
SUBSTITUTE SENATE BILL 5298

State of Washington

59th Legislature

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By Senate Committee on Government Operations & Elections (originally sponsored by Senators Carrell, Kastama, Stevens, Berkey, Rockefeller, Rasmussen, Oke, Swecker, Delvin, Schmidt, Morton, Parlette, Benson and Mulliken)

READ FIRST TIME 03/02/05.

1 AN ACT Relating to the property taxation of qualified historic
2 property; amending RCW 84.26.010, 84.26.020, 84.26.040, 84.26.110, and
3 84.26.130; adding new sections to chapter 84.26 RCW; and creating a new
4 section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 84.26.010 and 1985 c 449 s 1 are each amended to read
7 as follows:

8 The legislature finds and declares that it is in the public
9 interest of the people of the state of Washington to encourage
10 maintenance, improvement, and preservation of privately owned historic
11 landmarks (~~as the state approaches its Centennial year of 1989~~). The
12 legislature further recognizes it is a public good to keep historic
13 private property on the tax rolls at its maximum value, rather than
14 having such property fall into disrepair, and that well-maintained and
15 preserved historic property enhances a community's sense of culture and
16 pride. To achieve this purpose, this chapter provides special
17 valuation for improvements to historic property and property tax
18 exemptions for maintenance and repair activities.

1 **Sec. 2.** RCW 84.26.020 and 1986 c 221 s 1 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Historic property" means real property together with
6 improvements thereon, except property listed in a register primarily
7 for objects buried below ground, which is:

8 (a) Listed in a local register of historic places created by
9 comprehensive ordinance, certified by the secretary of the interior as
10 provided in P.L. 96-515; or

11 (b) Listed in the national register of historic places.

12 (2) "Cost" means the actual cost of rehabilitation, which cost
13 shall be at least twenty-five percent of the assessed valuation of the
14 historic property, exclusive of the assessed value attributable to the
15 land, prior to rehabilitation.

16 (3) "Special valuation" means the determination of the assessed
17 value of the historic property subtracting, for up to ten years, such
18 cost as is approved by the local review board.

19 (4) "State review board" means the advisory council on historic
20 preservation established under chapter 27.34 RCW, or any successor
21 agency designated by the state to act as the state historic
22 preservation review board under federal law.

23 (5) "Local review board" means a local body designated by the local
24 legislative authority.

25 (6) "Owner" means the owner of record.

26 (7) "Rehabilitation" is the process of returning a property to a
27 state of utility through repair or alteration, which makes possible an
28 efficient contemporary use while preserving those portions and features
29 of the property which are significant to its architectural and cultural
30 values.

31 (8) "Maintenance and repair activity" means the act or process of
32 applying measures to sustain the existing form, integrity, and
33 materials of an historic property. Maintenance and repair activities
34 include, but are not limited to, exterior cladding repair; repainting
35 and in-kind replacement; masonry cleaning and repointing; window, door,
36 porch, and chimney repair and in-kind replacement; reroofing in-kind;
37 and minor structural repairs. Activities also include, but are not
38 limited to, interior repainting; replastering; flooring repair,

1 refinishing and in-kind replacement; repair and replacement of plumbing
2 fixtures, fittings, and equipment; and repair and replacement of
3 lighting fixtures, electrical equipment, and heating equipment.

4 (9) "Maintenance and repair expenditures" means out-of-pocket
5 expenses incurred for maintenance and repair activity by the property
6 owner after January 1, 2004.

7 (10) "Qualified historic property" means historic property that (a)
8 is listed on the Washington heritage register or the national register
9 of historic places, and if within a historical district, is a
10 contributing building as defined by regulations of the United States
11 department of the interior; (b) is residential property occupied by the
12 owner; and (c) has incurred expenditures within the last five years for
13 maintenance and repair activities that exceed ten percent of the
14 assessed value of the residential structure.

15 NEW SECTION. Sec. 3. Historic property that is designated as
16 qualified historic property under section 4 of this act is exempt from
17 property taxes levied for any state purpose for the year of
18 designation. This exemption cannot be claimed more than once in a
19 five-year period. This exemption cannot be claimed if the owner of
20 historic property is participating in the special valuation program, as
21 defined in RCW 84.26.020.

22 NEW SECTION. Sec. 4. (1) Within ten days after the filing of the
23 application for a property tax exemption for maintenance and repair
24 activity in the county assessor's office, the county assessor shall
25 refer each application to the local review board.

26 (2) The review board shall approve the application if the property:

27 (a) Is listed on the Washington heritage register or the national
28 register of historic places;

29 (b) Is residential property occupied by the owner;

30 (c) Incurs expenditures for maintenance and repair activity that
31 exceed ten percent of the assessed value of the residential structure;
32 and

33 (d) Complies with minimum standards of maintenance that protect
34 those elements which qualify the property as historically significant.

35 (3) The assessed value of the residential structure in the year of

1 application shall be used for purposes of comparing maintenance and
2 repair expenditures to assessed value.

3 (4) Maintenance and repair expenditures made after January 1, 2005,
4 may be used to satisfy the ten percent threshold. Expenditures which
5 exceed ten percent may be carried forward and used together with any
6 additional maintenance and repair expenditures in application for
7 exemption in future years. Expenditures that are used to satisfy the
8 ten percent requirement in one year may not be carried forward and used
9 in the application for exemption in future years.

10 (5) An application for designation as qualified historic property
11 shall be approved or denied by the local review board before December
12 31st of the calendar year in which the application is made.

13 (6) The local review board is authorized to examine the maintenance
14 and repair records of applicants.

15 (7) The review board shall notify the county assessor and the
16 applicant of the approval or denial of the application.

17 **Sec. 5.** RCW 84.26.040 and 1986 c 221 s 3 are each amended to read
18 as follows:

19 An owner of property desiring special valuation, or an exemption
20 for maintenance and repair activities under this chapter, shall apply
21 to the assessor of the county in which the property is located upon
22 forms prescribed by the department of revenue and supplied by the
23 county assessor. For application under the special valuation program,
24 the application form shall include a statement that the applicant is
25 aware of the potential tax liability involved when the property ceases
26 to be eligible for special valuation. For the special valuation
27 program, applications shall be made no later than October 1 of the
28 calendar year preceding the first assessment year for which
29 classification is requested. For the maintenance and repair activities
30 exemptions, applications shall be made no later than October 1st for
31 exemption from taxes payable the following year. The assessor may
32 charge only such fees as are necessary to process and record documents
33 pursuant to this chapter.

34 **Sec. 6.** RCW 84.26.110 and 1985 c 449 s 11 are each amended to read
35 as follows:

1 The local legislative authority and the local review board may
2 request the assistance of the state historic preservation officer in
3 conducting special valuation and property tax exemption activities.

4 **Sec. 7.** RCW 84.26.130 and 2001 c 185 s 2 are each amended to read
5 as follows:

6 Any decision by a local review board on an application for
7 classification as historic property eligible for special valuation or
8 property tax exemption for maintenance and repair activity may be
9 appealed to superior court under RCW 34.05.510 through 34.05.598 in
10 addition to any other remedy at law. Any decision on the
11 disqualification of historic property eligible for special valuation,
12 property tax exemption for maintenance and repair activity, or any
13 other dispute, may be appealed to the county board of equalization in
14 accordance with RCW 84.40.038.

15 NEW SECTION. **Sec. 8.** This act applies to taxes levied for
16 collection in 2006 and thereafter.

17 NEW SECTION. **Sec. 9.** Sections 3 and 4 of this act are each added
18 to chapter 84.26 RCW.

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