

CONTACT FOR APPLICATIONS

Alabama Historical Commission

468 South Perry Street

Montgomery, AL 36130

(334)242.3184

www.ahc.alabama.gov

Contact for Applications and Specific Information on the State Property Tax Reduction for income-producing properties and Tax Credits for the rehabilitation of both income-producing and non-income producing properties.



This program receives federal funds from the National Park Service administered through the Alabama Historical Commission. Regulations of the U.S. Department of the Interior prohibits unlawful discrimination in departmental federally assisted programs on the basis of race, color, national origin, age or disability. Any person who believes he or she has been discriminated against in any program, activity, or facility operated by a recipient of federal assistance should write to: Office of Equal Opportunity, U.S. Department of the Interior, National park Service, 1849 C Street, NW, Washington, D.C. 20240.

City of Opelika
Community Development Department
Historic Preservation Commission
700 Fox Trail
Opelika, AL 36801
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www.Opelika-al.gov

HISTORIC PRESERVATION TAX INCENTIVES (Federal & State)



Information provided by:
CITY OF OPELIKA
COMMUNITY DEVELOPMENT
DEPARTMENT
Opelika Historic Preservation
Commission

HISTORIC PRESERVATION TAX INCENTIVES - STATE AND FEDERAL

50% STATE PROPERTY TAX REDUCTION

There is a valuable tax incentive available for owners of certain types on "income producing" historic buildings. Those buildings include commercial, industrial, or rental residential buildings that are individually listed in the National Register, listed as "contributing structures" to National Register historic districts, or determined by the Alabama Historical Commission (AHC) to be eligible for listing in the National Register. In Alabama, owners of income-producing historic buildings are eligible to have their state ad valorem property taxes assessed at 10% (the residential rate) rather than the usual 20%. That savings cuts state property taxes in half, amounting to a 50% property tax reduction! This incentive is part of the Wallace Property Relief Constitutional Amendment of the "Lib Bill" found in Cod of Alabama 40-8-1 Section 2.

In order to claim this credit, owners must do the following:

1. **Complete** a Historic Preservation Certification Application part 1 (Evaluation of Significance), which includes photographic documentation.
2. **Submit** the Part 1 Application to the Alabama Historical Commission (AHC).
3. If the Part 1 Application is approved, **present** the National Park Service certification (for properties within National Register historic districts) or the AHC letter (for properties individually listed in the National Register or determined by the AHC as eligible for listing in the National Register) to the county tax assessor for reassessment of the property. A Historic Certificate can also be obtained through the local Historic Preservation Commission.

25% ALABAMA HISTORIC PRESERVATION TAX CREDIT

The 2017 Alabama Historic Rehabilitation Tax Credit is a 25% refundable tax credit available for private homeowners and owners of commercial properties who substantially rehabilitate historic properties that are listed in or eligible for the National Register of Historic Places and are 60 years old or older. The tax credit provides jobs,

increases the tax base, and revitalizes existing buildings and infrastructure, while preserving and rehabilitating Alabama's historic properties.

Taxpayers filing a State of Alabama income tax return or entities exempt from federal income taxation who own title to a building or own a leasehold interest in a building for a term of 39 years or more may apply.

Tax credits are capped at \$5 million for commercial properties and \$50,000 for residential homes. \$20 million in tax credits are available each tax year from 2018 to 2022. Excess tax credits will be carried forward each year. \$8 million of each year's allocation will be set aside for rural communities for the first six months of the year.

Eligible costs must exceed 50 percent of the owner's original purchase price or \$25,000, whichever is greater.

For state application materials and more information, visit <http://ahc.alabama.gov/alabamarehabtaxcredits.aspx>

or Contact Taylor Stewart at 334-230.2643/
Taylor.Stewart@ahc.alabama.gov

20% FEDERAL REHABILITATION TAX CREDIT

To help with the costs of restoring and preserving historic buildings, there is a federal historic preservation tax incentive program available to taxpaying owners of income-producing historic buildings listed in the National Register of Historic Places. Such buildings include: Commercial, industrial, and rental residential properties that are treated as income-producing by the IRS. Currently, there are no tax incentives for private owner-occupied historic residences (that is, those residences not used for rental residential purposes).

Under the federal tax incentive, an owner of an income-producing building that is either individually listed in the National Register or listed as a "contributing" structure to a National Register historic district can apply for a 20% investment tax credit for exterior and interior rehabilitation work that is approved and certified by the National Park Service as being compatible with the historic character of the property and as meeting the Secretary of the Interior's Standards for Rehabilitation. The rehabilitation costs must be substantial, which means that the rehab expenses exceed the greater of \$5,000 or the adjusted basis of the building. The credit, which is applied directly against the owner's income taxes, is for 20% of the total eligible rehab cost.

10% FEDERAL REHABILITATION TAX CREDIT

There is also a 10% tax credit available for rehabilitation work on the following types of buildings:

1. Income-producing non-historic buildings built before 1936 (non-residential use) and not listed in the National Register of historic Places.
2. Income-producing non-historic buildings built before 1936 (non-residential use) and listed as "non-contributing" structures in National Register historic districts because of major alterations.

Rehabilitation expenditures must exceed the greater of \$5,000 or the adjusted basis of the building. There is no formal review of the project work; however, the building must meet a specific physical test for retention of exterior and interior walls, and it is recommended that the work follow the Secretary of the Interiors *Standards for Rehabilitation*.

Owners interested in seeking these federal tax credits may contact the Alabama Historical Commission at (334) 242-3184 or download application from the following National Park Service website: <http://www.cr.nps.gov/hps/tps/tax/index.htm>. The Alabama Historical Commission can provide guidance with the application and rehabilitation process. A professional tax advisor should be consulted for help in determining the tax details and other financial implications of the incentive.

