

Metropolitan Atlanta Business Relocation and Expansion Incentives Summary

Atlanta, its suburban counties, and the State of Georgia offer a variety of incentives to new business and industry. [Here is a brief summary:](#)

JOB CREATION CREDITS

A. JOB TAX CREDIT (May be combined with Child Care, Retraining credits)

For new, full-time jobs created, Job Tax Credit rates for Metro Atlanta counties range from \$1,250 to \$4,000 per job, per year, for five (5) years, depending on location. (The less developed the county is, the greater the credit amount.) Minimum new job creation requirements range from 5 to 25, again depending on location.

- **To qualify, new jobs created must be 35+ hours per week, offer health care and pay at least \$275 per week (\$14,300 per year).**
- Firms locating in certain low-income areas of the City of Atlanta, DeKalb or Clayton counties may qualify for job tax credits up to \$4,000 per year and may be applied to 100% of annual corporate income tax for 5 years.
- Jobs created must exist for 1 full year before being claimed.
- A withholding tax rebate option is available in Tier 1 counties.
- Limitation: For Tier 3 & 4 counties, total credit cannot exceed 50% of firm's annual state income tax obligation. Unused credits may be carried forward ten years from the date the jobs were created. The rate for Tier 1 and 2 counties is 100%.

This credit is handled by the Georgia Department of Community Affairs

Eligible job categories: **Manufacturing** (including materials processing), **warehousing and distribution, processing** (means those establishments primarily engaged in providing data processing, information processing, computer software, or telemarketing services, certain others), **telecommunications, research & development, tourism**, or **headquarters** of such operations (meaning the central world or national administrative offices of a business enterprise that is primarily engaged in performing management and general administrative functions for businesses in the preceding categories).

Carry-forward provision: Any credit earned under these provisions but not claimed in a taxable year may be carried forward for ten (10) years from the close of the taxable year in which the jobs were established.

A. JOB TAX CREDIT, continued

Job Tax Credit Rates by County with sample calculations

CREDIT: Job tax credit (see table below) is PER JOB, PER YEAR. CREDIT EARNED MAY BE APPLIED TO CORPORATE INCOME TAX LIABILITY FOR 5 YEARS. A credit earned but not used in any taxable year may be carried forward for 10 years from the close of the year in which the jobs were created.

MINIMUM WAGE QUALIFICATION: Jobs created in any county must have weekly wages that are greater than \$275 (\$14,300 annually).

County	Tier	Minimum Jobs * required in 1 year	Job tax credit **	Max Tax offset / year	How to estimate the Value of Credit (maximum 5-year benefit)
Barrow	3	15	\$1,750	50%	Example 1: Company locates in a Tier 3 county and creates 50 qualifying jobs in its first year of operation: JTC x # of jobs x 5 years \$1,750 x 50 x 5 = \$437,500
Bartow	3	15	1,750	50%	
Butts	3	15	1,750	50%	
Carroll	2	10	3,000	100%	
Cherokee	4	25	1,250	50%	
Clayton ↓	2	10	3,000	100%	
Cobb	4	25	1,250	50%	
Coweta	3	15	1,750	50%	
Dawson	4	25	1,250	50%	
DeKalb	3	15	1,750	50%	
Douglas ↓	3	15	1,750	50%	Example 2: Company locates in a Tier 4 county and creates 200 qualifying jobs in its first year of operation: JTC x # of jobs x 5 years \$1,250 x 200 x 5 = \$1,250,000
Fayette	4	25	1,250	50%	
Forsyth	4	25	1,250	50%	
Fulton ↓	2	10	3,000	100%	
Gwinnett	4	25	1,250	50%	
Haralson ↑	2	10	3,000	100%	
Heard	2	10	3,000	100%	
Henry	4	25	1,250	50%	
Jasper ↓	2	10	3,000	100%	
Lamar	2	10	3,000	100%	
Meriwether	1	5	4,000	100%	SPECIAL NOTE: In Tier 1 counties, in addition to offering 100% income tax offset, companies may also apply unused credit to income tax withholding.
Newton	3	15	1,750	50%	
Paulding	3	15	1,750	50%	
Pickens	4	25	1,250	50%	
Pike	3	15	1,750	50%	
Rockdale ↓	3	15	1,750	50%	
Spalding	2	10	3,000	100%	
Walton	3	15	1,750	50%	

* See page one for description of eligible jobs.

** Includes \$500 bonus for forming joint development authority, if applicable

Bold face indicates that county is newly added to Atlanta MSA in 2003.

Blue face indicates county had Tier change effective 1/1/05

Updated 12/28/04 JWG

B. CORPORATE HEADQUARTERS TAX CREDIT

A company relocating or establishing its national or international headquarters*, or that of an affiliate, in this state, will qualify for options and credits, if they meet each of these criteria:

*** See "Definitions" at on page 13 of this chapter**

- Within one year employs at least **50** persons in new full-time headquarters staff jobs (jobs defined as executive, administrative or professional workers performing headquarters related functions and services), **AND,**
- Within one year incurs within the state a minimum of \$1 million in construction, renovation, leasing, or other costs related to such establishment or relocation, **AND,**
- Pays wages that are higher than the average wage for the county in which they locate. (Minimum of 115% above average for Tier 4 counties, 110% above average for Tier 3 counties, 105% above average for Tier 2 counties, or above the average for Tier 1 counties.), **AND,**

HOW IT WORKS: (1) A higher job tax credit or (2) a payroll withholding tax credit, or a combination of each, is possible. If a company is facing Georgia corporate income tax liability, it **MUST** first apply credits earned under this incentive toward that liability. If surplus credit remains, or if the company faces no corporate income tax liability, then the excess may be taken as a credit against the company's quarterly or monthly withholding tax payment. **Credit is good for five (5) years, with a ten-year carry forward privilege from the year in which the jobs were created.**

1. CREDIT TOWARD STATE CORPORATE INCOME TAX

CREDIT: The company will then be allowed a credit for CORPORATE INCOME taxes imposed equal to **\$2,500 annually** per eligible new full-time job -- see table on page 2. A minimum of 50 new headquarters jobs must meet this requirement.

This credit may be used to offset 100% of tax liability in the taxable year.

The credit increases to \$5,000 if the average wage of the new jobs is 200 % or more of the average wage* of the county in which such jobs are located.		
To qualify for the \$5,000 level of this credit, salaries must be at least:		
Cobb - \$84,552	Fayette - \$66,976	Fulton ** - \$97,552
DeKalb - \$83,720	Forsyth - \$71,968	Gwinnett - \$79,040

* 2Q04 data (latest published) ** City of Atlanta is in Fulton County

2. PAYROLL TAX CREDIT OPTION

When the amount of earned credit exceeds a taxpayer's Corporate Income Tax liability in a tax year, the excess may be taken as a credit against taxpayer's quarterly or monthly payment under payroll taxes, not to exceed \$2,500 or \$5,000 annually per job, depending on the wage criteria cited above. Credit claimed under this Code but not used in any taxable year may be carried forward for 10 years.

This credit is administered by the Georgia Department of Revenue

OTHER TAX CREDITS

Investment Tax Credit (May be combined with Child Care Tax Credit, Retraining Tax Credit) - Based on the same tiers as the Job Tax Credit program. It allows a taxpayer that has operated an existing manufacturing or telecommunications facility or manufacturing or telecommunications support facility in the state for the previous three years to obtain a credit against income tax liability. **The credit is available in reference to expenses directly related to manufacturing or providing telecommunications services.**

Taxpayers must apply (use Form IT-APP) and receive approval before they claim the credit on their returns. Taxpayer may choose either the job tax credit, the investment tax credit or the optional investment tax credit but only one. Companies expanding in **Tier 1 counties** must invest \$50,000 to receive a 5% credit. That credit increases to 8% for recycling, pollution control, and defense conversion activities. Companies expanding in **Tier 2 counties** must invest \$50,000 to receive a 3% tax credit. That credit increases to 5% for recycling, pollution control, and defense conversion activities. Companies expanding in **Tier 3 or Tier 4 counties** must invest \$50,000 to receive a 1% credit. That credit increases to 3% for recycling, pollution control, and defense conversion activities.

Research & Development Tax Credit - A tax credit is allowed for research expenses for research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, and research and development industries. Taxpayer must have positive net income for the previous three years. Taxpayer must qualify for a research credit under Section 41 of the 1986 IRS code to be eligible for the Georgia credit. The credit shall be 10% of the additional research expense over the "base amount". The tax credit may be carried forward 10 years but may not exceed 50% of the business's net tax liability in any one year.

Child Care Tax Credit (May be combined with Job Tax Credit, Retraining Tax Credit) - Employers who provide or sponsor childcare for employees are eligible for a tax credit of up to 75% of the direct cost of operation to the employer. The credit cannot exceed more than 50% of the taxpayer's total state income tax liability for that taxable year. Businesses that construct on-site childcare facilities for the children of their employees are allowed a 100 % write off of the construction over a 10-year period.

Retraining Tax Credit (May be combined with Job Tax Credit, Child Care Tax Credit) - The retraining tax credit allows some employers to claim certain costs of retraining employees to use new equipment, new technology, or new operating systems. The credit can be worth 50% of the direct costs of retraining full-time employees up to \$500 per employee per approved retraining program per year. The credit cannot be more than 50% of the taxpayer's total state income tax liability for a tax year. Credits claimed but not used may be carried forward for 10 years. The training must:

1. enhance the skills of employees otherwise unable to function effectively on new equipment;
2. be approved by the Department of Technical and Adult Education; and
3. be provided at no cost to the employee.

The credit cannot be more than 50% of the taxpayer's total state income tax liability for that taxable year. Any credit claimed for any taxable year beginning on or after January 1, 1998 but not used in any such taxable year may be carried forward for 10 years from the

close of the taxable year in which the tax credit was granted. The State also allows a company to look back 3 years, via an amended corporate tax return.

Opportunity Zone tax credits - New 2004 legislation creates a program within the State's Job Tax Credit Program of "Opportunity Zone" tax credits. The OZ Tax Credit Program authorizes the Dept. of Community Affairs to designate as a "less developed area" an area that has 20% or greater poverty, within an enterprise zone, where an urban redevelopment plan exists. State resources are directed towards these "pockets of poverty" in a way that can be supplemented by federal programs that DCA administers.

Opportunity Zone Tax Credit Benefits:

- the maximum Job Tax Credit allowed under law
- use of Job Tax Credits against 100 percent of income tax liability and withholding
- expansion of the definition of "business enterprise" to include all businesses of any nature

Ports Activity Job Tax & Investment Tax Credits – Companies that increase their port traffic tonnage - net tons, containers, or 20-foot equivalent units (TEUs) - through Georgia ports by more than 10% over 1997 base year port traffic, or 75 net tons, five containers, or 10 TEUs, during the previous 12 month period, and meet Business Expansion and Support Act (BEST) criteria for the county in which they are located, are qualified for increased job tax credits of \$1,250 per job or investment tax credits. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEUs.

Each of the foregoing tax credits previously reviewed, including the Job Tax Credit or Investment Tax Credit, and the Headquarters Tax credit, may be claimed retroactively for a period of not more than three (3) years, consistent with Georgia tax law allowing amended returns up to three years retroactively. Credits claimed in this manner will be subject to review to determine eligibility.

ATLANTA AND GEORGIA FOREIGN TRADE ZONES

A Foreign-Trade Zone (FTZ) is a restricted-access site, typically near a Customs port of entry, in which foreign and domestic merchandise may be admitted without being subject to:

- Formal Customs entry procedures
- Payment of Customs duties
- Payment of federal excise taxes

When merchandise is removed from an FTZ, Customs duties may be eliminated if the goods are then exported from the United States. If the merchandise is formally entered into U.S. commerce, Customs duties and excise taxes are due at the time of transfer from the FTZ. The duties are often at a lower rate at the time of entry.

The State of Georgia has FTZ's at each of the three international ports of entry:

- **Atlanta** (Located at the Atlanta Tradeport immediately east of Hartsfield-Jackson International airport on the city's south side)
- **Savannah**
- **Brunswick**

In addition, there are 14 individual companies throughout the state operating as FTZ subzones. Applications for FTZ designation are submitted by the appropriate FTZ grantee on behalf of the applicant. The Foreign-Trade Zones Board, a division of the U.S. Department of Commerce, and U.S. Customs and Border Protection review and approve or deny the application. This process typically takes 10-12 months to complete.

TRAINING INCENTIVES



a unit of the Georgia Department of Technical and Adult Education

Cost-Free Customized Employee Training - Georgia's highly-acclaimed **Quick Start** training program offers sophisticated customized training jointly developed with your company. Quick Start has been singled out by **Fortune**, as well as **Training**, and **Expansion Management** magazines for its effectiveness in providing the most comprehensive and advanced training in the nation. Quick Start epitomizes Georgia's economic growth and workforce development by functioning as an incentive to new business and industry as well as promoting the expansion of existing businesses. Quick Start helps industries start up and expand their operations in Georgia by creating customized training programs.

This cost-free program covers development of all training plans and materials, plus actual training conducted in your facilities or in one of the state-of-the-art vocational-technical colleges located throughout metro Atlanta. **Jobs typically not eligible:** *Retail, outbound telemarketing, healthcare, collections, hospitality, drivers or religious oriented non-profit jobs.*

Training can be conducted for both pre-employment and post-employment programs.

Assessments

Services may be provided for the establishment of assessment procedures in various areas including:

- Work Profiling
- Job Analysis
- Key Job Tasks
- Key Human Attributes
- Key Context Factors
- Employee Involvement
- Customer Service
- Quality
- ISO 9000 Readiness Assessment
- QS 9000 Readiness Assessment
- Safety and Environmental
- Maintenance Skills Assessment
- Computers and Office Automation

Company Orientation

This training is designed to introduce new employees to the company. Deliverables may include written materials, audio-visual support materials, and a company orientation video to complement training.

Manufacturing Process Overview: Core Skills

- General Industrial
- Safety Overview
- Basic Math Overview
- Basic Blueprint Interpretation
- Precision Measurement Overview
- Safety
- Process Simulation
- Work Simulation

Technical and Advanced Manufacturing Technology Training

This training is designed to teach selected employees the company's specific operating process. Each manufacturing process is thoroughly analyzed to determine the appropriate type of training needed to ensure the trainee is competent upon completion of the training.

Productivity Enhancement

This training is designed to introduce the new employees to the latest techniques and theories in quality and productivity enhancement as used by world class organizations.

Leadership and Human Resources Development

This training is designed to provide the necessary information and skills to effectively manage employee performance and to motivate employees.

Employee Involvement Training

This training is designed to transition the new employees to a functioning team member.

Instructor Training

This training is designed to provide training skills and techniques to create innovative and effective trainers for business and industry.

Office Automation/Administrative Training

This training is designed to teach new employees basic office and data processing skills which may be unique to your organization.

Customer Service Skills

This training is designed to provide information and skills to enhance the quality of service provided to external customers and to boost service levels within the organization.



Intellectual Capital Partnership Program (ICAPP) –

Expedited education for technology workers. The centerpiece of the University System of Georgia's economic development programs is ICAPP. ICAPP provides one-stop entry to the intellectual capital of the University System of Georgia -- its education programs, faculty expertise, research and development facilities.

- ICAPP was created to help employers succeed in Georgia. ICAPP is company-focused, and is not intended to create new degree programs at institutions.
- ICAPP Advantage can be used as an economic development incentive to encourage a company or other employer to either expand in or relocate to Georgia.
- ICAPP Advantage students earn credit hours that can count toward earning a degree. Students may also earn career-related certificates with the academic credit earned

Requirements – A project must meet several requirements before it can be funded as an ICAPP Advantage project:

1 New jobs

The employer must create at least 10 new knowledge jobs that are strategically important to Georgia.

2 Knowledge workers

The project must prepare people to be employed as knowledge workers. For the purposes of ICAPP Advantage, a knowledge worker is defined as a person who:

- generates value for others by creating, sharing, or using ideas.
- completes a job using intellect and experience more than machinery and tools.
- earns a minimum each year of the most recent Georgia per capita income.

3 High demand, low supply

There must be a documented shortage of this type of worker throughout the industry in this regional labor market, not just for this individual company.

4 Partnership

An employer and a USG college or university work together to design a program of study to prepare students for specific knowledge jobs at that company. The company must commit to hire each ICAPP graduate in the job for which they were educated. Students must make a C or better in each ICAPP course to graduate.

5 Accelerated education

Instruction must be compressed into a substantially shorter time than usual. ICAPP students must be full-time students. Classes must be for academic credit. (A limited number of non-credit courses that specifically apply to an employer's proprietary information may be part of the ICAPP Advantage program.)

6 No overlap with Georgia DTAE

The USG institution must certify that the education needs being addressed by the application cannot be met by existing programs at Georgia Department of Technical and Adult Education (DTAE) institutions in the service area.

SALES TAX EXEMPTIONS

Sales Tax exemptions newly effective on January 1, 2001:

These incentives are designed to foster economic development by encouraging growth in traditional manufacturing and hi-tech industries and to make Georgia's tax climate more competitive.

QUALIFYING THRESHOLDS:

- **Computer equipment** purchased by hi-tech companies (or companies operating high tech facilities such as data centers) that purchase or lease \$15 million worth of such equipment in one calendar year. Does not include cabling and other infrastructure, or soft costs.
- Equipment, materials, and machinery used in **clean rooms** of Class 100 or less.

Sales and Use Tax Exemptions – Georgia provides several exemptions for its sales and use tax on corporations including:

- **Purchases intended for resale**
- **Machinery used directly in the manufacturing or production process** (such machinery purchase must be made by a Georgia company, after filing a sales tax exemption application; the machinery maker does not need to be a Georgia company)
- **Manufacturing machinery replacement parts**, costing up to \$150,000 per part.
- **Primary material handling equipment** is exempted from sales tax if a company **invests \$5 million or more in a new or expanded facility**; equipment covered is:
 1. The principal machinery and equipment used to lift or move tangible personal property in a warehouse or distribution facility located in this State.
 2. The computer software and hardware whose purpose is to lift or move tangible personal property qualifies for the exemption.
 3. "Racking system" means any system of machinery equipment, fixtures or portable devices whose function is to store, organize, or move tangible personal property within a warehouse or distribution facility, including, but not limited to conveying systems, chutes, shelves, racks, bins, drawers, pallets, and other containers and storage devices which form a necessary part of the facility's storage system.
- **Sale of fuel and supplies** for use or consumption on board ships plying the high seas in foreign or interstate commerce
- **Property manufactured for export** when delivery is taken outside of Georgia
- **Transportation equipment** manufactured for exclusive use outside the state
- **Items used in packaging**
- **Air/water pollution machinery and equipment**

COMMERCIAL PROPERTY TAX ABATEMENT

Real Estate Tax Reduction - Tax abatement on real property is technically prohibited by law in Georgia. However, several counties (see below) have enacted legally sound policy providing similar effective relief. ***How it works in brief:*** A county development authority would issue revenue bonds for the acquisition of land and construction of a building, or *purchase* of a building, and for interior improvements and certain equipment, and would hold title to the property (on paper) for 10 years. During that period, the new company would effectively realize a 25%+ reduction in property taxes. In the eleventh year, title would be assumed by the company and property taxes would be paid at prevailing rates. For manufacturing operations, these bonds are tax-exempt. A company may purchase its own bonds or have them placed on the open market. Proceeds from the bond sale would go toward the items mentioned above. **Several Metro counties, including but not limited to, Cobb, Coweta, DeKalb, Douglas, Forsyth and Fulton, may negotiate similar incentives.**

Commercial Enterprise Zone (City of Atlanta) - The city may establish a local Enterprise Zone for commercial uses, such as offices, and abate local taxes for improvements and land (subject to an abatement schedule) and exempt impact fees. City, county and school board taxes are exempted (abated) subject to a declining schedule of abatements that begin at 100% in years 1 through 5, which then decline 20% per year through year 25.

Industrial Enterprise Zones (City of Atlanta) - operates two **industrial** enterprise zones, each offering a package of inventory tax incentives and real property tax reduction. One, the Southside Industrial Park offers a \$2,500 per job tax credit. Southside has 9 years remaining on tax benefits, and Atlanta Industrial Park has two years. (Each began with a 25-year window.)

Tax Allocation Districts (City of Atlanta) - **The City of Atlanta has created 5 Tax Allocation districts to encourage development in areas not currently experiencing growth.** A Tax Allocation District, typically referred to as Tax Increment Financing, is a tool used to publicly finance redevelopment activities in underdeveloped or blighted areas. A tax allocation district derives its funding from the increase in the redevelopment area's ad valorem and/or sales taxes levied by the city, county, and school system. These revenues are placed in a special redevelopment fund for the area and are used to directly pay for the redevelopment costs or to issue bonds to pay for redevelopment costs. The following TAD's are currently in place and your Metro Atlanta Chamber Economic Development project manager can help your company evaluate potential advantages by locating in such a district:

- **Westside Tax Allocation District** (west side of Central Business District)
- **Atlantic Station Tax Allocation District** (130+ acre mixed use development in Midtown)
- **East Side Tax Allocation District** (east and southeast portions of Central Business District)
- **Perry / Bolton Tax Allocation District** (redevelopment of Perry Homes, a public housing development of the Atlanta Housing Authority)
- **Princeton Lakes Tax Allocation District** (southwest commercial / residential areas of city)

FREEPORT TAX EXEMPTION ON INVENTORY

Freeport Tax Exemption – For manufacturers and distributors, each of Georgia's counties has the option of electing to implement an exemption of property taxation on three classes of goods: **1)** manufacturer's raw materials and goods in the process; **2)** finished goods still held by the original manufacturer but destined for sale outside Georgia and **3)** finished goods held by distributors for out-of-state sale Most Atlanta area counties offer a full 100% Freeport exemption.

Additional benefits may also be applicable under other provisions of Georgia's BEST program (Business Expansion Support Act of 1994). Ask your economic development project manager about these incentives.

OTHER IMPORTANT PRO-BUSINESS FACTORS

Right-To-Work State - Georgia is a *right-to-work* state, meaning that employees at any given company have the right to remain independent of mandatory union membership, should such be present at a facility site. In general, union activity is historically low in the state and organizing activity very minimal. Where collective bargaining does exist, management - union relations are typically constructive.

Georgia Corporate Income Tax - All corporations, foreign and domestic, which own property or do business within Georgia are subject to the state's corporate income tax. Corporations are taxed at the rate of six percent (6%) on their Georgia taxable net income.

Electric Power Competition - Georgia's unique "customer choice" power regulations offer most new and expanding users with 900 KW or greater connected load a choice of three suppliers in a rate competitive environment (Georgia Power Company, Georgia Electric Member Corporation, Municipal Electric Authority of Georgia).

One-Stop Environmental Permitting - Georgia offers one-stop environmental permitting through its Environmental Protection Division. The state has the full authority of the U.S. Environmental Protection Agency (EPA) to issue permits that meet Federal standards, thus allowing a single permit to meet all requirements.

Metro Atlanta 28 County MSA

Effective June, 2003

Metro Atlanta is a 28 county area, as designated by the US Census Bureau. It has a total population of 4.5 million and extends outward from the center city approximately 50 miles in all directions. The Metro Atlanta Chamber of Commerce services economic development prospects in all counties with the able assistance of economic development professionals in local chambers, county development authorities and statewide agencies.



Definition of Terms for Georgia Headquarters Job Tax Credit

“Headquarters” – The term “headquarters” means the principal central administrative office of a taxpayer (company) where headquarters staff employees are located and employed, and where the primary headquarters related functions and services are performed.

Headquarters Related Functions and Services – The term “headquarters related functions and services” means those functions involving financial, personnel, administrative, legal, planning, or similar business functions performed by headquarters staff employees.

Headquarters Staff Employees – The term “headquarters staff employee” means executive, administrative or professional workers performing headquarters related functions and services.

1. An executive employee is a full-time job employee who is primarily engaged in the management of all or part of the enterprise.
2. An administrative employee is a full-time job employee who is not primarily involved in manual work and whose work is directly related to management policies or general headquarters operations.
3. A professional employee is an employee whose primary duty is work requiring knowledge of an advanced type in a field of science or learning. This knowledge is characterized by a prolonged course of specialized study.

RULES OF DEPARTMENT OF REVENUE
INCOME TAX DIVISION
Chapter 560-7-8
RETURNS AND COLLECTIONS
560-7-8.14 Headquarters Job Tax Credit