



Development Authority of
Walton County



**Potential
Location Incentives
for
New & Expanding
Businesses**

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STATUTORY STATE OF GEORGIA INCENTIVES

JOB CREATION TAX CREDITS

Corporate income tax credits for new and expanding industries are available for companies that create qualifying new jobs under guidelines of Georgia's Business Expansion and Support Act (BEST) legislation. To determine applicable tax credit levels, Georgia's 159 counties are divided into four levels or "tiers" based on the relative economic strength of the county, with Tier 1 counties being the most economically disadvantaged and proceeding through Tier 4 counties which are the least economically disadvantaged. Job creation or investment thresholds are set for each tier, with a per job tax credit amount established per tier. Permanent job creation levels are established in year one of a business's operation, and the credits are allowed for new full-time employee jobs for five years in years two through six after the creation of the jobs.

In Walton County, a Tier 3 county, the per job tax credit is \$1,250 per job, per year; however, since Walton County participates in a multi-county joint development authority, the amount of the credit increases by \$500 per job per year for a total credit of \$1,750 for businesses locating or expanding in Walton County. The total credit amount may offset up to 50% of a taxpayer's state income tax liability for a taxable year. A credit claimed but not used in any taxable year may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established. The measurement of new full-time jobs and maintained jobs is based on average monthly employment.

OPPORTUNITY ZONE

Companies that create five or more jobs in a Opportunity Zone (OZ) offer job tax credits to business of any nature, including retail businesses that create at least two new jobs. The credit value for locating within one of the two Opportunity Zones in Walton County is a total for \$3,500 per job, per year for five years. This credit takes place of the Job Tax Credit mentioned above. Credits may be taken against 50 percent of state corporate income tax liability. 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.

PORTS ACTIVITY JOB TAX & INVESTMENT TAX CREDITS

Businesses or the headquarters of any such businesses which meet the eligibility requirements for the job tax credit or the investment tax credit and that have increased their port traffic tonnage through Georgia ports during the previous 12-month period by more than 10% over their 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, qualify 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 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.

NEW QUALITY JOBS TAX CREDIT

In the 2009 session of the Georgia General Assembly, the Legislature passed a law amending Georgia's former Headquarters Tax Credit program. In its place it created the new Quality Jobs Tax Credit – offering higher incentives for higher paying jobs. Jobs must be created on or after January 1, 2009 to be eligible.

In order to qualify for any level of the Quality Jobs Tax Credit, a company must create at least 50 eligible new full-time jobs in a 12-month period and ALL JOBS must meet the 110 percent minimum wage requirement. For 2013, the average wage for Development Authority of Walton County was \$700 per week.

| Qualifying Level | Credit Earned |
|-------------------------------------|-------------------------------|
| 110 percent of county average wages | \$2,500 per person tax credit |
| 120 percent of county average wages | \$3,000 per person tax credit |
| 150 percent of county average wages | \$4,000 per person tax credit |
| 175 percent of county average wages | \$4,500 per person tax credit |
| 200 percent of county average wages | \$5,000 per person tax credit |

Once all earned credit has been applied against a company's Georgia corporate income tax liability, excess credit may be monetized against employee withholding taxes. This credit is administered by the Department of Revenue.

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. A racking system defined as 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, converting 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.
- ▶ Computer equipment purchased by high-technology companies (or companies operating high-technology facilities such as data centers) that purchase or lease in excess of \$15 million in such equipment in one calendar year. This does not include data cabling and other infrastructure, or soft costs.
- ▶ 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.

CUSTOMIZED JOB TRAINING

Quick Start develops and delivers customized training at no charge to eligible new, expanding and existing companies as a job creation and retention incentive. Quick Start is recognized by leading companies from around the world for the high quality of its training services and the results produced for each company's Georgia operations. Administered by Georgia's Department of Technical and Adult Education, Quick Start services include a comprehensive needs analysis, program design, customized training material development, and instruction.

The heart of Quick Start's service is job-specific training customized to each company's processes, equipment, procedures and standards. Quick Start enhances this with training in safety, automation, quality systems, productivity improvement, employee involvement, instructor skills, and leadership. Examples include Lean Manufacturing, Statistical Process Control, Programmable Logic Controllers, Customer Service, Computer Skills, and Team Skills Training. In addition to manufacturing operations, Quick Start provides comprehensive training for distribution centers, and service operations such as corporate headquarters, billing and remittance centers, and technical support centers. Quick Start's performance-based training equips employees with the technical and interpersonal skills that companies need to achieve their quality and productivity goals in the shortest possible time.



LOCAL INCENTIVES

Local incentive proposals are determined based on an evaluation of the economic impact of economic development projects and recommendations by the Development Authority of Walton County, and are subject to review by the Development Authority of Walton County and other governmental bodies, as appropriate; however, the following represents potential general local incentives for economic development projects. Other incentives may be available as determined on a case-by-case basis:

EXPEDITED PLAN REVIEW AND PERMITTING

Development Authority of Walton County will commit to expediting all development and building permitting plan review for economic development projects upon recommendation of the Development Authority of Walton County.

INVENTORY TAX EXEMPTIONS (FREEPORT)

In most states, business and industry are subject to ad valorem taxes on real property (land, building) and tangible personal property (inventory of raw materials, work in progress, and inventory of completed products). In Georgia, local communities have been granted the authority to provide a tangible personal property tax reduction or exemption if approved by the voters in a local referendum. There are three classes of goods that may be exempted from taxation. The classes to be exempted include the following:

CLASS 1: Tangible personal property grown, harvested, manufactured processed or refined in Walton County and stored therein for shipment outside the state is exempted at the 100 percent level. Raw materials and partially finished goods not destined to be shipped outside the state are subject to tangible personal property taxation.

CLASS 2: Inventory of finished goods manufactured or produced within the state of Georgia in the ordinary course of the taxpayer's manufacturing or production business when held by the original manufacturer or producer of the finished goods for a period not to exceed 12 months is exempted from personal property taxation at the 100 percent level.

CLASS 3: Tangible personal property transported into Walton County from outside the state in transit to a final destination outside the state is exempted from personal property taxation at the 100 percent level. Tangible personal property that is not destined for out-of-state shipment is subject to ad valorem taxation.

PROJECT FINANCING

For businesses seeking long-term, low-interest rate financing for the construction or improvements of manufacturing facilities, Industrial Revenue Bonds (IRB), also known as Industrial Development Bonds, or IDBs, are available through the Development Authority of Walton County. IDB financing offers long-term, low-payment financing, with term matched to the useful life of the assets financed. We would be happy to discuss this option should there be interest.

PROPERTY TAX INCENTIVES

The ability to convey property tax incentives is limited in Georgia. In order to obtain ad valorem property tax savings for a company's project or in order to obtain certain State grants of local incentives for the project, an industrial development bond-financed sale/leaseback is required. Such transactions are typically referred to as "bonds for title" transactions, and use of this technique involves the issuance of IDBs by a development authority to acquire or construct the project, with the title to the project vested in a development authority and with the company having the status of a lessee. The lease of the project to the company is typically at a rent equal to debt service on the bonds. Availability of property tax incentives is considered on a case-by-case basis.

Contact Us

Shane Short
Executive Director
Development Authority of Walton County
132 E. Spring St.
P.O. Box 89
Monroe, GA 30655
770.267.6594 phone
770.267.0961 fax
shane@choosewalton.com

