Georgia Department of Economic Development

"State Incentives: What, When, How, and ….WHY?"

We SPEAK Business

Georgia Department of Economic Development

NO.1 STATE FOR BUSINESS IN THE NATION

6 years in a row by *Site Selection*, 2013-2017

5 years in a row by *Area Development*, 2014-2017

Georgia Department of Economic Development:

- **WHO WE ARE:** **GDEcD** = Sales and marketing arm of the State of Georgia

- **WHAT WE DO:** Strategically deliver economic development throughout the state by:
  - Global Commerce: New business, entrepreneurial start-ups, existing industry expansion
  - Film, Music, Digital Entertainment
  - International Trade
  - Workforce
  - Tourism
  - Arts

GDEcD:
Global Commerce Division

- The Global Commerce division assists businesses by coordinating:

  - Site Location Services
  - Market Research
  - Business Incentives Analysis
  - Employee Training
  - Innovation and R&D Services
  - Export Assistance
  - International Office Assistance

Global Commerce:
Industry Focused, Growing Georgia

- New Investment – Industry Focused
  - Aerospace, Defense & Advanced Manufacturing
  - Logistics, Energy, Agribusiness, & Food Processing
  - Health Sciences & Corporate Solutions
  - International Investment

- Existing Industry – Regional and Relationship Focused
  - Work with existing companies on expansion projects
  - Recruit new companies targeted for their region
  - Provide regional expertise and local connections

GEORGIA'S REGIONS

WHO WE ARE & WHAT WE DO

RECRUITMENT

EXPANSION

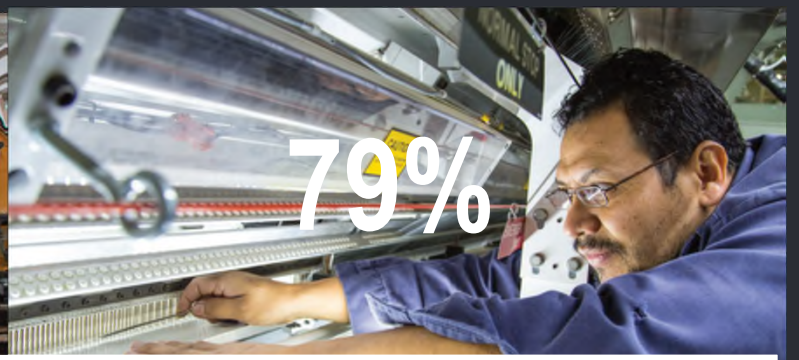
RETENTION

GLOBAL COMMERCE SUCCESS

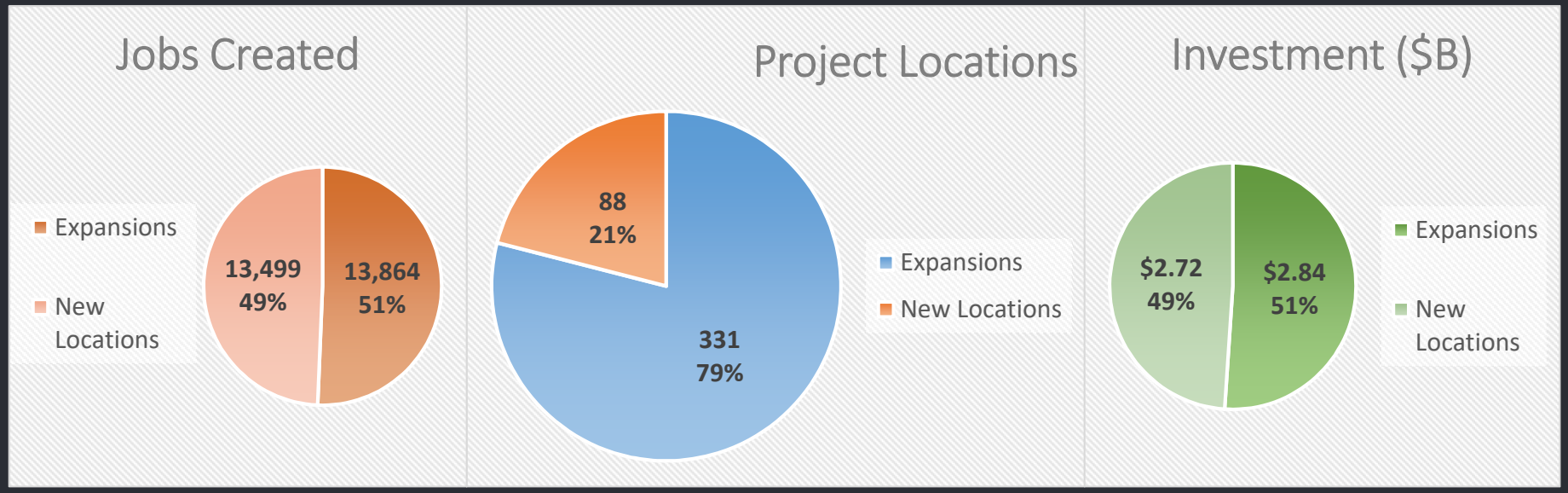
Georgia industries experienced significant growth in FY18.

FinTech - up 250% | Food Processing - up 119% | Digital Media - up 97%
Automobile - up 95% | Logistics & Distribution - up 85% | Software & Technology - up 153%

GLOBAL COMMERCE'S FY18 ECONOMIC IMPACT



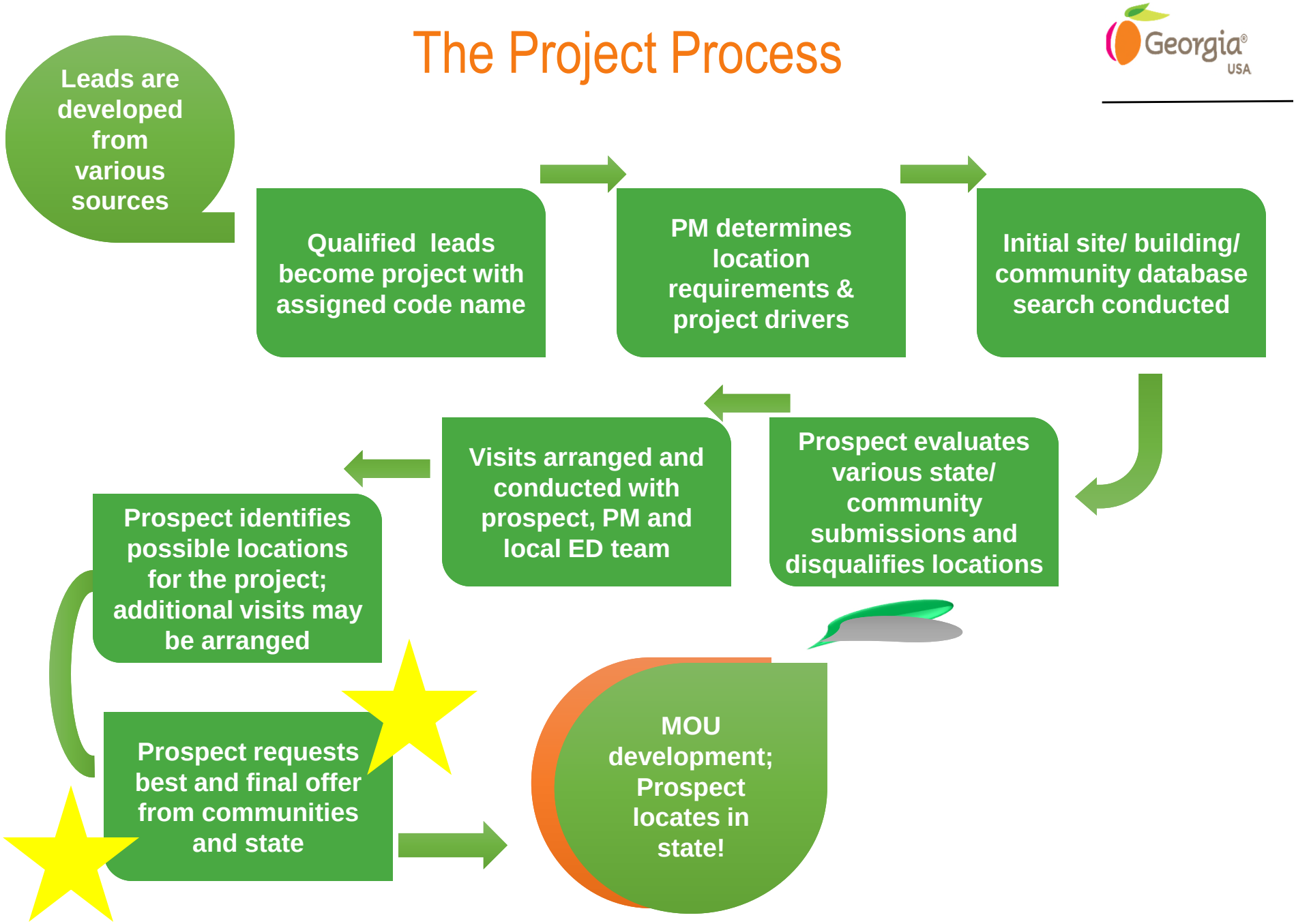
NEW LOCATIONS VS. EXPANSIONS



So…Where do Prospects come from?

- Regional Project Managers work with Existing Industries and Communities to identify:
  - Expansion Opportunities
  - New Locations for Targeted Suppliers and Customers
- Industry Team Members attend Trade Shows throughout the US developing contacts and leads
- Georgia's 11 International Offices work with companies located in their region to encourage new locations in Georgia
- Site Selectors/Consultants
- And some just "walk in the door"

The Project Process



Government in the Sunshine

Need for Confidentiality

- Vitally important to the company, community, and state
- Code names
- Non-disclosure agreements
- Local media, politics
- Dangers of social media and networking sites

Open Records Protections for GDEcD Projects

- Protects proposals on projects ($25M+ OR 50+ jobs)
  - Includes Technical College System of GA training program records
  - Binding commitment secured
  - Project terminated

What happens if your community has difficulties with confidentiality?

What is an Incentive?

ANYTHING THE COMPANY THINKS IS AN INCENTIVE

- "A thing that motivates or encourages one to do something"….noun (or verb?)
- Cost Avoidance: up front costs, speed to market, ongoing (long-term) costs
- Traditional Incentives vs Non-Traditional Incentives (monetary vs in-kind services)

Community-Local Incentives

Potential for (Traditional)

- Property Tax Abatement
- Land at Reduced Cost (or free)
- Permitting Fee Waivers
- New and Improved Infrastructure
- Site Preparation
- Workforce Training Grants
- Cash Grants

Potential for (Non-traditional)

- Advertising Job Openings on Football Scoreboard
- Naming Streets/Buildings/etc
- Airline Tickets for Management-International Companies
- Country Club Memberships

PARTNERSHIPS

Non-traditional Incentives

Extensive relationships with utility, academic, and private partners enable success.

Georgia Department of Community Affairs

Georgia Power

WorkSource Georgia

ECG electric cities of georgia

Georgia DOL Department of Labor

Georgia EMC

Board of Regents of the University System of Georgia

University System of Georgia

United States Environmental Protection Agency

GDOT Georgia Department of Transportation

Georgia Ports Authority

CSX

Norfolk Southern

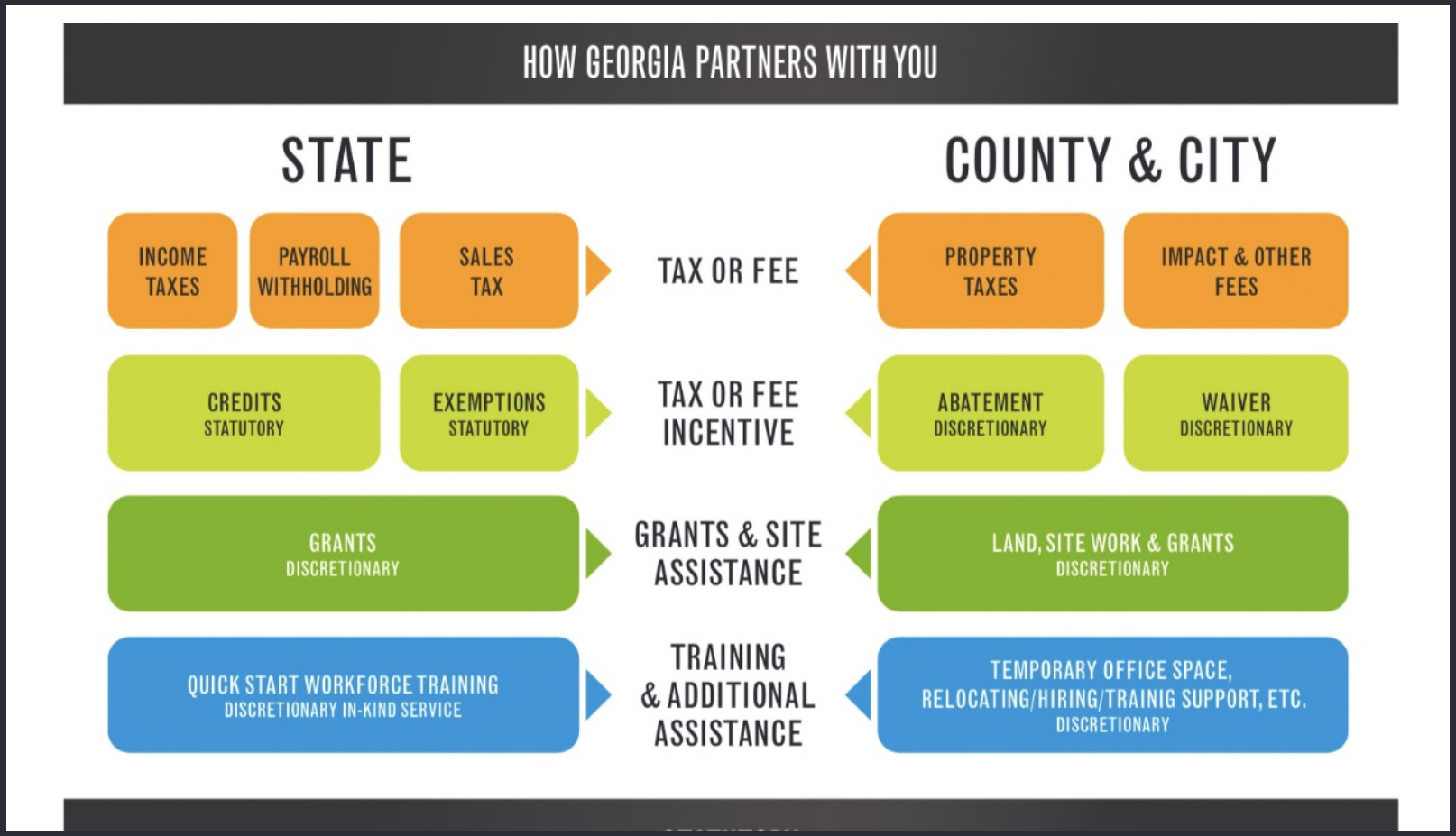
TCSG Technical College System of Georgia

GEORGIA'S INCENTIVE PROGRAMS

Non-traditional

- International Trade
- Centers of Innovation
- GRAD Industrial Sites
- EPD One-Stop Permitting
- Workforce Development Grants

A Seamless Partnership



GEORGIA'S INCENTIVE PROGRAMS

Statutory

TAX CREDITS

- Job Tax Credit
- Investment Tax Credit (existing)
- Port Tax Credit Bonus
- R&D Tax Credit
- Quality Jobs Tax Credit
- Retraining Tax Credit
- Premium Tax Credit
- Mega Project Tax Credit
- Child Care Tax Credit

TAX EXEMPTIONS (Sales & Use)

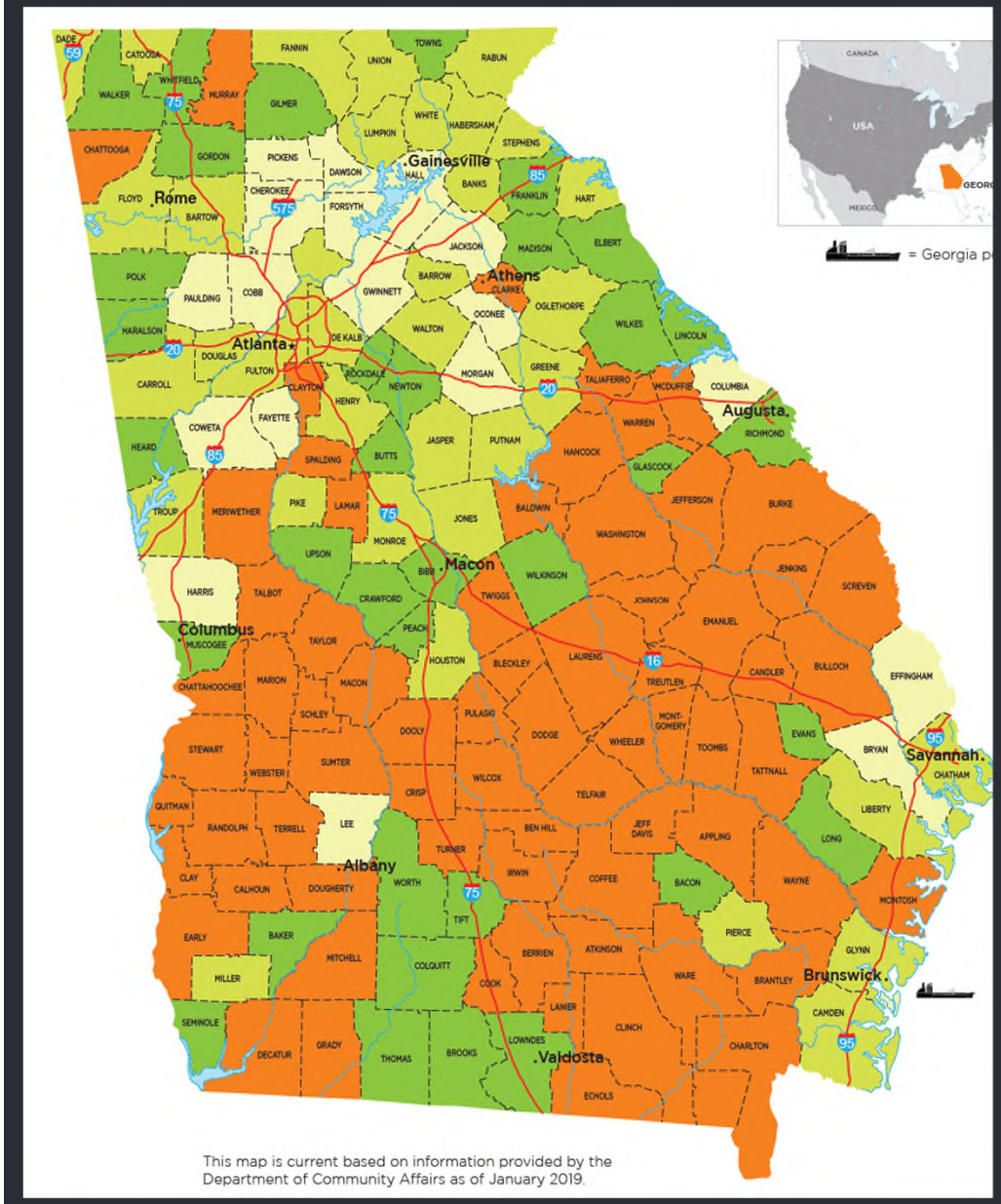
- Energy Used in Manufacturing
- Manufacturing Machinery & Equipment
- Repair to Industrial Machinery
- Raw Materials & Packaging
- Primary Material Handling Equipment
- Computer Hardware & Software
- Clean Room Equipment
- Pollution Control Equipment

* Exemptions specific to Data/High Tech & Distribution Centers

TAX EXEMPTIONS (Property)

Real/Personal Property

Business Inventory - State
(Freeport - Local)



JOB TAX CREDIT

TIER	JOB TAX CREDIT $ (FOR 5 YEARS)	MIN. NEW JOBS	USE OF CREDITS**	CARRY FORWARD
1	$4,000*	2	100% of tax liability - excess to withholding up to $3,500	10 years
2	$3,000*	10	100% of tax liability	10 years
3	$1,750*	15	50% of tax liability	10 years
4	$1,250*	25	50% of tax liability	10 years
MZ/OZ	$3,500	2	100% of tax liability - excess to withholding	10 years
LDCT	$3,500	5	100% of tax liability - excess to withholding	10 years

**Includes $500 bonus for Joint Development Authority (JDA). Georgia counties can form partnerships that benefit companies with this $500 Job Tax Credit bonus. The majority of counties are in a JDA. To confirm a county's status, please call 404.962.4931.*

*** Tax credits are applied to Georgia corporate income taxes*

MZ= Military Zone OZ= Opportunity Zone LDCT= Less Developed Census Tract

INVESTMENT TAX CREDIT

TIER	INVESTMENT CREDITS	MINIMUM INVESTMENT	LIMITS OF CREDITS	CARRY FORWARD
1	5%-8%*	$50,000	50% of tax liability	10 years
2	3%-5%*	$50,000	50% of tax liability	10 years
3	1%-3%*	$50,000	50% of tax liability	10 years
4	1%-3%*	$50,000	50% of tax liability	10 years

**Recycle, Defense Conversion, Pollution Control*

- Existing (36 months) manufacturers/telecom or support
- Credit increases 3% up to 8% for recycling/pollution control equipment & defense plant manufacturing conversion
- MUST submit application max 30 days from project completion

- BIG CHANGES JAN 2020
  - Min Investment $100,000
  - RURAL Tier 1 & 2 Payroll Withholding
    - $1M max per company
    - 10M max statewide
    - Prorate if max surpassed
  - Retroactive to 2019 in some cases

Port Tax Credit

- Import & Export combined
- Increase prior year's traffic by min 10%
- If no prior year (or less than), the baseline is:
  - 75 net tons OR
  - 5 containers OR
  - 10 TEUs
- Must be shipper of record (hold title)
- $1250 added to Job Tax Cr; allows for Inv Tax Cr at Tier 1 rate (5%/8%)
- Offset up to 50% Corp Income Tax

Retraining Tax Credits

- All types of businesses (not just Qual Bus Ent)
- Workers employed min 16 weeks
- Does not require any job creation, min wage standard
- Low standard for full time employees (25 hours/week)
- 50% of retraining costs, up to $500 per retrained employee per retraining event
- $1250 total per retrained employee/year
- Qualified expenditures: wages, program development, materials/supplies, travel, instructor salaries
- Administered by the Technical College System

GEORGIA'S INCENTIVE PROGRAMS

Discretionary

QUICK START JOB TRAINING

FINANCING

Potential Grants for:

- Land Acquisition
- Site Preparation
- Building Construction
- Equipment Costs

WORKFORCE TALENT

QUICKSTART®
TECHNICAL COLLEGE SYSTEM OF GEORGIA

- Free to Company
- Fully Customized
- Pre-Employment Candidate Assessments
- Post-Employment Job-Specific Training

State Discretionary Incentives:

- Competitive Projects Only
- Considered on Project-by-Project Basis
  - # Jobs
  - $ Investment
  - Quality of Jobs
  - Needs of Company
  - Community
- New Company Locations & Existing Industry Expansions
- Traditionally Ineligible: Start-ups, retail, professional services
- One Final, Single Location in GA
- Targets Identified Gaps: Between community offer and company's business requirements for locating
- Deal-Closing Funds

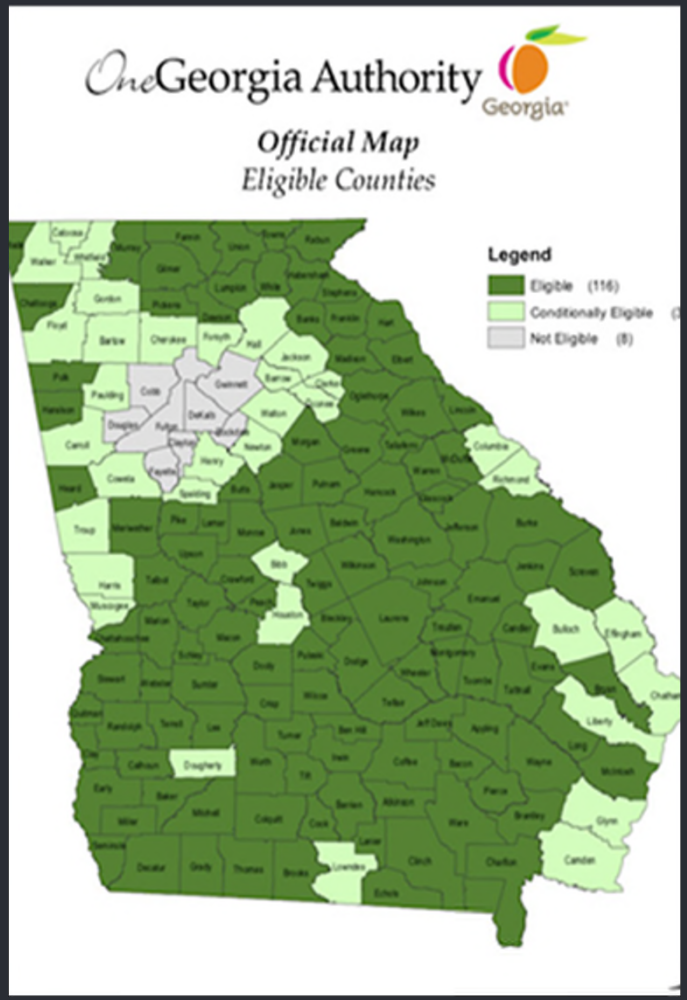
Many Resources for Project Development Funding

- Department of Community Affairs (DCA)
  - Employment Incentive Program (EIP)
    - Infrastructure Grants
    - Machinery and Equipment Loans
  - Redevelopment Fund (RDF)
  - Appalachian Regional Commission (ARC)
- OneGeorgia Authority
  - Equity Program Grants, Loans
- Economic Development Administration (EDA)
  - Infrastructure Grants
- US Department of Agriculture (USDA)
  - Business and Industry Loan Guarantees, Grants
- US Small Business Administration
  - Loans & Loan Guarantees

State Discretionary Financial Resources

- The OneGeorgia Authority
  - EDGE (Economic Development, Growth and Enterprise)
    - Rural Projects
- Department of Community Affairs
  - REBA (Regional Enterprise Business Assistance)
    - Non-Rural Projects

- Publicly-Held Assets
- Financial Model
  - State Fiscal Impact
  - Net Present Value
  - Number of Years to Pay Off
- Governor Review & Approval
- Legally-Binding Performance Standards
- Clawbacks



Organizational Process

No Level of Incentive Will Make Up For a Poor Business Decision

THANK YOU
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USA