

FINAL BILL REPORT

SHB 2868

C 91 L 20
Synopsis as Enacted

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).

House Committee on Finance
Senate Committee on Local Government

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. In addition, the aggregate regular levies of junior taxing districts and senior taxing districts, other than the state, may not exceed \$5.90 per \$1,000 of the AV.

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.

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. In addition, 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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary:

Rehabilitated historic properties receiving a 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 (ESD) and has a population of less than 20,000.

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

Votes on Final Passage:

House	96	0
Senate	49	0

Effective: June 11, 2020