Mills Act Fact Sheet

- The Mills Act, a state law enacted in 1972, is a self-directed, economic incentive program for owners of historic buildings that are listed in the National Register of Historic Places or on a state, county or city official register. It is the single most important economic incentive program available in California for private property owners of qualified historic buildings. A Mills Act program must be developed according to two California State Codes: California Government Code, Article 12, Sections 50280-80290 and California Revenue and taxation Code, Article 1.9, Sections 439-439.4.
- Under the program, property owners receive a significant reduction in local property taxes in exchange for their promise to actively participate in restoring, rehabilitating, repairing and preserving their properties. Participants enter into an initial 10-year contract with the City.
- Contracts are automatically renewed each year and are transferred to new owners when the property is sold.
- City, county or state officials may periodically inspect properties to ensure proper maintenance.
- Penalties may be imposed for breach of contract or failure to maintain the historic property. If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to 12 ½ percent of the current fair market value of the property, as determined by the county assessor as though the property were free of the contractual restriction.

The county assessor's office re-assesses property tax based on a capitalization of income formula rather than on Market value. Mills Act participants may realize a property tax savings of approximately 50% each year depending on property value, net operating income and other variables