

House Bill 1464

By: Representative Royal of the 164th

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to the imposition, rate, and computation of income tax, so as to provide an income
3 tax credit for certain technology upgrade expenditures of qualified manufacturing companies;
4 to provide for definitions; to provide for procedures, conditions, and limitations; to provide
5 for powers, duties, and authority of the state revenue commissioner; to provide for
6 applicability; to provide an effective date; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the
10 imposition, rate, and computation of income tax, is amended by adding a new Code section
11 immediately following Code Section 48-7-40.23 to be designated Code Section 48-7-40.24
12 to read as follows:

13 "48-7-40.24.

14 (a) As used in this Code section, the term:

15 (1) 'Headquarters' means the principal central administrative office of a taxpayer.

16 (2) 'Product' means a marketable product or component of a product which has an
17 economic value to the wholesale or retail consumer and is ready to be used without
18 further alteration of its form or a product or material which is marketed as a prepared
19 material or is a component in the manufacturing and assembly of other finished products.

20 (3) 'Qualified manufacturing company' means a taxpayer primarily engaged in the
21 mechanical, physical, or chemical transformation of materials, substances, or components
22 into new products.

23 (4) 'Technology upgrade expenditures' means all expenditures associated with the
24 acquisition, installation, and integration of computer based technology within this state
25 designed to increase levels of manufacturing productivity. Such expenditures shall
26 include, but not be limited to, all purchases of services and supplies for the integration

1 or installation of computer aided manufacturing, design, or engineering systems,
2 customized computer software programming and analysis, and customized computer or
3 software development within this state.

4 (b) A qualified manufacturing company which:

5 (1) Has its headquarters in this state;

6 (2) Has operated for the immediately preceding three years an existing manufacturing
7 facility in this state;

8 (3) Incurs within this state a minimum of \$50 million in technology upgrade
9 expenditures in a single taxable year;

10 (4) Elects not to claim or receive or has not claimed or received any tax credits provided
11 for by Code Sections 48-7-40, 48-7-40.1, 48-7-40.2, 48-7-40.3, 48-7-40.4, 48-7-40.5,
12 48-7-40.7, 48-7-40.8, 48-7-40.9, and 48-7-40.12 for any technology upgrade
13 expenditures; and

14 (5) Derives more than 5 percent of its gross receipts from royalties outside the United
15 States

16 shall be allowed a credit against the tax imposed under this article in an amount equal to
17 5 percent of all technology upgrade expenditures or \$5 million, whichever is less, in such
18 taxable year. The credit established by this subsection shall be taken for the first taxable
19 year in which the taxpayer incurs within this state a minimum of \$50 million in technology
20 upgrade expenditures and the four immediately succeeding taxable years, and the taxpayer
21 shall thereafter be ineligible for the credit.

22 (c) No credit in excess of \$20 million may be claimed pursuant to the terms of this Code
23 section.

24 (d) Notwithstanding any other provision of law to the contrary, any credit claimed
25 pursuant to this Code section shall be subject to recapture at any time if the minimum of
26 \$50 million in technology upgrade expenditures is not met.

27 (e) The commissioner shall promulgate any rules and regulations necessary to implement
28 and administer this Code section."

29 SECTION 2.

30 This Act shall become effective on January 1, 2003, and shall be applicable to all taxable
31 years beginning on or after January 1, 2003.

32 SECTION 3.

33 All laws and parts of laws in conflict with this Act are repealed.