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**SUBSTITUTE HOUSE BILL 2868**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** House Finance (originally sponsored by Representatives Blake and Walsh)

AN ACT Relating to allowing for extensions of the special valuation of historic property for certain properties; amending RCW 84.26.070 and 84.26.050; and creating a new section.

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

**Sec.**  RCW 84.26.070 and 1986 c 221 s 5 are each amended to read as follows:

(1) The county assessor shall, for ten consecutive assessment years following the calendar year in which application is made, place a special valuation on property classified as eligible historic property.

(2) The entitlement of property to the special valuation provisions of this section shall be determined as of January 1. If property becomes disqualified for the special valuation for any reason, the property shall receive the special valuation for that part of any year during which it remained qualified or the owner was acting in the good faith belief that the property was qualified.

(3) At the conclusion of special valuation, the cost shall be considered as new construction.

(4)(a) A property is eligible for two seven-year extensions of the special valuation if:

(i) The property is located in a county that is listed as a distressed area as reported by the state employment security department and the city is under twenty thousand in population; and

(ii) The property continues to meet the criteria provided in RCW 84.26.030.

(b) Extensions must be applied for by the owner, upon forms prescribed by the department of revenue and supplied by the county assessor, at least ninety days prior to the expiration of the special valuation.

(c) All extensions must be reviewed by the local review board and may be approved or denied at the local review board's discretion.

(d) No extension may be provided under this subsection on or after January 1, 2057.

**Sec.**  RCW 84.26.050 and 1986 c 221 s 4 are each amended to read as follows:

(1) Within ten days after the filing of the application in the county assessor's office, the county assessor shall refer each application for classification to the local review board.

(2) The review board shall approve the application if the property meets the criterion of RCW 84.26.030 and is not altered in a way which adversely affects those elements which qualify it as historically significant, and the owner enters into an agreement with the review board which requires the owner for the ten-year period of the classification to:

(a) Monitor the property for its continued qualification for the special valuation;

(b) Comply with rehabilitation plans and minimum standards of maintenance as defined in the agreement;

(c) Make the historic aspects of the property accessible to public view one day a year, if the property is not visible from the public right-of-way;

(d) Apply to the local review board for approval or denial of any demolition or alteration; and

(e) Comply with any other provisions in the original agreement as may be appropriate.

(3) Once an agreement between an owner and a review board has become effective pursuant to this chapter, there shall be no changes in standards of maintenance, public access, alteration, or report requirements, or any other provisions of the agreement, during the period of the classification without the approval of all parties to the agreement.

(4) An application for classification as an eligible historic property shall be approved or denied by the local review board before December 31st of the calendar year in which the application is made.

(5) The local review board is authorized to examine the records of applicants.

(6) No new applications may be approved on or after January 1, 2031.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preference contained in sections 1 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to provide tax relief for certain businesses or individuals as provided in RCW 82.32.808(2)(e).

(3) It is the legislature's specific public policy objective to promote the revitalization of historic properties.

(4) If the review finds that the number of taxpayers claiming this preference increases, then the legislature intends to extend the expiration date of this tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

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