

# INCENTIVES

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## STATE/COMMONWEALTH/PROVINCE/LOCAL

Please complete the section below for all State/Commonwealth/Province and Local Incentives. Organize your responses by specific jurisdictions. If there are different incentives for real estate sites, organize your response accordingly.

## STATE INCENTIVES

1. TAX INCENTIVESa. Payroll withholding tax rebates/grants (existing or potential)

Georgia's Mega Project Tax Credit (1.b. below) is applicable to state payroll withholding once all requirements to first apply to state corporate income tax liability are met.

b. Job creation tax credits (existing or potential)i. **Brief overview of the incentive:**

**Mega Project Tax Credit:** This higher-value tax credit is reserved for companies that hire at least 1,800 net new full-time employees and either invest a minimum of \$450 million or have a minimum annual payroll of \$150 million. Companies can have up to 10 years to meet the job creation threshold depending on the amount of qualified investment.

The credit value for all eligible jobs is \$5,250 per job for five years. Credits must first be applied to 100 percent of state corporate income tax liability; then all excess credits are applicable to state payroll withholding. This effectively represents unrestricted cash Amazon HQ2 can use to invest in later-stage site acquisition, building construction, lease payments, and other priorities of the company.

The Georgia Mega Project Tax Credit program is subject to program requirements as outlined in O.C.G.A. § 48-7-40.24.

ii. **Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

Net present value of \$1,060,590,504; see Excel spreadsheet NPV Analysis for additional details.

iii. **Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

The project must create at least 1,800 net new jobs in Georgia, and each job must:

- be located in Georgia;
- involve a regular work week of 35 hours or more;
- have no predetermined end date;
- pay at or above the average wage of the county with the lowest average wage in the state (\$480/week as of 6/30/2017); and

- the employer must offer health insurance benefits consistent with what is offered to existing employees, and must pay for it in the same manner as it does for existing employees.

The newly created jobs must have a minimum annual payroll of \$150 million or the project must include a minimum qualified investment of \$450 million (must involve the construction of at least one new facility). Companies can have up to 10 years to meet the job creation threshold depending on the amount of qualified investment.

The project must also have a significant beneficial economic effect on the region, which is based on whether or not the project will:

- create new full-time employee jobs with average wages that are twenty percent above the average wage for all jobs located in tier one counties;
- ten percent above the average wage for all jobs located in tier two counties; and
- five percent above the average wage for all jobs located in tier three and four counties.

A project can also be considered a significant beneficial economic effect on the region if the project demonstrates high growth potential based upon the prior year's Georgia net taxable income growth of over 20 percent from the previous year, if the company's Georgia net taxable income in each of the two preceding years also grew by 20 percent or more.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

The Mega Project Tax Credit is an existing, statutory tax credit incentive. Current Mega Project Tax Credit law states that the credits are limited to 4,500 jobs per project. Any job creation within that qualified project after the 4,500 cap may be eligible for the state's Job Tax Credits.

Regarding extending the Mega Project Tax Credit beyond its current 4,500 job limit, Governor Deal indicated he will call a Special Session of the General Assembly to gain approval of this measure once Atlanta, Georgia has been identified as one of three final candidates for the HQ2 project.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

The company must file an application (Form IT-MEGA 2012) with the Department of Revenue (DOR) Commissioner that describes the project, including when it will commence and the date on which the company expects to begin withholding Georgia income tax from the wages of its employees located at the site or sites of the project; certifies that the project will meet the job creation requirement and either the payroll requirement or the qualified investment property requirement; and certifies that during the recapture period the company will meet the job maintenance requirement and, if applicable, the payroll maintenance requirement.

The DOR Commissioner will refer the application to a panel composed of the Georgia Department of Community Affairs (DCA) Commissioner, Georgia Department of Economic Development (GDEcD) Commissioner, and the director of the Governor's Office of Planning and Budget (OPB). Within 30 days of receiving the application and supporting documentation, the panel may either certify that the new or expanded facility or facilities will have a significant beneficial economic effect on the region for which they are planned or deny the application. The criteria used for making this decision are listed above, with more detail found in O.C.G.A. § 48-7-40.24.

As stated above, Governor Deal has indicated he will call a Special Session of the General Assembly to gain approval for extending the 4,500 job cap once Atlanta, Georgia has been identified as one of three final candidates for the HQ2 project.

**vi. Timing of incentive utilization/realization**

To claim a Mega Project Tax Credit, a company must attach a schedule to its Georgia corporate income tax return filed with DOR and report the credit on the applicable schedule of the return.

To use these credits to offset withholding taxes, a Georgia DOR form IT-WH-MEGA must be filed 30 days before the due date of the Georgia income tax return or filing the tax return, whichever occurs first. Once the Georgia DOR receives the company's withholding form, it has thirty (30) days after receipt of Form IT-WH-MEGA to review the credit and determine the amount eligible to be used against Georgia payroll withholding tax.

Once the review is completed, Georgia DOR will send a letter to the company stating the Mega Project Tax Credit amount that may be applied against Georgia payroll withholding tax and when the company may begin to claim the tax credit against Georgia payroll withholding tax. The Georgia DOR shall treat this amount as a credit against future withholding tax payments and will not refund any previous withholding payments.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

Companies may claim an annual tax credit of \$5,250 per job for the first five years of each qualifying position. Under current law, companies that invest more than \$800 million can claim all jobs (up to the 4,500 job cap) created within 10 years for the Mega Project Tax Credit; any additional new job creation beginning in year 11 would have to be claimed under the Job Tax Credits. It is the state's intent to extend the time during which a new job can be created and begin earning a Mega Project Tax Credit incentive to the full 15-year proposed build-out time. Governor Deal has indicated he will call a Special Session of the General Assembly to gain approval once Atlanta is named as one of three final candidates for the HQ2 project.

Credits are first applied to 100% of state corporate income tax liability. Any excess credits are eligible for use against Georgia payroll withholding. Unused credits may be carried forward for 10 years.

As stated above, current law caps the credits at 4,500 jobs.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

The initial and on-going compliance obligations are those that determine eligibility for the credit. If the company fails in the required time to meet the job creation requirement or either the payroll requirement or the qualified investment property requirement, the company forfeits the right to use the credit and must repay any credit that has been allowed along with any applicable interest.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

The Mega Project Tax Credit includes a recapture period, which begins after the first taxable year in which a company has satisfied the job creation requirement and either the payroll requirement or the qualified investment property requirement, and continues for five consecutive taxable years. Each year during the recapture period, the monthly average number of eligible full-time employees employed by the company must equal or exceed 1,800, and the total annual Georgia W-2 reported payroll of the jobs used to qualify the project must equal or exceed \$150 million (if the project qualified by the payroll requirement).

Within 60 days after the close of the taxable year immediately after the close of the sixth (6th) taxable year following its withholding start date, the company must file a report with the DOR Commissioner concerning the number of eligible full-time employee jobs created by the project; the wages of those jobs; the qualified investment property purchased or acquired by the taxpayer for the project; and any other information that the commissioner may reasonably require to determine whether the taxpayer has met the Mega Project Tax Credit requirements.

Within 60 days after the close of each taxable year within the recapture period, the company shall file a report concerning whether it met the job maintenance requirement and, if applicable, the payroll maintenance requirement for that year.

**x. Carry-forward or carry-back (if any)**

Unused credits may also be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

Excess credits are applicable to state payroll withholding after corporate state income tax liability is exhausted, effectively equal the same value to the company as a refundable tax credit.

The Mega Project Tax Credit is transferable in the case of sale, merger, acquisition, or bankruptcy of any business enterprise to be continued by any transferee of the business enterprise.

**c. Investment tax credits (indicate whether investment by a developer, if any, would count)**

The state's investment tax credit is reserved for manufacturing and telecommunication facilities of companies that have been in the state for at least three years.

**d. Research tax credits and any other incentives available in connection with R&D activity conducted by or in conjunction with universities in the State/Commonwealth/Province.**

The state's R&D tax credit is available to business enterprises that meet the following definition: any corporation, partnership, limited liability company, or sole proprietorship, or the headquarters of any such corporation, partnership, limited liability company, or sole proprietorship, which is engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, research and development, or tourism in a less developed area. Such term does not currently include retail businesses.

**e. Sales and use tax credits/exemptions or sharing agreements**

**i. Brief overview of the incentive:**

**Sales & Use Tax Exemption on Construction Materials:** The state of Georgia has a discretionary sales and use tax exemption on construction materials that is offered only on exceptional occasions when there is a clear significant economic impact potential for a proposed project. Amazon HQ2 would be designated as a project of regional significance for this purpose. (The state only offers exemptions for sales and use taxes; the state's credits are only applicable to state corporate income tax and in some cases state payroll withholding).

**ii. Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

Net present value of \$302,264,151; see Excel spreadsheet NPV Analysis for additional details.

**iii. Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

This incentive is available to projects designated by the Georgia Department of Economic Development (GDEcD) Commissioner as a Competitive Project of Regional Significance (CPRS). Amazon HQ2's job and investment plans as outlined in the first and second RFIs earn the project this designation.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

This discretionary incentive is guaranteed, as long as the final project commitment is consistent with the job and investment plans outlined in the first and second RFIs.

The current legislation sunsets on June 30, 2019. Projects designated prior to this sunset enjoy this designation and the incentive for the defined length of the project (15 years). In recent sessions the Georgia General Assembly has consistently renewed this incentive before it expired.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

The required approvals are already in place for a sales and use tax exemption on construction materials for Amazon HQ2 as outlined in the first and second RFIs.

**vi. Timing of incentive utilization/realization**

Upon execution of the Memorandum of Understanding and Performance and Accountability Agreement, the GDEcD Commissioner will issue a letter to the DOR Commissioner confirming the CPRS designation of Amazon HQ2 and its eligibility for the sales and use tax exemption on construction materials.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

The incentive will be available for the 15-year duration of the project as outlined in the first and second RFIs. This duration will be included in the letter that the GDEcD Commissioner will send to the DOR Commissioner.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

There are no on-going compliance obligations for the sales and use tax exemption on construction materials.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

There is no claw back or recapture provisions for the sales and use tax exemption on construction materials.

**x. Carry-forward or carry-back (if any)**

There is no carry-forward or carry-back for the sales and use tax exemption on construction materials.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

Amazon HQ2 will receive from DOR a certificate to be presented at the point of sale to confirm for the seller that sales tax should not be included in the requested payment amount. Amazon's contractors and their sub-contractors will also be able to use this certificate for their eligible purchases for work on Amazon HQ2 construction as proposed in the first and second RFIs.

**f. Lodging tax, airport fees, etc. credits/exemptions or sharing agreements**

There is no precedent in the city or state for these types of incentives.

**g. Rate freezes and/or caps on income, business license and/or other taxes**

No precedent in the city or state for these types of incentives.

**h. Film tax credits**

**i. Brief overview of the incentive:**

**Film and Television Tax Credits** are available to projects making qualified film, television, and digital and interactive entertainment production investments and expenses in Georgia.

The Film, Television and Interactive Entertainment Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.26.

**ii. Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

To be determined based on qualifying expenditures when the company engages in production in the State of Georgia.

**iii. Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

For a company to be eligible for the Georgia Film and TV Tax Credit, the project must be certified as an eligible production by the GDECD Film, Music & Digital Entertainment Office, and then the credit is administered by GDOR. The minimum investment for eligibility is \$500,000 in a single tax year by original-content projects produced and recorded in Georgia. The \$500,000 minimum annual expenditure threshold can be met with one project or the total of multiple projects aggregated in a single tax year.

Eligible projects include feature films, television movies or series, commercials, music videos, interactive entertainment, and animated projects. Qualified expenditures include materials, services, labor (with some regulations regarding salaries, loan out, or contractual workers) and postproduction of projects shot in Georgia, except story rights, marketing and distribution.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

This is a statutory tax credit so it is guaranteed as long as the company meets and maintains the eligibility requirements.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

In order to gain approval to receive the tax credit, a project must make a minimum investment of \$500,000 over a single tax year on total qualified expenditures in Georgia. The GDEcD's Film, Music & Digital Entertainment Office must first certify the project, which typically occurs within 72 hours. A separate application must also be completed for the Georgia Entertainment Promotion (GEP) uplift, which is an additional 10 percent uplift earned for certain approved projects that include a five-second-long, embedded Georgia logo in the finished product and a link to Georgia's website on the project's promotional website.

Once the production is certified, the production company will receive a certification letter from GDEcD to be attached to the company's Georgia income tax return. The letter will indicate whether the tax credit should be awarded at the 20 percent or 30 percent level, based on approval of the Georgia Entertainment Promotion.

To claim the Georgia Film and TV Tax Credit, a taxpayer must attach the letter, supporting documentation and completed Georgia Department of Revenue's (DOR) FORM IT-FC to the tax return to claim the film tax credit at the time the return is filed for each tax year in which the qualified research expenses were incurred.

**vi. Timing of incentive utilization/realization**

The Film and TV Tax Credit can be claimed once the investment requirement has been met and the certification letter, supporting documents, Georgia Department of Revenue Form IT-FC, and respective income tax return form have been submitted.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

The Georgia Film and TV Tax Credits are earned each tax year, so there are no requirements to retain the incentive, nor is there a maximum length of time to earn the credit if qualified expenditures are made. This tax credit has no limitations or caps on Film and TV projects, either annual or aggregate (however, there is a W2 salary cap of \$500,000 per person, per project for digital entertainment projects). This tax credit also has no sunset clauses.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

This tax credit has no on-going compliance requirements, as the credits are recalculated and earned each year.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

This tax credit possesses no formal claw back or recapture provisions; however, the Department of Revenue has three years to review receipts and may require repayment for ineligible expenditures previously claimed.

**x. Carry-forward or carry-back (if any)**

Any unused credits may also be carried forward for five years from the close of the taxable year in which the qualified expenditures were made.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

Any tax credits with respect to a state certified production earned by a production company and previously claimed but not used by such production company against its income tax may be transferred or sold in whole or in part by such production company to another Georgia taxpayer.



The company can choose to do a one-time sale or transfer of a minimum of 60 percent of the claimed credits to one or more Georgia taxpayers. The transfer or sale of this tax credit does not extend the time in which such tax credit can be used. The carry-forward period for tax credit that is transferred or sold shall begin on the date on which the tax credit was originally earned.

i. **Tax incentives associated with the creation of an enterprise zone, development district or innovation zone**

Not relevant for companies claiming the Mega Project Tax Credit.

j. **Other tax incentives not described above**

i. **Brief overview of the incentive:**

**Credit for Constructing or Purchasing Child Care Property:**

The facility portion of Georgia's Child Care Tax Credit is for employers who purchase or build state licensed, qualified child care facilities.

Child Care Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.6

ii. **Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

For employers who purchase or build a state licensed child care facility, the credit value is equal to 100% of the cost of purchase or construction.

iii. **Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

To be eligible, the purchased or constructed facility must:

- Be located on workplace property (or nearby if an on-site location is impractical or unsuitable),
- Care for children of employees' representing at least 95 percent of enrollment, and
- Be licensed or commissioned by the Georgia Department of Early Care and Learning.

Qualified child care property includes, but is not limited to, all real property and tangible personal property such as amounts expended on land acquisition, improvements, buildings, and building improvements and furniture, fixtures, and equipment.

iv. **If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

This is a statutory tax credit so it is guaranteed as long as the company meets and maintains the eligibility requirements.

v. **Description and timing of required approvals (including any legislative or other approvals that may be required)**

To claim the Child Care Tax Credit, the taxpayer must claim the property on the taxpayer's Georgia income tax return, and be supported by a Form IT-CCC100.

**vi. Timing of incentive utilization/realization**

The company can claim the tax credit in increments of 10 percent of all qualified expenditures over 10 years. These tax credits are applicable to 50 percent of the taxpayer's state corporate income tax liability.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

The tax credit is claimed over 10 years, and there is no cap.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

To continue claiming credits on purchased or built qualified child care facilities, the company must continue to own the facility and maintain the requirements for facility eligibility listed above.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

Recapture provisions may apply if the property is transferred or committed to a use other than child care within 14 years after the property is placed in service. The recapture event occurs within a percentage decrease of 10 percent over 14 years, beginning at 100 percent within the first five full years, and decreasing at 10 percent each year thereafter.

**x. Carry-forward or carry-back (if any)**

Any credits claimed but not used in any taxable year may be carried forward for three years from the close of the taxable year in which the cost of operation was incurred.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

When the employer is a pass-through entity, and has no income tax liability of its own, the tax credits will pass to its members, shareholders, or partners based on the year ending profit/loss percentage. The credit forms will initially be filed with the tax return of the taxpayer to establish the amount of the credit available for pass through. The credit will then pass through to its shareholders, members, or partners to be applied against the tax liability on their income tax returns. The credits are available for use as a credit by the shareholders, members, or partners for their tax year in which the income tax year of the pass-through entity ends.

**i. Brief overview of the incentive:**

**Credit for Providing or Sponsoring Child Care for Employees:**

The sponsor services portion of Georgia's Child Care Tax Credit is for employers who provide or sponsor child care for employees.

Child Care Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.6.

**ii. Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

For employers who provide or sponsor child-care at a state-licensed facility, the credit is equal to 75 percent of the employer's direct costs, less any amounts paid for by employees during a taxable year.

**iii. Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

The only qualification for the tax credit value is the sponsoring of qualified, state-licensed child care services for its employees.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

This is a statutory tax credit so it is guaranteed as long as the company meets and maintains the eligibility requirements.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

In order to claim the Child Care Tax Credit for sponsoring services, employers must maintain in their files records for certifying the cost of operation to the Department of Revenue (Department). These records must include the names and social security numbers of employees who utilize the facility; the names, ages, and social security numbers (if age 1 or older) of children of employees utilizing the facility; the name and federal identification number of the child care provider; and such other information as may be required by the Department. Once certification is met, the taxpayer must also claim the cost of operation on the taxpayer's Georgia income tax return, and be supported by the Employer Child Care Computation Form IT-CCC75.

**vi. Timing of incentive utilization/realization**

These tax credits are applicable to 50 percent of the taxpayer's state corporate income tax liability each year that the company has eligible expenses.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

This tax credit is claimed at the rate of 75 percent of the employer's direct costs each taxable year, with no maximum length period or caps.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

To continue claiming credits on child care services, the company must continue to maintain the eligibility requirements.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

This tax credit possesses no claw back or recapture provisions; however, the Child Care Tax Credit cannot be claimed if the taxpayer fails to meet the tax credit's eligibility requirements for that tax year.

**x. Carry-forward or carry-back (if any)**

Any credits claimed but not used in any taxable year may be carried forward for five years from the close of the taxable year in which the cost of operation was incurred.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

When the employer is a pass-through entity, and has no income tax liability of its own, the tax credits will pass to its members, shareholders, or partners based on the year ending profit/loss percentage. The credit forms will initially be filed with the tax return of the taxpayer to establish the amount of the credit available for pass through. The credit will then pass through to its shareholders, members, or partners to be applied against the tax liability on their income tax returns. The credits are available for use as a credit by the shareholders, members, or partners for their tax year in which the income tax year of the pass-through entity ends.

i. **Brief overview of the incentive:**

**Credit for Employee Retraining**

Georgia businesses mitigate the cost of retraining existing employees so that they can realize the full value of new technology investments. Whether retraining workers to use new equipment or new technology or upgrading the company's competitiveness with software training, companies can afford more training with this statutory corporate income tax credit.

Retraining Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.5.

ii. **Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumption**

Companies may claim a tax credit equal to one-half of the costs of retraining, not to exceed \$500 per full-time employee completing the course and not to exceed \$1,250 per employee per year.

iii. **Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

To qualify, training programs must be designed to enhance quality and productivity or teach certain software technologies. The retraining expenses must be approved by the Technical College System of Georgia (TCSG) and not require the employee to make any payment for the retraining, either directly or indirectly through use of forfeiture of leave time, vacation time, or other compensable time.

Eligible expenses include the costs of instructors and teaching materials, employee wages during retraining, and reasonable travel expenses. Eligible retraining providers include company subject matter experts, technology vendors, private training organizations, and Georgia's public technical colleges.

Further, to be eligible, employees receiving the training must be first-line employees or immediate supervisors, continuously employed with the company for a minimum of 16 weeks, and work a minimum 25-hour work week.

iv. **If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

This is a statutory tax credit so it is guaranteed as long as the company meets and maintains the eligibility requirements.

v. **Description and timing of required approvals (including any legislative or other approvals that may be required)**

The company must receive approval of the retraining program from a Vice President of Economic Development Programs at the local Technical College. The employer shall certify to the Department of Revenue the name of the employee, their completed coursework and coursework provider, and such other

information to ensure that credits are only granted to employers who provide or sponsor approved retraining, and that such credits are only granted to the employer providing the retraining.

**vi. Timing of incentive utilization/realization**

In order to claim the Retraining Tax Credit, the company must complete and attach the Georgia Retraining Tax Credit Program Completion Form for all qualifying employees and Georgia Form IT-RC to its Georgia income tax return for each taxable year in which qualified retraining expenses are incurred.

The tax credits are applicable to 50% of state corporate income tax liability.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

There are no limits to the number of years for which the company can claim these tax credits. For each taxable year, the tax credit value is not to exceed \$500 per full-time employee completing the course and not to exceed \$1,250 per employee for employees completing multiple courses.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

Retraining Tax Credits are earned each year, so there are no requirements to retain the incentive.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

This tax credit possesses no claw back or recapture provisions; however, in any given year the company cannot claim these credits if it fails to meet the eligibility requirements.

**x. Carry-forward or carry-back (if any)**

Any unused credits may also be carried forward for 10 years from the close of the taxable year in which the tax credit was granted.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

When the employer is a pass-through entity, and has no income tax liability of its own, the tax credits will pass to its members, shareholders, or partners based on the year ending profit/loss percentage. The credit forms will initially be filed with the tax return of the taxpayer to establish the amount of the credit available for pass through. The credit will then pass through to its shareholders, members, or partners to be applied against the tax liability on their income tax returns. The credits are available for use as a credit by the shareholders, members, or partners for their tax year in which the income tax year of the pass-through entity ends.

## **2. WORKFORCE EDUCATION, TRAINING AND RELOCATION**

### **a. Grants for workforce education, training, and relocation**

Approximately one year after relocating to Georgia, Amazon HQ2 employees and their families will be eligible to participate in the state's HOPE Scholarships and Grants programs. HOPE Scholarships and Grants provide merit based financial assistance towards the cost of tuition for a certificate, diploma, associate, or bachelor degree at eligible public and private postsecondary institutions in Georgia. Recipients of HOPE Scholarships and Grants meeting certain academic requirements may have up to 100% of the cost of tuition covered by the programs. Each year, Georgia disburses more than \$740 million for HOPE Scholarships and Grants.

**b. Loans for workforce education, training, and relocation (no interest/low interest)**

Georgia's Student Access Loan program provides a low interest loan at a one percent interest rate for eligible borrowers attending eligible public and private post-secondary institutions in Georgia. Students may apply for this \$26 million loan program after applying for and exhausting all other student financial aid options.

**c. Reimbursements for workforce education, training, and relocation**

The state does not reimburse for these types of initiatives; however, Georgia offers the Retraining Tax Credit described above and provides in-kind training services in the form of the No. 1 ranked Quick Start training program and the Amazon Academy of Georgia outlined below.

**d. Other workforce education, training, and relocation programs (including but not limited to internships and cooperative education programs linked to universities and technical schools)**

**i. Brief overview of the incentive:**

The **Amazon Academy of Georgia** will provide one-of-a-kind, customized training for current and future employees through a dedicated facility or co-located space on Amazon’s campus. Additionally, course offerings supporting Amazon workforce needs will be provided within dedicated space at the Georgia Institute of Technology (Georgia Tech) and the Hull McKnight Georgia Cyber Innovation and Training Center, in addition to Technical College System of Georgia institutions statewide. For all levels of training – from technical skills to undergraduate coursework to continuing education –the state will work with Amazon HQ2 to tailor educational and training programs to meet each of these specified needs.

The state will provide Amazon with a dedicated facility or co-located space on the Amazon HQ2’s campus. The facility will offer customized training for new and existing Amazon HQ2’s employees. Georgia will provide subject matter experts and state of the art equipment and technology currently used by Amazon HQ2 in areas including, but not limited to, robotics, electronics, computer engineering technology, and mechatronics. In addition to facility construction and other start-up costs, Georgia will evaluate additional equipment or equipment replacement needs on an annual basis.

Beyond the Amazon campus, the University System of Georgia (USG) will dedicate campus space at Georgia Tech for professional development, academic talent development, experiential and simulated learning, and innovation driven research. Georgia Tech will offer the following support for the Amazon Academy of Georgia:

- Establish a relationship management team to support Amazon’s transition as it relates to Georgia Tech resources and engagement while supporting the company’s development of HQ2;
- Provide the first floor of the Georgia Tech Global Learning Center (Atrium) and event/meeting space for quarterly events (i.e. up to four times a year) for recruiting and coordination of professional education courses;
- Coordinate a ‘demo day’ to showcase projects completed by those enrolled in the professional learning programs;
- Provide access to Georgia Tech research centers and Interdisciplinary Research Institutes (IRI) of interest to the company for up to two years to explore emerging research and early access to the top students developing the new technologies;
- Develop assistive technology curricula based on the assistive technology pilot between Amazon and Georgia Tech within student housing;
- Establish an “Innovator in Residence” role where a key company representative would engage closely with campus to foster stronger ties between both groups and to maximize impact of technology exploration; and
- Provide up to 20,000 square feet at the Coda building for the company to enhance university collaboration, recruiting, and establish operations. The Coda building is one block from the center of Midtown’s Tech Square and across from Georgia Tech’s Global Learning Center.

To ensure that these learning tracks developed as part of the Amazon Academy of Georgia continue to meet the needs of an ever-evolving technology company, USG will dedicate an Amazon liaison to work continuously with Amazon HQ2 and affiliated partners to further develop and refine curriculums and course offerings. USG will also host on-campus recruitment events at Georgia Tech and other premier institutions to assist Amazon HQ2 in attracting the best and brightest of Georgia’s University System.

In order to ensure that Amazon's talent pool extends beyond the metropolitan area, the Amazon Academy of Georgia will be implemented statewide through a virtual campus in addition to developing and deploying the customized curriculum to Technical Colleges and other USG institutions across the state to broaden Amazon's recruitment network for skilled talent.

Finally, the state is proposing to dedicate 15,000 square feet of innovation start-up space within the Hull McKnight Georgia Cyber Innovation and Training Center located in Augusta. Along with the innovation space, the center will provide tailored workforce training and development designed around the needs of Amazon, cyber range time for research, operations, or training purposes, and unparalleled access to some of the greatest minds in the industry.

Further information on the proposed Amazon Academy of Georgia is included in Talent A.2.b.

**ii. Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions:**

Net present value of \$152,231,599 (based on 10-year period); see Excel spreadsheet NPV Analysis for additional details.

**iii. Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit):**

The Amazon training facility will be designed, constructed, and equipped based on Amazon's workforce needs. Atlanta would need to be identified as one of the three final candidates for the HQ2 project before appropriating funding for the new training facility.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty:**

Once Atlanta has been identified as one of the three final candidates for the HQ2 project, the Governor would call a Special Session of the Georgia General Assembly to appropriate funding for the construction of the facility.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

As stated above, once Atlanta has been identified as one of the three final candidates for the HQ2 project, the Governor would call a Special Session of the Georgia General Assembly to appropriate funding for the construction of the facility.

**vi. Timing of incentive utilization/realization**

Timing for utilization will be based on Amazon HQ2's workforce needs. Georgia is positioned to rapidly deploy courses to meet Amazon's immediate training needs using existing resources within the University and Technical College systems while construction of the on-site or co-located facility and development of detailed curricula is underway.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR any caps (annual and/or aggregate)**

The dedicated facility for Amazon workforce training will be available for up to 10 years based on the needs of Amazon HQ2.



**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.**

There will be no compliance obligations associated with the Amazon Academy of Georgia.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

There will be no claw back or recapture provisions associated with the Amazon Academy of Georgia.

**x. Carry-forward or carry-back (if any)**

As an in-kind training service, carry-forwards or carry-backs are not relevant.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

This incentive is not refundable or transferable; however, additional headquarters of companies affiliated with Amazon that are newly located in Georgia may be eligible to utilize the academy.

**3. PROJECT AND INFRASTRUCTURE-RELATED**

**a. Site acquisition and preparation assistance (discretionary grants and no interest/low interest loans)**

**i. Brief overview of the incentive:**

**REBA Grant:** State discretionary grant that can fund various fixed-asset needs of a company including site acquisition, infrastructure, construction, or machinery and equipment.

**ii. Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

\$94,339,623; see Excel spreadsheet NPV Analysis for additional details

**iii. Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

These grants are available to competitive projects, with an expected meaningful impact, that have an identifiable gap between the community's incentive offer and the company's business requirements for locating. Due to the structure of Georgia's Constitution, direct grants to companies are prohibited. Therefore, all grants must flow through a local government or development authority (in the case of Amazon HQ2, that will likely be Invest Atlanta). Additionally, incentive funded assets must be publically titled for the life of the grant. This can be accomplished through a bond for title transaction or a sale/leaseback arrangement.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

GDEcD has confirmed Amazon HQ2's eligibility for this incentive.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

The state requires two contractual documents to initiate the REBA grant. One document is a Memorandum of Understanding (MOU) which explains the requirements for all of the parties involved in the transaction. The other is a Performance and Accountability Agreement (PAA), which lays out the performance standards,

reporting requirements, and procedures for claw backs. Once these documents are executed, Amazon HQ2 will work with the local development authority (in this case, likely Invest Atlanta), to provide all required documentation for the application. Once the application is completed, the Georgia Department of Community Affairs (DCA) will move the application process as expeditiously as possible through the approval and disbursement of funds process. The full process can take about 90 days.

Regarding approval for the full amount of the REBA grant, Governor Deal has indicated he will call a Special Assembly of the Georgia Legislature to gain approval for the full amount once Atlanta, Georgia has been identified as one of three final candidates for the HQ2 project.

**vi. Timing of incentive utilization/realization**

REBA grants are paid on a reimbursement basis. Therefore, Amazon HQ2 can begin presenting Invest Atlanta with receipts evidencing costs incurred for eligible expenses as soon as DCA officially approves the allocation. Once these drawdown requests are made to DCA, Amazon can be reimbursed quickly for eligible expenses.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

The Georgia Constitution prohibits the pledge of future appropriations. Therefore, the entire REBA grant amount will be allocated in the first year. These funds can then be dispersed by the local development authority as the company presents evidence of costs incurred. This process will begin in year one and will continue in subsequent years until the funds are depleted or the performance period outlined in the PAA expires.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

The proposed grant of \$100,000,000 is based upon Amazon HQ2's proposal to create 50,000 new full-time jobs paying an average of \$100,000, and invest \$5.0 billion in new facilities over a 15-year period. Compliance obligations will be measured on these two primary factors. The proposed grant will flow through a public entity (in this case, likely Invest Atlanta), and may be used to reimburse Amazon HQ2 for eligible activities. Further details regarding compliance obligations will be developed as Georgia has a more detailed understanding of Amazon HQ2's plans and needs.

Ultimately, the compliance obligations, once finalized, will be detailed in a Memorandum of Understanding (MOU) and Performance and Accountability Agreement (PAA). Georgia generally requires biannual progress reports which require a company to provide a progress update on the job and investment commitments. Upon the expiration of the 15-year performance period, DCA will require a final report, which may include an on-site visit.

Generally, the compliance obligations state that the company must meet a combined 80% of its job and investment commitments. Georgia typically uses a formula that allows a company to receive up to 110% credit for its job commitments, and up to 100% credit for its investment commitments.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

In the event that a company does not meet a combined 80% of its job and investment commitment, the company will be required to repay all or a portion of the grant. The repayment is determined by subtracting the company's combined performance percentage from 100% and then multiplying that percentage by the total dollar value of the grant.

**x. Carry-forward or carry-back (if any)**

Not applicable to Georgia's REBA grant program.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

This incentive is not refundable. However, the MOU and PAA may account for the incentive to be transferrable or assignable to a corporate entity related to HQ2.

**b. Infrastructure acquisition and construction assistance (discretionary grants and no interest/low interest loans)**

This type of assistance can also be covered by the state's REBA Grant which is described in item 3.a. above.

**c. Temporary office space to accommodate immediate hiring during initial construction**

A minimum of 20,000 square feet of space will be available for 2 years; upon further discussion between the state and Amazon HQ2, additional space may be possible.

**d. State/Commonwealth/Province financing, including:**

**i. Forgivable loans**

The state does not have a forgivable loan incentive program.

**ii. No interest/low interest loans**

The state does not have a no interest/low interest loan incentive program.

**iii. Credit enhancement**

The state does not have a credit enhancement incentive program.

**iv. Leases**

With a NPV of \$700,917,882, the company will likely have a large number of Mega Project Tax Credits to apply to state payroll withholding after credits are first used to exhaust state corporate income tax liability. Credits applicable to payroll withholding effectively represent unrestricted cash Amazon HQ2 can use to make lease payments.

**v. Bond financing**

Georgia's primary approach to defraying HQ2's costs is addressed in the \$100 million state grant (NPV of \$94,339,623), \$25 million local grant (\$18,400,218), and the up to \$1.3 billion (NPV of \$1,060,590,504) in Mega Project Tax Credits applicable to state payroll withholding which effectively represents unrestricted cash.

**e. Environmental mitigation/remediation assistance**

**i. Brief overview of the incentive:**

Should any environmental mitigation/remediation assistance be required, GDEcD will coordinate a meeting with the appropriate party and serve as an advocate on the company's behalf to help expedite the process.

- ii. **Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

This is an in-kind service.

- iii. **Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

Amazon HQ2 is eligible for GDEcD's assistance with meeting coordination and advocacy to help support any environmental mitigation/remediation needs of the proposed project.

- iv. **If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

Amazon HQ2 is eligible for this assistance from GDEcD.

- v. **Description and timing of required approvals (including any legislative or other approvals that may be required)**

Amazon HQ2 is approved for this assistance from GDEcD.

- vi. **Timing of incentive utilization/realization**

Should assistance be required, GDEcD can start as soon as the company is ready to begin.

- vii. **Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

GDEcD will be available to help coordinate meetings and be an advocate on Amazon HQ2's behalf regarding environmental mitigation/remediation assistance throughout its 15-year construction period.

- viii. **Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

Not applicable to this in-kind service.

- ix. **Description of any claw back or recapture provisions applicable to the incentive**

Not applicable to this in-kind service.

- x. **Carry-forward or carry-back (if any)**

Not applicable to this in-kind service.

- xi. **Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

Not applicable to this in-kind service.

f. **Other project or infrastructure-related incentives**

Not directly related to HQ2, but for each of the proposed real estate districts, the City of Atlanta already has between \$52.2 million and \$1.0 billion committed in infrastructure investments for transportation, parks & recreation, watershed, the Atlanta BeltLine, and Public Works, all of which will improve circumstances for Amazon HQ2.

#### 4. **OTHER STATE/Commonwealth/Province Incentives**

The State of Georgia – and its partners in the private sector and all levels of government – are prepared to work with Amazon HQ2 to identify any creative means possible for the state and its partners to help make the preferred site work for Amazon HQ2's success.

### **LOCAL INCENTIVES**

#### 1. **Tax Incentives**

##### a. **Tax abatements of any type (indicate whether real, personal or both types of property are covered)**

###### i. **Brief overview of the incentive**

The City of Atlanta can offer a property tax incentive to the company, which due to Georgia law, will be in the form of a lease purchase bond. This program is subject to the approval of the Invest Atlanta Board of Directors and the bond must be judicially validated.

Under this lease purchase bond program, Invest Atlanta holds title to real and personal property for a 10-year period. Invest Atlanta enters into an MOU with the Fulton County Board of Assessors to assess the property under a ramp up schedule starting at 50% in the first year and increasing by 5% for the next nine years until full taxes are paid in year 11. This program is recommended for investments greater than \$10 million. This incentive is subject to approval by the Board of Invest Atlanta and a bond validation process.

A non-refundable application fee of \$2,500 is payable to Invest Atlanta at the time a Bond Application is submitted to Invest Atlanta. An Issuer's fee of 1/8 of 1% or 0.00125, is payable to Invest Atlanta from the bond proceeds at the time of the bond closing. Of this amount, a Commitment Fee of \$25,000 must be paid within 60 days of bond inducement. This commitment fee will count against the Issuer's fee. The balance of the Issuer fees will be owed at closing.

###### ii. **Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

\$36,217,130; see Excel spreadsheet NPV Analysis for additional details.

###### iii. **Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

The City of Atlanta can offer this incentive, but approval is subject to a vote by the Invest Atlanta Board of Directors and the bond must be judicially validated. Both real and personal property are eligible for the lease purchase bond program. However, some of the buildings (real property) proposed for Phase I are currently under a lease purchase structure – that is receiving a tax incentive currently for a previous project. The estimate provided assumes all new construction, or that all buildings occupied by the company are not currently receiving the incentive. Once a site or sites are selected an updated estimate can be provided.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

The lease purchase bond program is subject to the approval of the Invest Atlanta Board of Directors and a bond validation process.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

Two approvals from the Invest Atlanta Board of Directors: (1) a bond inducement resolution and (2) a final bond resolution. These occur in two separate months (board meetings are held the third Thursday of each month). A bond application is required to proceed with a bond inducement resolution. The process from application to inducement resolution is 30 to 45 days. It is generally eight weeks from bond inducement to bond resolution and at least four weeks to bond closing (this includes a judicial validation).

**vi. Timing of incentive utilization/realization**

The incentive typically begins on the first of January following the year in which the project received its Certificate of Occupancy or, if complete, the first of January following the year in which title is transferred to Invest Atlanta.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR any caps (annual and/or aggregate)**

Invest Atlanta's lease purchase bond program is for a period of 10 years. The bond value is based on the value of the investment, so, effectively, there is no cap.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

Each project must show economic, environmental, or other public benefits to the city such as increased local revenues, improvements to infrastructure, expansion of the local economy, job creation or retention, affordable workforce housing or other goals and objectives. The specifics of when and how the above are reported by the company to the City are negotiated for the final lease purchase bond documents.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

There are no claw back or recapture provisions for the lease purchase bond.

**x. Carry-forward or carry-back (if any)**

There are no applicable carry-forward or carry-back provisions for the lease purchase bond.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

If ownership of the property were to change, Invest Atlanta's Board of Directors would need to pass a resolution reassigning the benefit to the new owner.

**g. Millage/property tax rate reductions**

No precedent in the city for these types of incentives.

## 2. PROJECT AND INFRASTRUCTURE-RELATED

### h. Sustainability/renewable energy programs

#### i. **Brief overview of the incentive**

The **Property Assessed Clean Energy Program** (PACE) is a green building program that provides property owners upfront financing to make energy efficiency improvements to a property. Invest Atlanta is creating a \$500 million private PACE fund for Atlanta to upgrade commercial and residential buildings with sustainability enhancements to save energy and water. This program is expected to be operational in the second quarter of 2018. This innovative program is the first of its kind in the State of Georgia and supports the City of Atlanta's vision of making Atlanta a top-tier sustainable city.

The program utilizes an innovative financing tool in which PACE financing covers 100 percent of upfront funding to make green building improvements with simple repayment terms. \$500 million in private funding will be provided through Ygrene Energy Fund to be available for:

- Energy efficiency improvements
- Renewable energy installations
- Water conservation improvements

#### ii. **Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

Because the financing is based on 10% of the existing building's value, it is not possible to estimate potential value until further real estate choices have been made.

#### iii. **Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

There are no eligibility requirements for companies. The following are the types of items which can be financed:

- Energy efficiency improvements
- Renewable energy installations
- Water conservation improvements

#### iv. **If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

PACE is only available for existing buildings, and not new construction. The cap on the financing is 10% of the building's value.

#### v. **Description and timing of required approvals (including any legislative or other approvals that may be required)**

As of this RFI, the PACE program has been approved by Downtown Development Authority and City Council. The next step is to finalize the documents and schedule the bond validation.

The approval process for the company will look like this:

- Property Owner/Company identifies energy saving project
- Property Owner/Company applies for PACE financing
- Ygrene Energy Fund (Program Administrator) funds to install project
- Loan is added to owner's property tax bill for this building

**vi. Timing of incentive utilization/realization**

The City estimates seven to ten business days for approval; and then it may take up to one month to receive funds.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

The term would be for 20 years at an interest rate of 6 to 8% in the current market.

The amount of financing for green upgrades would be up to 10% of each building's value. For example, if a building is worth \$5 million, PACE financing can be for up to \$500,000.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

Property owners have up to 20 years to repay PACE financing, collected in annual installments through a voluntary assessment along with their property tax bill. PACE assets have equal priority with ad valorem property taxes and are senior to all non-tax liens, including mortgages.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

Not applicable to this financing program.

**x. Carry-forward or carry-back (if any)**

Not applicable to this financing program.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

This incentive is not transferable; the lien stays with the property tax bill.

**i. Grant/cash matching incentives**

**i. Brief overview of the incentive**

The **Economic Opportunity Fund** is the City of Atlanta's deal closing fund. Invest Atlanta may offer an Economic Opportunity Fund (EOF) Grant to companies relocating to the City of Atlanta that create a significant number of jobs immediately in the short term (i.e. 2 years) which have the ability to spark economic



development in their industry or location. Jobs must meet quality standards and grant funds must be used for an approved use negotiated with Invest Atlanta. Funds are disbursed to the company as job creation milestones are met, as negotiated in a grant agreement with Invest Atlanta. This incentive is subject to approval by the Atlanta City Council and the Board of Invest Atlanta.

**ii. Estimated net present value (using a [6%] annual discount factor) of the incentive based on the project assumptions**

\$18,400,218; see Excel spreadsheet NPV Analysis for additional details

**iii. Description of any specific or unique eligibility requirements applicable to the incentive**

Projects that are considered for the EOF must demonstrate a significant rate of return on the public dollars being invested in the project. Additionally, there are several primary measures that every EOF project must meet in order to be considered for an award. Those include, but are not limited to, the following:

- Competition with another state or city for the project must exist and the business must not have already made a location decision.
- The new positions must be high-paying jobs – above the average wage of the City – and pay healthcare benefits to employees.
- Capital investment by the company must be significant.
- The company must agree to submit annual, company-specific reporting on jobs created and retained, wages and benefits paid, and capital investment.
- The company must agree to performance provisions if the specific number of jobs to be created or retained and private capital investments are not attained within the compliance period.
- The company will be strongly encouraged to provide opportunities for diverse businesses that include: Minority Business Enterprises, Female Business Enterprises and Small Business Enterprises, as defined by the City's Code of Ordinances, to participate as joint venture partners, contractors, sub-contractors or mentor-protégé relationships in the construction of the project using EOF funds.
- The company will be strongly encouraged to utilize First Source Hiring practices and workforce development in the construction of the project using EOF funds.
- The company will be strongly encouraged to utilize WorkSource Atlanta as a model and resource on conducting job fairs, hiring practices, and on-the-job training practices.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

All grant awards must be approved by the Atlanta City Council and the Invest Atlanta Board of Directors. All grant awards previously voted on by both bodies have been approved.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

The EOF grant must be voted on at the Atlanta City Council's Finance/Executive Committee and again at a full City Council meeting. This process takes approximately three weeks. The grant is then voted on by the Invest Atlanta Board of Directors, which meets the third Thursday of each month. Following legislative approvals, Invest Atlanta staff drafts a grant agreement with the company setting out terms and conditions. The document is generally executed by both parties after four to six weeks.

**vi. Timing of incentive utilization/realization**

Grant funds can be drawn down as job creation and investment targets are met, as outlined in the grant agreement.

**vii. Description of any claw back or recapture provisions applicable to the incentive**

The company must deliver at least 85% of the committed benefits (jobs and investment) during the grant's performance period or a claw back provision will apply.

**viii. Whether the incentive is refundable, transferable, or may be carried forward or carried back**

Not applicable.

**j. Permitting fee discounts, abatements or waivers**

Georgia's primary approach to defraying HQ2's costs is addressed in the \$100 million state grant (NPV of \$94,339,623), \$25 million local grant (\$18,400,218), and the up to \$1.3 billion (NPV of \$1,060,590,504) in Mega Project Tax Credits applicable to state payroll withholding which effectively represents unrestricted cash.

**k. Utility fee discounts, abatements or waivers**

Georgia's primary approach to defraying HQ2's costs is addressed in the \$100 million state grant (NPV of \$94,339,623), \$25 million local grant (\$18,400,218), and the up to \$1.3 billion (NPV of \$1,060,590,504) in Mega Project Tax Credits applicable to state payroll withholding which effectively represents unrestricted cash.

**l. Impact or other development fee discounts, abatements or waivers**

**i. Brief overview of the incentive:**

The City of Atlanta will recommend to the City Council an **impact fee waiver** of 50% owed for HQ2 for new construction over 5 million square feet. The estimated value is based on 8 million square feet. The City of Atlanta will recommend to the City Council to offset the non-waived balance of impact fees owed by the company for any qualifying system improvements made by the company within the City dedicated to the public, such as roads, public safety improvements, parks, etc. on a dollar to dollar basis, including impact fee credits above such basis.

**ii. Estimated net present value (using a [6%] annual discount factor) and/or the relevant percentage (e.g. a XX% investment credit or XX% reduction in real property taxes) of the incentive based on the project assumptions**

Net present value of \$4,952,830; see Excel spreadsheet NPV Analysis for additional details.

**iii. Description of any specific or unique eligibility requirements applicable to the incentive (e.g. what constitutes eligible investment under an investment credit)**

Development projects associated with corporate relocations from outside the city limits into the city limits and which are anticipated to create at least 8,000 full-time jobs and/or result in \$1 billion in new investment are eligible for exemption from the payment of impact fees on a case by case basis.

**iv. If the incentive is uncertain or is not guaranteed, an explanation of the factors that contribute to that uncertainty and an estimate of the level of certainty**

This incentive is subject to alternate funds being available to replenish the impact fee account.

**v. Description and timing of required approvals (including any legislative or other approvals that may be required)**

The approval of the Atlanta City Council is required for this incentive.

**vi. Timing of incentive utilization/realization**

The Department of City Planning will work with Amazon HQ2 and the project developer(s), should they be different from the company, to determine more accurate impact fee estimates when a site is selected. The City will work with the company to determine the appropriate time to introduce legislation for this incentive once a site is selected and impact fees have been assessed.

**vii. Maximum length of incentive (e.g. 10-year credit period or 20-year abatement period) OR Any caps (annual and/or aggregate)**

The value is based on the total value impact fees that will be assessed once a site is selected.

**viii. Initial and on-going compliance obligations (such as prevailing wage requirements, annual reporting, etc.)**

Not applicable to this incentive.

**ix. Description of any claw back or recapture provisions applicable to the incentive**

Not applicable to this incentive.

**x. Carry-forward or carry-back (if any)**

Not applicable to this incentive.

**xi. Whether the incentive is refundable, transferable, and/or assignable (e.g. to members of an affiliated group)**

Not applicable to this incentive.

**m. Other project or infrastructure-related incentives**

Not directly related to HQ2, but for each of the proposed real estate districts, the City of Atlanta already has between \$52.2 million and \$1.0 billion committed in infrastructure investments for transportation, parks & recreation, watershed, the Atlanta BeltLine, and Public Works, all of which will improve circumstances for Amazon HQ2.

**3. PROJECT MANAGER/OMBUDSMAN TO COORDINATE/EXPEDITE APPROVALS**

The City of Atlanta's Department of City Planning will assign Major Project Status to this project and ensure that all required permitting and zoning approvals receive expedited approvals. The city planning department will designate a project manager to coordinate and expedite approvals.

## **BIG IDEAS AROUND INCENTIVES**

### **1. DESCRIBE THE OTHER INCENTIVES NOT ADDRESSED IN ABOVE ITEMS**

The State of Georgia and the City of Atlanta are committed to dedicating significant resources to the success of Amazon HQ2. As the process continues and the specific needs are refined, additional customized assistance is possible.

The following are a few additional incentives that have already been identified. Please note that all bond and tax credit programs, grants and programmatic actions require approval from the Atlanta City Council, the Invest Atlanta Board of Directors, the Atlanta Board of Education, the HJAIA Airport Authority, the MARTA board and/or affiliated entities. There are also incentives listed below from organizations that have expressed interest in establishing a partnership with Amazon HQ2.

#### **Equity Capital Partner**

In the event Amazon selects a site in the City of Atlanta upon which a new building is to be developed and leased to Amazon in order to satisfy the Project's Phase I HQ2 requirements as described in this RFP, an Atlanta-based commercial real estate investment company, which specializes in providing equity capital for the development or acquisition of office properties in the southeastern United States, has committed (subject only to the execution by the appropriate parties of a mutually acceptable space lease) to invest the required equity capital and procure from a third party lender the required debt for the timely development of Phase I of HQ2. This commitment essentially eliminates any risk to Amazon that the capital (equity and debt) required to develop a new office building, which will serve as Phase I of HQ2, cannot be procured in time to meet the Phase I schedule described in this RFP.

**Offering incentive:** An introduction will be made to the private company should the City of Atlanta be selected as the location for HQ2

**Estimated line of credit:** \$700,000,000

#### **Net Bond Proceeds Benefit**

If the Downtown South is selected as the location, CIM commits to allocating \$8 million in economic benefit from Westside Tax Allocation District in net bond proceeds to the company. The benefit will be realized in a way that is agreed upon by both Amazon HQ2 and CIM.

**Offering incentive:** CIM, private company

**Estimated value:** \$8,000,000

#### **Pre/Post Flight Airport Lounge @ Hartsfield Jackson Atlanta International Airport (HJAIA)**

Hartsfield Jackson Atlanta International Airport (HJAIA) will designate an area within the terminal concourse to establish a premiere pre/post flight lounge for the period of one year. The lounge is for the exclusive use of Amazon HQ2 employees with work stations, a small conference room, information board/monitors and light refreshments. In addition, the company will have access to fifty (50) parking spaces at no cost for a year.

**Offering incentive:** HJAIA

**Estimated value:** \$150,000

#### **Amazon Experience Center @ Hartsfield-Jackson Atlanta International Airport (HJAIA)**

Majestic Carter Mixed Use, LLC ("Majestic Carter") is developing a world class hotel and conference center seamlessly connected to the Hartsfield Jackson Atlanta International Airport Domestic Terminal ("Project"). This Project includes a luxury hotel with more than 500 guest rooms, approximately 40,000 square feet of meeting and conference space, dining amenities, and 50,000 square feet of Class "A" office space. The site also provides a "one-of-one" marketing and branding opportunity for corporate sponsors at the front door to Atlanta. Marketing and

branding promotional platform includes large and small format digital media, static displays, and event spaces with projected daily impressions exceeding 750,000 views per day.

Majestic Carter is prepared to lease an agreed upon amount of Class “A” office space to Amazon HQ2 at a Return on Cost of 8.5% to 9.25% based upon the nature of the improvements. The square footage of the real property improvements will be mutually agreed upon by Majestic Carter and Amazon HQ2 and the total costs will be determined utilizing an open book method. Majestic Carter is also prepared to offer development of additional facilities on the Project site as well as an additional site immediately West of the hotel with approximately 13.5 acres of land suitable for office, mixed use, or hospitality. Majestic Carter is also pleased to offer unparalleled marketing and branding opportunities at competitive market rates.

**Offering incentive:** Majestic Carter, private company  
**Estimated value:** To be determined

### **MARTA Dedicated Car**

MARTA would commit to exploring the possibility of adding an Amazon-dedicated car to the MARTA train which can be used to distribute products throughout the city. Agreement would be subject to approval of the MARTA board. Based on location, MARTA will also commit to working with the City of Atlanta on allocating a portion of the MARTA 0.5 cent sales tax toward enhancing employee access to the Amazon HQ2 site.

**Offering incentive:** MARTA  
**Estimated value:** To be determined

### **Street Renaming Opportunity**

Opportunity for street renaming around HQ2 campus: Amazon Lane, Alexa Way, Prime Place, Kindle Rd., etc.

**Offering incentive:** City of Atlanta  
**Estimated value:** \$3,000

### **Homebuyer Employee Incentives**

Through its home ownership program, Invest Atlanta will provide financial assistance to qualifying employees interested in becoming homeowners in the City of Atlanta. Invest Atlanta's housing team will provide in-house seminars to ensure that employees are aware of special incentives and programs. The estimated value is based on 150 employees receiving the benefit.

**Offering incentive:** City of Atlanta  
**Estimated value:** \$1,500,000

### **Centers for Disease Control and Prevention (CDC)**

The CDC Foundation will support knowledge transfer, access to researchers and a global health initiative in conjunction with CDC.

**Offering incentive:** CDC Foundation, non-profit  
**Estimated value:** To be determined

### **Social Impact Funding**

The Atlanta Emerging Markets Inc. (AEMI) will offer \$7 million of Federal New Markets Tax Credit Allocation to support the non-profit organization of Amazon HQ2's choice.

**Offering incentive:** AEMI, private company  
**Estimated value:** \$7,000,000 to a non-profit

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