

House Bill 405

By: Representatives Wilkinson of the 52nd, Stephens of the 164th, Coan of the 101st, Pruett of the 144th, Porter of the 143rd, and others

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 provide for tax
3 credits for certain qualified equipment that reduces business or domestic energy or water
4 usage; to provide an effective date; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 style="text-align:center">**SECTION 1.**

7 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
8 income tax imposition, rate, computation, and exemptions, is amended by adding a new Code
9 section to read as follows:

10 "48-7-40.29.

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

12 (1) 'Qualified equipment' means energy efficient equipment or water efficient equipment.

13 (2) 'Energy efficient equipment' means all machinery and equipment certified pursuant
14 to rules and regulations promulgated for purposes of this Code section by the
15 commissioner, in consultation with the Department of Natural Resources, as effective in
16 reducing business or domestic energy usage. Such certifications may include, by way of
17 example and not limitation, any dishwasher, clothes washer, air conditioner, ceiling fan,
18 fluorescent light bulb, dehumidifier, programmable thermostat, refrigerator, door, or
19 window which has been designated by the United States Environmental Protection
20 Agency and the United States Department of Energy as meeting or exceeding each such
21 agency's energy saving efficiency requirements or which have been designated as
22 meeting or exceeding such requirements under each such agency's Energy Star program.

23 (3) 'Water efficient equipment' means all machinery and equipment certified pursuant
24 to rules and regulations promulgated for purposes of this Code section by the
25 commissioner, in consultation with the Department of Natural Resources, as effective in
26 reducing business or domestic water usage. Such certifications may include, by way of

27 example and not limitation, any product used for the conservation or efficient use of
28 water which has been designated by the United States Environmental Protection Agency
29 as meeting or exceeding such agency's water saving efficiency requirements or which has
30 been designated as meeting or exceeding such requirements under such agency's Water
31 Sense program.

32 (b) Rules and regulations of the commissioner shall establish classifications or categories
33 of qualified equipment, and no item of such qualified equipment shall be included in more
34 than one classification or category for purposes of claiming a tax credit under this Code
35 section. The commissioner, in consultation with the Department of Natural Resources,
36 may take all reasonable and necessary steps to identify qualified equipment and to bring
37 such equipment to the attention of businesses in this state qualified to install such
38 equipment.

39 (c) Any taxpayer who is the ultimate purchaser of an item of qualified equipment for
40 installation as part of new construction or for retrofit in this state shall be allowed a single
41 credit against the tax imposed under this article in the taxable year in which such qualified
42 equipment has been placed in service. The amount of the credit allowed under this Code
43 section shall be a percentage of the cost of the qualified equipment to be fixed for each
44 classification or category of such equipment by rules and regulations promulgated by the
45 commissioner, in consultation with the Department of Natural Resources, not to exceed the
46 lesser of 25 percent of the cost thereof or \$5,000.00.

47 (d) The credit granted under subsection (c) of this Code section shall be subject to the
48 following conditions and limitations:

49 (1) Such credit shall be transferable by the taxpayer to a taxpayer that is a homebuilder,
50 home remodeler, or manufacturer, seller, or installer of qualified equipment in this state,
51 pursuant to rules and regulations promulgated by the department and designed to simplify
52 and encourage such transfers. Transfer of any credit for less than the full value thereof,
53 except for a reasonable allowance for administrative costs of the transferee, shall be
54 prohibited. Where the amount of such transferred credit or credits exceeds the
55 transferee's liability for taxes imposed under this article in a taxable year, the excess may
56 be taken as a credit against such transferee's quarterly or monthly payment under Code
57 Section 48-7-103. Each employee whose employer receives credit against such
58 transferee's quarterly or monthly payment under Code Section 48-7-103 shall receive
59 credit against his or her income tax liability under Code Section 48-7-20 for the
60 corresponding taxable year for the full amount which would be credited against such
61 liability prior to the application of the credit provided for in this paragraph. Credits
62 against quarterly or monthly payments under Code Section 48-7-103 and credits against

63 liability under Code Section 48-7-20 established by this paragraph shall not constitute
64 income to the transferee;

65 (2) The utilization of the credit granted in this Code section shall have no effect on the
66 taxpayer's ability to claim depreciation for tax purposes on assets acquired by the
67 taxpayer, nor shall the credit have any effect on the taxpayer's basis in such assets for the
68 purpose of depreciation; and

69 (3) Credits shall be granted under subsection (c) of this Code section only for those
70 taxable years in which, and only to the extent that, federal funds granted to the state are
71 made available for purposes of this Code section. If no federal funds are available for
72 such purposes, no credit shall be granted under subsection (c) of this Code section."

73 **SECTION 2.**

74 This Act shall become effective only upon the date that federal funds granted to the state are
75 made available for purposes of this Act.

76 **SECTION 3.**

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