



# GEORGIA STATE SENATE

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### FINAL REPORT OF THE SENATE INFORMATION TECHNOLOGY CORRIDORS STUDY COMMITTEE (SR 410)

#### Committee Members

Senator P.K. Martin, IV – Chair  
District 9

Senator Brandon Beach  
District 21

Senator Mike Dugan  
District 30

Senator Harold Jones, II  
District 22

Senator Fran Millar  
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Chancellor Steve Wrigley  
Board of Regents

Mr. Bert Brantley  
Department of Economic Development

Mr. Kevin Curtin  
AT&T

## TABLE OF CONTENTS

<b>Committee Focus, Creation, and Duties .....</b>	<b>2</b>
<b>Background .....</b>	<b>3</b>
<b>Meeting Testimony .....</b>	<b>9</b>
<b>Committee Findings .....</b>	<b>11</b>
<b>Committee Recommendations .....</b>	<b>13</b>
<b>Signature Page.....</b>	<b>14</b>

## **STUDY COMMITTEE FOCUS, CREATION, & DUTIES**

The Senate Information Technology Corridors Study Committee (Committee) was created with the adoption of Senate Resolution 410 during the 2017 Legislative Session. The following individuals were appointed by the President of Senate to serve as members of this Committee:

- Senator P.K. Martin, IV of the 9<sup>th</sup>, Chair
- Senator Brandon Beach of the 21<sup>st</sup>
- Senator Mike Dugan of the 30<sup>th</sup>
- Senator Harold Jones, II of the 22<sup>nd</sup>
- Senator Fran Millar of the 40<sup>th</sup>
- Senator Bruce Thompson of the 14<sup>th</sup>
- Senator Lester Jackson of the 2<sup>nd</sup>, Ex-Officio
- Chancellor Steve Wrigley, Board of Regents
- Mr. Bert Brantley, Department of Economic Development
- Mr. Kevin Curtin, AT&T

The Senate Information Technology Corridors in Georgia Study Committee is tasked with the following objectives:

- To review current state incentives as well as opportunities for future incentives for technology growth; and
- To study the establishment of specific corridors in this state that would directly foster the growth of information technology in areas including, but not limited to:
  - The route between Atlanta and Athens along Highway 316;
  - The route between Atlanta and Macon along I-75;
  - The route between Atlanta and Alpharetta along State Route 400; and
  - The route between Atlanta and Augusta along I-20.

The following legislative staff members were assigned to this Committee: Elisabeth Fletcher of the Senate Press Office; Ashley Waller, Donavan Eason, and Elizabeth Holcomb of the Senate Research Office; and Chandler Carter, Legislative Assistant to Senator Martin.

## BACKGROUND

This section provides an overview of programs and incentives related to the information technology (IT) industry in Georgia and other states.

### *Georgia Programs and Incentives*

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#### **Tax credits and Exemptions**

Currently, there are no specific tax advantages offered for IT related business in the state. However, there are several tax credits in place that may generally apply to companies involved in the IT field, which are listed below.<sup>1</sup>

- **Job Tax Credit:** Businesses in Georgia's strategic industries can earn as much as \$4,000 in annual tax savings for each new job created, for up to five years. The exact value of the job credits depends on two factors – how many jobs are created, and where;
- **Quality Jobs Tax Credit:** Companies that create at least 50 jobs in a 12-month period – at wages that are at least 10 percent higher than the county average – qualify for a tax credit of \$2,500 to \$5,000 per job;
- **Investment Tax Credit:** Companies in manufacturing or telecommunications support services that have operated in Georgia for at least three years are eligible to earn investment tax credits for upgrades or expansions. Credit earned amounts to 1 percent to 8 percent of qualified capital investments of \$50,000 or more; and
- **Research and Development (R&D) Tax Credit:** Companies that increase qualified research spending may qualify for an R&D tax credit equal to a portion of that spending increase.

Tax exemptions may also be applicable in the sale of certain telecommunications machinery and equipment, along with the sale or lease of computer equipment to certain high-technology companies.<sup>2</sup>

#### **Center of Innovation for Information Technology**

The Georgia Department of Economic Development, with one of their main focuses as the State's lead agency for attracting new business investment, created the Georgia Centers of Innovation. Georgia has one of the largest and most diverse technology industries in the nation with major strengths in health IT, medical devices, software development and digital entertainment. Exclusive to Georgia, Centers of Innovation provide technical industry expertise, collaborative research, and partnerships to over 1,500 businesses each year in order to help the state's strategic industries connect, compete, and grow globally. The Georgia Department of Economic Development highlights six key industries best served by these Centers of Innovation, with Information Technology being one of those strategic industries.<sup>3</sup>

From their website, the Center of Innovation for Information Technology (Center) is the key resource for helping Georgia's technology community find collaborative research opportunities and partners to connect, compete and grow globally.<sup>4</sup> The Center has three main areas of focus:

- Health IT and Medical Devices;

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<sup>1</sup> <http://www.georgia.org/competitive-advantages/tax-credits/>

<sup>2</sup> O.C.G.A. § 48-8-3(60) and O.C.G.A. § 48-8-3(68)(a)

<sup>3</sup> <http://www.georgia.org/business-resources/georgia-centers-of-innovation/>

<sup>4</sup> <http://www.georgia.org/business-resources/georgia-centers-of-innovation/center-innovation-information-technology/>



- Georgia is the Health IT Capitol of the U.S.
  - Eight of the top 100 health IT firms are located in State
  - Generates \$5 billion in revenue
  - 5<sup>th</sup> largest IT employment cluster
- Cybersecurity; and
  - Leading center for cyber and network security
  - Generates more than \$4.7 billion in revenue annually
  - Over 115 information security companies located in Georgia
  - Large cyber military presence
    - U.S. Army Cyber Command, U.S. Army Cyber Center for Excellence, and a branch of the National Security Agency located in Augusta
  - New Georgia Cyber Innovation and Training Center
- Mobility.
  - Emerged as hub for research, development, and limitless applications
  - Include remote health monitoring systems to mobile device integration

Georgia leads the nation in Health IT with more than 225 companies and approximately 30,000 jobs driven by large industry players like McKesson Technologies, MedAssets and Greenway Health. The state is also home to the 5th largest IT employment cluster which alone represents a \$113.1 billion economic impact on the state.

#### **The Advanced Technology Development Center at Georgia Tech**

Located in Technology Square at Georgia, the Advanced Technology Development Center (ATDC) is Georgia's technology incubator from which over 170 companies have graduated.<sup>5</sup> ATDC combines curriculum, coaching, connections, and community to help startups succeed. With locations all over the State, ATDC provides startup technology companies unprecedented access to Georgia Tech resources, proven startup lifecycle-appropriate curriculum, one-on-one coaching by a world class staff of seasoned entrepreneurs and subject matter experts supplemented by a community of experienced volunteer mentors, and support and expertise from graduate companies and corporate partners. Over \$12 billion has been generated by ATDC companies in Georgia.

#### **Other States' Incentives and Programs**

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##### **Florida**

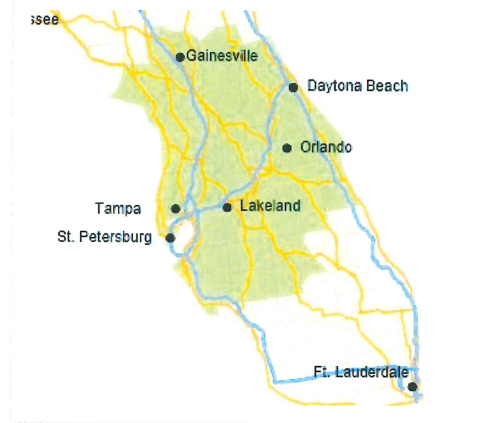
The Florida High Tech Corridor is a region located along the Interstate 4 Corridor that consists of 23 counties that are connected by three research universities, more than 20 local and regional economic development organizations, 14 community and state colleges, 12 regional workforce boards, industry groups, and companies focused on innovation.<sup>6</sup> Key industry areas of interest include:

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<sup>5</sup> <http://atdc.org/about/>.

<sup>6</sup> <http://www.floridahightech.com/>

- Agritechology
- Aviation and Aerospace
- Digital Media/Interactive Entertainment
- Financial Services
- **Information Technology**
- Life Sciences/Medical Technologies
- Microelectronics/Nanotechnology
- Modeling, Simulation, and Training
- Optics and Photonics
- Sustainable Energy



*Figure 1. Map of the Florida High Tech Corridor Region*

There are four major areas of attraction credited for drawing businesses to settle in this area:

1. **Research grants.** The Florida High Tech Corridor Council (Council) administers a Matching Grants Research Program, which is useful for companies to leverage their R&D budgets with academic partnerships in order to develop commercially applicable emerging technologies. This program is managed on three university campuses (University of Central Florida, University of Florida, and University of South Florida), located within the region, where a committee of university researchers and Council partners annually review and approve proposals.
2. **Entrepreneurial support.** The Council offers several entrepreneurial initiatives such as FLVEC, also known as the Virtual Entrepreneur Center Web portal, which offers a catalog of local, regional, state, and global business resources organized by county. Additionally, the Council offers GrowFL, an economic development program focused on assisting second-state growth companies to succeed, along with support for business incubators in the region.
3. **Faces of tech.** An online resource which provides a brief look into the companies and technology employees in the Florida High Tech Corridor.
4. **Tech workforce pipeline.** Offers education initiatives such as stemCONNECT, which connects middle and high school students to STEM experts through innovative in-person and online program offerings in order to exhibit real-world applications of STEM concepts learned in the classroom. Sessions cover: modeling; simulation and training; robotics; spaces; physics; and more.

### **North Carolina**

According to the Economic Development Partnership of North Carolina, IT companies have been relocating and staying in North Carolina due to its business advantages and active entrepreneurial environment.<sup>7</sup> These advantages are outlined below.

- Low tax burden;

<sup>7</sup> <https://edpnc.com/industries/information-technology/>

- At 3 percent, North Carolina has the lowest corporate tax rate in the U.S.
- Reliable, low-cost electricity;
  - Average industrial electricity rates are 8 percent less than the national average.
- Low construction costs;
  - Average construction costs in metropolitan areas are 18 percent below the national average.
- “Research Triangle Park”; and
  - Home to more than 200 companies with focuses in areas of IT, cleantech, and life sciences.
  - Public-private initiative with Research Triangle Foundation acting as the main managing body.
- Workforce.
  - Three Tier 1 Research Universities (Duke University, the University of North Carolina at Chapel Hill, and North Carolina State University) all located within 25 miles of one another.
  - NCWorks is a comprehensive workforce development program that includes an online jobs database for talent recruiters and job seekers in addition to featuring a customized training program for new and existing businesses in the state.<sup>8</sup>

The North Carolina Technology Association (NCTA) is a non-profit organization whose goal is to advance North Carolina’s tech industry.<sup>9</sup> NCTA has three main focus areas: (1) executive engagement by connecting technology providers, consumers, and stakeholders; (2) public affairs and providing a voice for the technology industry; and (3) knowledgeable workforce by promoting lifelong learning and a world-class workforce.

North Carolina State University provides two major resources to IT companies through Centennial Campus and the Institute for Advanced Analytics. Centennial Campus offers office, lab, and technology incubator space for more than 1,600 corporate and government employees working in areas such as open source networking, advanced analytics, nanotechnology, green grid technology, biomedical engineering, and biomanufacturing.<sup>10</sup> The Institute for Advanced Analytics created the first Master of Science in Analytics program, an intensive, full-time, 10-month learning experience with an innovative and exclusive curriculum.<sup>11</sup>

### **South Carolina**

*“The Charleston Digital Corridor”* (CDC) is a community-sourced initiative to attract, nurture, and promote the region’s tech economy through an array of impactful programs, products, and events while leveraging Charleston’s renowned livability. The CDC is focused on creating the business, education, and social environment that tech and tech-related companies find attractive. The CDC utilizes its relationships, program elements, legislative access, and contacts to assist companies with integrating in the community.<sup>12</sup> Integration is based on the following four pillars:

- **Community.** The Digital Corridor connects, develops, and supports the Charleston tech community by hosting a range of business, social, and education related programs and events.

<sup>8</sup> <https://www.ncworks.gov/vosnet/Default.aspx>

<sup>9</sup> <http://www.nctechnology.org/about/default.aspx>

<sup>10</sup> <https://centennial.ncsu.edu/>

<sup>11</sup> <http://analytics.ncsu.edu/>

<sup>12</sup> <https://www.charlestondigitalcorridor.com/about/>



- **Talent.** The CDC utilizes a combination of three tactical areas (connect, develop, and support) in order to grow and facilitate talent and workforce development in the technology field. Programs such as CharlestonWorks and a local talent portal help connect and match potential candidates with technical job openings, while CODEcamp, an array of classes and workshops in open source technologies taught by industry professionals, help develop and expand Charleston's technical talent pool. Support strategies such as user groups and CODEcamp scholarships help provide additional business services, education, and networking events to the Charleston tech community.
- **Spaces.** The Flagship and Flagship 2 (FS2), an evolving collection of co-working shops, incubators, accelerators, and innovation centers, are buildings in downtown Charleston designed to facilitate the development of Charleston's tech economy by meeting the unique needs of technology entrepreneurs seeking transitional and adaptable office space and conference facilities of the highest quality, while allowing residents access to the Charleston Digital Corridor's network of like-minded professionals.
- **Capital.** The Digital Corridor does not provide direct financial investments, but instead aggregates investors and makes resources more accessible to entrepreneurs in the Charleston tech community. The CDC also hosts a wide range of capital-related educational and pitch events, which are available to all those interested.

## Texas

Consistently ranked among *Forbes* top "Cities Creating The Most Tech Jobs," **Austin**, Texas has emerged as a hub for several technology fields. Lack of a personal income tax, relatively cheap real estate, and a strong tech community in a carefully planned and revitalized downtown are just some of the advantages to IT businesses looking to relocate or start-up in Austin, according to *Forbes*. Other factors improving the Austin IT sector include:

- Austin Technology Council (ATC), a tech industry organization whose mission includes "supporting the growth goals of member businesses by providing knowledge and access in the areas of capital, talent, business mentoring, and networking."<sup>13</sup> ATC focuses on the following five areas for which they act as a collaborate platform for innovation and technology in Austin:
  1. **Capital.** Provides data, insights, and awareness about the current drivers and forecast of capital in Central Texas.
  2. **Talent.** Through an extensive network, ATC acts a facilitator of resources and talent for business members.
  3. **Policy.** The ATC Policy Coalition works with elected officials and policy leaders to give a voice and representation to the needs and priorities of tech and innovation companies in Central Texas.
  4. **Awareness.** Keeps members and the community informed about the topics important to the success and growth of IT businesses.
  5. **Community.** ATC acts as a platform for collaboration attracting regional tech and innovation leaders and influencers.
- Innovate Austin is an economic development initiative by the Austin Chamber of Commerce which focuses on making Austin the #1 region to start and grow a technology and innovation based business.<sup>14</sup> Specifically, Innovate Austin provides thought-leadership and strategy in order to attract and retain talent, increase capital, grow and diversify the innovation ecosystem, and leverage local universities for increased commercialization. Four main pillars of this economic

<sup>13</sup> <https://www.austintechcouncil.org/>

<sup>14</sup> <https://www.austinchamber.com/innovation>

program include talent, capital, innovation ecosystem, and Dell Medical School, a research institute located in Austin.

- Austin Technology Incubator (ATI) at the University of Texas at Austin is the startup incubator of the University of Texas at Austin.<sup>15</sup> A program of the University's IC<sup>2</sup> Institute, ATI has a 25-year track record of helping founding teams achieve success. ATI focuses on helping startups compete successfully in the capital markets. While ATI does not act as a financial investor, they have strong, long-term, trust-based relationships with investors—the local angel investors community, local and national venture capital firms, and sources of public funding.

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<sup>15</sup> <http://ati.utexas.edu/>



## MEETING TESTIMONY

This section provides a brief summary of topics covered at each meeting, including the names and affiliations of individuals who were asked to provide testimony to the Committee. Although testimony has been condensed to ensure the report could be timely submitted, copies of all presentations and materials submitted to the Committee are kept on file in the Senate Research Office.

### **Meeting 1 – August 30, 2017**

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The first meeting was held at the University of West Georgia on August 30<sup>th</sup> in Carrollton, Georgia. The Committee heard testimony from the following individuals from the Department of Economic Development and the Georgia Institute of Technology.

#### Department of Economic Development

- **Glen Whitley**, Director, Center of Innovation, Information Technology of Georgia
- **Tom Croteau**, Deputy Commissioner for Global Commerce

#### Georgia Institute of Technology

- **Greg King**, Associate Vice President for Economic Development

### **Meeting 2 – September 29, 2017**

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Meeting 2 was held on September 29<sup>th</sup> at the Westin Hotel in Savannah, Georgia. The Committee was welcomed by Dr. Mohammad Davoud, Dean of the College of Engineering and Information Technology at Georgia Southern University and Dr. Lei Chen, Chair of the Information Technology Department at Georgia Southern University. Continuing the discussion from Meeting 1, the Committee heard testimony from the following individuals:

- **Kevin Curtin**, Assistant Vice President - Legislative Affairs, AT&T
- **Adam Kramer**, Executive Vice President of Strategy, Switch
- **Bart Gobeil**, Senior Director of Economic Development & Government Affairs, Georgia Ports Authority
- **Keith Fletcher**, Chief Operating Officer, Speros
- **Nick Batey**, Information Technology Director, ICS Chatham County
- **Patrick Bentley**, Project Manager for Emerging Industries, Savannah Economic Development Authority

### **Meeting 3 – October 16, 2017**

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The Committee held a third hearing on October 16<sup>th</sup> at the Augusta Metro Chamber of Commerce. After being welcomed by Mayor Hardie Davis, the Committee heard testimony from the following individuals:

- **Dr. Brooks Keel**, President of Augusta University
- **Ms. Sue Parr**, President & CEO, Augusta Metro Chamber of Commerce
- **Mr. Tom Clark CSM (Ret.)**, Executive Director, Alliance for Fort Gordon
- **Mr. John Curry**, Deputy to the Garrison Commander, Fort Gordon

**Meeting 4 – October 30, 2017**

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The Committee met a fourth time on October 30<sup>th</sup> at Georgia Gwinnett College in Lawrenceville, Georgia, where they were welcomed by Ms. Merri Brantley, Director of Government Affairs. Testimony was provided by the following individuals:

- **Mr. Nick Masino**, Chief Economic Development Officer, Partnership Gwinnett
- **Mr. Kieth Fletcher**, Chief Operating Officer, Speros
- **Mr. Larry Williams**, President and CEO, Technology Association of Georgia
- **Dr. Glen Cannon**, Ed. D., CPA, President, Gwinnett Technical College
- **Mr. Art Recesso**, Chief Innovation Officer, University System of Georgia
- **Ms. Cassie McEnroe**, Manager, Georgia Public Sector, Cisco

**Meeting 5 – December 27, 2017**

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The Committee met for a final time, at the Capitol in Atlanta, Georgia, to discuss findings, recommendations, and adopt a final report. Senator Martin hosted the meeting in Room 450 of the Capitol; Senators Dugan, B. Thompson, Jackson, Mr. Brantley, and Mr. Curtin attended the meeting via teleconference. The vote to adopt the final report and recommendations was unanimous.

## **COMMITTEE FINDINGS**

### **Key Components of a Good Technology Corridor**

- Access to capital
- Favorable regulatory environment
- Beneficial tax treatment
- High bandwidth internet connectivity and local technology support
- A targeted technology theme and support to take advantage of local expertise in the line of business associated with the theme or themes
- Close to other technology centric companies
- Proximity to Universities with research and development capabilities
- Access to a pool of quality potential employees
- A base of potential users of their products in the area for testing
- Partnerships with universities and technical colleges

### **The Role of an Effective Technology Corridor**

- Creates high paying local careers in technology
- Fosters economic growth
- Improves quality of life in cities and neighborhoods close to the technology corridor
- Improves the tax base
- Produces innovations that might not have been created without the benefits of the Technology Corridor
- Acts as a catalyst to improve technology offerings in the entire region around the technology corridor

### **Incentives**

Opportunities for consideration include creating incentives for companies locating outside of the metro Atlanta area and creating more venture capital funds for early stage companies. This may include expanding state incentives to other tech-enabled industries beyond those addressed in the Digital Entertainment Tax Credit. At Meeting 2, there was testimony recommending that Georgia create a statewide effort to train more technical talent and incentivize companies to hire junior level talent, similar to concept behind the Georgia Film Academy.

### **Georgia's Innovation Crescent**

At Meeting 4, the Committee learned that the Innovation Crescent is both a geographic region and an economic development partnership of more than 15 counties and economic development entities all dedicated to supporting Georgia's life science and technology growth. The Innovation Crescent™ region was formed in 2007 by the Governor's Office of Workforce Development as part of its Work Ready Initiative under Gov. Sonny Perdue to promote life science assets in the State. Outlined as a contiguous life science cluster in the shape of a crescent between Atlanta's Hartsfield International Airport and the University of Georgia in Athens-Clarke County, the Innovation Crescent Regional Partnership launched its branding initiative in 2008 at the BIO International tradeshow in San Diego. As a result of the technology industry explosion in the region, particularly in health IT, the Innovation Crescent added the technology industry as one of its target sectors in 2013. Innovation Crescent member counties remain situated in a contiguous crescent shape and contain major life science and technology cluster assets for the State of Georgia.

The importance of placing equal emphasis on recruitment, retention, and expansion was communicated to the Committee throughout this study.

#### **Georgia Cyber Innovation and Training Center**

Fort Gordon is home to the U.S. Army Cyber Command and the U.S. Army Cyber Center for Excellence as well as a branch of the National Security Agency. The total economic impact of Fort Gordon is roughly \$2.4 billion.

The new Georgia Cyber Innovation and Training Center, highlighted at Meeting 3 in Augusta, will house one of the few state-owned cyber ranges and training facilities in the nation. The funding for the \$50 million Center was approved in the amended Fiscal Year 2017 state budget. Within the Center, Georgia Technology Authority's (GTA) Georgia Cybersecurity Academy will provide cybersecurity awareness, training, and education to state agency information security officers. The Center will also provide for the testing of new cybersecurity products, helping to attract cybersecurity companies to Georgia and further enhance the state's economy. Also housed in the new Center will be the GBI's new Cyber Crime Unit, which will allow state, federal, and local law enforcement agencies to more easily address cyber-crime.

Construction for the Center began in June of this year and will continue into 2018. The GTA will oversee the construction and operation of the Center, while the University System of Georgia (USG) will manage its day-to-day operations. The city of Augusta and participating stakeholders are hoping to further benefit from this new opportunity. The Center has a planned opening of July 10, 2018.



## COMMITTEE RECOMMENDATIONS

It is evident that the Information Technology Industry is doing very well in Georgia. Our industry is very diverse, with certain areas of the state becoming hubs of innovation. This overall diversity has caused Georgia to be often overlooked, as we don't have a specialty that we are known for. However, the overall size of the industry puts us in the top echelon in the country. We often fail to market ourselves as specialists in certain areas where we thrive and truly are world leading.

There are many incentives that are currently available for this industry and immediately there is no real need for new incentives. However, there can be training and awareness for communities that want to market themselves and know what incentives are already available in the state.

Information Technology Corridors can be successful when there is buy-in in the local community, including business community, local governments, and school districts; and where conditions are present that allow for information technology industry to flourish. Information Technology Corridors can benefit the state in the following ways.

1. Allows for a vehicle for the state of Georgia to provide funds to allow for better marketing of areas naturally leading their sectors.
2. The state can also coordinate with the Board of Regents, TCSG and local school districts within the corridor to focus on programs that allow students to be more prepared for the 21st century economy.
3. Creates a platform within the geographic boundaries for companies, business leaders, and civic leaders to create the collaborative environment that is uniquely important to the information technology industry.
4. Allows for the members of the corridor to focus on unique infrastructural needs within the district so they can create solutions that work within the corridor.

Identified communities that could immediately benefit substantially from such a program are:

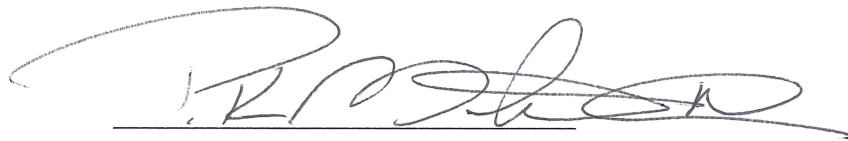
1. Augusta and the surrounding area focused on cyber/information security technology innovation.
2. Savannah and the surrounding area that are seeing an economic boom with a focus on logistics technology innovation.

The legislature should become more involved and aware of the constantly changing information technology industry so that we can be nimble and provide support for the 21st century economy. An advisory committee should be created to allow for creation of any future grant programs, look for ways to better coordinate with industry leaders, and continue to identify opportunities and areas around the state that could benefit from this designation. This would allow Georgia to remain on the cutting edge of industry and become a leader in the information technology sector.



Respectfully Submitted,

**FINAL REPORT OF THE SENATE INFORMATION TECHNOLOGY CORRIDORS STUDY  
COMMITTEE**

A handwritten signature in dark ink, appearing to read 'P.K. Martin, IV', is written over a horizontal line.

Honorable P.K. Martin, IV, Chair

Senator, District 9