

From the Atlanta Business Chronicle:

<https://www.bizjournals.com/atlanta/news/2019/05/21/viewpoint-incentive-projects-arehaving-a-positive.html>

Viewpoint: Incentive projects are having a positive impact in Fulton County

May 21, 2019, 11:41am EDT **Updated: May 21, 2019, 2:48pm EDT**

Recent media reporting leaves readers with the impression that school systems lose tax revenue from Development Authority of Fulton County projects. The facts say otherwise. And if this was indeed the true picture, that incentives have a negative impact, it begs the question: Why would we allow it? The reality is that these abatement projects bring investment, jobs, and increased tax revenue to Fulton County and our two school systems.

Property tax incentives are one of the few tools offered in the State of Georgia to attract and retain business.

As a former school board member, I clearly understand that school systems should be vigilant about tracking their revenue streams. While schools are certainly impacted by tax incentive programs of the Development Authority of Fulton County (DAFC), the data prepared by Ernst and Young on behalf of DAFC shows that the impact to school



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Fulton County Commissioner Liz Hausmann

systems is a positive one as tax revenue to both APS and FCS has increased substantially as a result of these DAFC projects.

In year 2016, the tax incentive cost to Fulton County Schools was \$4M, but the net new property taxes resulting from investments by active incentive projects was \$6.9M. That same year, the benefit to Atlanta Public Schools was even greater - taxes forgone by incentive projects were valued at \$7.6M, but the net new property taxes resulting from these active incentive projects totaled \$14.7M.

In 2017, Fulton County Schools received net new property taxes of \$7.9M due to DAFC investments. Atlanta Public Schools received \$14.1M in net new property tax revenue as a result of these investments.

The DAFC has received criticism that even if the projects result in new tax revenue to schools, the increased revenue is offset by creating more demand as new students move into the district as a result of new construction. These concerns are unfounded - the majority of DAFC projects are commercial in nature and therefore do not stress school resources by adding additional students. Further, incentives for single-family residential projects, which are the most likely residences for student impact, are not allowed. Instead, the majority of the residential projects are one-bedroom units, which are far less likely to be residences for families with children.

Simply stated, both school systems have millions more in tax revenue without a related increase in student population. The "lost revenue" is non-existent as it would not have been generated at all without these developments.

The DAFC has been responsive to the calls for transparency and project approval. In 2018, Fulton County added additional steps to the incentive approval process that include the incorporation of a return on investment model tool that computes total tax impacts (direct, indirect, and induced) associated with a project. DAFC now also established a 5x hurdle rate, such that projected fair market value of an incentive project is estimated to equal or exceed the current value by 5 times - projects not meeting the hurdle rate must demonstrate other compelling community impacts and prompt CFO review and input prior to approval. In addition to projects not meeting the hurdle rate, projects of county-wide significance will also trigger CFO, County Manager, and other stakeholder review and input prior to approval. Further, transparency has been increased by the requirement of annual reporting.

The bottom line is that incentives are just that. This tax revenue is non-existent before the projects are built. Companies have choices of where they will locate. The most recent example of this is Amazon's decision to leave New York City when the local government challenged the incentives given to attract them there. I wonder how they plan to spend the non-existent \$3 billion in incentives that were going to be given in exchange for the \$25 billion investment that will now not be made in New York?

Fulton County tax payers can be proud of the good work done by the Development Authority to bring economic vitality to our county. It was but a short ten years ago that we were in the midst of a deep recession, jobs were lost resulting in severe hardships for our community. The work of the DAFC to attract new development to Fulton County led the way to recovery for our entire region. We are once again solidly the economic engine of the Southeast. And that's a BIG DEAL!

Total impact of investment for the Fulton County School District in 2016

Net new property taxes due to investments by active abatement projects in 2016: \$6.9M



Source: EY analysis using Fulton County Assessor data on property parcels receiving an abatement in 2016



Total impact of investment for the Fulton County School District in 2017

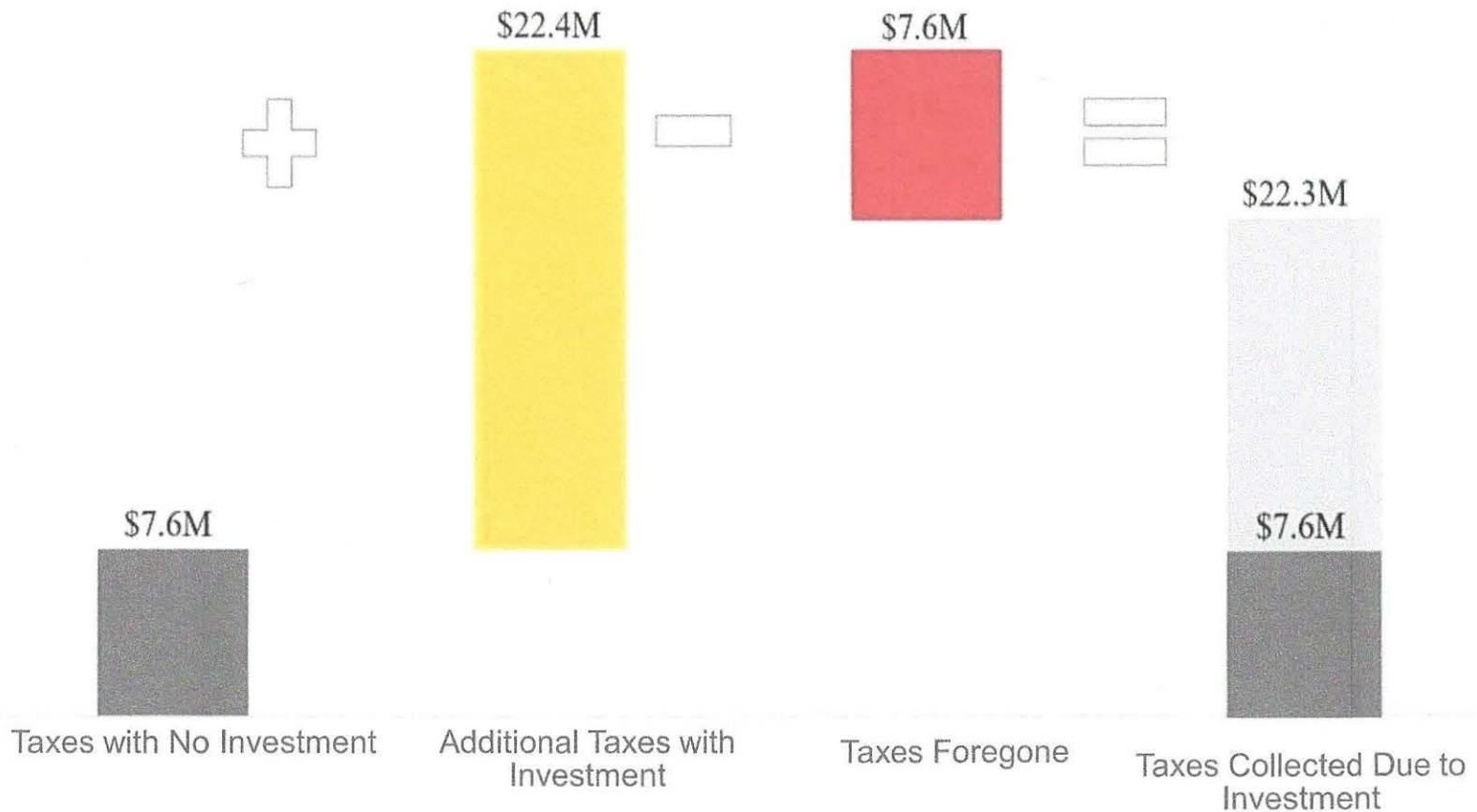
Net new property taxes due to investments by active abatement projects in 2017: \$7.9M



Source: EY analysis using Fulton County Assessor data on property parcels receiving an abatement in 2017

Total impact of investment for Atlanta Public Schools for CY 2016

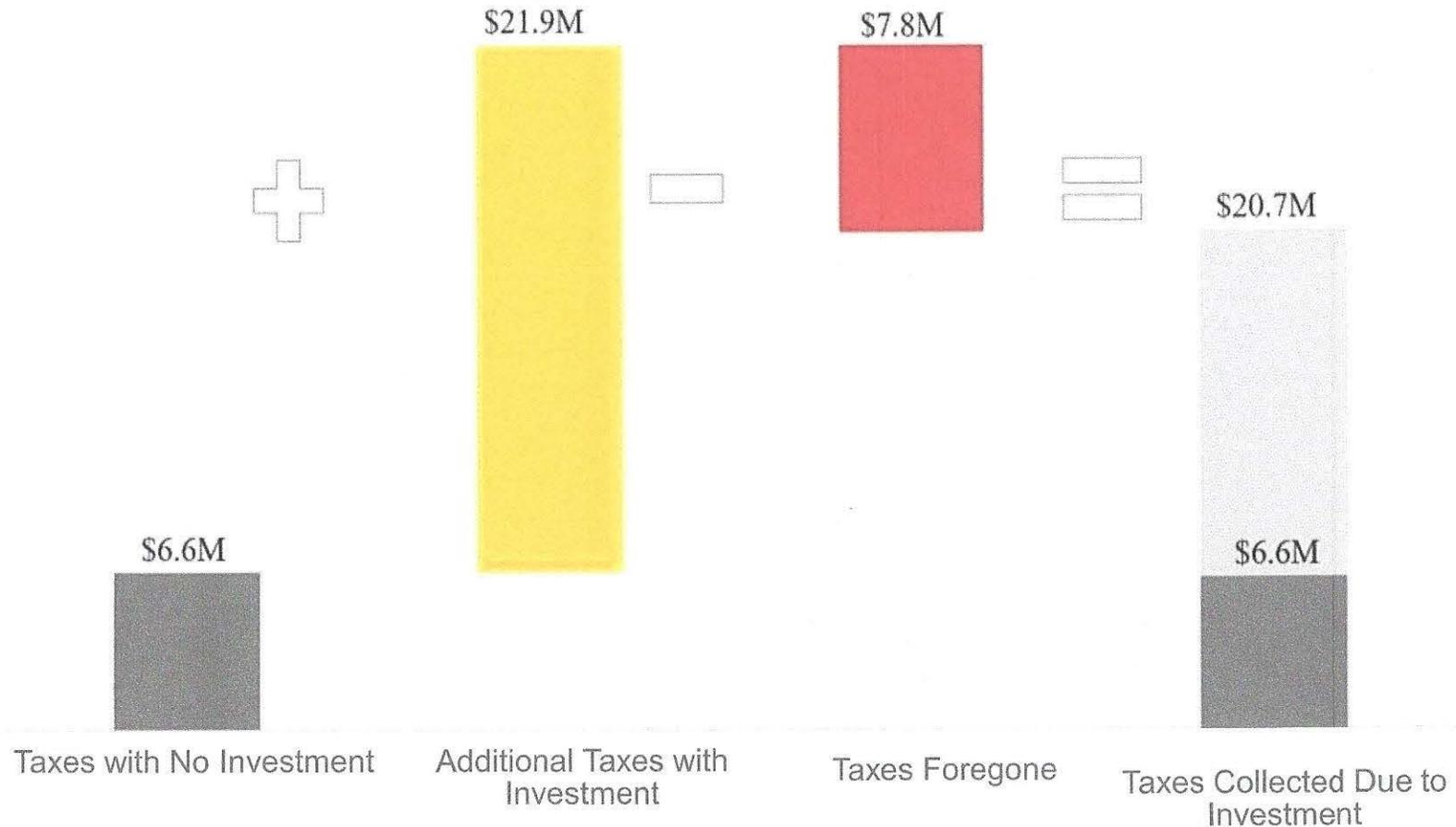
Net new property taxes due to investments by active abatement projects in 2016: \$14.7M



Source: EY analysis using Fulton County Assessor data on property parcels receiving an abatement in 2016

Total impact of investment for Atlanta Public Schools for CY 2017

Net new property taxes due to investments by active abatement projects in 2017: \$14.1M



Source: EY analysis using Fulton County Assessor data on property parcels receiving an abatement in 2017