

State of Georgia Incentives

Single-Factor Apportionment Taxation

This apportionment formula treats a company's gross receipts (or sales) in Georgia as the only relevant factor in determining the portion of that company's income subject to Georgia's 6% corporate income tax.

Most states still use a traditional apportionment formula in which a company's in-state property and payroll factor into the calculation of a company's corporate income tax. Single-factor apportionment significantly reduces the effective rate of Georgia income taxation for companies with substantial sales to customers outside Georgia. In addition, Georgia does not use the so-called "throw back rule" that many states use to tax income from sales of goods or services to out-of-state customers.

Tax Credits

- *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, if they or their headquarters are engaged in strategic industries like manufacturing, warehousing and distribution, processing, telecommunications, R&D or biomedical manufacturing.

Coweta County is a Tier 4 county, so the regular job tax credit is \$1,250 per job per year for 5 years. The credit may be used to offset 50% of the taxpayer's state corporate income tax liability, and any unused credits may be carried forward to 10 years.

Less Developed Census Tract - Several Census tracts in Coweta County have been designated as less developed by the Georgia Department of Community Affairs. Among these areas are industrial properties in a portion of Coweta Industrial Park, Shenandoah Industrial Park, Newnan South Industrial Park and Grantville. Companies that create at least 5 net new jobs in these areas may take a job tax credit of \$3,500 per job per year for 5 years. Credits may be applied to 100% of the taxpayer's corporate income tax liability, and excess credits may be applied against withholding if the proper steps are taken with the Georgia Department of Revenue.

- *Port Tax Credit Bonus* – The 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 credit is available to taxpayers who qualify for the Job Tax Credit or the Investment Tax Credit, and increase imports or exports through a Georgia port by 10 percent over the previous or base year. Base year port traffic must be at least 75 net tons, five containers or 10 TEUs (twenty-foot equivalent units); if not, the percentage increase in port traffic will be calculated using 75 net tons, five containers 10 TEUs as the base.

- *Quality Job Tax Credit* – Companies may receive Quality Job Tax Credits if, during a 12-month period, they created and maintain at least 50 net new jobs that pay at least 110 percent of the county’s average wage. Credits may offset a company’s payroll withholding once all other corporate income tax liability has been exhausted, and credits may be carried forward for 10 years. New positions that do not qualify for the Quality Job Tax Credit may still be eligible for Georgia’s job tax credit if they meet the requirements for that credit.

For company’s locating or expanding in Coweta County, the following table shows the value of the Quality Job Tax Credit:

Average Wage Requirement	Tax Credit Value Per New Quality Job
\$20.19 - \$22.01	\$2,500
\$22.02 - \$27.52	\$3,000
\$27.53 - \$32.10	\$4,000
\$32.11 - \$36.69	\$4,500
\$36.70 or more	\$5,000

- *Research & Development Tax Credit* – R&D tax credits are available to any company that increases its qualified research spending. Brand new companies, existing companies embarking on R&D for the first time, established companies expanding their R&D budget are all eligible for the credit. The tax credit earned is a portion of the increase in R&D spending.
- *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.
- *Retraining Tax Credit* – Part of a company’s direct investment in training full-time employees can be claimed as a tax credit, provided the training program is approved by the Technical College System of Georgia and the training is in quality and productivity enhancements or certain software technologies. The value of the tax credit is calculated at 50 percent 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.
- *Work Opportunity Tax Credit Program (WOTC)* – The Georgia Department of Labor coordinates the federal Work Opportunity Tax Credit Program, which is an incentive that the US government provides to private-sector businesses for hiring individuals from 9 target groups who have consistently face barriers to employment, including unemployed veterans and certain TANF recipients.

Companies are compensated by being able to reduce their federal income tax liability with a tax credit ranging from \$1,200 to \$9,000 per qualified employee, depending on the target group.

- *Child Care Tax Credit* – Employers who purchase or build qualified child care facilities, or who provide or sponsor child care for employees, may be eligible for a tax credit.
- *Parolee 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.

Tax Exemptions

Georgia helps companies lower their cost of doing business by offering the ability to purchase various types of products and services tax free.

- *Manufacturing Machinery and Equipment* – Manufacturing machinery and equipment that is integral and necessary to the manufacturing process and used in a manufacturing facility located in Georgia 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.
- *Repair to Industrial Machinery* – The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery that is necessary and integral to the manufacture of tangible personal property in an existing manufacturing plant is exempt from taxation.
- *Industrial Materials and Packaging* – Materials used for further processing, manufacture or conversion into components or a finished product, 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.
- *Energy Used in Manufacturing* – The sale, use, storage or consumption of energy that is necessary and integral to the manufacturing process is exempt, except for the 1% portion dedicated to education. This includes energy used directly or indirectly in a manufacturing facility. Specifically, energy means natural or artificial gas, oil, gasoline, electricity, solid fuel, wood, waste, ice, steam, water and other materials necessary and integral for heat, light, power, refrigeration, climate control, processing or any other use in the manufacture of tangible personal property. Counties and cities have the option of passing a local excise tax of the value of the local portion of sales and use tax being exempted; however, Coweta County and none of the cities in the county have implemented this local excise tax.
- *Primary Material Handling Equipment* – Machinery and equipment used to handle, move or store tangible personal property in a new or expanded distribution or warehouse facility where the total purchase or expansion is valued

at \$5 million or more is exempt. The distribution or warehouse facility may not have retail sales equal to or greater than 15% of the facility's total revenues.

- *Pollution Control Equipment* – The sale of machinery and equipment and any repair, replacement or component parts for such machinery and equipment which is used for the primary purpose of reducing or eliminating air or water pollution is exempt.
- *Computer Hardware and Software for High Technology Companies* – The sale of certain computer equipment is exempt when the total qualifying purchases by a high technology company in a calendar year exceed \$15 million. A high technology company must be classified under certain relevant North American Industry Classification System codes.
- *Clean Room Equipment* – Machinery, equipment and materials used in the construction or operation of a clean room of Class 100 or less when the clean room is used directly in the manufacture of tangible personal property is exempt.
- *Water Costs* – The sale of water delivered through mains, lines or pipes is specifically exempt.
- *Telecommunications Services* – Local exchange telephone service is subject to sales and use tax. All other call service types (VoIP, long distance) are not.

Foreign Trade Zone (FTZ) – Coweta County is located within an approved FTZ Service Area, so companies may apply for FTZ designation. Georgia is a recognized leader in working with companies to facilitate use of the program. Importing and exporting are central to many businesses' success, and the program streamlines those activities and lowers costs. 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.

One-Stop Environmental Permitting – Georgia's environmental permitting program is consolidated with the U.S. Environmental Protection Agency (EPA) for the issuance of federal permits; a one-stop process that provides a faster turnaround than in states that must rely on U.S. EPA to issue permits. The director of the Environmental Protection Division (EPD) of the Georgia Department of Natural Resources is authorized to grant all permits provided for by EPD-enforced laws, including the Federal Clean Water, Clean Air and Safe Drinking Water Acts.

Major regulatory programs currently assigned to EPD include air quality control, water quality control and withdrawal, hazardous waste management, solid waste management and wastewater land application. Georgia's one-stop permitting reduces government red tape and enables companies to acquire required permits more quickly. In addition, Georgia EPD offers optional, fee-based, expedited air quality permitting for projects with very short lead times.

Georgia Department of Labor Hiring Assistance – Georgia's 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.

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.

HOPE Scholarship and Grant Program – Helping Outstanding Pupils Educationally – is Georgia's unique scholarship and grant program that rewards students with financial assistance in degree, diploma and certificate programs at eligible Georgia public and private colleges and universities, and public technical colleges.

The HOPE Scholarship is available to eligible Georgia students who meet academic requirements, and covers a substantial percentage of tuition costs for degree programs in Georgia's public colleges and universities.

The HOPE Grant provides tuition assistance to eligible Georgia residents seeking a technical degree or certificate at one of Georgia's technical colleges. Eligibility is not dependent upon high school GPA and is open to students enrolled in a technical college who have not already earned a bachelor's degree. These programs can be advantageous to relocating families with children, and for companies training employees through local technical colleges.

State Small Business Credit Initiative – The State Small Business Credit Initiative is designed for small business lending through banks or Community Development Financial Institutions (CDFIs) offering loan guarantees and partnership lending opportunities.

Angel Investor Tax Credit – Georgia offers an income tax credit for qualified investors who invest in certain qualified businesses in Georgia. The credit is claimed two years after the investment is made. The credit is 35 percent of the investment with an individual investor cap of \$50,000 per year.

Existing Industry Investment Tax Credit – Georgia has an investment tax credit available to existing companies in the state. The value of the credit in Coweta County is 1% of the qualifying investment expenses; however, a credit of 3% is available for

investments in recycling or pollution control equipment or for defense plant manufacturing conversion to a new product.

Georgia Centers of Innovation – Exclusive to Georgia, the Centers of Innovation provide the technical industry expertise, collaborative research and partnerships to help the state's strategic industries connect, compete and grow globally. As a division of the Georgia Department of Economic Development, the six individual centers operate statewide with a focus on: Aerospace, Agribusiness, Energy Technology, Information Technology, Logistics and Manufacturing.

Georgia businesses receive:

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

International Trade Assistance – 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 11 strategic global markets - Brazil, Canada, Chile, China, Colombia, Europe, Israel, Japan, Korea, Mexico and the UK and Ireland – providing customized export services and solutions.