Brian P. Kemp
Governor

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GEORGIA DEPARTMENT *of* COMMUNITY AFFAIRS

State Income Tax Credit Program for Rehabilitated Historic Property

In May 2002, the Georgia State Income Tax Credit for Rehabilitated Historic Property was signed into law (Ref. O.C.G.A. Section 48-7-29.8). The credit is a dollar-for-dollar reduction of State of Georgia income taxes and is meant to serve as an incentive to those who own and want to improve their historic properties by completing a rehabilitation project. The tax credit program is administered by the Georgia Department of Community Affairs' Historic Preservation Division (DCA-HPD) and the Georgia Department of Revenue. Owners of historic residential and commercial properties who plan to start a substantial rehabilitation on or after January 1, 2004 are eligible to apply for the credit. As amended, through calendar year 2029, the program provides owners of historic residential (principal residence) properties who complete a DCA-approved rehabilitation the opportunity to take 25% of the qualified rehabilitation expenditures as a state income tax credit, capped at $100,000 per project (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 30% of rehabilitation expenditures, also capped at $100,000) with a $5 million annual program cap. For any other certified historic structure, the credit is 25% of qualified rehabilitation expenditures, capped at $5 million or $10 million per project with a $30 million annual program cap (the $10 million cap category has annual employment and/or wage requirements) for calendar years 2023-2029. ALL ANY OTHER CERTIFIED STRUCTURE ("COMMERCIAL") CREDITS HAVE BEEN FULLY SUBSCRIBED THROUGH THE SUNSET PERIOD.

What properties are eligible?

The property must be listed or eligible for listing in the Georgia Register of Historic Places, either individually or as a contributing building within a historic district*. For primary residences that are locally designated as historic, there may be an eligibility path without NR listing.* To find out if a property qualifies, please contact the Historic Preservation Division's National Register at nationalregister@dca.ga.gov

Requirements to Participate

The cost of rehabilitation must meet the substantial rehabilitation test. The substantial rehabilitation test is met when the qualified rehabilitation expenses 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 the qualified rehabilitation expenditures must be allocated to work completed to the exterior of the structure. Acquisition costs and costs associated with new construction are not qualified rehabilitation expenses. For more information about Qualified Expenditures see the National Park Service - Technical Preservation Services definitions (https://www.nps.gov/tps/tax- incentives/before-apply/qualified-expenses.htm)
- The property owner must obtain preliminary and final certification of the project from HPD.
- Rehabilitation must be in accordance with the Department of Community Affairs' *Standards for Rehabilitation* and must be completed within two years.

How is the Credit Awarded?

Questions about the Georgia Tax Center, DOR forms, and allocation of tax credits should be directed to taxcredits.inquiries@dor.ga.gov.

Application Process

The application is a two-part process: Part A and Part B, with supplemental information and amendments when necessary. The program is designed to review projects before work begins; therefore, the earlier application materials are submitted to HPD for review, the better. A digital application is available. Please find instructions for the digital application on the HPD website, linked here. Questions about the program should be directed to taxincentives@dca.ga.gov

Part A – Preliminary Certification

Part A is submitted to HPD to determine if the property is listed or eligible for listing in the Georgia Register of Historic Places, and to determine if the proposed work meets the *Standards for Rehabilitation*. Ideally this is submitted to HPD before rehabilitation begins. Once all application materials are submitted and the review fee is paid, HPD generally takes 30 days to review and comment on the rehabilitation project. After HPD completes its review, the signed Part A form is emailed to the applicant. Project applicants are then responsible for electronically submitting the approved Part A to the Georgia Tax Center to receive an allocation. Please be aware that any work done prior to HPD review is done at owner's own risk. The review may determine that any rehabilitation work undertaken prior to approval that does not meet the Standards either may need remediation or may make the project eligible for a denial.

Part B – Final Certification

Part B is submitted to HPD after the project is completed. Once all application materials are submitted and the review fee is paid, HPD generally takes 30 days to review and certify the rehabilitation project. HPD is the final certification authority concerning all state rehabilitation applications. After HPD completes its review and approves the rehabilitation, the certified Part B form is emailed to the applicant. The applicant is then responsible for submitting the Part B –Final Certification form either electronically to the Georgia Tax Center with their annual tax return or with their annual tax return as directed by Department of Revenue Rules. Be advised that work that does not conform to the Standards may require remediation or may lead to denial of the application.

Amendments

Amendments are submitted to HPD when there is a change in the scope of work or contact information as submitted in the Part A application. This allows a certain amount of flexibility as the project continues to be developed. Upon request, HPD will offer technical assistance to rehabilitation tax projects by meeting with individuals at HPD's office or on-site of the project to discuss specific rehab issues. HPD encourages early communication with our office.

Fees

Fees are charged for reviewing the Part A and Part B applications. See table on next page for breakdown of fees. A cashier's check, money order, or official bank check, made payable to the Georgia Department of Community Affairs, are the only acceptable forms of payment. Personal checks are not accepted. The fees are non-refundable.

Fee Schedule Project Qualified Rehabilitation Expenditures (QRE)	Part A – Preliminary Certification Review Fee	Part B – Final Certification Review Fee
$100,000 or under	$250	None
Over $100,000 up to $500,000	0.375% of estimated QRE	0.125% of actual QRE
Over $500,000	$1875 plus 0.75% of estimated QRE exceeding $500,000	$625 plus 0.25% of actual QRE exceeding $500,000
Maximum Total Fee for any single project shall not exceed $25,000 All projects over $100,000: 75% of the total review fee will be collected at Part A and the remainder (25%) will be collected at Part B		