
ENGROSSED SUBSTITUTE HOUSE BILL 1723

State of Washington

58th Legislature

2004 Regular Session

By House Committee on Finance (originally sponsored by Representatives Carrell, Gombosky, Talcott, Cairnes and Roach)

READ FIRST TIME 03/04/03.

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

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

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

7 The legislature finds and declares that it is in the public
8 interest of the people of the state of Washington to encourage
9 maintenance, improvement, and preservation of privately owned historic
10 landmarks as the state approaches its Centennial year of 1989. To
11 achieve this purpose, this chapter provides special valuation for
12 improvements to historic property and property tax exemptions for
13 maintenance and repair activities.

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

16 Unless the context clearly requires otherwise, the definitions in
17 this section apply throughout this chapter.

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

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

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

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

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

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

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

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

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

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

1 (9) "Maintenance and repair expenditures" means out-of-pocket
2 expenses incurred for maintenance and repair activity by the property
3 owner after January 1, 2003.

4 (10) "Qualified historic property" means historic property that (a)
5 is listed on the Washington heritage register or the national register
6 of historic places; (b) is residential property occupied by the owner;
7 and (c) has incurred expenditures for maintenance and repair activity
8 that exceed ten percent of the assessed value of the residential
9 structure.

10 NEW SECTION. Sec. 3. Historic property that is designated as
11 qualified historic property under section 5 of this act is exempt from
12 property taxes levied for any state purpose for the year of
13 designation. This exemption cannot be claimed more than once in a
14 five-year period.

15 NEW SECTION. Sec. 4. An owner of property desiring designation as
16 qualified historic property under this chapter shall apply to the
17 assessor of the county in which the property is located upon forms
18 prescribed by the department of revenue and supplied by the county
19 assessor. Applications shall be made no later than October 1 for
20 exemption from taxes payable the following year.

21 NEW SECTION. Sec. 5. (1) Within ten days after the filing of the
22 application for designation as qualified historic property in the
23 county assessor's office, the county assessor shall refer each
24 application to the local review board.

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

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

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

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

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

34 (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, 2004,
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 31 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. 6.** RCW 84.26.110 and 1985 c 449 s 11 are each amended to read
18 as follows:

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

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

24 Any decision by a local review board on an application for
25 classification as historic property eligible for special valuation or
26 designation as qualified historic property may be appealed to superior
27 court under RCW 34.05.510 through 34.05.598 in addition to any other
28 remedy at law. Any decision on the disqualification of historic
29 property eligible for special valuation, designation as qualified
30 historic property, or any other dispute, may be appealed to the county
31 board of equalization in accordance with RCW 84.40.038.

32 NEW SECTION. **Sec. 8.** This act applies to taxes levied for
33 collection in 2005 and thereafter.

1 NEW SECTION. **Sec. 9.** Sections 3 through 5 of this act are each
2 added to chapter 84.26 RCW.

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