

# Regional Economic Opportunities Inventory



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## Northeast Georgia Regional Commission

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# 1. Introduction

The Northeast Georgia Regional Commission (NEGRC), founded in 1963 as the Area Planning and Development Commission, serves the county and municipal governments of Barrow, Clarke, Elbert, Greene, Jackson, Jasper, Madison, Morgan, Newton, Oconee, Oglethorpe, and Walton Counties (see map of the Northeast Georgia region within the State of Georgia at right). The NEGRC is a focal point for regional issues concerning these local governments in planning, economic development, grant preparation, job training, and aging services.



The Regional Commission identified the need for an Economic Opportunities Inventory for Northeast Georgia as part of the most recent update to the Regional Plan (2018). The document provides an overview of economic incentives offered by the state and federal governments, and catalogs incentives used in each county within the Northeast Georgia region. Local governments should utilize economic incentive programs to increase growth in their respective jurisdictions, and to be competitive in attracting new businesses.

## Document Structure

***Overview of Economic Incentives*** – An overview of the economic incentive programs offered by state and federal entities.

***Existing Incentives in the Northeast Georgia Region*** – An overview of incentives that local governments utilize in the Northeast Georgia region, as well as a catalog and map of every county.

***Conclusion*** – An examination of the project, including lessons learned in how to apply economic incentives to all Northeast Georgia communities, successes and areas for improvement, and opportunities for further investigation.

## 2. Overview of Economic Incentives

State and federal agencies offer a variety of economic incentives available to local governments to stimulate economic development. There are multiple designations that can be pursued, including Federal Opportunity Zones, State Opportunity Zones, Rural Zones, Enterprise Zones, and others.

### Federal Opportunity Zones

Federal Opportunity Zones were designed to attract new investment to economically distressed communities. Investments within Federal Opportunity Zones may be eligible for special tax treatment. Federal Opportunity Zones are based on 2010 Census Tract geographies. They were nominated for the designation by the State, and that nomination was certified by the Secretary of the Treasury via his or her delegation of authority to the Internal Revenue Service (IRS). As of 2021, Federal Opportunity Zones nationwide cannot be added or altered.

The Federal Opportunity Zone designation was created by the Tax Cuts and Jobs Act of 2017 to create economic growth within low-income communities. The designation allows investors to defer federal taxes by utilizing capital gains from other investments, and investing in these designated areas. There are more than 8,700 Federal Opportunity Zones in the United States, including 260 census tracts in the State of Georgia. A map of Federal Opportunity Zones in the Northeast Georgia Region is located in Appendix A.

#### Federal Opportunity Zone Tax Credit Incentives:

##### Temporary, capital gain tax deferral:

- The period of capital gain tax deferral ends on 12/31/2026

##### A step-up in basis:

- Investment held for five years – Basis increased by ten percent of deferred gain (90% taxed)
- Investment held for seven years – basis increased by another five percent of deferred gain (85% taxed)

##### Forgiveness of additional gains:

- Investment held for ten years – Basis equal to fair market value; forgiveness of gains on appreciation of investment of sale or exchange of Opportunity Fund investment. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.

### State Opportunity Zones

State Opportunity Zones encourage local governments to redevelop and revitalize selected commercial and industrial areas. To apply for a State Opportunity Zone, the local government must have an adopted Urban Redevelopment Plan (URP) or an Enterprise Zone. An Urban Redevelopment Plan and an Enterprise Zone identifies focus areas within the community that are in need of or are targeted for redevelopment. The designated area(s) must be within or adjacent to a census block group with poverty rates of 15% or higher.

State Opportunity Zone designation allows eligible businesses to qualify for job tax credits within a designated area. The maximum job tax credit is \$3,500 per job created, with a minimum creation of two jobs. The incentives are available to new or

existing businesses that create two or more jobs, and the tax credit must be taken against the business’s Georgia income-tax liability and payroll withholding tax.

**State Opportunity Zone Tax Credit Incentives:**

- Maximum of \$3,500 per job created
- New or existing businesses must create at least two jobs
- Use of job tax credits against 100% of Georgia income tax liability and withholding tax
- Allows for businesses of any nature to qualify

## Rural Zones

Recognizing that many rural downtown areas have experienced varying levels of economic distress, the Georgia Department of Community Affairs (DCA) worked with the Georgia General Assembly to secure passage of a bill calling for the development of “Rural Zones.” Rural Zone designation allows a company within the designated area to claim tax credits for creating jobs, upgrading its building, or buying/constructing a new facility. All of the tax credits can be layered and used at the same time, but a business is not eligible for credits unless it creates two or more full-time-equivalent (FTE) positions.

A Rural Zone designation has a duration of five years, and there are ten designees every year. Communities with historic commercial districts that may be underperforming should utilize the Rural Zone. The local government must have a master plan identifying existing assets in a downtown as a prerequisite before applying for the Rural Zone designation. The NEGRC can assist with the Rural Zone application and some components of the Master Plan.

### Rural Zones Tax Incentives:

#### Job Tax Credit:

- \$2,000 job tax credit (2 FTE job minimum)
- New or existing business
- Cannot exceed \$40,000 credit per year
- Credit can be requested for up to five years

#### Investment Tax Credit:

- Equivalent of 25% of purchase price (credit cannot exceed \$125,000)
- Property must be purchased after the community is designated
- An eligible business must be located in the investment property and must create a minimum of 2 FTE jobs
- Prorated over five years

#### Rehabilitation Tax Credit:

- Reimbursement of up to 30% of qualified rehabilitation cost (credit cannot exceed \$150,000)
- Labor and materials cost
- Prorated to three annual installments
- Unused tax credits can be carried forward up to ten years

# Georgia Tourism Development Act

The Georgia Tourism Development Act (GTDA) exists to support tourism and economic development by allowing companies that build new attractions within the state to keep a portion of their sales-tax revenues for up to ten years. Projects that meet the following criteria under the GTDA may qualify.

**Program Criteria:**

- Construct a qualifying tourism attraction project with a cost of at least \$1,000,000
- Attract at least 25% of visitors from out of the State, after the third year
- Contribute to a significant and positive economic impact on the state, and be able to compete against other tourism attractions

## Enterprise Zone

In 1997, Georgia recognized the need for revitalization throughout the state. The General Assembly passed the Enterprise Zone Employment Act, which enables cities and counties to improve areas that are suffering from disinvestment, underdevelopment, and economic decline by encouraging public-private partnerships. In an Enterprise Zone, local governments are able to offer property-tax exemptions and reduce occupation taxes, regulatory fees, building inspection fees, and other fees that a qualifying business would be required to pay. To be eligible for an Enterprise Zone, the local government must ensure that the geographic area meets at least three of the five criteria set by the State.

**Enterprise Zone area must meet at least three of the following five criteria:**

1. Pervasive poverty: Must be established using the most current United States decennial census
2. Unemployment rate: Area has an unemployment rate ten-percent higher than the state or significant job dislocation
3. Underdevelopment: Evidence of a lack of building permits, licenses, land disturbance permits, etc.
4. General distress: Population decline, health and safety issues, etc
5. General blight: Evidence of blight within any portion of the nominated area



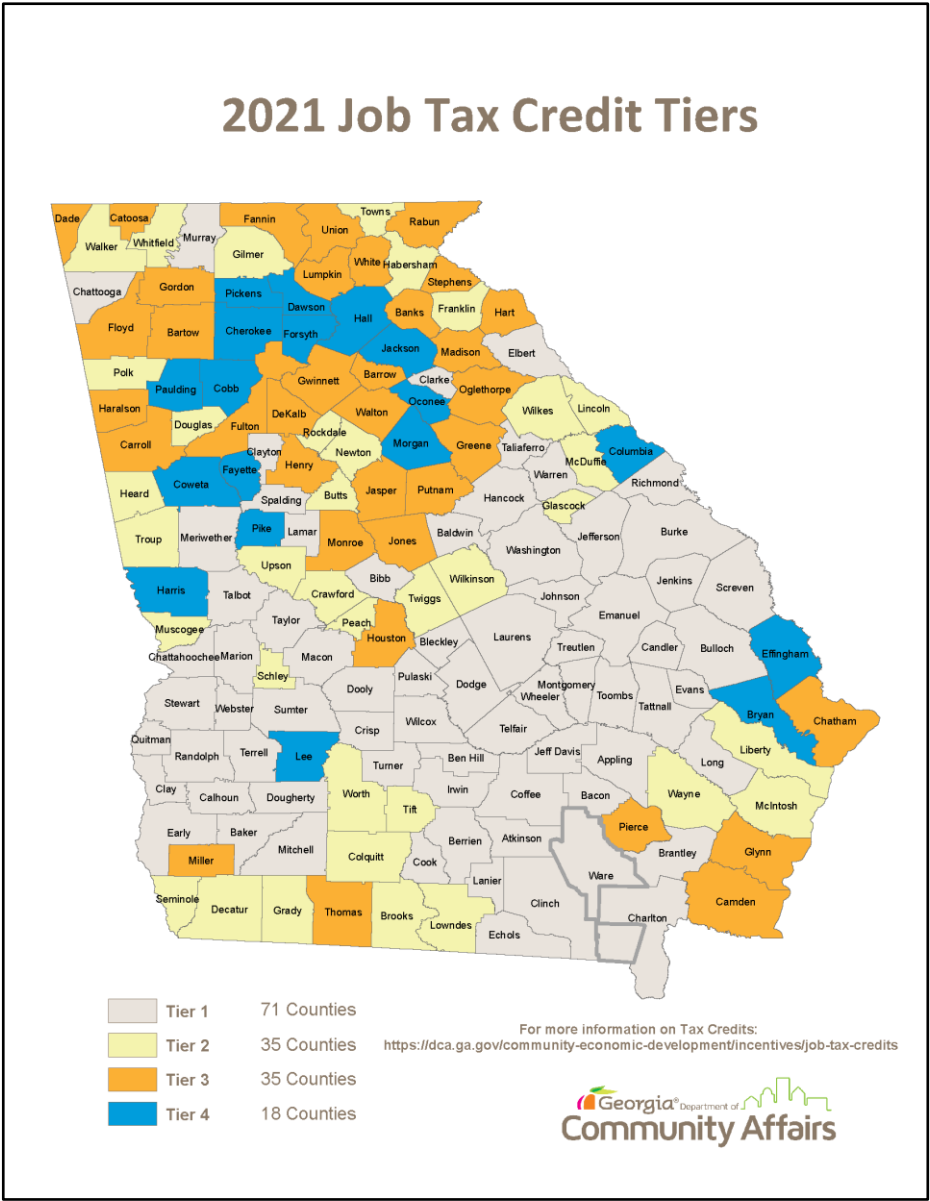
*The Porterdale Mill Lofts in the City of Porterdale are an example of how renovating a blighted commercial structure can generate growth in a downtown*

# County Job Tax Credit Program & Less Developed Census Tracts (2021)

The County Job Tax Credit Program and Less Developed Census Tracts (LDCT) Program provides a statewide incentive for any business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries located within a county and eligible census tract. Eligible businesses are automatically entitled to the incentives. Georgia counties and specific census tracts are ranked annually by DCA and categorized into economic tiers. The rankings are based on unemployment rate, per-capita income, and percentage of residents whose incomes are below the poverty level. As of 2021, eligible businesses in Tier One counties can claim a credit up to \$3,500 per job created, \$2,500 per job created in Tier Two counties, \$1,250 per job created in Tier Three counties, and \$750 per job created in Tier Four counties, with a minimum of 15 jobs created. Less Developed Census Tracts share the same incentives as Tier One counties. A map of Less Developed Census Tracts in the Northeast Georgia Region is located in Appendix B.

**County Job Tax Credit Program & Less Developed Census Tracts (2021):**

- Up to \$3,500 tax credit per job, per year, for five years (as long as the jobs are maintained)
- Minimum of 15 Jobs at 35 hours per week
- Offer health insurance upon employment
- Average wage must be equal to or above the average earnings of the county with the lowest average wage in the State
- All requirements must be met within a single tax-year
- Tax credit must be claimed on the tax return of the initial year



An online County Tier map can be found here: <https://www.dca.ga.gov/community-economic-development/incentive-programs/job-tax-credits>

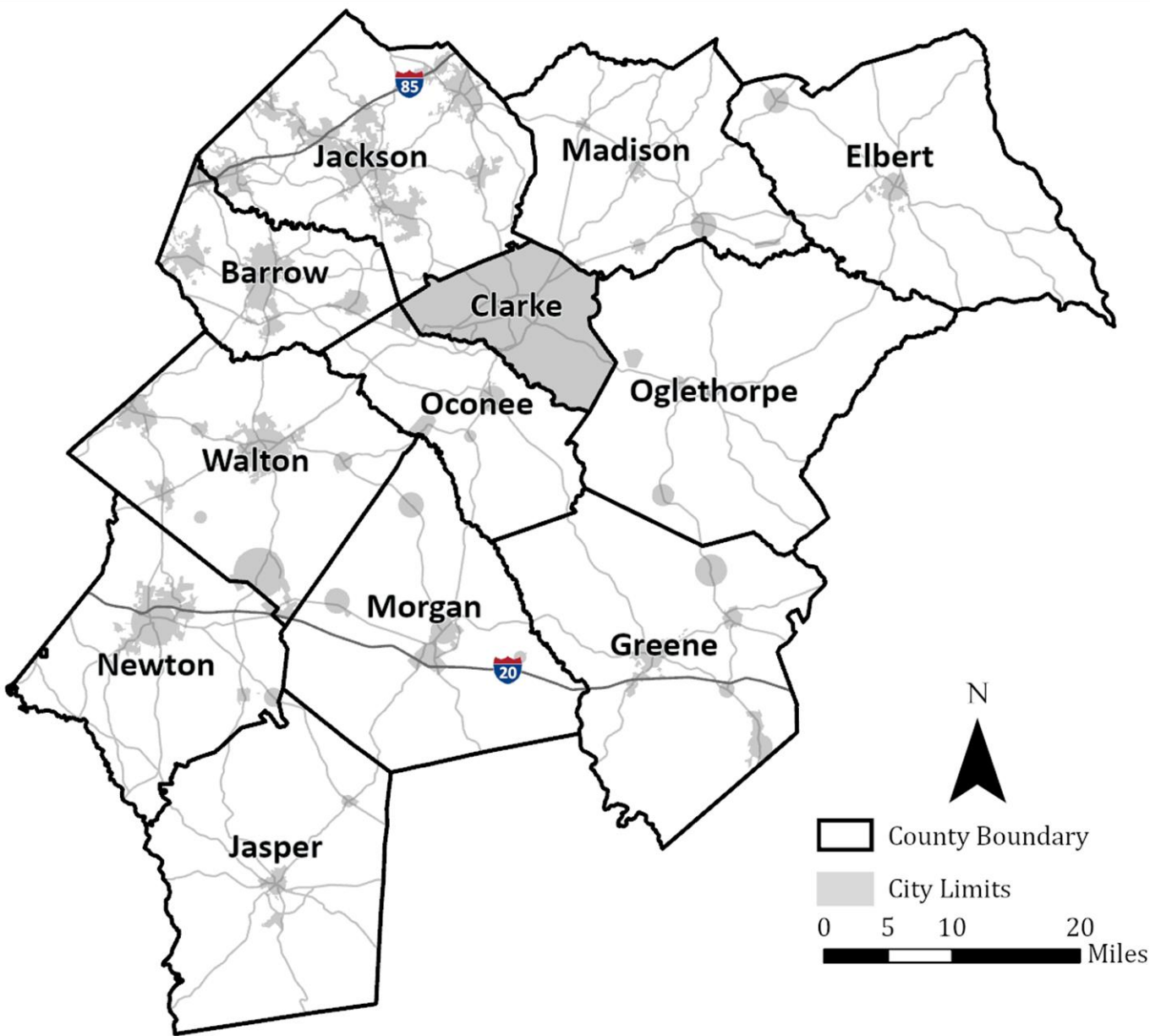


### 3. Existing Incentives in the Northeast Georgia Region

#### Regional Incentives Summary

(\*Regional overview/location map at right)

- Four Rural Zones
- Nine State Opportunity Zones
- 25 Less Developed Census Tracts
- Two Tier 1 Tax Credit Counties
- Six Federal Opportunity Zones





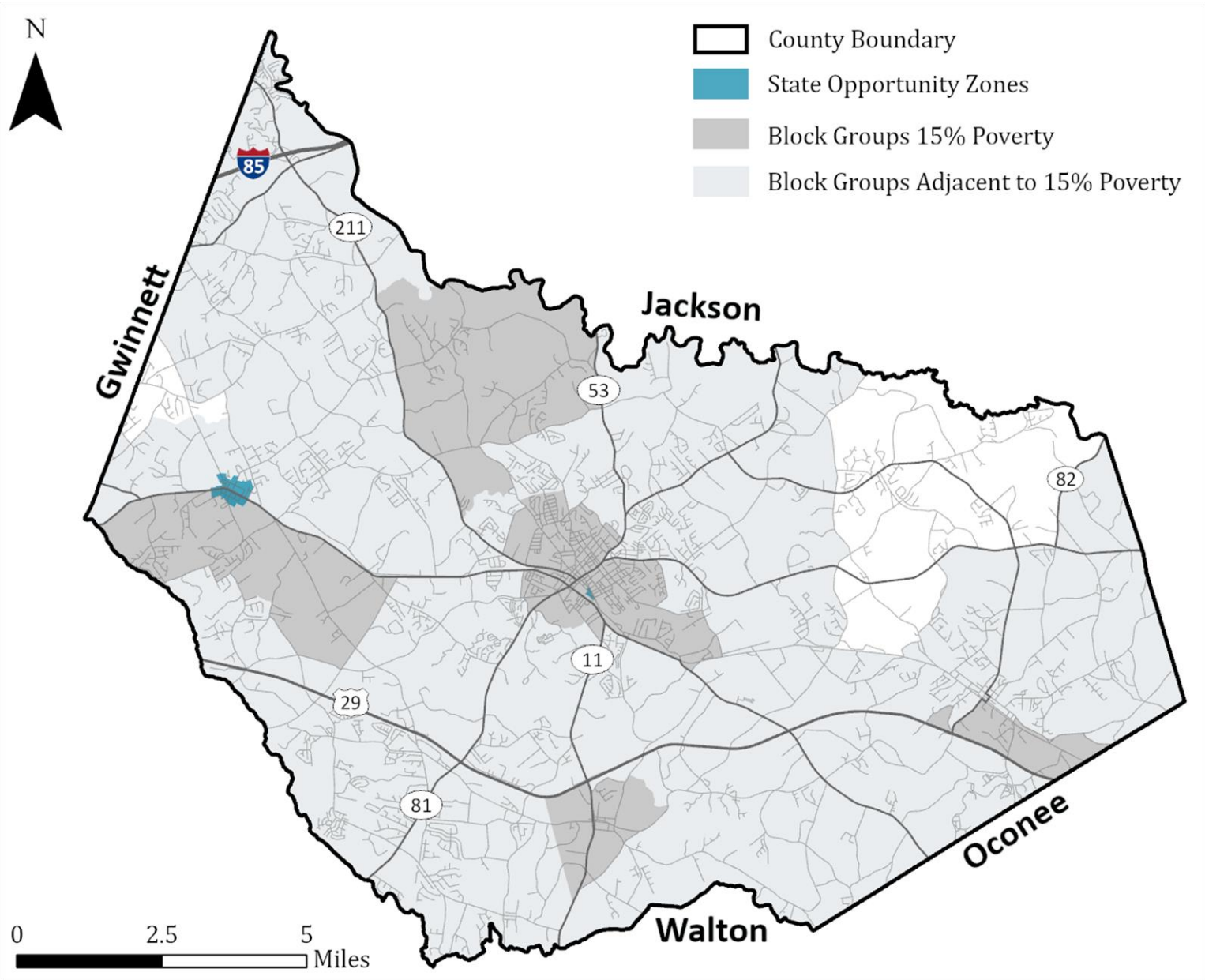
# BARROW COUNTY

## Incentives Summary

- Zero Rural Zones
- One Federal Opportunity Zone
  - Census Tract 1802.05
- Two State Opportunity Zones
  - City of Auburn (Expires 2023)
  - City of Winder (Expires 2025)
- Zero Less Developed Census Tracts
- Tier 3 Tax Credit County (2021)

## Recommended Measures

- The Cities of Auburn and Winder should begin updating their URPs and/or Enterprise Zones at least one year before the State Opportunity Zones expire to allow ample time to complete the reapplication process.
- Barrow County should advertise the benefits of its Federal Opportunity Zone to businesses interested in locating within the County.



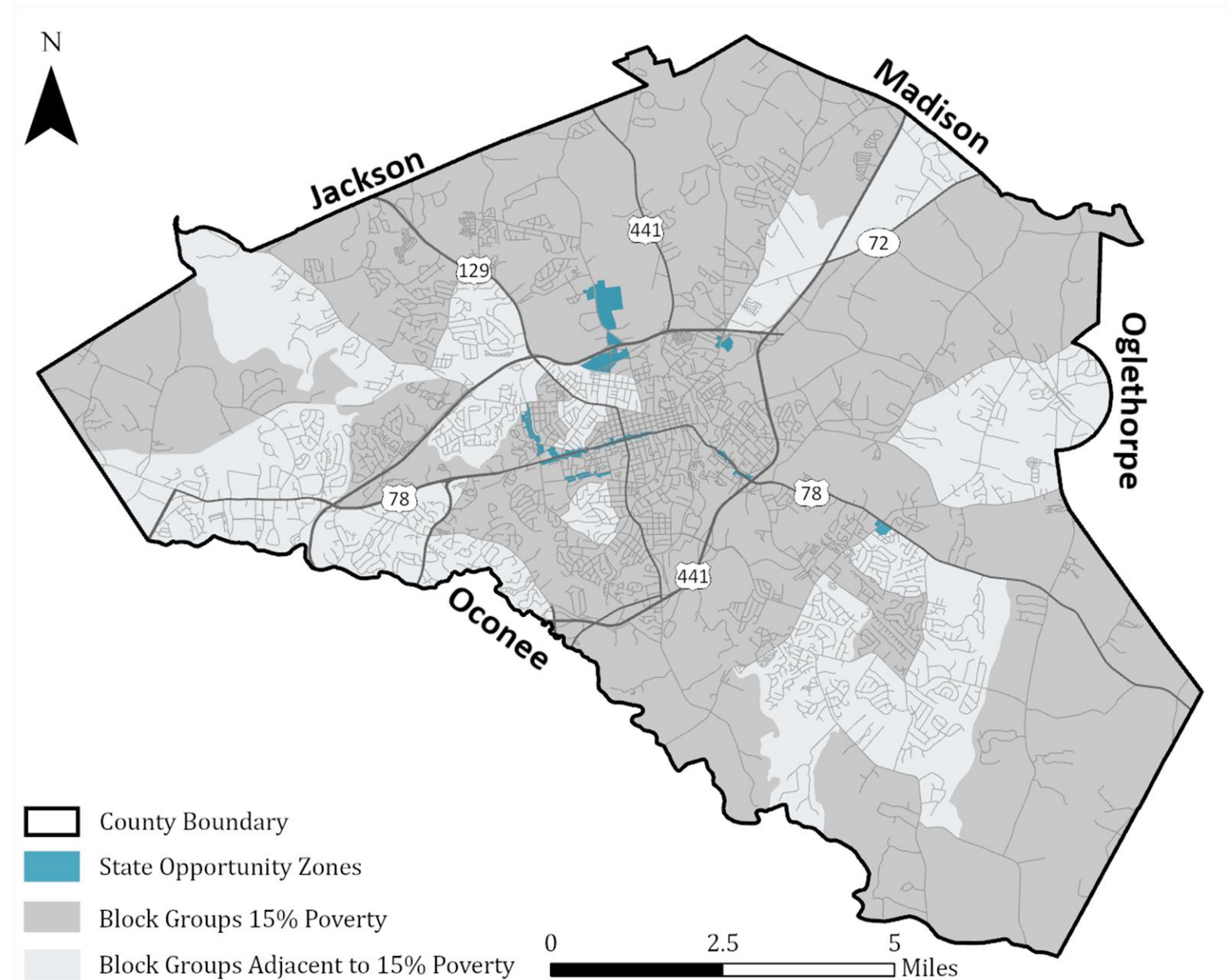
# CLARKE COUNTY

## Incentives Summary

- Zero Rural Zones
- Zero Federal Opportunity Zones
- Two State Opportunity Zones\*
  - Athens-Clarke OZ (Expires 2022)
  - Athens-Clarke OZ Extension (Expires 2022)
- Zero Less Developed Census Tracts
- Tier 1 Tax Credit County (2021)

## Recommended Measures

- The local government should begin updating its URP and/or Enterprise Zones at least one year before the State Opportunity Zones expire to allow ample time to complete the reapplication process.
- The Tier 1 tax credit status allows new businesses that create 15 or more jobs to claim a tax credit up to \$3,500 per job. The local government should advertise its Tier 1 status to increase development within the County.



*\*All areas represented in blue on the map above are included in the two current State Opportunity Zones within Clarke County*

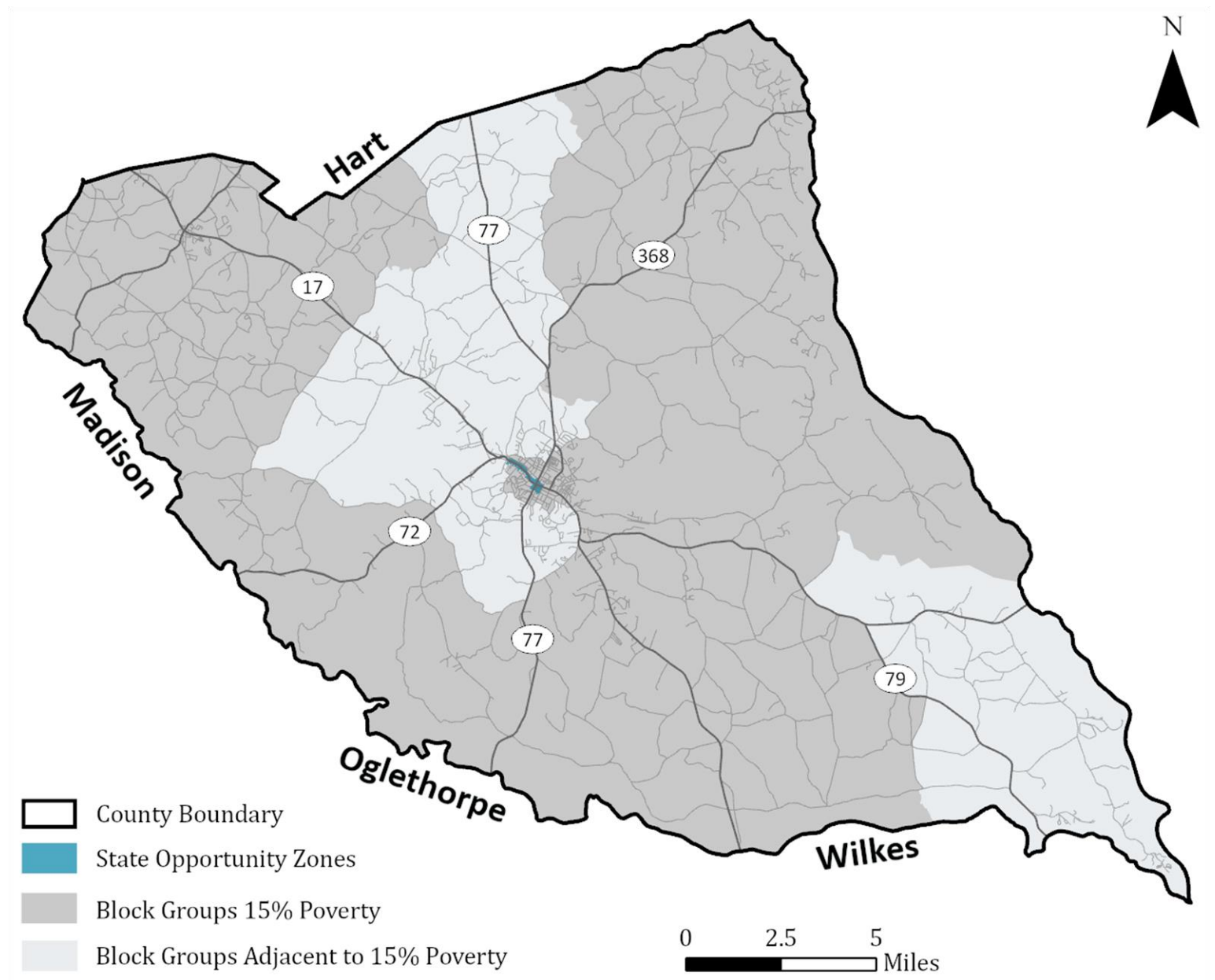
# ELBERT COUNTY

## Incentives Summary

- Zero Rural Zones
- One Federal Opportunity Zone
  - Census Tract 4
- One State Opportunity Zone
  - City of Elberton (Expires 2023)
- Zero Less Developed Census Tracts
- Tier 1 Tax Credit County (2021)

## Recommended Measures

- The City of Elberton should begin updating its URP and/or Enterprise Zone at least one year before the State Opportunity Zone expires to allow ample time to complete the reapplication process.
- The Tier 1 tax credit status allows new businesses that create 15 or more jobs to claim a tax credit up to \$3,500 per job. Elbert County should advertise its Tier 1 status to increase development within the County.





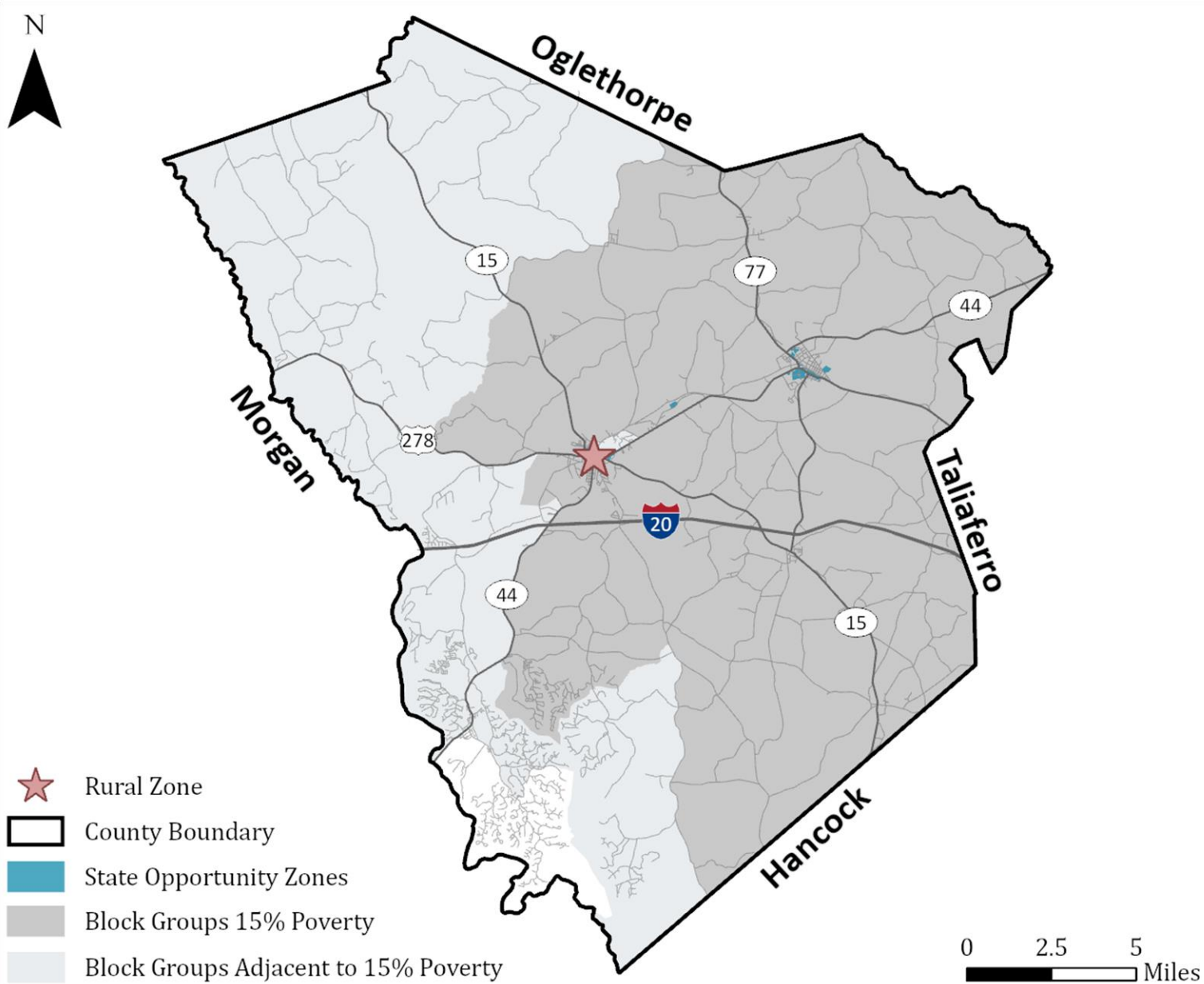
# GREENE COUNTY

## Incentives Summary

- One Rural Zone
  - City of Greensboro (Expires 2023)
- Two Federal Opportunity Zones
  - Census Tracts 9503.03 and 9502
- Two State Opportunity Zones
  - City of Greensboro (Expires 2021)
  - City of Union Point (Expires 2023)
- Four Less Developed Census Tracts
  - Census Tracts 9503.03, 9502, 9504, and 9505
- Tier 3 Tax credit county (2021)

## Recommended Measures

- The City of Greensboro and the City of Union Point should begin updating their URPs and/or Enterprise Zones at least one year before the State Opportunity Zones expire to allow ample time to complete the reapplication process.
- Greene County should encourage businesses to locate within one of its four Less Developed Census Tracts to utilize available incentives. LDCTs offer the same incentives as a tier one county in the County Job Tax Credit Program.



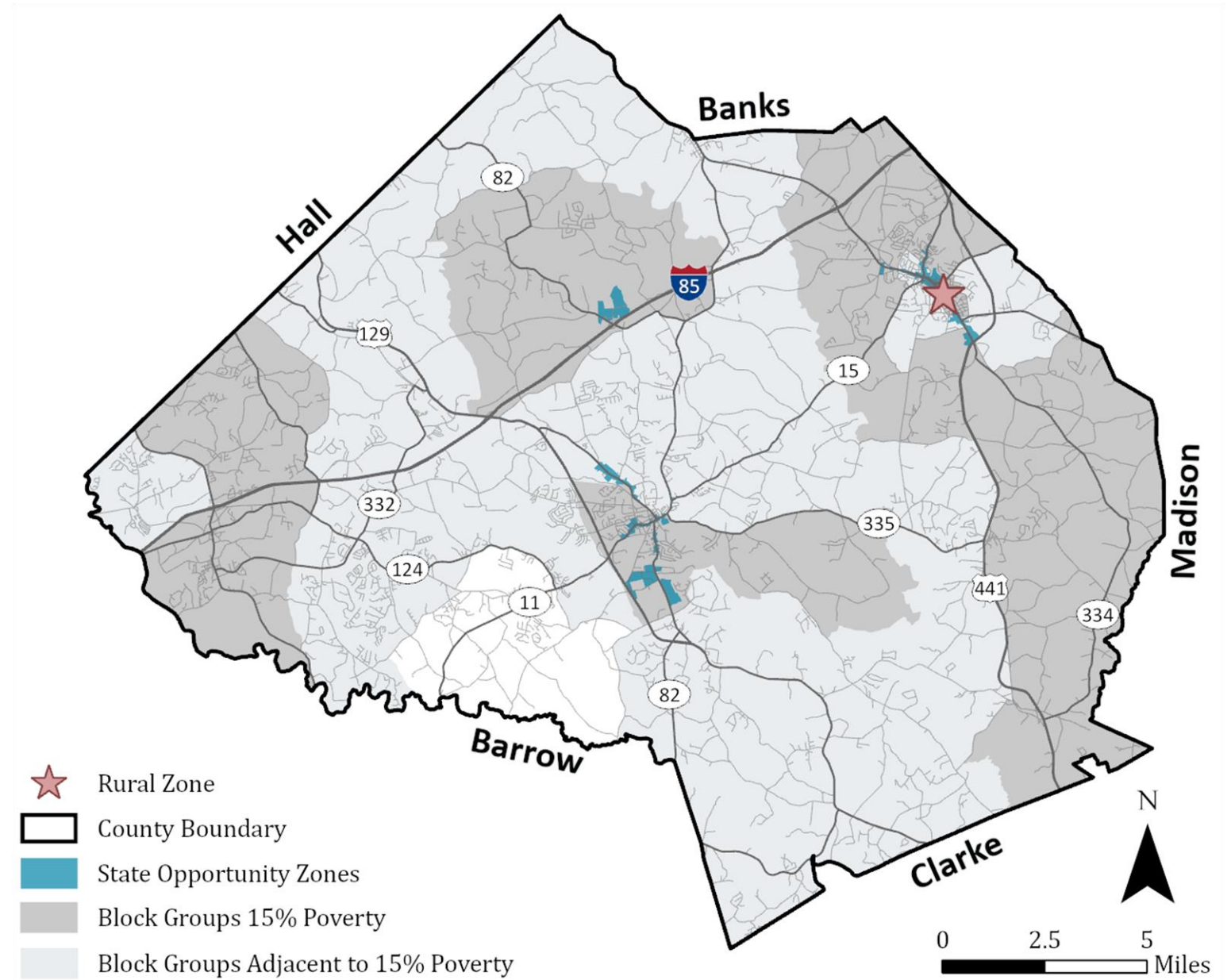
# JACKSON COUNTY

## Incentives Summary

- One Rural Zone
  - City of Commerce (Expires 2022)
- Zero Federal Opportunity Zones
- Two State Opportunity Zones
  - City of Commerce (Expires 2023)
  - City of Jefferson (Expires 2023)
- One Less Developed Census Tract
  - Census Tract 103
- Tier 4 Tax Credit County (2021)

## Recommended Measures

- The City of Commerce and the City of Jefferson should begin updating their URPs and/or Enterprise Zones at least one year before the State Opportunity Zones expire to allow ample time to complete the reapplication process.
- The City of Commerce should begin updating its downtown master plan at least one year before its Rural Zone expires to allow ample time to complete the reapplication process.
- Jackson County should encourage businesses to locate within its Less Developed Census Tract to utilize available incentives. LDCTs offer the same incentives as a tier one county in the County Job Tax Credit Program.



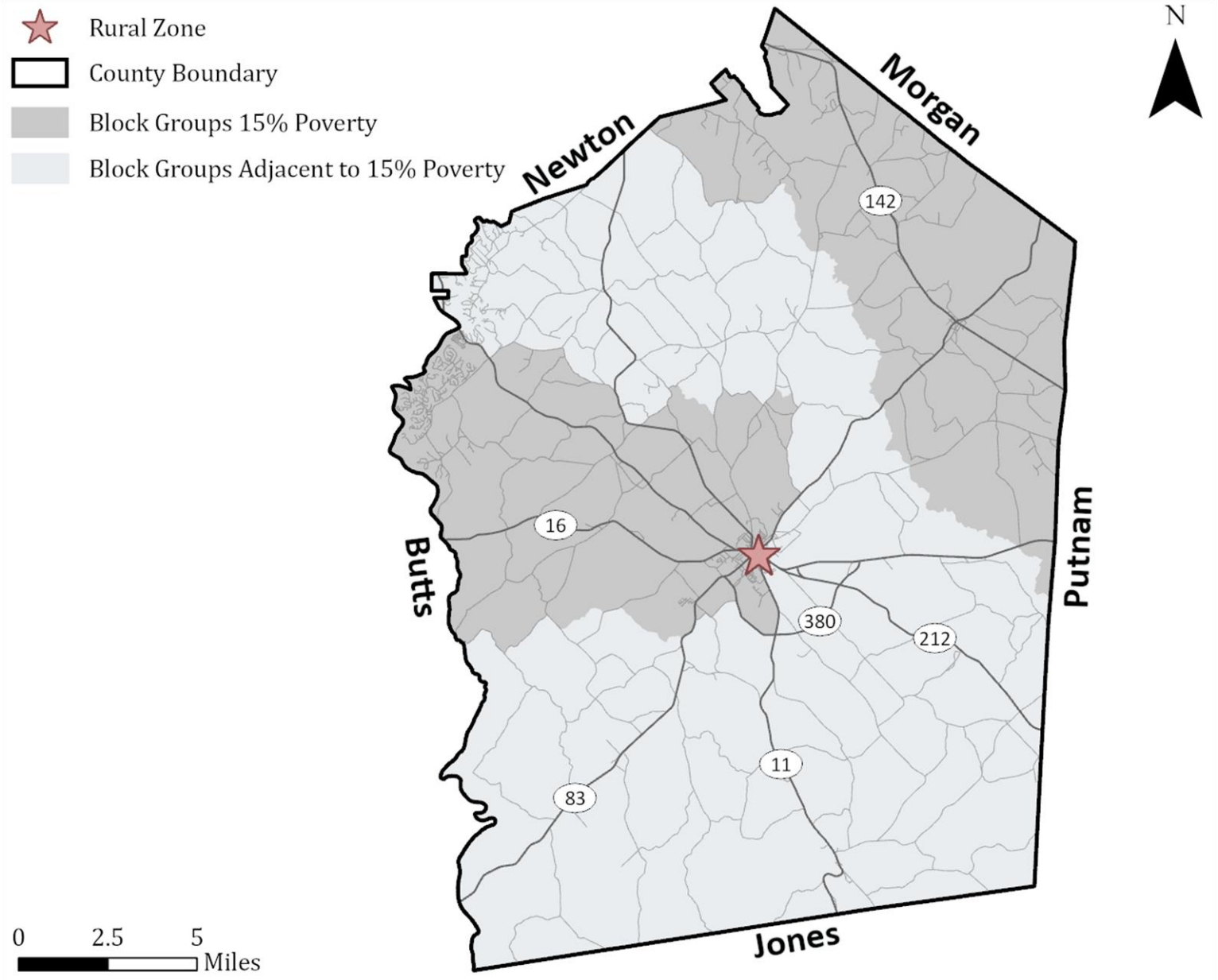
# JASPER COUNTY

## Incentives Summary

- One Rural Zone
  - City of Monticello (Expires 2023)
- Zero Federal Opportunity Zones
- Zero State Opportunity Zones
- One Less Developed Census Tract
  - Census Tract 105
- Tier 3 Tax Credit County (2021)

## Recommended Measures

- The City of Monticello should begin updating its downtown master plan at least one year before its Rural Zone expires to allow ample time to complete the reapplication process.
- Jasper County should encourage businesses to locate within its Less Developed Census Tract to utilize available incentives. LDCTs offer the same incentives as a Tier 1 county in the County Job Tax Credit Program.





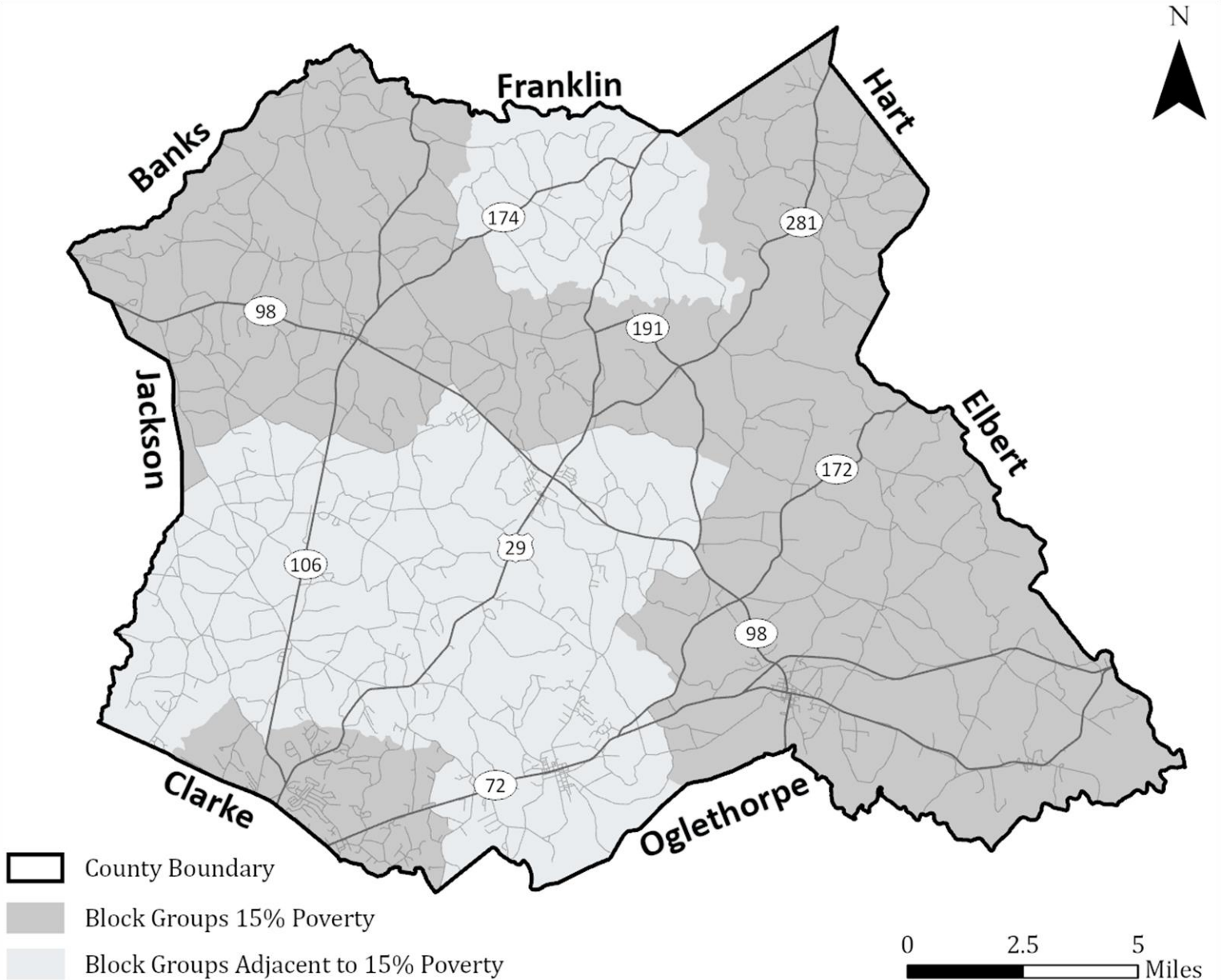
# MADISON COUNTY

## Incentives Summary

- Zero Rural Zones
- Zero Federal Opportunity Zones
- Zero State Opportunity Zones
- Two Less Developed Census Tracts
  - Census Tract 202 and 201
- Tier 3 Tax Credit County (2021)

## Recommended Measures

- Madison County currently does not utilize Rural Zones or State Opportunity Zones. The cities should explore both of these incentives and identify which would be the best fit for each jurisdiction.
- Madison County should encourage businesses to locate within one of its two Less Developed Census Tracts to utilize available incentives. LDCTs offer the same incentives as a Tier 1 county in the County Job Tax Credit Program.



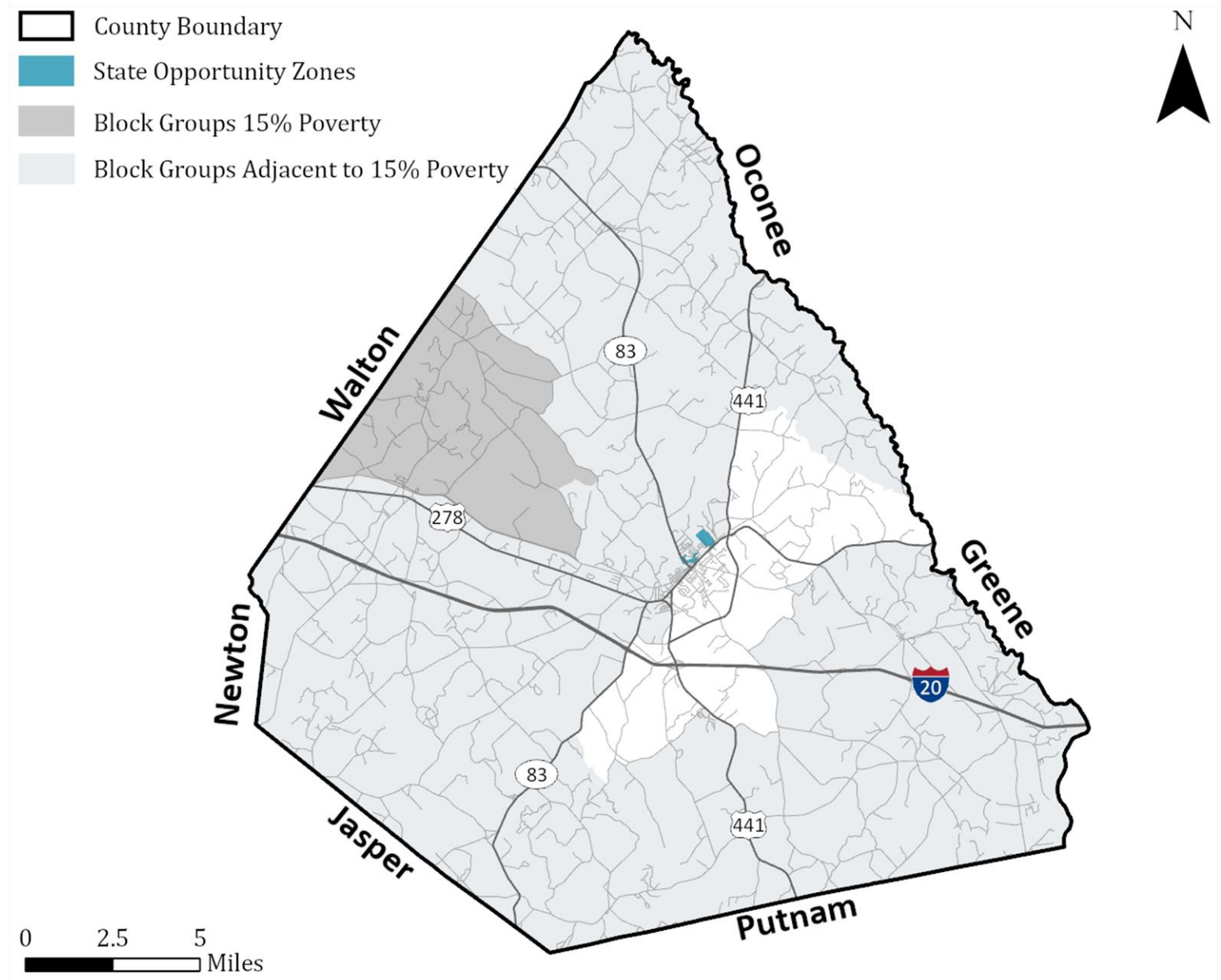
# MORGAN COUNTY

## Incentives Summary

- Zero Rural Zones
- Zero Federal Opportunity Zones
- One State Opportunity Zone
  - City of Madison (Expires 2021)
- Zero Less Developed Census Tracts
- Tier 4 Tax Credit County (2021)

## Recommended Measures

- The City of Madison should begin updating its URP and/or Enterprise Zone before the State Opportunity Zone expires in order to complete the reapplication process.
- The cities within Morgan County should look into implementing Rural Zones or State Opportunity Zones. The cities should explore both of these incentives and identify which would be the best fit for each jurisdiction.



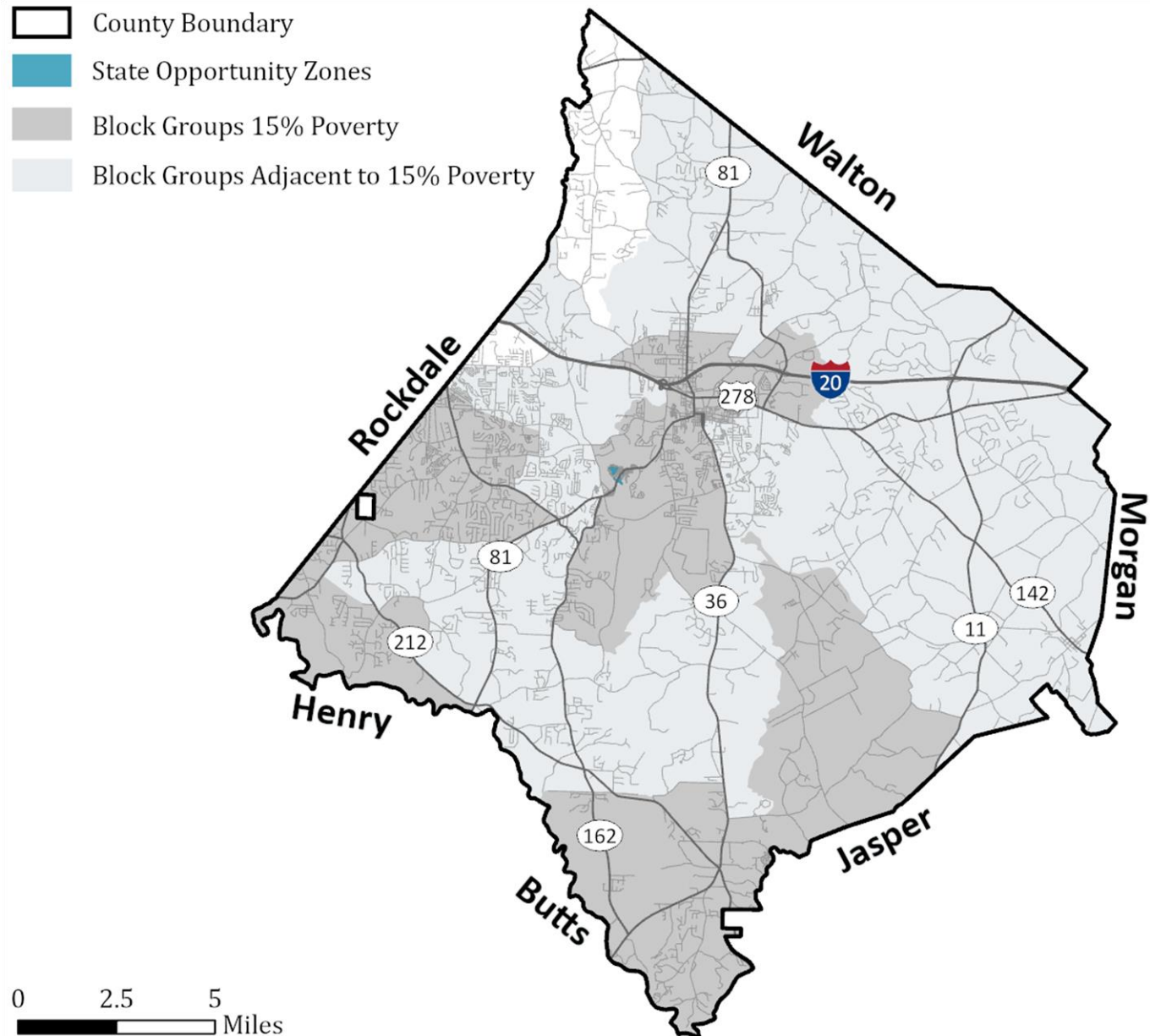
# NEWTON COUNTY

## Incentives Summary

- Zero Rural Zones
- One Federal Opportunity Zone
  - Census Tract 1007
- One State Opportunity Zone
  - City of Porterdale (Expires 2022)
- Nine Less Developed Census Tracts
  - Census Tracts 1009.03, 1009.02, 1005.01, 1008, 1007, 1006, 1005.02, 1004, and 1004
- Tier 2 Tax Credit County (2021)

## Recommended Measures

- The City of Porterdale should begin updating its URP and/or Enterprise Zone at least one year before the State Opportunity Zones expire to allow ample time to complete the reapplication process.
- Newton County should encourage businesses to locate within one of its nine Less Developed Census Tracts to utilize available incentives. LDCTs offer the same incentives as a Tier 1 county in the County Job Tax Credit Program.
- Newton County should advertise the benefits of its Federal Opportunity Zone to businesses interested in locating within the County.





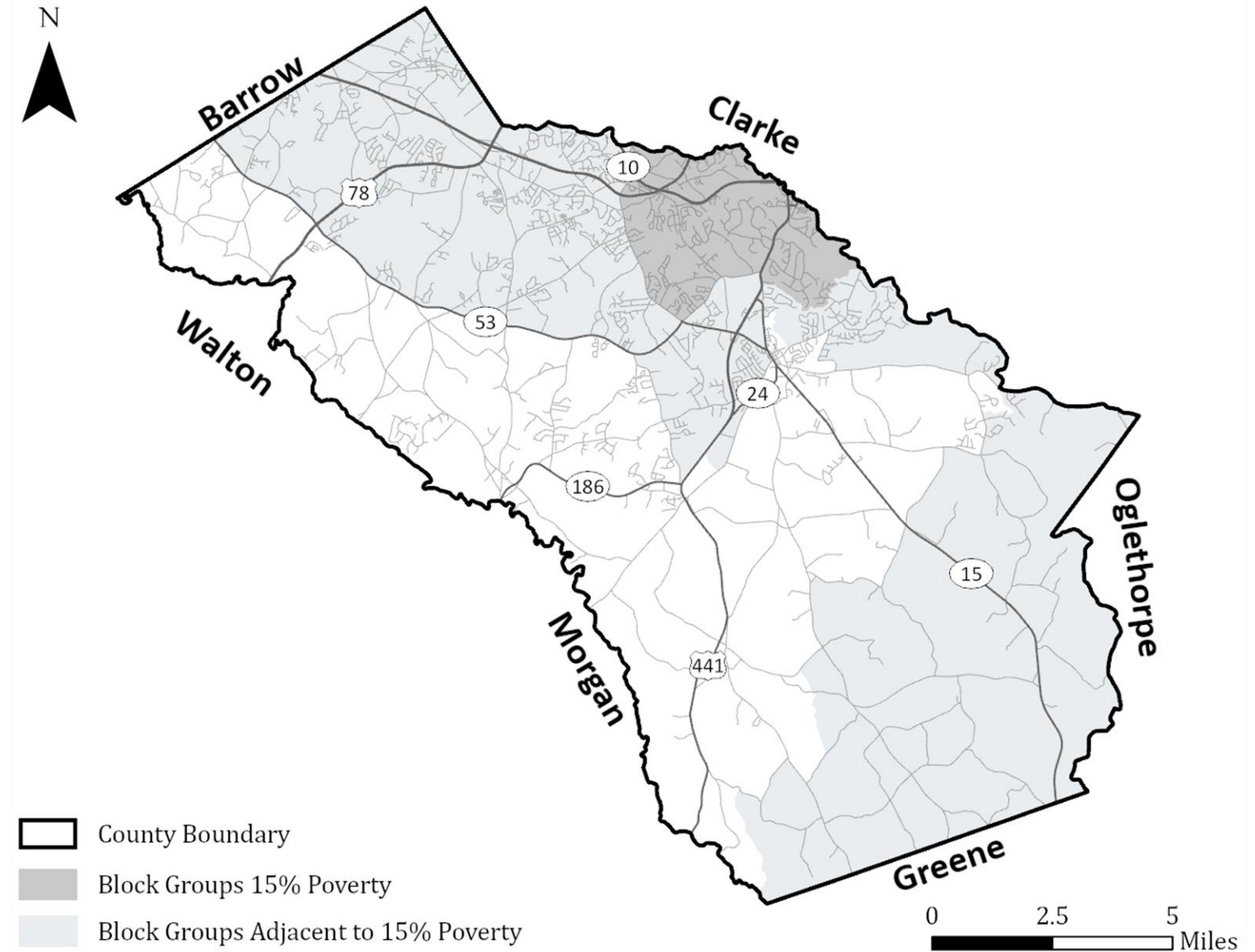
# OCONEE COUNTY

## Incentives Summary

- Zero Rural Zones
- Zero Federal Opportunity Zone
- Zero State Opportunity Zones
- Zero Less Developed Census Tracts
- Tier 4 Tax Credit County (2021)

## Recommended Measures

- Oconee County currently does not utilize Rural Zones or State Opportunity Zones. The cities should explore these incentives and identify which incentive would be the best fit for each jurisdiction.
- Local government officials and the chamber of commerce should advertise the County Job Tax Credit Program due to the \$750 tax credit eligible businesses can receive when locating within a Tier 4 county. Eligible businesses that create a minimum of 15 new jobs can claim the tax credit.



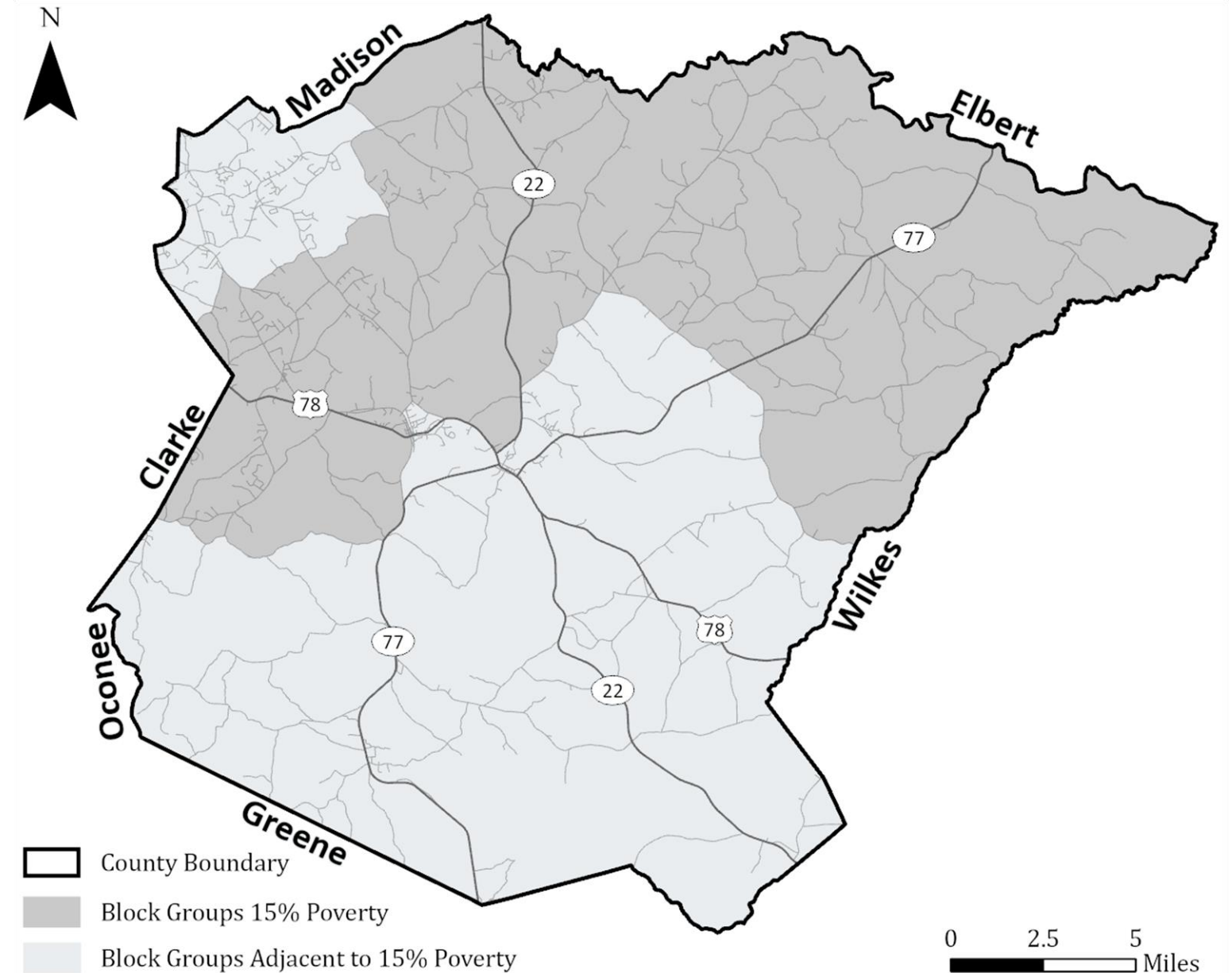
# OGLETHORPE COUNTY

## Incentives Summary

- Zero Rural Zones
- Zero Federal Opportunity Zone
- Zero State Opportunity Zones
- One Less Developed Census Tract
  - Census Tracts 9602.01
- Tier 3 tax Credit County (2021)

## Recommended Measures

- Oglethorpe County currently does not utilize Rural Zones or State Opportunity Zones. The cities should explore both of these incentives and identify which would be the best fit for each jurisdiction.
- Oglethorpe County should encourage businesses to locate within its Less Developed Census Tract to utilize available incentives. LDCTs offer the same incentives as a Tier 1 county in the County Job Tax Credit Program.



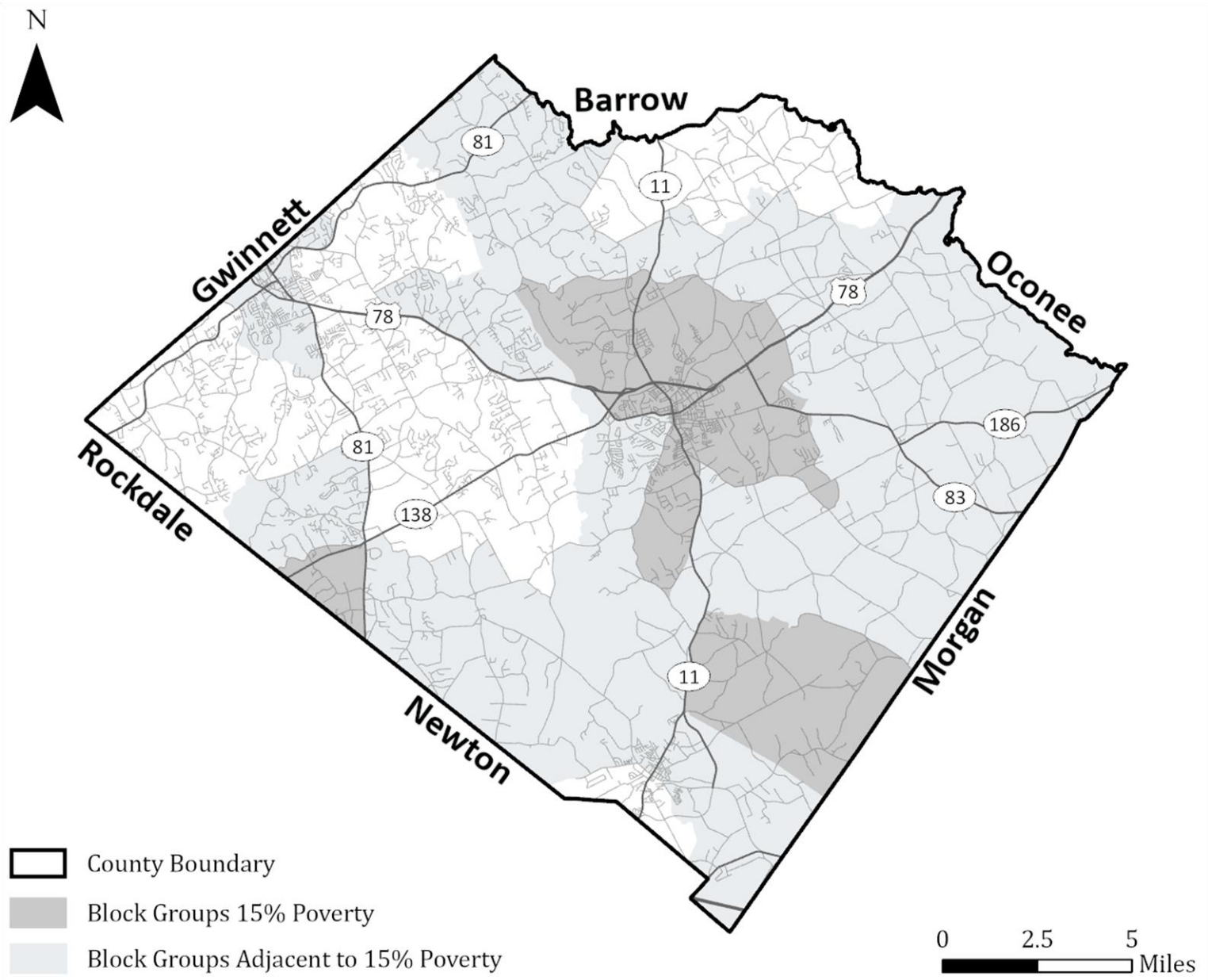
# WALTON COUNTY

## Incentives Summary

- Zero Rural Zones
- One Federal Opportunity Zone
  - Census Tract 1104
- Zero State Opportunity Zones
- Zero Less Developed Census Tracts
- Tier 3 Tax Credit County (2021)

## Recommended Measures

- Walton County currently does not utilize Rural Zones or State Opportunity Zones. The cities should explore both of these incentives and identify which would be the best fit for each jurisdiction.
- Walton County should advertise the benefits of its Federal Opportunity Zone to businesses interested in locating within the County.





# 4. Conclusion

This section serves as a debrief of the project, including lessons learned on how to apply economic incentives across the Northeast Georgia region, successes and areas of improvement, and opportunities for further investigation.

## Lessons Learned

The catalog of existing incentives in the region demonstrates that most counties and cities utilize economic incentives. The NEGRC has the ability to assist local governments to ensure that the government is making the most out of their existing incentives, and can assist local governments with the application of new programs for their jurisdiction.

## Successes and Areas of Improvement

Greene County has the most economic incentives in place, with a Rural Zone, two Federal Opportunity Zones, and two State Opportunity Zones. The incentives allow Greene County to be a viable contender at attracting new businesses. However, there are several counties in the Northeast Georgia region that do not have existing economic incentives in place other than the statewide Job Tax Credit Program (Madison, Oconee, Oglethorpe, and Walton counties). Each of these counties have areas that are eligible for economic incentives, and the local governments should explore the possibility of applying for and implementing programs appropriate for their communities.

## Opportunities of Further Investigation

This study provides a basic description of existing state and federal economic incentives and a catalog of those incentives, by county, across the Northeast Georgia region. To get a better understanding of the success of these incentives, a more detailed analysis would be needed. Future investigation could include a statistical analysis of each program by analyzing how often the programs are used in each jurisdiction, and determine the amount of money businesses saved in taxes while utilizing the incentives. A study showing the effectiveness of the programs will allow local governments to understand whether state and federal economic incentives are being used to maximum potential in their communities, and will assist communities with taking the next steps to ensure each jurisdiction is primed for development. The NEGRC should also conduct a study that surveys local government staff to gauge their understanding of the existing economic incentives. Due to job turnover in local governments, economic incentives can be forgotten and not be utilized to their maximum potential.

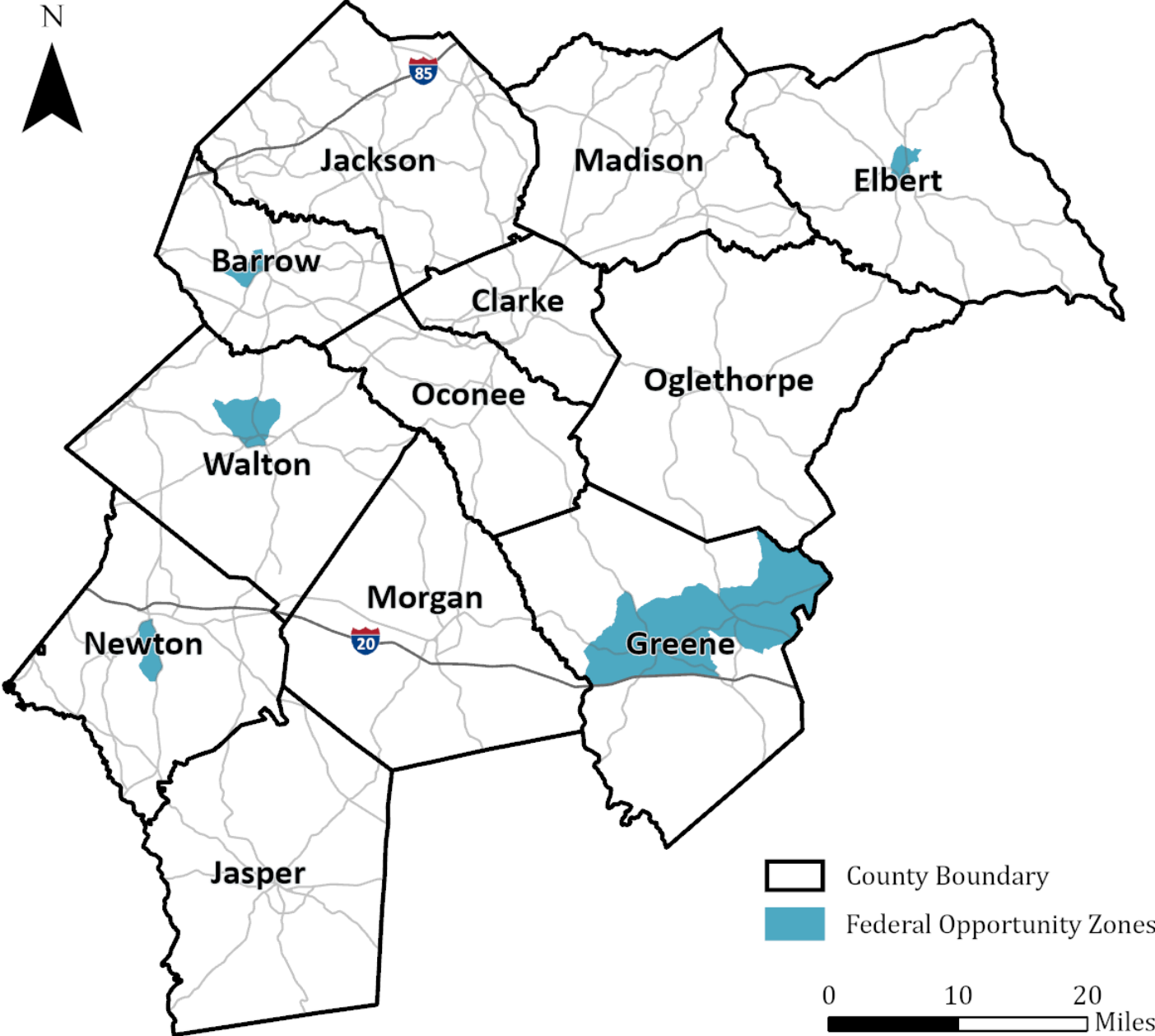


*Economic incentives can help revitalize downtowns.*

# 5. Appendix

## Appendix A: Federal Opportunity Zones

The areas in blue represent Federal Opportunity Zones across the Northeast Georgia region.



# Appendix B: Less Developed Census Tracts

The areas in blue represent Less Developed Census Tracts across the Northeast Georgia Region.

