

LOST

1 Senators Johnson of the 1st, Stephens of the 51st and Price of the 56th offered the following
2 amendment:

3 Amend HB 1313 by striking line 1 of page 1 through line 14 of page 2 and inserting in their
4 place the following:

5 "To amend Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to
6 computation of taxable net income, so as to provide that income of taxpayers who are 65
7 years of age or older which is from any source other than certain earned income shall not be
8 subject to state income tax; to provide for a three-year phase in of such exclusion; to provide
9 an effective date; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of
13 taxable net income, is amended by striking paragraphs (4) and (5) of subsection (a) and
14 inserting in their place new paragraphs (4), (5), and (5.1) to read as follows:

15 '(4)(A) Income received from public pension or retirement funds, programs, or systems
16 the income from which is exempted by federal law or treaty when the income is
17 otherwise included in the taxpayer's federal adjusted gross income.

18 (B) Except as specifically provided in subparagraph (A) of this paragraph,
19 paragraph (5) of this subsection, paragraph (5.1) of this subsection, and paragraph (7)
20 of this subsection, for taxable years beginning on or after January 1, 1989, no income
21 from a public pension or retirement fund, program, or system (including those pension
22 or retirement funds, programs, or systems provided for in Title 47) shall be exempt
23 from income taxation in this state, notwithstanding any provision of Title 47 or any
24 other provision of law to the contrary;

25 ~~(5)(A) Retirement income otherwise included in Georgia taxable net income not to~~
26 ~~exceed the exclusion amount as follows:~~

27 ~~(i) For taxable years beginning on or after January 1, 1989, and prior to January 1,~~
28 ~~1990, retirement income not to exceed an exclusion amount of \$8,000.00 per year~~
29 ~~received from any source;~~

1 ~~(ii) For taxable years beginning on or after January 1, 1990, and prior to January 1,~~
 2 ~~1994, retirement income not to exceed an exclusion amount of \$10,000.00 per year~~
 3 ~~received from any source;~~

4 ~~(iii) For taxable years beginning on or after January 1, 1994, and prior to January 1,~~
 5 ~~1995, retirement income from any source not to exceed an exclusion amount of~~
 6 ~~\$11,000.00;~~

7 ~~(iv) For taxable years beginning on or after January 1, 1995, and prior to January 1,~~
 8 ~~1999, retirement income from any source not to exceed an exclusion amount of~~
 9 ~~\$12,000.00;~~

10 ~~(v) For taxable years beginning on or after January 1, 1999, and prior to January 1,~~
 11 ~~2000, retirement income from any source not to exceed an exclusion amount of~~
 12 ~~\$13,000.00;~~

13 ~~(vi) For taxable years beginning on or after January 1, 2000, and prior to January 1,~~
 14 ~~2001, retirement income not to exceed an exclusion amount of \$13,500.00 per year~~
 15 ~~received from any source; and~~

16 ~~(vii) For taxable years beginning on or after January 1, 2001, retirement income from~~
 17 ~~any source not to exceed an exclusion amount of \$14,000.00 with respect to taxpayers~~
 18 ~~who do not qualify for the exclusion pursuant to paragraph (5.1) of this subsection.~~

19 (B) In the case of a married couple filing jointly, each spouse shall if otherwise
 20 qualified be individually entitled to exclude retirement income received by that spouse
 21 up to the exclusion amount, so that the total amount excluded on such joint return may
 22 if otherwise allowable be up to twice the individual exclusion amount.

23 (C) The exclusion provided for in this paragraph shall not apply to or affect and shall
 24 be in addition to those adjustments to net income provided for under any other
 25 paragraph of this subsection.

26 (D) A taxpayer shall be eligible for the exclusion granted by this paragraph only if the
 27 taxpayer:

28 (i) Is 62 years of age or older during any part of the taxable year; or

29 (ii) Is permanently and totally disabled in that the taxpayer has a medically
 30 demonstrable disability which is permanent and which renders the taxpayer incapable
 31 of performing any gainful occupation within the taxpayer's competence.

32 (E) For the purposes of this paragraph, retirement income shall include but not be
 33 limited to interest income, dividend income, net income from rental property, capital
 34 gains income, income from royalties, income from pensions and annuities, and no more
 35 than \$4,000.00 of an individual's earned income. Earned income in excess of
 36 \$4,000.00, including but not limited to net business income earned by an individual
 37 from any trade or business carried on by such individual, wages, salaries, tips, and other

1 employer compensation, shall not be regarded as retirement income. The receipt of
 2 earned income shall not diminish any taxpayer's eligibility for the retirement income
 3 exclusion allowed by this paragraph except to the extent of the express limitation
 4 provided in this subparagraph.

5 (F) The commissioner shall by regulation require proof of the eligibility of the taxpayer
 6 for the exclusion allowed by this paragraph;

7 ~~(G) The commissioner shall by regulation provide that for taxable years beginning on~~
 8 ~~or after January 1, 1989, and ending before October 1, 1990, penalty and interest may~~
 9 ~~be waived or reduced for any taxpayer whose estimated tax payments and tax~~
 10 ~~withholdings are less than 70 percent of such taxpayer's Georgia income tax liability~~
 11 ~~if the commissioner determines that such underpayment or deficiency is due to an~~
 12 ~~increase in net taxable income attributable directly to amendments to this paragraph or~~
 13 ~~paragraph (4) of this subsection enacted at the 1989 special session of the General~~
 14 ~~Assembly and not due to willful neglect or fraud;~~

15 (5.1)(A) As used in this paragraph, the term "qualified income" means all income of
 16 a taxpayer from any source but shall not include wages or salary.

17 (B)(i) For taxable years beginning on or after January 1, 2003, and prior to January
 18 1, 2004, 33 percent of qualified income of a taxpayer who is 65 years of age or older
 19 during any part of the taxable year.

20 (ii) For taxable years beginning on or after January 1, 2004, and prior to January 1,
 21 2005, 66 percent of qualified income of a taxpayer who is 65 years of age or older
 22 during any part of the taxable year.

23 (iii) For taxable years beginning on or after January 1, 2005, all qualified income of
 24 a taxpayer who is 65 years of age or older during any part of the taxable year.

25 (C) The commissioner shall by regulation require proof of the eligibility of the
 26 taxpayer for the exclusion allowed by this paragraph;'

27 **SECTION 2.**

28 This Act shall become effective on January 1, 2003."