

The House Committee on Ways and Means offers the following substitute to HB 1116:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,  
2 relating to the imposition, rate, computation, exemptions, and credits relative to income  
3 taxes, so as to extend the sunset dates for the tax credits for the rehabilitation of historic  
4 structures; to expand the criteria for historic homes to qualify for such credits; to increase the  
5 aggregate caps for credits related to historic structures other than historic homes; to provide  
6 for a five-year carry-forward period for credits for historic structures other than historic  
7 homes; to extend a provision for an automatic repeal; to provide for related matters; to  
8 provide for an effective date and applicability; to repeal conflicting laws; and for other  
9 purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the  
13 imposition, rate, computation, exemptions, and credits relative to income taxes, is amended  
14 by revising Code Section 48-7-29.8, relating to tax credits for the rehabilitation of historic  
15 structures and conditions, and limitations, as follows:

H. B. 1116 (SUB)

16 "48-7-29.8.

17 (a) As used in this Code section, the term:

18 (1) 'Certified rehabilitation' means repairs or alterations to a certified structure which are  
19 certified by the Department of Community Affairs as meeting the United States Secretary  
20 of the Interior's Standards for Rehabilitation or the Georgia Standards for Rehabilitation  
21 as provided by the Department of Community Affairs.

22 (2) 'Certified structure' means a historic building or structure that is located within a  
23 national historic district, individually listed on the National Register of Historic Places,  
24 individually listed in the Georgia Register of Historic Places, or is certified by the  
25 Department of Community Affairs as contributing to the historic significance of a  
26 Georgia Register Historic District; provided, however, that on and after January 1, 2026,  
27 such term, as it relates to historic homes, means a historic building or structure that is  
28 certified by the Department of Community Affairs as contributing to the historic  
29 significance of a listed National Register Historic District, individually listed on the  
30 National Register of Historic Places, is certified by the Department of Community Affairs  
31 as contributing to the historic significance of a listed Georgia Register Historic District,  
32 individually listed in the Georgia Register of Historic Places, or designated as a historic  
33 property or contributing to a district under local law and certified by the Department of  
34 Community Affairs as meeting National Register criteria.

35 (3) 'Historic home' means a certified structure which, or any portion of which is or will,  
36 within a reasonable period, be owned and used as the principal residence of the person  
37 claiming the tax credit allowed under this Code section. ~~Historic home~~ Such term shall  
38 include any structure or group of structures that constitute a multifamily or multipurpose  
39 structure, including a cooperative or condominium. If only a portion of a building is used  
40 as such person's principal residence, only those qualified rehabilitation expenditures that  
41 are properly allocable to such portion shall be deemed to be made to a historic home.

42 (4) 'Qualified rehabilitation expenditure' means any qualified rehabilitation expenditure  
43 as defined by Section 47(c)(2) of the Internal Revenue Code of 1986 and any amount  
44 properly chargeable to a capital account expended in the substantial rehabilitation of a  
45 structure that by the end of the taxable year in which the certified rehabilitation is  
46 completed is a certified structure. ~~This~~ Such term ~~does~~ shall not include the cost of  
47 acquisition of the certified structure, the cost attributable to enlargement or additions to  
48 an existing building, site preparation, or personal property.

49 (5) 'Substantial rehabilitation' means rehabilitation of a certified structure for which the  
50 qualified rehabilitation expenditures, at least 5 percent of which ~~must~~ shall be allocable  
51 to the exterior during the 24 month period selected by the taxpayer ending with or within  
52 the taxable year, exceed:

53 (A) For a historic home, the lesser of \$25,000.00 or 50 percent of the adjusted basis of  
54 the property as ~~defined~~ provided for in subparagraph (a)(1)(B) of Code Section  
55 48-5-7.2; or, in the case of a historic home located in a target area, \$5,000.00; or

56 (B) For any other certified structure, the greater of \$5,000.00 or the adjusted basis of  
57 the property.

58 (6) 'Target area' means a qualified census tract under Section 42 of the Internal Revenue  
59 Code of 1986, found in the United States Department of Housing and Urban  
60 Development document number N-94-3821; FR-3796-N-01.

61 (b) A taxpayer shall be allowed a tax credit against the tax imposed by this chapter in the  
62 year that the certified rehabilitation is placed in service, which may be up to two years after  
63 the end of the taxable year for which the credit was originally reserved:

64 (1) In the case of a historic home, equal to 25 percent of qualified rehabilitation  
65 expenditures, except that, in the case of a historic home located within a target area, an  
66 additional credit equal to 5 percent of qualified rehabilitation expenditures shall be  
67 allowed; and

68 (2) In the case of any other certified structure, equal to 25 percent of qualified  
69 rehabilitation expenditures.

70 Qualified rehabilitation expenditures ~~may~~ shall only be counted once in determining the  
71 amount of the tax credit available, and more than one entity ~~may~~ shall not claim a credit  
72 for the same qualified rehabilitation expenditures.

73 (c)(1) In no event shall credits for a historic home exceed \$100,000.00 in any 120 month  
74 period.

75 (2) The maximum credit for any other individual certified structure shall be ~~\$5~~ \$7.5  
76 million for any taxable year, except in the case that the project creates 200 or more  
77 full-time, permanent jobs or \$5 million in annual payroll within two years of the placed  
78 in service date, in which case the project is shall be eligible for credits up to ~~\$10~~ \$15  
79 million for an individual certified structure. In no event shall more than one application  
80 for any individual certified structure under this paragraph be approved in any 120 month  
81 period.

82 ~~(3)(A) Prior to January 1, 2022, in no event shall credits issued under this Code section~~  
83 ~~for projects earning more than \$300,000.00 in credits exceed in the aggregate \$25~~  
84 ~~million per calendar year.~~

85 ~~(B) For calendar year 2022, in no event shall credits issued under this Code section~~  
86 ~~exceed \$5 million in aggregate for all projects earning \$300,000.00 or less, or \$25~~  
87 ~~million in aggregate for all projects earning more than \$300,000.00.~~

88 ~~(C) For calendar years 2023 and 2024, in In no event shall credits issued under this~~  
89 ~~Code section for historic homes exceed \$5 million in aggregate per year. On and after~~  
90 ~~January 1, 2025 2035, no credits shall be issued under this Code section for historic~~  
91 ~~homes.~~

92 ~~(D)~~(B) ~~For calendar years 2023 through 2027, in In no event shall credits issued under~~  
93 ~~this Code section for certified structures other than historic homes exceed \$30~~ \$60  
94 ~~million in aggregate per year.~~

95 ~~(E)~~(C) On and after January 1, 2028 2029, in no event shall credits be issued under this  
 96 Code section for certified structures other than historic homes.

97 (d)(1) A taxpayer seeking to claim a tax credit under paragraph (2) of subsection (b) of  
 98 this Code section shall submit an application to the commissioner for preapproval of such  
 99 tax credit. Such application shall include a precertification from the Department of  
 100 Community Affairs certifying that the improvements to the certified structure are to be  
 101 consistent with the Department of Community Affairs Standards for Rehabilitation. The  
 102 ~~Department~~ department shall have the authority to require electronic submission of such  
 103 application in the manner specified by the department. The commissioner shall  
 104 preapprove the tax credits within 30 days based on the order in which properly completed  
 105 applications were submitted. In the event that two or more applications were submitted  
 106 on the same day and the amount of funds available will not be sufficient to fully fund the  
 107 tax credits requested, the commissioner shall prorate the available funds between or  
 108 among the applicants. Applications submitted after the annual limitations provided for  
 109 in paragraph (3) of subsection (c) of this Code section have been met shall be given  
 110 priority the following year.

111 (2) In order to be eligible to receive the credit authorized under subsection (b) of this  
 112 Code section, a taxpayer ~~must~~ shall attach to the taxpayer's state tax return a copy of the  
 113 completed certification of the Department of Community Affairs verifying that the  
 114 improvements to the certified structure are consistent with the Department of Community  
 115 Affairs Standards for Rehabilitation.

116 (e)(1) If the credit allowed under paragraph (1) of subsection (b) of this Code section in  
 117 any taxable year exceeds the total tax otherwise payable by the taxpayer for that taxable  
 118 year, the taxpayer may apply the excess as a credit for succeeding years until the earlier  
 119 of:

120 (A) The full amount of the excess is used; or

121 (B) The expiration of the tenth taxable year after the taxable year in which the certified  
122 rehabilitation has been completed.

123 (2) If the credit allowed under paragraph (2) of subsection (b) of this Code section in any  
124 taxable year exceeds the total tax otherwise payable by the taxpayer for that taxable year,  
125 the taxpayer may apply the excess as a credit for succeeding years until the earlier of:

126 (A) The full amount of the excess is used; or

127 (B) The expiration of the fifth taxable year after the taxable year in which the certified  
128 rehabilitation has been completed.

129 ~~(2)~~(3) Any tax credits with respect to credits earned by a taxpayer under paragraph (2)  
130 of subsection (b) of this Code section and previously claimed but not used by such  
131 taxpayer against its income tax may be transferred or sold in whole or in part by such  
132 taxpayer to another Georgia taxpayer, subject to the following conditions:

133 (A) A taxpayer ~~who~~ that makes qualified rehabilitation expenditures may sell or assign  
134 all or part of the tax credit that may be claimed for such costs and expenses to one or  
135 more entities, but no further sale or assignment of any credit previously sold or assigned  
136 pursuant to this subparagraph shall be allowed. All such transfers shall be subject to  
137 the maximum total limits provided by subsection (c) of this Code section;

138 (B) A taxpayer ~~who~~ that sells or assigns a credit under this Code section and the entity  
139 to which the credit is sold or assigned shall jointly submit written notice of the sale or  
140 assignment to the department not later than 30 days after the date of the sale or  
141 assignment. ~~The~~ Such notice ~~must~~ shall include:

142 (i) The date of the sale or assignment;

143 (ii) The amount of the credit sold or assigned;

144 (iii) The names and federal tax identification numbers of the entity that sold or  
145 assigned the credit or part of the credit and the entity to which the credit or part of the  
146 credit was sold or assigned; and

147 (iv) The amount of the credit owned by the selling or assigning entity before the sale  
148 or assignment and the amount the selling or assigning entity retained, if any, after the  
149 sale or assignment;

150 (C) The sale or assignment of a credit in accordance with this Code section ~~does~~ shall  
151 not extend the period for which a credit may be carried forward and ~~does~~ shall not  
152 increase the total amount of the credit that may be claimed. After an entity claims a  
153 credit for eligible costs and expenses, another entity ~~may~~ shall not use the same costs  
154 and expenses as the basis for claiming a credit;

155 (D) Notwithstanding the requirements of this subsection, a credit earned or purchased  
156 by, or assigned to a partnership, limited liability company, Subchapter 'S' corporation,  
157 or other pass-through entity may be allocated to the partners, members, or shareholders  
158 of that entity and claimed under this Code section in accordance with the provisions of  
159 any agreement among the partners, members, or shareholders of that entity and without  
160 regard to the ownership interest of the partners, members, or shareholders in the  
161 rehabilitated certified structure, provided that the entity or person that claims the credit  
162 ~~must~~ shall be subject to Georgia tax; and

163 (E) Only a taxpayer who earned a credit, and no subsequent good faith transferee, shall  
164 be responsible in the event of a recapture, reduction, disallowance, or other failure  
165 related to such credit.

166 ~~(3)~~(4) No such credit shall be allowed the taxpayer against prior years' tax liability.

167 (f) In the case of any rehabilitation which may reasonably be expected to be completed in  
168 phases set forth in architectural plans and specifications completed before the rehabilitation  
169 begins, a 60 month period may be substituted for the 24 month period provided for in  
170 paragraph (5) of subsection (a) of this Code section.

171 (g)(1) Except as otherwise provided in subsection (h) of this Code section, in the event  
172 a tax credit under this Code section has been claimed and allowed the taxpayer, upon the  
173 sale or transfer of the certified structure, the taxpayer shall be authorized to transfer the

174 remaining unused amount of such credit to the purchaser of such certified structure. If  
175 a historic home for which a certified rehabilitation has been completed by a nonprofit  
176 corporation is sold or transferred, the full amount of the credit to which the nonprofit  
177 corporation would be entitled if taxable shall be transferred to the purchaser or transferee  
178 at the time of sale or transfer.

179 (2) Such purchaser shall be subject to the limitations of subsection (e) of this Code  
180 section. Such purchaser shall file with such purchaser's tax return a copy of the approval  
181 of the rehabilitation by the Department of Community Affairs as provided in subsection  
182 (d) of this Code section and a copy of the form evidencing the transfer of the tax credit.

183 (3) Such purchaser shall be entitled to rely in good faith on the information contained in  
184 and used in connection with obtaining the approval of the credit including, without  
185 limitation, the amount of qualified rehabilitation expenditures.

186 (h)(1) If an owner other than a nonprofit corporation sells a historic home within three  
187 years of receiving the credit, the seller shall recapture the credit to the Department of  
188 Revenue as follows:

189 (A) If the property is sold within one year of receiving the credit, the recapture amount  
190 ~~will~~ shall equal the lesser of the credit or the net profit of the sale;

191 (B) If the property is sold within two years of receiving the credit, the recapture  
192 amount ~~will~~ shall equal the lesser of two-thirds of the credit or the net profit of the sale;  
193 or

194 (C) If the property is sold within three years of receiving the credit, the recapture  
195 amount ~~will~~ shall equal the lesser of one-third of the credit or the net profit of the sale.

196 (2) The recapture provisions of this subsection shall not apply to a sale resulting from the  
197 death of the owner.

198 (i)(1) In the event that a taxpayer claims the tax credit under paragraph (2) of subsection  
199 (b) of this Code section and leases such certified structure, the department shall aggregate  
200 all total sales tax receipts from the certified structure.



201 (2) Any taxpayer claiming credits under paragraph (2) of subsection (b) of this Code  
202 section shall report to the department the average full-time employees employed at the  
203 certified structure. A full-time employee for the purposes of this Code section shall mean  
204 a person who works a job that requires 30 or more hours per week. Such reports ~~must~~  
205 shall be submitted to the department for five calendar years following the year in which  
206 the credit is claimed by the taxpayer.

207 (3) In the event that a taxpayer claims the tax credit under paragraph (2) of subsection  
208 (b) of this Code section and leases such certified structure, the department shall aggregate  
209 all total full-time employees at the certified structure.

210 (j) Notwithstanding Code Sections 48-2-15, 48-7-60, and 48-7-61, the department shall  
211 furnish a report to the chairperson of the House Committee on Ways and Means and the  
212 chairperson of the Senate Finance Committee by June 30 of each year. Such report shall  
213 contain the total sales tax collected in the prior calendar year and the average number of  
214 full-time employees at the certified structure and the total value of credits claimed for each  
215 taxpayer claiming credits under paragraph (2) of subsection (b) of this Code section.

216 (k) The tax credit allowed under paragraph (1) of subsection (b) of this Code section, and  
217 any recaptured tax credit, shall be allocated among some or all of the partners, members,  
218 or shareholders of the entity owning the project in any manner agreed to by such persons,  
219 whether or not such persons are allocated or allowed any portion of any other tax credit  
220 with respect to the project.

221 (l) The Department of Community Affairs and the Department of Revenue shall prescribe  
222 such regulations as may be appropriate to carry out the purposes of this Code section.

223 (m) The Department of Community Affairs shall report, on an annual basis, on the overall  
224 economic activity, usage, and impact to the state from the rehabilitation of eligible  
225 properties for which credits provided by this Code section have been allowed.

226 (n) This Code section shall stand repealed and reserved by operation of law on December  
227 31, ~~2027~~ 2034."

228 **SECTION 3.**

229 This Act shall become effective on January 1, 2025, and shall be applicable to taxable years  
230 beginning on or after such date.

231 **SECTION 4.**

232 All laws and parts of laws in conflict with this Act are repealed.