



Monday, June 22, 2020

Chairman Hufstetler and members of the Georgia State Senate,

At a time when the state faces tough budget decisions, we urge the Senate to continue prioritizing policies that will get our economy back on its feet, create jobs and maintain No. 1 business climate in the country. A growing economy will restore tax revenues, and the best way to revive our economy is to incentivize investment and a return to work. In April, the Metro Atlanta Chamber launched an initiative to RESTORE Georgia's economy comprised of business leaders across the state. RESTORE made a number of recommendations to help rejuvenate Georgia's economy, none of which called for removing job creating incentives.

The tax increases, that eliminate exemptions and credits proposed in HB 1035, would hurt our state's effort to decrease the unemployment rate and attract economic development. Tax exemptions and credits require periodic careful review, and the bill rightly asserts that some are out of date, no longer relevant or serve no useful purpose. We should separate, however, these from the tax exemptions and credits that are proven to stimulate our economy. Efforts to increase tax revenues should avoid changes that could stymie the economic vitality of Georgia for years.

Many businesses invested in our state based on these tax policies, and companies looking at Georgia to relocate, expand or start, may look elsewhere if we signal uncertainty in our business climate.

While repealing or modifying exemptions and credits without meaningful public discussion or review is problematic, I want to highlight the following as particularly detrimental to our recovery:

- **Research and Development.** This credit brings high-paying jobs to Georgia, spurs innovations and leads to economic expansion.
- **Investment Tax Credits.** These tier-based credits encourage investment and employment for manufacturers and telecommunication companies throughout the state. HB 1035 proposes to repeal these credits without analysis as to: (i) the investment, employment, and telecommunications (including broadband) impact throughout the state, including rural areas; and (ii) intended treatment of carryover credits used against income tax and payroll tax withholding.
- **Employer childcare credit.** During this pandemic, lack of access to childcare has been a barrier for employees returning to work. This program incentivizes a service that many working parents urgently need. If employees with children cannot return to work due to lack of access to childcare, economic recovery will be impaired.
- **Exemption for electronically delivered prewritten computer software.** Imposing sales tax on electronically delivered software for the first time ever in our state would raise costs for businesses, as well as individuals, and put our state at a competitive disadvantage with several of our neighboring states.

We know that businesses depend on a predictable environment. Creating a stable, reliable tax and regulatory framework in our state has paid tremendous dividends and sped up our recovery from the Great Recession in the last decade. It can and will do the same as we seek ways to bounce back from the pandemic recession.

Sincerely,

Marshall Guest
Senior Vice President, Public Policy