

# Chapter 458-15 WAC

## HISTORIC PROPERTY

### WAC

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**WAC 458-15-005 Purpose.** The purpose of these rules is to implement the provisions of chapter 84.26 RCW relating to the administration of the act. These rules are to be used in conjunction with chapter 254-20 WAC as adopted by the advisory council on historic preservation.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-005, filed 2/13/87.]

**WAC 458-15-010 Authority.** These rules are promulgated by the department under RCW 84.08.010(2).

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-010, filed 2/13/87.]

**WAC 458-15-015 Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

- (1) "Act" means chapter 84.26 RCW.
- (2) "Additional tax" means those additional taxes, interest, and penalties specified in RCW 84.26.090.
- (3) "Agreement" means an instrument executed by an applicant and the local review board.
- (4) "Applicant" means the owner(s) of record of property who submit(s) an application for special valuation.
- (5) "Assessed value" means the true and fair value of the property for which each special valuation is sought.
- (6) "Board" or "local review board" means any appointed committee designated by local ordinance to make determinations concerning the eligibility of historic properties for special valuation and to approve or deny applications therefor.
- (7) "Cost" means the actual cost of rehabilitation, which cost shall be at least twenty-five percent of the assessed valuation of the historic property, exclusive of the assessed value attributable to the land, prior to rehabilitation.
- (8) "County recording authority" means the county auditor or the county recording authority which records real property transactions.
- (9) "Department" means the department of revenue.
- (10) "Disqualification" means the loss of eligibility of a property to receive special valuation.

(1/29/09)

(11) "Eligible historic property" means a property determined by the board to be:

(a) Within a class approved by the local legislative authority; and

(b) Eligible for special valuation.

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

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

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

(13) "Special valuation" means the determination of the assessed value of the historic property subtracting, for up to ten years, such cost as is approved by the local review board: Provided, That the special valuation shall not be less than zero.

(14) "Local legislative authority" means the municipal government within incorporated cities and the county government in unincorporated areas.

(15) "Rehabilitation" is the process of returning a property to a state of utility through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its architectural and cultural values. (See WAC 458-15-050.)

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-015, filed 2/13/87.]

**WAC 458-15-020 Application.** (1) The application for special valuation under the act shall be submitted to the assessor of the county where the property is located upon forms prescribed by the department of revenue and supplied by the county assessor.

(2) Applications shall be filed by October 1 of the calendar year preceding the first assessment year for which the special valuation is sought.

(3) Upon receipt of the application the assessor shall verify:

(a) The assessed valuation of the building carried on the assessment roll twenty-four months prior to filing the application;

(b) The owner of the property; and

(c) Legal description and parcel or tax account number.

(4) Within ten days after the filing of the application with the county assessor the application for special valuation shall be forwarded to the board for approval or denial.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-020, filed 2/13/87.]

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**WAC 458-15-030 Multiple applications.** If rehabilitation of a historic property is completed in more than one phase the cost of each phase shall be determined at the time of application.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-030, filed 2/13/87.]

**WAC 458-15-040 Costs and fees.** The assessor may charge such fees as are necessary for the processing and recording of the certification and agreement for special valuation of historic property. These fees shall be payable to the county recording authority.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-040, filed 2/13/87.]

**WAC 458-15-050 Qualifications.** Four criteria must be met for special valuation under this act. The property must:

- (1) Be an historic property;
- (2) Fall within a class of historic property determined eligible for special valuation by the local legislative authority under an ordinance or administrative rule;
- (3) Be rehabilitated at a cost which meets the definition set forth in RCW 84.26.020(2) within twenty-four months prior to the application for special valuation; and
- (4) Be protected by an agreement between the owner and the board as described in RCW 84.26.050(2).

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-050, filed 2/13/87.]

**WAC 458-15-060 Processing of the agreement.** Upon receipt from the board of documentation that the property is an eligible historic property and the agreement between the applicant and the board, the assessor shall:

- (1) Record the original agreement, the certification and the application with the county recording authority.
- (2) Enter upon the assessment rolls for the subsequent year the special valuation as defined in WAC 458-15-015(13).
- (3) The assessor shall calculate and enter on the assessment rolls a special value each succeeding year. The property shall receive the special valuation until:
  - (a) Ten assessment years have elapsed; or
  - (b) The special valuation is lost through disqualification or removal.
- (4) Retain copies of all documents.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-060, filed 2/13/87.]

**WAC 458-15-070 Disqualification or removal.** When property has been granted special valuation as historic property, the special valuation shall continue until the property is disqualified or removed by the assessor upon:

- (1) Expiration of the ten-year special valuation period;
- (2) Notice by the owner to remove the special valuation;
- (3) Sale or transfer to an ownership making it exempt from taxation;
- (4) Sale or transfer of the property through the exercise of the power of eminent domain;
- (5) Sale or transfer to a new owner; and
- (a) The property no longer qualifies as historic property;

or

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(b) The new owner does not sign the notice of compliance contained on the real estate excise tax affidavit;

(6) Determination by the board that the property no longer qualifies as historic property; or

(7) Determination by the board and notice to the assessor that the owner has failed to comply with the conditions established under RCW 84.26.050, chapter 254-20 WAC or the agreement.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-070, filed 2/13/87.]

**WAC 458-15-080 Disqualification or removal—Effective date.** The disqualification from special valuation shall be effective on the date the event that led to the disqualification occurs.

(1) If the owner gives notice to discontinue the special valuation, the owner shall specify in the notice the effective date of removal.

(2) In case of sale or transfer, the date of disqualification shall be the date of the instrument of conveyance.

(3) If removal is based on a board decision, the board shall determine the effective date of disqualification to be the date of any disqualifying change in the property or the owner's noncompliance with conditions established under RCW 84.26.050. If the board does not specify the date of such an occurrence, then the date of the board order shall be the effective date of disqualification.

(4) After the board has sent notice to the owner that it has determined that property is disqualified or after property has been sold and no notice of compliance has been signed, the owner shall not be deemed able to act in the good faith belief that the property is qualified. Until such time, if the owner was acting in the good faith belief that the property remained qualified, the effective date of the disqualification shall be suspended during the pendency of that good faith belief. When an owner raises a good faith belief at a board proceeding, the board may enter a finding as to when the owner's good faith belief ceased.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-080, filed 2/13/87.]

**WAC 458-15-090 Additional tax.** An additional tax shall be imposed upon the disqualification or removal from the special valuation provided for by chapter 84.26 RCW as follows:

(1) No additional tax shall be levied prior to the assessor notifying the owner by mail, return receipt requested, that the property is no longer qualified for special valuation.

(2) Except as provided for in subsection (3) of this section, an additional tax shall be due which is the sum of the following:

(a) The cost shall be multiplied by the levy rate for each year the property received the special valuation.

(b) For the year of disqualification or removal, the cost multiplied by the levy rate shall be multiplied by a fraction, the denominator of which is the number of days in the current year and the numerator of which shall be the number of days in the current year the property received the special valuation.

(c) Interest at the statutory rate on delinquent property taxes shall be added for each year of special valuation from

April 30th of that year to the effective date of disqualification or removal.

(d) A penalty in the amount of twelve percent of the sum of (a), (b) and (c) of this subsection.

(3) No additional tax shall be due if the disqualification or removal resulted solely from:

(a) Expiration of the ten-year special valuation period;

(b) Sale or transfer of the property to an ownership making it exempt from taxation;

(c) Alteration or destruction through no fault of the owner; or

(d) A taking through the exercise of the power of eminent domain.

(4) The additional tax shall become a lien on the property which shall have priority to and shall be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the property may become charged or liable.

(5) The additional tax shall be due and payable in full within thirty days after the tax statement is rendered by the county treasurer and shall be delinquent and subject to:

(a) The delinquent property tax rate after that date; and

(b) Foreclosure as provided for in chapter 84.64 RCW.

Such additional tax when collected shall be distributed by the county treasurer in the same manner in which current taxes applicable to the subject property are distributed.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-090, filed 2/13/87.]

**WAC 458-15-100 Appeals.** (1) The owner may appeal a determination of eligibility of special valuation by a local review board to superior court under RCW 34.05.510 through 34.05.598 or to the legislative authority if local ordinances so provide.

(2) Disqualification or removal of the property from special valuation may be appealed to the county board of equalization in accordance with RCW 84.40.038.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 09-04-034, § 458-15-100, filed 1/29/09, effective 3/1/09; WSR 87-05-022 (Order PT 87-2), § 458-15-100, filed 2/13/87.]

**WAC 458-15-110 Exemption of portion of historic property.** When a portion of a historic property is exempt under chapter 84.36 RCW and rehabilitation was completed on the entire building, only the cost of rehabilitation attributable to that portion of the property that is not exempt shall be used for the special valuation. If the cost of rehabilitation for the nonexempt portion is not readily discernible, the allocation of the cost may be made on a square foot basis.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-110, filed 2/13/87.]

**WAC 458-15-120 Revaluation and new construction.**

(1) The assessor shall continue to revalue the historic property on the regular revaluation cycle, deducting the cost from the assessed value to determine the special valuation.

(2) While rehabilitation is being accomplished, the assessor shall assess the property as required by the new construction assessment dates contained in RCW 36.21.080.

[Statutory Authority: RCW 84.08.010(2) and 84.08.070. WSR 87-05-022 (Order PT 87-2), § 458-15-120, filed 2/13/87.]