

The Senate Finance Committee offered the following substitute to HB 1274:

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 income tax imposition, rate, computation, and exemptions, so as to change certain  
3 provisions relating to income tax credits for donations of real property for conservation  
4 purposes and carryover of credits; to provide for limitations, exceptions, and penalties; to  
5 provide an effective date; to provide for applicability; to repeal conflicting laws; and for  
6 other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

8 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to  
9 income tax imposition, rate, computation, and exemptions, is amended by revising Code  
10 Section 48-7-29.12, relating to income tax credits for donations of real property for  
11 conservation purposes and carryover of credits, as follows:  
12

13 "48-7-29.12.

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

15 ~~(1) 'Conservation purposes' means real property which is qualified as conservation land~~  
16 ~~pursuant to Chapter 22 of Title 36.~~

17 (1) 'Fair market value' means the value of the donated property established by a property  
18 appraisal or appraisals meeting the requirements of Section 170 of Title 26 of the United  
19 States Code, to be submitted in such manner as the commissioner may by regulation  
20 require.

21 (2) 'Qualified donation' means the fee simple conveyance to the state; a county, a  
22 municipality, or a consolidated government of this state; to the federal government; or a  
23 bona fide charitable nonprofit organization qualified under the Internal Revenue Code of  
24 100 percent of all right, title, and interest in the entire parcel of donated real property,  
25 which donation is accepted by such state, county, municipality, consolidated government,  
26 federal government, or bona fide charitable nonprofit organization. Such term shall also  
27 include the donation to and acceptance by the state; a county, a municipality, or a

1 consolidated government of this state; to the federal government; or a bona fide charitable  
2 nonprofit organization qualified under the Internal Revenue Code of an interest in real  
3 property which qualifies as a conservation easement under paragraph (4) of Code  
4 Section 36-22-2. Any real property which is otherwise required to be dedicated pursuant  
5 to local government regulations or ordinances or to increase building density levels shall  
6 not be eligible as a qualified donation under this Code section. Any real property which  
7 is used for or associated with the playing of golf; or is planned to be so used or associated  
8 shall not be eligible as a qualified donation under this Code section.

9 (3) 'Eligible donor' means any person who owns an interest in a qualified donation.

10 (4) 'Related person' has the meaning provided by Code Section 48-7-28.3.

11 (5) 'Substantial valuation misstatement' means a valuation such that the value of any  
12 property claimed on any return of tax imposed under this chapter, or on any claim for  
13 refund of such tax, is 150 percent or more of the amount determined to be the correct  
14 amount of such valuation.

15 (b)(1) A taxpayer shall be allowed a state income tax credit against the tax imposed by  
16 Code Section 48-7-20 or Code Section 48-7-21 for each qualified donation of real  
17 property for conservation purposes.

18 (2) Except as otherwise provided in paragraph (3) of this subsection and in subsection  
19 (d) of this Code section, such credit shall be limited to an amount not to exceed the lesser  
20 of \$500,000.00, or 25 percent of the fair market value of the donated real property as  
21 fair market value is established pursuant to paragraph (3) of Code Section 48-5-2 for the  
22 year in which the donation occurred, or 25 percent of the difference between the fair  
23 market value and the amount paid to the donor if the donation is effected by a sale of  
24 property for less than fair market value as established for the year in which the donation  
25 occurred.

26 (3) Except as otherwise provided in subsection (d) of this Code section, in the case of a  
27 taxpayer whose net income is determined under Code Section 48-7-23, the aggregate total  
28 credit allowed to all partners in a partnership shall be limited to an amount not to exceed  
29 the lesser of \$1 million, 25 percent of the fair market value of the donated real property  
30 as fair market value is established for the year in which the donation occurred, or 25  
31 percent of the difference between the fair market value and the amount paid to the donor  
32 if the donation is effected by a sale of property for less than fair market value as  
33 established for the year in which the donation occurred.

34 (c) No tax credit shall be allowed under this Code section unless the taxpayer files with  
35 the taxpayer's income tax return a copy of a certification by the Department of Natural  
36 Resources that the donated property is suitable for conservation purposes. The Board of  
37 Natural Resources shall promulgate any rules and regulations necessary to implement and

1 administer this subsection, including, but not limited to, policies to guide the determination  
 2 of whether or not donated property is suitable for conservation purposes. A final  
 3 determination by the Department of Natural Resources with respect to the suitability of  
 4 donated property for conservation purposes shall be subject to review and appeal under  
 5 Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act.'

6 (d)(1) In no event shall the total amount of any tax credit under this Code section for a  
 7 taxable year exceed the taxpayer's income tax liability. In no event shall the total amount  
 8 of the tax credit allowed to a taxpayer under subsection (b) of this Code section exceed  
 9 \$250,000.00 with respect to tax liability determined under Code Section 48-7-20 or  
 10 \$500,000.00 with respect to tax liability determined under Code Section 48-7-21. Any  
 11 unused tax credit shall be allowed to be carried forward to apply to the taxpayer's  
 12 succeeding ~~five~~ ten years' tax liability. However, the amount in excess of such annual  
 13 dollar limits shall not be eligible for carryover to the taxpayer's succeeding years' tax  
 14 liability nor shall such excess amount be claimed by or reallocated to any other taxpayer.  
 15 No such tax credit shall be allowed the taxpayer against prior years' tax liability.

16 (2) Only one qualified donation may be made with respect to any real property that was,  
 17 in the year prior to donation, within the same tax parcel of record, except that a  
 18 subsequent donation may be made by a person who is not a related person with respect  
 19 to any prior eligible donors of any portion of such tax parcel.

20 (e)(1) Whenever:

21 (A) Any person prepares an appraisal of the value of property and knows, or  
 22 reasonably should have known, that the appraisal would be used in connection with a  
 23 return or a claim for refund claiming a tax credit under this Code section; and

24 (B) The claimed value of the property on a return or claim for refund which is based  
 25 on such appraisal results in a substantial valuation misstatement with respect to such  
 26 property for purposes of claiming a tax credit under this Code section,

27 then such person shall pay a penalty in the amount determined under paragraph (2) of this  
 28 subsection.

29 (2) The amount of the penalty imposed under paragraph (1) of this subsection on any  
 30 person with respect to an appraisal shall be equal to the lesser of:

31 (A) The greater of:

32 (i) Twenty-five percent of the difference between the amount of the tax credit  
 33 claimed on the taxpayer's return or claim for refund and the amount of the tax credit  
 34 to which the taxpayer is actually entitled, to the extent the difference is attributable  
 35 to the misstatement described in subparagraph (e)(1)(B) of this Code section; or

36 (ii) One thousand dollars; or

1 (B) One hundred twenty-five percent of the gross income received by the person  
2 described in subparagraph (e)(1)(A) of this Code section for the preparation of the  
3 appraisal.

4 (3) No penalty shall be imposed under paragraph (1) of this subsection if the person  
5 establishes to the satisfaction of the commissioner that the value established in the  
6 appraisal was more likely than not the proper value.

7 (4) Except as otherwise provided, the penalty provided by this subsection shall be in  
8 addition to any other penalties provided by law. The amount of any penalty under this  
9 subsection shall be assessed within three years after the return or claim for refund with  
10 respect to which the penalty is assessed was filed, and no proceeding in court without  
11 assessment for the collection of such penalty shall be begun after the expiration of such  
12 period. Any claim for refund of an overpayment of the penalty assessed under this  
13 subsection shall be filed within three years from the time the penalty was paid.

14 ~~(e)~~(f) The commissioner shall promulgate any rules and regulations necessary to  
15 implement and administer this Code section."

16 **SECTION 2.**

17 This Act shall become effective upon its approval by the Governor or upon its becoming law  
18 without such approval, and shall be applicable to all taxable years beginning on or after  
19 January 1, 2008.

20 **SECTION 3.**

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