

# INCENTIVES

## State Incentives

Bryan County is designated a Tier 4 county as a whole for job tax credit purposes; however the north end of the county where the Interstate Centre is located has the distinction of being designated as Tier 1 because of bordering a military installation (Fort Stewart). This site is the only one in the Savannah Metropolitan Area with the distinction of Tier 1 status. If sales are such that most of the sales are outside the state of Georgia, then the company can take \$3,500 in the Tier 1 area (\$750 in the Tier 4 portion) plus \$500 (because we are a member of a joint development authority) per job against tax withholding. Then, if the company does have sales in Georgia, the exemption would be taken against corporate sales tax first and then against tax withholding.

Incentives for qualified businesses relocating to Georgia include:

- **Job Tax Credit** (<http://www.georgia.org/Business/Job+Tax+Credits.htm>)  
Provides for a statewide job tax credit for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries, but does not include retail businesses. If other requirements are met, job tax credits are available to businesses of any nature, including retail businesses, in counties recognized and designated as the 40 least developed counties. At the Interstate Centre, businesses are eligible for a \$3500 per job tax credit to be taken against tax withholding.
- **Investment Tax Credits** (<http://www.georgia.org/Business/Investment+Tax+Incentives.htm>)  
Based on the same tiers as the Job Tax Credit program. 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 (36 months) to obtain a credit against income tax liability.  
Generally, a taxpayer may not take both the job tax credit and the investment tax credit for the same project.
- **Retraining Tax Credits** (<http://www.georgia.org/Business/Retraining+Tax+Credit.htm>)  
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.
- **Childcare Tax Credits** (<http://www.georgia.org/Business/Child+Care+Tax+Credit.htm>)  
Employers who provide or sponsor child care for employees are eligible for a tax credit of up to 75% of the employers' direct costs. The credit cannot be more than 50% of the taxpayer's total state income tax liability for that taxable year. Any credit claimed but not used in any taxable year may be carried forward for five years from the close of the taxable year in which the cost of the operation was incurred. In addition, employers who purchase qualified child care property will receive a credit totaling 100% of the cost of such property. The credit is claimed at the rate of 10% a year for 10 years. The qualified property credit may be carried forward for three years from the close of the taxable year in which the qualified property is placed in service, and the limitation on the use of the credit in any one year is 50%. Recapture provisions apply if the property

is transferred or committed to a use other than child care within 14 years after the property is placed in service. These two child care credits can be combined.

- **Research and Development Tax Credits**

(<http://www.georgia.org/Business/Research+and+Development+Tax+Credit.htm>)

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, or research and development industries. The credit shall be 10% of the additional research expense over the "base amount," provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986. The credit may be carried forward 10 years but may not exceed 50% of the business's remaining Georgia net income tax liability after all other credits have been applied for the current year. (Note that the base amount must contain positive Georgia taxable net income for all years.)

**Small Business Growth Companies Tax Credit**

(<http://www.georgia.org/Business/Fast+Growth+Tax+Credits.htm>)

A tax credit is granted for any business or the headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries having a Georgia net taxable income in the current year which is 20% or more above that of the preceding year if its net taxable income in each of the two preceding years was also 20% or more. The credit shall be the excess over 20% of the percentage growth and shall not exceed 50% of the business's remaining Georgia net income tax liability after all other credits have been applied for the current year. The credit is available to companies whose total tax liability does not exceed \$1.5 million.

- **Headquarters Tax Credit** (<http://www.georgia.org/Business/Headquarters+Tax+Credit.htm>)

Companies establishing their headquarters or relocating their headquarters to Georgia may be entitled to a tax credit if the following criteria are met: 1) headquarters is defined as the principal central administrative offices of a company; 2) new jobs created at a new headquarters must be full-time (as defined by law and regulation) and must pay above the average wage for Tier 1 counties, at least 105% of the average wage for Tier 2 counties, at least 110% of the average wage for Tier 3 counties, and at least 115% of the average wage for Tier 4 counties; 3) within one year, a company must invest \$1 million and create 50 jobs at a new headquarters facility; and 4) the company must elect not to take the job or investment tax credits. The credit is equal to \$2,500 annually per new full-time job or \$5,000 if the average wage of the new full-time jobs is 200% or more of the average wage of the county in which the new jobs are located. The credits apply for five years beginning with the year in which jobs are placed in service. The credit may be taken against Georgia income tax liability with any excess credit applied against a company's withholding taxes. Credits may be carried forward for 10 years. Other requirements include: 1) no new full-time jobs created after seven years from the close of the taxable year in which the taxpayer first becomes eligible for the credit may receive credits; and 2) the number of new full-time jobs shall be determined by comparing the monthly average of full-time jobs subject to Georgia income tax withholding for the taxable year with the corresponding average for the prior taxable year.

- **Sales Tax Exemptions** (<http://www.georgia.org/Business/Incentives/Taxation.htm>)

**MANUFACTURING MACHINERY**

Provides for an exemption from the sales and use tax for:

1. Machinery used directly in the manufacture of tangible personal property when the machinery is bought to replace or upgrade machinery in a manufacturing plant presently existing in the state and machinery components which are purchased to upgrade machinery used directly in the manufacture of tangible personal property in a manufacturing plant;
  2. Machinery used directly in the manufacture of tangible personal property when the machinery is incorporated as additional machinery for the first time into a manufacturing plant presently existing in this state;
  3. Machinery which is used directly in the manufacture of tangible personal property when the machinery is incorporated for the first time into a new manufacturing plant located in this state;
  4. Machinery used directly in the remanufacture of aircraft engines, parts, and components on a factory basis;
  5. The sale or use of repair or replacement parts, machinery clothing or replacement machinery clothing, molds or replacement molds, dies or replacement dies, and tooling or replacement tooling for machinery used directly in the manufacture of tangible personal property in a manufacturing plant presently existing in this state. This exemption has been phased in over a 5-year period beginning on January 1, 2001 at 20% of the purchase price per year with a limitation of \$150,000 per part;
  6. Overhead materials consumed in the performance of certain contracts between the Department of Defense or NASA and a contractor engaged in manufacturing (this exemption has been phased in at a 25% increment rate each year from January 1, 1997 to January 1, 2004); and
  7. 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 in Georgia, provided that such clean room is used directly in the manufacture of tangible personal property.
- Primary Materials Handling  
(<http://www.georgia.org/Business/Sales+and+Use+Tax.htm>)  
Purchases of primary material handling equipment and racking systems that are used directly for the storage, handling, and moving of tangible personal property in a new or expanding warehouse or distribution facility when such new facility or expansion is valued at \$5 million or more and does not have greater than 15% retail sales are exempt from sales and use taxes.
  - Ports Activity Job Tax & Investment Tax Credits  
([http://www.dca.state.ga.us/economic/TaxCredits/programs/downloads/summaryTC\\_Best.pdf](http://www.dca.state.ga.us/economic/TaxCredits/programs/downloads/summaryTC_Best.pdf))  
Businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development that have increased their port traffic tonnage through Georgia ports during the previous 12-month period by more than 10% over their 1997 base year port traffic, or by more than 10% over 75 net tons, five containers or 10 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. If not, the percentage increase in port traffic will be calculated using 75 net tons, five containers, or 10 TEU's as the base. Companies must meet Business Expansion and Support Act (BEST) criteria for the county in which they are located.

- Georgia QuickStart Job Training (<http://www.georgiaquickstart.org>)  
One of the most exciting and valuable resources within the technical education system is the Georgia Quick Start program. 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.
- Foreign Trade Zone # 104 Magnet Site:  
The Interstate Centre has been designated as a Magnet Site within Foreign Trade Zone # 104. This designation offers advantages to companies by providing a fast track as they apply for FTZ status at reduced costs and through reduction or elimination of Custom duty fees for imports and exports along with reduction in delays for Custom clearances.
- Georgia Ready for Accelerated Development (GRAD) Site:  
The Interstate Centre has recently been certified by the state as a GRAD site becoming one of only 8 sites so recognized in the state of Georgia. This designation signifies that advance due diligence tasks have been completed including zoning, environmental surveys, utilities and roadways. This prequalification expedites searches for available sites.