

# BUSINESS INCENTIVES

2023



## TABLE OF CONTENTS

4

Job Tax Credit,  
Quality Jobs Tax Credit

8

Investment Tax Credit

9

Port Tax Credit Bonus

10

Mega Project Tax Credit,  
Child Care Tax Credit,  
Retraining Tax Credit

11

Research & Development  
Tax Credit

12

Tax Exemptions

14

Hiring, Training and Education

15

Life Sciences Manufacturing  
Tax Credit Bonus

16

PPE Tax Credit Bonus

17

Digital Entertainment Tax  
Credit, Premium Tax Credit

18

Expansion Services

Look for this green box on the following pages to see which incentives may be applied to payroll withholding.



### USING EXCESS TAX CREDITS TO REDUCE GEORGIA PAYROLL WITHHOLDING LIABILITY

Many of Georgia's tax credits may be applied to state payroll withholding liability in certain circumstances and after meeting requirements to apply the tax credits to state corporate income tax liability first. This effectively turns those credits into cash, which the companies can use as they wish – free of any clawback or reporting requirements.



*“We spent a lot of time searching for the right location for our third manufacturing facility so that we could significantly expand our production capacity and better serve customers located on the East Coast. It was important to find a community of hard working and talented individuals who could help us bring the factory to life, and this is the right place to make our investment for Purple’s future.”*

Joe Megibow  
CEO, Purple Innovation Inc.

# BEYOND PARTNERSHIP

Our relationship approach to economic development, along with our pro-business environment, world-renowned logistics, and highly-rated workforce are a few of the many reasons companies choose to locate or expand in Georgia.

An investment in Georgia is only the first step in our relationship, which is geared toward your long-term success. Once you call Georgia home, the **Georgia Department of Economic Development** team is here to help you grow. In addition to relocation and expansion services, GDEcD provides free export services, resources for facilitating business innovation, cross-industry connections, and small business services.

## RELIABLE & BUSINESS-FRIENDLY

- Main incentives for job creation have been in place for more than 25 years.
- Ranked #1 for Overall Cost of Doing Business and Cooperative and Responsive State Government by Area Development.
- AAA rating from all three credit agencies for 20+ years.

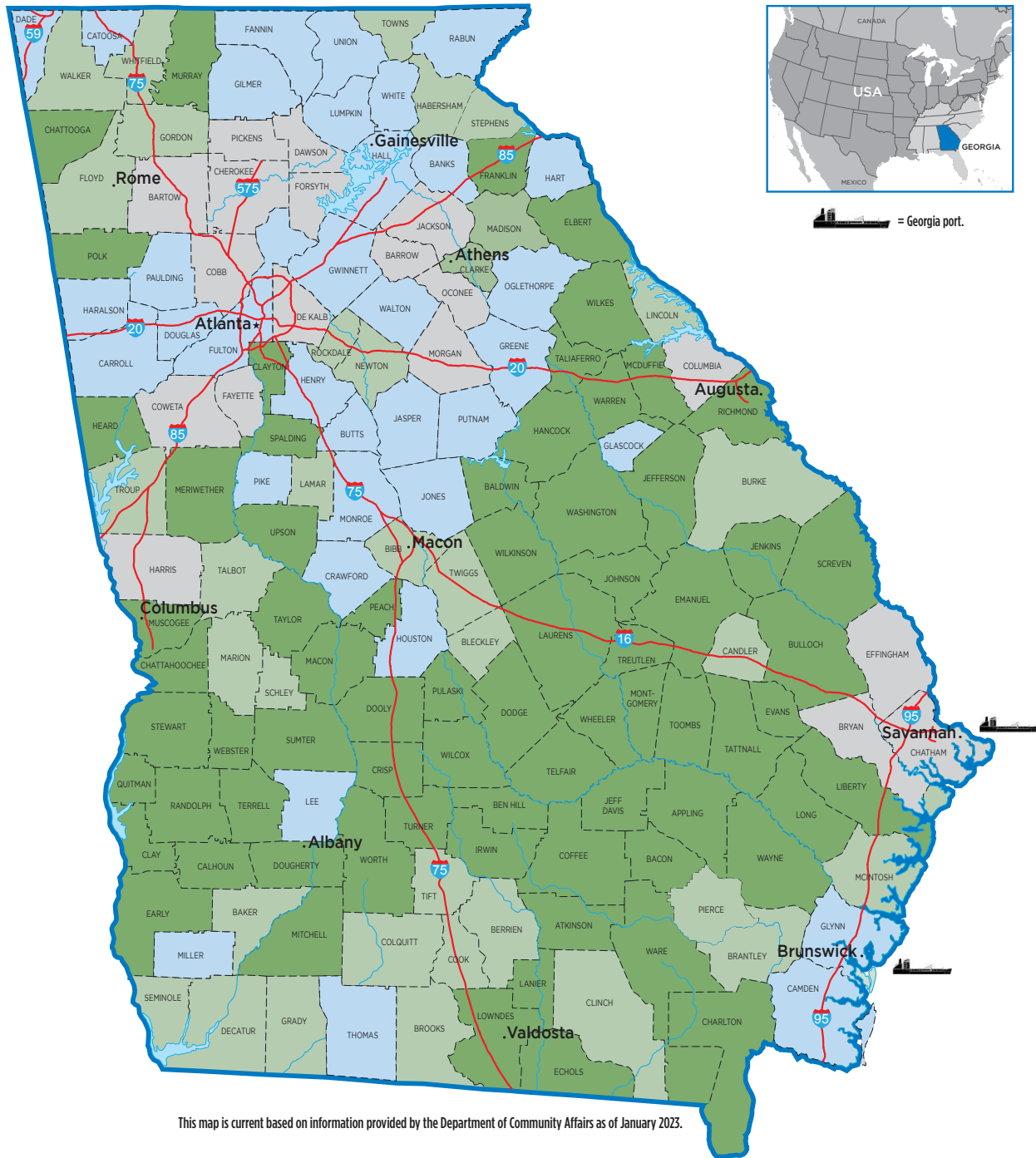
## LEADING LOGISTICS & INFRASTRUCTURE

- Largest and fastest-growing container terminal in the U.S.
- Home to one of the world's most traveled and most efficient passenger airports, Hartsfield-Jackson Atlanta International Airport.
- The most extensive rail system in the Southeast.

## SKILLED, DIVERSE AND INCLUSIVE WORKFORCE

- Labor force of 5.3 million people is the 2nd largest in the Southeast.
- Georgia Department of Labor provides recruiting and hiring assistance.
- #1 ranked workforce training program in the nation (Quick Start), and two of the top 20 public universities in the U.S. (Georgia Tech and University of Georgia).

# GEORGIA 2023 JOB TAX CREDIT TIERS



TIER	JOB TAX CREDIT \$ (FOR 5 YEARS)	MIN. NEW JOBS	CREDIT ALLOWANCES	CARRY FORWARD
1	\$4,000*	2	100% of tax liability - excess to withholding up to \$3,500 per job	10 years
2	\$3,000*	10	100% of tax liability	10 years
3	\$1,750*	15	50% of tax liability	10 years
4	\$1,250*	25	50% of tax liability	10 years

SPECIAL ZONE	JOB TAX CREDIT \$ (FOR 5 YEARS)	MIN. NEW JOBS	CREDIT ALLOWANCES	CARRY FORWARD
MZ/OZ	\$3,500	2	100% of tax liability - excess to withholding	10 years
LDCT	\$3,500	5	100% of tax liability - excess to withholding	10 years

\*Includes \$500 bonus for Joint Development Authority (JDA). The majority of counties are in a multi-county JDA. To confirm a county's status, please contact [research@dca.ga.gov](mailto:research@dca.ga.gov) or 404.679.3105.

# JOB CREATION TAX CREDITS

## JOB TAX CREDIT

New and expanding companies may earn Job Tax Credits (JTC) for creating new jobs in Georgia. These credits may eliminate a company's corporate income tax liability, and in certain areas may also reduce the company's payroll withholding obligations.

Each year, all 159 Georgia counties are assigned to one of four tiers based on the unemployment rate, per capita income, and poverty rate. A county's tier level determines the value of the tax credits earned, the allowed uses of the credits, and the minimum number of net new full-time jobs that must be created during a single tax year to qualify. The credit value is earned for the first five years of the job's existence as long as the job is maintained. See chart on page 4 for more details.

## QUALIFYING FOR THE JOB TAX CREDIT

To qualify, the Georgia facility must be engaged in, or the headquarters of, a specified industry including:

- Manufacturing
- Warehousing, Distribution and Logistics
- Software Development
- FinTech
- Data Centers
- Contact Centers
- Telecommunications
- Research and Development Facilities

### Job Tax Credit

A distribution facility chooses to locate in a Tier 1 County and create 150 jobs new to Georgia, which are maintained for 5 years.

**Credit value:** \$4,000 in Tier 1 location

**Example Calculation:**

150 jobs x \$4,000 credits x 5 years  
= \$3,000,000 total credits to claim

To qualify, each job must have a minimum 35-hour work week, offer health insurance benefits consistent with what is offered to existing employees, and pay more than the average wage of the county with the lowest average wage in the state (\$636/week as of June 2023).

Once a project qualifies, it opens a five-year window in which each job created can earn a JTC each year for five years as long as the job is maintained. If the project creates net new jobs above the minimum threshold, a new five-year window opens.

## SPECIAL ZONES MZ = Military Zone OZ = Opportunity Zone LDCT = Less Developed Census Tract

Certain areas of the state have special designations that supersede the county tier assignment. Projects in these special zones can qualify by creating fewer jobs, may earn a higher credit value, and can use the credits in more ways. In addition, there is no industry requirement if the project is located in one of Georgia's 40 least-developed counties, an Opportunity Zone (OZ) or a Military Zone (MZ).

Georgia's Opportunity Zones pre-date the federal Qualified Opportunity Zones (QOZ). The federal QOZs reward private investment with temporary deferrals of federal capital gains taxes for the investor. For more information please visit [Georgia.org/FedOZ](http://Georgia.org/FedOZ).



APPLICABLE TO PAYROLL WITHHOLDING (SEE PAGE 2)

Job Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40 and rules published by the Georgia Department of Community Affairs in Chapter 110-9.1 and the Georgia Department of Revenue in Regulation 560-7-8-36.

# JOB CREATION TAX CREDITS CONTINUED

## QUALITY JOBS TAX CREDIT

Companies may receive Quality Jobs Tax Credits (QJTC) if they create and maintain net new jobs that pay at least 110% of the county's average wage.

The QJTC credit value is determined by comparing the average for all qualifying jobs to the credit value thresholds (see chart at right). All eligible jobs created in a tax year earn the same QJTC value.

The job creation threshold required to claim QJTC depends on the tier designation of the county and whether it has the Rural County designation. See chart on page 7 for more details.

Once a project qualifies it opens a seven-year window in which each qualifying job created can earn a QJTC each year for five years as long as the job is maintained.

\$

**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 2)

Quality Jobs Tax Credits must first be applied against 100% of the state corporate income tax liability; then any excess may be applied to the company's state payroll withholding. Claimed but unused credits may be carried forward for 10 years.

**A qualifying job can earn QJTCs or JTCs, but not both.** However, new jobs that do not meet the requirements for the QJTC may be claimed for JTC if they meet JTC eligibility requirements separately. For current average county wages, view the annual Georgia Employment and Wages report on the Publications page of the Georgia Labor Market Explorer website: [explorer.gdol.ga.gov](http://explorer.gdol.ga.gov)

Quality Jobs Tax Credits are subject to requirements outlined in O.C.G.A. § 48-7-40.17 and rules published by the Georgia Department of Revenue in regulation 560-7-8-.51.

### Quality Jobs Tax Credit

A manufacturer chooses a Tier 1 location that has a Rural County designation. The facility creates 200 jobs new to Georgia that are maintained for 5 years.

Additional details of example location:

- The 15 new jobs in management each have a wage greater than 110% of the county average wage
- The average wage for those 15 jobs is greater than 200% of the county average wage

QJTC value: \$5,000

JTC value: \$4,000

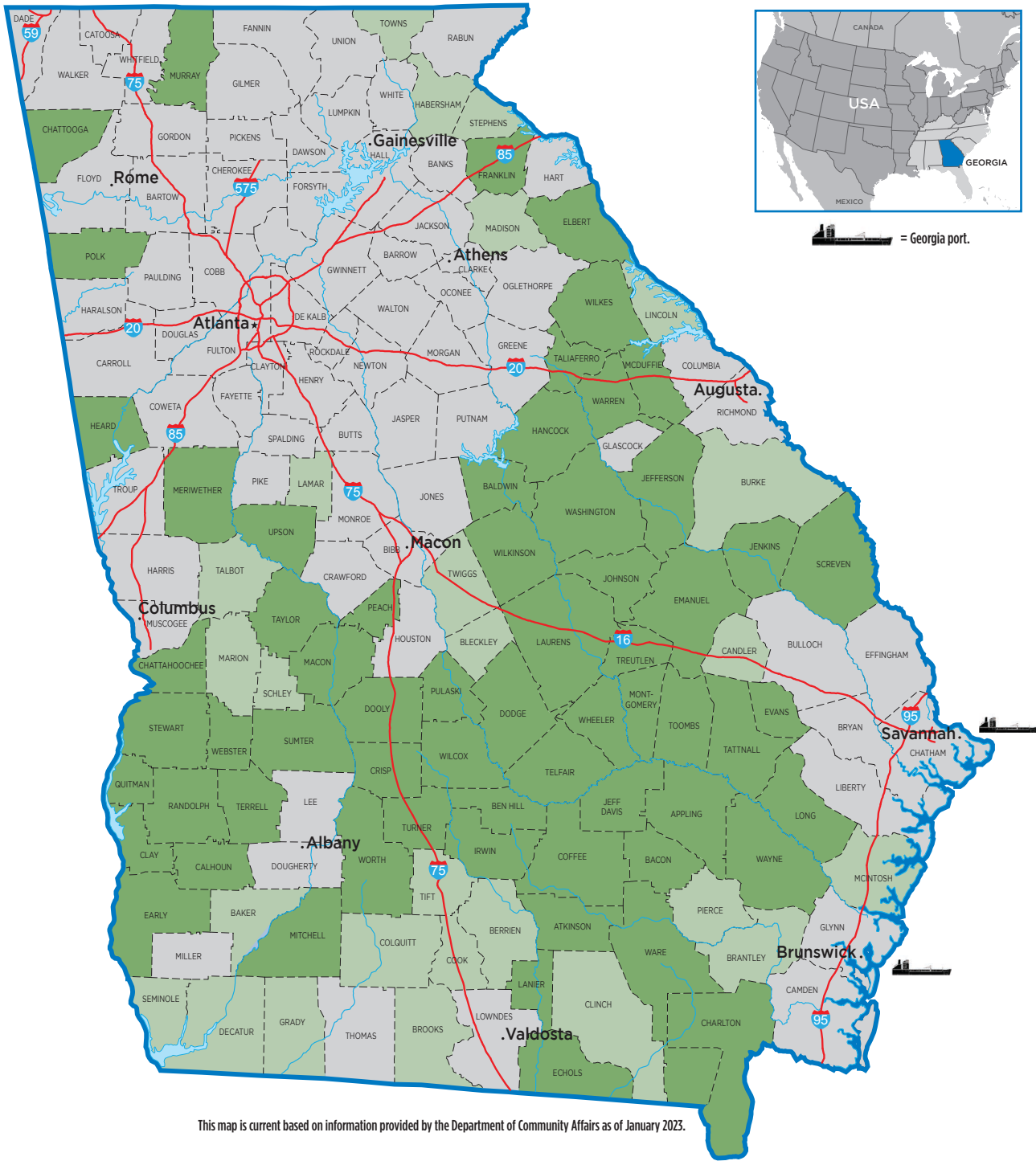
**Example Calculation:**

15 jobs x \$5,000 QJTC x 5 years  
= \$375,000 credits to claim  
+ 185 jobs x \$4,000 JTC x 5 years  
= \$3,700,000 credits to claim  
= \$4,075,000 total credits to claim

% OF COUNTY AVERAGE WAGE	QUALITY JOBS TAX CREDIT \$ (FOR 5 YEARS)
≥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



# GEORGIA'S 2023 RURAL COUNTY DESIGNATIONS



## QJTC COUNTY DESIGNATIONS

TIER & STATUS	MINIMUM NEW JOBS	TIME PERIOD TO CREATE JOBS
Tier 1, Rural	10	12 months
Tier 2, Rural	25	12 months
Remaining Counties	50	24 months

# INVESTMENT TAX CREDIT

Georgia has an investment tax credit available to existing manufacturing and telecommunication companies in the state. Depending on the tier status of the county where the investment is made, the value of the credit ranges from 1% - 5%. To qualify a company must:

- Have operated either a manufacturing or telecommunications facility in Georgia for at least three years, and make a minimum \$100,000 investment in a new or existing manufacturing or telecommunications facility in Georgia;

OR

- Have operated a corporate office or other support facility for a manufacturing or telecommunications company in Georgia for at least three years, and make a minimum \$100,000 investment in a new or existing manufacturing or telecommunications facility in Georgia.

Qualified investment expenses include, but are not limited to:

- Land acquisition
- Improvements
- Buildings
- Machinery and equipment to be used in a manufacturing or telecommunications facility

Higher credits (3% - 8%, depending on tier status) are available for investments in:

- Recycling or Pollution Control Equipment
- Defense Plant Manufacturing Conversion to a New Product

The duration of a project cannot exceed three years unless expressly approved in writing by the Commissioner of the Georgia Department of Revenue. This credit may be applied against 50% of state corporate income tax liability. Excess credits may be carried forward for 10 years. To be eligible to receive the credits, a taxpayer must submit a written application to the Georgia Department of Revenue requesting approval of the project plan no later than thirty (30) days after the completion of the project. **Taxpayers may claim either job tax credits or investment tax credits for a project, but not both.**



**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 2)

Once the requirement to first apply the credit to 50% of the state corporate income tax liability is met, eligible companies in designated Rural Counties within Tiers 1 or 2 can apply excess credits to payroll withholding. These Rural Counties, as defined by Georgia law, are identified on the map on page 7.

The amount that can be applied to payroll withholding is capped at \$1 million per company each year. The maximum amount that can be applied to payroll withholding statewide for all claiming companies is \$10 million. If total applications exceed \$10 million, the Georgia Department of Revenue will determine a prorated amount for each eligible company.

Investment Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.2, 48-7-40.3, and 48-7-40.4 and in rules published by the Georgia Department of Revenue in regulation 560-7-8-.37.

TIER	INVESTMENT CREDITS	MINIMUM INVESTMENT	USE OF CREDITS	CARRY FORWARD
1	5%-8%*	\$100,000	50% of tax liability**	10 years
2	3%-5%*	\$100,000	50% of tax liability**	10 years
3	1%-3%*	\$100,000	50% of tax liability	10 years
4	1%-3%*	\$100,000	50% of tax liability	10 years

\*Recycle, Defense Conversion, Pollution Control

\*\*In Tier 1 and 2 Counties with the rural designation, credits may be applied to payroll withholding after first applying to 50% of state corporate income tax liability.

## Investment Tax Credit

A manufacturer is located in a Tier 1 location. This company invests \$10,000,000 in construction of a new wing for its facility and purchase of machinery and equipment. The total includes \$500,000 in pollution control equipment.

### Credit values:

5% investment credits for expansion in Tier 1 location  
8% investment credits for pollution control equipment in Tier 1 location

### Example Calculation:

$$\begin{aligned}
 & \$9.5M \times 5\% = \$475,000 \\
 & + \$0.5M \times 8\% = \$40,000 \\
 & \dots\dots\dots \\
 & = \$515,000 \text{ total credits to claim}
 \end{aligned}$$



# PORT TAX CREDIT BONUS

The Port Tax Credit Bonus can be used with either the Job Tax Credit (JTC) or the Investment Tax Credit if the company 1) meets the requirements for one of those programs and 2) increases imports or exports through Georgia deepwater ports during a specified tax year and by a specified amount.

The specified tax year is the tax year prior to the tax year in which the company wants to claim the Port Tax Credit Bonus. For example, to claim the Bonus for tax year 2020, the specified tax year is tax year 2019.

The specified amount is an increase of more than 10% from the previous tax year. This initial amount, referred to as the base amount, can be no less than the Required Port Traffic Minimums.

- 75 net tons
- 5 containers or
- 10 TEUs (twenty-foot equivalent units)

For example, to claim the bonus in tax year 2020, if the company generated no imports or exports through Georgia ports in tax year 2018, the company must generate more than 82.5 net tons (or 5.5 containers or 11 TEUs) in tax year 2019.

After the qualifying year, the company must maintain at least the qualifying level of port activity to continue claiming the port bonus with Job Tax Credits during years 2 - 5. In any year the company does not maintain that qualifying level, it cannot claim the port bonus.

The Port Tax Credit Bonus may be used to offset up to 50% of the company's corporate income tax liability. Unused credits may be carried forward for 10 years.

**Note: The Port Tax Credit Bonus cannot be used with the Quality Jobs Tax Credit**

The Port Tax Credit Bonus is subject to program requirements as outlined in O.C.G.A. § 48-7-40.15.

## BONUS FOR JOB TAX CREDITS

This "port 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 deepwater port. The \$1,250 is added to the Job Tax Credit.

### Port Job Tax Credit Bonus

In 2022, a company qualified to begin claiming Job Tax Credits for 150 new jobs in a Georgia distribution facility. The company also qualified to claim the Port Tax Credit Bonus because in 2021, the company had imported 11 TEUs through a Georgia port. (The company had no Georgia port traffic in 2020.) The company maintains the 150 jobs and the 11 TEUs of port traffic each year for five years.

**Job Tax Credit value:** \$4,000 in Tier 1 location

**Port Tax Credit Bonus value:** \$1,250

**Example Calculation:**

150 jobs x \$4,000 Job Tax Credits x 5 years = \$3,000,000  
+ 150 jobs x \$1,250 Port Tax Credits x 5 years = \$937,500  
= \$3,937,500 total credits to claim

## BONUS FOR INVESTMENT TAX CREDITS

This "port bonus" increases the Investment Tax Credit to the equivalent of a Tier 1 location regardless of the tier level at the facility location; therefore, it would be equal to 5% of the qualified investment with the credit increasing to 8% for recycling, pollution control and defense conversion investment.

### Port Investment Tax Credit Bonus

A manufacturer located in a Tier 4 county applied for and was granted GDOR approval to claim an Investment Tax Credit on its 2022 income tax return. The manufacturer also increased its activity through a Georgia port by more than 10% from 2020 to 2021. The approved investment project had \$10M in expenses for construction and equipment, of which \$0.5M was for pollution control equipment.

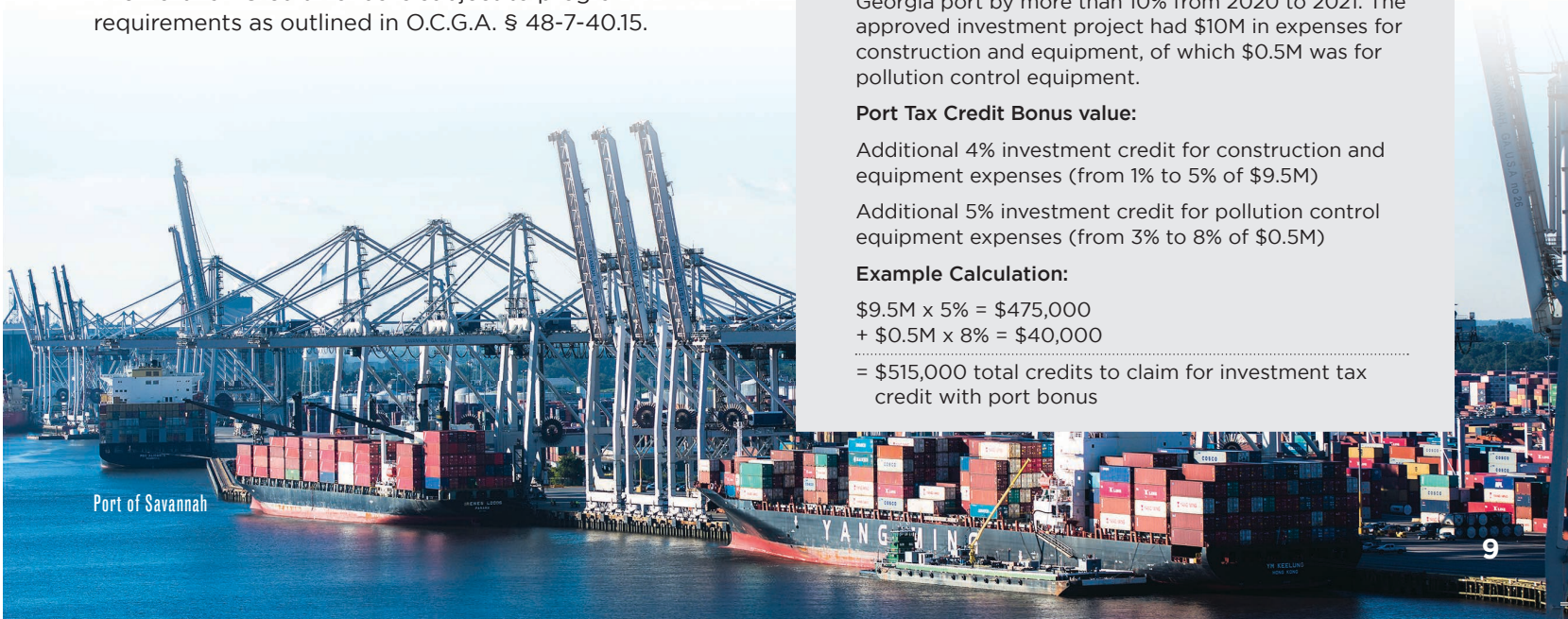
**Port Tax Credit Bonus value:**

Additional 4% investment credit for construction and equipment expenses (from 1% to 5% of \$9.5M)

Additional 5% investment credit for pollution control equipment expenses (from 3% to 8% of \$0.5M)

**Example Calculation:**

\$9.5M x 5% = \$475,000  
+ \$0.5M x 8% = \$40,000  
= \$515,000 total credits to claim for investment tax credit with port bonus



Port of Savannah

# ADDITIONAL TAX CREDITS

## MEGA PROJECT TAX CREDIT

Companies may claim a \$5,250 per job, per year, tax credit for the first five years of each net new job position if they meet the following requirements:

- 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
- either pay an average wage above specified minimums or show high growth potential.

Companies have up to six years to meet the above thresholds, but can extend that period up to eight years with over \$600 million or up to ten years with over \$800 million invested in qualified property.

Companies that claim these credits forego claiming other credits, except for R&D and Retraining Tax Credits. If the required minimum 1,800 new jobs are not maintained, the company may be subject to recapture provisions.

Mega Project Tax Credits are subject to detailed program requirements as outlined in O.C.G.A. § 48-7-40.24.

INVESTMENT AMOUNT	INVESTMENT RAMP UP PERIOD	YEARS TO MEET JOB REQUIREMENT
≥\$450M	By end of year 6	6
≥\$600M	By end of year 6	8
≥\$800M	By end of year 8	10

 **APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 2)



## CHILD CARE TAX CREDIT

The Child Care Tax Credit is for employers who purchase or build qualified child care facilities, or who provide or sponsor child care for employees.

For employers who purchase or build a state-licensed facility, the credit is equal to 100% of the cost of purchase or construction, which can be claimed over 10 years (10% each year). Unused credits can be carried forward for three years.

Employers who provide or sponsor child care at a state-licensed facility are eligible for a credit equal to 75% of the employer's direct costs. Unused credits can be carried forward for five years.

All child care tax credits can be applied to 50% of the corporate income tax liability.

Child Care Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.6 and rules published by the Georgia Department of Revenue in regulation 560-7-8-.38.

## RETRAINING TAX CREDIT

The Retraining Tax Credit mitigates the cost of a company's investment in new technologies in the form of tax credits for retraining existing employees on the new equipment or software.

To be eligible, the training program must be approved by the Technical College System of Georgia. Approved retraining providers are typically company subject matter experts, technology vendors, private training organizations and Georgia's public technical colleges. Eligible costs include wages paid to employees as they are being trained (and to an instructor from the company), and training materials.

The Retraining Tax Credit value is calculated at 50% of the employer's direct costs, up to \$500 per employee per approved retraining program. The total amount of credit for one employee cannot exceed \$1,250 per year.

Retraining Tax Credits can be:

- Used to offset up to 50% of a company's state corporate income tax liability
- Carried forward for 10 years if they are not used during a tax year

Retraining Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.5. For more information, visit <https://tcsge.edu/about-tcsg/econdev/tax-credit/>

# RESEARCH & DEVELOPMENT TAX CREDIT

Georgia companies performing research and development (R&D) activities in the state may be eligible for tax credits. To qualify, the Georgia facility must be engaged in, or the headquarters of, a specified industry including:

- Manufacturing
- Warehousing, Distribution and Logistics
- Software Development
- FinTech
- Data Centers
- Contact Centers
- Telecommunications
- Research and Development Facilities

Eligible industries' R&D Tax Credit value is determined each year based on qualifying expenditures in Georgia. These can include in-state purchases of materials and supplies, fees for Georgia-based contract work, and the portion of wages and salaries of the personnel, direct management, and direct support dedicated to R&D activities that occur within the state. Qualifying expenses are based on the federal definition of R&D in Section 41 of the Internal Revenue Code of 1986, as amended. As described in Section 41, qualifying R&D expenses can include activities beyond new product development, such as:

- Developing and testing new prototypes, dyes, and molds.
- Developing and testing new manufacturing assembly line or new distribution facility processes.
- Implementing and testing new plant equipment or ERP software.
- Improvement of legacy software solutions or cloud storage.

The R&D credit is applied to 50% of the company's net Georgia corporate income tax liability after all other credits have been applied; then any excess may be used to offset the company's state payroll withholding. Claimed but unused credits may be carried forward for 10 years.

Each tax year, the value of the credit is equal to 10% of the qualified R&D expenditures minus a base amount. If a company had no sales in Georgia during one or more of the three preceding tax years, multiply the company's sales in Georgia in the current taxable year by 0.300 to calculate the base amount. Otherwise, multiply a company's Georgia sales in the current tax year by either:

- the average of the ratios of its aggregate qualified R&D expenses to sales in Georgia for the preceding three taxable years;

**OR**

- 0.300, whichever is less.

R&D Tax Credits are subject to program requirements as outlined in O.C.G.A. §48-7-40.12 and rules published by the Georgia Department Revenue in Regulation 560-7-8-.42.

## R & D Tax Credit

Each year from 2019-2021, a Georgia manufacturer spent \$50,000 that qualified for the federal R&D tax credit. Because all the R&D was conducted in Georgia, it was also considered Qualified Research Expenditures (QRE) for the Georgia R&D tax credit. Georgia Gross Receipts (GR) for each year was \$1M.

2019 \$50,000 QRE/\$1M GR = 0.05	} 0.15 total; 0.05 average
2020 \$50,000 QRE/\$1M GR = 0.05	
2021 \$50,000 QRE/\$1M GR = 0.05	

To determine base amount, use whichever is less:

1. Average ratio of QRE from past 3 years times GR:  
0.05 x \$1 M = \$50,000 base amount

**OR**

2. 0.300 times GR:  
0.30 x \$1 M = \$300,000 base amount

During its 2022 tax year, the Georgia manufacturer spent **\$150,000** on staff time and materials that qualified for the federal R&D tax credit as well as Georgia's QRE.

\$150,000 QRE
- \$50,000 base amount
-----
= \$100,000
x 10%
-----
= \$10,000 total R&D tax credits to claim



**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 2)



# TAX EXEMPTIONS

## EXEMPTIONS FOR MANUFACTURERS

### SALES AND USE TAX EXEMPTION

Georgia exempts the 6%-9% sales and use tax for a wide range of expenditures that manufacturing facilities must make for their operations.

Exemption	Description
<b>Manufacturing Machinery and Equipment</b>	Manufacturing machinery and equipment that is integral and necessary to the manufacturing process and used in a manufacturing facility 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. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Repair to Industrial Machinery</b>	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery which is necessary and integral to the manufacture of tangible personal property in a presently existing manufacturing plant is exempt from taxation. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Raw Materials and Packaging</b>	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. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Energy Used in Manufacturing</b>	The sale, use, storage, or consumption of energy which is necessary and integral to the manufacture of tangible personal property at a manufacturing plant shall be exempt from all sales and use taxation except for the sales and use tax for educational purposes (typically 1.0%). This includes energy used directly or indirectly in a manufacturing facility. [Ga. Comp. R. & Regs. 560-12-2-.64]
<b>Primary Material Handling Equipment</b>	For manufacturers who have a separate portion of their facility designated exclusively for the material handling function, purchases of the machinery and equipment used to handle, move, or store tangible personal property is exempt from sales and use taxes where the total purchase or expansion is valued at \$5 million or more. [Ga. Comp. R. & Regs. 560-12-2-.103]
<b>Pollution Control Equipment</b>	Machinery & equipment used for the primary purpose of reducing or eliminating air and water pollution is exempt. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Clean Room Equipment</b>	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 is exempt from sales tax, if the room is used to produce tangible personal property. The exemption does not include the building of any permanent, nonremovable component of the building that houses the clean room. [O.C.G.A. § 48-8-3(69)]

### INVENTORY TAX EXEMPTION

Georgia has no state property tax on inventory or any other real or personal property. Under Georgia's Level One Freeport law, counties and municipalities have the option of enacting a local property tax exemption for four different classes of inventory at 20%, 40%, 60%, 80% or 100% of the value.

There are two classes of goods under Level One Freeport that relate to manufacturers:

**Class One:** Inventory of goods in the process of being manufactured or produced including raw materials and partly finished goods.

**Class Two:** Inventory of finished goods manufactured or produced within this state held by the manufacturer or producer for a period not to exceed 12 months.

# EXEMPTIONS FOR DATA CENTERS AND HIGH-TECH COMPANIES

## SALES AND USE TAX EXEMPTION

Georgia exempts the 6%-9% sales and use tax on eligible purchases for data centers and high-tech companies.

Exemption	Description
Data Centers	Data center (co-located and single-user) projects that create a minimum number of new jobs that are high-paying and meet a minimum threshold of investment may be eligible for a sales and use tax exemption on qualified purchases. The job and investment thresholds are linked to the population of the county in which the facility is located. Eligible expenses include materials, components, machinery, hardware, software, or equipment, including but not limited to cooling towers, energy storage or energy efficiency technology, switches, power distribution units, switching gear, peripheral computer devices, routers, batteries, wiring, cabling, or conduit. This exemption has a sunset of December 31, 2031. [Ga. Comp. R. & Regs. 560-12-2-.117]
High-Tech Companies (including single user data centers)	The sale of certain computer equipment is exempt when the total qualifying purchases by a High Technology Company in a calendar year exceeds \$15 million. A High Technology Company must be classified under certain relevant North American Industry Classification System (NAICS) codes, which include single-user data centers (but not co-located data centers), software publishers, computer systems design, certain telecommunications firms, financial transaction processing facilities, and R&D centers. This exemption has a sunset of December 31, 2028. Effective January 1, 2024, any entity claiming this exemption must pay 10% of all sales and use taxes imposed on the first \$15 million of the eligible purchases or leases which otherwise would be exempted under O.C.G.A. § 48-8-3(68). [Ga. Comp. R. & Regs. 560-12-2-.107]

# EXEMPTIONS FOR DISTRIBUTION CENTERS

## SALES AND USE TAX EXEMPTION

Georgia exempts the 6%-9% sales and use tax for the following equipment.

Exemption	Description
Primary Material Handling Equipment	Distribution or warehouse facilities that invest \$5 million or more in the purchase or expansion of a facility are eligible for sales and use tax exemptions on qualifying purchases. Qualifying equipment is defined as machinery and equipment used to handle, move, or store tangible personal property. The distribution or warehouse facility may not have retail sales equal to or greater than 15 percent of the facility's total revenues. [Ga. Comp. R. & Regs. 560-12-2-.103]

## INVENTORY TAX EXEMPTION

Georgia has no state property tax on inventory or any other real or personal property. Under Georgia's Level One Freeport law, counties and municipalities have the option of enacting a local property tax exemption for four different classes of inventory at 20%, 40%, 60%, 80% or 100% of the value. Third and fourth classes of goods are relevant to distribution centers and warehouse facilities and are as follows:

**Class Three:** Inventory of finished goods stored in a warehouse, dock or wharf, which is destined for shipment outside this state, for a period not to exceed 12 months.

**Class Four:** Stock in trade of a fulfillment center that is stored in a warehouse for a period not to exceed 12 months.

Local governments can also hold a referendum to approve Level Two Freeport, which would extend the exemption to any inventory or real property not covered by Level One, including retail inventory. Level One and Level Two Freeport Exemptions are outlined in O.C.G.A. 48-5-48.1, 48-5-48.2, 48-5-48.5, and 48-5-48.6.

### FOREIGN-TRADE ZONE (FTZ)

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. The three international ports of entry in Georgia have FTZ projects associated with them:

- Atlanta - FTZ #26
- Brunswick - FTZ #144
- Savannah - FTZ #104

# HIRING, TRAINING AND EDUCATION



## QUICK START EMPLOYEE TRAINING

Ranked the No. 1 workforce training program in the nation, Quick Start develops and delivers fully customized, strategic workforce solutions for qualified companies investing in Georgia. Services are provided free of charge as a discretionary incentive for job creation for clients opening or expanding in a broad range of industries including:

- Advanced Manufacturing
- Automotive
- Aviation
- Bioscience/Healthcare
- Distribution Centers
- Food Processing
- Headquarters Operations

### Services include:

**Strategic workforce consultation:** Quick Start's training professionals work with company subject-matter experts to guarantee training meets business goals.

**Pre-employment assessment:** Helps company assess candidates according to its own defined criteria and preview their skills.

**Customized post-employment and job-specific training:** From fundamental knowledge to supervised on-the-job training on a company's own technology and processes, Quick Start prepares employees for maximum effectiveness and efficiency.

**Leadership and productivity enhancement training:** Businesses maintain competitiveness and emphasize continuous improvement for all team members with Quick Start's guidance.

Additional details available at: [GeorgiaQuickStart.org](http://GeorgiaQuickStart.org)

## HIRING ASSISTANCE

The Georgia 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 may plan and execute customized recruiting for new companies as a discretionary incentive.

## GEORGIA'S COLLEGES AND UNIVERSITIES

Each year, more than 95,000 degrees are earned through Georgia's public and private higher education institutions. Employers are encouraged to connect with students via career service centers, internships, co-ops, and recruiting. Contact individual colleges and universities, the University System of Georgia, the Technical College System of Georgia and the Georgia Independent College Association to learn more.

## HOPE SCHOLARSHIP AND GRANT PROGRAMS

HOPE is Georgia's scholarship and grant program that rewards Georgia students who are pursuing an undergraduate degree or certification with financial assistance at eligible Georgia public and private colleges and public technical colleges. These programs can be advantageous to relocating families with children, and for companies training employees through local technical colleges. [GAFutures.org](http://GAFutures.org)

The HOPE Scholarship is awarded to students meeting certain academic requirements. The HOPE Grant provides tuition assistance for residents seeking a technical degree or certificate from one of Georgia's technical colleges. The HOPE Career Grant is a state-funded grant that supplements the HOPE Grant and results in free tuition, as well as assistance with other fees, for Technical College System of Georgia students in majors that prepare students for jobs currently in high demand.

### HOPE CAREER GRANT PROGRAMS INCLUDE:

- Automotive Technology
- Aviation Technology
- Bioscience Technology
- Certified Engineer Assistant
- Commercial Truck Driving
- Computer Programming
- Computer Technology
- Industrial Maintenance
- Logistics/Transportation Technology
- Precision Manufacturing
- Welding & Joining Technology

For a full list and detailed guide on these grants, visit [tcsgeorgia.edu/free-tuition](http://tcsgeorgia.edu/free-tuition).

# INDUSTRY-SPECIFIC TAX CREDITS

## LIFE SCIENCES MANUFACTURING TAX CREDIT BONUS

The Life Sciences Manufacturing Tax Credit Bonus can be added to the Job Tax Credit for the manufacture of pharmaceuticals, medicines, and medical equipment and supplies in Georgia. Like the Port Tax Credit Bonus, manufacturers must also be eligible to claim the Job Tax Credit to claim the additional \$1,250 Life Sciences Manufacturing bonus for eligible jobs. The value of the bonus credit may be used to offset up to 100% of the company's corporate income tax liability; then any excess may be used to offset the company's state payroll withholding. Claimed but unused credits may be carried forward for 10 years.

Only the manufacturing jobs specified above may be claimed in a tax year. If the facility ceases to manufacture an eligible product, or if the jobs are no longer involved in manufacturing one of these products, then the company may no longer claim the bonus for those jobs. Eligibility extends to jobs dedicated to the manufacture of:

- **Pharmaceuticals and Medicine (NAICS 3254):**  
includes (1) manufacturing biological and medicinal products; (2) processing (i.e., grading, grinding, and milling) botanical drugs and herbs; (3) isolating active medicinal principals from botanical drugs and herbs; and (4) manufacturing pharmaceutical products intended for internal and external consumption.
- **Medical Equipment and Supplies (NAICS 3391):**  
includes manufacturing of surgical and medical instruments, surgical appliances and supplies, dental equipment and supplies, orthodontic goods, ophthalmic goods, dentures, and orthodontic appliances.



APPLICABLE TO PAYROLL WITHHOLDING (SEE PAGE 2)

The Life Sciences Manufacturing bonus may be claimed only for jobs created after July 1, 2021 and may be claimed for tax years beginning January 1, 2021 or later. More details and further program requirements for this bonus are outlined in O.C.G.A. § 48-7-40.1B and in rules published by the Georgia Department of Revenue in Regulation 560-7-8-.67.

### Life Sciences Manufacturing Tax Credit Bonus

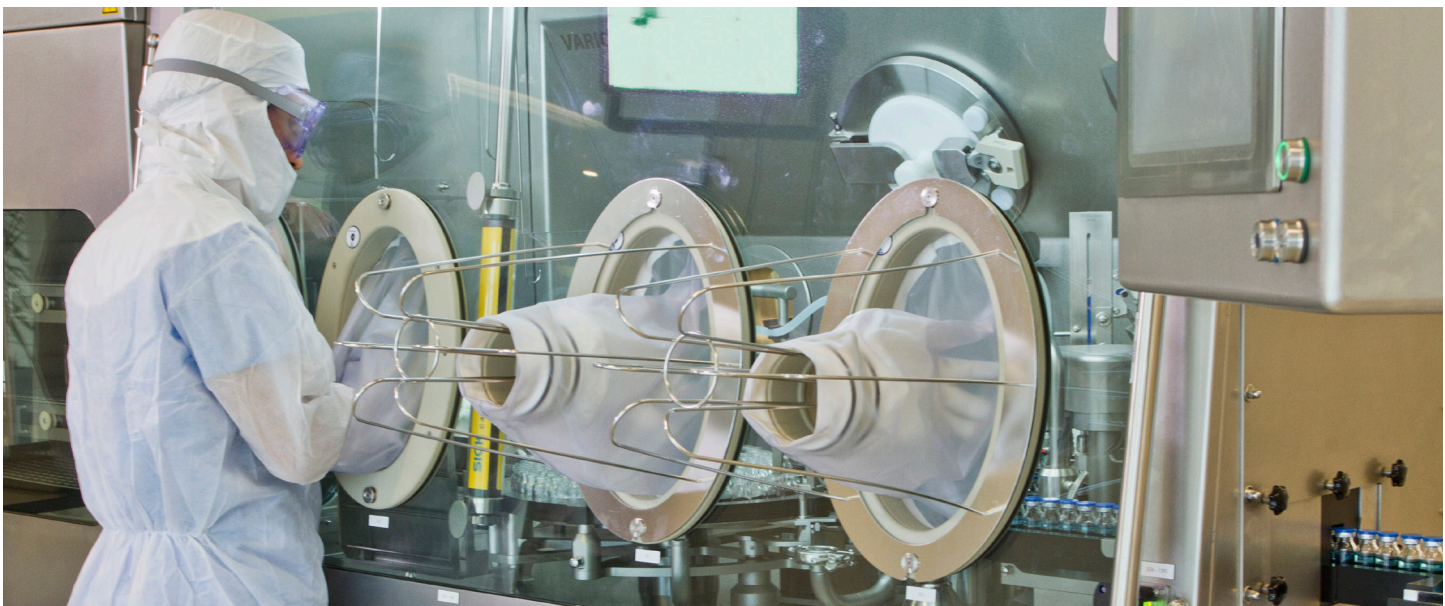
A manufacturer chooses a Tier 1 location for a facility with 300 new jobs eligible for the Job Tax Credit. 100 of the jobs will be dedicated to manufacturing pharmaceuticals, and the remaining 200 jobs will be dedicated to manufacturing another product. Through importing supplies and exporting product at the requisite threshold, the company will also be eligible for the Port Tax Credit Bonus.

**Job Tax Credit value:** \$4,000 in Tier 1 location  
**Life Sciences Manufacturing bonus value:** \$1,250  
**Port Tax Credit Bonus value:** \$1,250

#### Example Calculation:

300 jobs x \$4,000 Job Tax Credits x 5 years = \$6,000,000  
100 jobs x \$1,250 Life Sciences Manufacturing bonus x 5 years = \$625,000  
300 jobs x \$1,250 Port bonus x 5 years = \$1,875,000

= \$8,500,000 total credits to claim, \$5,875,00 of which are applicable to payroll withholding once obligations to first apply to corporate income tax liability are met (note: only \$3,500 per job of the Job Tax Credit value can be applied to payroll withholding).



# INDUSTRY-SPECIFIC TAX CREDITS CONTINUED

## PPE TAX CREDIT BONUS

To aid in the fight against COVID-19, Georgia created a new Personal Protective Equipment (PPE) Tax Credit Bonus to reward job creation that expands the manufacture of PPE and hand sanitizer in Georgia.

The PPE bonus mirrors the Life Sciences Manufacturing bonus in its eligibility parameters, value and allowable applications of the bonus. The only difference is in the types of manufactured products eligible for the bonus. When new jobs are dedicated to manufacturing a product that could be claimed under both the PPE Tax Credit Bonus and the Life Sciences Manufacturing bonus, only one of these bonuses may be claimed for those jobs.



**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 2)

If the facility produces multiple products, only those jobs dedicated to manufacturing PPE or hand sanitizer may qualify. If the facility ceases to manufacture PPE or hand sanitizer, or if the jobs are no longer involved in manufacturing PPE or hand sanitizer, then the company may no longer claim the PPE bonus for those jobs. Eligibility extends to jobs dedicated to the manufacture of:

- **Personal protective equipment**

- o any protective clothing, helmets, gloves, face shields, goggles, facemasks, hand sanitizer, and respirators or other equipment designed to protect the wearer from injury or to prevent the spread of infection, disease, virus, or other illness. Such term shall include equipment identified under 29 C.F.R. Section 1910, Subpart I.

- **Hand sanitizer**

- o any hand antiseptic, hand rub, soap, or agent applied to the hands for the purpose of removing common pathogens, including, but not limited to, hand cleaners and sanitizers provided for under 7 C.F.R. Section 3201.18.

The PPE bonus is available only for tax years ending between 1/1/20 through 12/31/2024. However, qualifying jobs claimed for tax years ending on or before 12/31/2024 can claim the full five years of the credit, so long as the jobs are maintained and continue to be dedicated to the manufacture of PPE or hand sanitizer.

The PPE Tax Credit Bonus is subject to program requirements as outlined in O.C.G.A. § 48-7-40.1A and in rules published by the Georgia Department of Revenue in regulation 560-7-8-.66.

### PPE Tax Credit Bonus

A manufacturer chooses a Tier 1 location for a facility with 300 new jobs eligible for the Job Tax Credit. 100 of the jobs will be dedicated to manufacturing PPE, and the remaining 200 jobs will be dedicated to manufacturing another product. Through importing supplies and exporting the other product at the requisite threshold, the company will be eligible for the Port Tax Credit Bonus.

**Job Tax Credit value:** \$4,000 in Tier 1 location

**PPE Tax Credit Bonus value:** \$1,250

**Port Tax Credit Bonus value:** \$1,250

**Example Calculation:**

300 jobs x \$4,000 Job Tax Credits x 5 years = \$6,000,000  
100 jobs x \$1,250 PPE Tax Credits x 5 years = \$625,000  
300 jobs x \$1,250 Port Tax Credits x 5 years = \$1,875,000

= \$8,500,000 total credits to claim, \$5,875,000 of which are applicable to payroll withholding once obligations to first apply to corporate income tax liability are met (note: only \$3,500 per job of the Job Tax Credit value can be applied to payroll withholding).





# INDUSTRY-SPECIFIC TAX CREDITS CONTINUED

## DIGITAL ENTERTAINMENT TAX CREDIT

A tax credit of 20% of qualified expenditures in Georgia may be available to digital/interactive entertainment production companies with a minimum of \$250,000 in qualified expenditures in Georgia. An additional 10% uplift can be earned by including an embedded Georgia logo and web link on the project’s promotional webpage, or through approved alternatives if they offer equal or greater marketing opportunities for the state.

This tax credit may be used against Georgia income tax liability (any excess can reduce the company’s Georgia payroll withholding liability). If the interactive entertainment production company chooses, it may make a one-time sale or transfer of the tax credit to one or more Georgia taxpayers.

Interactive entertainment companies will be eligible for this credit only if their gross income is less than \$100 million. Pre-released interactive games may qualify for the tax credit at the 20% rate for up to three years.

The total credits available for interactive entertainment production companies and affiliates will be capped at



\$12.5 million each year and will be awarded on a first-come, first-served basis. No single company can receive more than \$1.5 million or the amount of its Georgia payroll total (whichever is less) in a given year.

The tax credit described above is part of Georgia’s Film, Television and Interactive Entertainment Tax Credits, which are subject to program requirements as outlined in O.C.G.A. § 48-7-40.26. Georgia also has Musical and Theatrical Performance Tax Credits, which are subject to program requirements as outlined in O.C.G.A. § 48-7-40.32. For more information, visit [Georgia.org/Film](http://Georgia.org/Film).

## PREMIUM TAX CREDIT

Georgia offers a tax credit against the annual premium tax applied to insurance companies in the state. The tax credit is earned based on new job creation in Georgia.

The amount of the per-job tax credit, how the credits can be used, and the qualification requirements depend on the community’s location, which assigns it a designated tier. The map on *page 4* illustrates the tier designations of the counties, and the chart below provides details on how the parameters change based on the tier designation.

Once a company has qualified to earn the premium tax credit, each job can earn an annual credit for years two through six, as long as the job is maintained.

TIER	PREMIUM TAX CREDIT \$ (FOR 5 YEARS)	MINIMUM NEW JOBS	USE OF CREDITS	CARRY FORWARD
1	\$3,500	5	100% of Georgia premium tax liability	10 years
2	\$2,500	10	100% of Georgia premium tax liability	10 years
3	\$1,250	15	50% of Georgia premium tax liability	10 years
4	\$750	25	50% of Georgia premium tax liability	10 years

Companies must create between five and 25 net new jobs in a year to qualify, depending on the tier of the county. To qualify, the new jobs must have:

- No predetermined end date
- A regular work week of 35 hours or more
- The same benefits provided to other regular employees of the local company (including health insurance coverage)
- An average wage above the average wage of the county with the lowest average wage in the state (\$636/week as of June 2023)

Premium Tax Credits are subject to program requirements as outlined in O.C.G.A. 33-8-4.1 and the 2008 rules and regulations published by the Georgia Department of Community Affairs in 110-9-1.

### Premium Tax Credit

An insurance company chooses to locate in a Tier 1 County and create 150 jobs new to Georgia which are maintained for 5 years.

**Credit value:** \$3,500 in Tier 1 location

**Example Calculation:**

150 jobs x \$3,500 credits x 5 years  
= \$2,625,000 total credits to claim

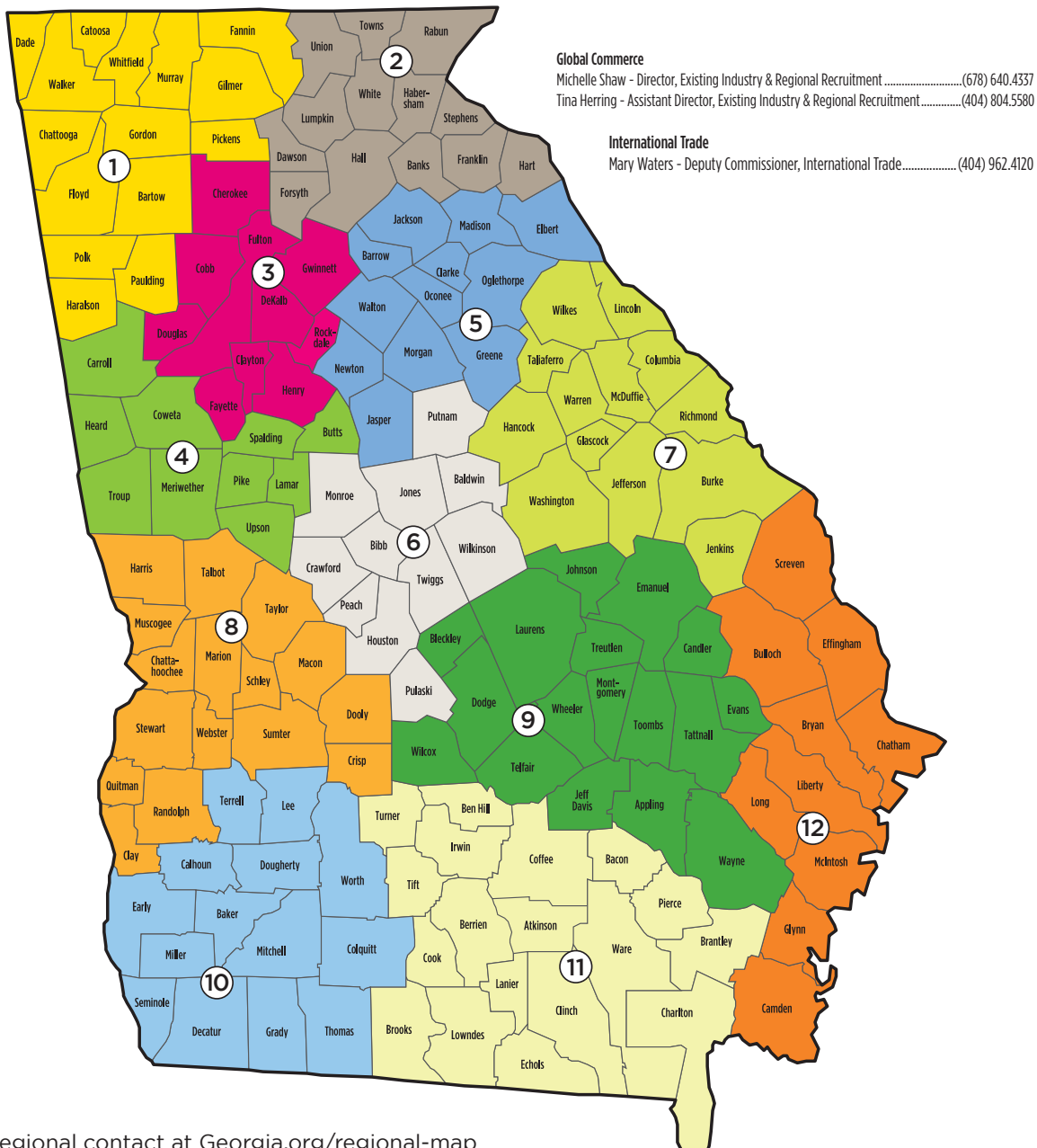
# EXPANSION SERVICES

We understand that growth is critical to your continued success. That's why we do everything we can to help companies expand their Georgia locations.

To lead this effort, the Georgia Department of Economic Development has a project manager in each of the 12 regions across the state. These professionals are experts in how to grow your business in our state. As they serve your company, you'll find them to be:

- **Consultative.** Our team is proactive – we ask questions and identify solutions - and are committed to helping you figure out which resources and incentives will most benefit your company and its strategic goals.
- **Collaborative.** We work closely with other agencies in state government, as well as local governments, chambers of commerce and utilities. These relationships keep us up to date on changing conditions and emerging opportunities.
- **Communicative.** Our team doesn't just point the way. We connect you with people to help you get things done - providing you with names, contact information, or a personal introduction.

## REGIONAL SERVICE MAP



Find your regional contact at [Georgia.org/regional-map](http://Georgia.org/regional-map)

# EXPANSION SERVICES

Existing Georgia firms, as well as new companies, may qualify for many of the programs outlined in this brochure. These services are provided at no charge to the company.

## EXPORT SERVICES

Georgia's International Trade team has supported exporters for more than four decades, and the state maintains representation in 12 strategic markets around the world. Our international representatives are the face of Georgia in global markets, promoting the state as an ideal location for international investment and helping Georgia companies to export products and services to new markets.

The International Trade Division provides Georgia businesses with free, customized export services including market intelligence, key in-country contacts, and guidance to help them diversify and grow. Core services include:

- **Global Insight** – Providing knowledge including the “how-to’s” of exporting, as well as industry-specific and country-specific data. Services include research, export education, consultations, market assessments and partner resources.
- **Global Connections** – Matching Georgia suppliers with international customers and representatives. Accomplished through international and domestic trade shows, trade missions, in-country matching, business partner identifications and Trade Opportunity Alerts

Learn more at: [Georgia.org/trade](http://Georgia.org/trade)

*“The International Trade division provides an indispensable resource to the small business community. With exports representing over 60% of our revenue, programs such as the Go Global initiative are of significant benefit to our International Sales activities.”*

COLIN SCHOFIELD  
VP SALES & MARKETING  
JODYJAZZ INC.

---

## INDUSTRY CONNECTIONS

Exclusive to Georgia, the Center of Innovation is the state's leading resource for facilitating business innovation. Through the assistance of industry-focused teams, the Center of Innovation helps Georgia businesses clear the path to solutions and growth through expert advice and navigation to the right resources. The Center works with organizations large and small, and serves as a trusted partner in exploring new ideas, new products, and new processes to help fuel continued success.

The Center of Innovation's experts have relationships within Georgia's extensive network of strategic industry organizations – suppliers, manufacturers, distributors, researchers, customers, and governmental agencies – providing meaningful connections to the right industry assets, leading minds and technical advancements.

Learn more at [Georgia.org/Innovation](http://Georgia.org/Innovation)

*“It's worthwhile looking at your biggest pain points and seeing what is really holding us back from growing – and there's a good chance that the Center of Innovation can help*

**GROW YOUR BUSINESS.”**

JESSICA LITTLE  
CO-FOUNDER  
SWEET GRASS DAIRY



## GEORGIA IS YOUR DEDICATED PARTNER

The industry teams at Georgia Department of Economic Development go beyond providing relocation and expansion services, we are here to help you grow and succeed. We are pleased you are considering doing business in our state, and are here to assist with a range of services from site location, employee training, export assistance, and understanding incentives.

WE **SPEAK** BUSINESS



Georgia Department of Economic Development  
75 Fifth Street, NW, Suite 1200 | Atlanta, Georgia 30308 - USA | +1.404.962.4000 | [Georgia.org](http://Georgia.org)