

Restricted Historical Properties

Annually assess restricted historical properties at the lowest of factored base year value, current market value, or the restricted value.

[Sections 439.2 \(a\) and \(d\)](#) state that restricted historical property must be assessed annually at the lowest of the factored base year value, current market value, or the restricted value.

Failure to comply with [section 439.2](#) results in incorrect assessments.

Properly apply the component for amortization of the improvements when valuing restricted historical properties.

Sections [439.2\(b\)\(4\) and \(c\)\(4\)](#) prescribe that a component for amortization of the improvements shall be a percentage equivalent to the reciprocal of the remaining life. Since the amortization component applies only to improvements, not to land, which is a non-depreciating asset, it is necessary to adjust the amortization component to account for that portion of the income being generated by the improvements. [LTA 2005/35](#), provides an example of how to adjust the amortization component to reflect recapture of the improvement value only.

Failure to adjust the amortization component results in underassessing restricted historical properties.

Deduct appropriate expenses from the gross revenue.

Section [439.2\(a\)](#) provides that expenses used in valuing a restricted historical property shall be those typical for the period of valuation.

The assessor must deduct appropriate expenses in order to accurately value a restricted historical property.

Properly apply the property tax component when valuing restricted historical properties.

Sections [439.2\(b\)\(3\) and \(c\)\(3\)](#) provide that a component for property taxes shall be a percentage equal to the estimated total tax rate for the assessment year. [LTA 2005/35](#) further provides that the property tax component include the basic tax rate of 1 percent plus an additional ad valorem rate related to any bonded indebtedness pertaining to the tax rate area in which the property is located. Special district assessments and special taxes are not included in the property tax component.

Failure to apply the proper property tax component may result in incorrect assessments.