

The Mills Act

by Terry McAteer

Assessor Rolf Kleinhans and his team want to educate the public about potential tax relief available through the Mills Act. This California program provides financial incentives for property owners to restore and preserve qualified historic buildings in exchange for reduced property taxes. Enacted in 1972, the Mills Act allows cities and counties to enter contracts with historic property owners who commit to rehabilitation, restoration, and maintenance of the property.



A 10-Year Contract

Mills Act contracts have a minimum initial term of 10 years. The contract automatically renews each year on its anniversary date for an additional year, thus unless the City or owner files a notice of non-renewal, a Mills Act contract has a term of 10 years. If a contract is cancelled, the owner must pay a cancellation fee, and then the lower of the factored base year value or current market value will be enrolled for the following lien date (January 1).

How Does It Work?

After a property owner enters into a Mills Act contract, the Assessor is notified by the local contracting government agency, and the property is then valued under the rules and regulations of the Mills Act and Revenue and Taxation Code. Property valuation is determined by the "income" approach, which is based on projected income for both owner occupied and income producing properties. Then the projected income, less certain expenses, is divided by a capitalization rate determined annually by the California State Board of Equalization and *Revenue and Taxation Code section 439.2 (b) or (c)*. This value is the property's "restricted value". This value is then compared to both the current market value and the factored base year value of the property. The lowest of these three values is then enrolled. This valuation process occurs every year as of January 1. Properties enrolled in a Mills Act contract are notified by mail of their Mills Act values for the year as determined by the Assessor.

The restricted value can be considerably lower than the other values, creating tax savings for the property owner. For more information, please see the [State Board of Equalization Guidelines](#).

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Mills Act

Mills Act property owners are an integral part of preserving Truckee's unique historic past. The purpose of Mills Act contracts is to provide tax incentives to property owners in exchange for preserving and/or restoring qualified historic buildings.

Mills Act Applications

Applications for the Mills Act program are made through [Mills Act Application Form \(PDF\)](#). Photos of the interior and exterior of the structure must be submitted as part of the application package.

A complete application must be filed prior to September 1, with a signed and executed agreement provided to the Community Development Directory by December 1, in order for the contract to be in effect for the following year. Contracts not signed and executed by December 1 will be carried over for recordation to the following year.

Annual Reporting

Owners of Mills Act properties are required to submit an annual self-reporting form to document ongoing eligibility for the Mills Act program. The [Mills Act Self Reporting Form](#) can be submitted online.

For more information, please [email Laura Dabe, Senior Planner](#) or call 530-582-2937.

Hi, how can I help?

▶ **WHAT IS THE MILLS ACT?**

▶ **WHO IS ELIGIBLE?**

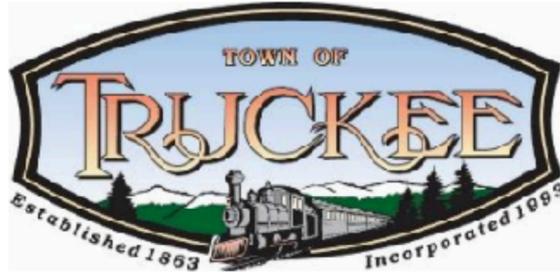
▼ **HOW DOES IT WORK?**

The Mills Act law enables the Town to enter into 10-year agreements with owners of historic properties. Under these agreements ("Mills Act agreements") owners agree to maintain and if necessary, rehabilitate their historic structures.

Mills Act agreements have a minimum term of 10 years and are automatically renewed annually for an additional year. Thus, unless the Town or the owner files a notice of non-renewal, a Mills Act agreement always has a term of 10 years.

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MILLS ACT APPLICATION FORM

DEPARTMENT USE ONLY

MILLS ACT APPLICATION YEAR: _____

CDD FEE COLLECTED: \$ No Fee

APPLICANT TO COMPLETE

APPLICANT NAME(S) _____ PHONE _____

APPLICANT EMAIL _____

APPLICANT ADDRESS _____ CITY _____ STATE ____ ZIP _____

PROPERTY OWNER NAME(S) _____ PHONE _____

PROPERTY OWNER EMAIL _____

PROPERTY OWNER ADDRESS _____ CITY _____ STATE ____ ZIP _____

PROPERTY ADDRESS _____ ASSESSOR'S PARCEL NO. _____

ZONING _____ GENERAL PLAN DESIGNATION _____

APPLICANT'S SIGNATURE _____ DATE _____

OWNER'S SIGNATURE _____ DATE _____

Historic Recognition Program

One of the goals of the General Plan is to preserve and enhance the town's historic and cultural resources. The General Plan Action Item A18.2 encourages the development of a local awards program to recognize outstanding efforts to preserve, conserve, rehabilitate, or provide education about, the elements of Truckee's historic past. The Historic Preservation Advisory Commission (HPAC) began the process of formulating this awards program in 2017.

HPAC identified the following items that should be considered in the award process:

- Work on structures, buildings and other projects (such as public art and public parks) should be considered
- Both new construction or historic buildings can be considered
- The award should be presented to the person/group that accomplished the work
- Projects completed within the last five years have preference. Date is based on building permit final
- Projects should demonstrate high quality design, adherence to historic design guidelines, consistency with the historic character areas, and achievement of restoration opportunities
- Eligible projects include major Historic Design Review projects (rehabilitation and renovation projects and substantial remodels)
- Illegal or after-the-fact work is not eligible.