

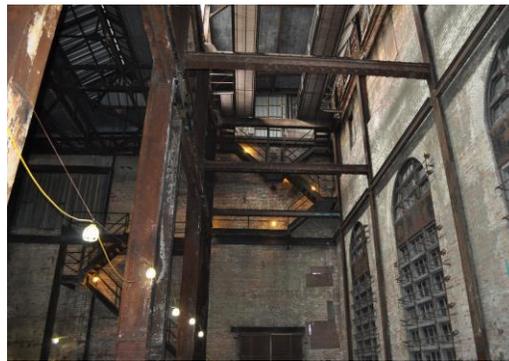
Georgia State Income Tax Credit for Rehabilitated Historic Properties SFY 2020 End of Year Report - July 1, 2019 thru June 30, 2020

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.



Plant Riverside in Savannah is a \$140M rehabilitation of a former power plant which has been converted into a boutique hotel while maintaining its industrial character.



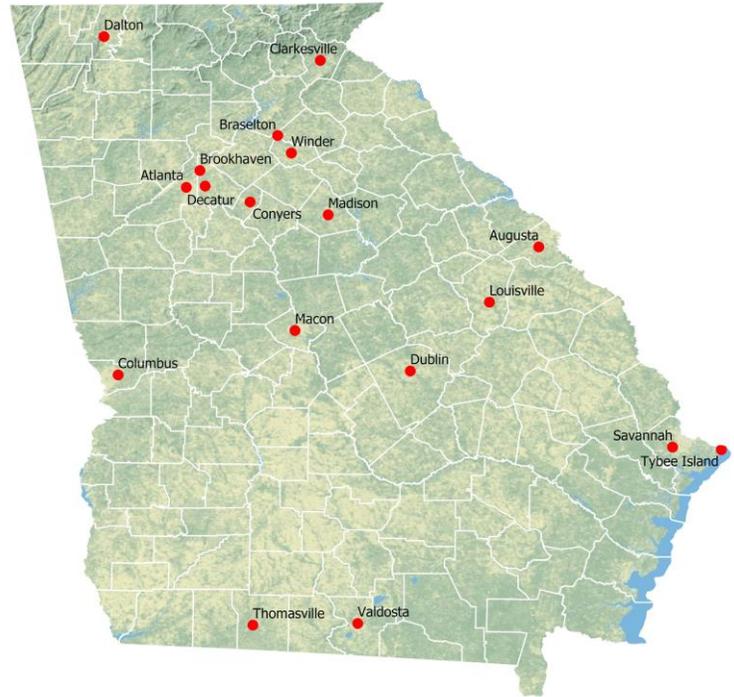
* As of July 1, 2020, HPD became a division of the Department of Community Affairs. The SFY2020 report concludes references to the Department of Natural Resources.

SFY 2020 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 2020 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 **\$47,000** to **\$81 million**. Communities with project activity were led by Savannah, with **47** projects (preliminary and final certifications), followed closely by Atlanta (**31** projects) and Macon (**42** projects). Other cities and towns with project activity included Augusta, Braselton, Brookhaven, Clarkesville, Columbus, Conyers, Dalton, Decatur, Dublin, Louisville, Madison, Thomasville, Tybee Island, Valdosta, 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 2020, the leverage ratio for completed projects (final certifications) was **1 : 6.61**.



78 preliminary certification applications for *proposed* work were submitted representing

22 historic home rehabilitations and **56 income-producing** property rehabilitations equaling:

- **\$247,271,916** in investment
- **1,617** jobs created*
- **\$89,458,528** in salary and wages generated*
- **1681** additional jobs being created elsewhere*
- **\$68,686,736** in potential state tax credits
- **\$7,418,157** in state tax revenue generated from projects**
- **\$7,170,885** 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 annual reports using other economic modelling reports as different data sets may be applicable.

75 final certification applications for *completed* projects were submitted, representing

18 historic home rehabilitations and **54 income-producing** property rehabilitations equaling:

- **\$252,836,266** in investment
- **1,617** jobs created*
- **\$91,466,240** in salary and wages generated*
- **1,681** additional jobs being created elsewhere*
- **\$38,264,169** in potential state tax credits
- **\$7,584,642** in state tax revenue generated from projects**
- **\$7,331,821** 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.

Built in 1910, Ft. Screven Enlisted Men's Barracks have been converted into a multi-family property and taken what was previously a vacant building and returned it to productive use.

