

# PROPERTY TAX VALUATION FOR IMPROVEMENTS TO HISTORIC BUILDINGS



## THURSTON COUNTY



### THE SPECIAL VALUATION TAX INCENTIVE PROGRAM

A state law enacted in 1985 provides for a 10-year "special valuation" property tax exemption for renovations to historic properties on the local register. Such renovations must cost at least 25 percent of the building's value.

**What are the Benefits?** The benefits are lower taxes for ten years. "Special Valuation" is the revision of the assessed value of a historic property which subtracts rehabilitation costs incurred within 24 months prior to the actual date of application.

**What Buildings are Eligible?** Residential, Industrial or Commercial buildings which:

1. Are on the Thurston County Historic Register and
  - a. Have retained major historic features, or
  - b. Have lost major historic features that are being restored in the renovation project for which the property tax valuation is being claimed.
2. Have been substantially rehabilitated. These rehabilitation costs must have been incurred in the 24 months prior to the actual application date. The cost of rehabilitation must be 25% or more of the building's assessed value before the improvement.
3. Retain their historic character after rehabilitation. The Secretary of Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings, Revised 1995, will guide review and approval of this work. Copies of the standards are available from the Thurston County Historic Preservation office.

#### **Requirements After Approval**

1. **Agreement.** The building must be protected during the ten-year exemption period by a historic preservation agreement which must include the following provisions:
  - a. The building must be in sound structural condition and maintained according to state standards.

- b. The owner must obtain approval from the Historic Commission prior to making further improvements.
- c. The property must be visible from a public right-of-way or made available for public view one day a year.
- d. If the property is sold, the new owner must sign a new agreement to continue the special valuation.

2. **Penalties.** Owners who fail to comply with their agreement or other program requirements must pay:
  - a. All back taxes which would have been otherwise owed;
  - b. Interest on back taxes; and
  - c. A penalty equal to 12 percent of back taxes and interest.
3. **Appeals**
  - a. Decisions regarding eligibility--appeal to Superior Court.
  - b. Disqualification or any other dispute--appeal to County Board of Equalization.

#### **Special Valuation Review Procedure**

1. Before beginning work, contact Cami Petersen at the Thurston County Resource Stewardship Department, (360) 754-3355 ext. 6348 for more information and to arrange preliminary review of renovation plans. (This is not mandatory, but is desirable if you want to assure that the proposed work will meet the tax program standards.)
2. Placement on this local register is necessary before applying for the special valuation program. Application for placement on the Thurston County Historic Register may be made by contacting Cami Petersen at the Thurston County Resource Stewardship Department, (360) 754-3355 ext. 6348.

3. After work is complete, apply to the Thurston County Assessor's Office, no later than 24 months after the beginning date of the rehabilitation work. Application forms are available from the Thurston County Assessor's Office or the Thurston County Historic Preservation office. A final review and decision by the Historic Commission will be arranged before December 31.
4. Applications made before October 1 will be heard by the end of the year; the new value will be calculated the next year; and the new tax goes into effect the following year. Applications received after October 1 will be processed in the following year.

**Example**

By 10/01/09 - Application is made.  
 By 12/31/09 - Historic Commission conducts final reviews.  
 2010 - Assessor determines new tax.  
 2011 - New tax goes into effect for ten years.

Your property tax may change from year to year because of changes in the assessed value, but qualified rehabilitation expenditures will continue to be deducted from the new assessment for the full ten-year period of special valuation.

5. **Fees**

Contact the Thurston County Assessor's office at (360) 786-5410 for Historic Tax Exemption application fees.

**Submittal Requirements for Thurston County Historic Tax Exemption Applications**

The following information must be supplied for preliminary reviews before beginning work. It must also accompany final applications to the Thurston County Assessor's Office:

1. Elevation drawings, in enough detail to see what is planned.
2. Floor plan, where applicable.
3. Something to document color (color chips, rendering, sketch)
4. Photographs:
  - a. historic photo, if possible;
  - b. recent "before" photos;
  - c. for reviews after completion of work: "after" photos.

5. Written explanation of how the rehabilitation meets the Secretary of Interior Standards. Thurston County Historic Preservation staff can provide you with a copy of the standards.
  - a. Address each of the property's historic features listed when it was placed on the historic register.
  - b. Note the methods for preserving, replacing or enhancing existing and lost features.
6. Complete an Applications Requirements Form and an Assessor's Form available from the Thurston County Historic Preservation or the Thurston County Assessor's Office.

The Thurston County Historic Preservation office will contact you to arrange review conferences with a committee and the full Historic Commission before December 31.

**Miscellaneous Information**

The law is directed toward preserving and improving historic properties. Its purpose is as follows:

"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 landmarks as the state approaches its Centennial year of 1989. To achieve this purpose, this Chapter provides special valuation for improvements to historic properties."

**Contact Information**

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 Department  
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