House Bill 60
By: Representative Setzler of the 35th

A BILL TO BE ENTITLED
AN ACT

To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, so as to exempt motor fuels from state sales and use taxes; to provide for increases in the second motor fuel tax and excise tax on motor fuel; to provide for the reduction of personal income taxes; to provide for a flat rate income tax structure; to provide for procedures, conditions, and limitations; to provide for effective dates; to provide for applicability; to provide that certain provisions of this Act shall not abate or affect prosecutions, punishments, penalties, administrative proceedings or remedies, or civil actions related to certain violations; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

PART I

SECTION 1-1.

Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is amended by revising subsections (a) and (b) of Code Section 48-8-3.1, relating to sales tax exemptions as applied to motor fuels, as follows:

“(a) Except as provided in subsection (b) of this Code section, sales of motor fuels as defined in paragraph (9) of Code Section 48-9-2 shall be exempt from the first 3 percent of the sales and use taxes levied or imposed by this article and shall be subject to the remaining 1 percent of the sales and use taxes levied or imposed by this article.

(b) Sales of motor fuel, other than gasoline, which motor fuel other than gasoline is purchased for purposes other than propelling motor vehicles on public highways as defined in Article 1 of Chapter 9 of this title shall be fully subject to the 4 percent sales and use taxes levied or imposed by this article unless otherwise specifically exempted by this article.”
SECTION 1-2.

Said title is further amended by revising subsection (b) of Code Section 48-9-14, relating to the second motor fuel tax, as follows:

"(b)(1) The motor fuel tax imposed by this Code section is levied at the rate of 3 4 percent of the retail sale price less the tax imposed by Code Section 48-9-3 upon the sale, use, or consumption, as defined in Code Section 48-8-2, of motor fuel in this state. This tax shall be subject only to the exemptions provided in Code Section 48-9-3.

(2)(A) As used in this paragraph, the term 'prepaid state tax' shall have the same meaning as provided in paragraph (24) of Code Section 48-8-2.

(B) At the time the tax imposed by Code Section 48-9-3 attaches to a sale or transfer of motor fuels, a prepaid state tax shall be collected. The same person remitting the tax imposed under Code Section 48-9-3, but on a separate schedule, shall remit the prepaid state tax to the state. The tax shall be separately invoiced throughout the chain of distribution until it reaches the dealer who makes the retail sale. The commissioner shall issue the rate of prepaid state tax on a semiannual basis, rounded to the nearest $.001 per gallon for use in the following semiannual period. The rate shall be calculated at 4 5 percent of the state-wide average retail price by motor fuel type as compiled by the Energy Information Agency of the United States Department of Energy, the Oil Pricing Information Service, or a similar reliable published index less taxes imposed under Code Section 48-9-3, this subsection, and all local sales and use taxes. In the event that the retail price changes by 25 percent or more within a semiannual period, the commissioner shall issue a revised prepaid state tax rate for the remainder of that period."

PART II

SECTION 2-1.

Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is amended by revising Code Section 48-7-20, relating to individual tax rates and tables, as follows:

"48-7-20.

(a) A tax is imposed upon every resident of this state with respect to the Georgia taxable net income of the taxpayer as defined in Code Section 48-7-27. A tax is imposed upon every nonresident with respect to such nonresident's Georgia taxable net income not otherwise exempted which is received by the taxpayer from services performed, property owned, proceeds of any lottery prize awarded by the Georgia Lottery Corporation, or from..."
business carried on in this state. Except as otherwise provided in this chapter, the tax imposed by this subsection shall be levied, collected, and paid annually.

(b)(1) For taxable years beginning prior to December 31, 2017:

(1) The tax imposed pursuant to subsection (a) of this Code section shall be computed in accordance with the following tables:

### SINGLE PERSON

<table>
<thead>
<tr>
<th>Net Income Is:</th>
<th>The Tax Is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $750.00</td>
<td>1%</td>
</tr>
<tr>
<td>Over $750.00 but not over $2,250.00</td>
<td>$7.50 plus 2% of amount over $750.00</td>
</tr>
<tr>
<td>Over $2,250.00 but not over $3,750.00</td>
<td>$37.50 plus 3% of amount over $2,250.00</td>
</tr>
<tr>
<td>Over $3,750.00 but not over $5,250.00</td>
<td>$82.50 plus 4% of amount over $3,750.00</td>
</tr>
<tr>
<td>Over $5,250.00 but not over $7,000.00</td>
<td>$142.50 plus 5% of amount over $5,250.00</td>
</tr>
<tr>
<td>Over $7,000.00</td>
<td>$230.00 plus 6% of amount over $7,000.00</td>
</tr>
</tbody>
</table>

### MARRIED PERSON FILING A SEPARATE RETURN

<table>
<thead>
<tr>
<th>Net Income Is:</th>
<th>The Tax Is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $500.00</td>
<td>1%</td>
</tr>
<tr>
<td>Over $500.00 but not over $1,500.00</td>
<td>$5.00 plus 2% of amount over $500.00</td>
</tr>
<tr>
<td>Over $1,500.00 but not over $2,500.00</td>
<td>$25.00 plus 3% of amount over $1,500.00</td>
</tr>
<tr>
<td>Over $2,500.00 but not over $3,500.00</td>
<td>$55.00 plus 4% of amount over $2,500.00</td>
</tr>
<tr>
<td>Over $3,500.00 but not over $5,000.00</td>
<td>$95.00 plus 5% of amount over $3,500.00</td>
</tr>
<tr>
<td>Over $5,000.00</td>
<td>$170.00 plus 6% of amount over $5,000.00</td>
</tr>
</tbody>
</table>
HEAD OF HOUSEHOLD AND MARRIED PERSONS

FILING A JOINT RETURN

If Georgia Taxable Net Income Is:

The Tax Is:

Not over $1,000.00 .................................. 1%

Over $1,000.00 but not over $3,000.00 ........ $10.00 plus 2% of amount over $1,000.00

Over $3,000.00 but not over $5,000.00 ........ $50.00 plus 3% of amount over $3,000.00

Over $5,000.00 but not over $7,000.00 ........ $110.00 plus 4% of amount over $5,000.00

Over $7,000.00 but not over $10,000.00 ....... $190.00 plus 5% of amount over $7,000.00

Over $10,000.00 .................................... $340.00 plus 6% of amount over $10,000.00

(2) To facilitate the computation of the tax by those taxpayers whose federal adjusted gross income together with the adjustments set out in Code Section 48-7-27 for use in arriving at Georgia taxable net income is less than $10,000.00, the commissioner may construct tax tables which may be used by the taxpayers at their option. The tax shown to be due by the tables shall be computed on the bases of the standard deduction and the tax rates specified in paragraph (1) of this subsection. Insofar as practicable, the tables shall produce a tax approximately equivalent to the tax imposed by paragraph (1) of this subsection.

(c)(1) For taxable years beginning on or after January 1, 2018, the tax imposed pursuant to subsection (a) of this Code section shall be the amount determined by multiplying the Georgia taxable net income of the taxpayer by 5.9 percent.

(2) For taxable years beginning on or after January 1, 2019, the tax imposed pursuant to subsection (a) of this Code section shall be the amount determined by multiplying the Georgia taxable net income of the taxpayer by 5.8 percent.

(3) For taxable years beginning on or after January 1, 2020, the tax imposed pursuant to subsection (a) of this Code section shall be the amount determined by multiplying the Georgia taxable net income of the taxpayer by 5.7 percent.

(4) For taxable years beginning on or after January 1, 2021, the tax imposed pursuant to subsection (a) of this Code section shall be the amount determined by multiplying the Georgia taxable net income of the taxpayer by 5.6 percent.

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(5) For taxable years beginning on or after January 1, 2022, the tax imposed pursuant to subsection (a) of this Code section shall be the amount determined by multiplying the Georgia taxable net income of the taxpayer by 5.5 percent.

(c) The amount deducted and withheld by an employer from the wages of an employee pursuant to Article 5 of this chapter, relating to current income tax payments, shall be allowed the employee as a credit against the tax imposed by this Code section. Amounts paid by an individual as estimated tax under Article 5 of this chapter shall constitute payments on account of the tax imposed by this Code section. The amount withheld or paid during any calendar year shall be allowed as a credit or payment for the taxable year beginning in the calendar year in which the amount is withheld or paid.

The tax imposed by this Code section applies to the Georgia taxable net income of estates and trusts, which shall be computed in the same manner as in the case of a single individual. The tax shall be computed on the Georgia taxable net income and shall be paid by the fiduciary.

SECTION 2-2.

Said title is further amended by revising paragraph (1) of subsection (a) of Code Section 48-9-3, relating to an excise tax on motor fuel, as follows:

"(a)(1) An excise tax is imposed at the rate of 7 1/2¢ per gallon on distributors who sell or use motor fuel within this state. It is the intention of the General Assembly that the legal incidence of the tax be imposed upon the distributor.

(1.1)(A) Until December 31, 2017, the excise tax is imposed at the rate of 7 1/2¢ per gallon;
(B) From January 1, 2018, to December 31, 2018, the excise tax is imposed at the rate of 10 1/2¢ per gallon;
(C) From January 1, 2019, to December 31, 2019, the excise tax is imposed at the rate of 13 1/2¢ per gallon;
(D) From January 1, 2020, to December 31, 2020, the excise tax is imposed at the rate of 16 1/2¢ per gallon;
(E) From January 1, 2021, to December 31, 2021, the excise tax is imposed at the rate of 19 1/2¢ per gallon;
(F) From January 1, 2022, to December 31, 2022, the excise tax is imposed at the rate of 22 1/2¢ per gallon; and
(G) On and after January 1, 2023, the excise tax shall be adjusted annually based on the inflation rate determined by the consumer price index published by the Bureau of Labor Statistics."
The amount of the Georgia excise tax on motor fuels contained in paragraph (1.1) shall be automatically increased by 18.4¢ per gallon on gasoline and 24.4¢ per gallon for diesel fuel in the event the federal excise tax on gasoline is repealed.

PART III

SECTION 3-1.

(a) This Act shall become effective on January 1, 2017, and shall be applicable to all taxable years beginning on or after that date.

(b) Paragraph (1.2) of subsection (a) of Code Section 48-9-3 shall only become effective if federal legislation repealing the federal excise tax on motor fuels becomes effective prior to January 1, 2020. If such legislation is not enacted and effective prior to January 1, 2020, paragraph (1.2) of subsection (a) of Code Section 48-9-3 shall stand repealed in its entirety.

(c) Tax, penalty, and interest liabilities and refund eligibility for prior taxable years shall not be affected by the passage of this Act and shall continue to be governed by the provisions of the Official Code of Georgia Annotated as it existed immediately prior to the effective date of this Act.

(d) This Act shall not abate or affect any prosecutions, punishments, penalties, administrative proceedings or remedies, or civil actions related to any violation of law committed prior to January 1, 2017.

SECTION 3-2.

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