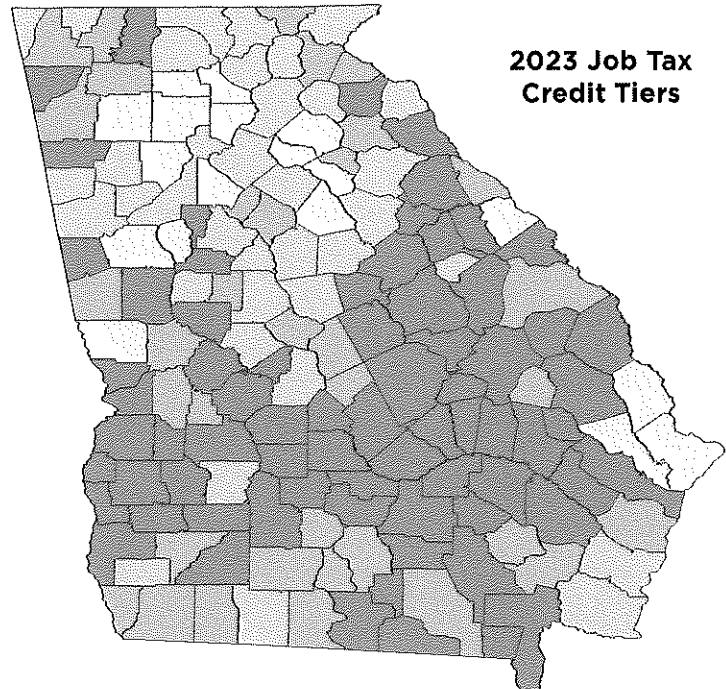


Job Tax Credits

(and Less Developed Census Tracts)

Objective

Encourage economic development, business expansion, and job growth across Georgia, with greater benefits going to businesses locating/expanding in more economically distressed areas of the state



■ Tier 1: 71 Counties ■ Tier 2: 35 Counties
■ Tier 3: 35 Counties ■ Tier 4: 18 Counties

How It Works

- **Broad Availability**
 - › Any employer is eligible for this credit when it creates jobs meeting certain criteria
- **Pay for Performance**
 - › Credits are claimed by companies based on certification of job creation
- **State Oversight**
 - › Professional advisors provide technical assistance on eligibility
- **Marketing Tool**
 - › Used by state and local economic developers to attract prospects and help businesses expand

Year Enacted

1990

Benefit

- **Meets Public Policy Objective**
 - › Integral part of what makes Georgia the #1 state to do business over the last 9 years

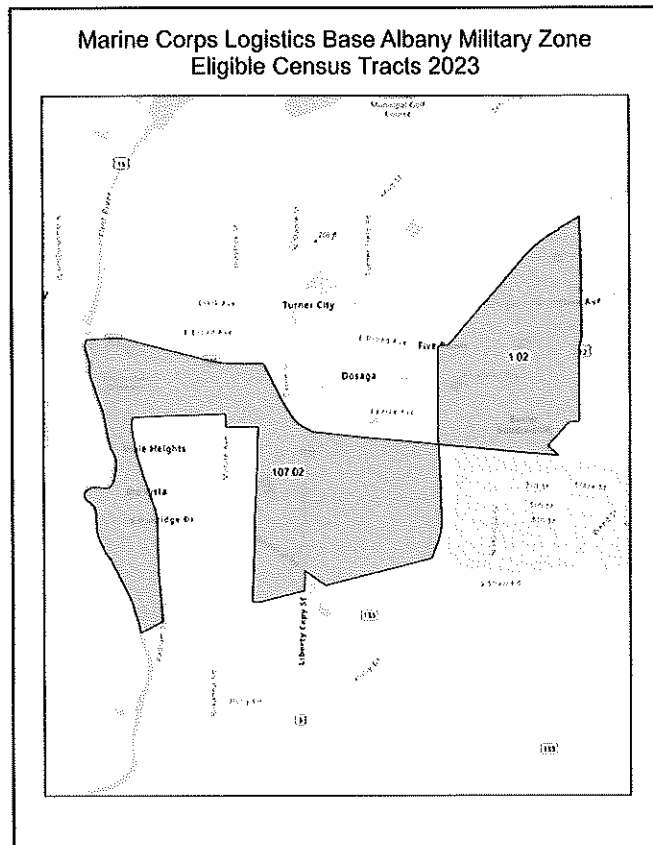
Key Points

- 41 of 50 states have job tax credit programs
 - › Tennessee offers \$4,500 per job in each of its 4 tiers
 - › South Carolina offers up to \$25,000 per job in its highest tier
 - › Georgia offers up to \$3,500 in highest of its 4 tiers
- Georgia designates tiers annually
- Credits are available to most businesses in the following sectors: manufacturing, warehousing and distribution, processing, telecommunications, tourism, research and development industries, or services for the elderly and persons with disabilities

Military and State Opportunity Zones

Objective

Encourage economic development, business expansion, and job growth in Georgia's military communities and areas in need of revitalization



How It Works

- **Geographic Availability**
 - › Employers are eligible for enhanced tax credit benefits within designated geographic areas
- **Pay for Performance**
 - › As a component of the Jobs Tax Credit, credits are claimed by companies based on documentation of job creation
- **State Oversight**
 - › Professional advisors provide technical assistance on eligibility
- **Vehicle for investment**
 - › Used by economic developers to attract prospects to areas of the state with greatest need and that support our nation's servicemen and servicewomen

Key Points

- Allows maximum job tax credit of \$3,500 when revitalizing older commercial and industrial areas in these zones
- Over 130,000 jobs have been created in these zones since 2012

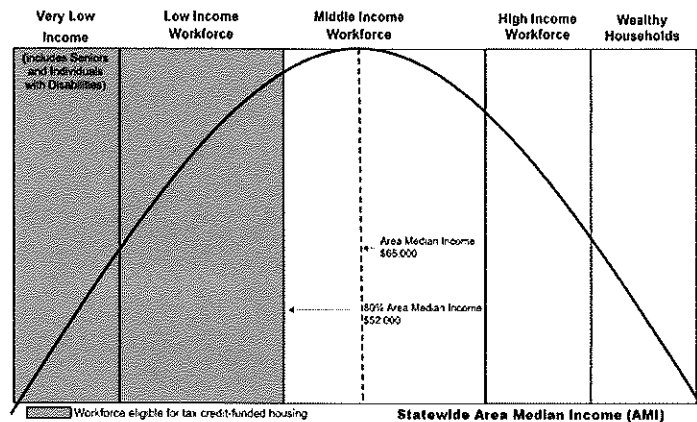
Year Enacted

2004

Benefits

- **Meets Public Policy Objective**
 - › Allows state to incentivize job creation in the communities that support our nation's military and in areas of greatest need of revitalization

Housing Tax Credits



Objective

Construct and rehabilitate affordable rental housing while extending the effectiveness of the federal housing tax credit

Year Enacted

2000

How It Works

- **Rigorous Competitive Process**
 - › Guardrails ensure DCA funds deals with the strongest real estate fundamentals
- **Pay for Performance**
 - › Credits are not claimed until construction is complete and eligible households begin to move in
- **Strong Oversight**
 - › Oversight results from the private owners' and investors' financial incentives and the state's statutory monitoring requirements
- **Leverage Federal Funds**
 - › State credits stretch millions in federal incentives

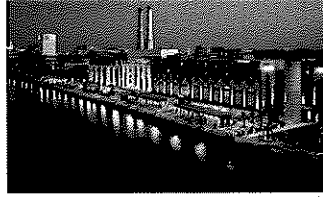
Benefits

- **Meets Public Policy Objective**
 - › Over the last 5 years, DCA financed 39,398 homes across 122 counties using both state and federal credits
- **Supply-Side Solution**
 - › Only effective public policy tool to address housing stock shortage in Georgia

Key Points

- Georgia is a national model for its use and management of housing tax credits
- 22 states have adopted similar programs, up from 15 in 2017
- Program is annually oversubscribed with shovel-ready developments
- This public-private partnership allows private owners to lower their debt burden, enable affordable rents for families, and maintain those affordable rents for 30 years

Historic Rehabilitation Tax Credits



Plant Riverside
Savannah, GA



Coca-Cola Building, Salt Life Apparel
Columbus, GA

Objective

Preserve and reuse historic structures to stimulate economic development, revitalize historic downtowns and neighborhoods, and enrich cultural tourism

How It Works

- **Capped Tax Credit**
 - › \$30 million annual pool of credits are available on first-come, first-served basis
 - Commercial projects are eligible for 25% of total project costs, up to \$5 million per project
 - Commercial projects with 200 employees or with \$5 million annual payroll within 2 years are eligible for \$10 million per project
 - Historic home projects are eligible for 25-30% of project costs, up to \$100,000; and is subject to expire in 2024
- **Pay for Performance**
 - › Project eligibility must be pre-approved
 - › Project costs must be certified upon completion of work before credits can be claimed
- **State Oversight**
 - › Dept. of Revenue administers the historic tax credit program
 - › Dept. of Community Affairs pre-approves project eligibility and ensures it meets preservation and program requirements
- **Investment Tool**
 - › Encourages investment to rehabilitate historic structures, including housing
 - › Enables economic growth through reuse of historic structures and job creation in supportive sectors

Key Points

- 39 states have historic preservation tax credit programs
- Program returns underutilized historic buildings to an active tax base, while creating housing, office space, and other commercial spaces
- Georgia's program aligns closely with the federal historic preservation incentive program
- Program has undergone fundamental change since inception

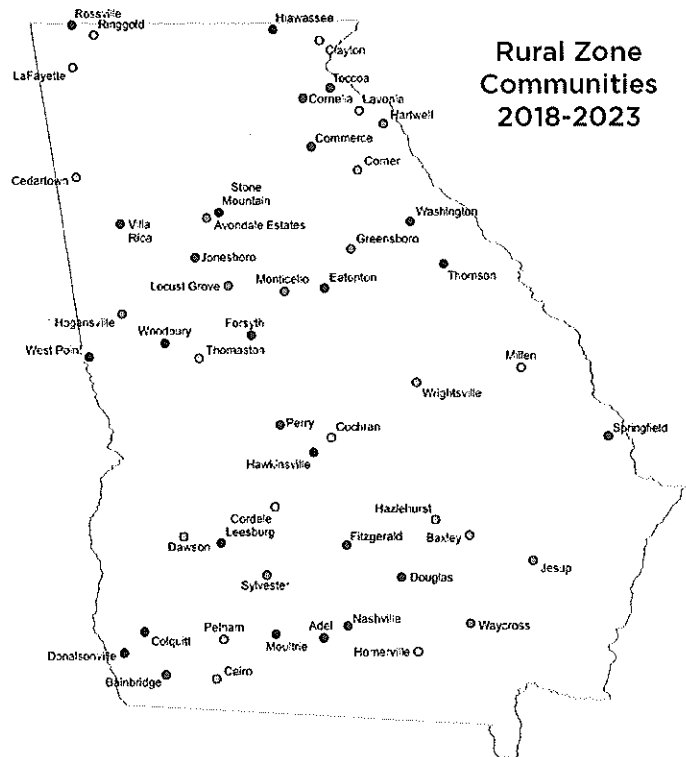
Year Enacted

2002/2016

Benefits

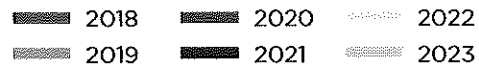
- **Preserves Georgia's History**
 - › Between 2012 and 2022, tax credits enabled 771 preservation projects in 56 counties, including:
 - Mixed Use at Ponce City Market in Atlanta
 - Senior Housing at the Daniel Ashley Hotel in Valdosta
 - Workforce Housing at the Hand Building in Pelham
 - Salt Life Apparel at the Old Coca-Cola Building in Columbus
 - The Grey Restaurant at the Old Greyhound Station in Savannah

Rural Zones



Objective

Stimulate local investment, job creation, and economic development in Georgia's vacant, blighted rural downtowns



How It Works

- **Geographic Eligibility**
 - › Eligible communities have populations under 15,000 with a concentration of historic commercial structures
- **Pay for Performance**
 - › Job, Investment, and Rehabilitation credits available based on new job creation and economic activity
- **Joint Oversight**
 - › Designations determined by Commissioners of Dept. of Community Affairs and Georgia Dept. of Economic Development
- **Revitalization Tool**
 - › Valuable for rural, downtown development to reduce poverty, vacancy, and blight

Year Enacted

2017

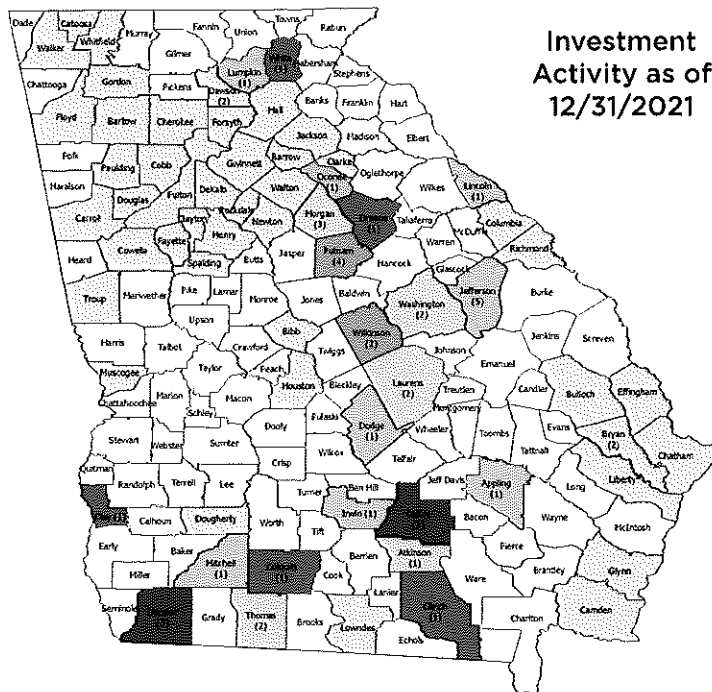
Benefit

- **Renewed Community Commitment to Restoring Georgia's Historic Downtowns**
- **Useful Tool for Rural Downtown**
 - › 52 Rural Zones designated since 2018, with 221 businesses certified to use these tax credits

Key Points

- Communities must apply and include a strategic plan and market analysis
- Designations are valid for 5 years
- Credits are available for the purchase of downtown properties, renovation of properties to make them usable, and job creation activities, which are required to claim credits

Georgia Agribusiness and Rural Jobs Act



Objective

Provide access to capital for small businesses across rural Georgia

How It Works

- **Limited Eligibility**
 - › Eligible businesses must have fewer than 250 employees, have principal operation located in rural Georgia, and be in an eligible industry
- **Capped Credits**
 - › Limited amount of credits awarded equally to five Rural Funds, which in turn raised capital from investors to reinvest in eligible Georgia businesses
- **Oversight**
 - › DCA program staff developed guardrails and provide on eligibility and reporting
- **Investment Driven**
 - › Required \$100 million in capital investment for loans or equity investments to eligible small businesses in rural Georgia

Year Enacted

2017

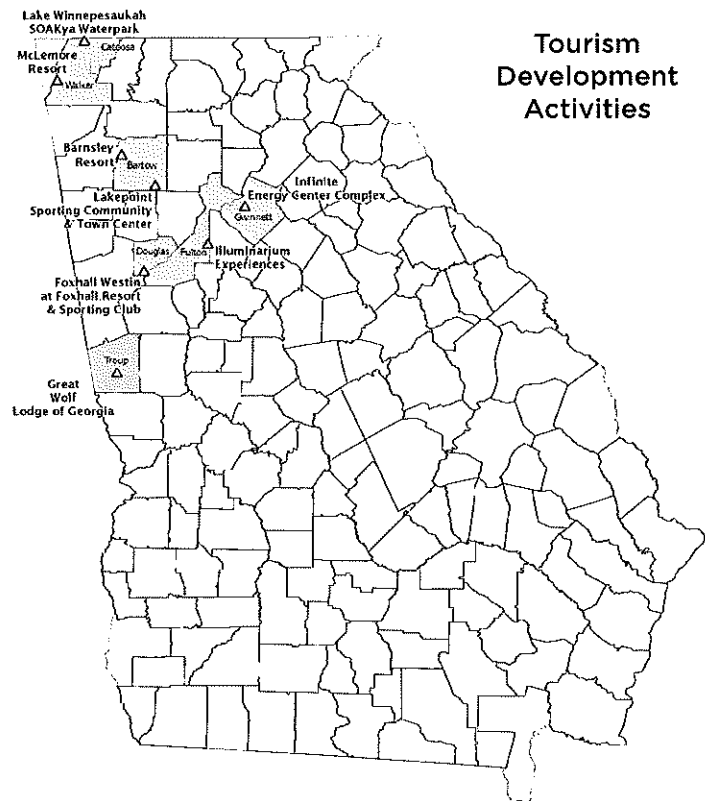
Benefits

- \$112 Million of Capital to 36 Rural Companies
- Job Creation and Retention
 - › As of 2022, the program's investments yielded 964 new jobs and 760 retained jobs

Key Points

- Small businesses must produce or provide goods and services in the agribusiness, manufacturing, health care, technology, or transportation industries to be eligible to participate
- At least 10% of a Rural Fund's investments must be in agribusiness
- Under this program, rural communities are defined as counties with less than 50,000 people
- The maximum amount of investment is \$6.5 million, and the term must be at least 1 year

Tourism Development Act



Objective

Induce the creation or expansion of tourism attractions through sales and use tax refunds

How It Works

- **Limited Eligibility**
 - › Available to large-scale tourism developments meeting specific requirements
- **Tax Refund**
 - › Refunded over a 10-year term
- **Joint Oversight**
 - › Applications are reviewed by the Dept. of Community Affairs and the Dept. of Economic Development
- **Tourism Investment**
 - › Allows for investment in cultural or historic sites, recreation or entertainment facilities, convention and conference centers with hotels, among others

Year Enacted

2013

Benefit

- Program used 8 times to stimulate investment in new or expanding tourism activity

Key Points

- Tourism projects must invest over \$1 million and may claim the refund for the lesser of the total amount of the sales and use taxes generated by the attraction, or up to 2.5% of the project's development costs
- Applications require third-party analyses
- Must attract at least 25 percent of its visitors from out of state by its third year