



BUSINESS INCENTIVES

2019

"[Georgia] was a desirable location for our new facility for many reasons, the area itself offers natural beauty, officials were very welcoming and share our vision for promoting sustainability and agriculture.

The site's proximity to our current headquarters and the Atlanta airport is also ideal for bringing in our customers from all over the globe."

Tim Fernandez
President
YANMAR America





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STABLE, BUSINESS-FRIENDLY STATE

Across the state in towns and cities small and large, Georgia has fostered a stable, business-friendly financial and regulatory environment on which businesses can rely.

STEADY GOVERNMENTAL FOUNDATION

- Georgia is ranked 1st in Cooperative & Responsive State Government (*Area Development, 2014-2018*).
- Georgia has maintained a AAA rating from all three credit agencies for over 20 years.
- The state has a fully-funded rainy day fund, approaching \$2.6B (10%+ of annual expenditures).

FAVORABLE AND PREDICTABLE TAX POLICY AND REGULATIONS

- Georgia’s main incentives for job creation have been in place for 25 years (Job Tax Credit) and 15 years (Quality Jobs Tax Credit and Mega Project Tax Credit).
- Some tax credits can be applied to state payroll withholding liability.
- Nationally, Georgia was early in adopting single-factor apportionment (and the first state in the Southeast).

Single-Factor Apportionment means the percentage of a company’s Georgia taxable income that is subject to Georgia corporate income tax is determined by the percentage of a company’s total sales that are made to customers in Georgia.

Single Factor Apportionment

A company is calculating their state corporate income tax liability for a year in which 5% of sales were in-state and their taxable income was \$1,000,000.

Example Calculation:

5% of total sales from Georgia

x \$100,000 federal taxable income, adjusted for Georgia

= \$50,000 portion of taxable income

x \$5.75 tax rate

= \$2,875 taxes due to the state

HIRING AND TRAINING

QUICK START EMPLOYEE TRAINING

As the No. 1 workforce training program in the country, Quick Start develops and delivers fully customized, strategic workforce solutions for qualified companies investing in Georgia. Quick Start helps companies assess, select and train the right people at the right time for success. **Services are provided free of charge as a discretionary incentive for job creation** for clients opening or expanding manufacturing operations, distribution centers, headquarters operations and customer contact centers in a broad range of industries.



Services include:

- Strategic workforce consultation:** Quick Start’s training professionals work with company subject-matter experts to guarantee training meets business goals.
- Pre-employment assessment:** Helps companies assess candidates according to their own defined criteria and preview their skills.
- Customized post-employment and job-specific training:** From fundamental knowledge to supervised on-the-job training on a company’s own technology and processes, Quick Start prepares employees for maximum effectiveness and efficiency.
- Leadership and productivity enhancement training:** Businesses maintain competitiveness and emphasize continuous improvement for all team members with Quick Start’s guidance. GeorgiaQuickStart.org

HIRING ASSISTANCE

The Georgia Department of Labor (GDOL) assists employers with recruiting qualified employees by posting notices of their job openings, collecting and screening applications and resumes, referring qualified applicants to the employer for employment interviews, providing office space for interviews, and hosting job fairs and/or individual recruitments. The department’s Business Services Unit will plan and execute customized recruiting for new companies.

The GDOL also works with private employment agencies that list job openings with the state.

“From the very beginning, the Georgia Economic Development team has acted as a

VALUED PARTNER

— supporting the startup, and now ongoing operations of our Athens facility. Recently, the workforce-related support we have received, in particular the Quick Start program, has truly contributed to the success of our facility.”

TODD HENRY
ATHENS OPERATIONS MANAGER
BUILDING CONSTRUCTION PRODUCTS DIVISION
CATERPILLAR INC.



EDUCATION

GEORGIA'S COLLEGES AND UNIVERSITIES

Each year, more than 95,000 degrees are earned through Georgia's public and private colleges and universities. These institutions connect employers with their students and graduates through career service centers, which facilitate internships and co-ops, as well as provide employers with recruiting opportunities. Employers can contact individual colleges and universities, the University System of Georgia, the Technical College System of Georgia and the Georgia Independent College Association to learn more.

HOPE SCHOLARSHIP AND GRANT PROGRAMS

HOPE is Georgia's unique scholarship and grant program that rewards Georgia students who are pursuing an undergraduate degree or certification with financial assistance at eligible Georgia public and private colleges and public technical colleges. These programs can be advantageous to relocating families with children, and for companies training employees through local technical colleges. [GAFutures.org](#)

The HOPE Scholarship is awarded to students meeting certain academic requirements. The HOPE Grant provides tuition assistance for residents seeking a technical degree or certificate from one of Georgia's technical colleges. The HOPE Career Grant is a state-funded grant that supplements the HOPE Grant and results in free tuition, as well as assistance with other fees, for Technical College System of Georgia students in majors currently in high-demand.

HOPE CAREER GRANT PROGRAM AREAS

- Welding and Joining Technology
- Diesel Equipment Technology
- Commercial Truck Driving
- Precision Manufacturing
- Certified Engineer Assistant
- Industrial Maintenance
- Automotive Technology
- Aviation Technology
- Construction Technology
- Electrical Lineman Technology
- Logistics/Transportation Technology
- Computer Programming
- Computer Technology
- Movie Production/Set Design
- Health Science
- Early Childhood Care and Education
- Practical Nursing

For a detailed guide on these grants, visit [TCSG.edu/free-tuition](#).

RETRAINING TAX CREDITS

RETRAINING TAX CREDITS

The Retraining Tax Credit mitigates the cost of retraining existing employees so that companies can realize the full value of eligible new technology investments.

Eligible retraining providers include company subject matter experts, technology vendors, private training organizations and Georgia's public technical colleges. Eligible costs include wages paid to employees as they are being trained (and to an instructor from the company), and training materials.

The Retraining Tax Credit value is calculated at 50% of the employer's direct costs, up to \$500 per employee per approved retraining program per year. The total amount of credit for one employee cannot exceed \$1,250 per year.

Training programs must be approved by the Technical College System of Georgia. Retraining Tax Credits can be:

- Used to offset up to 50% of a company's state corporate income tax liability
- Carried forward for 10 years if they are not used during a tax year
- Combined with other tax credits

Retraining Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.5.

For a detailed guide on these credits, visit [TCSG.edu/quick-start](#).

INVESTMENT TAX CREDITS

INVESTMENT TAX CREDIT

Georgia has an investment tax credit available to existing companies in the state. Depending on the tier status of the county where the investment is made, the value of the credit ranges from 1% - 5%. To qualify a company must:

- Have operated either a manufacturing or telecommunications facility in Georgia for at least three years, and make a minimum \$100,000 investment in a new or existing manufacturing or telecommunications facility in Georgia;
- OR
- Have operated a corporate office or other support facility for a manufacturing or telecommunications company in Georgia for at least three years, and make a minimum \$100,000 investment in a new or existing manufacturing or telecommunications facility in Georgia.

Qualified investment expenses include, but are not limited to:

- Land acquisition
- Improvements
- Buildings
- Machinery and equipment to be used in a manufacturing or telecommunications facility

Higher credits (3% - 8%, depending on tier status) are available for investments in:

- Recycling or Pollution Control Equipment
- Defense Plant Manufacturing Conversion to a New Product

The duration of a project shall not exceed three years unless expressly approved in writing by the Commissioner of the Georgia Department of Revenue. This credit may be applied against 50% of state corporate income tax liability. Excess credits may be carried forward for 10 years. To be eligible to receive the credits, a taxpayer must submit a written application to the Georgia Department of Revenue requesting approval of the project plan no later than thirty (30) days after the completion of the project. Taxpayers may claim only one of the job or investment tax credits for a given project. (See page 7 regarding Job Tax Credits.)

Beginning January 2020, once the requirement to first apply the credit to 50% of the state corporate income tax liability is met, eligible companies in Rural Counties within Tiers 1 or 2 can apply credits to payroll withholding. These Rural Counties, as defined by Georgia law, are identified on the map on page 11.

The amount applicable to payroll withholding is capped at \$1 million each year. The maximum amount applicable to payroll withholding statewide for all claiming companies is \$10 million. If total applications exceed \$10 million, the Georgia Department of Revenue will determine a prorated amount for each eligible company.

Investment Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.2, 48-7-40.3, and 48-7-40.4 and in rules published by the Georgia Department of Revenue in regulation 560-7-8-.37.

TIER	INVESTMENT CREDITS	MINIMUM INVESTMENT	USE OF CREDITS	CARRY FORWARD
1	5%-8%*	\$100,000	50% of tax liability**	10 years
2	3%-5%*	\$100,000	50% of tax liability**	10 years
3	1%-3%*	\$100,000	50% of tax liability	10 years
4	1%-3%*	\$100,000	50% of tax liability	10 years

*Recycle, Defense Conversion, Pollution Control

**In Tier 1 and 2 Counties, credits may be applied to payroll withholding after first applying to 50% of tax liability.

Investment Tax Credit

A manufacturer is located in a Tier 1 location. This company invests \$10,000,000 in construction of a new wing for its facility and purchase of machinery and equipment. The total includes \$500,000 in pollution control equipment.

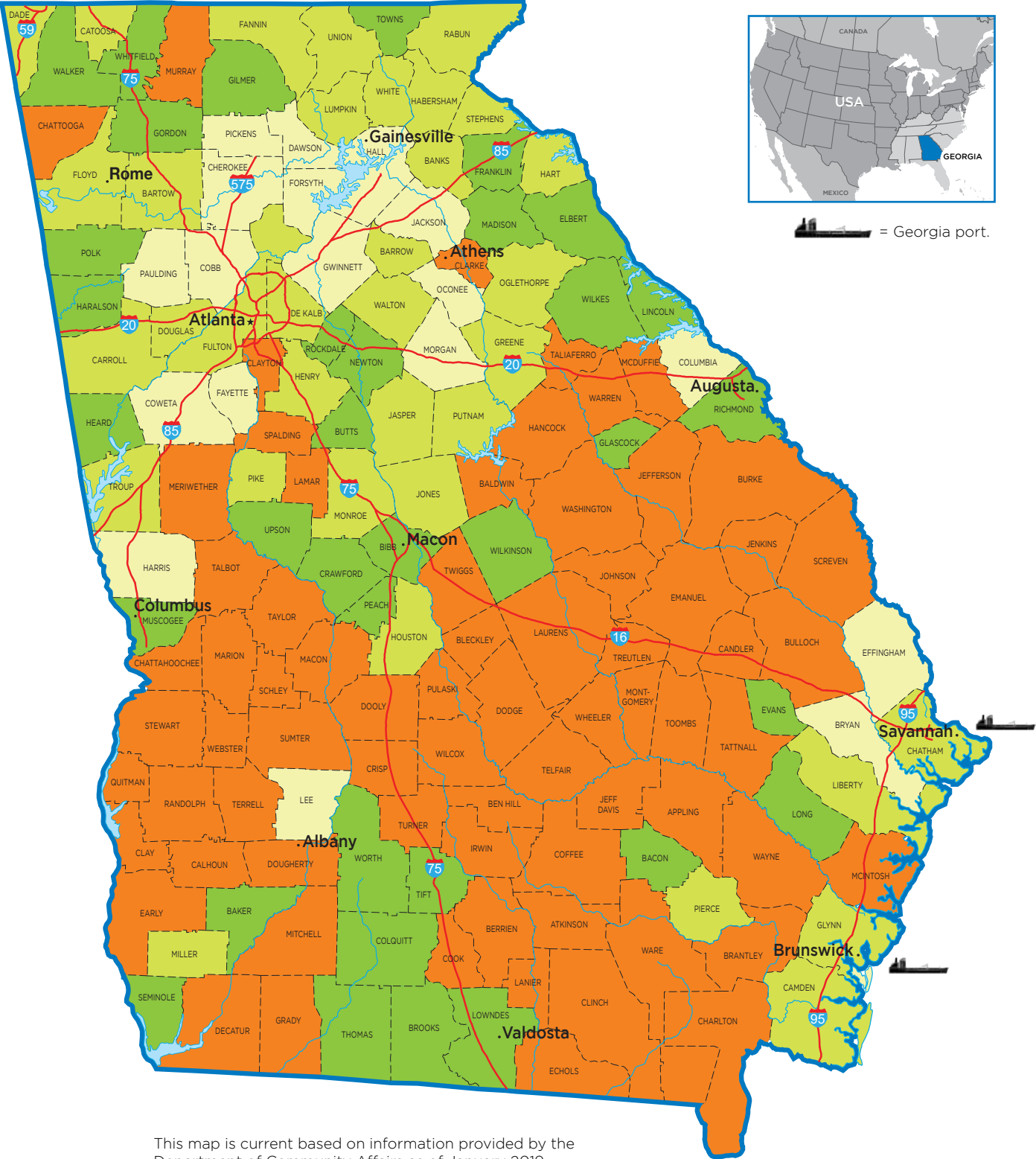
Credit values:

5% investment credits for expansion in Tier 1 location
8% investment credits for pollution control equipment in Tier 1 location

Example Calculation:

\$9.5M x 5% = \$475,000
+ \$0.5M x 8% = \$40,000
= \$515,000 total credits to claim

GEORGIA 2019 JOB TAX CREDIT TIERS



This map is current based on information provided by the Department of Community Affairs as of January 2019.

JOB CREATION TAX CREDITS

JOB TAX CREDIT

New and expanding companies may earn Job Tax Credits for creating new jobs in Georgia. These credits can effectively eliminate a company's corporate income tax liability, and in certain areas can also reduce the company's payroll withholding obligations.

Each year, all 159 Georgia counties are assigned to one of four "tiers" based on the unemployment rate, per capita income, and poverty rate. Counties in Georgia's less developed areas offer higher benefits and have lower qualification requirements.

A county's tier level determines the value of the tax credits earned, and the minimum number of net new full-time jobs that must be created to qualify. Each job must be maintained for five years, and the credit value is earned for the first five years of the job's existence.

TIER	JOB TAX CREDIT \$ (FOR 5 YEARS)	MIN. NEW JOBS	USE OF CREDITS**	CARRY FORWARD
1	\$4,000*	2	100% of tax liability - excess to withholding up to \$3,500	10 years
2	\$3,000*	10	100% of tax liability	10 years
3	\$1,750*	15	50% of tax liability	10 years
4	\$1,250*	25	50% of tax liability	10 years
MZ/OZ	\$3,500	2	100% of tax liability - excess to withholding	10 years
LDCT	\$3,500	5	100% of tax liability - excess to withholding	10 years

*Includes \$500 bonus for Joint Development Authority (JDA). Georgia counties can form partnerships that benefit companies with this \$500 Job Tax Credit bonus. The majority of counties are in a JDA. To confirm a county's status, please call 404.962.4840.

**Tax credits are applied to Georgia corporate income tax liability

MZ= Military Zone OZ= Georgia Opportunity Zone LDCT= Less Developed Census Tract

Job Tax Credit

A distribution facility chooses to locate in a Tier 1 County and create 150 jobs new to Georgia which are maintained for 5 years.

Credit value: \$4,000 in Tier 1 location

Example Calculation:

150 jobs x \$4,000 credits x 5 years
= \$3,000,000 total credits to claim



JOB CREATION TAX CREDITS CONTINUED

QUALIFYING FOR THE JOB TAX CREDIT

A company may qualify for Georgia's Job Tax Credit by creating net new full-time jobs at any location in the state. To qualify, the Georgia facility must be engaged in, or the headquarters of, a specified industry including:

- Manufacturing
- Warehousing, Distribution and Logistics
- Software Development
- FinTech
- Data Centers
- Contact Centers
- Telecommunications
- Research and Development Facilities

To qualify, each job must have a minimum 35-hour work week, offer health insurance benefits consistent with what is offered to existing employees, and pay more than the average wage of the county with the lowest average wage in the state (\$511/week as of June 2019).

Once a company has qualified to earn Job Tax Credits, it can earn a tax credit for each net new job it creates (and maintains) during the next five years. Each of those jobs can earn an annual credit for five years after it is created.

Each year that a company creates net new jobs above the required threshold, a new five-year cycle starts. Net new jobs created outside of a five-year cycle do not earn tax credits unless the net new jobs are above the minimum requirement to start a new cycle.

Credits may be taken against 100% of state corporate income tax liability in Tier 1 and 2 counties, or against 50% of state corporate income tax liability in Tier 3 and 4 counties. Claimed but unused credits may be carried forward for 10 years from the close of the taxable year in which qualified jobs were established.

Job Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40 and rules published by the Georgia Department of Community Affairs in Chapter 110-9.1.

SPECIAL ZONES

Certain areas have special designations that supersede the county tier assignment. Companies in Tier 1, Less Developed Census Tracts (LDCT), Georgia Opportunity Zones (OZ), and Military Zones (MZ) are eligible to use excess Job Tax Credits to offset state payroll withholding liability. OZs and MZs, as well as Georgia's 40 least-developed counties, offer Job Tax Credits to businesses of any nature, including retail, that create at least two net new jobs. To review the locations of these zones, visit Georgia.org/SiteSelector.

GEORGIA VS. FEDERAL OPPORTUNITY ZONES

Georgia's Opportunity Zones (Georgia OZs) are a state-level program that pre-dates the new federal Qualified Opportunity Zones (federal OZs). The Georgia OZs and federal OZs have different geographic areas of eligibility, as well as different types of tax benefit to encourage investment. Georgia OZs reward job creation with credits that the employer can apply to state corporate income taxes and state payroll withholding.

The federal OZs reward private investment with temporary deferrals of federal capital gains taxes for the investor. For more information on federal opportunity zones, including a map of locations in Georgia, visit www.georgia.org/dca.

USING EXCESS JOB TAX CREDITS TO REDUCE GEORGIA PAYROLL WITHHOLDING LIABILITY

Companies with projects located in Tier 1 counties, or Georgia OZs, MZs and LDCTs may apply Job Tax Credits to 100% of their Georgia corporate income tax liability. After all Georgia corporate income tax liability has been satisfied, companies may apply any remaining Job Tax Credits (up to a maximum of \$3,500 per job) against their Georgia payroll withholding liability. Job Tax Credits applied to payroll withholding liability essentially represent new cash flow for the company.

PORT ACTIVITY TAX CREDITS

PORT TAX CREDIT BONUS

The Port Tax Credit is a bonus that can be used with either the Job Tax Credit or the Investment Tax Credit provided that the company meets the requirements for one of those programs and increases imports or exports through a Georgia port by 10% over the previous or base year.

- Required Port Traffic Minimums (Base)
 - o 75 net tons
 - o 5 containers or
 - o 10 TEUs (twenty-foot equivalent units)

The Port Tax Credit can be used with either the Job or Investment Tax Credit program, provided that the increase in port traffic remains above levels established the year of eligibility, and that the company continues to meet the job or investment tax credit requirements:

- Port Tax Credits may be used to offset up to 50% of the company's corporate income tax liability. Unused credits may be carried forward for 10 years.

Note: the Port Tax Credit Bonus cannot be used with the Quality Jobs Tax Credits

- Port Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.15.

PORT TAX CREDIT BONUS FOR JOB TAX CREDITS

This "port bonus" is an additional \$1,250 per job, per year, for up to five years for taxpayers with qualified increases in shipments through a Georgia port. The \$1,250 is added to the Job Tax Credit.

Port Job Tax Credit Bonus

A distribution facility new to using a Georgia port imports 11 TEUs the same year it creates 150 jobs eligible for Job Tax Credits. Both the 150 jobs and the 11 TEUs of imports are maintained each year for five years.

Job Tax Credit value: \$4,000 in Tier 1 location

Port Tax Credit Bonus value: \$1,250

Example Calculation:

150 jobs x \$4,000 Job Tax Credits x 5 years = \$3,000,000
+ 150 jobs x \$1,250 Port Tax Credits x 5 years = \$937,500
= \$3,937,500 total credits to claim

PORT TAX CREDIT BONUS FOR INVESTMENT TAX CREDITS

This "port bonus" increases the Investment Tax Credit to the equivalent of a **Tier 1** location regardless of the tier level; therefore, it would be equal to 5% of the qualified investment in expenses directly related to manufacturing or providing telecommunication services with the credit increasing to 8% for recycling, pollution control and defense conversion investment. *See page 5 for additional information on Investment Tax Credits.*

Port Investment Tax Credit Bonus

A manufacturer located in a Tier 4 county that is new to using a Georgia port imports 11 TEUs of materials. This new port activity occurs during an expansion project with \$10,000,000 in construction and purchase of equipment. The total includes \$500,000 in pollution control equipment.

Port Tax Credit Bonus value:

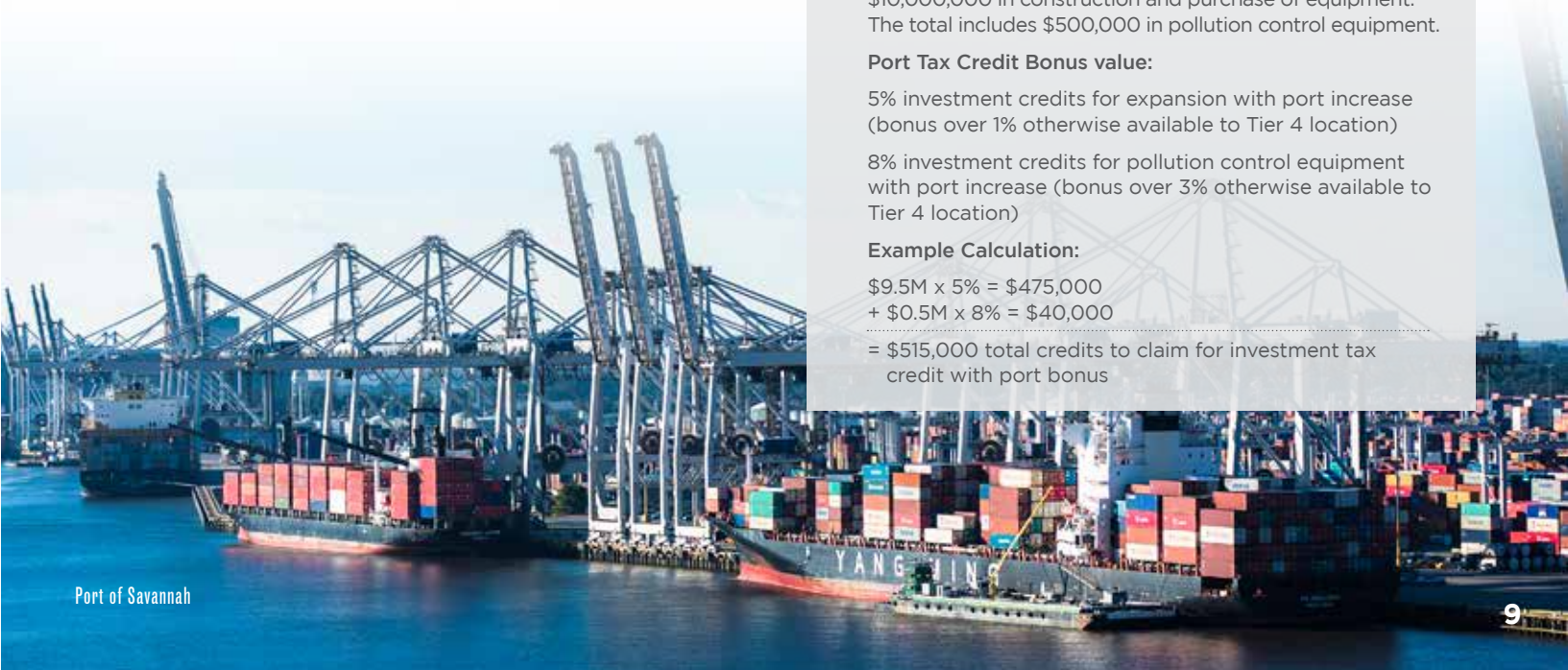
5% investment credits for expansion with port increase (bonus over 1% otherwise available to Tier 4 location)

8% investment credits for pollution control equipment with port increase (bonus over 3% otherwise available to Tier 4 location)

Example Calculation:

\$9.5M x 5% = \$475,000
+ \$0.5M x 8% = \$40,000
= \$515,000 total credits to claim for investment tax credit with port bonus

GEORGIA'S PORT OF SAVANNAH IS THE
FASTEST-GROWING CONTAINER PORT
IN THE UNITED STATES.



Port of Savannah

HIGH-PAYING JOB CREATION TAX CREDITS

QUALITY JOBS TAX CREDIT

Companies may receive Quality Jobs Tax Credits (QJTC) if they create and maintain net new jobs that pay at least 110% of the county's average wage. The QJTC value ranges from \$2,500 to \$5,000 per job, per year, for up to five years.

Companies in Rural Counties in Tiers 1 and 2 must create a minimum of 10 and 25 qualifying jobs, respectively, within a 12-month period to claim QJTC. Companies in the remaining counties of Tiers 1 and 2, as well as Tiers 3 and 4, must create at least 50 qualifying jobs within a 24-month period to claim QJTC.

After qualifying, a company can earn additional QJTC over the next seven years by creating and maintaining additional qualifying jobs. New jobs created after the seven-year period ends do not earn QJTC credits unless the project creates the required minimum net new qualifying jobs in a 12 or 24-month period again to begin another seven-year cycle.

Georgia companies that invest a minimum \$2.5 million in a new facility (as defined by law) while they are earning credits within an established QJTC seven-year window can open a second seven-year window before the end of the one already established.

QJTC may be applied against 100% of the state corporate income tax liability, and once that liability has been exhausted, the credits may be used to offset the company's state payroll withholding. Claimed but unused credits may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established.

A qualifying job can earn QJTCs or Job Tax Credits (JTC), but not both. However, new jobs that do not meet the requirements for the QJTC may be claimed for JTC if they meet JTC eligibility requirements separately. For current average county wages, view the annual Georgia Employment and Wages report on the Publications page of the Georgia Labor Market Explorer website (<https://explorer.gdol.ga.gov>).

QJTCs are subject to requirements outlined in O.C.G.A. § 48-7-40.17 and rules published by the Georgia Department of Revenue in regulation 560-7-8-.51.

% OF COUNTY AVERAGE WAGE	QUALITY JOB TAX CREDIT \$ (FOR 5 YEARS)
≥110% and <120%	\$2,500
≥120% and <150%	\$3,000
≥150% and <175%	\$4,000
≥175% and <200%	\$4,500
200% or greater	\$5,000

USING EXCESS QUALITY JOBS TAX CREDITS TO REDUCE GEORGIA PAYROLL WITHHOLDING LIABILITY

Credits are first applied to 100% of state corporate income tax liability, with excess credits eligible for use against state payroll withholding. Quality Jobs Tax Credits applied to payroll withholding liability essentially represent new cash flow for the company.

Quality Job Tax Credit

A manufacturer chooses a Tier 1 location that has a Rural County designation. The facility creates 200 jobs new to Georgia which are maintained for 5 years.

Additional details of example location:

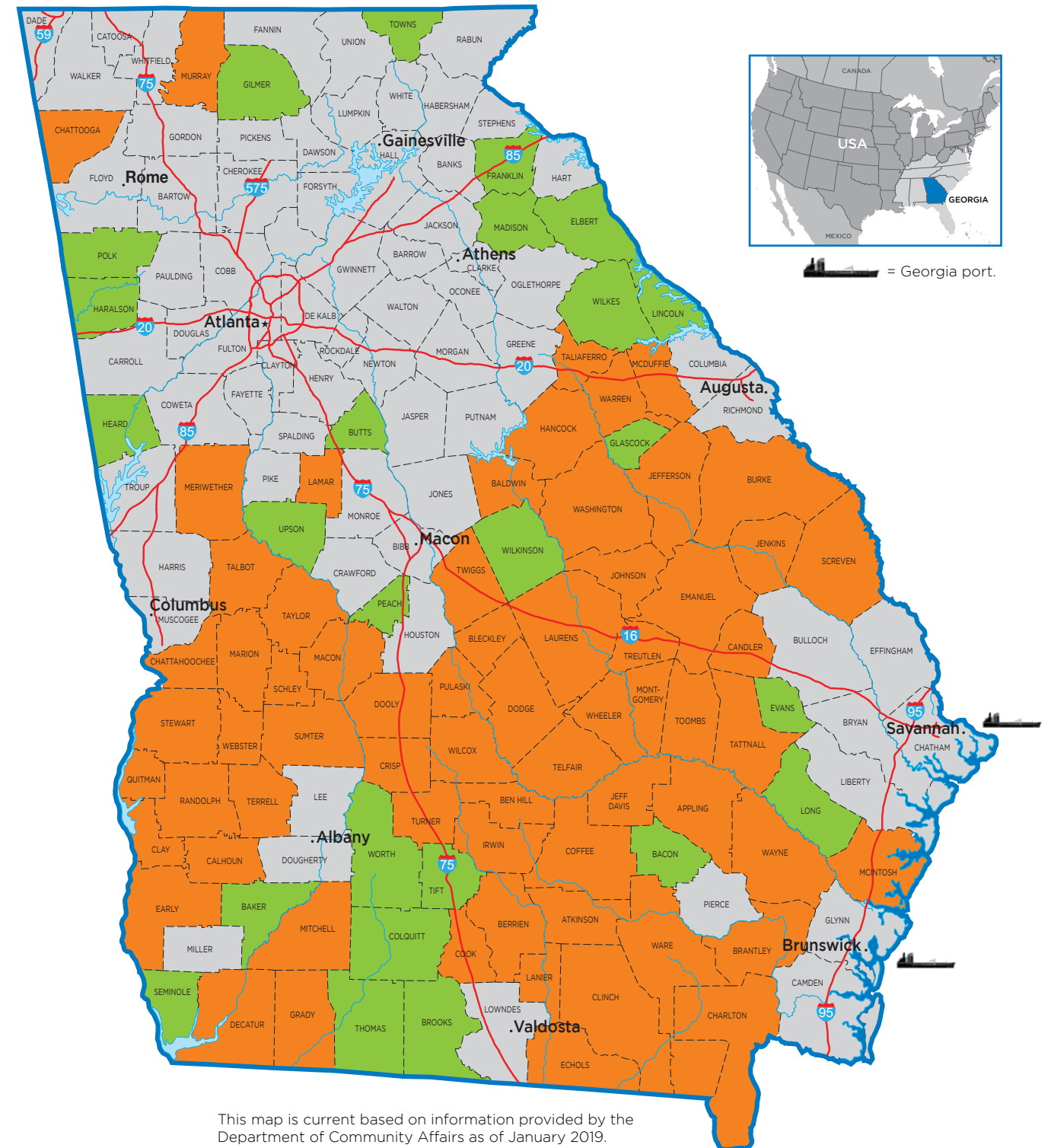
- The 15 new jobs in management each have a wage greater than 110% of the county average wage
- The average wage for those 15 jobs is greater than 200% of the county average wage

QJTC value: \$5,000

JTC value: \$4,000

Example Calculation:

15 jobs x \$5,000 QJTCs x 5 years
= \$375,000 total credits to claim
+ 185 jobs x \$4,000 JTCs x 5 years
= \$3,700,000 total credits to claim
= \$4,075,000 total credits to claim



This map is current based on information provided by the Department of Community Affairs as of January 2019.

TIER & STATUS	MINIMUM NEW JOBS	TIME PERIOD TO CREATE JOBS
Tier 1, Rural	10	12 months
Tier 2, Rural	25	12 months
Remaining Counties	50	24 months

MEGA PROJECT TAX CREDITS

MEGA PROJECT TAX CREDIT

Companies that:

- hire at least 1,800 net new full-time employees;
- either invest a minimum of \$450 million or have a minimum annual payroll of \$150 million; and
- pay an average wage above specified minimums or show high growth potential,

may claim a \$5,250 per job, per year tax credit for the first five years of each net new job position.

Companies can have up to 10 years to meet the job creation threshold depending on the amount of qualified investment:

By the end of:	If the company has purchased or acquired qualified investment property valued:	The company must meet the job creation threshold no later than the end of:
Year 6	Between \$450 million and \$600 million	Year 6
	Between \$600 million and \$800 million	Year 8
Year 8	≥\$800 million	Year 10

USING MEGA PROJECT TAX CREDITS TO REDUCE GEORGIA PAYROLL WITHHOLDING LIABILITY

Credits are first applied to 100% of state corporate income tax liability, with excess credits eligible for use against state payroll withholding. Mega Project Tax Credits applied to payroll withholding liability essentially represent new cash flow for the company.

Credits may be carried forward for 10 years. A maximum of 4,500 new jobs created by any one project may be eligible to receive these credits. If the required 1,800 new jobs are not maintained, the company may be subject to recapture provisions.

Mega Project Tax Credits are subject to detailed program requirements as outlined in O.C.G.A. § 48-7-40.24.



RESEARCH & DEVELOPMENT TAX CREDITS

RESEARCH & DEVELOPMENT TAX CREDIT

Georgia companies performing qualified research and development (R&D) activities in the state may be eligible for tax credits. To qualify, the Georgia facility must be engaged in, or the headquarters of, a specified industry including:

- Manufacturing
- Warehousing, Distribution and Logistics
- Software Development
- FinTech
- Data Centers
- Contact Centers
- Telecommunications
- Research and Development Facilities

Most eligible companies have some level of activity that can qualify for Georgia's R&D tax credit. Expenses for materials and staff time may qualify for the credit if a company has been involved in any of the following activities:

- Developing and testing new prototypes, dies, and molds.
- Developing new assembly line processes.
- Implementing and testing new plant equipment or ERP software.
- Improvement of legacy software solutions or cloud storage.

The R&D credit is applied to 50% of the company's net Georgia corporate income tax liability after all other credits have been applied. Any excess R&D credits can then be applied to the company's state payroll withholding liability. Any unused credits can be carried forward for up to 10 years from the close of the taxable year in which the qualified R&D expenditures were made.

Qualified R&D expenses are defined in Section 41 of the Internal Revenue Code of 1986, as amended, except that all wages paid and all purchases of services and supplies must be for R&D conducted within the state of Georgia. The value of the credit is equal to 10% of the qualified R&D expenditures minus a base amount.

To calculate the base amount, multiply a company's Georgia sales in the current taxable year by either:

- the average of the ratios of its aggregate qualified R&D expenses to sales in Georgia for the preceding three taxable years;
- OR
- 0.300, whichever is less.

If a company had no sales in Georgia during one or more of the three preceding tax years, multiply a company's sales in Georgia in the current taxable year by 0.300 to calculate the base amount.

R&D Tax Credits are subject to program requirements as outlined in O.C.G.A. §48-7-40.12.

R & D Tax Credit

Each year from 2017-2019, a Georgia manufacturer spent \$50,000 that qualified for the federal R&D tax credit. Because the R&D was conducted in Georgia, it was also considered Qualified Research Expenditures (QRE) for the Georgia R&D tax credit. Georgia Gross Receipts (GR) for each year was \$1M.

2017 \$50,000 QRE/\$1M GR = 0.05

2018 \$50,000 QRE/\$1M GR = 0.05

2019 \$50,000 QRE/\$1M GR = 0.05

0.15 total; 0.05 average

- To determine base amount, use whichever is less:
1. Average ratio of QRE from past 3 years:
 $0.05 \times \$1\text{M} = \$50,000 \text{ base amount}$
 - OR
 2. Base amount of 0.300
 $0.30 \times \$1\text{M} = \$300,000 \text{ base amount}$

During its 2020 tax year, a Georgia manufacturer spent \$150,000 on staff time and materials that qualified for the federal R&D tax credit as well as Georgia's QRE.

\$150,000 QRE

- \$50,000 base amount

= \$100,000

x 10%

= \$10,000 total R&D tax credits earned

ADDITIONAL TAX CREDITS

PREMIUM TAX CREDIT

Georgia offers a tax credit against the annual premium tax applied to insurance companies in the state. The tax credit is earned based on new job creation in Georgia.

The amount of the per-job tax credit, how the credits can be used, and the qualification requirements depend on the community's location, which assigns it a designated tier. The map on page 6 illustrates the tier designations of the counties, and the chart below provides details on how the parameters change based on the tier designation.

Once a company has qualified to earn the premium tax credit, each job can earn an annual credit for years two through six, as long as the job is maintained.

TIER	PREMIUM TAX CREDIT \$ (FOR 5 YEARS)	MINIMUM NEW JOBS	USE OF CREDITS	CARRY FORWARD
1	\$3,500	5	100% of Georgia premium tax liability	10 years
2	\$2,500	10	100% of Georgia premium tax liability	10 years
3	\$1,250	15	50% of Georgia premium tax liability	10 years
4	\$750	25	50% of Georgia premium tax liability	10 years

Companies must create between 5 and 25 net new jobs in a year to qualify, depending on the tier of the county. To qualify, the new jobs must have:

- No predetermined end date
- A regular work week of 35 hours or more
- The same benefits provided to other regular employees of the local company (including health insurance coverage)
- An average wage above the average wage of the county with the lowest average wage in the state (\$511/week as of June 2019)

Premium Tax Credits are subject to program requirements as outlined in O.C.G.A. 33-8-4.1 and the 2008 rules and regulations published by the Georgia Department of Community Affairs in 110-9-1.

Premium Tax Credit

An insurance company chooses to locate in a Tier 1 County and create 150 jobs new to Georgia which are maintained for 5 years.

Credit value: \$3,500 in Tier 1 location

Example Calculation:
150 jobs x \$3,500 credits x 5 years
= \$2,625,000 total credits to claim



CHILD CARE TAX CREDIT

The Child Care Tax Credit is for employers who purchase or build qualified child care facilities, or who provide or sponsor child care for employees.

For employers who purchase or build a state-licensed facility, the credit is equal to 100% of the cost of purchase or construction which is earned over 10 years (10% each year). Unused credits can be carried forward for three years.

Employers who provide or sponsor child care at a state-licensed facility are eligible for a credit equal to 75% of the employer's direct costs. Credits that are related to providing or sponsoring child care may be carried forward for five years.

All child care tax credits can be applied to 50% of the corporate income tax liability.

Child Care Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.6 and rules published by the Georgia Department of Revenue in regulation 560-7-8-.38.

PAROLEE TAX CREDIT

Georgia offers a \$2,500 per person tax credit for hiring an individual granted parole within 12 months of his or her date of hire.

This credit, which can be used in addition to any job tax credits that the company may be eligible for with the position, can be used only once per individual, and there is a per-employer limit of \$50,000 for each tax year. The credits are applied to 100% of state corporate income tax liability, with the ability to carry forward any excess credits for three years.

Employers from any industry are eligible for the tax credit, but the company can claim the tax credit only if it pays the individual at or above the average wage of the county with the lowest average wage in the state (\$511/week as of June 2019).

Parolee Tax Credits are subject to program requirements as outlined in O.C.G.A. 48-7-40.31 and rules published by the Georgia Department of Revenue in regulation 560-7-8-.58.

ENTERTAINMENT TAX CREDITS

DIGITAL ENTERTAINMENT TAX CREDIT

A tax credit of 20% may be available to digital/interactive entertainment production companies with a minimum of \$250,000 in qualified expenditures in Georgia (new in 2018). An additional 10% uplift can be earned by including an embedded Georgia logo and web link on the project's promotional webpage, or through approved alternatives if they offer equal or greater marketing opportunities for the state.

This income tax credit may be used against Georgia income tax liability (any excess can reduce the company's Georgia payroll withholding liability). If the interactive entertainment production company chooses, it may make a one-time sale or transfer of the tax credit to one or more Georgia taxpayers.

Interactive entertainment companies will be eligible for this credit only if their gross income is less than \$100 million. New in 2018 – pre-released interactive games may qualify for the tax credit at the 20% rate for up to three years.

The total credits available for interactive entertainment production companies and affiliates will be capped at \$12.5 million each year and will be awarded on a first-come, first-served basis. No single company can receive more than \$1.5 million or the amount of its Georgia payroll total (whichever is less) in a given year.

FILM & TELEVISION TAX CREDIT

Georgia offers tax credits for qualified film, television, music video and commercial productions in Georgia, as well as qualified musical or theatrical performances, or a recorded musical performance synchronized with a movie, television or interactive entertainment production.

Film, Television and Interactive Entertainment Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.26. Musical and Theatrical Performance Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.32.

For more information, visit Georgia.org/Film.



TAX EXEMPTIONS

EXEMPTIONS FOR MANUFACTURERS

SALES AND USE TAX EXEMPTION

Georgia offers sales and use tax exemptions on a wide range of expenditures that manufacturing facilities must make for their operations. Below are key expenditure areas for which Georgia exempts the 6%-8.9% sales and use tax for its manufacturers.

Exemption	Description
Manufacturing Machinery and Equipment	Manufacturing machinery and equipment that is integral and necessary to the manufacturing process and used in a manufacturing facility is exempt from sales tax. Qualifying machinery or equipment must be purchased for a new manufacturing facility, as replacement machinery in an existing manufacturing facility, or for the upgrade or expansion of an existing manufacturing facility. [Ga. Comp. R. & Regs. 560-12-2-.62]
Repair to Industrial Machinery	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery which is necessary and integral to the manufacture of tangible personal property in a presently existing manufacturing plant is exempt from taxation. [Ga. Comp. R. & Regs. 560-12-2-.62]
Raw Materials and Packaging	Materials used for further processing, manufacture, or conversion into components of a finished product; materials coated upon or impregnated into a product being manufactured for sale; and non-reusable materials used to package products for sale or shipment may be purchased tax-free. [Ga. Comp. R. & Regs. 560-12-2-.62]
Energy Used in Manufacturing	The sale, use, storage, or consumption of energy which is necessary and integral to the manufacture of tangible personal property at a manufacturing plant shall be exempt from all sales and use taxation except for the sales and use tax for educational purposes (typically 1.0%). This includes energy used directly or indirectly in a manufacturing facility. [Ga. Comp. R. & Regs. 560-12-2-.64]
Primary Material Handling Equipment	For manufacturers who have a separate portion of their facility designated exclusively for the material handling function, purchases of the machinery and equipment used to handle, move, or store tangible personal property is exempt from sales and use taxes where the total purchase or expansion is valued at \$5 million or more. [Ga. Comp. R. & Regs. 560-12-2-.103]
Pollution Control Equipment	Machinery & equipment used for the primary purpose of reducing or eliminating air and water pollution is exempt. [Ga. Comp. R. & Regs. 560-12-2-.62]
Clean Room Equipment	The sale of machinery, equipment, and materials incorporated into and used in the construction or operation of a clean room of Class 100 or less is exempt from sales tax, if the room is used to produce tangible personal property. The exemption does not include the building of any permanent, nonremovable component of the building that houses the clean room. [O.C.G.A. § 48-8-3(69)]

INVENTORY TAX EXEMPTION

Georgia has no state property tax on inventory or any other real or personal property. Under Georgia’s Level One Freeport law, counties and municipalities have the option of enacting a local property tax exemption for four different classes of inventory at 20%, 40%, 60%, 80% or 100% of the value.

There are two classes of goods under Level One Freeport that relate to manufacturers:

Class One: Inventory of goods in the process of being manufactured or produced including raw materials and partly finished goods.

Class Two: Inventory of finished goods manufactured or produced within this state held by the manufacturer or producer for a period not to exceed 12 months.

EXEMPTIONS FOR DATA CENTERS AND HIGH-TECH COMPANIES

SALES AND USE TAX EXEMPTION

Georgia exempts the 6%-8.9% sales and use tax for data centers and high-tech companies.

Exemption	Description
Data Centers New – Jan 2019	Data center (co-located and single-user) projects that create at least 20 new jobs that are high-paying and meet a minimum threshold of investment may be eligible for a sales and use tax exemption on qualified purchases. The investment thresholds are linked to the population of the county in which the facility is located (from \$100 million to \$250 million). Eligible expenses include materials, components, machinery, hardware, software, or equipment, including but not limited to cooling towers, energy storage or energy efficiency technology, switches, power distribution units, switching gear, peripheral computer devices, routers, batteries, wiring, cabling, or conduit. [Ga. Comp. R. & Regs. 560-12-2-.117]
High-Tech Companies (including Single-User Data Centers)	The sale of certain computer equipment is exempt when the total qualifying purchases by a High Technology Company in a calendar year exceeds \$15 million. A High Technology Company must be classified under certain relevant North American Industry Classification System (NAICS) codes, which include single-user data centers (but not co-located data centers), software publishers, computer systems design, certain telecommunications firms, financial transaction processing facilities, and R&D centers. [Ga. Comp. R. & Regs. 560-12-2-.107]

EXEMPTIONS FOR DISTRIBUTION CENTERS

SALES AND USE TAX EXEMPTION

Georgia exempts the 6%-8.9% sales and use tax for the following equipment.

Exemption	Description
Primary Material Handling Equipment	Distribution or warehouse facilities that invest \$5 million or more in the purchase or expansion of a facility are eligible for sales and use tax exemptions on qualifying purchases. Qualifying equipment is defined as machinery and equipment used to handle, move, or store tangible personal property. The distribution or warehouse facility may not have retail sales equal to or greater than 15 percent of the facility’s total revenues. [Ga. Comp. R. & Regs. 560-12-2-.103]

INVENTORY TAX EXEMPTION

Georgia has no state property tax on inventory or any other real or personal property. Under Georgia's Level One Freeport law, counties and municipalities have the option of enacting a local property tax exemption for four different classes of inventory at 20%, 40%, 60%, 80% or 100% of the value. The third and fourth classes of goods are relevant to distribution centers and warehouse facilities and are as follows:

Class Three: Inventory of finished goods stored in a warehouse, dock or wharf, which is destined for shipment outside this state, for a period not to exceed 12 months.

Class Four: Stock in trade of a fulfillment center that is stored in a warehouse.

Local governments can also hold a referendum to approve Level Two Freeport, which would extend the exemption to any inventory or real property not covered by Level One, including retail inventory. Level One and Level Two Freeport Exemptions are outlined in O.C.G.A. 48-5-48.1, 48-5-48.2, 48-5-48.5, and 48-5-48.6.

FOREIGN-TRADE ZONE (FTZ)

The FTZ program allows qualified companies to defer, decrease or eliminate duties on materials imported from overseas that are used in products assembled in Georgia. In 2018, *Site Selection* magazine awarded “Top Free Zones Award” to the Georgia Foreign-Trade Zone for the second consecutive year. The three international ports of entry in Georgia each have FTZ projects associated with them:

- Atlanta - FTZ #26
- Brunswick - FTZ #144
- Savannah - FTZ #104

EXPANSION SERVICES

Existing Georgia firms, as well as new companies, may qualify for many of the programs outlined in this brochure. These services are provided at no charge to the company.

INTERNATIONAL TRADE

The International Trade Division provides Georgia businesses with free export services including market intelligence, key in-country contacts and cost-effective international opportunities to help them diversify and grow. The division leverages the state's international representatives in 12 strategic global markets - Brazil, Canada, Chile, China, Colombia, Europe, Israel, Japan, Korea, Mexico, Peru and the UK and Ireland - providing customized export services and solutions.

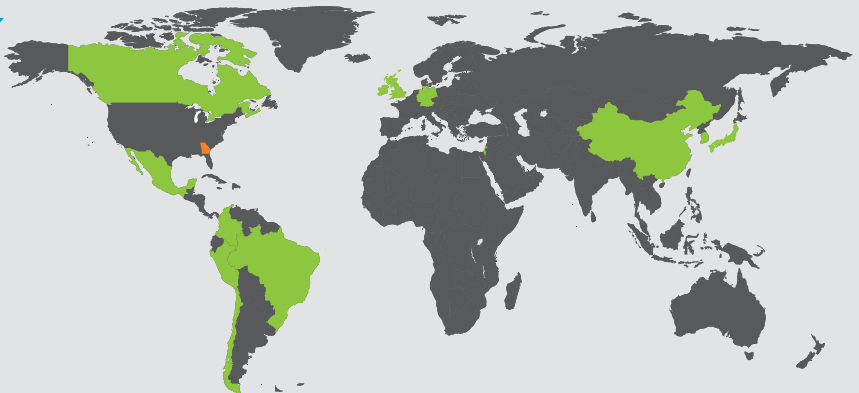
- **Global Insight** - Providing knowledge including the "how-to's" of exporting, industry-specific and country-specific data. Services include research, export education, consultations, market assessments and partner resources.
- **Global Connections** - Matching Georgia suppliers with international buyers/representatives. Accomplished through international and domestic tradeshows, trade missions, incoming buyer delegations, in-country matching, business partner identifications and Trade Opportunity Alert notifications.

"The professionalism and work ethic of the GDEcD Trade staff could not be better. GDEcD is a key reason why AdEdge is growing successfully in Latin America and other countries. We're lucky to have such a
GREAT TEAM
working with us all around the globe."

RICHARD J. CAVAGNARO
CORPORATE COMMUNICATIONS
ADEGE WATER TECHNOLOGIES

GEORGIA'S INTERNATIONAL REPRESENTATIVES

Brazil	Israel
Canada	Japan
Chile	Korea
China	Mexico
Colombia	Peru
Europe	UK & Ireland



SMALL BUSINESS SERVICES

The State of Georgia is committed to serving small businesses across the state. As his first executive order on his first day in office, Governor Kemp created the Georgians First Commission to review state regulations, policies, and procedures to streamline government, remove inefficiencies, and secure Georgia's place as the top state for small business in the country. The Governor asked the Commission to release its findings by June 2020, after which legislative action is anticipated to address priority small business needs in the state. Georgiansfirst.georgia.gov

Today, Georgia's small businesses are eligible for many of the incentives in this brochure, as long as they meet the qualifying requirements. Georgia offers several programs specifically designed to meet the needs of small businesses and entrepreneurs. Georgia.org/SmallBusiness provides resources on how to start, grow, finance, connect and innovate your small business.

STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI)

The State Small Business Credit Initiative is designed for small business lending through banks offering 50% guarantees on loans up to \$400,000 and a loan participation program using SSBCI funds to purchase up to 25% of a loan originated by a participating lender to small business borrowers.

CENTERS OF INNOVATION

Exclusive to Georgia, the Centers of Innovation (COI) are the state's leading resource for facilitating business innovation. Through the assistance of the five centers, Georgia companies translate new ideas and technologies into commercially viable products and services to better compete in the global marketplace. As a division of the Georgia Department of Economic Development, the five individual centers operate statewide.



Georgia businesses receive:

- Focused, deep technical industry expertise
- Identification of new markets and business opportunities
- New product commercialization and development assistance
- Access to research and collaborations
- Business, academic and government partnerships



2018 Georgia Small Business Rock Stars, L to R: ASW Distillery, Atlanta; InPrime Legal, Marietta; Oyster Fine Bamboo Fly Rods, Blue Ridge; Southern Fiber Worx, Cordele

"With the Center of Innovation, they're not interested in equity. They're interested in employment and the revenue that can be driven from your product that's going to create a tax base, that's going to
MAKE THINGS BETTER
for Georgia."

RICK HUSZAGH
CO-FOUNDER
ESCOBO





GEORGIA IS THE NO. 1 STATE FOR BUSINESS

For six consecutive years, *Site Selection* named Georgia as America's #1 state for business. Boasting an extensive logistics system, global access, a talented workforce and an unbeatable quality of life, the "hub of the Southeast" is prime for taking your company to the next level.

We are pleased you are considering doing business in our state. From site location services and employee training, to export assistance and tax incentives, our industry teams at the **Georgia Department of Economic Development (GDEcD)** are ready to help.

We **SPEAK** Business



Georgia Department of Economic Development

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