



Georgia Incentives Summary

March, 2007

Prepared by Georgia Power Community & Economic Development

Summary

Businesses expanding or newly arriving in Georgia are often eligible for a variety of incentives. The table below lists major statutory and discretionary incentives potentially available to qualifying companies. A brief description of each program follows.

	Facility Type*						
	Mfg. & Light Assembly	Ware-house /Dist.	HQ	Processing		R&D	Tourism
				Customer Service Center	Data Center		
Tax Credits							
Credits applicable to Georgia corporate income tax liability and in some cases, payroll withholding							
Job Tax Credit	X	X	X	X	X	X	X
Job Tax Credit Bonus	X	X	X	X	X	X	X
Investment Tax Credit	X						
Optional Investment Tax Credit	X						
Corporate Headquarters Tax Credit			X				
"Mega Project" Tax Credit	X		X				
Retraining Tax Credit	X	X	X	X	X	X	X
Education Tax Credit	X	X	X	X	X	X	X
Small Business Growth Tax Credit	X	X	X	X	X	X	X
Research and Development Tax Credit	X	X	X	X	X	X	X
Child Care Tax Credit	X	X	X	X	X	X	X
Qualified Child Care Property Tax Credit	X	X	X	X	X	X	X
Port Activity Job Tax Credit	X	X	X	X	X	X	X
Mass Transit Tax Credit	X	X	X	X	X	X	X
Teleworking Tax Credit	X	X	X	X	X	X	X
Opportunity Zones	X	X	X	X	X	X	X
Renewal Communities/ EZs/ECs (Federal)	X	X	X	X	X	X	X
Tax Exemptions							
Exemptions applicable to property and sales taxes							
Property Tax	X	X	X	X	X	X	X
Freeport Inventory Tax (Property)	X	X					
Industrial Materials Sales Tax	X						
Packaging Materials Sales Tax	X	X					
Manufacturing Machinery Sales Tax	X						
Primary Material Handling Equip. Sales Tax		X					
Pollution Control Equipment Sales Tax	X						
Computer Hardware and Software Sales Tax					X	X	
Custom Software Sales Tax	X	X	X	X	X	X	X
Clean Room Equipment Sales Tax	X						
Telephone Services Sales Tax	X	X	X	X	X	X	X
Electricity As a Raw Material Sales Tax	X						
Enterprise Zones (Property)	X	X	X	X	X	X	X
Work Force Development Programs							
Programs for recruitment, screening, training and education							
Quick Start (skills-based work force dev.)	X	X	X	X	X	X	
ICAPP (knowledge-based work force dev.)	X	X	X	X	X	X	
Postsecondary Scholarship Program (HOPE)	X	X	X	X	X	X	X
Recruitment Resources and Services	X	X	X	X	X	X	X
Other Incentives							
Telephone Services Discount (tiers 1 & 2)	X	X	X	X	X	X	X
One-stop Environmental Permitting	X	X	X	X	X	X	X
Foreign Trade Zones	X	X					

Note: Additional discretionary assistance may be available at the state and local levels.

*Facility types defined in Georgia Department of Community Affairs Rule 110-9-1.01

Tax Credits

When applied alone or in some combination, the following tax credits often enable companies to significantly reduce the cost of doing business in Georgia. For greater detail on the tax credit programs listed below, visit <http://www2.state.ga.us/departments/dor/inctax/taxcredits.shtml>

Job Tax Credit:

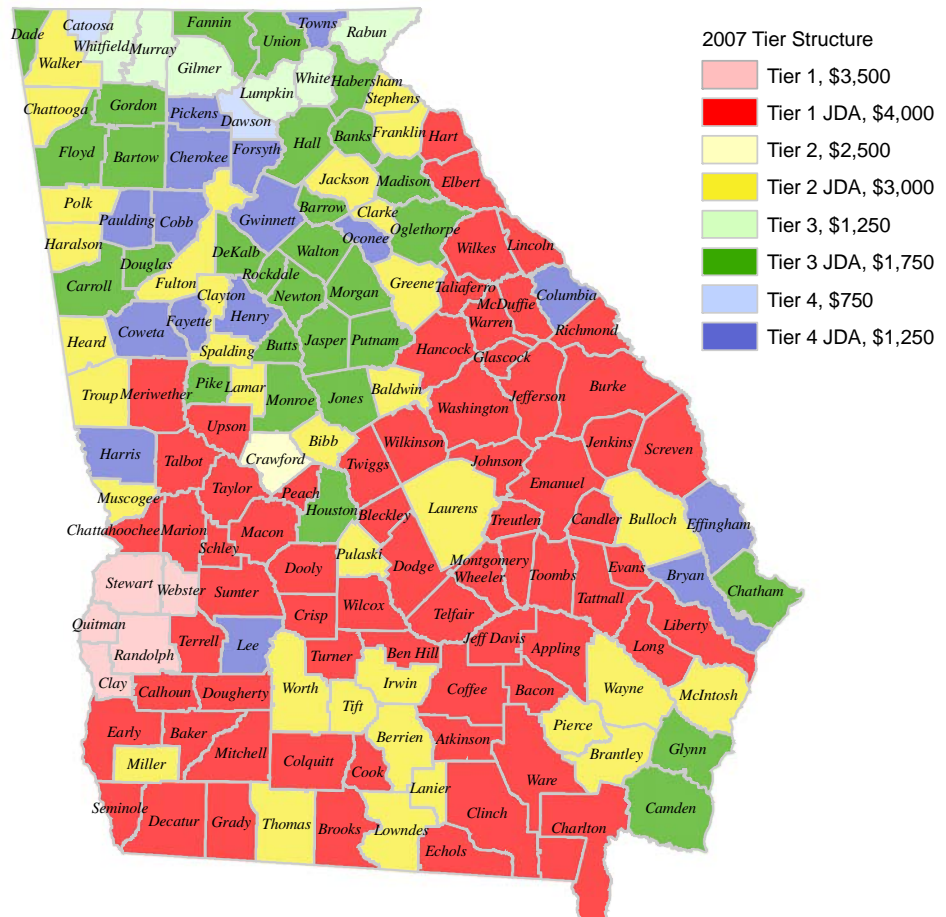
- Companies that increase employment in Georgia qualify for a job tax credit against state corporate income tax liability when the following conditions are met:

	Tier 1	Tier 2	Tier 3	Tier 4
*Tax credit per new job	\$3,500	\$2,500	\$1,250	\$750
Minimum number of new jobs	5	10	15	25
Limit on use of job tax credit against income tax liability	100%	100%	50%	50%
Payroll withholding	Yes	No	No	No

- the business entity is engaged in manufacturing, warehousing and distribution, processing, telecommunications, research and development, or tourism,
- minimum thresholds for new job creation are met,
- the jobs pay in excess of \$17,680 per year, and
- the employer makes health care coverage available.

- Credits range from \$750 - \$4,000 per job per year for five years.

* Add \$500 if county participates in Joint Development Authority



Georgia's Job Tax Credit County Tier Eligibility Levels, 2007

- Unused credits may be carried forward for ten years from the year they were earned.
- Companies locating in specially designated “less developed” census tracts or Military Zones may be eligible to take job tax credits equal to that taken by companies locating in tier 1 counties (\$3,500 per job when five or more full-time jobs are created). Currently, certain tracts in Bibb, Chatham, Clayton, DeKalb, Dougherty, Fulton, Muscogee, Richmond and Twiggs counties are designated as “less developed”. Certain tracts in 20 Georgia counties are eligible for Military Zone designation.

Job Tax Credit Bonus:

- Existing companies that increase employment in Georgia qualify for a job tax credit bonus against state corporate income tax liability when the following conditions are met:
 - the business entity is engaged in manufacturing, warehousing and distribution, processing, telecommunications, research and development, or tourism and has been in business for the three prior years,
 - minimum thresholds for new job creation are met in accordance with tier requirements outlined previously,
 - the jobs pay in excess of \$17,680 per year, and
 - the employer makes health care coverage available.
- The credit amount is \$500 per qualified job regardless of location.
- Credits must be used only in year two after the job is created provided the job is maintained. The credits may be used with existing job tax credits.

Investment Tax Credit:

- This credit allows a company operating an existing manufacturing or telecommunications facility in the state for the previous three years to obtain a credit against corporate income tax liability for capital investment in the state. Credits range from 5 percent of the total value of all qualified property in tier 1 counties to 1 percent in tier 4 counties. Higher credits are available for recycling, pollution control and defense conversion activities.
- A \$50,000 minimum investment is required in all counties. A credit which is claimed but not used in a taxable year may be carried forward for ten years. This credit may not be taken with the job tax credit. See Georgia

*Summary of 2007
Investment Tax Credit
Provisions based on Tier
System*

	Tier 1	Tier 2	Tier 3	Tier 4
Number of counties	71	35	35	18
Base credit	5%	3%	1%	1%
Higher level credit for certain activities*	8%	5%	3%	3%

All tiers require a minimum of \$50,000 capital investment.

Code Sections 48-7-40.2, 40.3 and 40.4 for more detail.

Optional Investment Tax Credit

Tier	Minimum Investment	Tax Credit %
1	\$5 million	10%
2	\$10 million	8%
3 & 4	\$20 million	6%

Optional Investment Tax Credit:

- Companies investing a minimum of \$5 to \$20 million may consider an optional investment tax credit against corporate income tax liability instead of the investment tax credit. Maximum credits range from 10 percent of qualifying property in tier 1 counties to 6 percent in tier 4 counties. The actual amount of the credit is either
 - 90 percent of the increase in tax liability in the current taxable year over a base year tax or
 - the excess of the aggregate amount of the credit allowed over the sum of the amounts of credit already used in the years following the base year (which ever is the lesser).
- The credit may be taken for ten years. The credit may not be taken with the job tax credit. An election of the optional investment tax credit is irrevocable. See Georgia Code 48-7-40.7, 40.8 and 40.9 for more detail.

Corporate Headquarters Tax Credit:

- When a company relocates its U.S. or World headquarters to Georgia or establishes headquarters in Georgia, the company may be eligible for this credit if within one year after it first withholds wages, it
 - employs at least 50 persons in qualifying new full-time jobs in pre-qualified headquarters functions*, and
 - invests at least \$1 million in facilities.
- The company must meet minimum wage requirements based on the tier status of the location in order for a job to be classified as “qualifying”. A summary of wage thresholds by county tier is shown in the table to the left.
- If unused credits remain after 100 percent of a given tax year's liability has been off-set, then the excess credits can be applied against future payroll withholding. Credits can be earned for

Corporate Headquarters Tax Credit Levels by Tier

Tier	Wage Requirements	Credit per job	Duration
1	> county average wage rate	\$2,500	5 years
2	105% of county average	\$2,500	5 years
3	110% of county average	\$2,500	5 years
4	115% of county average	\$2,500	5 years
All	200% of county average	\$5,000	5 years

Source: Georgia Department of Economic Development, “Georgia’s Business Development Incentives” publication

*Headquarters functions are defined as those functions involving financial, personnel, administrative, legal, planning or similar business functions performed by headquarters staff employees.

qualifying jobs created within seven years of eligibility. Headquarters operations locating in Georgia may assign earned headquarters tax credits to any affiliated business entity in the state. Taking the HQ incentive for a particular job precludes the company from claiming the Job Tax Credit for the same job. However, jobs at headquarters that do not meet the wage threshold

or headquarters definition for this credit may still be eligible for the Job Tax Credit.

Mega Project Tax Credit Levels by Tier

Tier	Wage Requirements	Credit per job	Duration
1	120% of county average	\$5,250	5 years
2	110 % of county average	\$5,250	5 years
3	105% of county average	\$5,250	5 years
4	105% of county average	\$5,250	5 years

Source: CCH Business Incentives Guide, 2004

Mega Project Tax Credit:

- A manufacturing business or headquarters of a manufacturing business that is planning the construction or expansion of a manufacturing facility in Georgia is allowed to take a job tax credit against corporate income tax if minimum job creation, investment and job maintenance requirements are met. A business satisfies the requirements if by the close of the sixth taxable year following the date the company begins withholding income tax from employees, there are:
 - a minimum of \$450 million in capital investment in connection to the project
 - a minimum of 1,800 full-time employees,
 - wage requirements are met,
 - the employer makes health care coverage available, and
 - thresholds for annual net taxable income growth are met.
- Credits are allowed if the full-time jobs meet minimum wage requirements as outlined in the table to the left.
- The credit is equal to \$5,250 annually for each new eligible job created. The credit is available for five years after job creation. Any excess credit may be applied to payroll withholding. Credits may be carried forward for 10 years. The credit cannot be claimed for more than 3,300 jobs for any one project.

Retraining Tax Credit:

- Georgia offers income tax credits to offset the costs of retraining employees that are affected by the implementation of new equipment or new technology. An eligible business enterprise may be granted tax credits against Georgia state corporate income tax liability equal to one half of the direct cost of retraining up to \$500 per approved training program per year for each full-time employee who successfully completes the program. Eligible costs include employee wages and reasonable travel during the retraining as well as other direct training costs. These credits may not exceed 50 percent of income tax liability in a given year.

Education Tax Credit:

- A \$150 credit per employee against corporate tax liability is allowed for basic skills training.

Small Business Growth Tax Credit:

- This credit is targeted at fast growing small businesses experiencing three consecutive years of 20 percent or more growth in corporate income tax liability. Qualifying businesses must have annual corporate income tax liability of \$1.5 million or less. The credit in the current year is computed by deducting 120 percent of the previous year's taxable income from the current year's taxable income. The credit may be used against up to 50 percent of Georgia corporate income tax liability after all other credits have been applied.

Research and Development Tax Credit:

- A corporate tax credit is available to companies that qualify for a research credit under Section 41 of the 1986 IRS code. The credit is a flat 10 percent of a company's research and development expenses over a base amount. The base amount is calculated using the previous three years' taxable income and research expenses. See Georgia Code 48-7-40.12 for further details.

Child Care Tax Credit:

- Businesses that make available employer-provided or employer-sponsored child care for employees may take corporate income tax credit for 75 percent of the qualifying cost.

Qualified Child Care Property Tax Credit:

- Employers placing "qualified child care property" into service may take credit for 100 percent of the tangible personal property and real property cost. The credit may be applied against corporate income tax liability at 10 percent of the cost per year for 10 years.

Port Activity Tax Credit:

- Port activity tax credits are available to companies that already qualify for job tax or investment tax credits. In general, qualified companies that increase port activity by 10 percent over a base year may be eligible for an additional \$1,250 job tax credit, a 5 percent investment tax credit, or a 10 percent optional investment tax credit. See Georgia Code 48-7-40.15 for further details.

Mass Transit Tax Credit:

- Employers may take a tax credit of \$25 per employee per year against state corporate income tax for funding or partially funding employees' use of mass transit.

Teleworking Tax Credit:

- Employers may take a tax credit for eligible teleworking expenses incurred when allowing employees to work from home. The expenses may not exceed \$1,200 per year per employee. Credits range from 25 percent of expenses to 100 percent of expenses depending on how many days per week the employee telecommutes and the location of the employer. Eligible expenses include but are not limited to computer and telecommunication hardware and software, installation and maintenance fees. Additionally, an employer may take a one-time credit of up to \$20,000 for teleworking program planning to be taken in the calendar year of implementation. Planning expenses may include direct program development, training costs, raw labor costs and professional consulting fees.

Opportunity Zones:

- As part of the state job tax credit program, the Georgia Department of Community Affairs may designate areas as less developed or "opportunity zones". Businesses of any nature in the zones are eligible for the maximum job tax credit allowed by law and use of job tax credit against 100 percent of their corporate income tax and payroll withholding liability.

Renewal Communities/EZs/ECs (Empowerment Zones/Enterprise Communities):

- Georgia has one Renewal Community (sections of Atlanta), one empowerment zone (Southwest Georgia United EZ including all of Dooly County and three of the five census tracts in Crisp County) and two enterprise communities (one rural -- Central Savannah River Area and one urban -- Albany).
- Employers in Empowerment Zones are eligible for federal tax credits of up to \$3,000 for every employee hired who lives within the Empowerment Zone boundaries. Renewal Community employers are allowed up to \$1,500 per employee in federal tax credit. EZ businesses also are eligible for increased deductions for equipment purchases. Tax exempt bond financing at low rates is also available. For further information see www.hud.gov.

Tax Exemptions

Property Tax Exemption:

- Companies financing projects with industrial development bonds issued by a local development authority may be able to obtain property tax relief if the development authority remains the legal owner of the property. Such consideration depends on the lease agreement from the development authority.

Freeport Inventory Property Tax Exemption:

- More than 90 percent of Georgia's counties have adopted property tax exemptions or freeport for inventory. Communities have flexibility in exempting three classes of inventory from property taxation:
 - manufacturer's raw materials and goods in process
 - finished goods held by the original manufacturer
 - finished goods held by the distributors, wholesalers and manufacturers destined for out-of-state shipment
- The exemptions must be authorized by local referendum and may apply to 20, 40, 60, 80, or 100 percent of any or all of the three classes.

Industrial Materials Sales Tax Exemption:

- Purchases of the following are exempt from sales and use tax:
 - industrial materials used as component parts in the manufacturing process
 - materials used to coat or impregnate into a product at any stage of its processing, manufacturing, or conversion

Packaging Materials Sales Tax Exemption:

- Georgia sales and use tax does not apply to sale, use, storage, or consumption of materials, containers, labels, sacks, or bags used solely for packaging tangible personal property for shipment of sale.

Manufacturing Machinery Sales Tax Exemption:

- This program provides for an exemption from the sales and use tax for machinery used directly in the manufacture of tangible personal property when the machinery is bought to replace or upgrade machinery in a manufacturing plant presently existing in the state. Up to \$150,000 of the purchase price of manufacturing machinery components, phased in over a five-year period at 20 percent per year is eligible.
- In addition, the program provides for an exemption from the sales and use tax for machinery used directly in the manufacture of tangible personal property

when the machinery is incorporated as additional machinery for the first time into a manufacturing plant presently existing in the state.

Primary Material Handling Equipment Sales Tax Exemption:

- An exemption from the sales and use tax is available for purchases of primary material handling equipment which is used directly for the storage, handling, and movement of tangible personal property in a new or expanding warehouse or distribution facility when such new facility or expansion is valued at \$5 million or more and does not have greater than 15 percent retail sales.

Pollution Control Equipment Sales Tax Exemption:

- Machinery, equipment, and materials used to control air or water pollution or used for recycling purposes, are exempt from sales and use tax. The Georgia Department of Natural Resources must certify that such machinery, equipment, or materials are adequate and necessary for pollution control and that no compliance issues with environmental laws currently exist with the company applying for the exemption.

Computer Hardware and Software Sales Tax Exemption:

- All spending on qualified computer equipment purchased or leased for use in a Georgia facility is exempt from sales tax for companies operating under North American Industrial Classification System code 51121, 51331, 51333, 51334, 51421, 52232, 54133, 54171, 54172, 334413, 334611, 513321, 513322, 514191, 541511, 541512, 541513, or 541519 when the sales price of the purchased equipment and/or the fair market value of the leased equipment exceeds \$15 million in a calendar year. Qualifying equipment includes any individual computer terminal or organized assembly of hardware, including central processing units and related peripheral equipment, and software products including operating systems, library, and maintenance routines.

Custom Computer Software Development Tax Exemption:

- Software applications uniquely designed to meet the needs of a given business enterprise are not subject to sales tax.

Clean Room Equipment Sales Tax Exemption:

- Sale of machinery, equipment and materials incorporated into and used in the construction or operation of a clean room of class 100 or lower is exempt from sales and use tax. The clean room must be used in the manufacturing process.

***Communities with
Reported Enterprise
Zones:***

Local Government

Augusta-Richmond Consolidated Government
City of Atlanta
Carroll County and City of Carrollton
Cobb County
Columbus-Muscogee Consolidated Government
DeKalb County
City of East Point
City of Milledgeville
City of Tifton
Town of Pine Mountain
City of College Park

Telephone Services Sales Tax Exemption:

- Sales tax is applicable to local exchange telephone services and cellular telephone services. However, sales tax does not apply to intrastate calls, interstate, WATS, or 1-800 calls.

Electricity As a Raw Material:

- Electricity that interacts directly with a product being manufactured is exempt from sales tax when the total cost of the electricity exceeds 50 percent or more of all materials used in making the product. This exemption is available for new and existing firms.

Enterprise Zones:

- In designated zones, companies receive a 100 percent property tax exemption on certain types of manufacturers' inventory for 25 years. In addition, all building construction in the zones is exempt from local property taxes, beginning with a 100 percent exemption in year one and decreasing in 20 percent increments annually for a five-year period.
- The Georgia communities listed to the left have reported enterprise zones to the Georgia Department of Community Affairs.

Work Force Development Incentives

Quick Start:

- Quick Start is Georgia's internationally recognized skills based training program that provides job specific training at no cost for qualified new and expanding companies. Training programs are tailored to meet a company's needs and are conducted in the company's facilities or in a state -supplied facility near the company's site.
- In FY 2006, Quick Start trained 44,156 employees through 256 projects.
- For additional information on Georgia's Quick Start program:
<http://www.dtae.org/quickstart/qs.html>.

Intellectual Capital Partnership Program (ICAPP):

- Through ICAPP Advantage, Georgia's public colleges and universities can expedite the education of knowledge workers to meet a company's specific workforce needs for educated workers in high demand but in short supply. Students in the ICAPP program may also be eligible for work cancelable loans during their course of study. For more information see www.icapp.org.

Postsecondary Scholarship Program (HOPE):

- HOPE - Helping Outstanding Pupils Educationally - is Georgia's unique program that rewards students' hard work with financial assistance in degree, diploma, or certificate programs at any eligible Georgia public or private college, university, or technical college. The HOPE Scholarship provides full tuition, approved mandatory fees (such as health and student activity fees) and \$300 per semester for books at Georgia's public colleges and universities. Students enrolling in a Georgia private college may be eligible for a \$3,000 annual scholarship for tuition and mandatory fees.
- All Georgia residents are eligible for the HOPE Grant that provides tuition for non-degree programs of study approved by the Georgia Department of Technical and Adult Education.
- Additional information on Georgia's HOPE Scholarship program is available at www.gsfc.com.

Recruitment Resources and Services:

- On behalf of any new or existing business or industry, the Georgia Department of Labor (GDOL) will assist with the hiring process through recruitment, screening, referral and provision of office space for individual interviews. Funded through the Federal Unemployment Tax Act (FUTA), GDOL services are provided at no charge to employer or applicant.
- Georgia Hire is an online way to find college-educated employees with specific qualifications at no cost to the prospective employer. The Georgia Hire system allows employers to search through over 10,000 resumes of students and alumni from Georgia's 36 public colleges and universities. For further information about Georgia Hire, see <http://www.georgiahire.com/>.

Other Incentives

Telephone Services Discount (Tier 1 & 2):

- BellSouth offers incentives in the less developed tier 1 and tier 2 counties. A 100 percent waiver of telephone service deposits and connection/installation charges and a one year 50 percent discount (tier 1) or 30 percent discount (tier 2) on monthly recurring charges is available on all BellSouth tariffed items (excluding WATS, Message Rate Service, and Optional Calling Plans). A recent addition to this offer allows census tracts within an MSA that have been

designated by the state as less developed census areas to qualify for tier 1 level discounts.

One Stop Permitting:

- Georgia offers a consolidated state environmental program with delegated authority from the U.S. Environmental Protection Agency (EPA) for issuance and enforcement of federal permits. The Department of Natural Resources issues or denies all permits required by state and federal environmental protection legislation when a facility is being located in the state. One-stop permitting reduces government red tape and enables prospective industries to obtain required permits within an average of 90 days.

Foreign Trade Zones

- Georgia has three international ports of entry which connect to the foreign trade zones:
 - Atlanta - adjacent to Hartsfield-Jackson International Airport
 - Savannah - adjacent to the Port of Savannah
 - Brunswick - adjacent to the Port of Brunswick
- Three general-purpose zones are connected with Hartsfield-Jackson International Airport: the Atlanta Tradeport in Clayton County, Peachtree City Industrial Park in Fayette County and Canton-Cherokee County Business and Industrial Park in Cherokee County.
- Four additional general-purpose zones are located around the state in Columbus, Griffin, Buford and McDonough.
- Manufacturing subzones include:
 - Pratt & Whitney – Columbus, GA
 - Precision Components International – Columbus, GA
 - Ricoh Electronics – Lawrenceville, GA
 - Yamaha Motor Manufacturing – Newnan, GA
- Customs duties are not levied until merchandise leaves the zone. No duties are paid at all if the merchandise is re-exported.