

Georgia State Income Tax Credit for Rehabilitated Historic Properties

SFY 2023 End of Year Report | July 1, 2022 - June 30, 2023

Background

- In March 2002, the Georgia General Assembly passed and the Governor signed 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 Community Affairs 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, in a \$5 million annual cap category, and \$5 million for income-producing buildings or \$10 million for projects meeting certain other criteria in a \$30 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.

Before



After



City Mills, a vacant, former grain mill, has been transformed into a vibrant mixed-used development in Columbus. This development has extended the Riverwalk further south and has brought new life to the deteriorated historic site - the site of the oldest manufacturing operation on the Chattahoochee River dating back to 1828.

This 1896 house retains many of its historic character-defining features and is a good example of a Queen Anne house in the Thomas Square Streetcar Historic District in Savannah. A prior renovation effort in 2008, vacancy, and water damage left the house in disrepair. The recently completed rehabilitation has restored the property's historic character and returned it to productive use.

Before



After



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 Community Affairs' *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

Georgia State Income Tax Credit for Rehabilitated Historic Properties

SFY 2023 End of Year Report | July 1, 2022 - June 30, 2023

SFY2023 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 2023 reveal continued widespread utilization of tax incentives and the significant private investment they attract. Rehab projects are located in both urban centers and small towns across the state. Projects included houses, downtown commercial buildings, and adaptive use rehabilitation of institutional and industrial facilities with individual **project investment ranging from about \$59,000 to \$28 million.**

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 2023, the leverage ratio for completed projects (final certifications) was **1:5.**



79 preliminary certification applications for proposed work were submitted representing:

- \$260,298,103 in investment
- 1,702 jobs created*
- \$94,17,168 in salary and wages generated*
- 1,770 additional jobs being created elsewhere*
- \$41,915,565 in potential state tax credits
- \$7,808,943 in state tax revenue generated from projects**
- \$7,548,645 in local tax revenues generated from projects*
- Tax Credit-to-Rehabilitation Investment Leverage: 1:6.21

56 final certification applications for completed projects were submitted, representing:

- \$138,868,178 in investment
- 908 jobs created*
- \$50,240,007 in salary and wages generated*
- 944 additional jobs being created elsewhere*
- \$27,937,655 in potential state tax credits
- \$4,166,045 in state tax revenue generated from projects**
- \$4,027,177 in local tax revenues generated from projects**

Top cities for Rehabilitation Projects (preliminary and final certification):

1. **Atlanta, 36 projects**
2. **Savannah, 31 projects**
3. **Macon, 17 projects**

Other cities and towns with project activity included Albany, Americus, Athens, Augusta, Avondale Estates, Bainbridge, Brooks, Brunswick, Chatsworth, Columbus, Conyers, Cordele, Covington, Darien, Forsyth, Gainesville, Gray, Milledgeville, Richmond Hill, Statesboro, Thomasville, Tifton, Tybee Island, Valdosta, Washington, and Winder.

* Statistics calculated using multipliers provided in HPD's The Economic Benefits of Historic Preservation in Georgia report available on HPD's website at <https://www.dca.ga.gov/georgia-historic-preservation-division>. Statistics provided here should not be directly compared to SFY2011-2016 as the economic modelling currently applied uses different data sets.

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