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**ECONOMIC DEVELOPMENT  
INCENTIVES PLAN**

# Economic Development

## Incentives Plan

### Introduction

In 2002 the City adopted an Economic Development Incentives Plan in an effort to spur increased non-residential development in the City.

The Economic Development Element of the City's Comprehensive Plan identifies a variety of factors relating to employment and development in Powder Springs. It found that both population and employment in the area had been and were projected to continue to expand. The City adopted the Comprehensive Plan to guide both the types and locations of the development.

Executive, administrative, managerial and professional jobs were growing as a percentage of employment and manufacturing jobs were decreasing. This trend was expected to continue. Service and retail sectors contained the highest percentage of Cobb and Powder Springs workers, a trend that was also expected to continue. This plan was reached in consultation with the Development Authority of Powder Springs, the Powder Springs Downtown Development Authority, the Cobb County Chamber of Commerce and the Cobb County Office of Economic Development.

Cobb County offers a comprehensive package of incentives for specific developments in the unincorporated areas of the county. Only one other municipality in Cobb County offers incentives: Smyrna. By offering an economic development incentives package, Powder Springs is competitive with Cobb County in offering incentives for new development, provides certain monetary advantages to desired developments, and proclaims publicly that it is development friendly and welcoming of quality proposals.

This plan is an update of the 2007 Economic Development Incentives Plan and 2013 Economic Development Strategy. It provides a “package” of incentives for potential businesses to relocate to Powder Springs. A major objective of this Plan is to help diversify the residentially-heavy tax base of the City.

### Justification

In the course of conducting the City's economic development activities, it has been determined that Powder Springs can gain a stronger competitive position in the marketplace if the City would develop and offer certain economic development incentives. This conclusion was reached in consultation with the Development Authority of Powder Springs, the Powder Springs Downtown Development Authority, the Cobb County Chamber of Commerce and the Cobb County Office of Economic Development.

Although some of these incentives have an initial cost to the City, the City recognizes that over time there will be a measurable return on investment from these incentives. The City also recognizes that new businesses have a definite economic multiplier effect, such as new employees utilizing area restaurants, etc.

The economic incentives ordinance was enabling and non-specific in nature, requiring the development and maintenance of an Economic Development Incentives Plan (EDIP) which would spell out specific aspects of the incentives to be offered. This document fulfills the requirements of the ordinance.

## Definitions

For the purposes of this EDIP, the following words, terms, and phrases shall have the meanings respectively ascribed to them herein unless the context clearly indicates otherwise:

***Business Incentive Zone.*** A tract or tracts of land designated in the EDIP specifically targeted for development.

***Comprehensive plan.*** The city's Comprehensive Plan, including the future land use map, as revised from time to time.

***Downtown Development Authority District.*** The area for Downtown Development Authority activities as determined by the mayor and council.

***Economic Impact Requirement.*** A business shall generate sufficient governmental revenues to meet or exceed the financial value of incentives. This is deemed to be done if the subject development meets the criteria set forth in this plan.

***Target Development.*** A preferred business or industry type as identified by standard industrial classification codes or a special impact project of such magnitude as may be identified by the mayor and council and as specified in the Economic Development Incentives ordinance amendment adopted in 2022.

## Intent

In accordance with the city's economic incentives ordinance, this plan does the following:

- 1) Establishes an Economic Development Incentives Plan for the implementation of development incentives to provide for quality controlled growth, retention, redevelopment, and recruitment of new businesses within the parameters of the city's comprehensive plan.
- 2) Assists the city in coordination with local, state, and federal agencies and such other businesses and organizations to encourage new business and residential development and the redevelopment and retention of existing businesses.
- 3) Provides an impetus to develop and maintain an inventory of prospective properties subject to development and redevelopment.

## Types of Incentives

- 1) All incentives require that the proposed use be consistent with the City's Future Land Use Map and Comprehensive Plan.
- 2) Incentives can be for new or expansion of existing businesses. Certain incentives can be applied to certain residential development as described elsewhere in this Plan.
- 3) Subject to the restrictions set forth below, incentives shall be offered in three categories:
  - a) General Business Incentives, Tier I and Tier II
  - b) Historic Property Renovation Incentives
  - c) Downtown Development Incentives

### General Business Incentives

Subject to the restrictions set forth below, General Business Incentives may be offered in the following manner:

*Tier I incentives which may be offered are:*

- 1) Business License Fees would be waived for the first three years.
- 2) Building Permit Fees can be waived.

At a minimum, a development proposed for Tier I General Business Incentives must meet the following criteria:

- 1) Be a business located in the City;
- 2) Add 3 or more full time jobs new to the City of Powder Springs;
- 3) Building space must not exceed 10,000 square feet;
- 4) A maximum of 10 qualified businesses per year would be eligible; and
- 5) Consent to enter into a contractual agreement that outlines incentives offered and a guideline for the recapture or reimbursement should the terms of the contract be violated by the recipient of the incentives

*Tier II incentives which may be offered are:*

- 1) No Site or Structural Review Fees.
- 2) Business License Fees would be waived for the first three years.
- 3) Financing of the Sewer System Development Fee over a three to five year period at below market interest rate.
- 4) Building Permit Fees, which are based on \$5.00 per \$1,000 construction cost, can be capped at \$2500.

- 5) Development Authority Lease-Hold agreements, which can included project specific tax structure.

At a minimum, a development proposed for Tier II General Business Incentives must meet the following criteria:

- 1) Be a business employing persons;
- 2) Add 25 full time jobs new to the City of Powder Springs;
- 3) At least 25% of the new jobs must pay at least 150% of the Cobb County per capita income as determined by the most recent U.S. Census Bureau census or estimate;
- 4) Make a minimum capital investment of \$2.5 million; and
- 5) Consent to enter into a contractual agreement that outlines incentives offered and a guideline for the recapture or reimbursement should the terms of the contract be violated by the recipient of the incentives.

### **Historic Property Renovation Incentive.**

Subject to the restrictions set forth below, areas for Historic Property Renovation Incentives which may be offered to an applying development are:

- 1) No Site or Structural Review Fees.
- 2) No building Permit Fees.
- 3) Financing of the Sewer System Development Fee over a three to five year period at 50 basis points below the current market interest rate.
- 4) Downtown Development Authority Lease-Hold agreements, which can include project specific tax structure.
- 5) Assistance with application for state and federal historic preservation tax credits

At a minimum, a development proposed for Historic Property Renovation Incentives must meet the following criteria:

- 1) Renovate a building over 50 years old for income-generating purposes within the Downtown Development Authority Area;
- 2) Commit to renovation costs over 25% of the building's pre-renovation value;
- 3) Comply with the Secretary of Interior's Standards for Rehabilitation as certified by the Georgia Department of Natural Resources/Historic Preservation Division; and
- 4) Consent to enter into a contractual agreement that outlines incentives offered and a guideline for the recapture or reimbursement should the terms of the contract be violated by the recipient of the incentives.

## **Downtown Development Incentives.**

Subject to the restrictions set forth below, areas for Downtown Development Incentives which may be offered to an applying development are:

- 1) No Site or Structural Review Fees.
- 2) Financing of the Sewer System Development Fee over a three to five year period at 50 basis points below the current market interest rate.
- 3) Building Permit Fees, which are based on \$5.00 per \$1,000 construction cost, can be capped at \$2,500.
- 4) Downtown Development Authority Lease-Hold agreements, which can include project specific tax structure.

At a minimum, a development proposed for Downtown Development Incentives must meet the following criteria:

- 1) Make a capital investment of \$250,000 within the Downtown Development Authority Area;
- 2) Have a proposal targeted for downtown development by the City of Powder Springs consistent with the Comprehensive Plan;
- 3) The building be constructed in a complementary style to the existing downtown as determined in design review with the Downtown Development Authority as approved by the City Council; and
- 4) Consent to enter into a contractual agreement that outlines incentives offered to the business and a guideline for the recapture or reimbursement should the terms of the contract be violated by the recipient of the incentives.

## **Exemption or Reduction in Occupation Tax**

For general business, historic property renovation, and downtown development incentives, and in accordance with Section 12-196 of the Code of Ordinances, the Council may by subsequent ordinance or resolution provide for an exemption or reduction in occupation tax to one or more types of business or practitioners of occupations or professions as part of a plan for economic development or attracting or encouraging selected types of businesses or practitioners of selected occupations or professions. Such exemptions or reductions in occupation tax shall not be arbitrary or capricious, and the reasons shall be set forth in the minutes of the governing authority.

### **Procedure.**

In order to establish an orderly procedure for implementation of the economic incentive program while maintaining the confidentiality, required of such a program to entice desired developments to locate within the city limits of Powder Springs, the following procedures shall be in effect as of the passage of this section:

- 1) A developer or development wishing to receive incentives as outlined in this Plan may contact the City's Economic Development office and request incentives, or the City may identify a development planned for construction within the City and offer incentives should the development meet the

requirements listed in this Plan.

- 2) A business or residential development which meets the requirements listed in this Plan may be offered any combination of the incentives, in whole or in part, listed above. Nothing in this Plan should be construed to mean that any or all areas for incentives which may be offered will be offered to any particular development.
- 3) The specific incentives offered to any candidate shall be proposed by City staff and approved by the mayor.
- 4) No person shall be authorized to divulge the name or specific business of such candidate coming under the economic incentive program prior to their official public announcement of locating within the city limits of the city.
- 5) All incentives offered and accepted hereunder shall become effective on the date of such location within the city limits of the city.
- 6) No business or residential development shall be denied participation under the economic incentive program solely on the basis that they are not within the developed and approved inventory of perspective properties subject to redevelopment.
- 7) All incentives offered and accepted shall be filed of record on the date they become effective within the office of the city clerk.

## Enterprise Zones

### 1) Definitions

The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Act* means the Georgia Enterprise Zone Employment Act of 1997, set forth at O.C.G.A. § 36-88-1 et seq., as amended.

*Ad valorem tax* means property taxes levied for state, county, or municipal operating purposes but does not include property taxes imposed by school districts or property taxes imposed for general obligation debt.

*Business enterprise* means any business engaged primarily in retail, manufacturing, warehousing and distribution, processing, telecommunications, tourism, research and development industries, new residential construction, and residential rehabilitation.

*Enterprise zone* means one (1) or more geographic areas so designated by the mayor and council wherein local ad valorem taxes, occupation taxes, license fees, and other local fees and taxes, except local sales and use taxes or any combination thereof, may be exempted or reduced from applying to qualified business and service enterprises.

*Full-time job equivalent* means a job or jobs with no predetermined end date, with a regular work week of thirty (30) hours or more, and with the same benefits provided to similar employees.

*New job* means a new "full-time job equivalent" employment for an individual created within an enterprise zone by a new or expanded qualified business or service enterprise at the time of the initial staffing of such new or expanded enterprise.

*Service enterprise* means an entity engaged primarily in finance, insurance, and real estate activity or activities listed as provided in the Act.

## 2) Enterprise zones

- a)** Purposes. This section, including its subsections, has been enacted based upon a recognized need for revitalization in geographic areas within the city that are suffering or may suffer from disinvestment, underdevelopment, and economic decline and is intended to provide encouragement and incentives to private businesses to reinvest, renovate, restore, improve and rehabilitate such areas for new housing construction and the economic viability and profitability of businesses and commerce and to generate increased employment opportunities for residents of such areas.
- b)** Qualifying business or service enterprise. A qualifying business or service enterprise is an enterprise which increased employment by five (5) or more new full-time job equivalents in a designated enterprise zone and which provides additional economic stimulus in such zone. The quality and quantity of such additional economic stimulus shall be determined, on a case-by-case basis, by the mayor and council. Such business or service enterprise may be new, an expansion or reinvestment of an existing business or service enterprise, or a successor to such business or service enterprise. Whenever possible, ten (10) percent of such new employees shall be low-income or moderate-income individuals, as defined under the Act.
- c)** Designation of enterprise zones. The mayor and council may designate one (1) or more geographic areas as enterprise zones following an analysis of criteria (i.e., pervasive poverty, unemployment, general distress, underdevelopment, general blight) and data described in the Act. A joint resolution by Cobb County and the City of Powder Springs, which may also include one (1) or more other municipalities, may provide such exemptions for jointly designated enterprise zones. Any area designated as an enterprise zone may be redesignated as an enterprise zone after the expiration of its initial term if the area continues to meet the criteria for an enterprise zone.
- d)** Tax exemptions; other incentives.
  - i)** Local ad valorem taxes, occupation taxes, license fees, and other local fees and taxes, except local sales and use taxes or any combination thereof, may be exempted or reduced from applying to qualified business and service enterprises in an area designated as an enterprise zone.
  - ii)** Qualifying business and service enterprises in a designated enterprise zone shall be granted an exemption from state, county, and municipal ad valorem taxes that would otherwise be levied on the qualifying business and service enterprises not to exceed the following schedule:
    - (1)** One hundred (100) percent of the property taxes shall be exempt for the first five (5) years;
    - (2)** Eighty (80) percent of the property taxes shall be exempt for the next two (2) years;
    - (3)** Sixty (60) percent of the property taxes shall be exempt for the next year;
    - (4)** Forty (40) percent of the property taxes shall be exempt for the next year; and
    - (5)** Twenty (20) percent of the property taxes shall be exempt for the last year



- (a)** If a project consists of new residential construction, residential rehabilitation, or other rehabilitation of an existing structure and the value of the improvement exceeds the value of the land by a ratio of five (5) to one (1), then the exemption schedule set forth in subsection (4)b. shall apply whether or not the project is carried out by a qualifying business or service enterprise.
- (b)** In no event shall the value of the property tax exemptions granted to qualifying business and service enterprises within an enterprise zone created by the city exceed ten (10) percent of the value of the property tax digest of the city. In no event shall the value of the property tax exemptions granted to qualifying business and service enterprises within an enterprise zone created by the county, city and one (1) or more municipalities exceed ten (10) percent of the value of the property tax digest of the county and municipality/municipalities that created the enterprise zone.
- (c)** For any qualifying business or service enterprise, the tax exemption described in this section may begin in any year during which an enterprise zone designation is in effect and may continue even if the enterprise zone designation has terminated. A minimum of five (5) new jobs must be maintained throughout the exemption period for a qualifying business or service enterprise to maintain eligibility for the tax exemption. Property tax exemptions granted to business or service enterprises that continue to qualify for the exemption shall continue for the full term of the incentives.
- (d)** Notwithstanding any other provision of this section, the city may enter into agreements with qualifying business or service enterprises in designated enterprise zones to provide for modification or termination of any tax and fee exemptions and abatements.
- (e)** Qualifying business or service enterprises in designated enterprise zones may be eligible for incentives other than those provided under this section, including economic development incentives described elsewhere in this Code, and including fee abatements or reductions for occupation taxes, regulatory fees and business inspections.
- (f)** Time limitations. An area designated as an enterprise zone shall remain in existence for ten (10) years from the first day of the calendar year immediately following its designation as an enterprise zone. Except as otherwise provided, property tax incentives granted to a qualified business or service enterprise shall remain in effect for the full term of the exemption period.
- (g)** Reporting. The city shall report designations of enterprise zones as required by the Act, providing sufficient information to identify at a minimum the geographic boundaries of enterprise zones, the specific fees and taxes to be exempted or abated, and the beginning and ending dates of the designation period.