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Georgia's State Historic Preservation Office



Georgia State Income Tax Credit for Rehabilitated Historic Property
2005 Year End Report

In March 2002, the Georgia General Assembly passed into law a state income tax credit for historic properties. Properties must be eligible for or listed in the Georgia Register of Historic Places and the rehabilitation must be certified as meeting the Department of Natural Resources' *Standards for Rehabilitation*.

The Historic Preservation Division, in partnership with the Georgia Department of Revenue, administers the Georgia State Income Tax Credit Program for Rehabilitated Historic Property (O.C.G.A. Section 48-7-29.8). Specifically, the program provides property owners of historic homes who complete an approved rehabilitation the opportunity to take 10% of the rehabilitation expenditures as a state income tax credit up to \$5,000. If the home is located in a target area, as defined in O.C.G.A. Section 48-7-29.8, the credit may be equal to 15% of rehabilitation expenditures up to \$5,000. For any other certified structure, the credit may be equal to 20% of rehabilitation expenditures up to \$5,000. The credit is a dollar for dollar reduction in taxes owed to the State of Georgia.

To participate in the program, a property must be eligible for or listed in the Georgia Register of Historic Places. Project work must meet DNR's *Standards for Rehabilitation* (DNR Rules 391-5-14). A substantial rehabilitation test must be met; qualified rehabilitation expenses must exceed the following amounts:

- For a historic home used as a principal residence, the lesser of \$25,000 or 50% of the adjusted basis of the building;
- For a historic home used as a principal residence in a target area, \$5,000;
- For any other certified historic structure, the greater of \$5,000 or the adjusted basis of the building.

At least 5% of qualified rehabilitation expenditures must be allocated to work completed to a building's exterior. Acquisition and new construction costs are not considered qualified expenditures.

Ideally, the Part A application - Preliminary Certification is submitted to HPD before a project begins. Once the application is certified, the property owner has two years to complete the rehabilitation. Amendment applications are submitted if work modifications are necessary. The Part B - Final Certification is submitted when the project is complete. After the Part B is approved, the owner can apply the credit on the following state tax return.

**Applications received and reviewed by HPD
January 1, 2005 – December 31, 2005.**

County	Part A	Amendments	Part B
Bibb	9	5	1
Chatham	13	22	8
Clarke	2	3	
Coweta			
Crisp			1
DeKalb	1	1	2
Fulton	6	10	1
Hall	1		
Lincoln	1		
Lowndes	1	1	
Morgan	1		1
Muscogee	1	1	
Newton		1	
Peach	1		
Polk	1		
Richmond	4	6	1
Talbot	1		
Thomas	2		
Tift		1	
Troup	1		
Ware		1	
TOTAL	46	52	15

- 113 applications (Parts A, B, and amendments) were submitted to HPD.
- 108 applications were certified as meeting DNR's *Standards for Rehabilitation*.
- Total dollar amount for approved proposed projects equaled \$96,876,779.
- Total dollar amount for completed projects equaled \$15,226,472.¹

This report represents the second year of the program's administration. Since the statute allows owners two years to complete a project and submit it for final certification, HPD anticipates the number of Part B applications to increase significantly in 2006. There is currently a \$5,000 limitation for the tax credit per project. For Georgia to remain competitive, this cap needs to be eliminated or increased.

For questions about this report or to learn more about federal and state preservation tax incentives, contact HPD/DNR's Tax Incentives Coordinator at (404) 651-5566.

¹ To find out the total dollar amount of credits applied against income, contact the Georgia Department of Revenue.