## Subject 110-24-1 OPPORTUNITY ZONE JOB TAX CREDIT PROGRAM REGULATIONS

### Rule 110-24-1-.01 Program Description, General Guidance, and Definitions

(1) As described within the State's Job Tax Credit Program at O.C.G.A. § 48-7-40.1(c)(4), a provision exists to assist less developed areas which is to be generally referred to herein as the "Opportunity Zone Job Tax Credit Program".

(2) The Opportunity Zone designation criteria require the targeting of areas that display "Pervasive Poverty, Underdevelopment, General Distress, and Blight". The designation criteria are met by the targeting of poverty areas that are in decline, suffering from disinvestment and are in need of redevelopment and revitalization. Specifically, such areas must be in an eligible census block group and contain parcels meeting the designation criteria of O.C.G.A. § 48-7-40.1(c)(4) as well as one of the required local redevelopment initiatives as described in the Georgia Urban Redevelopment Law at O.C.G.A. §36-61 or the Enterprise Employment Act at O.C.G.A. §36-88.

(3) For areas that meet the overall criteria of the Opportunity Zone Job Tax Credit Program, the commissioner of community affairs may designate as an "Opportunity Zone" a group of parcels within an area that meets the criteria under 110-24-1-.02 herein.

(4) Within areas designated as an Opportunity Zone under this Chapter, the state will allow enhanced Job Tax Credits which include the following benefits: a $3,500 tax credit per eligible new job created (as defined in O.C.G.A. § 48-7-40.1(e)), the use of the tax credit against 100 percent of Georgia income tax liability and payroll withholding, the use of the credit by any lawful business, and a job creation threshold of two jobs.

(5) Definitions.

(a) "Adjacent to" means adjoining or abutting.

(b) The Designation Criteria and associated factors shall generally be defined as follows:

1. "Areas Displaying Pervasive Poverty" shall be defined as census block groups with 15% or greater poverty and any "adjacent to" census block groups as determined from data in the most current United States decennial census.

2. "Underdevelopment" shall generally be defined as areas where appropriate data indicates a lack of development activities as evidenced through higher vacancy rates along with data indicating that business license fees, building permits, development fees, or other

similar measures of business activity in the nominated area are significantly lower than the activity within the local governing body's jurisdiction as a whole. Underdevelopment must be supported by appropriate data as detailed under 110-24-1-.03(4)(b).

3. "General Distress" shall generally be defined as adverse conditions within the nominated area other than those of Underdevelopment. Examples of such adverse conditions include, but are not limited to, higher than average unemployment, a high incidence of crime or code enforcement actions, a higher than average number of abandoned, deteriorated or dilapidated structures, deteriorated infrastructure, and substantial population decline. General Distress must be supported by appropriate data as detailed under 110-24-1-.03(4)(b).

4. "Blight" shall generally be defined as the conditions described for "slum area" pursuant to the Urban Redevelopment Law at O.C.G.A. § 36-61-2(18) and /or the conditions described for "blighted or distressed area" pursuant to the Redevelopment Powers Law at O.C.G.A. § 36-44-3(7)(A).

## Rule 110-24-1-.02 Threshold Criteria for Boundaries and Designation

(1) Boundaries of an Opportunity Zone must be wholly contained within Areas Displaying Pervasive Poverty, Underdevelopment, General Distress and Blight.

(2) Boundaries of an Opportunity Zone shall generally follow the center line of streets and/or the boundaries of property tax parcels as described within 110-24-1-.03(5).

(a) Property tax parcels that meet the designation criteria of 110-24-1-.02(1) and of 110-24-1-.02(3) except for being separated from an eligible block group by road, road right of way, rail, creek, river, or other easement may also be included within the boundaries of an Opportunity Zone.

(b) In the event a property tax parcel crosses jurisdictional lines, then the parcel shall be includable in the proposed Opportunity Zone boundary of the jurisdiction requesting the designation as long as there is written notice given to all affected jurisdictions at least thirty (30) days prior to the application being submitted to DCA..

(3) Boundaries of an Opportunity Zone must also be wholly contained within either the boundaries of a state enterprise zone designated pursuant to Chapter 88 of Title 36 of the Georgia Code or within the boundaries of a redevelopment area that has been adopted pursuant to Chapter 61 of Title 36 of the Georgia Code or may include all or part of both an enterprise zone and a redevelopment area.

(4) Boundaries of an Opportunity Zone must also be wholly contained within areas that, in the opinion of the commissioner of community affairs and as supported through appropriate documentation as described within 110-24-1-.03 herein, display Pervasive Poverty, Underdevelopment, General Distress, and Blight. Such designation shall not include areas deemed to be environmentally sensitive or unfit for development.

**Rule 110-24-1-.03 Application for Designation**

(1) Eligible applicants are general-purpose local governments (cities, counties, consolidated governments, or a combination thereof).

(2) Cover Letter

(a) A cover letter to the commissioner of community affairs requesting designation must be prepared and signed by an authorized representative of the local government applying for an Opportunity Zone. In the case of a jointly designated enterprise zone that includes multiple local government incentives, a cover letter must be executed by an authorized representative of each applicable local government.

(3) Ordinances, Plans, and Policies

(a) Applicants must submit to the commissioner of community affairs documentation of enterprise zones and/or urban redevelopment areas overlapping any portion of the proposed Opportunity Zone, specifically: 1. a certified copy of all applicable enterprise zone ordinances, resolutions, and amendments; and 2. all of the local government's resolutions establishing an urban redevelopment area(s), including urban redevelopment plan(s), with amendments and related resolutions.

(b) A certification from the local government's attorney that the enterprise zone ordinances, resolutions and policies and/or the authorizing resolutions for the urban redevelopment plan were adopted in accordance with applicable law and applicable public hearing requirements must be submitted to the commissioner of community affairs. In the case of a zone or redevelopment plan that includes multiple local governments, the local government attorney in each jurisdiction must execute a certification.

(4) Pervasive Poverty, Underdevelopment, General Distress, and Blight Designation Criteria

(a) Documentation submitted with the request for designation must include the following:

1. A table in a format to be provided by the Department which includes a description of each property tax parcel within the proposed zone to include the parcel number, current tax value, acreage, type of use and notation with regards to the condition of the parcel pursuant to the applicable Designation Criteria.

2. A representative sampling of photographic documentation keyed to parcels within the proposed zone.

3. Data to document Underdevelopment, General Distress and Blight as described in subsection (4)(b) of this section.

(b) Additional documentation to substantiate Underdevelopment and General Distress shall (where applicable and to the extent data is available) include:

1. Unemployment rate information for the previous five years for areas incorporating the proposed zone compared to the jurisdiction or county as a whole.

2. Building permit information for the previous three years for parcels within the proposed zone compared to the jurisdiction as a whole.

3. Business license information for the previous three years for parcels within the proposed zone compared to the jurisdiction as a whole.

4. Vacancy rate estimates for the previous three years for parcels within the proposed zone compared to the jurisdiction as a whole.

5. Code enforcement actions for the previous three years for parcels within the proposed zone compared to the jurisdiction as a whole.

6. Crime rate information (i.e. crime per 1,000) for the previous three years for the proposed zone compared to the jurisdiction as a whole;

7. Information on the number of abandoned, obsolete, deteriorated or dilapidated structures within the proposed zone at the time of application.

8. Information on the extent of deteriorated infrastructure within the proposed zone at the time of application; and

9. Newspaper documentation of issues and undertakings within the proposed zone.

(c) Prior Redevelopment Activities for Pervasive Poverty Areas -- within Areas Displaying Pervasive Poverty, certain previously redeveloped parcels may be considered for inclusion within the proposed zone where:

1. the parcel(s) are clearly documented to have met the Designation Criteria not more than two years prior to the submission of the application; and

2. the parcel(s) were redeveloped pursuant to a local government's redevelopment initiative authorized pursuant to Title 36 of the Official Code of Georgia; and

3. the parcel(s) owners have or will undertake actions to make investments and create employment opportunities on the parcel(s); and

4. the local government(s) applying for the designation certify in writing that the provisions of 110-24-1-.03(4)(c) are met; and

5. (reserved).

(5) Maps -- Digital maps must be submitted with the Opportunity Zone designation request and meet the specifications outlined within this regulation.

(a) Mapping specifications - Submissions shall contain maps detailing the proposed Opportunity Zone in digital GIS file format (i.e. shapefiles or geodatabase feature classes) on a compact disk or digital video disk. Map submissions may also be made via Internet file transfer programs as provided by the Department. The digital maps should include individual boundary polygons as listed below:

1. Proposed Opportunity Zone boundary map, where the boundary follows along the center line of streets and/or the parcel boundaries;

2. An Urban Redevelopment Plan boundary map (if applicable);

3. A State Enterprise Zone boundary map (if applicable); and

4. A map of the parcel boundaries within the proposed Opportunity Zone, which includes an attribute documenting the tax identification number of the parcels within the file.

(b) For all maps noted above: shapefiles should include a projection file (.PRJ) defining the map projection; geodatabase feature classes should contain metadata defining the map projection.

(6) Other information may be required at the discretion of the commissioner of community affairs.

## Rule 110-24-1-.04 Policies, Procedures, Limitations, Reporting and Adjustment of Boundaries

(1) Applications for Opportunity Zones may be submitted at any time.

(2) A local government may have any number of Opportunity Zones unless otherwise limited by law or these regulations.

(3) A business may qualify for the Opportunity Zone credit without qualifying for benefits under a State Enterprise Zone or Urban Redevelopment Plan.

(4) State Enterprise Zones cited for the purpose of application to the commissioner of community affairs for the creation of an Opportunity Zone must be active, bona fide State Enterprise Zones that are currently offering incentives to enterprise zone businesses.

(5) Opportunity Zones will exist for a period of 10 years from the date of designation or for the life of the related State Enterprise Zones and Urban Redevelopment Plans, whichever is shorter. Opportunity Zones may be renewed by the commissioner of community affairs at the end of 10 years. The Opportunity Zones may be revoked should the documentation used to designate the Zone be determined to be fraudulent.

(6) Reporting

(a) On an annual basis on or by January 31st and in a format to be provided by the department, the local government shall report to the department the Opportunity Zone's activity for the most recent available year as follows:

1. A narrative description of the local government actions undertaken within the Opportunity Zone for the preceding year. The local government may use the potential actions listed at 110-24-1-.03(4)(b) for purposes of the report.

2. The total of the tax values of the parcels within the proposed zone for the preceding year.

3. The total of the tax value for the applicant's total property tax digest for the preceding year.

(b) On a periodic basis, but at least every five (5) years in a format to be provided by the department, the local government shall report to the department the Opportunity Zone's activity for the most recent available year as follows:

1. A table detailing a description of each parcel within the designated zone to include the parcel number, current tax value, acreage, type of use and notation with regards to the condition of the parcel pursuant to the Designation Criteria.

(7) Adjustment of Opportunity Zone Boundaries

(a) Opportunity Zone boundaries may be adjusted by the commissioner of community affairs to correct errors or when it is determined that the documentation used to designate the boundaries was incorrect.

(b) When a local government has an area designated as an Opportunity Zone and determines during the term of the Opportunity Zone designation that a minor parcel or minor parcels should be added to the existing designated area, then the local government may request the boundaries be adjusted by the commissioner of community affairs. The parcel(s) to be included within the boundaries must fall within the existing Urban Redevelopment Plan and/or State Enterprise Zone boundary and meet the Designation Criteria for the Opportunity Zone.

(c) When a local government submits a request for a change in the designated Opportunity Zone boundary, and such change includes an amendment to the original Urban Redevelopment Plan or State Enterprise Zone under which the area was originally designated, then any changes to the Opportunity Zone boundary will be subject to the same expiration date as the original designation. In order for a government to establish a new eligibility period for designating an Opportunity Zone area, the newly designated area must fall under a new Urban Redevelopment Plan or State Enterprise Zone as a stand-alone plan that does not include the area already designated.

## Rule 110-24-1-.05 Opportunity Zone Tax Credit

(1) For eligible businesses within a currently designated Opportunity Zone, tax credits may be earned in accordance with O.C.G.A. § 48-7-40.1 and the accompanying regulations. Nothing in this regulation shall be construed as authorization for businesses to claim multiple job tax credits for the same jobs. By way of further

explanation, no business may add credits for the same jobs by qualifying simultaneously under the various provisions of O.C.G.A. §§ 48-7-40 and 48-7-40.1. Thus businesses may only claim the credit for jobs created under either the county tier program or the Opportunity Zone program, but not both programs.

(2) All applicable laws and regulations of the Job Tax Credit Program (see O.C.G.A. § 48-7-40.1 and Rules Chapter 110-9-1) must be met before a business may earn Opportunity Zone credits.

(3) Before claiming Opportunity Zone tax credits, a business must apply for a certification that the business location where jobs are being created is within a currently designated Opportunity Zone.

(a) The business' application must contain the business' address and parcel number. If requested, the business will supply geographic coordinates to assist in verifying the location within an Opportunity Zone.

(b) The business must file the certification with the local jurisdiction's contact person for the Opportunity Zone. The local jurisdiction must then certify that the business location is within the Opportunity Zone, that the business meets all applicable local ordinances and licensing standards, and that the State Enterprise Zone or Urban Redevelopment Plan is active and making demonstrated progress towards its redevelopment objective.

(c) The certification must then be forwarded to the department of community affairs for acknowledgement.

(d) Once certified and acknowledged, a copy will be provided back to the business, the local jurisdiction and the department of revenue.

(4) These regulations shall be applicable to all taxable years beginning on or after January 1, 2010 unless otherwise required by law. Businesses may earn Opportunity Zone tax credits for tax years beginning on or after January 1st of the year in which an Opportunity Zone designation is approved by the department of community affairs and provided the business has received a valid certification that the business location is within the designated Opportunity Zone.