

# BUSINESS INCENTIVES PRACTICE

## MAJOR INCENTIVE PROGRAMS GEORGIA

A Cushman & Wakefield Global Business Consulting Publication



2015

### BUSINESS INCENTIVES PRACTICE

The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

#### SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

#### RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



### KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

### GEORGIA’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOB	INCENTIVES
Webstaurant Store	\$10.0	150	\$0.3
Tyson Prepared Foods	\$110.0	500	\$0.8
Mercedes-Benz	\$74.0	800	\$23.3
WorldPay	\$9.6	1,266	\$1.5
Castellini Group	\$52.0	300	\$40.7
Kumho Tire	\$413.0	450	\$17.0
Milo’s Tea	\$13.1	29	\$1.2
Fiserv	\$41.0	500	\$1.8
Southern Aviation	\$16.0	200	\$0.3
PulteGroup	\$10.0	310	\$5.8
GAF	\$26.2	40	\$0.5
C-E Minerals	\$10.0	38	\$0.5

## OVERVIEW OF MAJOR GEORGIA INCENTIVE PROGRAMS

### REGIONAL ECONOMIC BUSINESS ASSISTANCE PROGRAM

The Regional Economic Business Assistance (REBA) Grant Program is used to help "close the deal" when companies are considering Georgia and another state or country for their location or expansion. REBA funds may be used to finance various fixed-asset needs of a company including infrastructure, real estate acquisition, construction, or machinery and equipment. Amount of award is discretionary up to \$750,000. A local development authority must be the applicant for a REBA application and the application must be supported by a recommendation letter from a state agency, typically the Georgia Department of Economic Development.

### JOBS TAX CREDIT

Companies and their headquarters that are engaged in strategic industries may qualify for Georgia's Job Tax Credit Program. Depending on the community's tier, companies must create between 5 and 25 net new full-time jobs in a 12-month period to qualify. Credits may also be accrued for additional jobs created in years two through five.

Jobs created outside of year five may not be claimed unless a new threshold for job creation (year 1) is met. Qualified companies can claim a tax credit with a value of \$750 – \$3,500 per job, per year, beginning with the first taxable year in which the new job is created and for the following four years the job is maintained.

Credits may be taken against 100 percent of state corporate income tax liability in Tier 1 and 2 counties, or against 50 percent of state corporate income tax liability in Tier 3 and 4 counties. Credits that are claimed but not used in any taxable year may be carried forward for 10 years from the close of the taxable year in which qualified jobs were established. Additionally, in Tier 1 counties, excess credits may be credited to Georgia payroll withholding taxes (with a limitation of \$3,500 per job, per year.)

JOB TAX CREDIT TABLE			
TIER	TAX CREDIT AMOUNT PER JOB	MINIMUM JOB CREATION	USE OF CREDITS
1	\$3,500-\$4,000 <sup>1</sup>	2	100% tax liability (excess to withholding tax up to \$3,500)
2	\$2,500-\$3,000 <sup>1</sup>	10	100% of tax liability
3	\$1,250-\$1,750 <sup>1</sup>	15	50% of tax liability
4	\$750-\$1,250 <sup>1</sup>	25	50% of tax liability
MZ/ OZ	\$3,500	2	100% tax liability (excess to withholding tax)
LDCT	\$3,500	5	100% tax liability (excess to withholding tax)

<sup>1</sup> \*Includes \$500 bonus for Joint Development Authority (JDA.) Georgia counties can form partnerships, which benefit companies with this \$500 Job Tax Credit Bonus. There are currently three counties in Georgia that do not participate in JDA: Whitfield, Murray, and Webster.

Georgia shows an average deal value of \$9.76 million with 334 new jobs created per deal

### QUALITY JOBS TAX CREDIT

Companies that create at least 50 jobs in a 12-month period where each job pays wages at least 110 percent of the county average are eligible to receive a tax credit of \$2,500 to \$5,000 per job, per year, for up to five years, based on the scaled system below. New quality jobs created within seven years can qualify for the credit. Credits may be used to offset the company's state payroll withholding once all other tax liability has been exhausted, and may be carried forward for 10 years. New jobs that do not meet the requirements for the Quality Jobs Tax credit may count toward the Jobs Tax Credit Program if they meet the eligibility requirements for that program separately.

QUALITY JOBS TAX CREDIT TABLE	
AVERAGE WAGE REQUIREMENT (% OF COUNTY AVERAGE)	CREDIT VALUE PER NEW QUALITY JOB
>=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

### MEGA PROJECT TAX CREDIT

Companies that hire at least 1,800 net new employees, and either invest a minimum of \$450 million or have a minimum annual payroll of \$150 million may claim a \$5,250 per job, per year tax credit for the first five years of each net new job position. Companies must create the required 1,800 jobs by the close of the sixth taxable year following the withholding start date. However, if a company has invested at least \$600 million in qualified investment property by year six, the company will

have two additional years (until year eight) to meet the job creation requirement. If a company has invested at least \$800 million in qualified investment property by year eight, the company will have two additional years (until year ten) to meet the job creation requirement.

Credits are first applied to state corporate income tax liability, with excess credits eligible for use against state payroll withholding. 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.

#### QUICK START EMPLOYEE TRAINING

This program delivers fully customized, strategic workforce solutions for qualified companies. Quick Start helps companies assess, select and train the right candidates for a project. Services are provided free of charge as a discretionary incentive for job creation projects opening or expanding manufacturing operations, distribution centers, headquarters operations and customer contact centers in a broad range of industries.

## OTHER GEORGIA INCENTIVE PROGRAMS

- Employees' Retirement System of Georgia Enhanced Investment Authority Act
- Entrepreneur and Small Business Loan (ESB) Guarantee Program
- Sales & Use Tax Exemptions
- Inventory Tax Exemptions
- Real & Personal Property Tax Abatement
- Research & Development Tax Credits
- Jobs Tax Credit – Development Authority Bonus
- Port Tax Credit Bonus
- Child Care Tax Credits
- Angel Investor Tax Credit
- Small Business Tax Credits
- Investment Tax Credit
- Optional Investment Tax Credit
- Georgia Film Tax Credit
- Retraining Tax Credit
- University System of Georgia Economic Development
- Centers of Innovation
- Hiring Assistance

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