

Rehabilitated Historic Properties

2023 JLARC TAX PREFERENCE REVIEW

Estimated 2025-27 beneficiary savings: \$22.7 million

Property Tax

Applicable statute: RCW 84.26.070

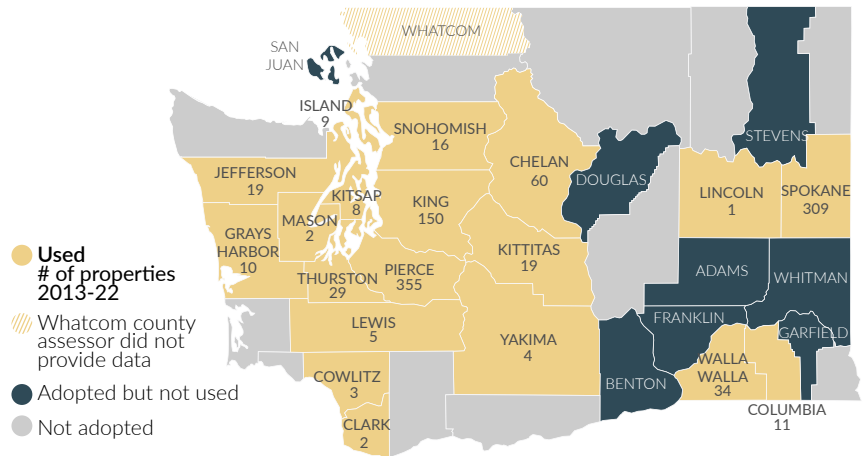
Expiration date: Expires for new applicants 1/1/31

Preference promotes historic property rehabilitation

- Enacted in 1985. Counties must adopt an ordinance allowing use.
- Intended to promote rehabilitation of historic properties. Properties must be listed on historic register.
- Deducts approved rehabilitation costs from property's taxable value.
- Deduction lasts for 10 years; two 7-year extensions available in certain cities within distressed counties.

In last 10 years, property owners saved \$56.8 million on 1,046 historic properties

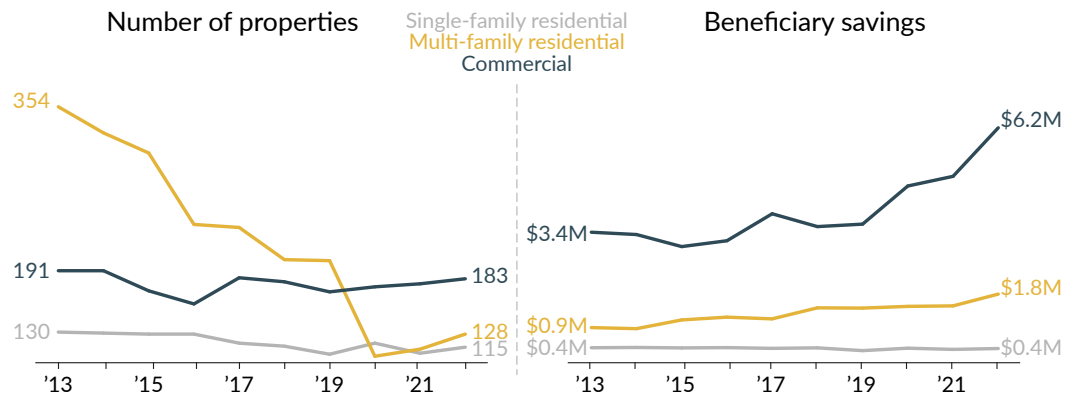
- Used by property owners in 19 counties.
- Overall number of preference users has declined from 675 (2013) to 426 (2022).
- However, use increased 6% in the two most recent years.



2022 beneficiary savings were concentrated in King County and commercial properties

- King County property owners received 65% of total savings.
- Overall, more residential property owners have used the preference than commercial property owners. Use by owners of multi-family residential properties has declined.
- Commercial properties (e.g., hotels, office buildings, retail) receive the largest savings.

Commercial properties accounted for 43% of the total properties but 74% of savings in 2022



LEGISLATIVE AUDITOR'S RECOMMENDATION

Continue: The Legislature should continue the preference because it is meeting the objective of promoting historic property revitalization. JLARC staff will review this preference again prior to the January 1, 2031, expiration date to provide updated detail.