



# Commission for a New Georgia

Competitiveness Task Force

Executive Summary

*July 13, 2004*



# How Competitive is Georgia Now?

- **Coordination of Recruitment and Retention Efforts**
  - Georgia has recently lost several high profile prospects; Poor communications among economic development entities was cited by prospects
- **Financial Incentives**
  - Current incentives are broadly focused
  - Current incentives have not always addressed both capital intensive and non capital intensive investments
- **Access to Financial and Intellectual Capital**
  - Georgia has not marketed itself sufficiently to venture capital community
  - To stay competitive in the global economy, states must continue to focus on developing, acquiring, and retaining intellectual capital



# Georgia Competitiveness – Key Findings

## Georgia has many existing assets that make it an attractive place to do business:

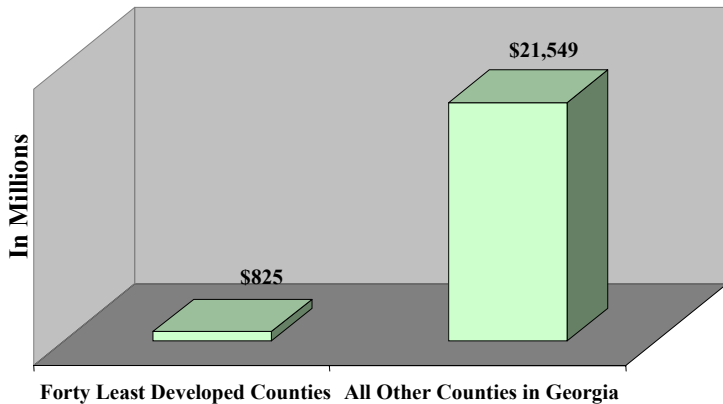
- Geographic location as the “elbow” of the South
- Leading logistics center
- Nation’s best rated roads
- World’s busiest airport
- Exceptional ports system
- One of the nation’s leading systems of higher education
- H.O.P.E. Scholarship
- Outstanding technological connectivity in many parts of our state
- Diverse quality of life (coast to mountains) and relatively low business and living costs



# Georgia Competitiveness - Key Findings

Does the tier system work?

**New Investment in Georgia: 1999-2003**



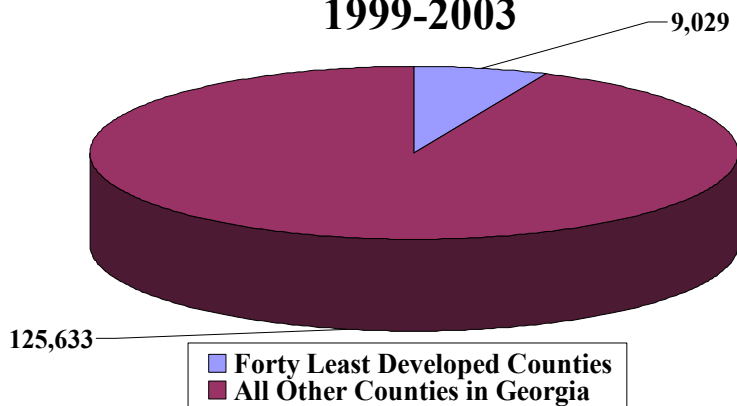
Investment Opportunities 2000 - 2003

Georgia recently lost several high profile prospects. . .  
Where did they go?

New Investments

<u>State</u>	<u>Opportunities</u>	<u>Key Reason</u>
South Carolina	33	Incentives
Alabama	31	Customer Base
Florida	22	Stayed
North Carolina	16	Facilities
<b>Total</b>	<b>102</b>	

**Jobs Created from New Investment  
1999-2003**



Why did Georgia lose the prospects?

<u>Reason</u>	<u>Percentage</u>
Unknown	20%
Incentives	14%
Customer Base	13%
Facilities	11%
Stayed	8%
Other	33%



# Coordination of Recruitment & Retention Effort (Recommendation #1)

**Create Governor's Cabinet for Economic & Workforce Development made up of key department heads**

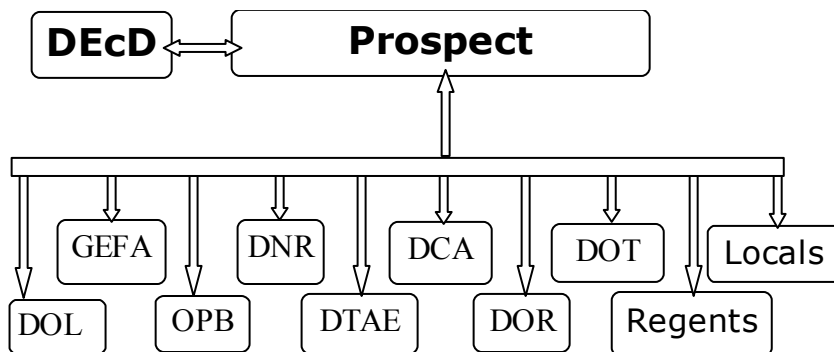
## Vision/Guiding Principles

- Economic development is a team sport
- Coordination of economic development by single executive body

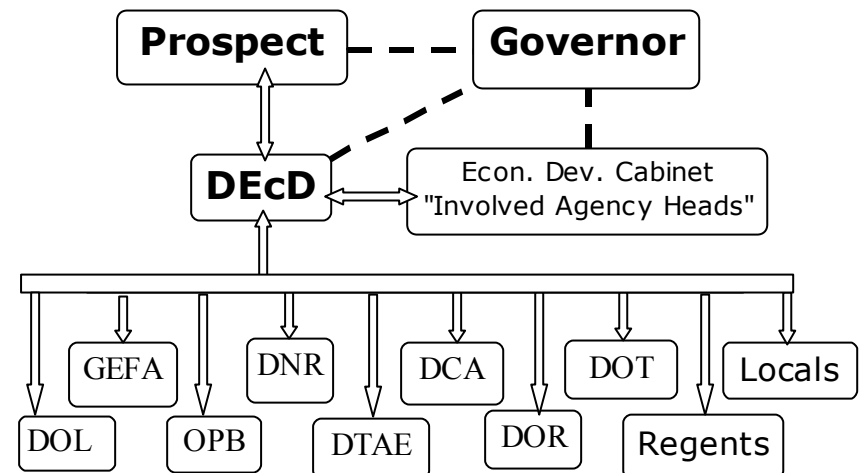
## Discussion/Rationale

- Strong executive leadership in competitor states
- Eliminate fragmented project management; better focus public and private resources

## Current Communications Process



## Proposed Communications Process



# Financial Incentives (Recommendation #2)

## *jobs and economic development in Georgia*

### Vision/Guiding Principles

- Georgia's economic development should be guided by a strategic plan and an annual business plan
- Georgia's economic development should focus on strategic targets and investment
- Georgia's incentives should be targeted toward jobs or capital in strategic industries with a positive effect on the state and local economy and include "clawbacks"

### Discussion/Rationale

- Enhance B.E.S.T. using credits, abatement or refunds for payroll, income tax, property tax, or sales tax according to client's needs; these should be based on jobs, investment, geography, and research and development and should require a local contribution
- Decouple state R&D credit from federal
- Establish a grant/loan program as a closing fund for investment statewide using state bonds, with the payback tied to the performance measurements agreed to by the company
- Expand Quick Start and ICAPP Programs (not a legislative recommendation)



# Access to Capital (Recommendation #3)

***Create a concerted initiative to attract and retain venture and other sources of financial capital, as well as intellectual capital into the state***

## Vision/Guiding Principles

- Georgia should continue to strengthen its knowledge economies, in order to gain higher standards of living and wages
- Georgia must establish strategies and implementation plans to grow and retain talent, develop its intellectual capital, and attract financial capital

## Discussion/Rationale

- Create more effective ways to utilize university research to establish business clusters
- Reestablish Green Carpet Tour for bankers and VC's
- Coordinate and improve technology transfers across systems
- Match investors to qualified emerging companies
- Consider legislation to provide tax credits for investment in qualified emerging companies

