

Alabama Historic Rehabilitation Tax Credit

The State of Alabama offers a tax credit of up to 25% for the rehabilitation of a historic residential or commercial property and a 10% tax credit for the rehabilitation of structures built pre-1936 that are considered non-historic.*

The application consist of 3 parts:

- 1) Complete the Evaluation of Significance: utilized by the SHPO to determine if the building is a Certified Historic Structure, a Certified Historic Residential Structure, or a Qualified Non-historic Structure
- 2) Submit a description of the rehabilitation to the SHPO, who will ensure compliance with the Secretary of Interior's standards
- 3) Request for certification of completed work from the NPS.

All related forms can be downloaded at www.preserveala.org/taxcredits.aspx?sm=i_b

Requirements

- Applicant must be the owner of the structure.
- Expenditures must exceed 50% of the purchase price or \$25,000, which ever is greater.
- Only eligible for expenses related to the repair of the historic fabric not the acquisition costs, cost of furnishings, or cost of labor.
- 10% tax credit only available to "non-historic" structures built pre-1936.

*The Alabama Historic Rehabilitation Tax Credit was not funded this year (2016) but may be funded in the future.

Alabama Historic Tax Abatement Program

All historic buildings and sites are assessed as Class III property regardless of use. This allows an assessment rate of 10% as opposed to the 20% rate for non-historic properties.

Requirements:

- The building must be considered contributing to the Gunterville Historic District.
- The building must be determined eligible by the Alabama Historical Commission (this is not the same as listing on the National Register of Historic Places).
- The application requires information on the building or site's historical significance and contributing status. Applications must also be notarized.

The current use appraisal application can be obtained, signed and notarized at the

Marshall County Revenue
Commissioner Office at
424 Blount Avenue

For More Information:

Alabama Historical Commission

For information on the
Federal Rehabilitation Tax Credit
call (334) 230-2669

For information on the
Alabama Rehabilitation Tax Credit or
Historic Tax Credit Abatement Program
call (334) 230-2643
or email at www.preserveala.org

Financial Incentives for Gunterville's Northtown Historic District

An Overview of the
Federal
Historic Preservation
Tax Incentives
and the
Alabama Historic
Rehabilitation Tax Credits

Tax Credit Basics

- Federal and State governments provide tax credits to encourage the rehabilitation of historic structures.
- Tax incentives for preservation were established as part of the Tax Reform Act of 1986.
- The Alabama Historic Rehabilitation Tax Credit was adopted in December of 2013.
- Federal and State tax credits promote the rehabilitation of income-producing buildings of every period and style.
- Tax incentives attract private investment to the historic core of cities and towns creating jobs and enhancing property values.
- The Federal program is administered by the National Park Service (NPS) in partnership with the Internal Revenue Service (IRS) and State Historic Preservation Offices (SHPOs).
- Tax credits lower the amount of tax owed as opposed to providing a refund.
- A 10% tax credit is available for non-historic buildings constructed prior to 1936.



Federal 20% Rehabilitation Tax Credit

- Tax credits are available to properties that are considered income-producing.
- To qualify, buildings must be considered a **Certified Historic Structure**.
- The tax credit equals 20% of **qualifying expenses**.
- The tax credit applies only to buildings.
- After receiving the tax credit, the property must remain in ownership for **5 full years** or a percentage of the credit may be rescinded.

What are Qualifying Expenses?

Qualifying expenses are costs associated with physical rehabilitations made to primary features such as floors, windows, doors, storefronts, HVAC, etc.

What is a Certified Historic Structure?

A certified historic structure is a building that is listed individually on the **National Register of Historic Places** or contributes to a **National Register Historic District** such as the majority of the buildings in Gunter'sville's Northtown Historic District.

What is a Certified Rehabilitation?

The rehabilitation must be approved by the NPS as consistent with the historic character of the property or district.



Federal Application Process

1. Owners must complete Parts 1 and 2 of the Historic Preservation Certification Application. Part 1 is information on the building's history and how it contributes to the character of the historic district. Part 2 is a description of the work proposed for the building along with photographs of its current condition.
2. Submit applications to the SHPO who will then provide technical assistance, make site visits, advise the application process, and forward the application to the NPS.
3. The NPS reviews the application for compliance with the Secretary of the Interior Standards for Rehabilitation.
4. After work is completed the owner will submit Part 3 of the Historic Preservation Certification. The SHPO will then forward the application to the NPS with a recommendation.

All related forms can be downloaded at:
www.preserveala.org/taxcredits.aspx?sm=i_b