



Dallas is Designated Rural Zone for Tax Incentives and Development

Dallas, Ga. (November, 19, 2024) – The Georgia Department of Community Affairs (DCA) and the Georgia Department of Economic Development have designated Dallas as a Rural Zone. The Rural Zone program provides tax credits to individuals and businesses that create jobs and make qualifying investments in historic downtown areas that have received a Rural Zone designation.

Created by House Bill 73 in 2017, the Revitalizing Underdeveloped Rural Areas Legislation (RURAL) Act provides three tax incentives to encourage the purchase of properties, the rehabilitation of properties, and the creation of new businesses and jobs within rural downtowns. Investors, developers, and business owners can all benefit from these tax incentives. Georgia's rural downtowns also benefit greatly from the program, as the projects incentivized can remove blight, create needed jobs, and spur economic revitalization in the downtown.

Dallas' Rural Zone designation lasts for five years, and activities to begin earning tax credits will begin on January 1, 2025. Dallas is encouraged to develop strategies and share information about the benefits to local businesses and investors.

Cities must meet different criteria to be eligible for Rural Zone designation. Rural Zones must have a maximum population of 15,000 residents and must have a concentration of historic commercial structures that are at least 50 years old within the zone. Applicants must also be able to prove distress based on poverty rate, vacancy of downtown areas, or blight.

The Rural Zone initiative includes the following state income tax incentives: The Job Tax Credit, the Investment Credit, and the Rehabilitation Credit. These incentives are utilized for job-creation activities, investment in downtown properties, and the renovation of such properties. The credits can be layered, but all projects must create jobs to be eligible for these incentives. To be eligible for each incentive, two unique full-time equivalent (FTE) jobs must be created, and employees must receive W-2 tax forms. To qualify as an FTE, employee hours must equal an aggregate of 40 hours per week. For example, four part-time employees working ten hours per week equals 40 hours per week, or one FTE.

The Job Tax Credit is equivalent to \$2,000 per year for each new FTE job for up to five years. To activate eligibility for the Job Tax Credit, two FTE jobs must be created within the boundaries of the designated Rural Zone.

The Investment Credit is equivalent to 25 percent of the purchase price of a property within the designated Rural Zone, and the credit cannot exceed \$125,000. Eligible properties must be purchased after January 1st of the year of the community's designation. An eligible business must be located in the investment property and create and maintain a minimum of two full-time equivalent jobs. The credit must be prorated equally in three installments over three taxable years, beginning with the year the property is placed in service.

The Rehabilitation Credit is equivalent to 30 percent of the qualified rehabilitation costs of a building located within a designated Rural Zone, and the credit cannot exceed \$150,000. Qualified rehabilitation costs refer to the cost of labor and materials. 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. A taxpayer cannot use the same qualified rehabilitation costs to generate any additional state income tax credits. The project must adhere to the Rural Zone Rehabilitation Standards.

For more information or to determine if your business might qualify for these credits, please contact Main Street Manager, Shannon Gordon. She can be reached at sgordon@dallas-ga.gov or 770-443-8110 extension 1213.