles described the process of applying for the program, and what happens when a property no longer fits the criteria. It is not a quick fix to lower your taxes this year. Records of gross income must be available for at least three years, there are basic income levels, and there is an application fee.

Charles also talked about another program that falls under the 'Open Open Space' tax program: the Farm and Conservation Agricultural Land Program. This program was set up by the state to preserve farmland that was not degraded enough to limit its return to agriculture. The application for this program goes through the Planning Department and is approved by the County Council. During the application process, a public benefit rating scale is used to determine the property tax reduction, including choices the landowner makes regarding use limitations. The property tax reductions are generally not as large as in the Agricultural Open Space program. A major benefit of the 'farm and conservation agricultural land' program is that farms which no longer fit in the Ag Open Space program can transfer to the other program without incurring the usual back taxes, interest, and penalties.

Jim Nowadnick has been appraising land in San Juan County for thirty years, and lately has concentrated on conservation easements. It was Jim's work that brought the first 'farm and conservation agriculture land' to the county, and he has worked on such high profile projects as Turtleback Mountain Preserve and Crescent Beach Preserve, among many others. Jim has done extensive research on agricultural land prices in the San Juans and the vicinity, and he presented both an historical and regional view of what a farm is worth. His graph of median land prices in the county showed a sharp (up to 30% per year) spike between the last stock market rebound and the end of 2005, when prices flattened. He also quoted average farm prices from Whatcom, Skagit, and San Juan counties, showing that, while Canadian berry growers were driving up the prices for prime farmland closer to the border, in the San Juans it was the views that rocketed our prices to three or four times that of our neighboring counties. Jim predicted that future prices would stay level for a while then go up steeply.

Jim also spoke extensively on conservation easements, which can reduce the value of the land by limiting what can happen on it. Both Jim and Charles answered many specific questions regarding the Ag Open Space program and conservation easements. The depth of their knowledge and experience was very impressive.