

Georgia State Income Tax Credit for Rehabilitated Historic Properties SFY 2018 End of Year Report - July 1, 2017 thru June 30, 2018

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.



Lookout Mountain Hotel, now known as Carter Hall, opened in 1928. The building was used as a hotel until the 1960s, when it was purchased by Covenant College for use as dorms and a dining hall.

The building underwent a \$28 million rehab to remove the EFIS that was installed over the exterior in the 1980s and to rebuild the top of the tower that was removed by 1960. Other updates were made, but overall, the original floor plan, wood beams, and stone accents all remain intact.

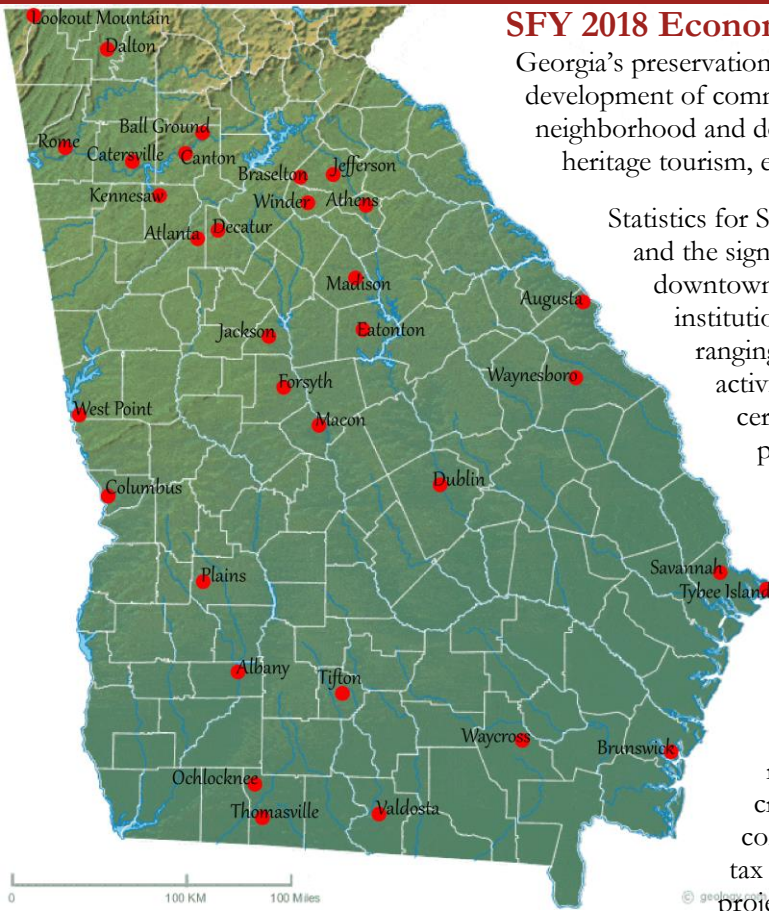


SFY 2018 Economic Impact of Tax Incentives:

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 2018 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 **\$34,700** to **\$28.35 million**. Communities with project activity were led by Macon, with **49** projects (preliminary and final certifications), followed by a tie with Atlanta and Savannah (**38** projects each). Augusta also submitted an impressive number of projects with a total of 22 projects. Other cities and towns with project activity included Athens, Albany, Ball Ground, Braselton, Brunswick, Canton, Cartersville, Columbus, Dalton, Decatur, Dublin, Eatonton, Forsyth, Jackson, Jefferson, Kennesaw, Lookout Mountain, Madison, Ochlocknee, Plains, Rome, Thomasville, Tifton, Tybee Island, Valdosta, Waycross, Waynesboro, West Point, and Winder

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 2018, the leverage ratio for completed projects (final certifications) was **1 : 4**.



- **114 preliminary certification applications** for *proposed* work were submitted representing **35 historic home** rehabilitations and **79 income-producing** property rehabilitations equaling:

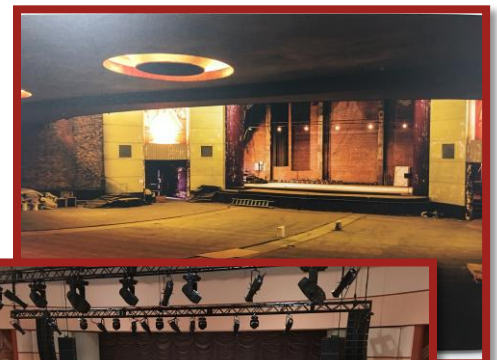
- \$155,399,869 in investment
- 1,016 jobs created*
- \$56,220,922 in salary and wages generated*
- 1,073 additional jobs being created elsewhere*
- \$38,849,967 in potential state tax credits
- \$4,662,000 in state tax revenue generated from projects**
- \$4,506,600 in local tax revenues generated from 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. Statistics provided here should not be directly compared to previous year reports as the economic modelling for each use different data sets.

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

- **75 final certification applications** for *completed* projects were submitted, representing **25 historic home** rehabilitations and **50 income-producing** property rehabilitations equaling:

- \$166,499,626 in investment
- 1,089 jobs created*
- \$60,236,703 in salary and wages generated*
- 1,133 additional jobs being created elsewhere*
- \$41,624,907 in potential state tax credits
- \$4,995,000 in state tax revenue generated from projects**
- \$4,828,500 in local tax revenues generated from projects**



The Miller Theater in Augusta is now home to the Augusta Symphony Orchestra among other performances. Because the theater remained untouched since it closed in the 1980s, much of the original historic fabric was saved although the theater was adapted for modern use.

