The Senate Finance Committee offered the following substitute to HB 1244:

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, computation, and exemptions regarding state income tax, so as 3 to provide for comprehensive reform of state income tax; to provide for certain reductions 4 in the income tax rates for individuals; to extend the period of time for which income tax 5 credits for teleworking are granted; to change the amount of certain credits; to change certain 6 reporting requirements; to provide an effective date; to provide for applicability; to repeal 7 conflicting laws; and for other purposes.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to 11 imposition, rate, computation, and exemptions regarding state income tax, is amended by 12 revising paragraph (1) of subsection (b) of Code Section 48-7-20, relating to individual tax 13 rates and tax tables, as follows:

- 14 (b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be 15 computed in accordance with the following tables:
- (A) For the taxable years beginning prior to January 1, 2008: 16 SINGLE PERSON
- 18 If Georgia Taxable The Tax Is: 19 Net Income Is: 1% 20 Not over \$750.00 21 Over \$750.00 but not over \$2,250.00\$7.50 plus 2% of amount over \$750.00 Over \$2,250.00 but not over \$3,750.00\$37.50 plus 3% of amount over 22 \$2,250.00 23 Over \$3,750.00 but not over \$5,250.00 \$82.50 plus 4% of amount over \$3,750.00

| 1 | Over \$5,250.00 but not over \$7,000.00\$142.50 plus 5% of amount ove \$5,250.00 |
|----|--|
| 2 | 0ver \$7,000.00 \$230.00 plus 6% of amount ove \$7,000.00 |
| 3 | MARRIED PERSON FILING A SEPARATE RETURN |
| 4 | If Georgia Taxable The Tax Is: |
| 5 | Net Income Is: |
| 6 | Not over \$500.00 1% |
| 7 | Over \$500.00 but not over \$1,500.00 \$5.00 plus 2% of amount over \$500.00 |
| 8 | Over \$1,500.00 but not over \$2,500.00\$25.00 plus 3% of amount ove \$1,500.00 |
| 9 | Over \$2,500.00 but not over \$3,500.00\$55.00 plus 4% of amount ove \$2,500.00 |
| 10 | Over \$3,500.00 but not over \$5,000.00\$95.00 plus 5% of amount ove \$3,500.00 |
| 11 | Over \$5,000.00 \$170.00 plus 6% of amount ove \$5,000.00 |
| 12 | HEAD OF HOUSEHOLD AND MARRIED PERSONS |
| 13 | FILING A JOINT RETURN |
| 14 | If Georgia Taxable The Tax Is: |
| 15 | Net Income Is: |
| 16 | Not over \$1,000.00 |
| 17 | Over \$1,000.00 but not over \$3,000.00\$10.00 plus 2% of amount ove \$1,000.00 |
| 18 | Over \$3,000.00 but not over \$5,000.00\$50.00 plus 3% of amount ove \$3,000.00 |
| 19 | Over \$5,000.00 but not over \$7,000.00\$110.00 plus 4% of amount ove \$5,000.00 |
| 20 | Over \$7,000.00 but not over \$10,000.00\$190.00 plus 5% of amount ove \$7,000.00 |

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| 1 | Over \$10,000.00 | \$340.00 plus 6% of amount over |
|----|--|--|
| | | \$10,000.00 |
| 2 | (B) For the taxable year beginning on or a | after January 1, 2008, and prior to January 1, |
| 3 | <u>2009:</u> | |
| 4 | SINGLE P | ERSON |
| | | |
| 5 | <u>If Georgia Taxable</u> | <u>The Tax Is:</u> |
| 6 | <u>Net Income Is:</u> | |
| 7 | <u>Not over \$750.00</u> | <u></u> <u>.9%</u> |
| 8 | <u>Over \$750.00 but not over \$2,250.00</u> | \$6.75 plus 1.8% of amount over |
| | | <u>\$750.00</u> |
| 9 | Over \$2,250.00 but not over \$3,750.00 | \$33.75 plus 2.7% of amount over |
| | | <u>\$2,250.00</u> |
| 10 | Over \$3,750.00 but not over \$5,250.00 | \$74.25 plus 3.6% of amount over |
| | | <u>\$3,750.00</u> |
| 11 | Over \$5,250.00 but not over \$7,000.00 | \$128.25 plus 4.5% of amount over |
| | | <u>\$5,250.00</u> |
| 12 | <u>Over \$7,000.00</u> | \$207.00 plus 5.9% of amount over |
| | | <u>\$7,000.00</u> |
| | | |
| 13 | MARRIED PERSON FILING | <u>G A SEPARATE RETURN</u> |
| | | |
| 14 | If Georgia Taxable | The Tax Is: |
| 15 | Net Income Is: | |
| 16 | Not over \$500.00 | <u></u> |
| 17 | <u>Over \$500.00 but not over \$1,500.00</u> | \$4.50 plus 1.8% of amount over |
| | | <u>\$500.00</u> |
| 18 | <u>Over \$1,500.00 but not over \$2,500.00</u> | \$22.50 plus 2.7% of amount over |
| | | <u>\$1,500.00</u> |
| 19 | Over \$2,500.00 but not over \$3,500.00 | \$49.50 plus 3.6% of amount over |
| | | <u>\$2,500.00</u> |
| 20 | <u>Over \$3,500.00 but not over \$5,000.00</u> | \$85.50 plus 4.5% of amount over |
| | | \$3,500.00 |
| 21 | <u>Over \$5,000.00</u> | \$153.00 plus 5.9% of amount over |
| | | \$5,000.00 |

| | 08 | LC 18 7489S |
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| 1 | HEAD OF HOUSEHOLD AND | D MARRIED PERSONS |
| 2 | FILING A JOINT | |
| | | |
| 3 | <u>If Georgia Taxable</u> | The Tax Is: |
| 4 | <u>Net Income Is:</u> | |
| 5 | Not over \$1,000.00 | <u></u> <u>.9%</u> |
| | | |
| 6 | <u>Over \$1,000.00 but not over \$3,000.00</u> | \$9.00 plus 1.8% of amount over |
| | | <u>\$1,000.00</u> |
| 7 | <u>Over \$3,000.00 but not over \$5,000.00</u> | \$45.00 plus 2.7% of amount over |
| | | <u>\$3,000.00</u> |
| 8 | <u>Over \$5,000.00 but not over \$7,000.00</u> | \$99.00 plus 3.6% of amount over |
| | | <u>\$5,000.00</u> |
| 9 | <u>Over \$7,000.00 but not over \$10,000.00</u> | \$171.00 plus 4.5% of amount over |
| | | <u>\$7,000.00</u> |
| 10 | <u>Over \$10,000.00</u> | \$306.00 plus 5.9% of amount over |
| | | <u>\$10,000.00</u> |
| | | |
| 11 | (C) For the taxable year beginning on or after | er January 1, 2009, and prior to January 1, |
| 12 | <u>2010:</u> | |
| 13 | SINGLE PER | <u>RSON</u> |
| | | |
| 14 | <u>If Georgia Taxable</u> | The Tax Is: |
| 15 | <u>Net Income Is:</u> | |
| 16 | Not over \$750.00 | <u></u> <u>.9%</u> |
| 17 | <u>Over \$750.00 but not over \$2,250.00</u> | \$6.75 plus 1.8% of amount over |
| | | <u>\$750.00</u> |
| 18 | <u>Over \$2,250.00 but not over \$3,750.00</u> | \$33.75 plus 2.7% of amount over |
| | | <u>\$2,250.00</u> |
| 19 | <u>Over \$3,750.00 but not over \$5,250.00</u> | \$74.25 plus 3.6% of amount over |
| | | <u>\$3,750.00</u> |
| 20 | Over \$5,250.00 but not over \$7,000.00 | \$128.25 plus 4.5% of amount over |
| | | <u>\$5,250.00</u> |
| 21 | Over \$7,000.00 | \$207.00 plus 5.8% of amount over |
| | | <u>\$7,000.00</u> |
| | | |

| 1 | MARRIED PERSON FILING A | <u>SEPARATE RETURN</u> |
|----|---|-----------------------------------|
| 2 | If Georgia Taxable | The Tax Is: |
| 3 | Net Income Is: | |
| 4 | Not over \$500.00 | <u></u> |
| 5 | Over \$500.00 but not over \$1,500.00 | |
| | | \$500.00 |
| 6 | Over \$1,500.00 but not over \$2,500.00 | \$22.50 plus 2.7% of amount over |
| | | <u>\$1,500.00</u> |
| 7 | Over \$2,500.00 but not over \$3,500.00 | |
| | | \$2,500.00 |
| 8 | Over \$3,500.00 but not over \$5,000.00 | |
| C | | \$3,500.00 |
| 9 | <u>Over \$5,000.00</u> | |
| - | | \$5,000.00 |
| | | <u>+ - , </u> |
| 10 | HEAD OF HOUSEHOLD AND | MARRIED PERSONS |
| 10 | FILING A JOINT | |
| | | |
| 12 | If Georgia Taxable | The Tax Is: |
| 13 | Net Income Is: | |
| 14 | Not over \$1,000.00 | <u></u> <u>.9%</u> |
| | | |
| 15 | <u>Over \$1,000.00 but not over \$3,000.00</u> | \$9.00 plus 1.8% of amount over |
| | | <u>\$1,000.00</u> |
| 16 | <u>Over \$3,000.00 but not over \$5,000.00</u> | \$45.00 plus 2.7% of amount over |
| | | <u>\$3,000.00</u> |
| 17 | <u>Over \$5,000.00 but not over \$7,000.00</u> | \$99.00 plus 3.6% of amount over |
| | | <u>\$5,000.00</u> |
| 18 | <u>Over \$7,000.00 but not over \$10,000.00</u> | \$171.00 plus 4.5% of amount over |
| | | \$7,000.00 |
| 19 | Q \$10,000,00 | |
| | <u>Over \$10,000.00</u> | <u></u> |
| | <u>Over \$10,000.00</u> | • |
| | <u>Over \$10,000.00</u> | <u>\$10,000.00</u> |

20 (D) For the taxable year beginning on or after January 1, 2010, and prior to January 1,
21 <u>2011:</u>

1 SINGLE PERSON 2 If Georgia Taxable The Tax Is: 3 Net Income Is: Not over \$750.00 4 .9% 5 \$750.00 Over \$2,250.00 but not over \$3,750.00\$33.75 plus 2.7% of amount over 6 \$2,250.00 Over \$3,750.00 but not over \$5,250.00 \$74.25 plus 3.6% of amount over 7 \$3,750.00 Over \$5,250.00 but not over \$7,000.00 \$128.25 plus 4.5% of amount over 8 \$5,250.00 9 Over \$7,000.00 . \$207.00 plus 5.7% of amount over \$7,000.00 10 MARRIED PERSON FILING A SEPARATE RETURN 11 If Georgia Taxable The Tax Is: 12 Net Income Is: 13 Not over \$500.00 <u>.9%</u> 14 Over \$500.00 but not over \$1,500.00\$4.50 plus 1.8% of amount over \$500.00 Over \$1,500.00 but not over \$2,500.00 \$22.50 plus 2.7% of amount over 15 \$1,500.00 Over \$2,500.00 but not over \$3,500.00\$49.50 plus 3.6% of amount over 16 <u>\$2,500.00</u> 17 Over \$3,500.00 but not over \$5,000.00\$85.50 plus 4.5% of amount over \$3,500.00 18 Over \$5,000.00 \$153.00 plus 5.7% of amount over

<u>\$5,000.00</u>

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| | 08 | LC 18 7489S |
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| 1 | HEAD OF HOUSEHOLD ANI | D MARRIED PERSONS |
| 2 | FILING A JOINT | |
| - | | |
| 3 | If Georgia Taxable | The Tax Is: |
| 4 | Net Income Is: | |
| 5 | Not over \$1,000.00 | |
| | | |
| 6 | Over \$1,000.00 but not over \$3,000.00 | \$9.00 plus 1.8% of amount over |
| | | <u>\$1,000.00</u> |
| 7 | Over \$3,000.00 but not over \$5,000.00 | \$45.00 plus 2.7% of amount over |
| | | <u>\$3,000.00</u> |
| 8 | Over \$5,000.00 but not over \$7,000.00 | \$99.00 plus 3.6% of amount over |
| | | <u>\$5,000.00</u> |
| 9 | Over \$7,000.00 but not over \$10,000.00 | \$171.00 plus 4.5% of amount over |
| | | <u>\$7,000.00</u> |
| 10 | Over \$10,000.00 | \$306.00 plus 5.7% of amount over |
| | | <u>\$10,000.00</u> |
| | | |
| 11 | (E) For the taxable year beginning on or aft | er January 1, 2011, and prior to January 1, |
| 12 | <u>2012:</u> | |
| 13 | <u>SINGLE PEI</u> | <u>RSON</u> |
| | | |
| 14 | <u>If Georgia Taxable</u> | <u>The Tax Is:</u> |
| 15 | Net Income Is: | |
| 16 | <u>Not over \$750.00</u> | <u></u> <u>.9%</u> |
| 17 | Over \$750.00 but not over \$2,250.00 | \$6.75 plus 1.8% of amount over |
| | | <u>\$750.00</u> |
| 18 | <u>Over \$2,250.00 but not over \$3,750.00</u> | \$33.75 plus 2.7% of amount over |
| | | <u>\$2,250.00</u> |
| 19 | Over \$3,750.00 but not over \$5,250.00 | \$74.25 plus 3.6% of amount over |
| | | <u>\$3,750.00</u> |
| 20 | Over \$5,250.00 but not over \$7,000.00 | \$128.25 plus 4.5% of amount over |
| | | <u>\$5,250.00</u> |
| 21 | Over \$7,000.00 | \$207.00 plus 5.6% of amount over |
| | | <u>\$7,000.00</u> |
| | | |

| 1 | MARRIED PERSON FILING A SEPARATE RETURN | |
|----|---|-----------------------------------|
| 2 | <u>If Georgia Taxable</u> | The Tax Is: |
| 3 | <u>Net Income Is:</u> | |
| 4 | <u>Not over \$500.00</u> | <u></u> <u>.9%</u> |
| 5 | <u>Over \$500.00 but not over \$1,500.00</u> | \$4.50 plus 1.8% of amount over |
| | | <u>\$500.00</u> |
| 6 | <u>Over \$1,500.00 but not over \$2,500.00</u> | \$22.50 plus 2.7% of amount over |
| | | <u>\$1,500.00</u> |
| 7 | Over \$2,500.00 but not over \$3,500.00 | \$49.50 plus 3.6% of amount over |
| | | <u>\$2,500.00</u> |
| 8 | <u>Over \$3,500.00 but not over \$5,000.00</u> | \$85.50 plus 4.5% of amount over |
| | | <u>\$3,500.00</u> |
| 9 | <u>Over \$5,000.00 </u> | \$153.00 plus 5.6% of amount over |
| | | <u>\$5,000.00</u> |
| | | |
| 10 | HEAD OF HOUSEHOLD AND | MARRIED PERSONS |
| 11 | FILING A JOINT | RETURN |
| | | |
| 12 | If Georgia Taxable | The Tax Is: |
| 13 | Net Income Is: | |
| 14 | Not over \$1,000.00 | <u></u> |
| | | |
| 15 | <u>Over \$1,000.00 but not over \$3,000.00</u> | \$9.00 plus 1.8% of amount over |
| | | <u>\$1,000.00</u> |
| 16 | <u>Over \$3,000.00 but not over \$5,000.00</u> | \$45.00 plus 2.7% of amount over |
| | | <u>\$3,000.00</u> |
| 17 | <u>Over \$5,000.00 but not over \$7,000.00</u> | \$99.00 plus 3.6% of amount over |
| | | <u>\$5,000.00</u> |
| 18 | <u>Over \$7,000.00 but not over \$10,000.00</u> | \$171.00 plus 4.5% of amount over |
| | | <u>\$7,000.00</u> |
| 19 | Over \$10,000.00 | \$306.00 plus 5.6% of amount over |
| | | <u>\$10,000.00</u> |
| | | |

20 (F) For all taxable years beginning on or after January 1, 2012:

1 SINGLE PERSON 2 If Georgia Taxable The Tax Is: 3 Net Income Is: Not over \$750.00 4 .9% 5 \$750.00 Over \$2,250.00 but not over \$3,750.00\$33.75 plus 2.7% of amount over 6 \$2,250.00 Over \$3,750.00 but not over \$5,250.00 \$74.25 plus 3.6% of amount over 7 <u>\$3,750.00</u> Over \$5,250.00 but not over \$7,000.00 \$128.25 plus 4.5% of amount over 8 \$5,250.00 9 Over \$7,000.00 . \$207.00 plus 5.4% of amount over \$7,000.00 10 MARRIED PERSON FILING A SEPARATE RETURN 11 If Georgia Taxable The Tax Is: 12 Net Income Is: 13 Not over \$500.00 <u>.9%</u> 14 Over \$500.00 but not over \$1,500.00\$4.50 plus 1.8% of amount over \$500.00 Over \$1,500.00 but not over \$2,500.00 \$22.50 plus 2.7% of amount over 15 \$1,500.00 Over \$2,500.00 but not over \$3,500.00 \$49.50 plus 3.6% of amount over 16 <u>\$2,500.00</u> 17 Over \$3,500.00 but not over \$5,000.00\$85.50 plus 4.5% of amount over \$3,500.00 18 Over \$5,000.00 \$153.00 plus 5.4% of amount over

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<u>\$5,000.00</u>

| | 08 | LC 18 7489S |
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| 1 | HEAD OF HOUSEHOLD AND MA | RRIED PERSONS |
| 2 | FILING A JOINT RET | URN |
| | | |
| 3 | <u>If Georgia Taxable</u> | The Tax Is: |
| 4 | <u>Net Income Is:</u> | |
| 5 | Not over \$1,000.00 | <u>.9%</u> |
| | | |
| 6 | Over \$1,000.00 but not over \$3,000.00\$9 | 0.00 plus 1.8% of amount over |
| | <u>\$1</u> | 1,000.00 |
| 7 | <u>Over \$3,000.00 but not over \$5,000.00\$4</u> | 5.00 plus 2.7% of amount over |
| | <u>\$3</u> | <u>3,000.00</u> |
| 8 | <u>Over \$5,000.00 but not over \$7,000.00\$9</u> | 09.00 plus 3.6% of amount over |
| | <u>\$5</u> | 5 <u>.000.00</u> |
| 9 | <u>Over \$7,000.00 but not over \$10,000.00\$1</u> | 71.00 plus 4.5% of amount over |
| | <u>\$7</u> | 7,000.00 |
| 10 | <u>Over \$10,000.00\$3</u> | 306.00 plus 5.4% of amount over |
| | <u>\$1</u> | 10,000.00" |

| 11 | SECTION 2. |
|----|--|
| 12 | Said article is further amended in Code Section 48-7-29.11, relating to income tax credits for |
| 13 | teleworking, by revising subsection (b) as follows: |
| 14 | "(b) For taxable years beginning or ending on or after January 1, 2008, and prior to |
| 15 | January 1, 2010 2012, an employer shall be allowed a state income tax credit against the |
| 16 | tax imposed by Code Section 48-7-20 or Code Section 48-7-21 for a percentage of eligible |
| 17 | telework expenses incurred in the <u>corresponding</u> calendar years 2008 and 2009 <u>year</u> . The |
| 18 | amount of such credit shall be calculated as follows: |
| 19 | (1) The credit shall be equal to 100 percent of the eligible telework expenses incurred |
| 20 | pursuant to a telework agreement requiring the participating employee to telework at least |
| 21 | 12 days per month if the employer's principal place of business is located in an area |
| 22 | designated by the United States Environmental Protection Agency as a nonattainment |
| 23 | area under the federal Clean Air Act, 42 U.S.C. Section 7401 et seq.; |
| 24 | (2) The credit shall be equal to 75 percent of the eligible telework expenses incurred |
| 25 | pursuant to a telework agreement requiring the participating employee to telework at leas |
| 26 | 12 days per month; or |

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(3) The credit shall be equal to 25 percent of the eligible telework expenses incurred pursuant to a telework agreement requiring the participating employee to telework at least five days per month."

| 4 | |
|----|--|
| 4 | SECTION 3. |
| 5 | Said article is further amended in Code Section 48-7-29.11, relating to income tax credits for |
| 6 | teleworking, by revising paragraph (2) of subsection (e) as follows: |
| 7 | ''(2) The commissioner shall provide tentative approval of the applications by the date |
| 8 | provided in paragraph (3) of this subsection. In no event shall the aggregate amount of |
| 9 | tax credits approved by the commissioner for all qualified employers under this Code |
| 10 | section in a calendar year exceed: |
| 11 | (A) Two million dollars for For credits earned in calendar year 2008, <u>\$2 million</u> ; and |
| 12 | (B) Two million dollars for For credits earned in calendar year 2009, <u>\$2 million</u> ; |
| 13 | (C) For credits earned in calendar year 2010, \$2.5 million; and |
| 14 | (D) For credits earned in calendar year 2011, \$2.5 million." |
| | |
| 15 | SECTION 4. |
| 16 | Said article is further amended in Code Section 48-7-29.11, relating to income tax credits for |
| 17 | teleworking, by revising subsection (f) as follows: |
| 18 | "(f) Notwithstanding the provisions of Code Sections 48-2-15, 48-7-60, and 48-7-61, on |
| 19 | or before December 31, 2010, for credits allowed in calendar year 2008 and by December |
| 20 | 31, 2011, for credits allowed in calendar year 2009, the commissioner shall make available |
| 21 | a public report disclosing the employer names and amounts of credit claimed under this |
| 22 | Code section as follows: |
| 23 | (1) On or before December 31, 2010, for credits allowed in calendar year 2008; |
| 24 | (2) On or before December 31, 2011, for credits allowed in calendar year 2009; |
| 25 | (3) On or before December 31, 2012, for credits allowed in calendar year 2010; and |
| 26 | (4) On or before December 31, 2013, for credits allowed in calendar year 2011." |
| | |
| 27 | SECTION 5. |
| 28 | This Act shall become effective upon on July 1, 2008. |
| | |
| 29 | SECTION 6. |

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