Sidebar Conference

Development Authority Board
Member Training

Georgia Resource Center

June 8, 2016

Types of Local Incentives

Types of Local Incentives

- Cash grants
- Free or Discounted Land
- Free building / Free or Reduced Rent
- Site Prep – other in kind services
- Low interest financing or buy downs
- Waiver of construction or permit fees, utility extension costs
- Free office space
- Employee relocation – moving expenses

Community & Economic Development
GIA POWER
A SOUTHERN COMPANY

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!

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

Incentives Strategy – A 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

Special Tax Schedules

Project Wood Chip - Tax Schedules

Equipment Investment - phase 1			$30,000,000				
Depreciation			8 to 12	years			
2014 Millage - school + county			29.00	mills			
				County+School		Incentive	Proposed
			Reported	Normal	Special	Tax	Tax
Yr	Bond Amount	Depreciation	Investment	100% Taxes	Schedule	Savings	Payments
1	$30,000,000	92%	$27,600,000	$320,160	90%	$288,144	$32,016
2	$30,000,000	85%	$25,500,000	$295,800	80%	$236,640	$59,160
3	$30,000,000	78%	$23,400,000	$271,440	70%	$190,008	$81,432
4	$30,000,000	70%	$21,000,000	$243,600	60%	$146,160	$97,440
5	$30,000,000	63%	$18,900,000	$219,240	50%	$109,620	$109,620
6	$30,000,000	54%	$16,200,000	$187,920	40%	$75,168	$112,752
7	$30,000,000	44%	$13,200,000	$153,120	30%	$45,936	$107,184
8	$30,000,000	34%	$10,200,000	$118,320	20%	$23,664	$94,656
9	$30,000,000	28%	$8,400,000	$97,440	10%	$9,744	$87,696
10	$30,000,000	25%	$7,500,000	$87,000	0%	$0	$87,000
				$1,994,040		$1,125,084	$868,956
			Company's Potential Savings			**56%**	

Special Tax Schedules

			Project Headquarters - Tax Schedules				
Equipment Investment - phase 1			$30,000,000				
Real Property			100%				
2014 Millage - school + county			**29.00**	mills			
				County+School		**Incentive**	Proposed
			Reported	Normal	Special	**Tax**	Tax
Yr	Bond Amount	Depreciation	Investment	100% Taxes	Schedule	**Savings**	Payments
1	$30,000,000	100%	$30,000,000	$348,000	90%	**$313,200**	$34,800
2	$30,000,000	100%	$30,000,000	$348,000	80%	**$278,400**	$69,600
3	$30,000,000	100%	$30,000,000	$348,000	70%	**$243,600**	$104,400
4	$30,000,000	100%	$30,000,000	$348,000	60%	**$208,800**	$139,200
5	$30,000,000	100%	$30,000,000	$348,000	50%	**$174,000**	$174,000
6	$30,000,000	100%	$30,000,000	$348,000	40%	**$139,200**	$208,800
7	$30,000,000	100%	$30,000,000	$348,000	30%	**$104,400**	$243,600
8	$30,000,000	100%	$30,000,000	$348,000	20%	**$69,600**	$278,400
9	$30,000,000	100%	$30,000,000	$348,000	10%	**$34,800**	$313,200
10	$30,000,000	100%	$30,000,000	$348,000	0%	**$0**	$348,000
				$3,480,000		**$1,566,000**	$1,914,000
			Company's	**Potential Savings**		**45%**	

Project Sidebar

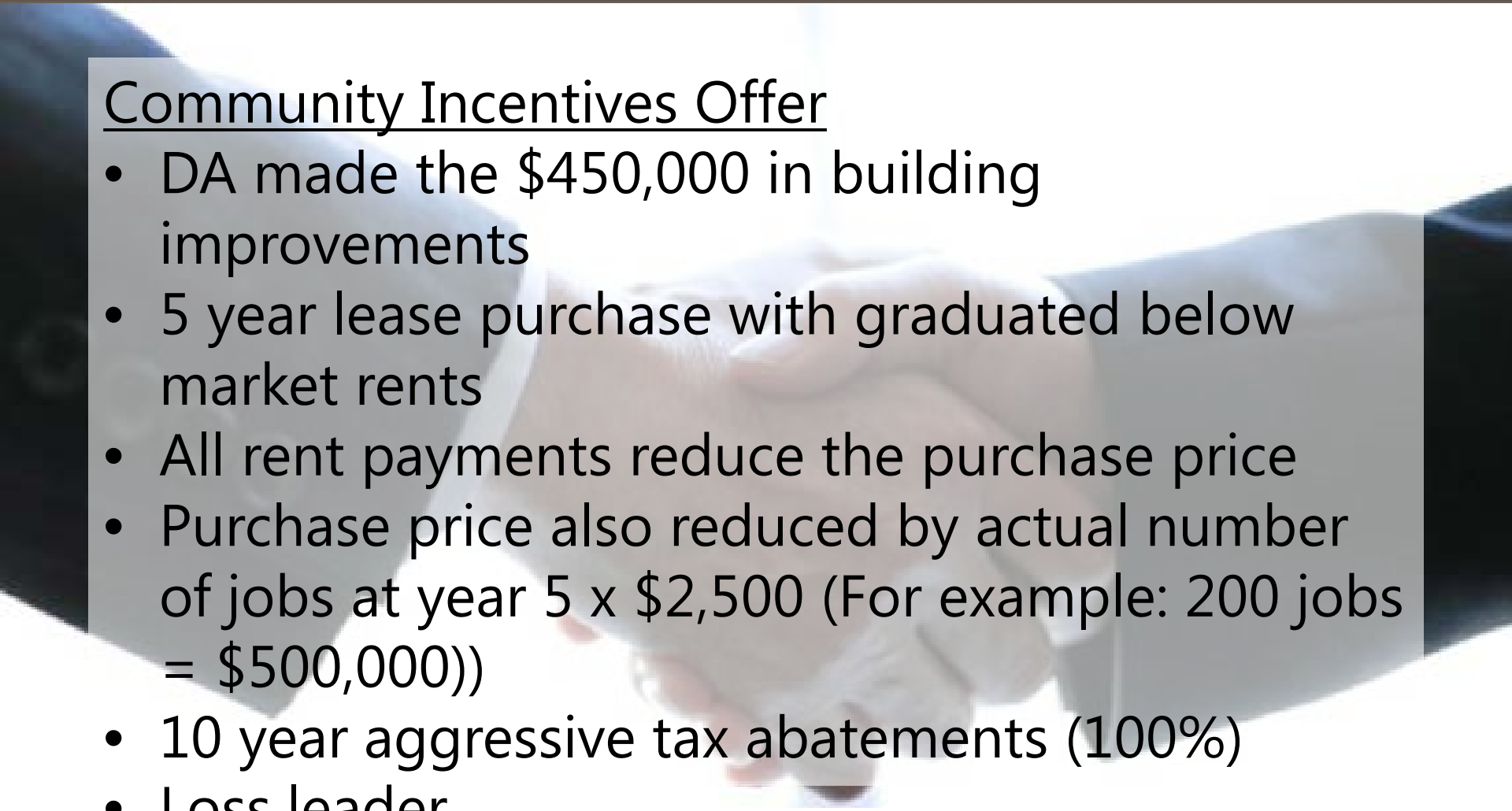
The Project

- International automotive
- 200 direct jobs
- $15 million investment
- $5.8 million payroll
- Economic impact exceeds $10 million

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
- One-Georgia amount unknown before final offer is due

Project Sidebar – The Offer



Community Incentives Offer

- DA made the $450,000 in building improvements
- 5 year lease purchase with graduated below market rents
- All rent payments reduce the purchase price
- Purchase price also reduced by actual number of jobs at year 5 x $2,500 (For example: 200 jobs = $500,000))
- 10 year aggressive tax abatements (100%)
- Loss leader

Thank You!