Common Local Incentives

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

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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

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Common Local Incentives

DILBERT
by SCOTT ADAMS

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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!

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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

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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

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Depreciation-Impacts on Tax Saving & PILOT

Impacts of Depreciation - 2 projects

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

	Special Schedule	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%**	

Fiscal Impact Analysis-How it Works

Benefits	-	Costs	=Gain/(Loss)
+Property Taxes		-Abatements	
+Sales Taxes		-Up front Incentives	
+New Households		-Service Delivery Costs	
		-Education	
Net Benefits	-	Net Costs	= Gain (Loss) NPV

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

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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

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

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Funding For Community & Economic Development
Counties that Levy Ad Valorem Taxes
Updated Jan 2021

	County	2020 Mills for ED	2020 Tax Base	Funds Generated By ED Millage
1	Barrow	0.660	$2,317,684,582	$1,529,672
2	Brooks	0.393	$467,150,621	$183,590
3	Clinch	0.500	$241,197,220	$120,599
4	Colquitt	0.320	$1,078,032,188	$344,970
5	Decatur	0.250	$899,627,887	$224,907
6	Effingham	2.000	$2,028,049,550	**$4,056,099**
7	Emanuel	1.000	$470,533,169	$470,533
8	Franklin	0.250	$743,937,864	$185,984
9	Irwin	0.950	$180,402,303	$171,382
10	Liberty	2.000	$1,326,113,978	$2,652,228
11	Lincoln	1.000	$267,471,752	$267,472
12	Lowndes	1.000	$3,168,644,891	$3,168,645
13	Madison	1.000	$818,136,349	$818,136
14	McIntosh	1.000	$490,064,382	$490,064
15	Screven	0.774	$400,351,455	$309,872
16	Toombs	1.000	$732,158,104	$732,158
17	Washington	0.500	$661,341,160	$330,671
18	Worth	0.591	$510,295,267	$301,585

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Funding For Community & Economic Development

Cities that Levy Ad Valorem Taxes

	County	2020 Mills for ED	2020 Tax Base	Funds Generated By ED Millage
1	Athens	1.000	$328,400,728	$328,401
2	Cartersville	1.789	$18,304,330	$32,746
3	Dalton	2.500	$59,801,254	$149,503
4	LaGrange	4.000	$24,714,127	$98,857
5	Marietta	1.779	$100,426,511	$178,659
6	Waycross	6.000	?	$100,000
7	West Point	5.000	$11,031,069	$55,155
8	Valdosta	5.000	$17,923,240	$89,616

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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

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https://www.selectgeorgia.com/about-us/our-team/community-development/

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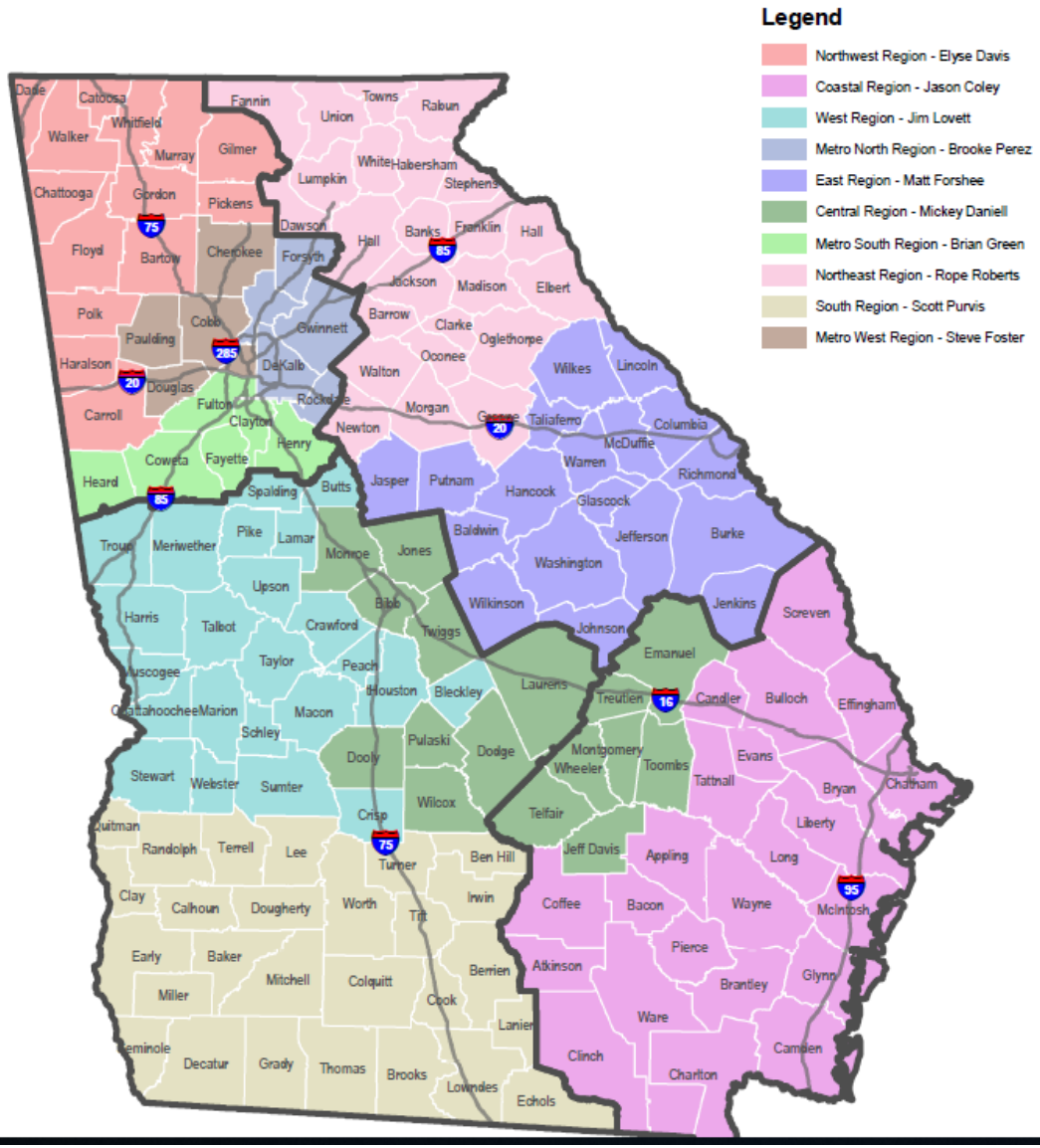
Community Development Region Assignments



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