

**Chapter 84.26 RCW
HISTORIC PROPERTY**

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RCW 84.26.010 Legislative findings. The legislature finds and declares that it is in the public interest of the people of the state of Washington to encourage maintenance, improvement, and preservation of privately owned historic landmarks as the state approaches its Centennial year of 1989. To achieve this purpose, this chapter provides special valuation for improvements to historic property. [1985 c 449 § 1.]

RCW 84.26.020 Definitions. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

- (1) "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.
- (2) "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.
- (3) "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.
- (4) "State review board" means the advisory council on historic preservation established under chapter 27.34 RCW, or any successor agency designated by the state to act as the state historic preservation review board under federal law.
- (5) "Local review board" means a local body designated by the local legislative authority.

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

(7) "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. [1986 c 221 § 1; 1985 c 449 § 2.]

RCW 84.26.030 Special valuation criteria. Four criteria must be met for special valuation under this chapter. 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;

(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 local review board as described in RCW 84.26.050(2). [1986 c 221 § 2; 1985 c 449 § 3.]

RCW 84.26.040 Application—Fees. An owner of property desiring special valuation under this chapter shall apply to the assessor of the county in which the property is located upon forms prescribed by the department of revenue and supplied by the county assessor. The application form shall include a statement that the applicant is aware of the potential tax liability involved when the property ceases to be eligible for special valuation. Applications shall be made no later than October 1 of the calendar year preceding the first assessment year for which classification is requested. The assessor may charge only such fees as are necessary to process and record documents pursuant to this chapter. [1986 c 221 § 3; 1985 c 449 § 4.]

RCW 84.26.050 Referral of application to local review board—Agreement—Approval or denial. (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. [2020 c 91 § 2; 1986 c 221 § 4; 1985 c 449 § 5.]

Tax preference performance statement—2020 c 91 §§ 1 and 2: See note following RCW 84.26.070.

RCW 84.26.060 Notice to assessor of approval—Certification and filing—Notation of special valuation. (1) The review board shall notify the county assessor and the applicant of the approval or denial of the application.

(2) If the local review board determines that the property qualifies as eligible historic property, the review board shall certify the fact in writing and shall file a copy of the certificate with the county assessor within ten days. The certificate shall state the facts upon which the approval is based.

(3) The assessor shall record the certificate with the county auditor.

(4) The assessor, as to any historic property, shall value the property under RCW 84.26.070 and, each year the historic property is classified and so valued, shall enter on the assessment list and tax roll that the property is being specially valued as historic property. [1985 c 449 § 6.]

RCW 84.26.070 Valuation. (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. [2020 c 91 § 1; 1986 c 221 § 5; 1985 c 449 § 7.]

Tax preference performance statement—2020 c 91 §§ 1 and 2: "(1) This section is the tax preference performance statement for the tax preference contained in sections 1 and 2, chapter 91, Laws of 2020. 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." [2020 c 91 § 3.]

RCW 84.26.080 Duration of special valuation—Notice of disqualification. (1) When property has once been classified and valued as eligible historic property, it shall remain so classified and be granted the special valuation provided by RCW 84.26.070 for ten years or until the property is disqualified by:

(a) Notice by the owner to the assessor to remove the special valuation;

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

(c) Removal of the special valuation by the assessor upon determination by the local review board that the property no longer qualifies as historic property or that the owner has failed to comply with the conditions established under RCW 84.26.050.

(2) The sale or transfer to a new owner or transfer by reason of death of a former owner to a new owner does not disqualify the property from the special valuation provided by RCW 84.26.070 if:

(a) The property continues to qualify as historic property; and

(b) The new owner files a notice of compliance with the assessor of the county in which the property is located. Notice of compliance forms shall be prescribed by the state department of revenue and supplied by the county assessor. The notice shall contain a statement that the new owner is aware of the special valuation and of the potential tax liability involved when the property ceases to be valued as historic property under this chapter. The signed notice of compliance shall be attached to the real estate excise tax affidavit

provided for in RCW 82.45.150. If the notice of compliance is not signed by the new owner and attached to the real estate excise tax affidavit, all additional taxes calculated pursuant to RCW 84.26.090 shall become due and payable by the seller or transferor at time of sale. The county auditor shall not accept an instrument of conveyance of specially valued historic property for filing or recording unless the new owner has signed the notice of compliance or the additional tax has been paid, as evidenced by the real estate excise tax stamp affixed thereto by the treasurer.

(3) When the property ceases to qualify for the special valuation the owner shall immediately notify the state or local review board.

(4) Before the additional tax or penalty imposed by RCW 84.26.090 is levied, in the case of disqualification, the assessor shall notify the taxpayer by mail, return receipt requested, of the disqualification. [2000 c 103 § 22; 1999 c 233 § 19; 1986 c 221 § 6; 1985 c 449 § 8.]

Effective date—1999 c 233: See note following RCW 4.28.320.

RCW 84.26.090 Disqualification for valuation—Additional tax—Lien—Exceptions from additional tax. (1) Except as provided in subsection (3) of this section, whenever property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, there shall be added to the tax an additional tax equal to:

(a) The cost multiplied by the levy rate in each year the property was subject to special valuation; plus

(b) Interest on the amounts of the additional tax at the statutory rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the property had not been valued as historic property under this chapter; plus

(c) A penalty equal to twelve percent of the amount determined in (a) and (b) of this subsection.

(2) The additional tax and penalties, together with applicable interest thereon, 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.

(3) The additional tax, interest, and penalty shall not be imposed if the disqualification resulted solely from:

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

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

(c) A taking through the exercise of the power of eminent domain. [1986 c 221 § 7; 1985 c 449 § 9.]

RCW 84.26.100 Payment of additional tax—Distribution. The additional tax, penalties, and/or interest provided by RCW 84.26.090 shall be payable in full thirty days after the date which the treasurer's statement therefor is rendered. Such additional tax when collected shall be distributed by the county treasurer in the same manner in which current taxes applicable to the subject land are distributed. [1985 c 449 § 10.]

RCW 84.26.110 Special valuation—Request for assistance from state historic preservation officer authorized. The local legislative authority and the local review board may request the assistance of the state historic preservation officer in conducting special valuation activities. [1985 c 449 § 11.]

RCW 84.26.120 Rules. The state review board shall adopt rules necessary to carry out the purposes of this chapter. The rules shall include rehabilitation and maintenance standards for historic properties to be used as minimum requirements by local review boards to ensure that the historic property is safe and habitable, including but not limited to:

(1) Elimination of visual blight due to past neglect of maintenance and repair to the exterior of the building, including replacement of broken or missing doors and windows, repair of deteriorated architectural features, and painting of exterior surfaces;

(2) Correction of structural defects and hazards;

(3) Protection from weather damage due to defective roofing, flashings, glazing, caulking, or lack of heat; and

(4) Elimination of any condition on the premises which could cause or augment fire or explosion. [1985 c 449 § 12.]

RCW 84.26.130 Appeals from decisions on applications. Any decision by a local review board on an application for classification as historic property eligible for special valuation may be appealed to superior court under RCW 34.05.510 through 34.05.598 in addition to any other remedy at law. Any decision on the disqualification of historic property eligible for special valuation, or any other dispute, may be appealed to the county board of equalization in accordance with RCW 84.40.038. [2001 c 185 § 2; 1989 c 175 § 178; 1985 c 449 § 13.]

Application—2001 c 185 §§ 1-12: See note following RCW 84.14.110.

Effective date—1989 c 175: See note following RCW 34.05.010.