2015 Legislative Agenda

Advancing The Technology Industry In Georgia
The success and growth of the technology sector in Georgia is critical to our state’s long term growth. Through targeted policies, the state can enable both entrepreneurial startups and established tech companies to prosper in urban and rural areas. It is important that Georgia supports private sector, market driven solutions that are free of burdensome regulation and foster a globally competitive business environment. With the state’s advanced workforce, technology research centers and ideal access to broadband, Georgia must be a leader not just in the southeast but in the country.

Software and IT services represents the largest high-tech employment sector in Georgia. This category accounted for more than 78,000 workers. The high-tech equipment sector was the second-leading category of technology employment, accounting for more than 51,000 workers. The telecommunications sector employed more than 48,000 workers in 2013. The diversity of Georgia’s high-tech industries leads to a large block of the state’s high-tech sector workforce categorized as other.
GENERAL BUSINESS

- TAG Supports market-based solutions free from unnecessary government regulation or rule.
- TAG supports policies that promote a well-balanced equitable and competitive environment for the development of all technology companies.

COMMUNICATION SERVICES

- TAG Supports telecom legislation that encourages private investment in Georgia by eliminating out-dated regulatory burdens and requiring all market competitors to adhere to a similar regulatory framework when offering retail services.
- TAG Supports incentives and policies that encourage the implementation and adoption of next generation broadband and wireless technologies throughout the state.

HEALTH INFORMATION TECHNOLOGY

- TAG Supports legislative or regulatory changes that promote the use of telehealth and telemedicine.
- TAG supports policies designed to improve the quality, availability, and efficiency of health care though the greater adoption of health information technologies.

ENERGY

- TAG supports state policies that will encourage the research, implementation and usage of Smart Grid technologies.
- TAG supports updating the state energy plan to better reflect advancements in energy technologies and portfolio diversification, as well as outlining steps that facilitate the voluntary adoption and implementation of renewable energy options in Georgia.

FINANCIAL SERVICES

- TAG supports policies that help preserve, protect, and grow the financial service industry in Georgia.
- TAG Supports policies and incentives that encourage growth for Georgia’s banking, credit union, investment and payment industries.
- TAG Supports development of innovative technologies in the financial service market that ensure strong infrastructure, encourage new online and mobile delivery channels and provide secure access to funds for all Georgia citizens.

INFORMATION TECHNOLOGY

- TAG supports policies that protect sensitive consumer data but do not place burdensome regulations on businesses and the free flow of information
- TAG supports the development of new technologies that promote universal internet access and the online delivery of products and services to all Georgians.
- TAG supports policies that seek to reduce the risks of cyber threats to Georgia businesses and provide protection for intellectual property and trade secrets.
The technology industry had a $113 billion economic impact on the state of Georgia, which accounts for nearly 17% of the state’s economy. It is vital that we sustain and cultivate this maturing industry to ensure Georgia’s economic success in the years ahead. Georgia should pursue tax and business policies that: promote statewide access to technology resources throughout the state, are both equitable and stimulating to the unique challenges of the industry, and encourage job growth and new business creation.

- TAG supports utilizing technology to bolster statewide economic development.
- TAG supports the study of emerging technologies and the impact the technology industry can have on Georgia’s economic development.
- TAG supports business-friendly policies and tax incentives that promote the growth and development of technology companies and infrastructure throughout Georgia.
- TAG supports legislation that will encourage the development, growth, recruitment and retention of technology companies.
**ECONOMIC DEVELOPMENT & TAXATION**

**ACTIONS:**

**CREATE A CYBERSECURITY STUDY COMMITTEE:**

Cybersecurity technology means products or goods intended to detect or prevent activity intended to result in unauthorized access to, infiltration of, manipulation of, or impairment to the integrity, confidentiality, or availability of an information system or information stored on or transiting an information system.

The creation of a study committee will encourage additional cybersecurity research as well as additional critical infrastructure investment in cybersecurity assets, whether through tax credits or accelerated cost recovery deductions.

With the Army’s Cybersecurity Command Center moving to Augusta, GA and Georgia having a rich history in cybersecurity companies such as ISS and AirWatch this study committee will review possible recommendations for Georgia to position itself as a national leader in cybersecurity technologies.

Policymakers should consider studying:
- Ways to cost effectively protect taxpayers while still achieving the policy objectives
- Adjusting law to changing circumstances and the availability of new information
- Ideas to motivate private sector entities to expend their own resources to further protect their critical infrastructure assets

**POST PRODUCTION TAX CREDIT:**

The primary objective of the tax credit is to further encourage development of a strong capital base for the production of digital interactive media products and platforms in order to achieve a more independent, self-supporting industry. These post production jobs are high-paying and sustainable.

Short-term objectives include:
- Attract private investment for the production of digital interactive media products and platforms in the state
- Develop a tax infrastructure which encourages private investment
- Develop a tax infrastructure utilizing tax credits which encourage investments in multiple state-certified productions.

Long-term objectives include:
- Encourage increased employment opportunities within this sector
- Encourage new education curricula in order to provide a skilled labor force trained in digital interactive media
- Encourage partnerships between digital interactive media developers and state education institutions
Georgia’s technology companies have generated more jobs at a higher rate than the national average since 2010; netting 20,000 new jobs over that period, which represented an 8.3 percent increase and powered the sector beyond 267,000 tech jobs. As a result, Georgia’s technology sector bested other high-paying sectors in the state including healthcare, finance, manufacturing, construction and trade and transportation.

**DATA CENTER INCENTIVE:**

Data Centers, or Mission Critical facilities, are business enterprises that are essential for a majority of business today. Metro Atlanta alone is home to more than 50 data centers for leading global companies.

Data centers require a robust infrastructure including a rich fiber connectivity, reliable power source, and security from operational interruptions.

Thus, it is vital for Georgia’s economy to incentivize data center companies to relocate to Georgia, as they provide highly skilled individuals and infrastructure needed for other companies to build upon.

Georgia’s data center incentive program was passed in 2005. The program provided a 100 percent exemption of sales taxes on computer equipment as long as a $15 million investment was made each year. During 2012, the exemption was expanded to cover sales taxes on construction materials.

In order to compete with other states such as North Carolina or Virginia, Georgia must strengthen its current data center tax exemptions. TAG is working with the data center industry leaders and an economist to determine the cost/benefits analysis of adding additional tax exemptions for these centers.
The Georgia Department of Labor projects that STEM occupations will increase in Georgia by more than 22,000 during the current decade. Computer analysts, support specialists and system administrators will lead this STEM surge.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>New Positions 2010-2020</th>
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</thead>
<tbody>
<tr>
<td>Computer Systems Analysis</td>
<td>3,330</td>
</tr>
<tr>
<td>Computer Support Specialists</td>
<td>2,990</td>
</tr>
<tr>
<td>Network &amp; Computer Systems Administrators</td>
<td>2,940</td>
</tr>
<tr>
<td>Software Developers, Systems Software</td>
<td>2,280</td>
</tr>
<tr>
<td>Software Developers, Applications</td>
<td>2,140</td>
</tr>
<tr>
<td>Computer and Information Systems Managers</td>
<td>1,770</td>
</tr>
<tr>
<td>Sales (Technical and Scientific Products)</td>
<td>1,770</td>
</tr>
<tr>
<td>Information Security Analysts/Web Development</td>
<td>920</td>
</tr>
<tr>
<td>Database Administrators</td>
<td>850</td>
</tr>
<tr>
<td>Biological Technicians</td>
<td>550</td>
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</table>

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Georgia’s technology companies increased the average wages paid to their employees for the third consecutive year. After plummeting in 2010, average wages paid by technology companies have rebounded significantly. Although the increase in the average technology wage was a modest 0.64 percent in 2013, it was enough to push this metric above $83,000, which represents a rebound of more than $5,500 since the 2010 low point.
Education is the foundation for a competitive workforce that is required to drive innovation in our 21st century economy. Technology advancement has contributed heavily to U.S. economic growth over the past several decades and moving forward, the nation’s fastest-growing occupations will necessitate workers with skill sets in science, technology, engineering and mathematics (STEM). In order to remain globally competitive, TAG supports public policy that fosters STEM education at all levels of learning; inspires a new generation of innovators and entrepreneurs; and incorporates appropriate technology tools and expertise in student instruction.

**Curriculum**
- TAG supports alignment of STEM curriculum with identified needs of the business workforce
- TAG supports benchmarking to assess current capabilities and set future goals.
- TAG supports policy and funding efforts to encourage on-line interactive and digital learning initiatives

**Students & Teachers**
- TAG supports unique incentives for teachers to encourage certification in math and science-related subjects
- TAG supports a systematic recruitment strategy to develop a reliable pipeline for STEM teachers
- TAG supports providing training for teachers to deliver the most advanced methods of digital, online or virtual learning using the most up-to-date technology
- TAG supports efforts to recruit and educate students about STEM courses and activities at all educational levels.
- TAG supports an educational system that focuses on individual learning and customization to provide students access with world-class learning opportunities
- TAG supports the implementation of broadband and next generation wireless technologies in all schools to provide students with the opportunities for digital or web-based learning
- TAG supports the greater adoption of non-traditional learning environments including, but not limited to, charter schools, homeschooling and virtual learning

**Workforce Development**
- TAG supports public-private partnerships to communicate real world business needs to educators and administrators to better prepare students for the workforce through intern or apprenticeships
- TAG supports strong collaboration between K-12, post-secondary and the business community to ensure the needs of the workforce are being met
- TAG support the greater adoption of Georgia College and Career Academies, and other work-based learning programs throughout the state to provide a more hands-on, industry driven, learning environment
- TAG support workforce development models that promote and encourage the enhancement of current professionals in their career.
Computer science is fundamental for students to develop practical computational and critical thinking skills and have students engage in exercises that show how computing positively changes the world. The Bureau of Labor Statistics predicts that in the year 2020, 4.6 million jobs in the STEM fields will be in computing and information technology.

Currently, Georgia only offers AP Computer Science A as a fourth science credit towards high school graduation requirement. In 2013-2014 school year, 101 out of 461 public high schools offered AP Computer Science A. Only 1,261 out of 478,840 high school students took the AP Computer Science A Exam in 2013.

The overarching goal is to offer AP and other computing courses in every high school in Georgia. This allows every high school student in Georgia the opportunity to learn computing technologies. Down the road, we would like to eventually increase K-8 computer programming education to further prepare Georgia students for the ever evolving and expanding tech-workforce.

To reach this goal in the next 5 years, the state would have to look at adopting regulations or legislation that would require every high school in Georgia to offer computer programming courses through virtual schools. This policy would provide computer science courses for Georgia students until the teacher gap is filled.

Governor Nathan Deal August 25, 2014 recommending that the State Board of Education amend state policy to allow computer programming courses to satisfy core requirements in math, science or foreign language towards receiving a high school diploma. Deal also recommended the Board of Regents of the University system to follow suit by accepting these courses for admission into institutions of higher education.
Georgia government, at both the state and local level, relies on technology solutions and services provided by private sector companies. Whether through the provision of single or comprehensive technology solution or service, technology companies have the ability to contribute towards a more efficient and effective government. The state should encourage purchasing policies that enhance the state enterprise and promote the use of private sector solutions where feasible. The state should ensure a competitive environment where all vendors are treated equally based on technically sound and cost effective solutions.

- TAG supports state efforts to utilize private sector technology solutions to increase efficiency and lower the cost of government.
- TAG supports a fair and equitable procurement process that enables and utilizes a global free enterprise and market-based based economy.

STATEWIDE ADOPTION OF VIRTUAL LEARNING

In order to provide all Georgia students equal access to computer programming courses and other advanced courses it is necessary to require all high schools to offer virtual online courses. This act would ensure students in urban and rural areas the ability to stay competitive in the 21st century.

Virtual learning also has the potential to improve the quality of instruction, while increasing productivity and lowering costs, ultimately reducing the burden on taxpayers.

The state of Georgia through legislation, is working on increasing broadband capabilities for schools throughout Georgia making it possible for schools to offer virtual online courses.

Benefits:
- Standards stay the same
- Increased access to high-quality teachers
- Innovation
- Mass customization and optimization

PROCUREMENT:

Georgia government, at both the state and local level, relies on technology solutions and services provided by private sector companies. Whether through the provision of single or comprehensive technology solution or service, technology companies have the ability to contribute towards a more efficient and effective government. The state should encourage purchasing policies that enhance the state enterprise and promote the use of private sector solutions where feasible. The state should ensure a competitive environment where all vendors are treated equally based on technically sound and cost effective solutions.

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- TAG supports a fair and equitable procurement process that enables and utilizes a global free enterprise and market-based based economy.
A critical component to economic success and job creation in Georgia is through the support and growth of early to growth stage, Georgia-based, technology companies. In order to ensure this success, the state of Georgia should pursue policies that stimulate innovation, encourage entrepreneurial activities, retain intellectual capital and grow knowledge-based jobs. This can be accomplished by assuring access to capital, implementing creative and effective tax reforms, and encouraging support programs that advance the competitiveness of Georgia technology companies.

- TAG encourages the support of early and growth stage Georgia companies that have the ability to impact the technology industry and support Georgia's economic development
- TAG supports creative and effective tax reform legislation that will help foster innovation and support for statewide entrepreneurship activities
- TAG supports legislation that stimulates innovative business concepts, fosters competition, reduces barriers to entry and provides retention and growth for high-tech entrepreneurs and technology businesses.

The value of venture capital invested in Georgia deals rebounded in 2013 to $411 million, up from $264.76 million in 2012. Powered mostly by large investments in Airwatch, Georgia's invested venture capital was the highest since 2008. However, the overall number of deals funded last year fell to 41 from 54 and marked the lowest number of deals in over a decade.
TAG supports funding the Invest Georgia fund which will increase access to capital for investment into high growth, job producing companies within Georgia. **HB318:** Established a $100M state based venture fund

For this program to succeed, recruit business and boost Georgia’s economy the funding structure needs to be put in place.

TAG feels the program has good accountability, high level of governance structure and state oversight throughout the life of the program and will continue to support the bill.

Returns to the state quantified by creating jobs, funding businesses, business revenue generated, state taxes generated and positive returns on capital invested.

- 60% of capital will go to Growth Stage Georgia Based Companies  
- 40% of capital will go to early stage Georgia based companies

**VC Total Investments in Georgia:**

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Value</td>
<td>$438M</td>
<td>$419M</td>
<td>$314M</td>
<td>$337M</td>
<td>$383M</td>
<td>$246M</td>
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Historically Georgia’s relatively small pool of available VC money is causing high potential startup companies to relocate, especially to places like California, Texas and NYC.
In 2010 the Georgia General Assembly approved the Angel Investor Tax Credit (HB 1069). The objective of the income tax credit is to incentivize angel investment, the primary source of funding for early stage businesses, into the marketplace. Angel investors, generally individual investors, risk their private capital to fund early stage businesses. Innovation typically drives these businesses which develop intellectual property, create high paying, forward leaning jobs and in turn generate revenue for the state’s local economies.

The income tax credit is 35% of the investment made at a cap of $50,000. Originally scheduled to sunset in 2013, the Georgia legislature extended the credit to qualifying investments made during 2014 and 2015 in order to study the benefits and use of the credit. The total annual credit amount of Georgia investors claiming the credits decreases from $10 million to $5 million for these two years.

To grow entrepreneur-driven businesses, an infusion of capital is required. To attain the required capital, 225 qualified businesses have registered with the Georgia Department of Revenue in order to be eligible for Angel investment since the law took effect in January 2011. However, individuals are not eligible to claim their tax credit until two years after the investment. Due to this two year delay, we only have data on the amount for those investors pre-approved in 2013 & 2014 for investments they made in 2011 & 2012. Those investment numbers are as follows:

**2011 Investments:**
- Amount of Qualified Investment – $746,014
- Amount of Pre-Approved Credit – $261,105
- Number of Taxpayers Pre-Approved – 12

**2012 Investments:**
- Amount of Qualified Investment – $2,055,761
- Amount of Pre-Approved Credit – $694,517
- Number of Taxpayers Pre-Approved – 28

These numbers indicate that the qualified investment, pre-approved credit, and taxpayers pre-approved more than doubled from the previous year and will continue to display growth.

Without the Angel tax credit, many start-ups will not survive nor become eligible for the next phase of venture capital financing. With 80% of all new jobs in Georgia coming from small business and entrepreneurial start-ups, this credit is spurring our economy and workforce. Angel investors are a private sector solution to a dynamic early-stage business community, and Georgia's "Angel Investor Tax Credit" has been a great tool for start-ups seeking capital since 2011.

Continuing to provide primary sources of funding for these early stage businesses will keep them in Georgia, create high paying jobs, and generate revenue for the state. Thus, it is fundamentally important that the Georgia legislature extend the Angel Investor Tax Credit during the 2015 legislative session.
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<th><strong>Georgia</strong></th>
<th><strong>FinTech</strong></th>
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<tr>
<td>There are 250,000 technologist and 13,000 technology companies in the Georgia.</td>
<td>Georgia FinTech companies generate more than $34 billion annually</td>
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<th><strong>Info Security</strong></th>
<th><strong>Communication Services</strong></th>
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<tr>
<td>Over 25 % of the world-wide security revenue market share is generated by Georgia companies</td>
<td>Georgia companies employ more than 61,000 people in this sector</td>
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<th><strong>Logistics</strong></th>
<th><strong>Health IT</strong></th>
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<tr>
<td>Georgia ranks 5th in the nation for logistics employment</td>
<td>More than 186 Health IT Companies Operate in Georgia</td>
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The Technology Association of Georgia, with support from our partners and members, is embarking on a campaign to raise the profile for the Georgia technology community both within our state and across the nation by telling the stories of our strong industries, incredible innovation and amazing entrepreneurs and employees. The goal of the campaign is to make Georgia top of mind as a state for technology, supporting growth of existing companies and attracting new ones.
ABOUT: TECHNOLOGY ASSOCIATION OF GEORGIA

The Technology Association of Georgia (TAG) is the leading technology industry association in the state, serving more than 26,000 members and hosting over 250 events each year. TAG serves as an umbrella organization for 34 industry societies, each of which provides rich content for TAG constituents. TAG’s mission is to educate, promote, influence and unite Georgia’s technology community to foster an innovative and connected marketplace that stimulates and enhances a tech-based economy. The association provides members with access to networking and educational programs; recognizes and promotes Georgia’s technology leaders and companies; and advocates for legislative action that enhances the state’s economic climate for technology.

2015 TAG Government Relations Task Force

- Kevin Curtin, AT&T (Chair)
- Casey Aultman, Georgia Tech
- Brandi Bazemore, Metro Atlanta Chamber
- Jon Burton, LexisNexis
- Justin Clay, NCR
- Bob Davis, Verizon
- Jim Flowers, Clayton State University
- Slade Gullledge, Cobb Chamber of Commerce
- Brandon Hembree, Massey, Bowers & Hembree
- Robert Hendricks, McKesson
- Deron Hicks, TSYS
- Brian Hudson, The Hudson Group
- Shaun Hunt, American Cancer Society
- Sally Kilpatrick, Georgia Chamber of Commerce
- Bryson Koehler, The Weather Company
- Terry Lawler, Encore Capital Group
- Loretta Lepore, Lepore Associates
- Jeff McCord, Georgia Technology Authority
- Kelly McCutchen, Georgia Public Policy Foundation
- Chuck McMullen, McKenna, Long & Aldridge
- Amol Naik, Google
- Jason Newman, HP
- Brenda Potter, Fiserv
- John Simpson, Simpson Public Affairs
- Robert Shults, Intel
- Graham Thompson, Thompson Victory Group
- Chris Vaughan, McKesson
- Michael Wall, Comcast
- Elizabeth Wharton, Hall, Booth Smith
- Pat Williams, McKenzie Daniels & Assoc.
- Robb Willis, Troutman Sanders
- Maria Zach, Strollo Group