

Historic Preservation Economic Incentives

Several economic incentives for historic preservation are outlined below. If a property is listed of eligible for listing* in the National Register of Historic Places (NRHP) individually or as a contributing structure to a Historic District, it is eligible for Federal and State tax incentives. These incentives require that the project follow the Secretary of the Interior's Standards for Rehabilitation and is reviewed by the Historic Preservation Division (HPD) of the Georgia Department of Natural Resources (DNR). More information about this program can be found on their website at www.gashpo.org

1. **Federal 20% Rehabilitation Tax Credit.** The Federal Rehabilitation Investment Tax Credit Program (RITC) allows eligible participants to apply for a federal income tax credit equal to 20% of the amount spent in the certified rehabilitation for income producing properties (i.e. commercial, industrial, agricultural, or rental residential).** The property must be a "certified structure" and the Historic Preservation Division and National Park Service must certify the rehabilitation.
2. **Federal charitable contribution deduction.** This is a one-time deduction that may be taken for the donation of a preservation easement to an organization qualified by IRS Code Section 170, such as the Historic Savannah Foundation. This easement ensures the preservation of a "certified historic structure's" facade by restricting the right to alter its appearance. The donation of a preservation easement is usually made in perpetuity. Both residential and commercial properties are eligible for this program. Qualified professionals should be consulted on the matters of easement valuations and the tax consequences of their donation.
3. **Georgia State 25% Tax Credit.** The Georgia State Income Tax Credit Program for Rehabilitated Historic Property allows eligible participants to apply for a state income tax credit equal to 25% of qualified rehabilitation expenditures up to a maximum cap of \$100,000 for residential properties and a maximum cap of \$300,000 for income-producing properties. There are no requirements that structure be an income producing property. The property must be a "certified structure" and the Historic Preservation Division must certify the rehabilitation.
4. **Georgia State Tax Freeze.** The Georgia Preferential Property Tax Assessment Program for Rehabilitated Historic Property allows eligible participants to apply for an 8-year property tax assessment freeze. The tax freeze will allow the property tax to remain at its pre-rehab value for 8 years. The property must be a "certified structure" and the Historic Preservation Division must certify the rehabilitation.

* If the property is eligible for listing in the NRHP, the application for listing must be forthcoming in order to claim the incentive.

** The 20% tax credit available for a certified rehabilitation cannot be applied to acquisition costs, increasing the square footage/additions, parking, signs, feasibility studies, demo work, cabinets, carpeting, and landscaping. It can be applied to soft costs including architect fees, construction costs, preservation consultants, developer fees, engineering fees, and anything related to the operation or maintenance of the building and structural components (walls, ceilings, tile work, windows, doors, plumbing, electrical, sprinklers, etc...).