

House Bill 189 (AS PASSED HOUSE AND SENATE)

By: Representatives Buck of the 112th, Royal of the 140th, and Williams of the 4th

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-8-39 of the Official Code of Georgia Annotated, relating to the
2 effect of use other than retention, demonstration, or display by the giver of certain
3 certification or by processor, manufacturer, or converter of tangible personal property, so as
4 to provide for fair market value of certain carpet samples for sales and use tax purposes; to
5 provide an effective date; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-8-39 of the Official Code of Georgia Annotated, relating to the effect of use
9 other than retention, demonstration, or display by the giver of certain certification or by
10 processor, manufacturer, or converter of tangible personal property, is amended by striking
11 subsection (b) and inserting in its place a new subsection (b) to read as follows:

12 "(b)(1)(A) If a person who engages in the business of processing, manufacturing, or
13 converting industrial materials into articles of tangible personal property for sale,
14 whether as custom-made or stock items, makes any use of the article of tangible
15 personal property other than retaining, demonstrating, or displaying it for sale, the use
16 shall be deemed a retail sale as of the time the article is first used by ~~him~~ such person
17 and its fair market value at the time shall be deemed the sales price of the article, ~~except~~
18 as otherwise provided in subparagraph (B) of this paragraph.

19 (B) For purposes of subparagraph (A) of this paragraph, the fair market value of any
20 carpet sample shall be equal to 21.9 percent of the total raw material cost of the sample,
21 except that the fair market value of a sample of carpet that is manufactured exclusively
22 for commercial use shall be equal to 1 percent of the total raw material cost of the
23 sample.

24 (2) If the sole use of the article other than retaining, demonstrating, or displaying it for
25 sale is the rental of the article while holding it for sale, the processor, manufacturer, or

1 converter may elect to treat the amount of the rental charged rather than the fair market
2 value of the article as its sales price."

3 **SECTION 2.**

4 This Act shall become effective upon its approval by the Governor or upon its becoming law
5 without such approval.

6 **SECTION 3.**

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