

**Public Comment to the Sedro-Woolley City Council  
Regarding Application for Special Tax Valuation  
for 804 Ferry Street—The Dr. James and Margaret Mills House**

November 22, 2022

by Jean R. Eagleston and Terry F. Sapp

At the time we purchased 804 Ferry Street in May 2019, the dwelling was in poor condition. The interior of the house had not been well-maintained and many aspects—electrical, heating, plumbing, flooring, windows, and paint—required replacement and/or repair.

Our main goal in the rehabilitation of the Dr. James and Margaret Mills House was to retain as many of the original elements of the house as possible. A secondary goal was to remodel the kitchen and two bathrooms, maintaining the original footprint of those rooms.

We prepared an application to the Washington State Heritage Register that was approximately 50 pages in length. Our application was approved by the Governor’s Advisory Council on Historic Preservation on July 22, 2022. As a result, the Dr. James and Margaret Mills House (also known as Valley Hospital between 1916-1929) is now on the Washington Heritage Register.

In a letter dated August 8, 2022, Dr. Allyson Brooks, the State Historic Preservation Officer writes: “Having a property listed in the register is an honor. The benefits of State register listing include **potential property tax deductions** and code waivers to protect the integrity of the resource.”

The problem: RCW Chapter 84.26 (Historic Property) presents the regulations for the special tax valuation of historic properties. The timeline demanded in the code requires that all steps in the process be completed in the same calendar year. We completed the first steps in the process. However, the final step is for a “local review board” to review and approve or deny the application for Special Valuation in Improvements to Historic Property. Unfortunately, neither the City of Sedro-Woolley nor the Skagit County Commissioners have created a local review board.

The solution: We wonder if there is an existing City committee that could be given the authority by the City Council to conduct a review of our application for special property tax valuation and make a decision by December 31, 2022. It has been suggested that the Planning Commission might be such an entity.

We have restored an important historical resource in the town of Sedro-Woolley at considerable expense. (The special tax valuation is based on the 24-month period prior to the time the application was submitted to the Skagit County Assessor's office. Expenses during the entire rehabilitation period are much greater.)

We appreciate the City Council's consideration of our request that the task for a "local review board" to approve (or deny) our request for special task evaluation be assigned to an existing City board, committee, or other entity.

We have prepared a packet of materials, including a timeline of the steps in the special tax valuation process along with supporting documents and correspondence. We will give that material to the City Clerk.

## Timeline

- 5/28/2019 Property purchased
- 12/4/2019 Building permit 2019-405 obtained from the City of Sedro-Woolley
- 3/7/2022 First draft of application for Washington Heritage Register submitted
- 4/10/2022 Final draft of application for Washington Heritage Register submitted
- 7/22/2022 Meeting of the Governor's Advisory Council on Historic Preservation (this Council only meets three times per year and the July meeting—usually held in June—was the first meeting after our application was submitted)
- 8/8/2022 Letter from the Department of Archaeology and Historic Preservation received (copy attached). Only after receiving this letter and the Heritage Register certificate did it seem possible to submit materials to the Skagit County Assessor
- 8/30/2022 Application and Certification of Special Valuation on Improvements to Historic Property (DOR form) mailed to the Skagit County Assessor (copy attached)
- 9/9/2022 Letter from Skagit County Assessor's office received that indicated that neither the City of Sedro-Woolley nor the Skagit County Commissioners have a "local review board" (copy attached)
- 10/14/2022 Letter to Mayor Julia Johnson (copy attached)
- 11/3/2022 Email response from Mayor Johnson (copy attached)



Allyson Brooks Ph.D., Director  
State Historic Preservation Officer

August 8, 2022

Jean Eagleston & Terry Sapp  
804 Ferry Street  
Sedro-Wooley, WA 98284

Dear Ms. Eagleston & Mr. Sapp:

I am delighted to inform you that the **Dr. James & Margaret Mills House** at 804 Ferry Street in Sedro-Woolley has been listed on the Washington Heritage Register, where it joins over 1,500 other historic and culturally significant properties which have been recognized for their unique contributions to Washington's heritage. Built c.1912, the Mills House is historically significant for its direct connection to the early medical practices in the Skagit Valley. The dwelling served as a hospital (called the Valley Hospital) and filled the medial needs of the Sedro-Woolley community and out-lying areas from 1916 to 1929. As the only hospital in the town for over a decade, it was an important institution for Sedro-Woolley and supplied an essential role in the community.

Having a property listed in the register is an honor. The benefits of State register listing include potential property tax deductions and code waivers to protect the integrity of the resource. Listing of a property does not impose federal or state restrictive covenants or easements nor will it result in a taking. However, listing in the Washington Heritage Register does assure protective review of a property should a federal or state action have a potential adverse effect to the property's historic values.

Please do not hesitate to contact our State and National Register Coordinator, Michael Houser, at (360) 890-2634 if you have any questions or comments.

Sincerely,

**Allyson Brooks, Ph.D.**  
State Historic Preservation Officer



Mailed 8/30/2022



# Application and Certification of Special Valuation on Improvements to Historic Property

Chapter 84.26 RCW

**File With Assessor by October 1**

File No: \_\_\_\_\_

## I. Application

County: Skagit

Property Owner: Jean R. Eagleston & Terry F. Sapp Parcel No./Account No: P77099

Mailing Address: 804 Ferry Street, Sedro-Woolley, WA 98284

Legal Description: See attached.

Property Address (Location): 804 Ferry Street, Sedro-Woolley, WA 98284

Describe Rehabilitation: See attached.

Property is on: (check appropriate box)  National Historic Register  Local Register of Historic Places

Building Permit No: 2019-405 Date: 12/04/2019 Jurisdiction: Skagit/Sedro-Woolley  
County/City

Rehabilitation Started: 12/04/2019 Date Completed: 07/22/2022

Actual Cost of Rehabilitation: \$ 101,742.86

## Affirmation

As owner(s) of the improvements described in this application, I/we hereby indicate by my signature that I/we am/are aware of the potential liability (see reverse) involved when my/our improvements cease to be eligible for special valuation under provisions of Chapter 84.26 RCW.

I/We hereby certify that the foregoing information is true and complete.

Signature(s) of All Owner(s):

Jean R. Eagleston  
Terry F. Sapp

## II. Assessor

The undersigned does hereby certify that the ownership, legal description and the assessed value prior to rehabilitation reflected below has been verified from the records of this office as being correct.

Assessed value exclusive of land prior to rehabilitation: \$ \_\_\_\_\_

Date: \_\_\_\_\_

Assessor/Deputy

To ask about the availability of this publication in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users, please call (360) 705-6718. For tax assistance, call (360) 534-1400.

**Who can file this application?**

The owner of record may file an application with the county assessor in which the property is located.

**When should I file my application?**

The application must be filed by October 1 of the calendar year proceeding the first assessment year for which the classification is requested.

Example: The application is filed by October 1, 2004. If approved, the special valuation is placed on the property for the 2005 assessment year. Taxes due and payable for 2006 will reflect the reduction.

**Is there a fee to file this application?**

The county assessor may charge such fees that are necessary for the processing and/or recording of documents.

**What happens after I file the application?**

Within 10 days, the county assessor will forward the application to the local review board. The local review board will approve or deny the application before December 31 of the year in which the application is made. The local review board will notify the assessor and the applicant of the approval or denial of the application.

**What does "historic property" mean?**

*Historic property* means land together with improvements thereon, 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. 98-515; or
- (b) Listed in the national register of historic places.

Historic property **does not** include property listed in a register primarily for objects buried below ground.

**What does "actual cost" mean?**

*Actual cost* means the 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.

**What does "rehabilitation" mean?**

*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.

**What does "special valuation" mean?**

*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.

**What is a "local review board"?**

*Local review board* means a local body designated by the legislative authority of the incorporated or unincorporated area.

**What are the requirements that property must meet to be considered for special valuation as historic property?**

Property must meet the following criteria for special valuation on historic property:

- Be a historic property;
- Fall within a class of historic property determined eligible for special valuation by the local legislative authority;
- 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
- Be protected by an agreement between the owner and the local review board as described in RCW 84.26.050.

**Statement Of Additional Tax, Interest, and Penalty Due Upon Removal or Disqualification from Special Valuation Under Chapter 84.26 RCW**

1. Whenever property that is classified and valued as eligible historic property under Chapter 84.26 RCW is removed or disqualifies for the valuation, there shall become due and payable an additional tax equal to:
  - (a) The actual cost of rehabilitation 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; plus
  - (c) A penalty equal to twelve percent of the amount determined in (a) and (b).
2. The additional tax, interest, and penalty **shall not be imposed** if the disqualifications 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 power of eminent domain.

**Appeals**

1. Any decision by a local review board on an application for classification as historical property may be appealed to Superior Court under RCW 34.05.570 in addition to any other remedy at law.
2. Any decision on disqualification of historic property for special valuation exemption or any other dispute may be appealed to the current year Board of Equalization by July 1 or 30 days after the disqualification, whichever is the later, except the denial on the original application.

## **Application and Certification of Special Valuation on Improvements to Historic Property**

### Legal Description

(0.8200 ac) LOT 20, PLATE NO. 1, SEDRO HOME ACREAGE, SKAGIT COUNTY, WASHINGTON, 1904, AS PER PLAT RECORDED IN VOLUME 3 OF PLATS, PAGE 39, RECORDS OF SKAGIT COUNTY, WASHINGTON. EXCEPT THE NORTH 60 FEET OF THE WEST 120 FEET THEREOF; AND EXCEPT THE SOUTH 20 FEET THEREOF FOR STREET.

### Describe Rehabilitation

The main goal of the rehabilitation of The Dr. James and Margaret Mills House (and the location of Valley Hospital from 1916 – 1929) in Sedro-Woolley was to retain as many of the original elements of the dwelling as possible.

The house had not been well-maintained and many aspects—electrical, heating, plumbing, flooring, and windows—required replacement and/or repair.

Specific rehabilitation tasks included:

- Re-wiring of the entire house due to the presence of some original knob and tube wiring as well as older wiring that was not compliant with current code requirements,
- Repair of the wiring of original light fixtures and installation of additional antique lighting fixtures,
- Repair of lath and plaster damage,
- Painting of the entire interior and exterior of the house,
- Replacement of all plumbing in the kitchen and two bathrooms,
- Installation of a new hydronic heating system (boiler) so that the original radiators could be used for the primary source of heat,
- Replacement of the wood fireplace in the living room with a natural gas insert,
- Refinishing the original maple and fir floors throughout both floors of the house, and

- Replacement of broken windows, re-glazing of zinc mullions in the single pane windows, and installation of window screens and window coverings.

In addition, the kitchen and two bathrooms were remodeled with period-appropriate features used wherever possible. Natural materials (e.g., soapstone and quartzite) were used rather than modern, manufactured materials. Custom-designed cabinetry was used to accommodate the original dimensions of these three rooms.

#### Actual Cost of Rehabilitation

The total cost shown in the attached table is based on expenditures for the rehabilitation costs in the 24-month period between July 2020 and July 2022 (when the application for Heritage Registry was approved).



**Application and Certification of Special Valuation  
on Improvements to Historic Property**

**Cost of Rehabilitation for 24-Month Period ending July 2022**

Boiler (final payment)	\$ 978.75
Custom cabinetry, finish carpentry, hardware	26,049.20
Electrical (new light fixtures)	8,587.88
Electrical (re-wiring)	17,406.05
Floor refinishing (partial)	2,147.00
Natural gas fireplace insert	2,479.97
Painting (interior and exterior—partial)	19,287.85
Plumbing (kitchen, bathrooms)	11,145.09
Stonework (kitchen, bathrooms)	8,897.07
Window screens and coverings	4,764.00
<b>Total</b>	<b>\$101,742.86</b>

**Requirements for Special Valuation**

Building market value at time of purchase (2019): \$319,700

25% of value for rehabilitation costs: \$79,925

David M. Thomas  
Assessor

Annette M. DeVoe  
Chief Deputy Assessor



# SKAGIT COUNTY

## Office of the Assessor

Administration Building, Room 204  
700 South Second Street  
Mount Vernon, WA 98273  
Phone: (360) 416-1780 Fax: (360) 416-1790  
E-mail: [assessor@co.skagit.wa.us](mailto:assessor@co.skagit.wa.us)

September 9, 2022

Jean R. Eagleston  
Terry F. Sapp  
804 Ferry Street  
Sedro Woolley, WA 98284

Dear Applicant,

We have received your application for Special Valuation on Improvement to Historic Property. Per RCW 84.26.050 (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.

The local review board shall approve the application, monitor the property, and establish an agreement with the property owners. According to RCW 84.26.020 (5) "Local review board" means a local body designated by the local legislative authority.

We have reached out to both the City of Sedro Woolley and the County Legislative Authority "Skagit County Commissioners" to determine if either entity has designated such a review board by comprehensive ordinance as required in RCW 84.26.020 (1) (a) that your application can be forwarded to.

At this time neither legislative body has created and empowered such a board. The Assessor has no statutory authority to approve or deny your application.

RCW 84.26.130 provides appeal rights for decision by a local review board through Superior Court and valuation by the Assessor through the County Board of Equalization. Neither decision can be made without a Local Review Board.

It is with regret that we are unable to process your application.

Sincerely,

A handwritten signature in black ink, appearing to read "Annette M. DeVoe".

Annette M. DeVoe  
Skagit County Assessor's Office

Jean R. Eagleston and Terry F. Sapp  
804 Ferry Street  
Sedro-Woolley, WA 98284  
tjsappton@gmail.com

October 14, 2022

Mayor Julia Johnson  
325 Metcalf Street  
Sedro-Woolley, WA 98284

Dear Mayor Johnson,

We were very pleased that our application to the Department of Archaeology and Historic Preservation was approved and that our property at 804 Ferry Street—the Dr. James and Margaret Mills house and former Valley Hospital—is now listed on the Washington Heritage Register.

As you can see in the attached letter from Dr. Allyson Brooks, the State Historic Preservation Officer, one of the benefits of being listed in the Heritage Register is “potential property tax deductions”.

Chapter 84.26 of the RCW addresses the issue of special tax valuation. We completed the Department of Revenue form “Application and Certification of Special Valuation on Improvements to Historic Property”. (A copy is attached.) According to the RCW rules, this application form was submitted to the Skagit County assessor.

To our great disappointment and considerable puzzlement, we received a letter from Annette DeVoe of the Skagit County Assessor’s office indicating that their office cannot proceed with approving or denying our application.

The reason? According to the RCW process, the County Assessor’s office refers the application to the “local review board”. Ms. DeVoe’s letter indicates that the City of Sedro-Woolley as well as the County Commissioners replied and indicated that no such local review board has been created and empowered to review special tax valuation applications. (A copy of Ms. DeVoe’s letter is attached.)

To: Mayor Julia Johnson  
October 14, 2022  
Re: Special Tax Valuation  
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We wonder who in the City of Sedro-Woolley made the response to the County Assessor's office. Were you made aware of our application?

Further, and perhaps we are naive, but given local resources such as the Sedro-Woolley Museum, the Skagit County Historical Museum, and architects who are familiar with restoration of Craftsman-era homes, it seems feasible that a "local review board" could indeed be created.

We had a great deal of communication with Michael Houser, the State Architectural Historian as we completed the required application. (His contact information is: 360-890-2634 or Michael.Houser@dahp.wa.gov). RCW 84.26.110 specifically states that "the local legislative authority and local review board may request the assistance of the state historic preservation officer in conducting special valuation activities". While Dr. Brooks might be directly involved, we think it is likely that Mr. Houser would be a valuable resource if the City of Sedro-Woolley were to decide to create a local review board.

We welcome your questions, thoughts, and comments. Most of all, we are hopeful that the City of Sedro-Woolley will comply with the spirit of the RCW 84.26 procedures and impanel a local review board.

Respectfully yours,

Jean R. Eagleston

Terry F. Sapp

Attachments: Letter from Dr. Allyson Brooks, State Historic Preservation Officer  
Application and Certification of Special Valuation on Improvements  
to Historic Property (4 pages)  
Letter from Annette M. DeVoe, Skagit County Assessor's Office



Jean Eagleston <tjsappton@gmail.com>

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## Heritage Register

1 message

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**Julia Johnson** <jjohnson@sedro-woolley.gov>  
To: "tjsappton@gmail.com" <tjsappton@gmail.com>

Thu, Nov 3, 2022 at 12:10 PM

Good Afternoon Jean and Terry,

I hope this finds you well.

I wanted to reach out and let you know we received your letter and request regarding the Heritage Register, and are in the process of researching the RCWs.

It's proving to be a much bigger process than first anticipated.

We're currently mid-way through our Budget discussion and by law must have completed by year end.

We will continue the slow progression of developing a local review board, along with ordinance, regulations and criteria.

Please hang in there with us as we move through the steps required to bring together this opportunity for you and Sedro-Woolley.

Our City Administrator, Charlie Bush, will be in touch within the next month or so.

Thank you,

**Julia Johnson, Mayor**

City of Sedro-Woolley

360-855-3160

jjohnson@sedro-woolley.gov



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**Chapter 84.26 RCW  
HISTORIC PROPERTY**

**Sections**

- 84.26.010 Legislative findings.
- 84.26.020 Definitions.
- 84.26.030 Special valuation criteria.
- 84.26.040 Application—Fees.
- 84.26.050 Referral of application to local review board—Agreement—Approval or denial.
- 84.26.060 Notice to assessor of approval—Certification and filing—Notation of special valuation.
- 84.26.070 Valuation.
- 84.26.080 Duration of special valuation—Notice of disqualification.
- 84.26.090 Disqualification for valuation—Additional tax—Lien—Exceptions from additional tax.
- 84.26.100 Payment of additional tax—Distribution.
- 84.26.110 Special valuation—Request for assistance from state historic preservation officer authorized.
- 84.26.120 Rules.
- 84.26.130 Appeals from decisions on applications.

**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.