

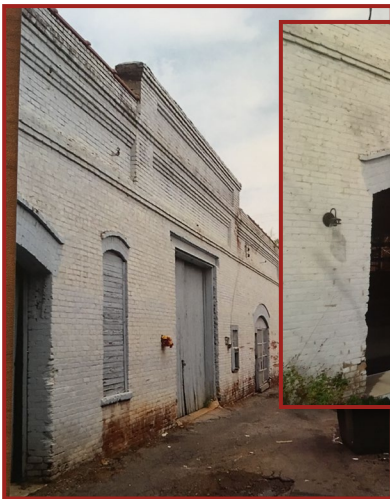
## Georgia State Income Tax Credit for Rehabilitated Historic Properties SFY 2019 End of Year Report - July 1, 2018 thru June 30, 2019

### Background

- In March 2002, the Georgia General Assembly passed into law the State Income Tax Credit for Rehabilitated Historic Property (O.C.G.A. Sec.48-7-29.8). Since January 2004, owners of historic residential and commercial properties who plan to undertake a substantial rehabilitation have been eligible to apply for the credit.
- The program is administered through the Historic Preservation Division (HPD) of the Georgia Department of Natural Resources in collaboration with the Georgia Department of Revenue.
- The program allows 25% of qualified rehabilitation expenditures to be taken as a state income tax credit for both historic homes and income-producing structures. If the property is in a low-income target area, a 30% credit is allowed. The credit is capped for individual projects at \$100,000 for historic homes and \$300,000 for income-producing buildings or \$5 million/\$10 million for projects meeting certain other criteria in a \$25 million annual program cap category.
- The State Preferential Property Tax Assessment for Rehabilitated Historic Property and the Federal Rehabilitation Investment Tax Credit are companion programs.

### Eligibility

- Property must be listed in the Georgia Register of Historic Places or be determined eligible for listing at the time of application and be listed prior to claiming the tax credit.
- Project work must be certified as meeting the Department of Natural Resource's *Standards for Rehabilitation*.
- Project qualified rehabilitation expenditures must meet a substantial rehabilitation test.
- **Part A – Preliminary Certification** should be submitted to HPD before project work begins. Once the Part A is approved, the applicant has two years (five years for phased projects) to complete the rehabilitation.
- **Part B – Final Certification** is submitted to HPD when the project is finished. After the Part B is approved, the owner applies the credit to the taxable year the rehabilitation is completed or allocated.



The Monroe Livery stable, built in 1901 has three bays. Historically, the outer bays were used for stables and the center bay was used for carriages. Today the center bay and one side bay act as event space and the third bay is available for tenant build out.



The center bay's roof had collapsed before the building was purchased by the current owner. This circumstance gave them the flexibility to leave the area open and just repair the remaining roof structure. Other work included structural repair and stabilization and repair to the building materials.

## SFY 2019 Economic Impact of Tax Incentives:

Georgia's preservation tax incentives programs play a significant role in the economic development of communities throughout the state by creating jobs, spurring neighborhood and downtown revitalization, enriching and supporting cultural and heritage tourism, encouraging local investment, and boosting tax revenues.

Statistics for SFY 2019 reveal continued widespread utilization of tax incentives and the significant private investment they attract. Projects included houses, downtown commercial buildings, and adaptive use rehabilitation of institutional and industrial facilities with individual project investment ranging from about **\$9,000** to **\$55.2 million**. Communities with project activity were led by Savannah with **46** projects (preliminary and final certifications), followed by Atlanta (**38** projects) and Macon (**38** projects). Augusta was also a center of robust activity with a total of **18** projects. Other cities and towns with project activity included Americus, Athens, Ball Ground, Bartow, Clarkesville, Covington, Dalton, Decatur, Dublin, East Point, Ellabell, Forsyth, Gray, Kennesaw, LaGrange, Louisville, Madison, McDonough, Milledgeville, Monroe, Rome, Thomasville, Tifton, Tybee Island, Valdosta, Washington, Winder, and Zebulon.

Another tangible measurement of the program's effectiveness is represented by the leveraging effect of the tax credits (ratio of tax credits earned to amount of private investment), especially considering the benefits of the private investment accrue before the tax credits are applied. In SFY 2019, the leverage ratio for completed projects (final certifications) was **1 : 5**.

- **90 preliminary certification applications** for *proposed* work were submitted representing **30 historic home** rehabilitations and **60 income-producing** property rehabilitations equaling:
  - **\$240,282,189** in investment
  - **1,572 jobs** created\*
  - **\$86,936,215** in salary and wages generated\*
  - **1,635** additional jobs being created elsewhere\*
  - **\$45,145,045** in potential state tax credits
  - **\$7,209,000** in state tax revenue generated from projects\*\*
  - **\$6,968,700** in local tax revenues generated from projects\*\*

\* Statistics calculated using multipliers provided in HPD's *The Economic Benefits of Historic Preservation in Georgia* report available on HPD's website at [www.georgiashpo.org](http://www.georgiashpo.org). Statistics provided here should not be directly compared to SFY2011-2016 as the economic modelling currently applied uses different data sets.

- **86 final certification applications** for *completed* projects were submitted, representing **23 historic home** rehabilitations and **63 income-producing** property rehabilitations equaling:
  - **\$125,405,231** in investment
  - **820 jobs** created\*
  - **\$45,367,463** in salary and wages generated\*
  - **852** additional jobs being created elsewhere\*
  - **\$25,142,320** in potential state tax credits
  - **\$3,762,000** in state tax revenue generated from projects\*\*
  - **\$3,363,600** in local tax revenues generated from projects\*\*

\*\* Includes revenue from sales taxes, property taxes, wages & salaries, corporation and other taxes/revenues generated by project activities during rehabilitation.



*The RC Henry Building was built in 1900 and originally occupied by the Dublin Bank Co. In the 1960s, a department store made major changes to the exterior of the building. The recent rehab used historic photos to bring the building back to its original exterior.*

