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ALABAMA HISTORICAL COMMISSION MEDIA RELEASE



www.preserveala.org

The Alabama Historical Commission protects, preserves, and interprets Alabama's historic places and is the State Historic Preservation Office.



Lisa D. Jones, Acting Executive Director

FOR IMMEDIATE RELEASE:

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ALABAMA HISTORIC REHABILITATION TAX CREDIT PROGRAM COMPREHENSIVE ECONOMIC IMPACT STUDY

Today the Alabama Historical Commission released the Alabama Historic Rehabilitation Tax Credit (HRTC) Program Comprehensive Economic Impact Study prepared by Novogradac & Company, LLP.

The State of Alabama offers a tax credit of up to 25% for the substantial rehabilitation of a historic residential or commercial property. Twenty million in tax credits are available each calendar year beginning in 2013 and will end in 2016 unless legislation is passed to extend the program.

According to the study, the Alabama Historic Rehabilitation Tax Credit is responsible for 2,133 direct construction jobs and 1,373 operational-phase jobs. The operation jobs are expected to grow over time. Projects utilizing the Alabama HRTC can be considered anchor tenants for several development districts, and provide significant “halo effects” in downtown areas.

“The reuse of historic properties helps breathe new life into older buildings that would otherwise remain vacant,” said Lisa D. Jones, Acting Executive Director of the Alabama Historical Commission. “State and federal tax credits help to offset the increased costs associated with the appropriate rehabilitation of historic buildings. In order to take advantage of the tax credit, interested parties must adhere to certain standards set forth by the National Park Service. The Alabama Historical Commission believes that completed rehabilitation projects would provide a positive ‘halo’ effect on the surrounding areas. Many of these projects will serve as ‘anchors’ for the revitalization of downtown and small town main streets.”

A model of the program’s tax impact demonstrates that for every one dollar of tax credit allocation the state invests in the program, \$3.90 is returned to state/local tax collections over a 20-year period. The modeled tax impacts demonstrate that by 2019, the State of Alabama will break even on its current investment of \$60 million in tax credit allocation.





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The program demonstrates the ability to leverage large amounts of private investment. The program is responsible for over \$384 million in private investment in the state.

Several developers expressed that the rehabilitation would not have been possible without the credit. The types of projects utilizing the Alabama HRTC have a significant effect on the tax outcome of the model. Alabama's investment pipeline includes a large percentage of Mixed-Use development, which generates significant tax impacts.

The Executive Statement prepared by Novogradac states: "It is our opinion that the Historic Rehabilitation Tax Credit is beneficial to the State of Alabama and should be extended. The tax return on the state exceeds the cost over a 20 year period at the state/local level. The model also demonstrates significant job impacts, during both the construction phase and operation phase. An extension of the program would continue to provide strong tax revenue to the state, as well as provide strong anchor development for projects in need. Anecdotally, it is evident that many completed projects have provided for a strong 'halo' effect and have spurred nearby development. Several projects have become strong "anchor" tenants for downtown development.

About the Alabama Historical Commission

Located in historic downtown Montgomery at 468 S. Perry Street, the Alabama Historical Commission is the historic preservation agency for the State of Alabama. The agency was created by an act of the state legislature in 1966 with a mission of safeguarding Alabama's historic buildings and sites. The Commission is tasked with the acquisition and preservation of historic properties and educating the public about historic sites in Alabama. For a complete list of historic sites, hours of operation, and admission fees please visit <http://preserveala.org/>

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