13 LC 34 3671

House Bill 214

By: Representative Stephens of the 164th

## 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, computation, rate, and exemptions from state income taxes, so as to
- 3 allow transfers of entertainment tax credits to certain entities; to provide for related matters;
- 4 to provide for an effective date; to repeal conflicting laws; and for other purposes.

## BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 SECTION 1.

- 7 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
- 8 imposition, computation, rate, and exemptions from state income taxes, is amended by
- 9 revising subsection (g) of Code Section 48-7-40.26, relating to a tax credit for film, video,
- 10 or digital production, as follows:

5

- 11 "(g) Any tax credits with respect to a state certified production earned by a production
- 12 company or qualified interactive entertainment production company and previously
- claimed but not used by such production company or qualified interactive entertainment
- production company against its income tax may be transferred or sold in whole or in part
- by such production company or qualified interactive entertainment production company
- to another Georgia taxpayer, subject to the following conditions:
- 17 (1) Such production company or qualified interactive entertainment production company
- may make only a single transfer or sale of tax credits earned in a taxable year; however,
- the transfer or sale may involve one or more transferees, including a transfer or sale to
- 20 <u>a pass-through entity in the form of a partnership, corporation, or limited liability</u>
- 21 <u>company, which may then transfer or sell such tax credits to a final purchaser;</u>
- 22 (2) Such production company or qualified interactive entertainment production company
- shall submit to the Department of Economic Development and to the Department of
- Revenue a written notification of any transfer or sale of tax credits within 30 days after
- 25 the transfer or sale of such tax credits. The notification shall include such production
- 26 company's or qualified interactive entertainment production company's tax credit balance

13 LC 34 3671

prior to transfer, the credit certificate number, the remaining balance after transfer, all tax identification numbers for each transferee, the date of transfer, the amount transferred, and any other information required by the Department of Economic Development or the Department of Revenue;

- Department of Revenue;

  31 (3) Failure to comply with this subsection shall result in the disallowance of the tax
- 32 credit until the production company or qualified interactive entertainment production
- company is in full compliance;
- 34 (4) The transfer or sale of this tax credit does not extend the time in which such tax credit
- 35 can be used. The carry-forward period for tax credit that is transferred or sold shall begin
- on the date on which the tax credit was originally earned;
- 37 (5) A transferee shall have only such rights to claim and use the tax credit that were
- 38 available to such production company or qualified interactive entertainment production
- company at the time of the transfer, except for the use of the credit in paragraph (1) of
- subsection (f) of this Code section. To the extent that such production company or
- 41 qualified interactive entertainment production company did not have rights to claim or
- use the tax credit at the time of the transfer, the Department of Revenue shall either
- disallow the tax credit claimed by the transferee or recapture the tax credit from the transferee. The transferee's recourse is against such production company or qualified
- interactive entertainment production company; and
- 46 (6) The transferee must acquire the tax credits in this Code section for a minimum of 60
- percent of the amount of the tax credits so transferred."

48 SECTION 2.

- 49 This Act shall become effective upon its approval by the Governor or upon its becoming law
- 50 without such approval.

51 SECTION 3.

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