

The House Committee on Ways and Means offers the following substitute to HB 272:

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-7-40.30 of the Official Code of Georgia Annotated, relating to
2 an income tax credit for certain qualified investments for a limited period of time, so as to
3 extend such income tax credit; to provide for related matters; to provide for an effective date;
4 to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Code Section 48-7-40.30 of the Official Code of Georgia Annotated, relating to an income
8 tax credit for certain qualified investments for a limited period of time, is amended by
9 revising subsections (d), (e), (f), and (i) as follows:

10 "(d) Any individual person making a qualified investment directly in a qualified business
11 in the 2011, 2012, ~~or 2013~~, 2014, or 2015 calendar year shall be allowed a tax credit of 35
12 percent of the amount invested against the tax imposed by this chapter commencing on
13 January 1 of the second year following the year in which the qualified investment was
14 made as provided in this Code section.

15 (e) Any pass-through entity making a qualified investment directly in a qualified business
16 in the 2011, 2012, ~~or 2013~~, 2014, or 2015 calendar year shall be allowed a tax credit of 35
17 percent of the amount invested against the tax imposed by this chapter commencing on
18 January 1 of the second year following the year in which the qualified investment was
19 made as provided in this Code section. Each individual who is a shareholder, partner, or
20 member of an entity shall be allocated the credit allowed the pass-through entity in an
21 amount determined in the same manner as the proportionate shares of income or loss of
22 such pass-through entity would be determined. If an individual's share of the pass-through
23 entity's credit is limited due to the maximum allowable credit under this Code section for
24 a taxable year, the pass-through entity and its owners may not reallocate the unused credit
25 among the other owners.

26 (f) Tax credits claimed pursuant to this Code section shall be subject to the following
27 conditions and limitations:

28 (1) The qualified investor ~~is not~~ shall not be eligible for the credit for the taxable year in
29 which the qualified investment is made but shall be eligible for the credit for the second
30 taxable year beginning after the qualified investment is made as provided in subsection
31 (d) or (e) of this Code section;

32 (2) The aggregate amount of credit allowed an individual for one or more qualified
33 investments in a single taxable year under this Code section, whether made directly or by
34 a pass-through entity and allocated to such individual, shall not exceed \$50,000.00;

35 (3) In no event shall the amount of the tax credit allowed an individual under this Code
36 section for a taxable year exceed such individual's net income tax liability. Any unused
37 credit amount shall be allowed to be carried forward for five years from the close of the
38 taxable year in which the qualified investment was made. No such credit shall be allowed
39 against prior years' tax liability;

40 (4) The qualified investor's basis in the common or preferred stock, equity interest, or
41 subordinated debt acquired as a result of the qualified investment shall be reduced for
42 purposes of this chapter by the amount of the allowable credit; and

43 (5) The credit shall not be transferrable by the qualified investor except to the heirs and
44 legatees of the qualified investor upon his or her death and to his or her spouse or incident
45 to divorce; ~~and.~~

46 ~~(6) To be eligible for the credit provided in this Code section, the qualified investor must
47 file an application for the credit with the commissioner on or before June 30 of the year
48 following the calendar year in which the qualified investment was made."~~

49 "(i)(1) A qualified investor seeking to claim a tax credit provided for under this Code
50 section ~~must~~ shall submit an application to the commissioner for tentative approval of
51 such tax credit between September 1 and October 31 of the year for which the tax credit
52 is claimed or allowed. The commissioner shall promulgate the rules and forms on which
53 the application is to be submitted. Amounts specified on such application shall not be
54 changed by the qualified investor after the application is approved by the commissioner.
55 The commissioner shall review such application and shall tentatively approve such
56 application upon determining that it meets the requirements of this Code section.

57 (2) The commissioner shall provide tentative approval of the applications by the date
58 provided in paragraph (3) of this subsection as follows:

59 (A) The total aggregate amount of all tax credits allowed to qualified investors or
60 pass-through entities for investments made in the 2011 calendar year and claimed and
61 allowed in the 2013 taxable year shall not exceed \$10 million in such year;

62 (B) The total aggregate amount of all tax credits allowed to qualified investors or
 63 pass-through entities for investments made in the 2012 calendar year and claimed and
 64 allowed in the 2014 taxable year shall not exceed \$10 million in such year; and

65 (C) The total aggregate amount of all tax credits allowed to qualified investors or
 66 pass-through entities for investments made in the 2013 calendar year and claimed and
 67 allowed in the 2015 taxable year shall not exceed \$10 million in such year;

68 (D) The total aggregate amount of all tax credits allowed to qualified investors or
 69 pass-through entities for investments made in the 2014 calendar year and claimed and
 70 allowed in the 2016 taxable year shall not exceed \$5 million in such year; and

71 (E) The total aggregate amount of all tax credits allowed to qualified investors or
 72 pass-through entities for investments made in the 2015 calendar year and claimed and
 73 allowed in the 2017 taxable year shall not exceed \$5 million in such year.

74 (3) The commissioner shall notify each qualified investor of the tax credits tentatively
 75 approved and allocated to such qualified investor by December 31 of the year in which
 76 the application was submitted. In the event that the credit amounts on the tax credit
 77 applications filed with the commissioner exceed the maximum aggregate limit of tax
 78 credits under this subsection, then the tax credits shall be allocated among the qualified
 79 investors who filed a timely application on a pro rata basis based upon the amounts
 80 otherwise allowed by this Code section. Once the tax credit application has been
 81 approved and the amount approved has been communicated to the applicant, the qualified
 82 investor may then apply the amount of the approved tax credit to its tax liability for the
 83 tax year for which the approved application applies."

84 **SECTION 2.**

85 This Act shall become effective upon its approval by the Governor or upon its becoming law
 86 without such approval.

87 **SECTION 3.**

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