



March 2, 2021

Dear Chairman Blackmon,

On behalf of the Metro Atlanta Chamber, I write to you regarding HB 428 which would repeal the current high-technology exemption as found in O.C.G.A. § 48-8-3(68), a sales tax exemption available to companies that invest at least \$15 million in the state during a calendar year in qualifying computer equipment (hardware and software). HB 428 was heard and passed in the House Ways & Means Sales Tax Subcommittee on Friday, February 26, but without public comment as the substitute language was not widely circulated prior to the subcommittee hearing.

During the subcommittee meeting, it was suggested that the high-technology exemption was sparingly utilized and of limited impact. To the contrary, by all reports from our investors and other companies that have reached out to us, while the high-technology exemption has been in place over twenty (20) years, it remains an important aspect of Georgia economic development. Furthermore, it continues to facilitate significant high-technology investment in the state by many of the states' largest employers.

The high-technology exemption can apply on either a company or facility basis. A company with a data center in Georgia that meets the annual qualifying spending threshold within a single facility can claim the exemption on a facility basis. Companies that qualify on a company-wide basis can incorporate the hardware and software at any site in Georgia which includes (based on NAICS code):

- Software publishers, reproducers, designers
- Wired, Wireless, Satellite Telecom
- Data Processing
- Financial Transactions
- Engineering Services
- Research and Development in Sciences
- On-Line Information Services
- Computer Programming, Design
- Computer Facilities Management

In 2018, Georgia enacted a separate exemption for high-technology data centers as found within O.C.G.A. 48-8-3(68.1). Although this exemption is another important tool for economic development, it is not a replacement for the longstanding high-technology exemption. The high-technology data center exemption applies only to newly constructed data centers, which require a much larger investment (\$100 million - \$200 million based on county) and include additional job and facility requirements for qualification. This new exemption would generally not be available to Georgia headquartered companies that continue to invest in their technology and could make this spend in any state.

Along with technological investment of hardware and software, the high-technology exemption naturally creates investment in in-state infrastructure to support the technological spend (such infrastructure often does not qualify for the exemption) while creating high paying jobs, both leading to an increase in the Georgia tax base. Furthermore, the high-technology exemption promotes in-state investment in broadband and other crucial means of communication in all parts of the state.



Eliminating the high-tech exemption would be a significant and startling change to longstanding Georgia law and policy that has successfully promoted Georgia as a favorable location for corporate headquarters and high-technology company investments. It would also penalize those companies, including many Georgia headquartered companies, that have long made high-technology investments in Georgia.

We strongly encourage you to preserve the exemption in its current form to continue driving significant high-technology investment in the state by many Georgia businesses.

Sincerely,

A handwritten signature in black ink that reads 'Marshall Guest' in a cursive, slightly slanted script.

Marshall Guest
Senior Vice President, Public Policy