



Small town. Big plans.

Rural Zone Tax Credits



2021

David Canady, Cochran DDA

R.U.R.A.L. Zones

- Acronym for Revitalizing Underdeveloped Rural Areas Legislation
- This is a GA House Bill signed into law in May of 2017



Our Designation

- ❑ This is a 5-year designation that is now in place for Cochran, Georgia.
- ❑ Any eligible business in downtown can take advantage of this program starting, January 1, 2022.
- ❑ This designation will be in place until December 31, 2026



How it works

The purpose behind the Rural Zone designation is to assist in the revitalization of our community by incentivizing new business to come downtown.



How it works

By creating new jobs, investing in commercial property and restoring old buildings through preservation initiatives downtown entrepreneurs can apply for GA State tax credits.



Where is it available?

Downtown Cochran Business District

Official Rural Zone Map for City of Cochran



What is a Tax Credit?



- It is a dollar-for-dollar **reduction** of the income tax owed.
- It is **not** cash in your pocket.
- Deductions only reduce the amount of your income that is subject to tax, whereas, credits directly reduce your tax bill.

Rural Zone Program Goals

- ☐ To assist in revitalizing rural downtowns by offering incentives in designated RURAL Zones for
 - ☐ Job creation
 - ☐ Commercial investment
 - ☐ Business activities
- ☐ 3 Georgia income tax credits
 - ☐ Job tax credit
 - ☐ Investment tax credit
 - ☐ Rehabilitation tax credit

Rural Zone Tax Credits

- ☐ This is a State of Georgia Income Tax Credit.
- ☐ These tax credits cannot be sold.
- ☐ The Rural Zone Tax Credits are non-refundable.
- ☐ Meaning - you may use the credits up to the amount of your tax liability, the remainder is carried forward to be used against future years' tax liabilities
- ☐ Not just for new businesses, but also the expansion of existing businesses.

Accessing the Job Tax Credit

Must create 2 jobs or

2 Full Time Equivalent* Jobs.

- \$2,000 credit per new full-time equivalent job
- Eligible businesses will include professional services or retail
- Not to exceed \$40,000 credit per year
- Credit can be taken for 5 years as long as jobs are maintained.

*FTE- means part times jobs that all add up to 40 hours when combined.

This is the key to unlocking all of the other tax credits.

Investment Tax Credits

Investment Credit for purchasing property downtown

- Equivalent to 25% of the purchase price,
 - not to exceed \$125,000 of tax credit
- Must be purchased after January 1, 2022
- To claim this tax credit the investment property must be within the designated rural zone district, and they must create a minimum of two full-time equivalent jobs. These new jobs created must be maintained or expanded upon in order to continue claiming this tax credit.

Investment Tax Credits continued



The credit can be claimed over 5 years and should be prorated equally over that time frame.



Sometimes it takes a while for a project to get underway. The tax credits can be claimed over 5-years but businesses have up to a seven year window for eligibility.

Rehab Tax Credits

- Equivalent to 30% of qualified rehabilitation costs,
 - not to exceed \$150,000 of tax credits
- The credit should be prorated equally in three installments over three taxable years,
 - beginning with the taxable year in which the property is placed in service.
- Cannot be combined with any other state tax credit programs.

Rehabilitation Tax Credits

- ☐ If the property being rehabilitated is within a designated local Historic District subject to provisions specified by the community's Historic Preservation Commission (HPC), a COA issued by the HPC
 - will be constituted as meeting the required rehabilitation standards for the Rural Zone program.
- ☐ Should the Rural Zone or project area not be within a designated Historic District subject to provisions specified by the community's Historic Preservation Commission, the project must comply with each of the following requirements. It will be incumbent upon the certified investor or certified entity, as well as the applicable local government with the Rural Zone designation, to document compliance with said standards.

Rehabilitation Standards

- 1. A property should be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
- 2. The historic character of a property should be retained and preserved, when applicable.
The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided unless other solutions are not deemed viable.
- 3. Each property should be recognized as a physical record of its time, place, and use.
Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall generally be avoided.
- 4. Most properties change over time; those changes that have acquired historic significance in their own right should be retained and preserved.
- 5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property should be preserved.
- 6. Deteriorated historic features should be repaired rather than replaced, when practical.
Where the severity of deterioration requires replacement of a distinctive feature, the new feature should match the old in design, color, texture, and other visual qualities and, where possible, materials.

Rehabilitation Standards

- ☐ 7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials should not be used. The surface cleaning of structures, if appropriate, should be undertaken using the gentlest means possible.
- ☐ 8. Significant archeological resources affected by a project should be protected and preserved, when at all possible. If such resources must be disturbed, mitigation measures should be undertaken.
- ☐ 9. New additions, exterior alterations, or related new construction should not destroy historic materials that characterize the property. The new work should be differentiated from the old and should be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
- ☐ 10. New additions and adjacent or related new construction should be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Meet our local contact!

- The certified entity or certified investor must file the certification with the local government's contact person for the Rural Zone.
- The local jurisdiction must then certify that the certified entity or certified investor location is within the Rural Zone, and that the applicant meets all local ordinances and licensing standards.



David Canady

Cochran Downtown Development Authority

478-934-2965 (o)

dcanady@cityofcochran.com

Next Step

The certification must then be forwarded to the Department of Community Affairs for acknowledgment/acceptance.



RURAL ZONE TAX CREDIT CERTIFICATION

Applicant should complete Part One of this form and then forward to the local Rural Zone (RZ) coordinator. The RZ coordinator will certify the information in Part Two and forward to DCA. DCA will confirm the Certification and provide copies back to the applicant and the local RZ coordinator.

The information provided below is intended to validate the location of a property/business in a currently designated Rural Zone, as well as to validate the creation of jobs. Please complete all detail requested.

NOTE: At least two full-equivalent jobs must be created in order to qualify for ANY of the Rural Zone Tax Credits.

Part One: Type of Credit (check all that apply)

<input type="checkbox"/> Investment Property purchased within the RZ Purchase Price: \$ _____	<input type="checkbox"/> Rehabilitation Property revitalized within the RZ Rehab Costs: \$ _____	<input type="checkbox"/> Job Creation Created at least 2 full-time equivalent jobs within the RZ
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Name of Applicant: _____

Address of Location: _____

Mailing Address: _____
(if different from above)

Parcel Number: _____

NAICS Code for Business Creating Jobs: _____

Name of Business _____

Creating Jobs: _____
(if applicable)

of FTE Jobs Created in the Taxable Year: _____

By signing below, I hereby certify that the location above is within the eligible boundaries of a designated Rural Zone as defined in O.C.G.A. 48-7-40.1(c)(4) and the business and/ or investor intends to claim a tax credit for this location on its Georgia Income Tax Return.

Signature of Officer _____	Date _____
Printed Name of Officer _____	Phone Number _____
Title _____	Email Address _____

Part Two: Local Rural Zone Jurisdiction

By signing below, I certify that I am an authorized representative of a valid Rural Zone jurisdiction and that the location detailed above is within the currently designated boundaries of the Rural Zone and, if indicated, the full-time equivalent jobs were created. If applicable, I also certify that the subject property's rehabilitation meets all local ordinances and licensing standards, as well as Rural Zone rehabilitation standards.

Signature of Representative _____	Date _____
Printed Name of Representative _____	Title _____

Part Three: Department of Community Affairs Use Only

Georgia Department of Community Affairs
Job Tax Credit Program Coordinator
60 Executive Park South, N.E.
Atlanta, Georgia 30329
qed@dca.ga.gov

Accepted: _____
By: _____
Date: _____

***** A COPY OF THIS COMPLETED CERTIFICATION FORM MUST BE ATTACHED TO THE TAX RETURN FILED WITH THE DEPARTMENT OF REVENUE WHEN CLAIMING THE TAX CREDIT*****

Next Step

Once certified and acknowledged/accepted, a copy will be provided to the applicant entity or investor, the local jurisdiction, and the Department of Revenue.

Such certification shall be attached to the income tax return when the credit is claimed.



Keep in Mind

- The Credit can only be used against **Georgia income tax liability**.
- The amount of the tax credits for a taxable year cannot exceed a certified entity's or certified investor's state income tax liability. You can't get a refund from this.
- Unused income tax credit may be carried forward for up to **10 years** and applied against future income tax liability.
- As a general rule, the teardown of facilities within a Rural Zone will ***not*** be permitted to claim rehabilitation credits.

FAQ

- Are these tax credits sellable or transferable?
 - NO
- Can rehab tax credits be used to pay for demo?
 - Only in extenuating circumstances
- Can I combine this job tax credit with other job tax credits like the Tier credits, Military Zone credits or Opportunity Zone credits?
 - NO you cannot COMBINE the job tax credits. However, if the new jobs are located within an OZ, the business can decide whether to take the OZ job tax credit or the Rural Zone tax credit. (Opportunity Zone)

FAQ

- If the business cannot use all its tax credits, can it receive a refund?
 - No
- If the business's number of employees fall below the required two FTE jobs, what happens?
 - You will not be penalized for previous tax credits, but you will be ineligible to keep claiming credits moving forward.
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SUPPORTING TOOLS

- **FAÇADE GRANT PROGRAM – Cochran DDA**
- MAIN STREET PROGRAM
- DDRLF (Downtown Development Revolving Loan Program)
- LOCAL REVOLVING FUND

Questions?

Contact information

David Canady

Cochran Downtown Development Authority

102 N. Second Street

Cochran, GA 31014

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