

House Bill 1540

By: Representatives Fludd of the 66th, Orrock of the 58th, Murphy of the 120th, Stephenson of the 92nd, Mosby of the 90th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
2 taxation, so as to provide for periodic tax expenditure reports; to provide for legislative
3 findings and declarations; to provide for definitions; to provide for the contents of such
4 reports; to provide for powers, duties, and authority of the Governor and the state revenue
5 commissioner; to provide for related matters; to provide an effective date; to repeal
6 conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
10 amended by striking the "Reserved" designation of Chapter 18 and inserting in its place a
11 new Chapter 18 to read as follows:

12 "CHAPTER 18

13 48-18-1.

14 (a) The General Assembly declares that the ability to make fiscally sound and effective
15 spending decisions will be enhanced by requiring agencies and programs to develop
16 performance measures and to evaluate all general funds, state lottery funds, and other
17 expenditures in accordance with the performance measures provided under this chapter.
18 Fiscal pressure on this state requires even greater accountability and necessitates a review
19 of the fairness and efficiency of all tax deductions, tax exclusions, tax subtractions, tax
20 exemptions, tax deferrals, preferential tax rates, and tax credits.

21 (b) The General Assembly finds that an accurate and accountable state budget should
22 reflect the true costs of tax expenditures and should fund only those tax expenditures that
23 are effective and efficient uses of limited tax dollars.

1 (c) The General Assembly further declares that it is in the best interest of this state to have
2 prepared a biennial report of tax expenditures that will allow the public and policymakers
3 to identify and analyze tax expenditures and to periodically make criteria based decisions
4 on whether the expenditures should be continued. The tax expenditure report will allow
5 tax expenditures to be debated in conjunction with on-line budgets and will result in the
6 elimination of inefficient and inappropriate tax expenditures, resulting in greater
7 accountability by state government and a lowering of the tax burden on all taxpayers.

8 48-18-2.

9 As used in this chapter, the term:

10 (1) 'Full sunset' means any provision that completely eliminates an existing tax
11 expenditure on a specified date.

12 (2) 'Partial sunset' means any provision that reduces the amount of an existing tax
13 expenditure or that alters the eligibility requirements for the expenditure as of a specified
14 date.

15 (3) 'Tax expenditure' means any law of the federal government or this state that exempts,
16 in whole or in part, certain persons, income, goods, services, or property from the impact
17 of established taxes, including but not limited to tax deductions, tax exclusions, tax
18 subtractions, tax exemptions, tax deferrals, preferential tax rates, and tax credits.

19 48-18-3.

20 (a) The Governor shall prepare each year a tax expenditure report for the period beginning
21 July 1 of the following year.

22 (b) The commissioner shall advise and assist the Governor in the preparation of the tax
23 expenditure report.

24 (c)(1) Not later than November 10 of each year, the Governor shall cause the tax
25 expenditure report to be compiled and prepared for printing.

26 (2) In the tax expenditure report, the Governor shall:

27 (A) List each tax expenditure;

28 (B) Identify the statutory authority for each tax expenditure;

29 (C) Describe the purpose of each tax expenditure;

30 (D) Estimate the amount of revenue loss caused by each tax expenditure for the coming
31 year;

32 (E) List the actual amount of revenue loss in the preceding year for each tax
33 expenditure or an estimate if the actual amount cannot be determined;

- 1 (F) Determine whether each tax expenditure has successfully achieved the purpose for
2 which the tax expenditure was enacted and currently serves, including the financial
3 benefit to the state;
- 4 (G) Categorize each tax expenditure according to the programs or functions each tax
5 expenditure supports;
- 6 (H) Identify each tax expenditure that has a full sunset or partial sunset that, if allowed
7 to take effect, will have a fiscal impact on the state or on school districts for the next
8 year; and
- 9 (I) Shall prepare a recommendation as to each tax expenditure identified under this
10 paragraph that indicates the Governor's opinion on whether the full sunset or partial
11 sunset of the tax expenditure should be allowed to take effect as scheduled or should
12 be revised to a different date."

13 **SECTION 2.**

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

16 **SECTION 3.**

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