



CONTACT  
FOR APPLICATIONS

Alabama Historical Commission  
468 South Perry Street  
Montgomery, AL 36130  
(334) 242-3184  
[www.preserveala.org](http://www.preserveala.org)

(Contact for Applications and Specific Information on the State Property Tax Reduction for income-producing properties and on the ~~Federal~~ Tax Credits for the rehabilitation of both income-producing & non-income-producing properties)

CONTACT  
FOR GENERAL INFORMATION

City of Birmingham  
Dept. of Planning, Engineering & Permits  
Urban Design Division  
Birmingham Historical Commission Staff  
Room 500 City Hall  
710 North 20th Street  
Birmingham, AL 35203  
(205) 254-2479  
[www.birminghamal.gov](http://www.birminghamal.gov)

(Contact for General Information on Historic Preservation Tax Incentives; Also contact for Historic Property Inquiries, Design Review, Design Guidelines, Commercial Revitalization District Information, and Rebate Information)

*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 strictly prohibit 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.*

*For further information, contact the Urban Design Division of the Planning, Engineering, & Permits Department at 254-2479.*

HISTORIC  
PRESERVATION  
TAX INCENTIVES

(Federal and State)

Information provided by

CITY OF BIRMINGHAM

DEPARTMENT OF  
PLANNING, ENGINEERING & PERMITS

Birmingham Historical Commission

## 50% STATE PROPERTY TAX REDUCTION

There is a valuable tax incentive available for owners of certain types of "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 or the "Lid Bill" found in Code 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 I (Evaluation of Significance), which includes photographic documentation;
- 2) **Submit** the Part I Application to the Alabama Historical Commission; and
- 3) If the Part I Application is approved, **present** the National Park Service certification (for properties within National Register historic districts) or the Alabama Historical Commission 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.

The Part I Certification Application may be obtained from the Alabama Historical Commission at (334) 242-3184 or downloaded from the following National Park Service website: <http://www.cr.nps.gov/hps/tps/tax/index.htm>. Contact the Alabama Historical Commission for questions and advice on completing the application, and consult a professional tax advisor for help in determining the tax details and other financial implications of this program.

## 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 rehab expenses exceed the greater of \$5,000.00 or the adjusted basis of the building. The credit, which is applied directly against the owner's federal income taxes, is for 20% of the total eligible rehabilitation cost.

Owners interested in seeking this credit may contact the Alabama Historical Commission (AHC) at (334) 242-3184 for the three-part application and more details on the credit. The application also can be downloaded from the following National Park Service website: <http://www.cr.nps.gov/hps/tps/tax/index.htm>. Before beginning rehabilitation work, owners must submit to the AHC Parts 1 and 2 of the application, which must be approved by the National Park Service. After the project is completed, Part 3 of the application must be submitted to the AHC with final approval by the National Park Service. 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.

## 10% FEDERAL REHABILITATION TAX CREDIT

There also is 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; and
- 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 Interior's *Standards for Rehabilitation*.

Owners interested in seeking this credit may contact the Alabama Historical Commission (AHC) at (334) 242-3184 for more details on the credit. The Alabama Historical Commission can provide guidance with the application, if required, and the rehabilitation process. A professional tax advisor should be consulted for help in determining the tax details and other financial implications of the incentive.