

House Bill 563

By: Representatives Ashe of the 42<sup>nd</sup>, Post 2, Stanley-Turner of the 43<sup>rd</sup>, Post 2, Ehrhart of the 28<sup>th</sup> and Wix of the 33<sup>rd</sup>, Post 1

**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 a job tax  
3 credit with respect to qualified biotechnology businesses; to provide for definitions; 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 provide for applicability; 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) 'Full-time job' means employment for an individual that is located at a qualified  
16        biotechnology business, has a regular work week of 30 hours or more, and has no  
17        predetermined end date.

18        (2) 'Payroll withholding taxes' means the monthly or quarterly withholding payment  
19        under Code Section 48-7-103.

20        (3) 'Qualified biotechnology business' means a new or existing business that:

21                  (A) Uses the application of technologies, such as recombinant DNA techniques,  
22                  biochemistry, molecular and cellular biology, genetics and genetic engineering,  
23                  biological cell fusion techniques, and new bioprocesses, using living organisms or parts  
24                  of organisms to produce or modify products to improve plants or animals, to develop  
25                  microorganisms for specific uses, to identify targets for small molecule pharmaceutical  
26                  development, or to transform biological systems into useful processes and products;

- (B) Is classified under North American Industry Classification System codes including, but not limited to, codes 3254, 3251, 3391, 54171, and 6215;
- (C) Receives its income from products sold, manufactured, or produced in this state or from services including, but not limited to, research and development activities performed in this state; and
- (D) Elects not to receive the tax credits provided for by Code Sections 48-7-40, 48-7-40.1, 48-7-40.2, 48-7-40.3, 48-7-40.4, 48-7-40.7, 48-7-40.8, 48-7-40.9, and 48-7-40.17 for such jobs or such investment.

(b) A qualified biotechnology business shall be allowed a credit against payroll withholding taxes. The credit shall be \$2,500.00 per job for jobs paying more than \$1,250.00 weekly gross salary and \$3,000.00 per job for jobs paying more than \$1,538.00 weekly gross salary. The tax credit can be claimed the first taxable year in which the new full-time job is created and for the four immediately succeeding taxable years. A full-time job that otherwise meets the requirements of this subsection and that did not exist previously within the facility in Georgia and which is transferred to the facility within Georgia shall be considered a new full-time job for purposes of this subsection.

(c) Credits against quarterly or monthly payments under Code Section 48-7-103 by this subsection shall not constitute income to the taxpayer. The credit established by this subsection may be taken for the first taxable year in which the new full-time job is created and for the four immediately succeeding taxable years, and the taxpayer shall thereafter be ineligible for such credit; provided, however, that such new full-time jobs must be created within seven years from the close of the taxable year in which the taxpayer first becomes eligible for such credit. Each employee whose employer receives credit against such taxpayer's quarterly or monthly payment under Code Section 48-7-103 shall receive credit against his or her income tax liability under Code Section 48-7-20 for the corresponding taxable year for the full amount which would be credited against such liability prior to the application of the credit provided for in this subsection. Credits against quarterly or monthly payments under Code Section 48-7-103 and credits against liability under Code Section 48-7-20 shall be taken in the same manner as credits against liability under Code Section 48-7-20.

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

## SECTION 2.

33 This Act shall become effective on January 1, 2004, and shall be applicable to all taxable  
34 years beginning on or after that date.

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**SECTION 3.**

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