



ALABAMA  

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HISTORICAL  
COMMISSION  

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THE STATE HISTORIC PRESERVATION OFFICE

Protect, Preserve and Interpret Alabama's Historic Places



# Alabama Historic Rehabilitation Tax Credit Program

Hannah Garmon  
State Tax Credit Coordinator  
334.230.2644 / [Hannah.Garmon@ahc.alabama.gov](mailto:Hannah.Garmon@ahc.alabama.gov)



# Alabama's Historic Rehabilitation Tax Credit

- A **25%** income tax credit on qualified expenses incurred during a rehabilitation project.
- Defrays the costs of rehabilitation projects for owners of historic properties while ensuring those properties are preserved according to preservation guidelines.



# The state tax credit helps Alabama's property owners

Owners of residential\* and commercial historic properties can use this program to improve and repair their properties while receiving tax credits against income tax they owe to the State of Alabama.

\*After December 31, 2022, any property occupied by an owner and used exclusively as a primary or secondary residence will no longer be eligible for a state historic tax credit.



# Historic Rehabilitation Tax Credit Basics...

- \$20 million in tax credits are available each calendar year from 2018-2027.
- For the first nine months of each calendar year, 40% of the \$20 million will be set aside for projects located in counties with less than 175,000 population. After nine months, any of those funds remaining will be available for any project.
- The AHC reviews the applications and sends a list of qualifying projects to the Historic Tax Credit Evaluating Committee.



# Historic Rehabilitation Tax Credit Basics...

- The Committee decides which projects receive tax credit reservations.
- The AHC will reserve tax credits based on the Committee's ranking.
- Those receiving a reservation have up to 5 years to complete the project and take the tax credit.
- Credits are issued once a project is complete and the Part C application has been approved.



**Tax credit is refundable.**



# Program Eligibility

- 1) Property must be at least 60 years old...
- 2) Property must be listed in the National Register of Historic Places either individually or as a contributing resource in a listed National Register district.

**OR**

- 3) Property must be eligible for the National Register either individually or as a contributing resource in an eligible National Register district.





# Application—Part A

- Qualifications of property
  - Age of property
  - National Register Status (listed or eligible)
  - Physical description
  - History and significance
  - Photos and maps



# Application—Part B

- Describe work completed before submission
- Purchase price and Fair Market Value of the property
- Project estimates
  - Start & completion dates
  - Qualified and non-qualified expenses
  - Tax credit amount requested
- Attachments/Enclosures
  - “before” photos
  - Site plan – current and proposed
  - Floor plans – current and proposed



# Application—Part B

- Purchase Price
- Economic Impact
- Community Impact
- Funding Sources



# Selection Process

- AHC reviews projects based on applicant's Parts A & B.
- If the project is eligible for the program and the rehabilitation plans meet preservation guidelines, AHC passes on a list of projects to the Committee for final ranking.
- The AHC may reject projects whose applications do not meet the qualifications for the program.



# Committee Procedures

- **The Committee will receive a packet for each qualifying project two weeks before the committee meeting**
- **These packets will consist of project information including:**
  - Cover sheets for Parts A and B of the applications
  - Photograph of building and brief description of rehab
  - Applicant's answers to criteria questions
  - Letters of support
  - Scoring sheet



# Committee Members

**Clyde Chambliss - Chair**  
Senate District 30

**Bobby Singleton**  
Senate District 24

**Rod Scott**  
House District 55

**Victor Gaston**  
House District 100

**Director of the Governor's Office of  
Minority Affairs**  
Nichelle Nix, JD, MPH – Vice Chair

**Director of the Alabama Historical  
Commission**  
Lisa Jones

**ADECA Director**  
Kenneth W. Boswell

**State Finance Director**  
Bill Poole

**Secretary of Commerce**  
Greg Canfield

**Commissioner of Revenue**  
Vernon Barnett



# Selection Process

- The evaluation Committee will determine which projects receive tax credits based on a scoring system with several factors:
  - Project's economic impact
  - Maintenance of historic fabric of the community;
  - Possible return on investment for community;
  - Geographic distribution of projects;
  - Would the project proceed without credit;
  - Strength of local support for the project;
  - Other types of public financing.



# Committee Procedures

- **If more than one project receives the same numerical score, a random drawing will decide the order in the ranked list.**
- **Once \$20 million in credits are reserved, ranked projects will remain in order on a waiting list until tax credits become available either through rescission of a project's tax credit reservation or when additional credits become available in the next year.**





# Project Timelines

- Projects must spend no less than
  - 20% of the estimated cost of rehabilitation within 18 months of notification of Tax Credit Reservation and
  - An additional 50% within 36 months
  - Projects must be completed within 60 months of notification of Tax Credit Reservation



# Project Timelines

- Applicants must notify the AHC of each benchmark met throughout the process.
- Once project is completed, Part C of the application must be submitted.



# Application—Part C

- Certification of completed work
- Submitted AFTER completion of project.
- Once Part C is received, reviewed, and approved, the AHC will issue a tax credit certificate.
- Actual project data
  - Actual start and finish dates
  - Actual QREs and non-QREs
  - Actual jobs created during rehab
  - Approx. jobs created post-rehab
- Attachments/Enclosures
  - “after” photos
  - Cost and expense certification
  - Appraisal



# Questions?

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