

House Bill 588

By: Representatives Williams of the 83rd and Westmoreland of the 104th

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 for an
3 income tax exclusion on income tax with respect to qualified education related expenses; to
4 provide for conditions and limitations; to provide for powers, duties, and authority of the
5 state revenue commissioner with respect to the foregoing; to provide an effective date; to
6 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 in subsection (a) of Code
11 Section 48-7-27, relating to computation of taxable net income of individuals, by striking
12 "and" at the end of paragraph (9), by striking the period at the end of paragraph (10) and
13 inserting in its place "; and", and by adding a new paragraph immediately following
14 paragraph (10), to be designated paragraph (11), to read as follows:

15 "(11) An amount equal to the amount of qualified education related expenses, as defined
16 in paragraph (2) of subsection (a) of Code Section 48-7-29.8, which the taxpayer has
17 incurred but only if the federal adjusted gross income of that taxpayer for the taxable year
18 is \$37,500.00 or more."

19 **SECTION 2.**

20 Said article is further amended by adding a new Code section immediately following Code
21 Section 48-7-29.7, to be designated Code Section 48-7-29.8, to read as follows:

22 "48-7-29.8.

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

24 (1) 'Qualified education related expenses' means education related expenses for a
25 qualifying child in kindergarten through grade 12, including:

1 (A) Fees or tuition for instruction at private schools, tutoring services, or academic
2 camps;

3 (B) Expenses for textbooks, including books and other instructional materials and
4 equipment used in elementary and secondary schools, but not including books and
5 materials directed specifically at teaching a child how to practice a religion; and

6 (C) A maximum expense of \$200.00 per family for personal computer hardware not
7 used by a parent in furtherance of a business or trade and educational software that
8 assists a dependent to perform school related tasks.

9 (2) 'Qualifying child' means the same as provided in Section 32(c)(3) of the Internal
10 Revenue Code of 1986, as amended.

11 (b)(1) A taxpayer whose federal adjusted gross income for the taxable year does not
12 exceed \$33,500.00 shall be allowed a credit against the tax imposed by Code Section
13 48-7-20 in an amount not to exceed, with respect to each qualifying child, the lesser of
14 the amount of actual qualified education related expenses or \$1,000.00; provided,
15 however, that in no event shall the total amount of tax credit under this paragraph for a
16 taxable year exceed \$2,000.00.

17 (2) A taxpayer whose federal adjusted gross income for the taxable year is \$33,500.00
18 or more, but less than \$37,500.00, shall be allowed a tax credit against the tax imposed
19 by Code Section 48-7-20 in the same manner as otherwise specified in paragraph (1) of
20 this subsection, except that the allowable credit per child shall be reduced \$1.00 for every
21 \$4.00 of income of the taxpayer in excess of \$33,500.00 and the maximum \$2,000.00
22 credit amount shall be reduced \$2.00 for every \$4.00 of income of the taxpayer in excess
23 of \$33,500.00.

24 (c) In no event shall the total amount of the tax credit under this Code section for a taxable
25 year exceed the taxpayer's income tax liability. Any unused tax credit shall be allowed the
26 taxpayer against succeeding years' tax liability. No such credit shall be allowed the
27 taxpayer against prior years' tax liability.

28 (d) The commissioner shall be authorized to promulgate any rules and regulations
29 necessary to implement and administer the provisions of this Code section."

30 SECTION 3.

31 This Act shall become effective on January 1, 2002.

32 SECTION 4.

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