

House Bill 304 (AS PASSED HOUSE AND SENATE)

By: Representatives McCall of the 33rd, Black of the 174th, England of the 116th, Shaw of the 176th, Watson of the 172nd, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-5-48.2 of the Official Code of Georgia Annotated, relating to
2 freeport exemption, so as to clarify the applicability of an exemption to fertilizer production
3 processes; to provide for an effective date and applicability; to repeal conflicting laws; and
4 for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 SECTION 1.

7 Code Section 48-5-48.2 of the Official Code of Georgia Annotated, relating to freeport
8 exemption, is amended by revising subsection (c) as follows:

9 "(c) The governing authority of any county or municipality may, subject to the approval
10 of the electors of such political subdivision, exempt from ad valorem taxation, including
11 all such taxes levied for educational purposes and for state purposes, all or any combination
12 of the following types of tangible personal property:

13 (1) Inventory of goods in the process of manufacture or production which shall include
14 all partly finished goods and raw materials held for direct use or consumption in the
15 ordinary course of the taxpayer's manufacturing or production business in this state. The
16 exemption provided for in this paragraph shall apply only to tangible personal property
17 which is substantially modified, altered, or changed in the ordinary course of the
18 taxpayer's manufacturing, processing, or production operations in this state. For purposes
19 of this paragraph, the following activities shall constitute substantial modification in the
20 ordinary course of manufacturing, processing, or production operations:

21 (A) The cleaning, drying, pest control treatment, or segregation by grade of grain,
22 peanuts or other oil seeds, or cotton; shall constitute substantial modification in the
23 course of processing or production operations. For purposes of this paragraph,
24 remanufacture of aircraft engines or aircraft engine parts or components shall constitute
25 manufacturing operations in this state. Remanufacture of aircraft engines or aircraft
26 engine parts or components means the

27 (B) The remanufacture of aircraft engines or aircraft engine parts or components,
28 meaning the substantial overhauling or rebuilding of aircraft engines or aircraft engine
29 parts or components; and

30 (C) The blending of fertilizer bulk materials into a custom mixture, whether performed
31 at a commercial fertilizer blending plant, retail outlet, or any application site;

32 (2) Inventory of finished goods manufactured or produced within this state in the
33 ordinary course of the taxpayer's manufacturing or production business when held by the
34 original manufacturer or producer of such finished goods. The exemption provided for
35 in this paragraph shall be for a period not exceeding 12 months from the date such
36 property is produced or manufactured; or

37 (3) Inventory of finished goods which, on January 1, are stored in a warehouse, dock, or
38 wharf, whether public or private, and which are destined for shipment to a final
39 destination outside this state and inventory of finished goods which are shipped into this
40 state from outside this state and stored for transshipment to a final destination outside this
41 state, including foreign merchandise in transit. The exemption provided for in this
42 paragraph shall be for a period not exceeding 12 months from the date such property is
43 stored in this state. Such period shall be determined based on application of a first-in,
44 first-out method of accounting for the inventory. The official books and records of the
45 warehouse, dock, or wharf where such property is being stored shall contain a full, true,
46 and accurate inventory of all such property, including the date of the receipt of the
47 property, the date of the withdrawal of the property, the point of origin of the property,
48 and the point of final destination of the same, if known. The official books and records
49 of any such warehouse, dock, or wharf, whether public or private, pertaining to any such
50 property for which a freeport exemption has been claimed shall be at all times open to the
51 inspection of all taxing authorities of this state and of any political subdivision of this
52 state."

53 **SECTION 2.**

54 This Act shall become effective on January 1, 2014, and shall be applicable to all taxable
55 years beginning on and after that date.

56 **SECTION 3.**

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