

House Bill 1273 (AS PASSED HOUSE AND SENATE)

By: Representative Fleming of the 117th

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-7-40.1 of the Official Code of Georgia Annotated, relating to
2 income tax credits for businesses creating new jobs in less developed areas, so as to change
3 the criteria for determination of what constitutes a less developed area; to change provisions
4 relating to the number of new jobs created as a criterion for eligibility for credits; to provide
5 for related matters; to provide for an effective date and applicability; to repeal conflicting
6 laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Code Section 48-7-40.1 of the Official Code of Georgia Annotated, relating to income tax
10 credits for businesses creating new jobs in less developed areas, is amended by revising
11 paragraph (4) of subsection (c) and subsection (e) as follows:

12 "(4) Any area ~~comprised of two~~ which is within or adjacent to one or more contiguous
13 census block groups with a poverty rate of ~~20~~ 15 percent or greater as determined from
14 data in the most current United States decennial census, where the area is also included
15 within a state enterprise zone pursuant to Chapter 88 of Title 36; or where a
16 redevelopment plan has been adopted pursuant to Chapter 61 of Title 36; and which, in
17 the opinion of the commissioner of community affairs, displays pervasive poverty,
18 underdevelopment, general distress, and blight."

19 "(e) Business enterprises in areas designated by the commissioner of community affairs
20 as less developed areas shall be allowed a job tax credit for taxes imposed under this article
21 equal to \$3,500.00 annually per eligible new full-time employee job for five years
22 beginning with years two through six after the creation of such job; provided, however, that
23 where the amount of such credit exceeds a business enterprise's liability for such taxes in
24 a taxable year, the excess may be taken as a credit against such business enterprise's
25 quarterly or monthly payment under Code Section 48-7-103 but not to exceed in any one
26 taxable year \$3,500.00 for each new full-time employee job when aggregated with the

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

31 **SECTION 2.**

32 This Act shall become effective upon its approval by the Governor or upon its becoming law
 33 without such approval and shall apply with respect to taxable years beginning on or after
 34 January 1, 2008.

1 **SECTION 3.**

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