



HISTORIC PRESERVATION DIVISION

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GEORGIA STATE INCOME TAX CREDIT FOR REHABILITATED HISTORIC PROPERTY

SFY 2016 END-OF-YEAR REPORT
JULY 1, 2015-JUNE 30, 2016

BACKGROUND:

- In March 2002, the Georgia General Assembly passed into law the State Income Tax Credit for Rehabilitated Historic Property. 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.
- 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 at \$100,000 for historic homes and \$300,000 for income-producing structures. However, revisions to the program resulting from passage of HB 308 in the 2015 legislative session and which went into effect January 1, 2016, now also allow projects meeting certain other criteria up to \$10 million in credits.
- The State Preferential Property Tax Assessment for Rehabilitated Historic Property and the Federal Rehabilitation Investment Tax Credit are companion programs.

ELIGIBILITY:

- The property must be listed in the Georgia Register of Historic Places or determined eligible at the time of application.
- Project work must be certified as meeting DNR's *Standards for Rehabilitation*.
- A substantial rehabilitation test must be met.
- **Part A – Preliminary Certification** should be submitted to HPD before project work begins. Once the Part A is approved, the applicant has two years 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.



Savannah's 1938 Atlantic Greyhound Bus Lines Terminal, built in the Streamline Moderne style, is known today as The Grey restaurant. The property owner spent \$2.5 million rehabilitating the former terminal, making him eligible for approximately \$500,000 in federal and \$300,000 in state tax credits.

SFY 2016 ECONOMIC IMPACT OF TAX INCENTIVES PROGRAMS:

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, increasing and supporting cultural and heritage tourism, encouraging local investment, and generating increased tax revenues.

Tax incentives for SFY 2016 indicate significant increases from prior years, in both the number of project applications received by HPD and the amount of dollars invested. Macon again was the city with the most projects, accounting for **38** projects combining both preliminary and final certifications, while rehabilitation activity in Atlanta (**34** projects) and Savannah (**31** projects) also increased from last year. Other cities and towns with program activity included Americus, Athens, Augusta, Ball Ground, Brunswick, Canton, College Park, Decatur, Gray, Hawkinsville, Rome, Toccoa, Tybee Island, and Valdosta.

- **125 preliminary certification applications** for *proposed* work were submitted representing **37 historic home** rehabilitations and **88 income-producing** property rehabilitations equaling:
 - **\$254.5 million** in investment
 - **\$10 million** in potential state tax credits at \$300,000 cap/**\$45.4 million** at higher cap*
 - **4,607** jobs created**
 - **\$191 million** in salary and wages generated**
 - **2,718** additional jobs being created elsewhere**

- **54 final certification applications** for *completed* projects were submitted, representing **21 historic home** rehabilitations and **33 income-producing** property rehabilitations equaling:
 - **\$429.7 million** in investment
 - **\$6.5 million** in potential state tax credits**
 - **7,778** jobs created**
 - **\$322 million** in salary and wages generated**
 - **4,589** additional jobs created elsewhere**

*\$45.4 million represents credits allocated in more than one year.

**Statistics calculated using multipliers provided in HPD's *Good News in Tough Times* report available on HPD's website at www.georgiashpo.org.



*The rehabilitation of the massive 1926 Sears, Roebuck and Co. building in Atlanta took five years and \$360 million to complete. Based on its qualified rehabilitation expenses, developer Jamestown Properties should be eligible for an estimated \$72 million federal tax credit and a \$300,000 state tax credit.*** Now known and open for business as the*



Ponce City Market, the two-million-square-foot structure features retail shops and restaurants, office space, residential units, and a rooftop amusement park.

***The project was not eligible for the higher state credit cap because its application was submitted before the new program went into effect.

For questions about this report or to learn more about federal and state preservation tax incentives, contact HPD's tax incentives coordinator at 770-389-7848