

House Bill 60

By: Representative Setzler of the 35th

A BILL TO BE ENTITLED
AN ACT

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

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

PART I

SECTION 1-1.

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

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

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

25 **SECTION 1-2.**

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

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

32 (2)(A) As used in this paragraph, the term 'prepaid state tax' shall have the same
 33 meaning as provided in paragraph ~~(5.2)~~ (24) of Code Section 48-8-2.

34 (B) At the time the tax imposed by Code Section 48-9-3 attaches to a sale or transfer
 35 of motor fuels, a prepaid state tax shall be collected. The same person remitting the tax
 36 imposed under Code Section 48-9-3, but on a separate schedule, shall remit the prepaid
 37 state tax to the state. The tax shall be separately invoiced throughout the chain of
 38 distribution until it reaches the dealer who makes the retail sale. The commissioner
 39 shall issue the rate of prepaid state tax on a semiannual basis, rounded to the nearest
 40 \$.001 per gallon for use in the following semiannual period. The rate shall be
 41 calculated at ~~4~~ 5 percent of the state-wide average retail price by motor fuel type as
 42 compiled by the Energy Information Agency of the United States Department of
 43 Energy, the Oil Pricing Information Service, or a similar reliable published index less
 44 taxes imposed under Code Section 48-9-3, this subsection, and all local sales and use
 45 taxes. In the event that the retail price changes by 25 percent or more within a
 46 semiannual period, the commissioner shall issue a revised prepaid state tax rate for the
 47 remainder of that period."

48 **PART II**49 **SECTION 2-1.**

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

53 "~~48-7-20.~~

54 (a) A tax is imposed upon every resident of this state with respect to the Georgia taxable
 55 net income of the taxpayer as defined in Code Section 48-7-27. A tax is imposed upon
 56 every nonresident with respect to such nonresident's Georgia taxable net income not
 57 otherwise exempted which is received by the taxpayer from services performed, property
 58 owned, proceeds of any lottery prize awarded by the Georgia Lottery Corporation, or from

59 business carried on in this state. Except as otherwise provided in this chapter, the tax
 60 imposed by this subsection shall be levied, collected, and paid annually.

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

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

64 SINGLE PERSON

| 65 If Georgia Taxable | 66 Net Income Is: | 67 The Tax Is: |
|--|--|----------------|
| 68 Not over \$750.00 | | 1% |
| 69 Over \$750.00 but not over \$2,250.00 | \$7.50 plus 2% of amount over \$750.00 | |
| 70 Over \$2,250.00 but not over \$3,750.00 | \$37.50 plus 3% of amount over \$2,250.00 | |
| 71 Over \$3,750.00 but not over \$5,250.00 | \$82.50 plus 4% of amount over \$3,750.00 | |
| 72 Over \$5,250.00 but not over \$7,000.00 | \$142.50 plus 5% of amount over \$5,250.00 | |
| 73 Over \$7,000.00 | \$230.00 plus 6% of amount over \$7,000.00 | |

77 MARRIED PERSON FILING A SEPARATE RETURN

| 78 If Georgia Taxable | 79 Net Income Is: | 80 The Tax Is: |
|--|--|----------------|
| 81 Not over \$500.00 | | 1% |
| 82 Over \$500.00 but not over \$1,500.00 | \$5.00 plus 2% of amount over \$500.00 | |
| 83 Over \$1,500.00 but not over \$2,500.00 | \$25.00 plus 3% of amount over \$1,500.00 | |
| 84 Over \$2,500.00 but not over \$3,500.00 | \$55.00 plus 4% of amount over \$2,500.00 | |
| 85 Over \$3,500.00 but not over \$5,000.00 | \$95.00 plus 5% of amount over \$3,500.00 | |
| 86 Over \$5,000.00 | \$170.00 plus 6% of amount over \$5,000.00 | |

90 HEAD OF HOUSEHOLD AND MARRIED PERSONS
 91 FILING A JOINT RETURN

| 92 If Georgia Taxable | The Tax Is: |
|--|---------------------------------|
| 93 Net Income Is: | |
| 94 Not over \$1,000.00 | 1% |
| 95 Over \$1,000.00 but not over \$3,000.00 | \$10.00 plus 2% of amount over |
| 96 | \$1,000.00 |
| 97 Over \$3,000.00 but not over \$5,000.00 | \$50.00 plus 3% of amount over |
| 98 | \$3,000.00 |
| 99 Over \$5,000.00 but not over \$7,000.00 | \$110.00 plus 4% of amount over |
| 100 | \$5,000.00 |
| 101 Over \$7,000.00 but not over \$10,000.00 | \$190.00 plus 5% of amount over |
| 102 | \$7,000.00 |
| 103 Over \$10,000.00 | \$340.00 plus 6% of amount over |
| 104 | \$10,000.00 |

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

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

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

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

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

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

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

135 ~~(d)~~(e) The tax imposed by this Code section applies to the Georgia taxable net income of
 136 estates and trusts, which shall be computed in the same manner as in the case of a single
 137 individual. The tax shall be computed on the Georgia taxable net income and shall be paid
 138 by the fiduciary."

139 **SECTION 2-2.**

140 Said title is further amended by revising paragraph (1) of subsection (a) of Code Section
 141 48-9-3, relating to an excise tax on motor fuel, as follows:

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

145 (1.1)(A) Until December 31, 2017, the excise tax is imposed at the rate of 7 1/2¢ per
 146 gallon;

147 (B) From January 1, 2018, to December 31, 2018, the excise tax is imposed at the rate
 148 of 10 1/2¢ per gallon;

149 (C) From January 1, 2019, to December 31, 2019, the excise tax is imposed at the rate
 150 of 13 1/2¢ per gallon;

151 (D) From January 1, 2020, to December 31, 2020, the excise tax is imposed at the rate
 152 of 16 1/2¢ per gallon;

153 (E) From January 1, 2021, to December 31, 2021, the excise tax is imposed at the rate
 154 of 19 1/2¢ per gallon;

155 (F) From January 1, 2022, to December 31, 2022, the excise tax is imposed at the rate
 156 of 22 1/2¢ per gallon; and

157 (G) On and after January 1, 2023, the excise tax shall be adjusted annually based on
 158 the inflation rate determined by the consumer price index published by the Bureau of
 159 Labor Statistics.

160 (1.2) The amount of the Georgia excise tax on motor fuels contained in paragraph (1.1)
161 shall be automatically increased by 18.4¢ per gallon on gasoline and 24.4¢ per gallon for
162 diesel fuel in the event the federal excise tax on gasoline is repealed."

163

PART III

164

SECTION 3-1.

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

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

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

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

178

SECTION 3-2.

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