



Wednesday, February 24, 2021

Dear members of the House Ways and Means Committee,

We write in support of House Bill 587 (LC 43 1940, sections 2-4 and 2-5) relating to High-Impact Aerospace Defense Projects (HIADP). This legislation allows companies to utilize critical Georgia tax credits resulting in a significant return on investment to the state. The Metro Atlanta Chamber supports expanding our aerospace and defense industry, which has led the nation and been a key economic driver for Georgia communities.

Cost is a significant factor for the U.S. Department of Defense when awarding new contracts. Passage of this legislation will benefit defense aerospace contractors competing for the next generation of U.S. aerospace defense programs. The total potential estimated economic impact of securing these programs is more than \$12 billion over the next 20 years. These programs could include over 3,300 direct jobs, 17,000 indirect and induced jobs in supporting and dependent sectors, more than \$570 million in total tax impact, and another \$60 million in construction-related tax revenues.

The HIADP will enable qualified defense aerospace contractors to use two existing tax credit programs simultaneously, one based on jobs (either the Mega Tax Credit or the Quality Jobs Tax Credit) and one based on new investment (the Manufacturing Tax Credit). The legislation would further enhance the Manufacturing Tax Credit by allowing companies to begin taking the credits sooner, while still requiring certification that conditions will be met, and increasing the cap for qualified projects.

Giving companies, like Lockheed Martin, which has operated in Georgia for more than 70 years, the opportunity to better compete with out-of-state defense contractors could pay dividends for our state for decades to come. If a Georgia-based company is not successful in securing an aerospace defense contract, the state will not award these tax credits. It is only if the company is successful in its bid and carries the work out in Georgia, according to specific thresholds set forth in the bill, that these incentives would be used.

Passage of HB 587 will boost our state's growing reputation as a hub for advanced aerospace technology and further our efforts to keep Georgia the No. 1 state for business.

Sincerely,

Marshall Guest
Senior Vice President, Public Policy