Georgia State Income Tax Credit for Rehabilitated Historic Properties

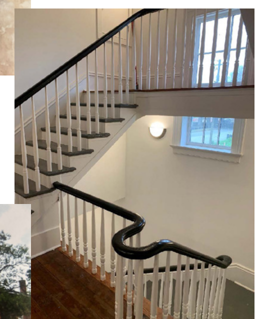
SFY 2024 End of Year Report | July 1, 2023 - June 30, 2024

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 with a $5 million annual program cap. Non-primary residence projects have a $5 million cap (or $10 million for projects meeting certain other criteria) with a $30 million annual program cap.**
- The State Preferential Property Tax Assessment for Rehabilitated Historic Property and the Federal Rehabilitation Investment Tax Credit are companion programs.

Before

After



Washington Carver Homes was built in 1951 by the City of East Point as a public housing development. The buildings, consisting of concrete block walls with a skeletal frame of reinforced concrete post and beams, are significant under Criterion A and C. These once vacant buildings have been returned to productive use, adding an additional 100 housing units to the area.

Kahrs Grocery, a c. 1859 grocery store in Augusta, notable for having survived the Augusta fire of 1916 had been vacant since 1980. The building had been mixed-use with a grocery, residential units, and a laundry over the years. This most recent rehabilitation has converted the building to a fully residential 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 Affair'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.

GEORGIA DEPARTMENT *of* COMMUNITY AFFAIRS

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SFY2024 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 2024 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 $34,000 to $99 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 2024, the leverage ratio for completed projects (final certifications) was **1:5.7**.

81 preliminary certification applications for proposed work were submitted representing:

- $503,243,155 in investment
- 3,291 jobs created*
- $182,064,315 in salary and wages generated*
- 3,423 additional jobs being created elsewhere*
- $66,003,436 in potential state tax credits
- $15,097,295 in state tax revenue generated from projects**
- $14,594,052 in local tax revenues generated from projects*
- Tax Credit-to-Rehabiliation Investment Leverage: 1:7.6

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

- $119,298,119 in investment
- 780 jobs created*
- $43,159,912 in salary and wages generated*
- 811 additional jobs being created elsewhere*
- $20,990,692 in potential state tax credits
- $3,578,944 in state tax revenue generated from projects**
- $3,459,646 in local tax revenues generated from projects**

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

1. **Savannah, 40 projects**
2. **Atlanta, 24 projects**
3. **Macon, 18 projects**

Other cities and towns with project activity included Americus, Avondale Estates, Bainbridge, Ball Ground, Barnesville, Brunswick, Canton, Cartersville, College Park, Conyers, Decatur, Dublin, East Point, Forsyth, Gainesville, Griffin, Hawkinsville, Lakemont, Milledgeville, Monroe, Rutledge, Thomaston, Thomasville, Tifton, Vidalia, Washington, and Winder.

* The multipliers used in this analysis are derived from the IMPLAN software and data system which is a widely used input-output modeling system. The underlying data drawn upon by the IMPLAN system are collected by the IMPLAN Group LLC from multiple sources including the Bureau of Economic Analysis, Bureau of Labor Statistics, and the U.S. Census Bureau. Reporting prior to SFY 2017 utilized a different modeling program and therefore should not be compared to more recent reporting.

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

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