

Historic Property Benefit Overview

**Historic Preservation Board
Town of Pawleys Island
May 2026 (DRAFT VERSION)**

Historic properties may enjoy advantages to include potential financial incentives like tax credits, higher and more stable property values and the preservation of a unique architectural and cultural charm. Financial incentives are mandated by Federal, State and County governments. The Town of Pawleys Island's Historical Preservation Board (HPB) works to support historic property owners understand the (sometimes complex) programs, navigate the application and approval processes and, as a result, join in celebrating the benefits preservation brings to both owners and the Town.

The following guide provides information related to preservation related property tax assessment "freezes", state and federal income tax credits and other potential financial benefits. This guide is just that... it is a guide designed to assist the owners of property in the Town of Pawleys Island. Federal, state and county codes and ordinances are referenced.

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A. **25% State Historic Rehabilitation Tax Credit Incentive for owner-occupied residences.** A state income tax credit equal to 25% of allowable rehabilitation expenses for taxpayers may be available. The 25% may apply to qualified expenses up to \$1 million with a reduced credit above that amount. In general, each dollar of tax credit earned reduces state income taxes owed by one dollar. Allowable expenses include exterior rehabilitation work; historic structural systems repair, improving energy efficiency; repairs and installation of heating, air conditioning, plumbing, and electrical systems, historic plaster restoration and architectural and engineering fees.

To be eligible: the building must be individually listed in the National Register OR be contributing to a National Register listed district OR be determined by the State Historic Preservation Office (SHPO) as individually eligible for the National Register. It is important to note that Local designation alone does not qualify a property for the state tax credit.

Eligible uses: Owner-occupied residence (not used in a trade or business or held for the production of income, or held for sale or disposition in the ordinary course of the taxpayer's trade or business).

Expenditure requirements: \$15,000 or more of allowable rehabilitation expenses within 36 months.

Application process: The SHPO must review and approve plans before work begins. The SHPO must certify that the rehabilitation meets the Secretary of the Interior's Standards for Rehabilitation.

Authorizing code/legislation: SC Rehabilitation Incentives Act (Section 12-6-3535, SC Code of Laws, 1976, as amended). For more information:
(<https://scdah.sc.gov/historicpreservation/programs/tax-incentives/homeowner>).

Practical applications and ways for owners to qualify:

- *Owners should begin the process early as this credit requires a higher level of historic recognition.*
- *SHPO approval must be gained PRIOR to project initiation. Credits cannot be applied for costs incurred before SHPO approval.*
- *Town of Pawleys Island property owners within the National Historic District should work with the HPB to determine the possibility of having the property designated as "contributing" to the National Historic District. Properties that were 50 years old at the time the National Historic District was listed are most likely to be considered (1922 or older). The HPB can help the owner navigate the process with the SHPO.*
- *Owners of locally listed historic properties within the Local Historic District (regardless of whether in the National Historic District OR not) may work with the HPB to determine the possibility of working with the SHPO to designate the property as "individually eligible" for the National Register.*

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B. **20% Federal Historic Rehabilitation Tax Credit Incentive for income properties.**

Federal income tax credit equal to 20% of rehabilitation costs may be claimed. In general, one dollar of tax credit earned reduces federal income taxes owed by one dollar.

To be eligible: Eligible buildings are ones either listed individually in the National Register of Historic Places or contributing to National Register listed district.

Eligible use: Income-producing use (rental home or inn).

Expenditure requirements: Costs must exceed the adjusted basis of the building (the purchase price, minus cost of the land, plus value of improvements made, minus depreciation already taken).

Application Process: Review begins with the State Historic Preservation Office (SHPO) far in advance of work beginning as The National Park Service must certify that the rehabilitation meets the Secretary of the Interior's Standards for Rehabilitation.

Authorizing Code/Legislation: Tax Reform Act of 1986 (PL99514; Internal Revenue Code Section 47), also Tax Cuts and Jobs Act of 2017 (Public Law 115-97).

For more information: SHPO (<https://scdah.sc.gov/historicpreservation/programs/tax-incentives/income-producing>) and NPS (<https://www.nps.gov/tps/index.htm>) websites.

C. **10% South Carolina State Historic Rehabilitation Tax Credit (25% option) for owners of income-producing historic buildings.**

Owners who meet the requirements of para. B above, the 20% Federal Historic Rehabilitation Tax Credit, may also qualify for a state income tax credit. Taxpayers do not have to go through a separate state application process. Successfully completing the federal application process qualifies them for the state credit.

Incentive: State income tax credit equal to 10% or 25% (25% credit capped at \$1 million per historic structure, 10% credit not capped). In general, one dollar of tax credit earned reduces state income taxes owed by one dollar.

Eligible use: Income-producing use.

Authorizing code/ legislation: SC Rehabilitation Incentives Act (Section 12-6-3535, SC Code of Laws, 1976, as amended).

For more information: (<https://scdah.sc.gov/historicpreservation/programs/tax-incentives/income-producing>).

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- D. **Local Property Tax Special Assessment Incentive (SC Bailey Bill) DETAILS AND %/AMOUNTS TO BE FINALIZED WITH GEORGETOWN COUNTY:** The locally listed historic property is assessed on the pre-rehabilitation fair market value (prior to work beginning) with assessment value "locked" for the length of the special assessment (10 years in Georgetown County).

Eligible buildings: SC Code requires the building be designated historic by the local government (i.e. on the Town of Pawleys Island Local List) or be listed individually in the National Register of Historic Places or be contributing to a National Register historic district.

Authority: Georgetown County, the local property taxing entity, has adopted an ordinance to implement such a property tax abatement. Georgetown County recognizes the Town of Pawleys Islands' List of Local Historic Properties.

Eligible use: Owner-occupied residence OR income producing building.

Expenditure requirements: Expenditures for rehabilitation must exceed ___% of the fair market value of the building. (note: we need to make a decision here an pass ordinance.... Minimum is 20%, max requirement is 100% . Recommendation: 50% given that is consistent with it being a "significant improvement".

Application process: A reviewing authority (the Town HPB) must approve the proposed work PRIOR to work beginning. It must also verify and approve that the completed rehabilitation work is appropriate for the historic building and the historic district in which it is located. The HPB signs off on the County's form and forwards to the County Assessor.

Authorizing legislation: SC Code. Sections 4-9-195 and 5-21-140, SC Code of Laws, 1976, as amended (often referred to as the "Bailey Bill").

Local Ordinance: Georgetown County Ordinance Article III Sec. 16

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- E. **Federal Income Tax Incentives for Easement Donations Incentive:** Income and estate tax deductions.

Eligible buildings: Buildings listed individually in the National Register of Historic Places or buildings that contribute to a National Register historic district. (Historically important land areas are also eligible.)

Eligible use: Owner-occupied residence or income producing building.

Expenditure requirements: Rehabilitation work is not required for this incentive. The incentive is based on the charitable contribution of a partial interest in a historic property (i.e. easement) to a government or nonprofit organization. When donors donate easements on historic buildings, they pledge to preserve significant historic features and agree to obtain the easement holder's consent before making alterations.

Authorizing legislation: Tax Reform Act of 1986 (Internal Revenue Code Section 170(h)). For more information: (<https://scdah.sc.gov/historicpreservation/programs/tax-incentives/easements>) and National Park Service (<https://www.nps.gov/tps/index.htm>) websites.

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F. **National Flood Insurance Program (NFIP) Advantages.** [Note: research and insert information.](#)