

Georgia Opportunities for Offshore Wind Businesses

A. The Advantages of Georgia

Georgia ranks in the top five and top ten nationwide in a wide range of business categories, including labor climate, infrastructure and transportation, and overall business climate. The state offers performance-based assistance packages, as well as tax incentives and credits. The Georgia Department of Economic Development is the state's lead agency dealing with business expansion, investment, and growth, including developing new markets globally and nationally. Industry-specific teams are available to assist companies seeking to relocate or expand in Georgia.

The state's pro-growth business environment is aided by six Centers of Innovation, which provide technology-oriented support to various sectors, including manufacturing and energy. The Centers provide access to university research, commercialization resources, grant funds, investor networks, and government agencies.

Georgia is one of only 13 states to offer a "single factor gross receipts" apportionment formula, treating gross receipts as the only relevant factor in determining a company's income subject to Georgia's 6% corporate income tax.

Georgia's well-developed infrastructure helps companies to access regional, national, and global markets by air, sea, rail, and road. The Hartsfield-Jackson International Airport in Atlanta boasts three cargo complexes that are able to move 650,000 tons of cargo annually, and is located adjacent to a 250-acre Foreign Trade Zone, in which duties are lowered. Georgia also has two deep-water sea ports in Savannah and Brunswick. Savannah's port has been the fastest growing container port in the U.S. over the last ten years and is a major reason that Georgia ranks second nationally in exports. Two Class 1 railroad facilities are located in the port terminal. The integration of one of the nation's most extensive rail systems with the shipping port makes Savannah the largest intermodal hub in the Southeast.

B. Government Policies Pertaining to Offshore Wind Power

Offshore Wind Planning

In 2005, the Georgia Wind Working Group was formed through a partnership among the Southern Alliance for Clean Energy, the Georgia Institute of Technology's Strategic Energy Institute, and the Georgia Environmental Finance Authority.¹ The group represents utility companies, wind developers, government agencies, universities, and other stakeholders. It

¹ More information on the Georgia Wind Working group is available here:
<http://www.gawwg.org/home.html>

works to promote responsible wind development by providing public education, facilitating stakeholder collaborations, assisting with resource assessments, and developing state-specific reports. In 2007, the Group helped to produce an offshore wind potential study released by Georgia Tech Strategic Energy Institute and the Southern Company, which concluded that offshore wind development in Georgia is feasible with an offshore wind Class 4 resource (17mph average), but that issues relating to cost, regulation, and insurance need to be addressed.² The report also concluded that environmental permitting would not be an issue for offshore development.

C. Government Policies Pertaining to Manufacturing and Service Activities Related to Offshore Wind.

Business Incentive Loans and Bonds

Georgia's Department of Community Affairs administers a **Bond Allocation Program** through which local and state government can issue traditional industrial development bonds to manufacturers for approved projects. These economic development projects must create or retain one job for every \$125,000 of financing. The Department also maintains a **Local Revolving Loan Fund** for businesses that create jobs for low- to moderate-income people. Local governments review applications and award the funds.

The **Strategic Industries Loan Fund (SILF)**, offered by the OneGeorgia Authority, provides loan assistance to strategic industries relocating or expanding to Georgia. The low-interest financing may be used to purchase fixed assets and is not limited in amount. The State has identified energy as a strategic target industry. Companies must be producing commercially viable technologies and creating higher quality jobs.

OneGeorgia Authority, in partnership with the State, also provides the **Entrepreneur and Small Business Loan Guarantee Fund** to provide financial assistance through loan guarantees to banks and other accredited lenders. The gap financing is meant to assist small businesses who would otherwise be unable to obtain financing. OneGeorgia guarantees up to 50% of the loan from \$35,000 to \$250,000, which can be used for start-up, fixed assets, or working capital.

Tax Credits

In addition to its already low 6% corporate income tax rate, Georgia offers a range of corporate tax credits, some of which are dependent on the "tier" status of the county in which the business is located. Furthermore, qualified equipment purchases or leases for manufacturing purposes are exempt from sales tax and business inventory is exempt from state property taxes.

Georgia's **Enterprise Zone Program** provides various tax incentives to businesses within designated underdeveloped zones in rural or urban areas. A business may be exempted from property tax and occupation taxes, and may receive an abatement or reduction in otherwise

² The Offshore Wind Energy presentation of the report is available here: <http://www.gawwg.org/offshorwindenergy.html>

applicable regulatory fees and other fees. The **Foreign Trade Zone Program** allows qualified companies to defer, reduce, or eliminate duties on imported materials that are used in products assembled in Georgia.

The **Investment Tax Credit** is available to existing companies, including manufacturers, who have been in business in Georgia for at least three years and that make a minimum of \$50,000 in additional qualified capital investments. The credit depends on the county tier and ranges from one to five percent.

The **Job Tax Credit** is available to identified strategic industries, such as manufacturing. Companies that create between 5 and 25 new full-time jobs in one year may qualify for the credit, and companies that create jobs between years 2-5 may also claim a credit. The credit per job, per year, is between \$750 and \$3,500; increased credits are allowed for companies that create jobs in less developed counties.

Business that are engaged in manufacturing, warehousing and distribution, processing, or research and development and have increased their port traffic tonnage in the last year by more than 10% over their 1997 base year traffic may take a tax credit under the state's **Port Tax Credit Bonus**. The **Port Tax Credit Bonus for Jobs and Investment** is available to businesses as a bonus on the Job Tax Credit and Investment Tax Credit. The job tax and investment tax credit amounts are based on the four tiers. The "port bonus" is an additional \$1,250 per job credit (on top of the Job Tax Credit) for businesses with a qualified increase in shipments through a Georgia port. The port bonus for investment expenses is equivalent to 5% of the qualified investment directly related to manufacturing.

The **Research and Development Tax Credit** provides a flat 10% credit to qualified businesses engaged in eligible activities, including manufacturing. The credit is applied to a base amount. Unused credit may be carried forward for up to ten years. **Investment Tax Credits** are available to manufacturers who have been operating in Georgia for at least three years. The credit varies from 1% to 8% of the qualified investment, primarily depending upon the tier level of the county where the investment occurs.

The **Small Business Growth Companies Tax Credit** is available to small businesses with a net taxable income growth of 20% or more each year for three consecutive years. Credits are available for manufacturing, R&D, warehouse distribution, and more. The **Small Business Tax Relief Program** allows small businesses making capital investments of less than \$410,000 to write off up to \$102,000 of these expenses. For investments greater than \$410,000, the deduction may be taken dollar for dollar.

D. Other Applicable Incentives

OneGeorgia offers loan and grant funding to rural Tier 1 and Tier 2 communities through the **Economic Development, Growth and Expansion (EDGE) Fund** when companies are considering relocation or expansion within a designated community and are in direct competition

with another state. Similarly, the **Regional Economic Business Assistance (REBA) Program** assists local governments in promoting economic development within non-rural areas.

Through 2013, Georgia is offering an income tax credit for investors who invest in certain qualified businesses. The **Angel Investor Tax Credit** can be claimed up to two years after the investment, and is equivalent to 35% of the investment with an individual investor cap of \$50,000 per year.