

Fixing Georgia's Rehabilitation Tax Credit

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The Georgia Trust for Historic Preservation
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Overview

Since 2002, Georgia has offered a state income tax credit on certified historic rehabilitations.

The credit is equal to 25% of qualified rehab expenditures (QREs)

This program has been an unequivocal success in communities throughout the state.

The current iteration of the program is due to sunset in 2029.

The Problem:

Current legislation caps the program at \$30 million of credits per year. As credits are claimed above that cap, they are awarded in future tax years. **Projects applying in 2025 have been awarded 2028 and 2029 credits. All credits have been claimed through the program sunset date, rendering the program closed for any potential rehabilitations in the next four years.**



By the Numbers

295

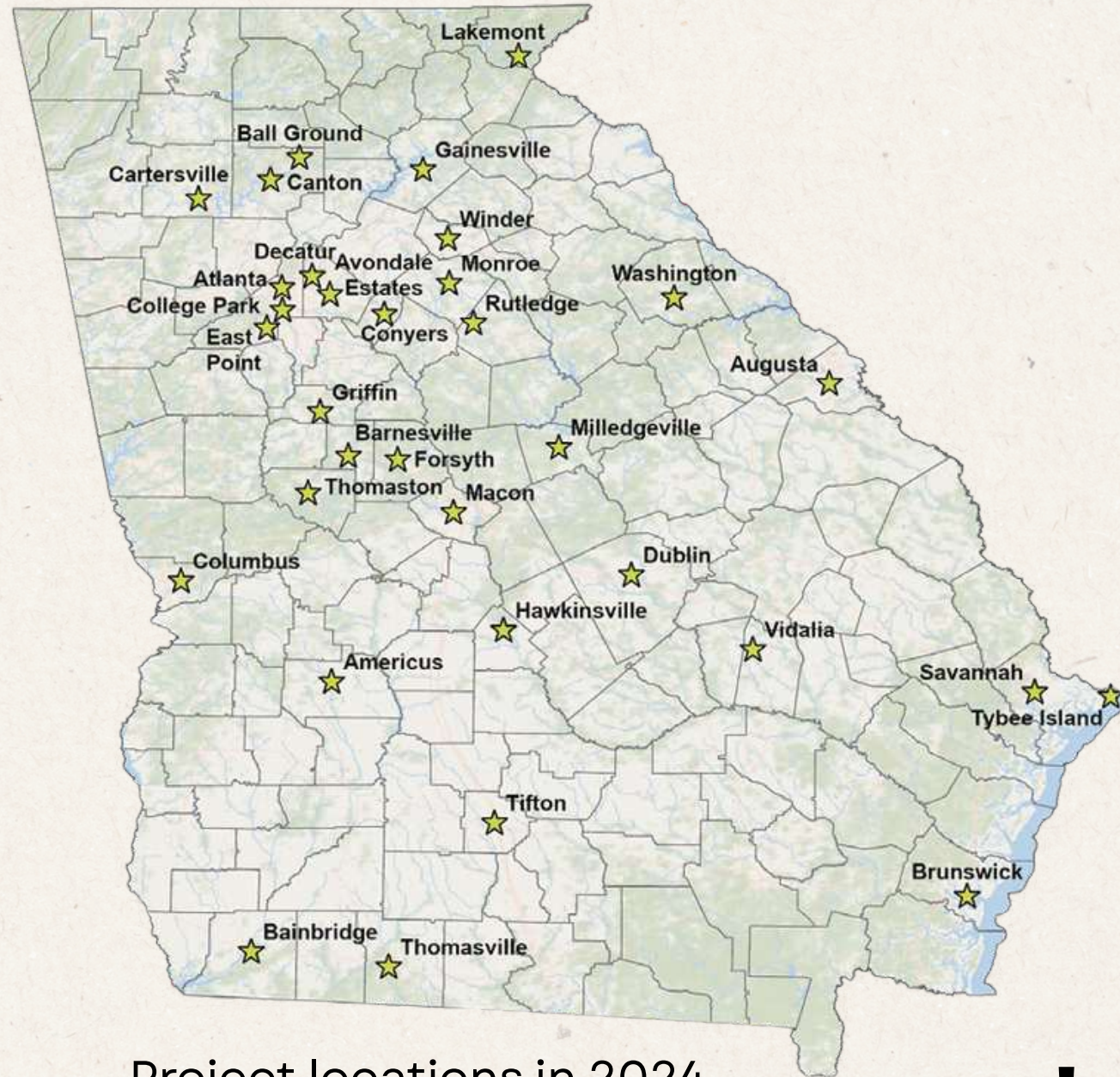
Certified Projects

2019 - 2024



\$802,641,676

Total Direct Investment



Project locations in 2024

FY 23/24



81

Preliminary Applications

55

Final Certifications

\$119,298,119

Direct Project Investment

1:5.7

Leverage Ratio
(\$1 of credit spurs
\$5.70 of private
investment)

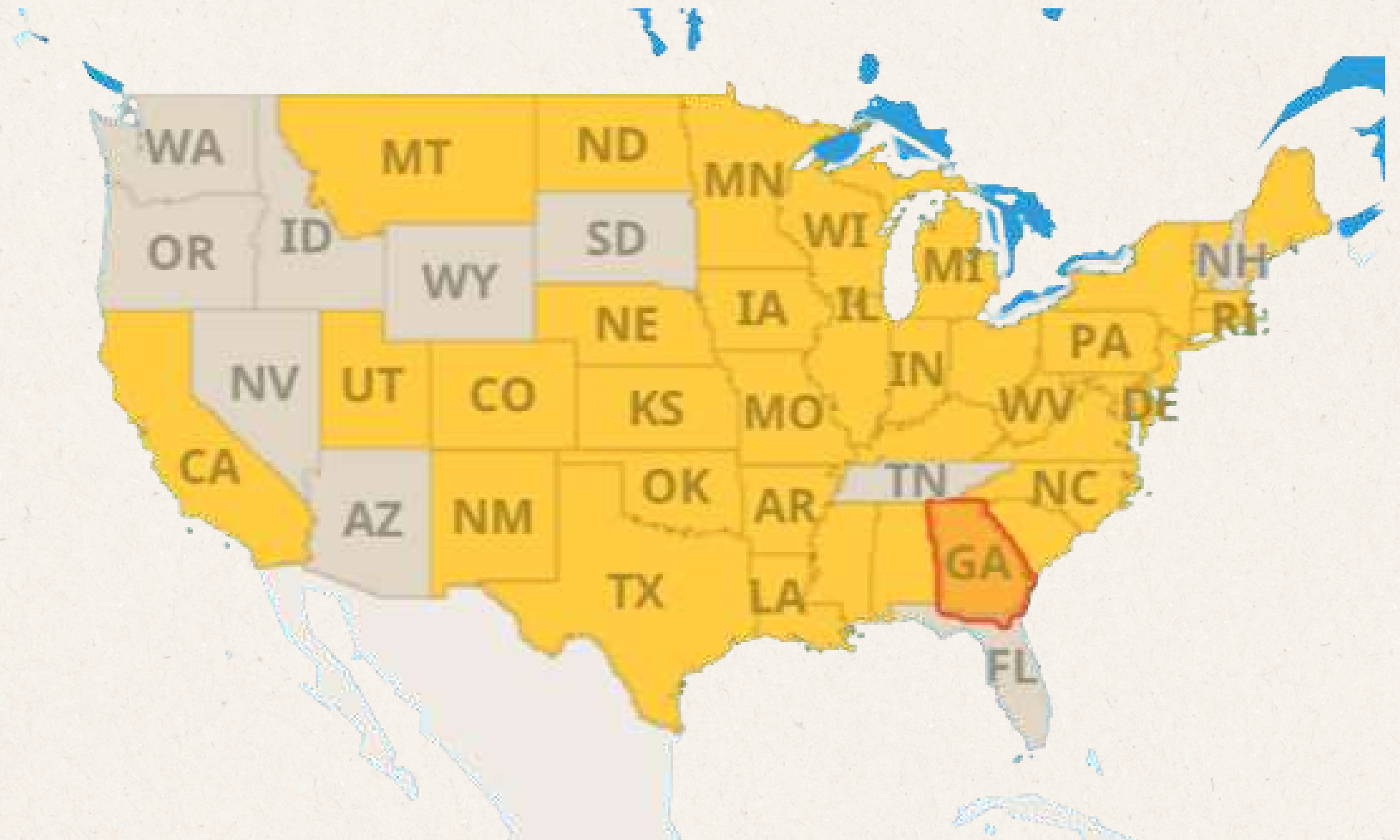
By the Numbers

38

States with historic tax credit programs

24

States with historic
credits of 25% or
higher



By the Numbers

“Historic rehabilitation tax credits result in net positive new revenues for the state and local governments. This study demonstrates that **waived revenues represented by the tax credits are repaid within 7 years of award.** Subsequently the projects continue adding to state coffers and **return nearly \$1 .50 for every \$1 awarded just 5 years later.”**

GA’s State Income Tax Credit for Rehabilitated Property: A Cost Benefit Analysis, Georgia Tech 2019

“From 2018 - 2023, 68% of the properties had Qualified Rehab Expenditures at or under \$1.2M. These properties would have been eligible for the old \$300K cap. Less than 10% of properties had QREs over \$5M and less than 5% had QREs over \$10M, demonstrating that **the majority of these rehabs are done by “Main Street” developers.”**

GA Department of Community Affairs

“Total investments of about \$56 million for residential projects (historic homes and multifamily residential) and \$155 million for nonresidential projects, can be expected to result in about \$401 million in economic gross output during the construction phase of the projects and about \$73 million annually during the operating phase. The associated **increases in valued added or state gross domestic product (GDP) are estimated at \$202 million and \$42 million”**

Tax Incentive Evaluation: Georgia’s Historic Rehabilitation Tax Credit, Georgia State, 2022

“Preserving Georgia’s historical assets and incentivizing rehabilitation of historic structures has benefits beyond the scope of this evaluation, but there is a body of research supporting additional tourism benefits associated with historic heritage, **credits as a de facto housing policy for the preservation (and creation) of market-rate and affordable housing** without gentrification, and as **a catalyst for neighborhood revitalization.** Based on the empirical analysis in this report, it appears that the Georgia HRTC has partially contributed to the realization of these benefits by increasing the number of historic rehabilitation projects in Georgia beyond that which we would expect absent the state credit.”

Tax Incentive Evaluation: Georgia’s Historic Rehabilitation Tax Credit, Georgia State, 2022

Objective

Advance Legislation to Fix Georgia's
Historic Tax Credit

Keep Georgia Competitive

Strengthen the existing 25%
credit and provide
predictability

Enable a Functional Program

Raise the annual cap from \$30
Million to \$60 Million



Objective

Advance Legislation to Fix Georgia's Historic Tax Credit

- The **Georgia Trust for Historic Preservation** has brought together stakeholders from across Georgia to support this effort.
- It is critical that the General Assembly **take action** in the upcoming session **to maintain a functional program.**



What if Income Taxes are Eliminated?

The Georgia Senate is studying the elimination of the state income tax, with strong support among some elected officials.

- In the **short term**, we anticipate that such a dramatic change to the tax code would take multiple years to enact and current incentives will remain a critical tool for historic rehab projects.
- In the **medium term**, there are projects in the pipeline that will not have access to credits if the current program is not fixed in this session.
- In the **long term**, there is precedent for successful state RTC programs that leverage business taxes. Georgia can follow Texas' example for structuring an effective incentive to revitalize our historic downtowns and community landmarks.

Resource Page



[The Georgia Trust for Historic Preservation](#)

[Georgia Department of Community Affairs - Historic
Preservation Division](#)

[Georgia Historic Tax Incentives - Annual Reports](#)

[The National Trust - State Historic Tax Credit Resource
Center](#)

[Main Street America](#)

Questions? Email Ben Sutton bsutton@georgiatrust.org