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The Development Authority of Fulton County Newsletter

July 2014

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Robert J. (Bob) Shaw



Among the most misunderstood aspects of state and local economic development programs is the use of tax incentives. Everyone agrees that incentives are not a primary reason businesses choose a location when expanding or relocating. Workforce quality, access to markets, infrastructure, favorable business climate and several other factors are infinitely more significant when companies evaluate their site

DAFC's e-Newsletter

Welcome to the Development Authority of Fulton County's (DAFC) e-newsletter. Each quarter, we will bring to you the latest economic development news in Fulton County.

We welcome the opportunity to explore taxable and tax-exempt revenue bond financing options and can assist in identifying all existing resources and incentives available to your organization. We invite you to contact us directly at 404-612-8078 or search our website at www.developfultoncounty.com for additional information.

DAFC Looking for New Leadership

The DAFC is in search of an Executive Director who will report to the Board of Directors and will have responsibility over two key areas: 1) leading the DAFC's economic development finance programs including promotional, business generation and transactional consummation activities (the DAFC programs include taxable and tax-exempt bond financing for private companies, non-profits, warehouse, distribution and manufacturing facilities, educational institutions, and medical facilities); and 2) managing and training the DAFC staff.

The DAFC's jurisdiction includes municipalities such as the cities of Alpharetta, Atlanta, College Park, East Point, Johns Creek, Roswell, Sandy Springs and Union City, as well as unincorporated areas of South Fulton County. Fulton County and the surrounding areas offer a high quality of life to its residents with attractive residential areas, well-kept parks, national sports teams, high-end retail and dining experiences and excellent educational institutions.

Qualified economic development professionals with at least 10 years of experience in management and business development should submit a letter of interest, resume, current salary and three work related references to Doris Coleman at doris.coleman@fultoncountyga.gov by July 31, 2014.

options.

However, when a community becomes a finalist, marginal factors - including incentives - come into play. So, communities use incentives as the differentiator that sets them apart from their erstwhile competitors.

So what are the economics behind this particular tool? Consider the ubiquitous homestead exemption as the flip side of the same coin. Owning a home costs more than renting a home, so, governments reduce homeowners' taxes through the homestead exemption to help consumers offset those extra home ownership costs. Why? Government finds home ownership socially useful and economically beneficial.

Expanding or relocating a business, likewise, costs more than staying put. So, government helps businesses offset the start-up costs associated with expansion or relocation through upfront tax incentives that decline as the business stabilizes and production increases.

While government may lose a little revenue from a limited incentive package, the government is simultaneously benefiting from new income taxes from jobs created, new sales taxes from goods purchased by the business and its employees and new property taxes as employees buy homes near their new jobs. Further, as the business value and its property increase in value, the government is collecting all taxes on this incremental growth.

On the surface, tax incentive programs may look like revenue losers. Yet, properly applied and critically evaluated, government generates much more revenue than is lost through the additional economic activity that a healthy, vibrant, expanding business environment produces.

Bob Shaw

Board of Directors

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DAFC Hosts North Fulton Economic Summit

Leaders from across North Fulton joined the Development Authority of Fulton County and Progress Partners for the North Fulton Economic Summit recently to discuss major challenges facing economic development and job creation in the county.

Senate Economic Development Chairman Frank Ginn, Gov. Deal's House Floor Leader Rep. Lynn Riley, Sen. Brandon Beach and House Economic Development Chairman Jimmy Pruitt discussed the major policy initiatives that may be considered in the 2015 legislative session.



L-R Mayor Rusty Paul, Sen. Brandon Beach, Sen. Frank Ginn, Rep. Jimmy Pruitt, Rep. Lynn Riley

While the vast majority of Georgia legislators are pro-business, pro-growth and pro-job creation, many lack a full understanding of either what economic development groups do to grow the state's job base or the true intense competition to attract new business growth into even popular locations like North Fulton.

Legislators urged economic development advocates to spend more time talking with legislators and other policymakers about why tax incentives and other economic development tools are vital to keeping Georgia competitive in the global economy.

Clark Atlanta/Spelman College Facility Upgraded

In June the DAFC closed a \$4 million tax-exempt financing transaction for TUFF CAUB LLC (related entity of The University Financing Foundation, Inc.) that allows for the refinancing of existing debt and the upgrade and improvement for the central utility plant at Clark Atlanta University and Spelman College.

TUFF was asked to assume ownership of the plant to remove the debt from the debt from the college's balance sheet. Utilizing low cost capital, TUFF funded the \$13 million project with tax-exempt debt, which is serviced by the savings generated from updating the systems. The transaction helped the institution preserve its debt capacity for other capital improvements.

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The renovations will allow for an increase in steam, hot water and chilled water production for the both Spelman and Clark Atlanta. The project included replacing existing boilers and distribution piping, resulting in a 26% savings in annual utility bills. The project will be operated by Energy Systems Group, LLC.



Clark Atlanta University

South Fulton Developing Green Energy Corridor

A green energy corridor is emerging in the South Fulton area along South Fulton Parkway, says Kenneth Dobson, Economic Development Director for Fulton County. According to Dobson, 13 clean energy businesses have located in the area and the county economic development team is working to package this evolving collection of energy-efficiency related businesses in a way to bring additional similar businesses to the area.

Clean energy is one of the fastest growing business segments in Georgia and the state is emerging as a leader in solar, waste energy recapture/reuse biomass and other new energy technologies. For instance, Georgia Power will be buying more than 900 MWs of solar power for use on the state's energy grid by 2016.

The South Fulton location is ideal for connecting these companies to the growing clean energy sector of the state's economy.

DAFC Hosts JDAMA

The Development Authority of Fulton County hosted members of the Joint Development Authority of Metropolitan Atlanta recently at the Bluestone building in Sandy Springs.

Composed of local development authorities in Fulton, DeKalb, Clayton, Henry, Rockdale and Douglas Counties, JDAMA works on regional economic development cooperation and policy issues affecting the metro area.

State Senate President Pro Tem David Shafer, Sen. Brandon Beach and Rep. Lynn Riley talked about the importance of keeping Georgia competitive in job creation. One key factor is increasing the venture capital pool to help keep Georgia startups from relocating to California, Texas, or other strong venture capital locations.

Sen. Shafer noted that North Carolina recently reduced its state income tax by a fraction just so it could say it has a lower tax

rate than Georgia. He touted a November constitutional amendment to cap the state income tax at its current 6% maximum rate. Sen. Shafer believes it is a tool to foster business growth since the state can tell prospective businesses that their income taxes can never go up.