

Common Local Incentives

- Cash grants
- Free or Discounted Land
- Free building / Free or Reduced Rent
- Site Prep – other in kind services
- Tax Abatements

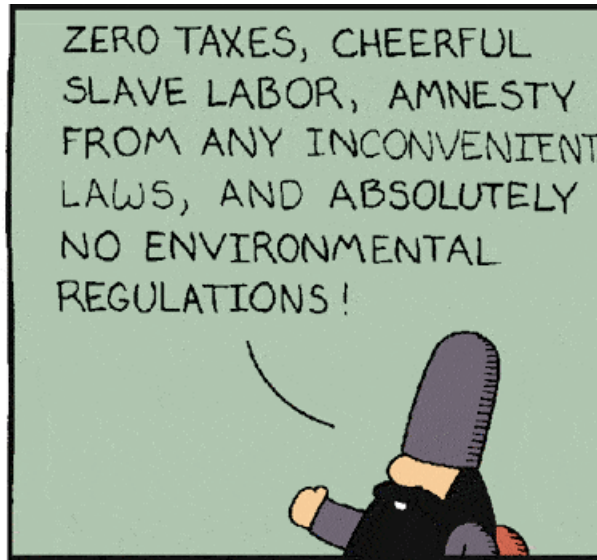
Creative Local Incentives

- Waiver of construction or permit fees
- Utility extension costs
- Tiered muni rates or ED rider
- Occupation tax caps
- Free office space
- Employee relocation assistance
- Concierge services
- Grants to move – start a business

Common Local Incentives



E-mail: SCOTTADAMS@AOL.COM



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Using Local Incentives



- Match your incentives to meet critical project needs – up front versus deferred
- Determine what's needed to close the deal and determine if you can afford that **BEFORE** you make the offer
- Leverage other grants – make a good deal better!
- Performance standards or clawbacks – non threatening!

Depreciation-Impacts on Tax Saving & PILOT

Impacts of Depreciation - 2 projects

Project Wood Chip	\$30 million
All Investment Qualifies for Group 2 Depreciation	
Project Headquarters	\$30 million
No Depreciation - All Real Property	
County and School Millage	30

	<u>Special Schedule</u>	Project Wood Chip	Project Headquarters	Change
Year 1	90%			
Year 2	80%			
Year 3	70%			
Year 4	60%			
Year 5	50%			
Year 6	40%			
Year 7	30%			
Year 8	20%			
Year 9	10%			
Year 10	0%			
Total Tax Savings		\$1,163,880	\$1,620,000	\$456,120
Total PILOT County & School		\$898,920	\$1,980,000	\$1,081,080
Normal 100% Property Tax		\$2,062,800	\$3,600,000	
		56%	45%	

An Incentives Strategy – Good Idea!

- Your public partners have approved the offer (ahead of time)
- Confidence/image with the prospect
- Different levels based on jobs and investment thresholds
- Fair for new or existing industry
- Keeps you out of trouble and passing the front page test

Fiscal Impact Analysis

- Analysis to determine if incentives are prudent
- Not the same as economic impact – fiscal impact from projects can be negative
- Measures new revenues less new costs to achieve net benefits or NPV
- Incentives, new households and new students are major new cost components

Fiscal Impact Analysis-How it Works

Benefits - Costs = Gain/(Loss)

+Property Taxes

-Abatements

+Sales Taxes

-Up front Incentives

+New Households

-Service Delivery Costs

Net Benefits

-

Net Costs

= Gain (Loss)

NPV

- Model requires lots of inputs
- Based on specific costs or data by jurisdiction

Incentives Strategy – Tiered Approach

Tier	Minimum Jobs	Minimum Capital Investment	Targeted Tax Savings	Abatement Schedule
1	15	\$10,000,000	35%	5 years
2	50	\$30,000,000	50%	10 years
3	100	\$50,000,000	65%	10 plus



Incentives Strategy – Tiered Approach

	Jobs	Capital Investment	Net Benefits After Incentives**	Total Tax Savings	Break Even Acres Free Land ***	Break-Even on Up Front Incentive Per Job
Tier 1	15	\$10 million	\$173,628	\$129,906	8	Year 4
Tier 2	50	\$25 million	\$153,064	\$698,543	13	Year 7
Tier 3	200	\$75 million	\$1,021,324	\$3,436,690	67	Year 10

Net Benefits determined using LOCi model developed by Economic Impact Group

Level 1 and Level 2 use a 10 year project time horizon, Level 3 uses 15 years

****Incentives include tax savings-abatements AND \$5,000 up front per full time job (all jobs in year 1)**

***** Incentives include abatements and free land @ \$30,000 per acre - no cash grant per job**

Things To Consider

- Website
- Virtual Site (1st) Visits
- Community Assessment
- Targeted Jobs Study
- Continue to Invest in Your Community

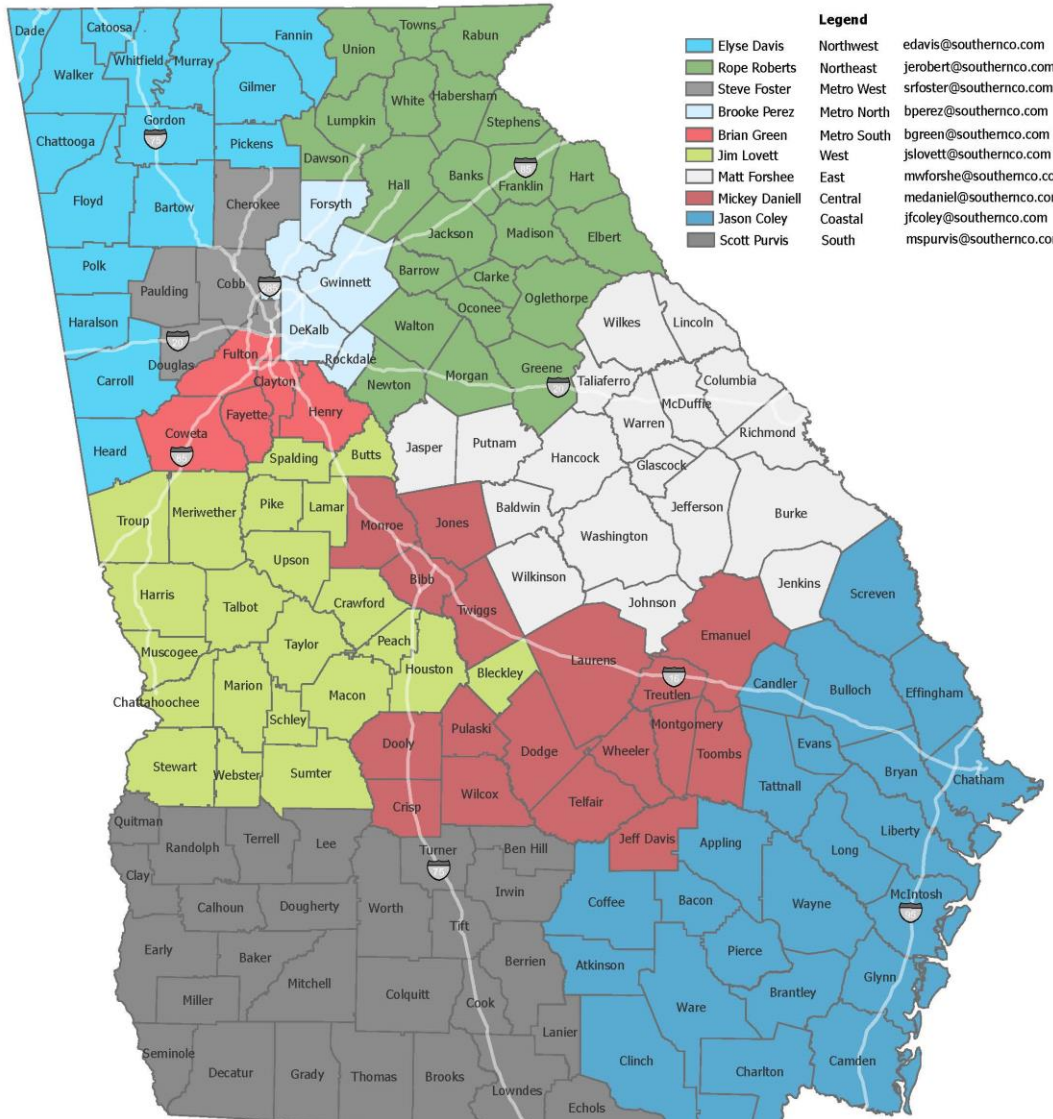
Summary

- Reduce risks, take steps now to improve your community, put a plan in place
- Up front incentives generally more valuable – need source of funds and need to be creative
- Use tax abatements prudently
- Get your teamwork and internal approvals done now

Georgia Power CD Team



Community Development Region Assignments



Georgia Power CD Team

- Jim Lovett jslovett@southernco.com
- 229 364 6949
- www.selectgeorgia.com
- <https://www.selectgeorgia.com/about-us/our-team/community-development/>

Project Sidebar

The Project

- International automotive
- 200 direct jobs
- \$25 million investment
- \$7.8 million payroll
- Economic impact exceeds \$12 million annually



Critical Needs

- Requires existing building
- Your building needs \$450,000 in rehab
- Lease purchase option
- Reducing risks and start up costs are critical
- 7 community finalists, multiple SE states
- OneGeorgia amount unknown before final offer is due