

EXECUTIVE SUMMARY

- 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.
- 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. According to the Alabama Department of Revenue, \$630,281 of tax credits were claimed in 2014 out of the \$2,249,101 of tax credits authorized through tax credit certificates issued by the Alabama Historical Commission for projects completed in the 2014 tax year.
- The program demonstrates the ability to leverage large amounts of private investment. The program is responsible for over \$384 million in investment in the state. Upon interview with several developers, each expressed that the rehabilitation would not have been possible but for 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 generate significant tax impacts.
- 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.

| State/Local Tax Revenues (through 2033) | |
|---|----------------------|
| Cost to State in Total Tax Credit Allocation | \$60,000,000 |
| Cumulative State/Local Direct Taxes Collected | \$141,652,651 |
| Cumulative Indirect State/Local Taxes Collected | \$39,009,851 |
| Cumulative Induced State/Local Taxes Collected | \$53,404,109 |
| Total Tax Collected | \$234,066,611 |

| State/Local Cost Benefit Ratio | |
|--------------------------------------|---------------|
| Direct State/Local Tax Collections | \$2.36 |
| Indirect State/Local Tax Collections | \$0.65 |
| Induced State/Local Tax Collections | \$0.89 |
| Total Tax Collections | \$3.90 |

