
Finance Committee

HB 2868

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

Sponsors: Representatives Blake and Walsh.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Allows for two seven-year extensions of the special property valuation for historic properties in certain cities.

Hearing Date: 2/7/20

Staff: Nick Tucker (786-7383).

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.

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

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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 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 and has a population of less than twenty thousand.

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

The bill is exempted from TPPS requirements, the 10-year expiration of tax preferences, and JLARC review.

Appropriation: None.

Fiscal Note: Requested on January 28, 2020.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.