

Economic Development Incentives Guide

Waters Avenue Area
(North of Victory Drive)

City of Savannah
Economic Development Department
August 2016

Table of Contents

Contents

OPPORTUNITY ZONE	1
GEORGIA JOB TAX CREDIT	2
ENTERPRISE ZONE (EZ)	3
CITY OF SAVANNAH ECONOMIC DEVELOPMENT CREDIT	5
SMALL BUSINESS ASSISTANCE CORPORATION - CITY OF SAVANNAH LOAN PROGRAMS	8
Attachment 1: Targeted Corridors	9
Attachment 2: Small Business Assistance Corporation Fact Sheet	10
Attachment 3: Georgia Job Tax Credit Tiers.....	11
Attachment 4: CDBG Economic Development Matrix	12

OPPORTUNITY ZONE

While the West Downtown Opportunity Zone does not include the Waters Avenue Area, with City Council approval a similar application could be submitted to the Georgia Department of Community Affairs (DCA).

1. Opportunity Zones (OZ) are a combination of three programs already in use: State Enterprise Zones, Urban Redevelopment Areas/Plans, and Job Tax Credits. Alone, each of these programs provides strong incentives for local economic development. Together, the blend is a powerful draw for local economic development that is good for business and good for the neighborhood.
2. Local governments that undertake redevelopment and revitalization efforts in certain older commercial and industrial areas can now **qualify those areas for the State's maximum job tax credit of \$3,500 per job if the area has received an Opportunity Zone designation from DCA. The incentive is available for any lawful new or existing business that creates two or more jobs; the tax credits can be taken against the business's income tax liability and state payroll withholding.**
3. DCA will consider designations for areas that are within or adjacent to a census block group with 15% or greater poverty and in which there also exists an Enterprise Zone or Urban Redevelopment Plan that has been adopted according to the relevant Georgia statutes--O.C.G.A. § 36-88-1 et seq. for the Georgia Enterprise Zone Employment Act and O.C.G.A. § 36-61-1 et seq. for the Urban Redevelopment Law. The designation criteria are met by the targeting of poverty areas that are in decline, suffering from disinvestment and are in need of redevelopment and revitalization.
4. Upon designation as an OZ, businesses that expand or locate within the OZ may take advantage of the state job tax credit. The credit may be claimed at \$3,500 per eligible new job, with the credit being first applied against 100 percent of the business's Georgia income tax liability and any excess credit available to claim against withholding taxes as long as the proper steps are taken with the Department of Revenue.

GEORGIA JOB TAX CREDIT

Qualifying industries are currently eligible for a \$3,500 tax credit per job created (minimum of 5 jobs).

1. Companies may qualify for Georgia's Job Tax Credit program if they or their headquarters are engaged in strategic industries such as manufacturing, including, but not limited to, manufacturing alternative energy products for use in solar, wind, battery, bioenergy, biofuel, and electric vehicle enterprises, warehousing & distribution, processing, telecommunications, broadcasting, tourism, research and development industries, biomedical manufacturing, and services for the elderly and persons with disabilities. Depending on the community's tier (attachment 3), companies must create between two and 25 net new full-time jobs in a 12-month period to qualify. Credits may also be accrued for additional jobs created in years two through five.
2. Jobs created outside of year five may not be claimed unless a new threshold for job creation (year one) is met. Qualified companies can claim a tax credit with a value of \$1,250 – \$4,000 per job (attachment 3), per year, beginning with the first taxable year in which the new job is created and for the following four years the job is maintained.
3. Companies that create five or more jobs in a Less Developed Census Tract (LDCT) receive Tier 1 tax credits. Opportunity Zones (OZ), Military Zones (MZ), as well as Georgia's 40 least developed counties, offer job tax credits to businesses of any nature, including retail businesses that create at least two new jobs. The credit value for each county is indicated on the attached tax credit map (attachment 3) and payroll withholding benefits are described below.

TIER	JOB TAX CREDIT \$	MIN. NEW JOBS	USE OF CREDITS	CARRY FORWARD
1	\$4,000*	2	100% of tax liability - excess to withholding tax up to \$3,500	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
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

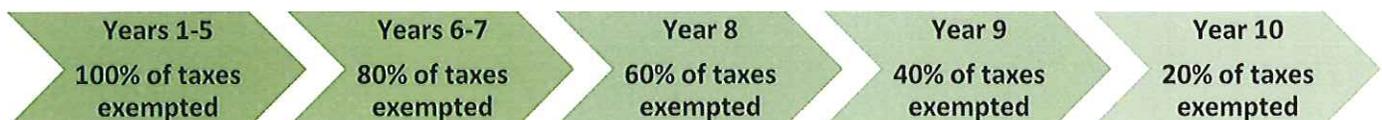
* Includes \$500 bonus for Joint Development Authority (JDA). Georgia counties can form partnerships that benefit companies with this \$500 Job Tax Credit bonus. There is currently only one county in Georgia that does not participate in a JDA. Therefore, the Job Tax Credit in Webster County, a Tier 1 county, is \$3,500.

Example: Taxpayer creates 50 jobs in a Tier 1 county offering a \$4,000 credit, receives \$1 million in tax credits over five years to reduce or eliminate Georgia income tax (50 jobs x \$4,000 x 5 years = \$1 million).

ENTERPRISE ZONE (EZ)

Waters Avenue EZ: Businesses that create jobs and/or invest in their properties may be eligible for a municipal property tax abatement, regulatory fee reduction, and other benefits detailed below. NOTE: Waters Avenue EZ designation expires December 31, 2025.

1. In 1997, the Georgia General Assembly enacted the Enterprise Zone Employment Act, recognizing the need for revitalization in many areas of Georgia. The State Enterprise Zone program intends to improve geographic areas within cities and counties that are suffering from disinvestment, underdevelopment, and economic decline, encouraging private businesses to reinvest and rehabilitate such areas.
2. The Enterprise Zone area must meet at least three of five criteria:
 - a. **Pervasive poverty:** Parcels within the nominated area must be within or adjacent to a census block group with 15% or greater poverty. The nominated area's poverty rate ranges from 25.0% to 54.1%, which exceeds the minimum poverty level threshold of 15%.
 - b. **Unemployment Rate:** Unemployment rate must be at least 10% higher than the state average.
 - c. **Underdevelopment:** Evidenced by lack of building permits, licenses, land disturbance permits, etc.
 - d. **General distress:** The presence of adverse conditions within the area such as increased crime, abandoned or dilapidated structures, deteriorated or deteriorating infrastructure, or substantial population decline represents general distress.
 - e. **General Blight:** Evidenced by the inclusion of any portion of the nominated area in an urban redevelopment area.
3. Incentives:
 - a. **Property tax exemption**
 - i. While an area designated as an Enterprise Zone remains in existence for ten years, the following City property tax exemption schedule may continue after the area's Enterprise Zone designation has terminated in order for approved participants to realize the full ten year tax abatement benefit:



- ii. **Job Creation:** A qualifying business or service enterprise is an enterprise which increased employment by five or more new full-time job equivalents in an area designated as an enterprise zone and which provides additional economic stimulus in such zone. Such business or service enterprise may be new, an expansion or reinvestment of an existing business or service enterprise, or a successor to such business or service enterprise. Whenever possible, 10 percent of such new employees shall be low-income or moderate-income individuals.
 - iii. **Land Improvement:** If the project consists of new residential construction, residential rehabilitation, or other rehabilitation of an existing structure and the value of the improvement exceeds the value of the land by a ratio of five to one.
- b. Abatement or reduction in occupation taxes, regulatory fees, building inspection fees, and other fees that would otherwise be imposed on qualifying business -- OCGA §36-88-9(a)
4. Savannah has **four** Enterprise Zones: Sustainable Fellwood (Apr 26, 2007), Pennsylvania Avenue (November 5, 2009), Martin Luther King, Jr. Blvd / Montgomery Street (October 7, 2010), and Waters Avenue (January 1, 2016).

CITY OF SAVANNAH ECONOMIC DEVELOPMENT CREDIT

Businesses within the Waters Avenue Enterprise Zone are eligible for a Business Tax Certificate renewal reduction.

1. City of Savannah Revenue Ordinance (Section 19): “Pursuant to O.C.G.A. §48-13-10(f), as amended by H.B.175, **economic development credits against business taxes owed** may be granted to one or more types of businesses or practitioners of occupations or professions as part of a plan for economic development for the purpose of attracting, encouraging, or maintaining selected types of businesses or professions. The Public Development Bureau (Community and Economic Development Bureau) may grant such credits according to established criteria of an adopted economic development plan. Economic development credits may take the form of a tax certificate issued by the Public Development Bureau (Community and Economic Development Bureau) setting forth the type and amount of business tax credit for a specific business or practitioner of an occupation or profession, and the year(s) to which such credits are applicable. **The Revenue Department will grant any such economic development credits by reducing the amount of business tax due upon presentation and surrender of a tax certificate by a business or practitioner of an occupation or profession.**”
2. This credit, Business Tax Certificate Renewal reduction, is offered to Savannah businesses that are located within targeted corridors or the Enterprise Zones and hire at least two full-time equivalent employees (non-spouse or dependents). The targeted corridors and Enterprise Zones are designated portions of the following geographic areas (Attachment 1):
 - a. **Augusta Avenue**
 - b. **Ogeechee Road**
 - c. **West Bay Street**
 - d. **Wheaton Street**
 - e. **Martin Luther King, Jr. Blvd / Montgomery Street Enterprise Zone**
 - f. **Pennsylvania Avenue Enterprise Zone**
 - g. **Sustainable Fellwood Enterprise Zone**
 - h. **Waters Avenue Enterprise Zone**

NEW MARKET TAX CREDITS

There are currently five Community Development Entities in Savannah that are eligible to receive awards through this program.

1. The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to **spur new or increased investments** into operating businesses and real estate projects located in **low-income communities**. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called **Community Development Entities (CDEs)**. The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.
2. Since the NMTC Program's inception, the CDFI Fund has made 664 awards allocating a total of \$33 billion in tax credit authority to CDEs through a competitive application process. This \$33 billion includes \$3 billion in Recovery Act Awards and \$1 billion of special allocation authority to be used for the recovery and redevelopment of the Gulf Opportunity Zone.
3. **Eligibility**
 - a. An organization wishing to receive awards under the NMTC Program must be certified as a CDE by the Fund. To qualify as a CDE, an organization must:
 - b. be a domestic corporation or partnership at the time of the certification application;
 - c. demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and
 - d. maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity.
4. The following Savannah, Georgia organizations have been certified by the **Community Development Financial Institutions Fund (Fund)** as **Community Development Entities (CDEs)**. As of July 31, 2012 there were 5,780 CDEs nationally. In order to be certified as a CDE, an organization must be a legally established entity, have a primary mission of serving Low Income Communities or Low Income People and maintain accountability to

residents of the Low Income Communities that it serves. Certification does not constitute an opinion by the Fund as to the effectiveness or financial viability of the certified organization.

- a. **Carver Financial Corporation**
- b. **Carver State Bank**
- c. **Cititrends Development Company LLC**
- d. **EMTW Leasing Corp**
- e. **Small Business Assistance Corporation**

5. How does the NMTC work?

- a. **Eligible CDEs will apply to the Treasury Department's CDFI Fund for an award of New Market Tax Credits.** The application and selection will be used on objective criteria, including the expertise of the management team and the experience of the CDE in working with disadvantaged businesses and communities. Once a CDE is awarded tax credit allocations, the CDE is authorized to allocate its given amount of tax credits to private equity investors in the CDE.
- b. When an equity investment is made in the CDE, investors will be able to claim a 5 percent credit on the investment amount for each of the first 3 years, and a 6 percent credit for each of the next 4 years. During the life of the investment, the tax credit will total over 30 percent of the investment, in the present-value terms.

SMALL BUSINESS ASSISTANCE CORPORATION - CITY OF SAVANNAH LOAN PROGRAMS

Businesses in the area are eligible to apply for any financing product detailed below and in the attached lending product grid.

- 1. City of Savannah Business Loan Guaranty**
 - a. Business acquisition, machinery and equipment, Working capital, Inventory
 - b. Maximum of \$100,000
 - c. Maximum of 5 years

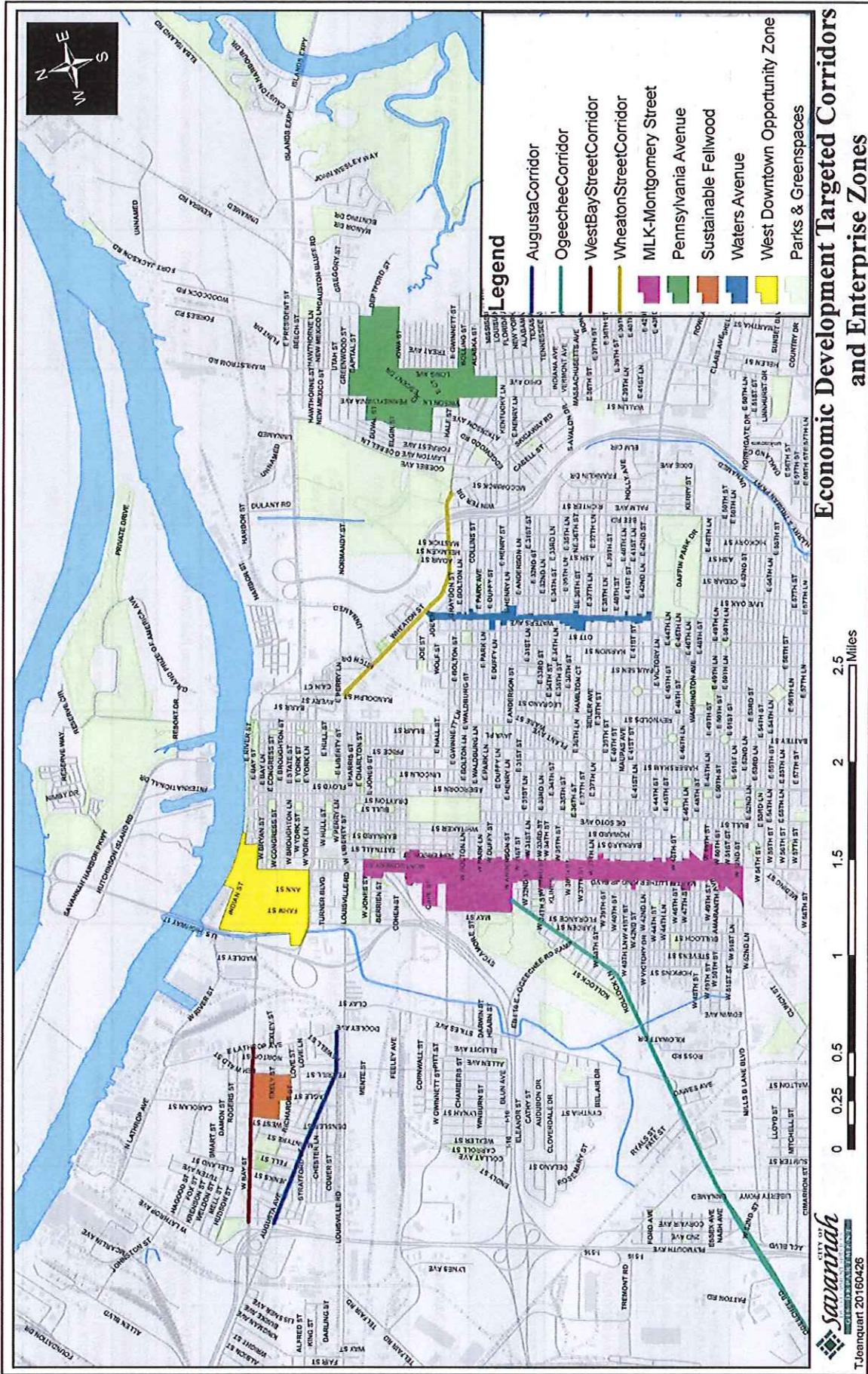
- 2. City of Savannah Business Loan Program**
 - a. Business acquisition, machinery and equipment, Working capital, Inventory
 - b. Maximum of \$150,000
 - c. Maximum of 10 years

- 3. Martin Luther King, Jr. Revolving Loan Fund**
 - a. Land and building acquisition, Construction and/or renovation, machinery and equipment, Inventory, Working Capital (cannot exceed 50% of the total loan request)
 - b. Maximum of \$150,000
 - c. Maximum of 10 years

- 4. Small Steps Lending Program**
 - a. All general purposes
 - b. Maximum of \$2,500 - \$15,000
 - c. Maximum of 1 year

- 5. HUD Special Purpose Loan**
 - a. Land and building acquisition, Construction and/or renovation, Machinery and Equipment, Inventory, Working Capital (cannot exceed 50% of the total loan request)
 - b. Special Purpose Grant from HUD to City of Savannah
 - c. Maximum of \$150,000
 - d. Maximum of 10 years

Attachment 1: Targeted Corridors





SMALL BUSINESS
ASSISTANCE
CORPORATION

Your 2016 Guide to SBAC Small Business Financing Programs

LOAN PROGRAM	USE OF FUNDS	SOURCE OF FUNDS	INTEREST RATE*	TERM	DOLLAR LIMITS	ELIGIBLE BUSINESSES**
SBA 504 LOAN PROGRAM	Real estate acquisition, construction, renovation; Machinery and equipment, assets with useful life of >10 years, certain refinancing and soft costs.	50% from Bank (First Mortgage) 40% from SBA (Guaranteed Deben- ture) (Second Mortgage) 10% Equity - Business Owner	Negotiated Rate on Bank Portion Below Market Rate (fixed) on SBA Portion	10 or 20 Years on Bank Portion 10 or 20 Years on SBA Portion	Maximum \$5,500,000 SBA Portion	Average net profit after tax not over \$5 million Net worth less than \$15 million Businesses in the State of Georgia and Beaufort, Hampton & Jasper Counties (SC)
SBA 7(a) GUARANTEED LOANS CONTRACT LOANS SEASONAL LINE OF CREDIT (Packaging Services)	Real estate acquisition, construction, renovation, machinery and equipment, inventory, Refinance of unreasonable debt, franchise fees, soft costs, working capital.	Bank (SBA Guarantees 75% - 85%)	Rate negotiated with bank Variable or fixed	Real Estate 25 years max. Machinery & Equip, Work- ing Capital 10 years max.	Maximum \$5,000,000	Average net profit after tax not over \$5 million Net worth less than \$15 million Businesses in the State of Georgia and Beaufort, Hampton & Jasper Counties (SC)
COMMUNITY ADVANTAGE LOAN PROGRAM	Most any business purpose	SBAC (Community Advantage Guarantees 75% - 85%)	Negotiated Rate	Real Estate 25 years max. Machinery & Equip, Work- ing Capital 10 years max.	Maximum \$250,000 Higher limits may be applicable.	For-Profit Businesses in 53 Counties in Southeast GA, Beaufort, Hampton & Jasper Counties (SC)
STATE SMALL BUSINESS CREDIT INITIATIVE LOAN PROGRAM (SSBCI)	Most any business purpose	State of Georgia	Negotiated Rate	Negotiated - Typically not longer than 5 Years	Maximum \$250,000 Higher limits may be applicable.	For-Profit Businesses in 53 Counties in Southeast GA, Beaufort, Hampton & Jasper Counties (SC)
SBAC MICROLOAN FUND	Most any business purpose	SBA Micro (Re-lending)	Fixed Rate 6.50%	Maximum 6 Years	Maximum \$10,000 Higher limits may be applicable.	For-Profit Businesses in 53 Counties in Southeast GA, Beaufort, Hampton & Jasper Counties (SC)
USDA INTERMEDIARY RELENDING PROGRAM	Most any business purpose	USDA IRP (Re-lending)	Fixed Rate Prime Plus 2% APR Floor of 6%	Maximum 15 years	Maximum \$150,000	For-Profit Businesses in State of Georgia and Beaufort, Charleston, Colleton, Dorchester, Hamp- ton & Jasper Counties (SC)
USDA RURAL MICROENTERPRISE DEVELOPMENT PROGRAM	Most any business purpose except real estate purchase	USDA Rural Microenterprise (Re- Lending)	Fixed Rate 6.50%	Maximum 10 years	Maximum \$50,000	For-Profit Businesses in 48 rural Georgia counties
SAVANNAH REGIONAL SMALL BUSINESS CAPITAL FUND	Most any business purpose	Bank of America, BB&T, SunTrust Bank, Wells Fargo	Negotiated Rate	Negotiated - Typically not longer than 10 Years	Maximum \$100,000 Higher limits may be applicable.	Businesses in 53 Counties in Southeast GA, Beaufort, Hampton & Jasper Counties (SC)
CITY OF SAVANNAH BUSINESS LOAN GUARANTY	Most any business purpose	Bank, City of Savannah Guaranty 80 - 90%	Negotiated Rate With Bank	Maximum 5 Years	Maximum (Bank Loan) \$100,000	For-profit businesses in Savannah
CITY OF SAVANNAH BUSINESS LOAN PROGRAM	Most any business purpose	City of Savannah	25 Year Treasury Note or 6.50%	Maximum 10 Years	Maximum \$150,000	For-profit businesses in Savannah
MARTIN LUTHER KING, JR. REVOLVING LOAN FUND EDA	Most any business purpose	City of Savannah/EDA/CDBG	Target Area 4.00% Fixed Outside Target Area 6.50% Fixed	Maximum 10 years	Maximum \$150,000	For-profit businesses in Savannah emphasis to locations North of Victory Drive
SMALL STEPS LENDING PRO- GRAM	Most any business purpose	City of Savannah /CDBG or SBA Micro (Re-lending)	Savannah 4.00% Fixed Outside Savannah 8.00%	1 Year	\$2,500-\$15,000	For-Profit Businesses in 53 Counties in Southeast GA, Beaufort, Hampton & Jasper Counties (SC)
HUD SPECIAL PURPOSE LOAN	Most any business purpose	City of Savannah/ HUD Special Pur- pose Grant	Fixed Rate 4.00%	Maximum 10 years	Maximum \$150,000	For-profit businesses in Savannah located on MLK, Jr. Blvd. and Montgomery Street
GEORGIA GREEN LOAN PROGRAM	Most any business purpose related to environmental concerns	SBAC	Negotiated Rate	Maximum 10 years	Maximum \$50,000	For-Profit Businesses in 53 Counties in Southeast GA, Beaufort, Hampton & Jasper Counties (SC)

*Interest Rates and terms subject to change. ** Proof of funding, at reasonable terms and conditions, not be available from conventional sources may be necessary. SBAC is an Equal Opportunity Lender, Provider and Employer. UPDATED 01/05/2016

Overview of Job Tax Credit Benefits

Designation	Eligible Businesses	Job Creation Requirement	Amount of Credit	JDA Bonus *	Credit Usage
Tier 1 – Bottom 40 (Ranked 1-40)	Any lawful business	2 net new jobs [†]	\$3,500 per eligible net new job	\$500 **	100% income tax liability + WH
Tier 1	Defined Business Enterprises	2 net new jobs [†]	\$3,500 per eligible net new job	\$500	100% income tax liability + WH
Tier 2	Defined Business Enterprises	10 net new jobs	\$2,500 per eligible net new job	\$500	100% of income tax liability
Tier 3	Defined Business Enterprises	15 net new jobs	\$1,250 per eligible net new job	\$500	50% of income tax liability
Tier 4	Defined Business Enterprises	25 net new jobs	\$750 per eligible net new job	\$500	50% of income tax liability
Less Developed Census Tract	Defined Business Enterprises	5 net new jobs	\$3,500 per eligible net new job	Not Applicable	100% income tax liability + WH
Designated Opportunity Zone or Military Zone	Any lawful business	2 net new jobs, but cannot be a husband & wife	\$3,500 per eligible net new job	Not Applicable	100% income tax liability + WH

* The Joint Development Authority (JDA) bonus is applicable to the County Tier designations under § 48-7-40, but not the census tract designations under § 48-7-40.1. Since the Opportunity Zone and Military Zone designations fall under the census tract provision, they are not eligible to claim the JDA bonus.

** The JDA bonus for businesses located in a Bottom 40 County is only applicable to an eligible Business Enterprise. A business which does not meet the business enterprise definition (per Code and Regulation) is not eligible to claim the \$500 bonus credit.

WH = Payroll Withholding Tax

† Effective for tax years beginning on or after 1/1 2012; for prior tax years, 5 net new jobs are required to meet the job creation threshold.