

SENATE BILL REPORT

SHB 2868

As Passed Senate, March 3, 2020

Title: An act relating to allowing for extensions of the special valuation of historic property for certain properties.

Brief Description: Allowing for extensions of the special valuation of historic property for certain properties.

Sponsors: House Committee on Finance (originally sponsored by Representatives Blake and Walsh).

Brief History: Passed House: 2/13/20, 96-0.

Committee Activity: Local Government: 2/25/20 [DP].

Floor Activity:

Passed Senate: 3/03/20, 49-0.

Brief Summary of First Substitute Bill

- Allows for two, seven-year extensions of the special property valuation for historic properties in certain cities.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Takko, Chair; Salomon, Vice Chair; Short, Ranking Member; Honeyford and Lovelett.

Staff: Bonnie Kim (786-7316)

Background: Property Tax. All property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The county assessor determines assessed value (AV) for each property and calculates property taxes. The property tax bill for an individual property is determined by multiplying the AV of the property by the tax rate for each taxing district in which the property is located. The aggregate of all regular tax levies upon real and personal property by the state and all taxing districts may not exceed 1 percent of the true and fair value of the property. The aggregate regular levies of junior taxing

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districts and senior taxing districts, other than the state, may not exceed \$5.90 per \$1,000 of the AV.

Tax Preferences. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax preference. An automatic 10-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

Special Valuation of Historic Property Rehabilitation. Certain rehabilitated historic properties are eligible to receive a special valuation for purposes of property taxation. The special valuation, which lasts for 10-years, subtracts from the AV of the property any eligible costs associated with the rehabilitation. For purposes of the preference, eligible costs must be at least equal to 25 percent of the AV of the historic property. Additional eligibility requirements apply to the preference.

Summary of First Substitute Bill: Rehabilitated historic properties receiving special valuation for purposes of property taxation are eligible for two, seven-year extensions of the special valuation if the property is located in a city that is listed as a distressed area by the Employment Security Department and has a population of less than 20,000.

The bill contains administrative provisions relating to the application for extension.

No new applications may be approved beginning January 1, 2031. No new extensions may be granted beginning January 1, 2057.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: As part of enhancing special arts and music districts in Aberdeen, we would like to restore and preserve our historic properties. This bill offers an incentive to invest in older buildings.

Persons Testifying: PRO: Wil Russoul, Downtown Aberdeen Association.

Persons Signed In To Testify But Not Testifying: No one.