

**Chatham County Legislative Delegation Meeting
Friday, December 6, 3:30 p.m.**

*Presented by Patrick Kelsey
Director, Arts and Culture Alliance of Chatham County
President, Georgians for the Arts
State Captain, Americans for the Arts' Arts Advocacy Summit*

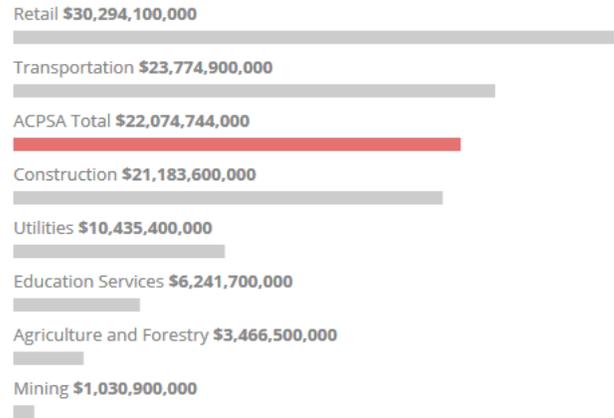
Arts and Culture Impact on Georgia's Economy

Georgia The U.S. Bureau of Economic Analysis reports that arts and cultural production accounts for \$22,074,744,000 and 4.1% of the Georgia economy, contributing 140,182 jobs .	<table border="1"><tr><td>Total Value Added</td><td>\$22,074,744,000</td></tr><tr><td>Arts and Cultural Share of Total Gross State Product (GSP)</td><td>4.1%</td></tr><tr><td>Core Arts and Cultural Production</td><td>\$4,078,321,000</td></tr><tr><td>Supporting Arts and Cultural Production</td><td>\$17,173,171,000</td></tr></table>	Total Value Added	\$22,074,744,000	Arts and Cultural Share of Total Gross State Product (GSP)	4.1%	Core Arts and Cultural Production	\$4,078,321,000	Supporting Arts and Cultural Production	\$17,173,171,000
Total Value Added	\$22,074,744,000								
Arts and Cultural Share of Total Gross State Product (GSP)	4.1%								
Core Arts and Cultural Production	\$4,078,321,000								
Supporting Arts and Cultural Production	\$17,173,171,000								

Comparing Arts and Culture to Other Sectors of the Economy

Value Added ▾

Arts and cultural **Value Added** in **Georgia** ranked **3rd** among the comparison sectors. Comparison industries are selected industry categories using the North American Industry Classification System (NAICS) drawn from BEA's 2016 state level data for employment (full-time and part-time workers), compensation and value added by industry. The comparisons are not mutually exclusive—arts and culture includes, for example, portions of other sectors such as construction and retail trade.



Source: https://nasaa-arts.org/nasaa_research/creative-economy-state-profiles/

The Creative Industry in Chatham County

- 607 Arts-Related Businesses
- 2,538 People Employed

Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in Savannah

- Total Industry Expenditures \$135,939,836
- Total Full-Time Equivalent Jobs Supported 4548

Suggested Legislative Priorities

- Georgia is 49 out of 50, with spending of \$.14/per capita.

<u>State</u>	<u>Per Capita</u>	<u>National Rank</u>
South Carolina	\$1.13	8
Florida	\$1.25	16
Alabama	\$1.19	17
Tennessee	\$.53	18
North Carolina	\$.85	25
Kentucky	\$.39	44
Georgia	\$.14	49

Per: National Assembly of State Arts Agencies, September 2019

Ask: a Georgia Council for the Arts funding increase to \$1.20-1.26/per capita to establish Georgia as the arts and cultural capitol of the south and complement its status within the film and television industry and the support of small businesses.

- Legislative emphasis is to currently incentive select industries such as film and television with little-to-no effort to do the same for individual artists or arts and cultural organizations.

Ask: implement legislative changes to economic development and tourism incentive policies to attract more individual sole-proprietorships and both for-profit and not-for-profit organizations related to the arts and culture industry. The current threshold for incentives is set too high for most to use.

- Legislative emphasis is on providing small business resources to for-profit enterprises, including but not limited to tax incentives and financing options.

Ask: authorize small business resources to be available for individual sole-proprietorships and not-for-profit arts and culture enterprises. The current threshold for resource access is set too high for most to use or is simply unavailable due to tax status.

- Georgia Ticket Tax O.C.G. A 48-8-3 (100)(A), which will be repealed on July 1, 2020.

Ask: 1) renew without changes or 2) convert code so tax revenue is dedicated to fund Georgia Council for the Arts and other direct programs to support the arts and cultural industry through economic development and tourism.

- The current proposed casino bill features tax revenue dedicated only to education programs and education purposes.

Ask: Allocate a portion of the tax revenue to support and arts and culture. (Also, maintain Other colleges other than University System of Georgia or Technical College System of Georgia.)

- Among current legislative caucuses, there is no caucus established to represent the interests of arts and culture

Ask: this delegation demonstrate leadership and establish a caucus within each house.

- Other Legislative Notes:

- Legislative delegation is invited to a January 21 Cultural Capitol event showcasing arts and culture talents from throughout Georgia. The event is 1 – 4 p.m. in the Rotunda.

[Comparative and Reference Materials \(georgia.org\)](http://georgia.org)

[Tourism](#)

Tourists spent \$31 billion in Georgia last year, a 4.8% increase over 2017.

The Peach State welcomed a record of 111.67 million visitors in 2018, supporting 475,000 jobs and generating \$66.2 billion in economic impact, up 4.7% compared to the previous year.

"Tourism is a key piece of Georgia's success story," Gov. Brian Kemp said. "Travelers explore our outdoor activities, food, **music, arts, culture and historical venues**, while supporting small businesses and local communities."

The numbers were reported Wednesday during the annual Georgia Governor's Tourism Conference, held this year in LaGrange, Ga.

[Arts](#)

- Arts dedicated entities can apply for a Partner Grant that support an organization's operational budget.
- Nonprofit organizations or units of government presenting or producing high quality arts programs can apply for a Project Grants that support individual arts programming, productions or events.
- Cities, Counties or Authorities partnering with arts entities to create sustainable local tourism products can apply for a Tourism Product Development Grant
- High School students can submit an original poem for consideration for the annual Poet Laureate's Prize
- Community entities can request a reading by Georgia's Poet Laureate, Judson Mitcham
- Visual Artists can submit their artwork for consideration for 'The Art of Georgia,' a rotating exhibit in The Office of the Governor
- Nominate an organization or individual that has made significant contributions to the arts and humanities for a Governor's Awards for the Arts & Humanities
- Communities can apply to be the recipient of a GCA traveling exhibit

[Digital Entertainment Tax Credit](#)

- A tax credit of 20% may be available to digital/interactive entertainment production companies with a minimum of \$250,000 in qualified expenditures in Georgia (new in 2018). An additional 10% uplift can be earned by including an embedded Georgia logo and web link on the project's promotional webpage, or through approved alternatives if they offer equal or greater marketing opportunities for the state.
- This income tax credit may be used against Georgia income tax liability (any excess can reduce the company's Georgia payroll withholding liability). If the interactive entertainment production company chooses, it may make a one-time sale or transfer of the tax credit to one or more Georgia taxpayers.
- Interactive entertainment companies will be eligible for this credit only if their gross income is less than \$100 million. New in 2018 – pre-released interactive games may qualify for the tax credit at the 20% rate for up to three years.
- The total credits available for interactive entertainment production companies and affiliates will be capped at \$12.5 million each year and will be awarded on a first-come, first-served basis. No single company can receive more than \$1.5 million or the amount of its Georgia payroll total (whichever is less) in a given year.

Highlights Of The Georgia Entertainment Industry Investment Act

- The Georgia Entertainment Industry Investment Act (GEIIA) offers an across-the-board flat tax credit of 20 percent to certified projects, based on a minimum investment of \$500,000 over a single tax year on qualified expenditures in Georgia.
- An additional 10 percent uplift can be earned by including an embedded animated or static Georgia promotional logo provided by the Georgia Film Office within certain approved projects and include a link to <http://www.ExploreGeorgia.org/Film> on the project's promotional website.
- Qualified expenditures include materials, services and labor. The credit applies equally for Georgia residents and non-residents. There is a salary cap of \$500,000 per person, per production, when the employee is paid by "salary," which is defined as being properly paid by W2. If the production company pays an individual for services as a loanout, as a personal services contract, or a 1099 individual meets the criteria for a loanout, then 6% Georgia income tax must be withheld and remitted by the production company.
- Eligible productions include: feature films; television films, pilots or series; televised specials; televised commercials; and music videos that are distributed outside of Georgia. Sound recordings used in qualified feature films, television movies or specials and television series including motion picture soundtracks produced in Georgia are qualified expenditures, but license fees cannot be included.
- The \$500,000 annual minimum expenditure threshold can be met with one project or the total of multiple projects aggregated by a single production company in a single tax year.
- The income tax credit may be used against Georgia income tax liability or the production company's Georgia withholding. If the production company chooses, they can sell or transfer the tax credit to one or more Georgia taxpayers through a one-time only transaction.

Georgia Musical Industry Investment Act

As cited in O.C.G.A. § 48-7-40.33, the 'Georgia Musical Industry Investment Act,' for any touring musical or theatrical production that originates and is developed in Georgia and has its initial public performance before a live audience in the state; or that has its U.S. debut in Georgia after preparing and rehearsing for at least seven days in the state; or for a recorded musical performance, including, but not limited to, the score and musical accompaniment of a motion picture, television or digital interactive entertainment production; the production company may be eligible to earn a tax credit of 15% on the Qualified Production Spend, or up to 20% if the production activity takes place in a Tier 1 or Tier 2 Georgia County. The Musical Tax Credit will be available beginning January 1, 2018, and will be capped annually, with the cap set at \$5 million for 2018, \$10 million for 2019, and \$15 million thereafter until the credit sunsets in 2023. **The credit will be awarded to production companies on a first-come, first-served basis, and precertification applications shall be reviewed in the order that they are received.**

Note: Limited to for-profit production companies.

Small Business Incentives

Hope Scholarship and Grant Programs

- Welding and Joining Technology
- Diesel Equipment Technology
- Commercial Truck Driving
- Precision Manufacturing
- Certified Engineer Assistant
- Industrial Maintenance
- Automotive Technology
- Aviation Technology
- Construction Technology
- Electrical Lineman Technology
- Logistics/Transportation Technology
- Computer Programming
- Computer Technology
- Movie Production/Set Design
- Health Science
- Early Childhood Care and Education
- Practical Nursing

Investment Tax Credits

- Manufacturing
- Telecommunications

Job Creation Tax Credits

- Manufacturing
- Warehousing, Distribution and Logistics
- Software Development
- FinTech
- Data Centers
- Contact Centers
- Telecommunications
- Research and Development Facilities

Georgia Ticket Tax O.C.G. A 48-8-3 -- Exemptions

(100) (A) Sales of **tickets**, fees, or charges for admission to a fine arts performance or exhibition conducted within a facility in this state that is owned or operated by an organization which is **exempt** from taxation under Section 501(c)(3) of the Internal Revenue Code, or a museum of cultural significance, if such organization's or museum's primary mission is to advance the arts in this state and to provide arts, educational, and culturally significant programming and exhibits for the benefit and enrichment of the citizens of this state.

(B) As used in this paragraph, the term "fine arts" means **music** performed by a symphony orchestra, poetry, photography, ballet, dance, opera, theater, dramatic arts, painting, sculpture, ceramics, drawing, watercolor, graphics, printmaking, and architecture.

(C) This paragraph shall be automatically repealed on July 1, 2020;

Georgia's Tourism Development Act (Amended Law)

The Georgia Tourism Development Act (O.C.G.A. § 48-8-270 et seq) as amended by HB 318 during the 2013 Session, provides a state sales and use tax incentive program for tourism development projects to induce the creation or expansion of tourism attractions within this state in order to relieve unemployment by preserving and creating jobs that would not exist if not for the sales and use tax refund offered by the State and local government.

The Incentive

The incentive for developers of approved new or expanding tourism projects over \$1 million in costs is the ability to recover over a period of ten years, the lesser of the total amount of the increased sales and use taxes over previous users or up to 2.5% of the project's development costs. For new or expanded tourism attractions, eligible project activities include, but are not limited to real estate acquisition, the construction and equipping of the tourism attraction and the installation of various facilities and infrastructure to support the attraction. Renovation costs for existing attractions are ineligible.

Eligible Tourism Attractions

The Act defines tourism attractions as: a) cultural or historical sites; b) recreation or entertainment facilities; c) a convention hotel and conference center; d) an automobile race track with other tourism amenities; e) a golf course facility with other tourism amenities; f) marinas and water parks with lodging and restaurant facilities; or g) a Georgia crafts and products center. Projects that do not qualify are facilities devoted primarily to retail businesses, restaurants, movie theatres and recreational facilities that are used primarily by local residents and are not a likely destination for out-of-state travelers.

Senate Resolution 184

By: Senators Beach of the 21st, Brass of the 28th, Mullis of the 53rd, Jones II of the 22nd
and Jordan of the 6th

7

SECTION 1.

8 Article I, Section II, Paragraph VIII of the Constitution is amended by adding new
9 subparagraphs to read as follows:

10 "(e) The General Assembly may provide by law for the operation and regulation of
11 limited casino gaming in this state at licensed destination resort facilities. The General
12 Assembly may by law define a licensed destination resort facility; provide for the operation
13 and regulation of such facilities; establish a licensing framework for such facilities; limit
14 the total number of such facilities within this state in its discretion; and otherwise provide
15 for any other matters relating to the purposes or provisions of this subparagraph and
16 subparagraph (f) of this Paragraph. Notwithstanding the contents of this subparagraph and
17 subparagraph (f) of this Paragraph, all other forms of casino gaming shall remain
18 prohibited in this state, and this prohibition shall be enforced by penal laws. The General
19 Assembly's limitation and regulation of casino gaming licenses within this state shall not
20 be subject to Article III, Section VI, Paragraph V(c) of the Constitution.

21 (f) The General Assembly shall provide by law that proceeds derived from the licensing,
22 regulation, and taxation of casino gaming at licensed destination resort facilities in this
23 state shall be used for educational programs and educational purposes as hereinafter
24 provided, for the payment of operating expenses associated with the state's designated
25 regulatory body for casino gaming, and for programs for the prevention and treatment of
26 compulsive and addictive gambling. The revenues and proceeds derived from the
27 licensing, regulation, and taxation of casino gaming at licensed destination resort facilities

28 in this state shall not be subject to Article III, Section IX, Paragraph IV(c); Article III,
29 Section IX, Paragraph VI(a); or Article VII, Section III, Paragraph II of the Constitution.
30 Revenues and proceeds derived from the licensing, regulation, and taxation of casino
31 gaming at licensed destination resort facilities in this state shall be separately accounted for
32 and shall be specifically identified by the Governor in his or her annual budget presented
33 to the General Assembly as a separate budget category entitled 'Casino Gaming Proceeds.'
34 and the Governor shall make specific recommendations as to the programs and purposes
35 for which such revenues and proceeds shall be appropriated. In the General Appropriations
36 Act adopted by the General Assembly, the General Assembly shall appropriate all revenues
37 and proceeds derived from the licensing, regulation, and taxation of casino gaming at
38 licensed destination resort facilities in this state by such separate category to educational
39 programs and educational purposes and to the payment of the operational expenses of the
40 state's designated regulatory body for casino gaming, which may include the expenses of
41 programs for the prevention and treatment of compulsive and addictive gambling.
42 Revenues and proceeds dedicated to supporting educational programs and educational
43 purposes shall be used to supplement, not supplant, noncasino gaming educational
44 resources for educational programs and educational purposes. The educational programs
45 and educational purposes for which proceeds may be so appropriated shall include only
46 tuition grants, scholarships, or loans to citizens of this state to enable such citizens to attend
47 colleges and universities located within this state, regardless of whether such colleges and
48 universities are operated by the board of regents, or to attend institutions operated under
49 the authority of the Technical College System of Georgia. Revenues and proceeds
50 dedicated to funding the operational expenses of the state's designated regulatory body for
51 casino gaming may be appropriated as provided by law by the General Assembly."

House Resolution 378

By: Representatives Stephens of the 164th, Smyre of the 135th, and Harrell of the 106th

8

SECTION 1.

9 Article I, Section II of the Constitution is amended by revising Paragraph VIII as follows:

10 "Paragraph VIII. ~~Lotteries and nonprofit bingo games: Lotteries, betting, bingo games,~~
11 ~~raffles, and gambling.~~ (a) ~~Except as herein As~~ specifically provided in this Paragraph
12 VIII, all lotteries, ~~and the sale~~ sales of lottery tickets, and ~~all forms of pari-mutuel betting,~~
13 ~~bingo games, raffles, and casino gambling are hereby prohibited; and this prohibition shall~~
14 ~~be enforced by penal laws permitted.~~

15 (b) The General Assembly may by law provide that the operation of a nonprofit bingo
16 game shall not be a lottery and shall be legal in this state. The General Assembly may by
17 law define a nonprofit bingo game and provide for the regulation of nonprofit bingo games.

18 (c) The General Assembly may by law provide for the operation and regulation of a
19 lottery or lotteries by or on behalf of the state and for any matters relating to the purposes
20 or provisions of this subparagraph. Proceeds derived from the lottery or lotteries operated
21 by or on behalf of the state shall be used to pay the operating expenses of the lottery or
22 lotteries, including all prizes, without any appropriation required by law, and for
23 educational programs and purposes as hereinafter provided. Lottery proceeds shall not be
24 subject to Article VII, Section III, Paragraph II; Article III, Section IX, Paragraph VI(a);
25 or Article III, Section IX, Paragraph IV(c), except that the net proceeds after payment of
26 such operating expenses shall be subject to Article VII, Section III, Paragraph II. Net
27 proceeds after payment of such operating expenses shall be separately accounted for and

H. R. 378

- 1 -

28 shall be specifically identified by the Governor in his annual budget presented to th
 29 General Assembly as a separate budget category entitled 'Lottery Proceeds,' and th
 30 Governor shall make specific recommendations as to educational programs and educationa
 31 purposes to which said net proceeds shall be appropriated. In the General Appropriation
 32 Act adopted by the General Assembly, the General Assembly shall appropriate all ne
 33 proceeds of the lottery or lotteries by such separate budget category to educationa
 34 programs and educational purposes. Such net proceeds shall be used to suppor
 35 improvements and enhancements for educational programs and purposes and such ne
 36 proceeds shall be used to supplement, not supplant, non-lottery nonlottery educationa
 37 resources for educational programs and purposes. The educational programs an
 38 educational purposes for which proceeds may be so appropriated shall include only th
 39 following:

40 (1) Tuition grants, scholarships, or loans to citizens of this state to enable such citizen
 41 to attend colleges and universities located within this state, regardless of whether suc
 42 colleges or universities are operated by the board of regents Board of Regents of th
 43 University System of Georgia, or to attend institutions operated under the authority of th
 44 ~~Department of Technical and Adult Education~~ Technical College System of Georgia;

45 (2) Voluntary pre-kindergarten;

46 (3) One or more educational shortfall reserves in a total amount of not less tha
 47 10 percent of the net proceeds of the lottery for the preceding fiscal year;

48 (4) Costs of providing to teachers at accredited public institutions who teach level
 49 K-12, personnel at public postsecondary technical institutes under the authority of th
 50 ~~Department of Technical and Adult Education~~ Technical College System of Georgia, an
 51 professors and instructors within the University System of Georgia the necessary trainin
 52 in the use and application of computers and advanced electronic instructional technolog
 53 to implement interactive learning environments in the classroom and to access th
 54 state-wide distance learning network; and

55 (5) Capital outlay projects for educational facilities;

56 provided, however, that no funds shall be appropriated for the items listed in paragraphs (4
 57 and (5) of this subsection subparagraphs (c)(4) and (c)(5) of this Paragraph until all person
 58 eligible for and applying for assistance as provided in paragraph (1) of this subsectio
 59 subparagraph (c)(1) of this Paragraph have received such assistance, all approve
 60 pre-kindergarten programs provided for in paragraph (2) of this subsectio
 61 subparagraph (c)(2) of this Paragraph have been fully funded, and the education shortfal
 62 reserve or reserves provided for in paragraph (3) of this subsection subparagraph (c)(3) c
 63 this Paragraph have been fully funded.

Source Data and Definitions

Arts and Cultural Production Satellite Account (ACPSA) is a partnership between the National Endowment for the Arts (NEA) Office of Research & Analysis and the U.S. Bureau of Economic Analysis (BEA). ACPSA is part of BEA's satellite accounts series that complements the bureau's core economic accounts with detailed data on key industries. Detailed documentation on ACPSA method and data sources is available from [BEA](#) and the [NEA](#).

Comparison industries are selected industry categories using the [North American Industry Classification System](#) (NAICS), drawn from BEA's 2015 state level data for employment (full-time and part-time workers), compensation and value added by industry. Some industries displayed on the comparison charts produce arts and cultural commodities, though such commodities may not always account for a large share of that industry's total output. Comparison industries were selected within a range of NAICS industries with similar total value added figures. **For other industry comparisons, [contact NASAA](#).** Note that there are slight variances in how employment and value-added data are aggregated; for instance, value-added data incorporates agriculture with forestry, fishing and hunting, whereas employment data does not.