

House Bill 1374

By: Representatives Ashe of the 42nd, Post 2, Richardson of the 26th, Royal of the 140th, Gardner of the 42nd, Post 3, Moraitakis of the 42nd, Post 4, and others

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 income
3 tax credits with respect to teleworking; to provide for definitions; to provide for conditions,
4 limitations, and exclusions; to provide for authority of the state revenue commissioner with
5 respect to the foregoing; to provide an effective date; to provide for applicability; to repeal
6 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 48-7-29.8, to be designated Code Section 48-7-29.9,
12 to read as follows:

13 "48-7-29.9.

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

15 (1) 'Eligible ongoing telework expenses' means expenses incurred, up to a limit of
16 \$500.00 per year for each participating employee, pursuant to a telework agreement to
17 enable a participating employee to continue to telework during the first five years after
18 entering into a telework agreement. Such expenses shall include, but not be limited to,
19 monthly fees for access to internet and telecommunications services, including applicable
20 taxes.

21 (2) 'Eligible start-up telework expenses' means expenses incurred in the first year of a
22 telework agreement, up to a limit of \$5,000.00 for each participating employee, to enable
23 a participating employee to begin to telework. Such expenses shall include, but not be
24 limited to, expenses paid or incurred to purchase computers, computer related hardware
25 and software, modems, data processing equipment, telecommunications equipment, and

1 all related delivery, installation, and maintenance fees. Such expenses may be incurred
2 only once per employee.

3 (3) 'Eligible telework expenses' means start-up telework expenses or ongoing telework
4 expenses paid or incurred during the taxable year pursuant to a telework agreement,
5 whether such expenses are incurred directly by the employer on behalf of the
6 participating employee or directly by the participating employee.

7 (4) 'Employer' means any employer upon whom an income tax is imposed by this article.

8 (5) 'Participating employee' means an employee who has entered into a telework
9 agreement with his or her employer. This term shall not include an individual who is
10 self-employed.

11 (6) 'Telework' means to perform normal and regular work functions on a workday that
12 ordinarily would be performed at the employer's place of business at a different location,
13 thereby eliminating or substantially reducing the physical commute to and from that
14 employer's place of business. This term shall not include work performed on a weekend
15 or on a state or federal holiday.

16 (7) 'Telework agreement' means an agreement signed by the employer and the
17 participating employee that defines the terms of a telework arrangement, including the
18 number of days per year the participating employee will telework and any restrictions on
19 the place from which the participating employee will telework.

20 (8) 'Telework assessment' means an assessment leading to the development of policies
21 and procedures necessary to implement a formal telework program. A telework
22 assessment shall include but not be limited to:

23 (A) A workforce profile that identifies:

24 (i) The different types of workers based on a deployment strategy;

25 (ii) The number of days per week that each job can be performed from a remote
26 location;

27 (iii) The total number of potential teleworkers and potential impact on the employer's
28 employee-to-commuter trip ratio; and

29 (iv) The level of technology necessary to support jobs that can be performed from a
30 remote location;

31 (B) A telework program business case and plan that includes:

32 (i) Identification of cost-effective investments that would allow more jobs to be
33 performed from a remote location;

34 (ii) A cost-benefit analysis that uses various deployment rates and reports fixed and
35 variable cost saving such as space reduction, reduction, reduced employee turnover,
36 increased employee productivity, and other overhead savings; and

1 (iii) Identification of cost-effective investments that would mitigate barriers to
2 telework; and

3 (C) A written program that details the purpose and goals and operating procedures of
4 the telework program, including at a minimum:

5 (i) Program budget;

6 (ii) Program management structure;

7 (iii) Operating rules and guidelines for teleworkers concerning:

8 (I) Eligibility of employees to participate in the program, including training
9 requirements and termination criteria;

10 (II) Telework frequency, communications routines, teleworker availability,
11 separation of work and family activities, and telework activity reporting;

12 (III) Remote work safety and security, workers' compensation limitations, injury
13 reporting, work hours, dependent care, insurance, inspections, and other elements;
14 and

15 (IV) Equipment ownership, responsibilities, and services purchase guidelines to
16 make clear the investment commitments of the employer and the employee;

17 (iv) Methodologies for measuring telework program activities and success that shall
18 include:

19 (I) Accounting for the number of teleworkers, plus teleworking activities and
20 trends;

21 (II) Measuring the impact on the organization through cost savings, employee
22 turnover, employee performance, management effectiveness, internal
23 communication, computer literacy, hiring quality employees, and customer service;
24 and

25 (III) Accounting for the number of commuter trips saved and decrease in vehicle
26 miles traveled by teleworking employees; and

27 (v) A multiyear deployment schedule for increasing telework activity, including a
28 four-to-eight week pilot program designed to evaluate the policies and procedures
29 adopted as a part of the formal program and to test the effectiveness of the program
30 as a whole.

31 (b) A taxpayer shall be allowed a state income tax credit against the tax imposed by this
32 chapter for a percentage of eligible telework expenses incurred in the tax year. The amount
33 of such credit shall be calculated as follows:

34 (1) The credit shall be equal to 25 percent of the eligible telework expenses incurred
35 pursuant to a telework agreement requiring the participating employee to telework at least
36 five days per month;

1 (2) The credit shall be equal to 75 percent of the eligible telework expenses incurred
2 pursuant to a telework agreement requiring the participating employee to telework at least
3 16 days per month; and

4 (3) The credit shall be equal to 100 percent of the eligible telework expenses incurred
5 pursuant to a telework agreement requiring the participating employee to telework at least
6 18 days per month from a tier 1 or 2 county.

7 (c) In addition to the credit provided by subsection (b) of this Code section, an employer
8 conducting a telework assessment shall be allowed a credit against the tax imposed by this
9 article for 100 percent of the cost, up to a maximum credit of the lesser of \$50.00 per
10 employee or \$40,000.00 per employer, of preparing the assessment and conducting the
11 pilot program described in division (a)(8)(C)(v) of this Code section. The taxpayer must
12 complete the pilot program identified in division (a)(8)(C)(v) of this Code section to claim
13 this credit. The credit provided by this Code section is intended to include program
14 planning expenses, development and training costs, and professional consulting fees; the
15 credit shall not include expenses for which a credit is claimed under any other provision
16 of this article.

17 (d) In no event shall the total amount of any tax credit under this Code section for a taxable
18 year exceed the taxpayer's income tax liability. No unused tax credit shall be allowed to
19 be carried forward to apply to the taxpayer's succeeding years' tax liability. No such tax
20 credit shall be allowed the taxpayer against prior years' tax liability.

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

23 SECTION 2.

24 This Act shall become effective on January 1, 2005, and shall be applicable to all taxable
25 years beginning on or after January 1, 2005.

26 SECTION 3.

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