

House Bill 1238 (AS PASSED HOUSE AND SENATE)

By: Representatives Royal of the 140<sup>th</sup>, O`Neal of the 117<sup>th</sup>, Sims of the 130<sup>th</sup>, and Borders of the 142<sup>nd</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to sales  
2 and use tax exemptions, so as to extend the sales and use tax exemption for sales to and use  
3 by a government contractor of overhead materials in performance of a contract with the  
4 United States government to which title passes immediately to the government under the  
5 terms of the contract; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to sales and use tax  
9 exemptions, is amended by striking paragraph (58), and inserting in lieu thereof a new  
10 paragraph (58) to read as follows:

11 "(58)(A) Notwithstanding any provisions of this chapter to the contrary, sales to or use  
12 by a government contractor of overhead materials in performance of a contract with the  
13 United States government to which title passes immediately to the government under  
14 the terms of the contract.

15 (B) As used in this paragraph, the term:

16 (i) 'Government contractor' means a person who enters into a contract with the United  
17 States Department of Defense or the National Aeronautics and Space Administration  
18 to sell services or tangible personal property, or both, for the purpose of the national  
19 defense.

20 (ii) 'Overhead materials' means any tangible personal property used or consumed in  
21 the performance of a contract between the United States Department of Defense or  
22 the National Aeronautics and Space Administration and a government contractor, the  
23 cost of which is charged to an expense account and allocated to various United States  
24 government contracts based upon generally accepted accounting principles, and  
25 consistent with government contract accounting standards. The term overhead

1 materials does not include tangible personal property which is incorporated into real  
2 property construction.

3 (C) The exemption provided for in this paragraph shall be applicable to all calendar  
4 years beginning on or after January 1, 1997, as follows:

5 (i) At the rate of 25 percent of the total sale or use as provided in subparagraph (A)  
6 for the calendar year beginning January 1, 1997;

7 (ii) At the rate of 50 percent of the total sale or use as provided in subparagraph (A)  
8 for the calendar year beginning January 1, 1998;

9 (iii) At the rate of 75 percent of the total sale or use as provided in subparagraph (A)  
10 for the calendar year beginning January 1, 1999; and

11 (iv) At the rate of 100 percent of the total sale or use as provided in subparagraph (A)  
12 for the calendar year beginning January 1, 2000, and for each calendar year thereafter.

13 (D) This paragraph shall stand repealed on January 1, ~~2005~~ 2007;

14 **SECTION 2.**

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