

The Senate Finance Committee offered the following substitute to HB 984:

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 imposition, rate, and computation of income taxes, so as to change certain
3 provisions regarding the designation of counties as less developed areas for purposes of
4 certain income tax credits; to provide for such designation with respect to portions of certain
5 counties; to authorize the addition to the job tax credit program of areas where there is a
6 poverty rate of 20 percent or greater in an enterprise zone, a redevelopment plan has been
7 adopted, and the commissioner of community affairs finds pervasive poverty,
8 underdevelopment, general distress, and blight; to provide that, in areas suffering from
9 pervasive poverty, job tax credits shall be allowed to any lawful business; to remove the
10 requirement that 30 percent of the new full-time jobs must be held by a resident of the
11 affected area or similar area; to increase the allowable amount of tax credits that can be
12 claimed in a tax year from 50 percent to 100 percent of the taxpayer's state income tax
13 liability; to provide for such designation with respect to tax credits for existing
14 manufacturing and telecommunications facilities or manufacturing or telecommunications
15 support facilities; to provide for such designation with respect to optional tax credits for
16 existing manufacturing or telecommunications facilities or manufacturing or
17 telecommunications support facilities; to provide for such designation with respect to tax
18 credits for establishing or relocating headquarters; to provide for such designation with
19 respect to tax credits for certain business enterprises for leased motor vehicles; to amend
20 Chapter 88 of Title 36 of the Official Code of Georgia Annotated, relating to the "Enterprise
21 Zone Employment Act of 1997," so as to update references to federal law and census data;
22 to provide a definition; to modify and add additional criteria for enterprise zones; to provide
23 a limit on tax exemptions; to provide an effective date; to provide for applicability; to repeal
24 conflicting laws; and for other purposes.

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to imposition, rate, and computation of income taxes, is amended by striking Code Section 48-7-40, relating to designation of counties as less developed areas, and inserting in its place a new Code Section 48-7-40 to read as follows:

"48-7-40.

(a) As used in this Code section, the term 'business enterprise' means any business or the headquarters of any such business which is engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, and research and development industries. Such term shall not include retail businesses.

(b)(1) Not later than December 31 of each year, using the most current data available from the Department of Labor and the United States Department of Commerce, the commissioner of community affairs shall rank and designate as less developed areas all ~~159~~ counties in this state, or portions thereof, using a combination of the following equally weighted factors:

(A) Highest unemployment rate for the most recent 36 month period;

(B) Lowest per capita income for the most recent 36 month period; and

(C) Highest percentage of residents whose incomes are below the poverty level according to the most recent data available.

Each county in this state shall constitute a single area for purposes of applying the factors enumerated in this paragraph, unless a county is comprised of one or more census tracts adjacent to a federal military installation where pervasive poverty is evidenced by a 15 percent poverty rate as reflected in the most recent decennial census. In such case, each such area of the county comprised of those census tracts shall constitute a separate area for purposes of applying the factors enumerated in this paragraph.

(2) Counties or portions thereof ranked and designated as the first through seventy-first least developed ~~counties~~ areas shall be classified as tier 1, counties or portions thereof ranked and designated as the seventy-second through one hundred sixth least developed ~~counties~~ areas shall be classified as tier 2, counties or portions thereof ranked and designated as the one hundred seventh through one hundred forty-first least developed ~~counties~~ areas shall be classified as tier 3, and ~~counties~~ the remaining counties or portions thereof shall be sequentially ranked and designated ~~as the one hundred forty-second through one hundred fifty-ninth least developed counties~~ and shall be classified as tier 4.

(c) The commissioner of community affairs shall be authorized to include in the tier 2 designation provided for in subsection (b) of this Code section any tier 3 ~~county~~ area which, in the opinion of the commissioner of community affairs, undergoes a sudden and severe period of economic distress caused by the closing of one or more business

1 enterprises located in such county area. No designation made pursuant to this subsection
2 shall operate to displace or remove any other county area previously designated as a tier
3 2 county area.

4 (c.1) The commissioner of community affairs shall be authorized to include in the tier 1
5 designation provided for in subsection (b) of this Code section any tier 2 county area
6 which, in the opinion of the commissioner of community affairs, undergoes a sudden and
7 severe period of economic distress caused by the closing of one or more business
8 enterprises located in such county area. No designation made pursuant to this subsection
9 shall operate to displace or remove any other county area previously designated as a tier
10 1 county area.

11 (d) For business enterprises which plan a significant expansion in their labor forces, the
12 commissioner of community affairs shall prescribe redesignation procedures to ensure that
13 the business enterprises can claim credits in future years without regard to whether or not
14 a particular county or portion thereof is reclassified in a different tier.

15 (e) Business enterprises in counties or portions thereof designated by the commissioner
16 of community affairs as tier 1 counties areas shall be allowed a tax credit for taxes imposed
17 under this article equal to \$3,500.00 annually per eligible new full-time employee job for
18 five years beginning with years two through six after the creation of such job; provided,
19 however, that where the amount of such credit exceeds a business enterprise's liability for
20 such taxes in a taxable year, the excess may be taken as a credit against such business
21 enterprise's quarterly or monthly payment under Code Section 48-7-103 but not to exceed
22 in any one taxable year \$3,500.00 for each new full-time employee job when aggregated
23 with the credit applied against taxes under this article. Each employee whose employer
24 receives credit against such business enterprise's quarterly or monthly payment under Code
25 Section 48-7-103 shall receive credit against his or her income tax liability under Code
26 Section 48-7-20 for the corresponding taxable year for the full amount which would be
27 credited against such liability prior to the application of the credit provided for in this
28 subsection. Credits against quarterly or monthly payments under Code Section 48-7-103
29 and credits against liability under Code Section 48-7-20 established by this subsection shall
30 not constitute income to the taxpayer. Business enterprises in counties or portions thereof
31 designated by the commissioner of community affairs as tier 2 counties areas shall be
32 allowed a job tax credit for taxes imposed under this article equal to \$2,500.00 annually,
33 business enterprises in counties or portions thereof designated by the commissioner of
34 community affairs as tier 3 counties areas shall be allowed a job tax credit for taxes
35 imposed under this article equal to \$1,250.00 annually, and business enterprises in counties
36 or portions thereof designated by the commissioner of community affairs as tier 4 counties
37 areas shall be allowed a job tax credit for taxes imposed under this article equal to \$750.00

1 annually for each new full-time employee job for five years beginning with years two
2 through six after the creation of the job. The number of new full-time jobs shall be
3 determined by comparing the monthly average number of full-time employees subject to
4 Georgia income tax withholding for the taxable year with the corresponding period of the
5 prior taxable year. In tier 1 ~~counties~~ areas, those business enterprises that increase
6 employment by five or more shall be eligible for the credit. In tier 2 ~~counties~~ areas, only
7 those business enterprises that increase employment by ten or more shall be eligible for the
8 credit. In tier 3 ~~counties~~ areas, only those business enterprises that increase employment
9 by 15 or more shall be eligible for the credit. In tier 4 ~~counties~~ areas, only those business
10 enterprises that increase employment by 25 or more shall be eligible for the credit. The
11 average wage of the new jobs created must be above the average wage of the county area
12 that has the lowest average wage of any county area in the state to qualify as reported in
13 the most recently available annual issue of the Georgia Employment and Wages Averages
14 Report of the Department of Labor. To qualify for a credit under this subsection, the
15 employer must make health insurance coverage available to the employee filling the new
16 full-time job; provided, however, that nothing in this subsection shall be construed to
17 require the employer to pay for all or any part of health insurance coverage for such an
18 employee in order to claim the credit provided for in this subsection if such employer does
19 not pay for all or any part of health insurance coverage for other employees. Credit shall
20 not be allowed during a year if the net employment increase falls below the number
21 required in such tier. Any credit received for years prior to the year in which the net
22 employment increase falls below the number required in such tier shall not be affected. The
23 state revenue commissioner shall adjust the credit allowed each year for net new
24 employment fluctuations above the minimum level of the number required in such tier.

25 (f) Tax credits for five years for the taxes imposed under this article shall be awarded for
26 additional new full-time jobs created by business enterprises qualified under
27 subsection (b), (c), or (c.1) of this Code section. Additional new full-time jobs shall be
28 determined by subtracting the highest total employment of the business enterprise during
29 years two through six, or whatever portion of years two through six which has been
30 completed, from the total increased employment. The state revenue commissioner shall
31 adjust the credit allowed in the event of employment fluctuations during the additional five
32 years of credit.

33 (g) The sale, merger, acquisition, or bankruptcy of any business enterprise shall not create
34 new eligibility in any succeeding business entity, but any unused job tax credit may be
35 transferred and continued by any transferee of the business enterprise. The commissioner
36 of community affairs shall determine whether or not qualifying net increases or decreases

1 have occurred and may require reports, promulgate regulations, and hold hearings as
2 needed for substantiation and qualification.

3 (h) Any credit claimed under this Code section but not used in any taxable year may be
4 carried forward for ten years from the close of the taxable year in which the qualified jobs
5 were established, but in tiers 3 and 4 the credit established by this Code section taken in
6 any one taxable year shall be limited to an amount not greater than 50 percent of the
7 taxpayer's state income tax liability which is attributable to income derived from
8 operations in this state for that taxable year. In tier 1 and 2 ~~counties~~ areas, the credit
9 allowed under this Code section against taxes imposed under this article in any taxable year
10 shall be limited to an amount not greater than 100 percent of the taxpayer's state income
11 tax liability attributable to income derived from operations in this state for such taxable
12 year.

13 (i) Notwithstanding any provision of this Code section to the contrary, in counties or
14 portions thereof recognized and designated as the first through fortieth least developed
15 ~~counties~~ areas in the tier 1 designation, job tax credits shall be allowed as provided in this
16 Code section, in addition to business enterprises, to any business of any nature.

17 (j) The commissioner may require such reports, promulgate such regulations, and gather
18 such relevant data necessary and advisable for the evaluation of the job tax credits
19 established by this Code section."

20 SECTION 2.

21 Said article is further amended by striking Code Section 48-7-40.1, relating to additional tax
22 credits in less developed areas, and inserting in its place a new Code Section 48-7-40.1 to
23 read as follows:

24 "48-7-40.1.

25 (a) As used in this Code section, the term 'business enterprise' means any business or the
26 headquarters of any such business which is engaged in manufacturing, warehousing and
27 distribution, processing, telecommunications, tourism, and research and development
28 industries. Such term shall not include retail businesses.

29 (b) Not later than December 31 of each year, using the most current data available from
30 the Department of Labor and the United States Department of Commerce, the
31 commissioner of community affairs shall rank and designate as less developed areas the
32 areas which are comprised of ten or more contiguous census tracts in this state using a
33 combination of the following equally weighted factors:

- 34 (1) Highest unemployment rate for the most recent 36 month period;
- 35 (2) Lowest per capita income for the most recent 36 month period; and

1 (3) Highest percentage of residents whose income is below the poverty level according
2 to the most recent data available.

3 (c) The commissioner of community affairs also shall be authorized to include in the
4 designation provided for in subsection (b) of this Code section:

5 (1) Any area comprised of ten or more contiguous census tracts which, in the opinion of
6 the commissioner of community affairs, undergoes a sudden and severe period of
7 economic distress caused by the closing of one or more business enterprises located in
8 such area; ~~or~~

9 (2) Any area comprised of one or more census tracts adjacent to a federal military
10 installation where pervasive poverty is evidenced by a 15 percent poverty rate as reflected
11 in the most recent decennial census;

12 (3) Any area comprised of one or more contiguous census tracts which, in the opinion
13 of the commissioner of community affairs, is or will be adversely impacted by the loss
14 of one or more jobs, businesses, or residences as a result of an airport expansion,
15 including noise buy-outs, or the closing of a business enterprise which, in the opinion of
16 the commissioner of community affairs, results or will result in a sudden and severe
17 period of economic distress; or

18 (4) Any area comprised of two or more contiguous census block groups with a poverty
19 rate of 20 percent or greater as determined from data in the most current United States
20 decennial census, where the area is also included within a state enterprise zone pursuant
21 to Chapter 88 of Title 36, where a redevelopment plan has been adopted pursuant to
22 Chapter 61 of Title 36, and which, in the opinion of the commissioner of community
23 affairs, displays pervasive poverty, underdevelopment, general distress, and blight.

24 No designation made pursuant to this subsection shall operate to displace or remove any
25 other area previously designated as a less developed area. Notwithstanding any provision
26 of this Code section to the contrary, in areas designated as suffering from pervasive poverty
27 under this paragraph, job tax credits shall be allowed as provided in this Code section, in
28 addition to business enterprises, to any lawful business.

29 (d) For business enterprises which plan a significant expansion in their labor forces, the
30 commissioner of community affairs shall prescribe redesignation procedures to ensure that
31 the business enterprises can claim credits in future years without regard to whether or not
32 a particular area is removed from the list of less developed areas.

33 (e) Business enterprises in areas designated by the commissioner of community affairs as
34 less developed areas shall be allowed a job tax credit for taxes imposed under this article
35 equal to \$3,500.00 annually per eligible new full-time employee job for five years
36 beginning with years two through six after the creation of such job; provided, however, that
37 where the amount of such credit exceeds a business enterprise's liability for such taxes in

1 a taxable year, the excess may be taken as a credit against such business enterprise's
2 quarterly or monthly payment under Code Section 48-7-103 but not to exceed in any one
3 taxable year \$3,500.00 for each new full-time employee job when aggregated with the
4 credit applied against taxes under this article. Each employee whose employer receives
5 credit against such business enterprise's quarterly or monthly payment under Code Section
6 48-7-103 shall receive credit against his or her income tax liability under Code Section
7 48-7-20 for the corresponding taxable year for the full amount which would be credited
8 against such liability prior to the application of the credit provided for in this subsection.
9 Credits against quarterly or monthly payments under Code Section 48-7-103 and credits
10 against liability under Code Section 48-7-20 established by this subsection shall not
11 constitute income to the taxpayer. The number of new full-time jobs shall be determined
12 by comparing the monthly average number of full-time employees subject to Georgia
13 income tax withholding for the taxable year with the corresponding period of the prior
14 taxable year. Only those business enterprises that increase employment by five or more
15 in a less developed area shall be eligible for the credit. The average wage of the new jobs
16 created must be above the average wage of the county that has the lowest wage of any
17 county in the state to qualify as reported in the most recently available annual issue of the
18 Georgia Employment and Wages Averages Report of the Department of Labor. To qualify
19 for a credit under this subsection, the employer must make health insurance coverage
20 available to the employee filling the new full-time job; provided, however, that nothing in
21 this subsection shall be construed to require the employer to pay for all or any part of health
22 insurance coverage for such an employee in order to claim the credit provided for in this
23 subsection if such employer does not pay for all or any part of health insurance coverage
24 for other employees. ~~In addition, not less than 30 percent of such new full-time jobs must~~
25 ~~be held by a resident of the less developed area for which the credit is sought or another~~
26 ~~such designated less developed area.~~ Credit shall not be allowed during a year if the net
27 employment increase falls below five. Any credit received for years prior to the year in
28 which the net employment increase falls below five shall not be affected. The state
29 revenue commissioner shall adjust the credit allowed each year for net new employment
30 fluctuations above the minimum level of five.

31 (f) Tax credits for five years for the taxes imposed under this article shall be awarded for
32 additional new full-time jobs created by business enterprises qualified under subsection (b)
33 or (c) of this Code section. Additional new full-time jobs shall be determined by
34 subtracting the highest total employment of the business enterprise during years two
35 through six, or whatever portion of years two through six which has been completed, from
36 the total increased employment. The state revenue commissioner shall adjust the credit
37 allowed in the event of employment fluctuations during the additional five years of credit.

1 (g) The sale, merger, acquisition, or bankruptcy of any business enterprise shall not create
 2 new eligibility in any succeeding business entity, but any unused job tax credit may be
 3 transferred and continued by any transferee of the business enterprise. The commissioner
 4 of community affairs shall determine whether or not qualifying net increases or decreases
 5 have occurred and may require reports, promulgate regulations, and hold hearings as
 6 needed for substantiation and qualification.

7 (h) Any credit claimed under this Code section but not used in any taxable year may be
 8 carried forward for ten years from the close of the taxable year in which the qualified jobs
 9 were established, but the credit established by this Code section taken in any one taxable
 10 year shall be limited to an amount not greater than ~~50~~ 100 percent of the taxpayer's state
 11 income tax liability which is attributable to income derived from operations in this state for
 12 that taxable year."

13 SECTION 3.

14 Said article is further amended by striking subsection (b) of Code Section 48-7-40.2, relating
 15 to tax credits for existing manufacturing and telecommunications facilities or manufacturing
 16 or telecommunications support facilities in tier 1 counties, and inserting in its place a new
 17 subsection (b) to read as follows:

18 "(b) In the case of a taxpayer which has operated for the immediately preceding three years
 19 an existing manufacturing or telecommunications facility or manufacturing or
 20 telecommunications support facility in this state in a tier 1 county area designated pursuant
 21 to Code Section 48-7-40, there shall be allowed a credit against the tax imposed under this
 22 article in an amount equal to 5 percent of the cost of all qualified investment property
 23 purchased or acquired by the taxpayer in such year, subject to the conditions and
 24 limitations set forth in this Code section. In the event such qualified investment property
 25 purchased or acquired by the taxpayer in such year consists of recycling machinery or
 26 equipment, a recycling manufacturing facility, pollution control or prevention machinery
 27 or equipment, a pollution control or prevention facility, or the conversion from defense to
 28 domestic production, the amount of such credit shall be equal to 8 percent."

29 SECTION 4.

30 Said article is further amended by striking subsection (b) of Code Section 48-7-40.3, relating
 31 to tax credits for existing manufacturing and telecommunications facilities or manufacturing
 32 or telecommunications support facilities in tier 2 counties, and inserting in its place a new
 33 subsection (b) to read as follows:

34 "(b) In the case of a taxpayer which has operated for the immediately preceding three years
 35 an existing manufacturing or telecommunications facility or manufacturing or

1 telecommunications support facility in this state in a tier 2 county area designated pursuant
 2 to Code Section 48-7-40, there shall be allowed a credit against the tax imposed under this
 3 article in an amount equal to 3 percent of the cost of all qualified investment property
 4 purchased or acquired by the taxpayer in such year, subject to the conditions and
 5 limitations set forth in this Code section. In the event such qualified investment property
 6 purchased or acquired by the taxpayer in such year consists of recycling machinery or
 7 equipment, a recycling manufacturing facility, pollution control or prevention machinery
 8 or equipment, a pollution control or prevention facility, or the conversion from defense to
 9 domestic production, the amount of such credit shall be equal to 5 percent."

10 **SECTION 5.**

11 Said article is further amended by striking subsection (b) of Code Section 48-7-40.4, relating
 12 to tax credits for existing manufacturing and telecommunications facilities or manufacturing
 13 or telecommunications support facilities in tier 3 or 4 counties, and inserting in its place a
 14 new subsection (b) to read as follows:

15 "(b) In the case of a taxpayer which has operated for the immediately preceding three years
 16 an existing manufacturing or telecommunications facility or manufacturing or
 17 telecommunications support facility in this state in a tier 3 or a tier 4 county area
 18 designated pursuant to Code Section 48-7-40, there shall be allowed a credit against the tax
 19 imposed under this article in an amount equal to 1 percent of the cost of all qualified
 20 investment property purchased or acquired by the taxpayer in such year, subject to the
 21 conditions and limitations set forth in this Code section. In the event such qualified
 22 investment property purchased or acquired by the taxpayer in such year consists of
 23 recycling machinery or equipment, a recycling manufacturing facility, pollution control or
 24 prevention machinery or equipment, a pollution control or prevention facility, or the
 25 conversion from defense to domestic production, the amount of such credit shall be equal
 26 to 3 percent."

27 **SECTION 6.**

28 Said article is further amended by striking subsection (b) of Code Section 48-7-40.7, relating
 29 to optional tax credits for existing manufacturing or telecommunications facilities or
 30 manufacturing or telecommunications support facilities in tier 1 counties, and inserting in its
 31 place a new subsection (b) to read as follows:

32 "(b) In the case of a taxpayer which has operated for the immediately preceding three years
 33 an existing manufacturing or telecommunications facility or manufacturing or
 34 telecommunications support facility and which first places in service during a taxable year
 35 qualified investment property in this state in a tier 1 county area designated pursuant to

Code Section 48-7-40, there shall be allowed an optional credit against the tax imposed under this article for the ensuing ten taxable years following the taxable year the qualified investment property was first placed in service, provided that such qualified investment property remains in service. Such optional credit shall be at the irrevocable election of the taxpayer and shall be in lieu of the credit under Code Section 48-7-40.2. No taxpayer who claims the credit under Code Section 48-7-40.2 for any taxable year for a given project shall be eligible to receive the credit under this Code section with respect to the same project for any taxable year. The aggregate amount of the credit allowed under this Code section shall equal 10 percent of the cost of all qualified investment property purchased or acquired by the taxpayer and first placed in service during a taxable year. The annual amount of such credit shall be computed as follows:

(1) The taxable year in which such qualified investment property is first placed in service shall be the base year for purposes of calculating the credit provided for by this Code section;

(2) The amount of tax owed by the taxpayer for the base year and for each of the two immediately preceding taxable years shall be determined without regard to any credits and shall be added together and divided by three. The resulting figure shall be the base year average; and

(3) The credit available to the taxpayer to apply against the tax liability of any year following the base year but no later than the tenth year shall be the lesser of the following amounts:

(A) Ninety percent of the excess of the tax of the applicable year determined without regard to any credits over the base year average; or

(B) The excess of the aggregate amount of the credit allowed for the qualified investment property over the sum of the amounts of credit already used in the years following the base year."

SECTION 7.

Said article is further amended by striking subsection (b) of Code Section 48-7-40.8, relating to optional tax credits for existing manufacturing or telecommunications facilities or manufacturing or telecommunications support facilities in tier 2 counties, and inserting in its place a new subsection (b) to read as follows:

"(b) In the case of a taxpayer which has operated for the immediately preceding three years an existing manufacturing or telecommunications facility or manufacturing or telecommunications support facility and which first places in service during a taxable year qualified investment property in this state in a tier 2 county area designated pursuant to Code Section 48-7-40, there shall be allowed an optional credit against the tax imposed

1 under this article for the ensuing ten taxable years following the taxable year the qualified
 2 investment property was first placed in service, provided that such qualified investment
 3 property remains in service. Such optional credit shall be at the irrevocable election of the
 4 taxpayer and shall be in lieu of the credit under Code Section 48-7-40.3. No taxpayer who
 5 claims the credit under Code Section 48-7-40.3 for any taxable year for a given project
 6 shall be eligible to receive the credit under this Code section with respect to the same
 7 project for any taxable year. The aggregate amount of the credit allowed under this Code
 8 section shall equal 8 percent of the cost of all qualified investment property purchased or
 9 acquired by the taxpayer and first placed in service during a taxable year. The annual
 10 amount of such credit shall be computed as follows:

11 (1) The taxable year in which such qualified investment property is first placed in service
 12 shall be the base year for purposes of calculating the credit provided for by this Code
 13 section;

14 (2) The amount of tax owed by the taxpayer for the base year and for each of the two
 15 immediately preceding taxable years shall be determined without regard to any credits
 16 and shall be added together and divided by three. The resulting figure shall be the base
 17 year average; and

18 (3) The credit available to the taxpayer to apply against the tax liability of any year
 19 following the base year but no later than the tenth year shall be the lesser of the following
 20 amounts:

21 (A) Ninety percent of the excess of the tax of the applicable year determined without
 22 regard to any credits over the base year average; or

23 (B) The excess of the aggregate amount of the credit allowed for the qualified
 24 investment property over the sum of the amounts of credit already used in the years
 25 following the base year."

26 SECTION 8.

27 Said article is further amended by striking subsection (b) of Code Section 48-7-40.9, relating
 28 to optional tax credits for existing manufacturing or telecommunications facilities or
 29 manufacturing or telecommunications support facilities in tier 3 or 4 counties, and inserting
 30 in its place a new subsection (b) to read as follows:

31 "(b) In the case of a taxpayer which has operated for the immediately preceding three years
 32 an existing manufacturing or telecommunications facility or manufacturing or
 33 telecommunications support facility and which first places in service during a taxable year
 34 qualified investment property in this state in a tier 3 or a tier 4 county area designated
 35 pursuant to Code Section 48-7-40, there shall be allowed an optional credit against the tax
 36 imposed under this article for the ensuing ten taxable years following the taxable year the

1 qualified investment property was first placed in service, provided that such qualified
 2 investment property remains in service. Such optional credit shall be at the irrevocable
 3 election of the taxpayer and shall be in lieu of the credit under Code Section 48-7-40.4. No
 4 taxpayer who claims the credit under Code Section 48-7-40.4 for any taxable year for a
 5 given project shall be eligible to receive the credit under this Code section with respect to
 6 the same project for any taxable year. The aggregate amount of the credit allowed under
 7 this Code section shall equal 6 percent of the cost of all qualified investment property
 8 purchased or acquired by the taxpayer and first placed in service during a taxable year. The
 9 annual amount of such credit shall be computed as follows:

10 (1) The taxable year in which such qualified investment property is first placed in service
 11 shall be the base year for purposes of calculating the credit provided for by this Code
 12 section;

13 (2) The amount of tax owed by the taxpayer for the base year and for each of the two
 14 immediately preceding taxable years shall be determined without regard to any credits
 15 and shall be added together and divided by three. The resulting figure shall be the base
 16 year average; and

17 (3) The credit available to the taxpayer to apply against the tax liability of any year
 18 following the base year but no later than the tenth year shall be the lesser of the following
 19 amounts:

20 (A) Ninety percent of the excess of the tax of the applicable year determined without
 21 regard to any credits over the base year average; or

22 (B) The excess of the aggregate amount of the credit allowed for the qualified
 23 investment property over the sum of the amounts of credit already used in the years
 24 following the base year."

25 SECTION 9.

26 Said article is further amended by striking paragraph (2) of subsection (a) of Code Section
 27 48-7-40.17, relating to tax credits for establishing or relocating headquarters, and inserting
 28 in its place a new paragraph (2) to read as follows:

29 "(2) 'Full-time job' means employment for an individual which:

30 (A) Is located at a headquarters;

31 (B) Has a regular work week of 30 hours or more;

32 (C) Pays at or above:

33 (i) In tier 1 ~~counties~~ areas, the average wage of the ~~county~~ area in which it is located;

34 (ii) In tier 2 ~~counties~~ areas, 105 percent of the average wage of the ~~county~~ area in
 35 which it is located;

(iii) In tier 3 ~~counties~~ areas, 110 percent of the average wage of the ~~county~~ area in which it is located; and

(iv) In tier 4 ~~counties~~ areas, 115 percent of the average wage of the ~~county~~ area in which it is located; and

(D) Has no predetermined end date."

SECTION 10.

Said article is further amended by striking subsection (b) of Code Section 48-7-40.22, relating to tax credits for business enterprises for leased motor vehicles, and inserting in its place a new subsection (b) to read as follows:

"(b) A business enterprise which is located in a tier 1 or tier 2 ~~county~~ area which purchases or leases a new motor vehicle as defined in paragraph (34) of Code Section 40-1-1 in this state which is used for the exclusive purpose of providing transportation for its employees shall be allowed a credit for taxes imposed under this article as follows:

<u>Tier</u>	<u>Credit amount per vehicle</u>
1	\$ 3,000.00
2	2,000.00"

SECTION 11.

Chapter 88 of Title 36 of the Official Code of Georgia Annotated, relating to the "Enterprise Zone Employment Act of 1997," is amended by striking subparagraph (E) of paragraph (6) of Code Section 36-88-3, relating to definitions, and inserting in lieu thereof a new subparagraph (E) to read as follows:

"(E) A participant in the ~~Job Training Partnership~~ Workforce Investment Act or who has participated in the ~~Job Training Partnership~~ Workforce Investment Act at any time during the 18 months previous to the date of hire;".

SECTION 12.

Said chapter is further amended by adding a new paragraph (10) to Code Section 36-88-3, relating to definitions, to read as follows:

"(10) 'Urban redevelopment plan' means a plan prepared and adopted pursuant to the requirements of Chapter 61 of this title."

SECTION 13.

Said chapter is further amended by striking Code Section 36-88-6, relating to criteria for an enterprise zone, and inserting in lieu thereof a new Code Section 36-88-6 to read as follows:

1 "36-88-6.

2 (a) In order to be designated as an enterprise zone, a nominated area shall meet either at
 3 least three of the ~~four~~ five criteria specified in subsections (b), (c), (d), (e), and ~~(e)~~ (f) of
 4 this Code section or the criterion specified in subsection (g) of this Code section. In
 5 determining whether an area suffers from poverty, unemployment, or general distress, the
 6 governing body shall use data from the most current United States decennial census and
 7 from other information published by the Federal Bureau of the Census, the Federal Bureau
 8 of Labor Statistics, and the Georgia Department of Labor. In determining whether an area
 9 suffers from underdevelopment, the governing body shall use the data specified in
 10 subsection (e) of this Code section. The data shall be comparable in point or period of time
 11 and methodology employed.

12 (b) Pervasive poverty shall be evidenced by showing that poverty is widespread
 13 throughout the nominated area and shall be established by using the following criteria:

14 (1) The poverty rate shall be determined from the data in ~~Table P121 contained in~~
 15 ~~*Census of Population and Housing, 1990: Summary Tape File 3A, on CD-ROM*~~
 16 ~~(Georgia)~~, the most current United States decennial census prepared by the U.S. Bureau
 17 of Census (~~1992~~);

18 (2) For each census geographic block group within the nominated area, the ratio of
 19 income to poverty level for at least 20 percent of the residents shall be less than 1.0;

20 ~~(3) In at least 50 percent of the census geographic block groups within the nominated~~
 21 ~~area, the ratio of income to poverty level for at least 30 percent of the residents shall be~~
 22 ~~less than 1.0;~~

23 ~~(4)~~(3) Census geographic block groups with no population shall be treated as having a
 24 poverty rate which meets the standards of paragraph (2) of this subsection ~~but shall be~~
 25 ~~treated as having a zero poverty rate for the purpose of applying paragraph (3) of this~~
 26 ~~subsection; and~~

27 ~~(5)~~(4) All parcels of a nominated area must abut and may not contain a noncontiguous
 28 parcel, unless such nonabutting parcel qualifies separately under the criteria set forth
 29 under ~~paragraphs~~ paragraph (2) ~~and (3)~~ of this subsection.

30 (c) Unemployment shall be evidenced by the use of data published by the Office of Labor
 31 Information Systems of the Georgia Department of Labor indicating that the average rate
 32 of unemployment for the nominated area for the preceding calendar year is at least 10
 33 percent higher than the state average rate of unemployment or by evidence of adverse
 34 economic conditions brought about by significant job dislocation within the nominated area
 35 such as the closing of a manufacturing plant or federal facility.

36 (d) General distress shall be evidenced by adverse conditions within the nominated area
 37 other than those of pervasive poverty and unemployment. Examples of such adverse

1 conditions include, but are not limited to, a high incidence of crime, abandoned or
2 dilapidated structures, deteriorated infrastructure, and substantial population decline.

3 (e) Underdevelopment shall be evidenced by data indicating development activities, or
4 lack thereof, through land disturbance permits, business license fees, building permits,
5 development fees, or other similar data indicating that the level of development in the
6 nominated area is ~~at least 20 percent~~ lower than development activity within the local
7 governing body's jurisdiction.

8 (f) General blight within the nominated area shall be evidenced by the inclusion of any
9 portion of the nominated area in an urban redevelopment area as defined by paragraph (20)
10 of Code Section 36-61-2 for which an urban redevelopment plan has been adopted by the
11 affected governing bodies according to the requirements of Chapter 61 of this title.

12 (g) Notwithstanding any other provision of subsections (a) through (f) of this Code section,
13 a nominated area may be designated as an enterprise zone if it is located within a county
14 designated as a tier 1 county under the job tax credit program as provided for in Code
15 Section 48-7-40."

16 SECTION 14.

17 Said chapter is further amended by striking paragraph (1) of subsection (a) of Code Section
18 36-88-8, relating to tax exemptions, and inserting in lieu thereof a new paragraph (1) to read
19 as follows:

20 "(a)(1) The governing body of a local government or governments creating an enterprise
21 zone shall include in the creating ordinance a provision to exempt qualifying business and
22 service enterprises from state, county, and municipal ad valorem taxes that would
23 otherwise be levied on the qualifying business and service enterprises ~~in accordance with~~
24 not to exceed the following schedule:

- 25 (A) One hundred percent of the property taxes shall be exempt for the first five years;
- 26 (B) Eighty percent of the property taxes shall be exempt for the next two years;
- 27 (C) Sixty percent of the property taxes shall be exempt for the next year;
- 28 (D) Forty percent of the property taxes shall be exempt for the next year; and
- 29 (E) Twenty percent of the property taxes shall be exempt for the last year."

30 SECTION 15.

31 This Act shall become effective upon its approval by the Governor or upon its becoming law
32 without such approval and apply to all taxable years beginning on or after January 1, 2004.

33 SECTION 16.

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