The Senate Committee on Transportation offers the following substitute to HB 170:

A BILL TO BE ENTITLED
AN ACT

To amend various provisions of the Official Code of Georgia Annotated so as to provide for additional revenue necessary for funding transportation purposes in this state; to amend Title 32 of the Official Code of Georgia Annotated, relating to highways, bridges, and ferries, so as to require an annual report from the Department of Transportation; to provide for payment of certain liabilities of the Department of Transportation; to amend Title 40 of the Official Code of Georgia Annotated, relating to motor vehicles and traffic, so as to levy a registration fee on alternative fueled vehicles; to provide for a highway user impact fee for all vehicles registered in this state; to amend Chapter 12 of Title 45 of the Official Code of Georgia Annotated, relating to the Governor, so as to limit the Governor's power to suspend the collection of certain motor fuel taxes and require ratification by the General Assembly; to amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, so as to reduce the state income tax credits for low-emission vehicles to zero; to provide an income tax credit for local sales taxes paid on motor fuel; to provide for the elimination of state sales and use taxes with respect to certain sales of motor fuels; to revise the exemption from sales and use taxes for jet fuel and certain tax holidays; to provide for revised definitions of certain terms relating to prepaid motor fuel taxes; to provide a limit on local sales taxes on motor fuels; to change the rate and method of computation of the excise tax on motor fuels; to repeal the second motor fuel tax; to provide for editorial revision; to provide for a state fee on rental motor vehicles; to amend Part 3 of Article 2 of Chapter 10 of Title 32 of the Official Code of Georgia Annotated, the "Georgia Transportation Infrastructure Bank Act," so as to provide revised criteria for determination of eligible projects by the Transportation Infrastructure Bank; to provide for a short title; to provide for related matters; to provide for an effective date and applicability; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:
PART I
SECTION 1-1.

This Act shall be known and may be cited as the "Transportation Funding Act of 2015."

PART II
SECTION 2-1.

Title 32 of the Official Code of Georgia Annotated, relating to highways, bridges, and ferries, is amended by adding a new Code section to read as follows:

"32-5-27.1.

(a) In addition to the requirements contained in Code Section 32-5-27, the department shall annually prepare and submit to the General Assembly, for approval by the Senate Transportation Committee and the House Committee on Transportation, a ten-year strategic plan that outlines the use of department resources for the upcoming fiscal years. The plan shall categorize and prioritize the specific projects within each category and the percentage of resources to be expended in each of the following areas:

(1) Construction of new highway projects;
(2) Maintenance of existing infrastructure;
(3) Bridge repairs and replacement;
(4) Safety enhancements; and
(5) Administrative expenses.

(b) Such plan shall also detail the source of the revenue dedicated to each category listed in subsection (a) of this Code section.

(c) Priority shall be given to expenditure of available resources for maintenance, expansion, and improvement of highway infrastructure in the areas of this state most impacted by traffic congestion and to areas of this state in need of highway infrastructure to aid in attracting economic development to the area."

SECTION 2-2.

Said title is further amended by adding a new Code section to read as follows:

"32-5-32.

It is the intention of the General Assembly, subject to appropriations, to make available to the department on an annual basis $250 million to be used exclusively for payment of any debt service the department has accrued. It is further the intention of the General Assembly that this investment will allow the department to allocate more of the proceeds from the motor fuel tax to building and maintaining roads and bridges throughout this state."
PART III

SECTION 3-1.

Title 40 of the Official Code of Georgia Annotated, relating to motor vehicles and traffic, is amended by revising paragraph (7) of subsection (l) of Code Section 40-2-86.1, relating to certain special license plates, as follows:

"(7)(A) A special license plate to be issued for alternative fueled vehicles, which license plate shall be similar in design to the license plate issued to all other residents of this state except that the commissioner shall place a distinctive logo or emblem on the license plate which shall distinguish the vehicle as an alternative fueled vehicle eligible to travel in travel lanes designated for such vehicles under paragraph (4) of subsection (a) of Code Section 32-9-4. The words 'alternative fueled vehicle' shall be imprinted on such special license plate in lieu of the county name decal. The funds raised by the sale of this license plate shall be deposited in the general fund.

(B) As used in this paragraph, the term:

(i) 'Alternative fuel' means methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more or such other percentage, but not less than 70 percent, as determined by the United States secretary of energy, by rule as it existed on January 1, 1997, to provide for requirements relating to cold start, safety, or vehicle functions; by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal derived liquid fuels; fuels other than alcohol derived from biological materials; electricity including electricity from solar energy; and any other fuel the United States secretary of energy determined by rule as it existed on January 1, 1997, is substantially not petroleum and would yield substantial energy security benefits and substantial environmental benefits electricity, natural gas, and propane.

(ii) 'Alternative fueled vehicle' means: (I) Any vehicle fueled solely by alternative fuel as defined in division (i) of this subparagraph, bi-fuel, or dual fuel; or (II) A hybrid vehicle, which means a motor vehicle which draws propulsion energy from onboard sources of stored energy which include an internal combustion or heat engine using combustible fuel and a rechargeable energy storage system; and, in the case of a passenger automobile or light truck, means for any 2000 and later model, a vehicle which has received a certificate of conformity under the Clean Air Act, 42 U.S.C. Section 7401, et seq., and meets or exceeds the equivalent qualifying California low-emission vehicle standard under Section 243(c)(2) of the Clean Air Act, 42 U.S.C. Section 7582(c)(2), for that make and model year or, for any 2004 and later model, a vehicle which has received a certificate that such vehicle meets
or exceeds the Bin 5 Tier II emission level established in regulations prescribed by
the administrator of the Environmental Protection Agency under Section 202(i) of
the Clean Air Act, 42 U.S.C. Section 7521(i), for that make and model year vehicle
and which achieves a composite label fuel economy greater than or equal to 1.5
times the Model Year 2002 EPA composite class average for the same vehicle class
and which is made by a manufacturer.

(C) Pursuant to paragraph (19) of subsection (a) of Code Section 40-2-151, the
applicant for a special license plate for any alternative fueled vehicle shall provide
proof that he or she has paid the registration fee prescribed therein prior to the issuance
of any special license plate under this paragraph."

SECTION 3-2.

Said title is further amended by revising the introductory language of and adding a new
paragraph to subsection (a) of Code Section 40-2-151, relating to the annual license fees for
the operation of vehicles, to read as follows:

“(a) The In conjunction with the payment of highway user impact fees pursuant to Code
Section 40-2-151.1, the annual fees for the licensing of the operation of vehicles shall be
as follows for each vehicle registered:"

"(19)(A)(i) Upon registration of an alternative fueled vehicle not operated
for commercial purposes ........................................ 200.00

(ii) Upon registration of an alternative fueled vehicle operated for
commercial purposes ........................................ 300.00

(B)(i) As used in this paragraph, the term 'alternative fueled vehicle' shall have the
same meaning as in division (l)(7)(B)(ii) of Code Section 40-2-86.1; provided,
however, that the fees in this paragraph shall not be assessed on vehicles which
operate primarily on compressed natural gas, liquefied natural gas, or liquefied
petroleum gas.

(ii) The fees in this paragraph shall be in addition to any other fee imposed on the
vehicle by this Code section.

(iii) The fees in this paragraph shall be automatically adjusted on an annual basis by
multiplying the percentage of increase or decrease in a given year in the Consumer
Price Index by the current fee. The resulting calculation shall be added to the fees
assessed by this paragraph. The first adjustment shall be calculated and implemented
on July 1, 2016."

SECTION 3-3.

Said title is further amended by adding a new Code section to read as follows:
(a) In conjunction with the payment of fees for the licensing of the operation of vehicles pursuant to Code Section 40-2-151, every vehicle registered in Georgia shall pay a highway user impact fee. The annual fees shall be as follows for each vehicle registered:

1. Less than 3,000 lbs. ......................................... $ 25.00
2. 3,000 lbs. up to 4,500 lbs. ....................................... 25.00
3. Greater than 4,500 lbs. ......................................... 25.00
4. Truck tractors ................................................ 50.00
5. Motorcycles .................................................... 10.00
6. Buses ............................................................. 50.00

(b) It is the intention of the General Assembly, subject to appropriations, that the fees collected pursuant to subsection (a) of this Code section shall be made available and used exclusively for transportation projects in this state.

PART IV

SECTION 4-1.

Chapter 12 of Title 45 of the Official Code of Georgia Annotated, relating to the Governor, is amended by revising Code Section 45-12-22, relating to the Governor's authority to suspend the collection of taxes, as follows:

(a) Except as provided in subsection (b) of this Code section, the Governor may suspend the collection of taxes, or any part thereof, due the state until the meeting of the next General Assembly but no longer; but he or she shall not otherwise interfere with the collection of taxes.

(b) Unless there has been a state of emergency declaration by the Governor, the Governor shall not suspend or modify in any manner the collection of any rate of state motor fuel under Code Section 48-9-3 as it applies to sales of motor fuel and aviation gasoline as such terms are defined in Code Section 48-9-2. Any suspension or modification of any rate of state motor fuel taxes under this subsection by the Governor shall be effective only until the next meeting of the General Assembly which must ratify such suspension or modification by a two-thirds' vote of both chambers. In the event the General Assembly fails to ratify the Governor's actions, state motor fuel taxes under this subsection shall be collected at the rate specified absent such suspension or modification and any amounts unpaid due to such suspension or modification shall be collected using such rate.
PART V

SECTION 5-1.

Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is amended by revising subsection (b) of Code Section 48-7-40.16, relating to state income tax credits for low-emission vehicles, as follows:

"(b)(1) A tax credit is allowed against the tax imposed under this article to a taxpayer for the purchase or lease of a new low-emission vehicle or new zero emission vehicle that is registered in the State of Georgia. The amount of the credit shall be:

(A) For any new low-emission vehicle, 10 percent of the cost of such vehicle or $2,500.00, whichever is less; and

(B) For any new zero emission vehicle, 20 percent of the cost of such vehicle or $5,000.00, whichever is less.

(2) For any new low-emission vehicle or new zero emission vehicle purchased or leased on or after July 1, 2015, the amount of the credit shall be $0.00."

SECTION 5-1A.

Said title is further amended by adding a new Code section to read as follows:

"48-7-40.31.

(a) As used in this Code section, the term:

(1) 'Diesel fuel' means a fuel oil as defined under paragraph (6) of Code Section 48-9-2 used to propel a qualified motor vehicle on the public highways.

(2) 'Local sales and use taxes' means any sales tax, use tax, or local sales and use tax which is levied and imposed in an area consisting of less than the entire state, however authorized, including, but not limited to, such taxes authorized by or pursuant to constitutional amendment; by or pursuant to Section 25 of an Act approved March 10, 1965 (Ga. L. 1965, p. 2243), as amended, known as the 'Metropolitan Atlanta Rapid Transit Authority Act of 1965'; or by or pursuant to Article 2, 2A, 3, or 4 of Chapter 8 of this title.

(3) 'Qualified motor carrier' means any person who operates or causes to be operated any qualified motor vehicle on any highway in this state and during the taxable year for which the credit under this Code section is claimed was a licensee holding a valid, uncanceled license issued by a base jurisdiction. The terms 'licensee,' 'license,' and 'base jurisdiction' as used in this Code section shall have the same meaning as those terms are defined under the International Fuel Tax Agreement, as amended.

(4) 'Qualified motor vehicle' means a motor vehicle used, designed, or maintained for transportation of persons or property and:
(A) Having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms;

(B) Having three or more axles regardless of weight; or

(C) Used in combination, when the weight of such combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight.

The qualified motor vehicle must also have a valid license and proper vehicle identification markers, including decals, issued pursuant to the International Fuel Tax Agreement, as amended, properly affixed to the motor vehicle. The term 'qualified motor vehicle' does not include recreational vehicles as defined under the International Fuel Tax Agreement, as amended.

(b) For taxable years beginning on or after January 1, 2016, any qualified motor carrier subject to the road tax under Code Section 48-9-31 and subject to the road tax reporting requirements under the International Fuel Tax Agreement, as amended, shall be entitled to a credit against the tax imposed under this chapter equivalent to the amount of local sales and use taxes on diesel fuel purchased and placed in the supply tank of a qualified motor vehicle by the qualified motor carrier within this state during the taxable year for use in operations either within or outside this state when the local sales and use taxes imposed in this state have been paid by the qualified motor carrier, and where such purchases of diesel fuel were reported as tax paid gallons on the qualified motor carrier's motor fuel tax returns submitted under the International Fuel Tax Agreement, as amended. Evidence of the payments of the local sales and use taxes in the form required by the commissioner shall be furnished by each qualified motor carrier claiming the credit allowed.

(c) In no event shall the amount of the tax credit under this Code section for a taxable year exceed the taxpayer's income tax liability. Any unused credit amount shall be allowed to be carried forward for five years from the close of the taxable year in which the purchase of diesel fuel occurred. No such credit shall be allowed the taxpayer against prior years' tax liability.

(d) No credit shall be allowed under this Code section with respect to any amount deducted from taxable net income by the taxpayer.

(e) The commissioner may promulgate any rules and regulations necessary to implement and administer this Code section.

SECTION 5-2.

Said title is further amended by revising paragraphs (23) and (24) of Code Section 48-8-2, relating to definitions regarding state sales and use taxes, as follows:

"(23) 'Prepaid local tax' means any local sales and use tax which is levied on the sale or use of motor fuel and imposed in an area consisting of less than the entire state, however
authorized, including, but not limited to, such taxes authorized by or pursuant to constitutional amendment; by or pursuant to Section 25 of an Act approved March 10, 1965 (Ga. L. 1965, p. 2243), as amended, known as the 'Metropolitan Atlanta Rapid Transit Authority Act of 1965'; or by or pursuant to Article 2, 2A, 3, or 4 of this chapter. Such tax is based on the same average retail sales price as set forth in subparagraph (b)(2)(B) of Code Section 48-9-14 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 and all local sales and use or excise taxes levied on motor fuel. Such price shall be used to compute the prepaid sales tax rate for local jurisdictions by multiplying such retail price by the applicable rate imposed by the jurisdiction. The person collecting and reporting the prepaid local tax for the local jurisdiction shall provide a schedule as to which jurisdiction these collections relate. This determination shall be based upon the shipping papers of the conveyance that delivered the motor fuel to the dealer or consumer in the local jurisdiction. A seller may rely upon the representation made by the purchaser as to which jurisdiction the shipment is bound and prepare shipping papers in accordance with those instructions.

(24) 'Prepaid state tax' means the tax levied under Code Section 48-8-30 in conjunction with Code Section 48-8-3.1 and Code Section 48-9-14 on the retail sale of motor fuels for highway use and collected prior to that retail sale. This tax is based upon the average retail sales price as set forth in Code Section 48-9-14 Reserved."

SECTION 5-3.

Said title is further amended by revising paragraphs (33.1), (75), and (82) of Code Section 48-8-3, relating to exemptions from state sales and use taxes, as follows:

"(33.1)(A) The sale or use of jet fuel to or by a qualifying airline at a qualifying airport, to the extent provided in subparagraphs (B) and (C) of this paragraph.

(B)(i) For the period of time beginning July 1, 2011, and ending June 30, 2012, the sale or use of jet fuel to or by a qualifying airline at a qualifying airport shall be exempt from state sales and use tax until the aggregate state sales and use tax liability of the taxpayer during such period with respect to jet fuel exceeds $20 million, computed as if the exemption provided in this division was not in effect during such period. Thereafter during such period, the exemption provided by this division shall not apply to the sale or use of jet fuel to or by the qualifying airline. For purposes of this division, the terms 'qualifying airline' and 'qualifying airport' shall have the same meanings as those terms were defined under the prior provisions of this paragraph as it existed immediately prior to July 1, 2012:"
For the period of time beginning July 1, 2012, and ending on June 30, 2015, the sale or use of jet fuel to or by a qualifying airline at a qualifying airport shall be exempt from 1 percent of the 4 percent state sales and use tax. (C) The sale or use of jet fuel to or by a qualifying airline at a qualifying airport shall be exempt at all times from the sales or use tax levied and imposed as authorized pursuant to Part 1 of Article 3 of this chapter. As used in this subparagraph, the term 'qualifying airport' means any airport in this state that has had more than 750,000 takeoffs and landings during a calendar year, and the term 'qualifying airline' shall have the same meaning as set forth in subparagraph (E) of this paragraph.

(D) Except as provided for in subparagraph (C) of this paragraph, this exemption shall not apply to any other local sales and use tax levied or imposed at any time in any area consisting of less than the entire state, however authorized, not to exceed the rate at which such taxes were levied as of January 1, 2014, including, but not limited to, such taxes authorized by or pursuant to Section 25 of an Act approved March 10, 1965 (Ga. L. 1965, p. 2243), as amended, the 'Metropolitan Atlanta Rapid Transit Authority Act of 1965,' or such taxes as authorized by or pursuant to Part 2 of Article 3 or Article 2, 2A, or 4 of this chapter.

(E) For purposes of division (ii) of subparagraph (B) of this paragraph and paragraph (2) of subsection (d) of Code Section 48-8-241, a 'qualifying airline' shall mean any person which is authorized by the Federal Aviation Administration or appropriate agency of the United States to operate as an air carrier under an air carrier operating certificate and which provides regularly scheduled flights for the transportation of passengers or cargo for hire.

(F) For purposes of division (ii) of subparagraph (B) of this paragraph and paragraph (2) of subsection (d) of Code Section 48-8-241, the term 'qualifying airport' means a certificated air carrier airport in Georgia.

(G) On or after July 1, 2017, revenue derived from the levy of sales and use taxes on jet fuel shall be used for a state aviation program or airport related purposes to the extent required to comply with 49 U.S.C. Sections 47107(b) and 47113. Any portion of such revenue so derived which is in excess of the amount required for purposes of such compliance with federal law may be appropriated by the General Assembly for other purposes.

(G)(H) The commissioner shall adopt rules and regulations to carry out the provisions of this paragraph;"
(i) Commencing at 12:01 A.M. on August 1, 2014, and concluding at 12:00 Midnight on August 2, 2014; and

(ii) Commencing at 12:01 A.M. on July 31, 2015, and concluding at 12:00 Midnight on August 1, 2015.

(B) As used in this paragraph, the term:

(i) ‘Clothing’ means all human wearing apparel suitable for general use and includes footwear. The term ‘clothing’ excludes belt buckles sold separately; costume masks sold separately; patches and emblems sold separately; sewing equipment and supplies, including but not limited to knitting needles, patterns, pins, scissors, sewing machines, sewing needles, tape measures, and thimbles; sewing materials that become part of clothing, including but not limited to buttons, fabric, lace, thread, yarn, and zippers; and clothing accessories or equipment.

(ii) ‘Clothing accessories or equipment’ means incidental items worn on the person or in conjunction with clothing.

(iii) ‘Computer’ means an electronic device that accepts information in digital or similar form and manipulates it for a result based on a sequence of instructions. The term ‘computer’ excludes cellular phones.

(iv) ‘Computer software’ means a set of coded instructions designed to cause a computer or automatic data processing equipment to perform a task.

(v) ‘Eligible property’ means:

(I) Articles of clothing with a sales price of $100.00 or less per item;

(II) Computers, computer components, and prewritten computer software purchased for noncommercial home or personal use with a sales price of $1,000.00 or less per item; and

(III) School supplies, school art supplies, school computer supplies, and school instructional materials purchased for noncommercial use with a sales price of $20.00 or less per item.

(vi) ‘Prewritten computer software’ means computer software, including prewritten upgrades, which is not designed and developed by the author or other creator to the specifications of a specific purchaser. The combining of two or more prewritten computer software programs or prewritten portions thereof does not cause the combination to be other than prewritten computer software. Prewritten computer software includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the specific purchaser. Where a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of such person’s modifications or enhancements. Prewritten computer
software or a prewritten portion thereof that is modified or enhanced to any degree, where such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains prewritten computer software; provided, however, that where there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for such modification or enhancement, such modification or enhancement shall not constitute prewritten computer software.

(vii) 'School art supply' means an item commonly used by a student in a course of study for artwork.

(viii) 'School computer supply' means an item commonly used by a student in a course of study in which a computer is used.

(ix) 'School instructional material' means written material commonly used by a student in a course of study as a reference and to learn the subject being taught.

(x) 'School supply' means an item commonly used by a student in a course of study.

(C) The commissioner shall promulgate any rules and regulations necessary to implement and administer this paragraph including but not be limited to a list of those articles and items qualifying for the exemption pursuant to this paragraph.

"(82)(A) Purchase of Energy Star Qualified Products or WaterSense Products with a sales price of $1,500.00 or less per product purchased for noncommercial home or personal use. The exemption provided by this paragraph shall apply only to sales:

(i) Commencing at 12:01 A.M. on October 3, 2014, and concluding at 12:00 Midnight on October 5, 2014; and

(ii) Commencing at 12:01 A.M. on October 2, 2015, and concluding at 12:00 Midnight on October 4, 2015.

(B) As used in this paragraph, the term:

(i) 'Energy Star Qualified Product' means any dishwasher, clothes washer, air conditioner, ceiling fan, fluorescent light bulb, dehumidifier, programmable thermostat, refrigerator, door, or window that meets the energy efficient guidelines set by the United States Environmental Protection Agency and the United States Department of Energy and is authorized to carry the Energy Star label.

(ii) 'WaterSense Product' means a product authorized to bear the United States Environmental Protection Agency WaterSense label.

(C) The exemption provided for in subparagraph (A) of this paragraph shall not apply to purchases of Energy Star Qualified Products or WaterSense Products purchased for trade, business, or resale.

(D) The commissioner shall promulgate any rules and regulations necessary to implement and administer this paragraph.

Reserved;"
SECTION 5-4.

Said title is further 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 state 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 state sales and use taxes levied or imposed by this article unless otherwise specifically exempted by this article.”

SECTION 5-5.

Said title is further amended by revising subsection (k) of Code Section 48-8-30, relating to the imposition, rate, and collection of state sales tax, as follows:

“(k) The prepaid local tax shall be imposed at the time tax is imposed under subparagraph (b)(2)(B) of Code Section 48-9-14 under Code Section 48-9-3.”

SECTION 5-6.

Said title is further amended by revising paragraph (2) of subsection (b) of Code Section 48-8-49, relating to dealers' returns as gross proceeds of sales and purchases, as follows:

“(2) If the tax liability of a dealer in the preceding calendar year was greater than $60,000.00 excluding local sales taxes, the dealer shall file a return and remit to the commissioner not less than 50 percent of the estimated tax liability for the taxable period on or before the twentieth day of the period. The amount of the payment of the estimated tax liability shall be credited against the amount to be due on the return required under subsection (a) of this Code section. This subsection shall not apply to any dealer whose primary business is the sale of motor fuels who is remitting prepaid state tax under paragraph (2) of subsection (b) of Code Section 48-9-14.”

SECTION 5-7.

Said title is further amended by revising paragraphs (2), (3), and (4) of subsection (b) of Code Section 48-8-50, relating to compensation of dealers for reporting and paying tax, as follows:

“(2) With respect to each certificate of registration number on such return, a deduction of one-half of 1 percent of that portion exceeding $3,000.00 of the combined total amount
of all sales and use taxes reported due on such return for each location other than the taxes specified in paragraph (3) of this subsection; and

(3) With respect to each certificate of registration number on such return, a deduction of 3 percent of the combined total amount due of all sales and use taxes on motor fuel as defined under paragraph (9) of Code Section 48-9-2, which are imposed under any provision of this title, including, but not limited to, sales and use taxes on motor fuel imposed under any of the provisions described in subsection (f) of this Code section, but not including Code Section 48-9-14; and

(4) A deduction with respect to Code Section 48-9-14, as defined in Code Section 48-8-2, shall be at the rate of one-half of 1 percent of the total amount due of the prepaid state tax reported due on such return, so long as the return and payment are timely, regardless of the classification of tax return upon which the remittance is made."

SECTION 5-8.

Said title is further amended by revising Code Section 48-8-82, relating to authorization of counties and municipalities to impose a joint sales and use tax, as follows:

"48-8-82.

(a) When the imposition of a joint county and municipal sales and use tax is authorized according to the procedures provided in this article within a special district, the county whose geographical boundary is conterminous with that of the special district and each qualified municipality located wholly or partially within the special district shall levy a joint sales and use tax at the rate of 1 percent, except as provided in subsection (b) of this Code section. Except as to rate, the joint tax shall correspond to the tax imposed and administered by Article 1 of this chapter. No item or transaction which is not subject to taxation by Article 1 of this chapter shall be subject to the tax levied pursuant to this article, except that the joint tax provided in this article shall be applicable to sales of motor fuels as prepaid local tax as that term is defined in Code Section 48-8-2 and shall be applicable to the sale of food and food ingredients and alcoholic beverages only to the extent provided for in paragraph (57) of Code Section 48-8-3.

(b) On or after July 1, 2015, such joint sales and use tax levied on sales of motor fuels as defined in Code Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of the motor fuel which is not more than $3.39 per gallon."

SECTION 5-9.

Said title is further amended by revising subsection (b) of Code Section 48-8-102, relating to the creation of special districts and use of proceeds of the homestead option sales and use tax, as follows:
When the imposition of a local sales and use tax is authorized according to the procedures provided in this article within a special district, the county whose geographical boundary is conterminous with that of the special district shall levy a local sales and use tax at the rate of 1 percent, except as provided in paragraph (2) of this subsection. Except as to rate, the local sales and use tax shall correspond to the tax imposed and administered by Article 1 of this chapter. No item or transaction which is not subject to taxation by Article 1 of this chapter shall be subject to the sales and use tax levied pursuant to this article, except that the sales and use tax provided in this article shall be applicable to sales of motor fuels as prepaid local tax as that term is defined in Code Section 48-8-2 and shall be applicable to the sale of food and food ingredients and alcoholic beverages only to the extent provided for in paragraph (57) of Code Section 48-8-3.

(2) On or after July 1, 2015, such sales and use tax levied on sales of motor fuels as defined in Code Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of the motor fuel which is not more than $3.39 per gallon."

SECTION 5-10.

Said title is further amended by revising subsection (c) of and by adding a new subsection to Code Section 48-8-110.1, relating to the authorization for a county special purpose local option sales tax, to read as follows:

"(c) **Any** Except as provided in subsection (d) of this Code section, any tax imposed under this part shall be at the rate of 1 percent. Except as to rate, a tax imposed under this part shall correspond to the tax imposed by Article 1 of this chapter. No item or transaction which is not subject to taxation under Article 1 of this chapter shall be subject to a tax imposed under this part, except that a tax imposed under this part shall apply to sales of motor fuels as prepaid local tax as that term is defined in Code Section 48-8-2 and shall be applicable to the sale of food and food ingredients and alcoholic beverages as provided for in Code Section 48-8-3.

(d) On or after July 1, 2015, such sales and use tax levied on sales of motor fuels as defined in Code Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of the motor fuel which is not more than $3.39 per gallon."

SECTION 5-11.

Said title is further amended by revising Code Section 48-8-141, relating to imposition of a sales tax for educational purposes, as follows:
"48-8-141.  
(a) Except as otherwise expressly provided in Article VIII, Section VI, Paragraph IV of the Constitution of Georgia, the sales tax for educational purposes which may be levied by a board of education of a county school district or concurrently by the board of education of a county school district and the board of education of each independent school district located within such county shall be imposed and levied by such board or boards of education and collected by the commissioner on behalf of such board or boards of education in the same manner as provided for under Part 1 of this article and the provisions of Part 1 of this article in particular, but without limitation, the provisions regarding the authority of the commissioner to administer and collect this tax, retain the 1 percent administrative fee, and promulgate rules and regulations governing this tax shall apply equally to such board or boards of education. The report required pursuant to Code Section 48-8-122 shall be applicable; provided, however, that in addition to posting such report in a newspaper of general circulation as required by such Code section, such report may be posted on the searchable website provided for under Code Section 50-6-32.  
(b) On or after July 1, 2015, such sales and use tax levied on sales of motor fuels as defined in Code Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of the motor fuel which is not more than $3.39 per gallon."  

SECTION 5-12.  
Said title is further amended by revising subsection (c) of and adding a new subsection to Code Section 48-8-201, relating to the intergovernmental agreement for the distribution of tax proceeds from the water and sewer projects sales tax, as follows:  

"(c) In the event a tax imposed under this article is imposed only by the municipality:  
(1) No item or transaction which is not subject to taxation under Article 1 of this chapter shall be subject to a tax imposed under this article, except that a tax imposed under this article shall apply to:  
(A) Sales of motor fuels as prepaid local tax as that term is defined in Code Section 48-8-2;  
(B) The sale of food and food ingredients and alcoholic beverages as provided for in Code Section 48-8-3;  
(C) The sale of natural or artificial gas used directly in the production of electricity which is subsequently sold, notwithstanding paragraph (70) of Code Section 48-8-3; and  
(D) The furnishing for value to the public of any room or rooms, lodgings, or accommodations which is subject to taxation under Article 3 of Chapter 13 of this title; and
A tax imposed under this article shall not apply to the sale of motor vehicles."

"(e) On or after July 1, 2015, such sales and use tax levied on sales of motor fuels as defined in Code Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of the motor fuel which is not more than $3.39 per gallon."

SECTION 5-13.

Said title is further amended by revising Code Section 48-9-3, relating to an excise tax on motor fuel, as follows:

"48-9-3.

(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) Beginning on July 1, 2016, and annually thereafter, the amount of this excise tax per gallon on distributors shall be automatically adjusted on an annual basis in accordance with this paragraph.

(B) The excise tax on motor fuel shall be automatically adjusted on an annual basis by multiplying the percentage of increase or decrease in a given year in the Consumer Price Index by the current tax rate. The resulting calculation shall be added to the excise tax assessed by this subsection. The first adjustment shall be calculated and implemented on July 1, 2016."

(2) In the event any motor fuels which are not commonly sold or measured by the gallon are used in any motor vehicles on the public highways of this state, the commissioner may assess, levy, and collect a tax upon such fuels, under such regulations as the commissioner may promulgate, in accordance with and measured by the nearest power potential equivalent to that of one gallon of regular grade gasoline. Any determination by the commissioner of the power potential equivalent of such motor fuels shall be prima-facie correct. Upon each such quantity of such fuels used upon the public highways of this state, a tax at the same rate per gallon imposed on motor fuel under paragraph (1) of this subsection shall be assessed and collected.

(3) No county, municipality, or other political subdivision of this state shall levy any fee, license, or other excise tax on a gallonage basis upon the sale, purchase, storage, receipt, distribution, use, consumption, or other disposition of motor fuel. Nothing contained in this article shall be construed to prevent a county, municipality, or other political subdivision of this state from levying license fees or taxes upon any business selling motor fuel.

(4)(A) For purposes of this subsection, and notwithstanding the provisions of paragraph (2) of this subsection and any provision contained in the National Bureau of
Standards Handbook or any other national standard that may be adopted by law or regulation, the gallon equivalent of compressed natural gas shall be not less than 110,000 British thermal units and the gallon equivalent of liquefied natural gas shall not be less than 6.06 pounds.

(B) As used in this paragraph, the term:
(i) ‘Compressed natural gas’ means a mixture of hydrocarbon gases and vapors, consisting principally of methane in gaseous form, that has been compressed for use as a motor fuel.
(ii) ‘Liquefied natural gas’ means methane or natural gas in the form of a cryogenic or refrigerated liquid for use as a motor fuel.

(b) No tax is imposed by this article upon or with respect to the following sales by duly licensed distributors:
(1) Bulk sales to a duly licensed distributor;
(2) Sales of motor fuel for export from this state when exempted by any provisions of the Constitutions of the United States or this state;
(3) Sales of motor fuel to a licensed distributor for export from this state;
(4) Sales of motor fuel to the United States for the exclusive use of the United States when the motor fuel is purchased and paid for by the United States;
(5) Sales of aviation gasoline to a duly licensed aviation gasoline dealer, except for 1¢ per gallon of the tax imposed by paragraph (1) of subsection (a) of this Code section and all of the tax imposed by Code Section 48-9-14;
(6) Bulk sales of compressed petroleum gas or special fuel to a duly licensed consumer distributor;
(7)(A) Sales of compressed petroleum gas or special fuel to a consumer who has no highway use of the fuel at the time of the sale and does not resell the fuel. Consumers of compressed petroleum gas or special fuel who have both highway and nonhighway use of the fuel and resellers of such fuel must be licensed as distributors in order for sales of the fuel to be tax exempt. Each type of motor fuel is to be considered separately under this exemption.
(B)(i) In instances where a sale of compressed petroleum gas has been made to an ultimate consumer who has both highway and nonhighway use of that type of motor fuel and no tax has been paid by the distributor on the sale, the consumer shall become licensed as a consumer distributor of that type of motor fuel. After the consumer is licensed as a consumer distributor and if it is demonstrated to the satisfaction of the commissioner that the motor fuel purchased prior to the licensee's becoming licensed as a consumer distributor was used for nonhighway purposes, such sales shall be exempt from the tax imposed by this article; provided, however, that,
if at the time of demonstration the ultimate consumer does not have both highway and nonhighway use of such fuel but it can be demonstrated by the distributor to the satisfaction of the commissioner that the motor fuel was used for nonhighway purposes, the sales shall be exempt from the tax imposed by this article; and

(ii)(I) Any special fuel sold by a distributor to a purchaser who has a storage receptacle which has a connection to a withdrawal outlet that may be used for highway use, as defined in paragraph (8) of Code Section 48-9-2, is not exempt from the motor fuel and road taxes imposed by this article unless: (1) the purchaser is at the time of sale a valid licensed distributor of that type of motor fuel, or (2) an exemption certificate has been obtained from the purchaser on forms furnished by the Department of Revenue showing that the purchaser has no highway use of such fuels and is not a reseller of such fuels. Each exemption certificate shall be valid for a period of not more than three years and shall be kept by the distributor as one of the records specified in Code Section 48-9-8. It shall be the responsibility of the purchaser to notify the distributor when the purchaser is no longer qualified for the nonhighway exemption. All applicable taxes must be charged the purchaser until the purchaser is granted a valid distributor's license for that type of motor fuel.

(II) Any such purchaser granted an exemption under subdivision (I) of this division who falsely claims the exemption or fails to rescind the purchaser's exemption certificate to the distributor in writing when he or she is no longer eligible for the exemption shall be deemed a distributor for purposes of taxation and is subject to all provisions of this article relating to distributors. This division in no way shall restrict the option of the purchaser to become licensed as a distributor. If the distributor sells special fuel to a purchaser who has a storage receptacle which has a connection to a withdrawal outlet that may be used for highway use, as defined in paragraph (8) of Code Section 48-9-2, and the purchaser is not a valid licensed distributor and has not executed a valid signed exemption certificate, the taxes imposed by this article are due from the distributor and not the purchaser on all sales of that type of fuel to that purchaser;

(8) Sales of fuel oils, compressed petroleum gas, or special fuel directly to an ultimate consumer to be used for heating purposes only. The delivery of fuel oils, compressed petroleum gas, or special fuel directly to an ultimate consumer to be used for heating purposes only shall be made directly into the storage receptacle of the heating unit of the consumer by the licensed distributor. To qualify for this exemption, sales must be delivered into storage receptacles that are not equipped with any secondary withdrawal outlets for the motor fuel;
(9) Sales of dyed fuel oils to a consumer for other than highway use as defined in paragraph (8) of Code Section 48-9-2;

(10)(A) During the period of July 1, 2012, through June 30, 2015, sales of motor fuel, as defined in paragraph (9) of Code Section 48-9-2, for public mass transit vehicles which are owned by public transportation systems which receive or are eligible to receive funds pursuant to 49 U.S.C. Sections 5307 and 5311 for which passenger fares are routinely charged and which vehicles are used exclusively for revenue generating purposes which motor fuel sales occur at bulk purchase facilities approved by the department.

(B) During the period of July 1, 2012, through June 30, 2015, sales of motor fuel, as defined in paragraph (9) of Code Section 48-9-2, for vehicles operated by a public campus transportation system, provided that such system has a policy which provides for free transfer of passengers from the public transportation system operated by the jurisdiction in which the campus is located; makes the general public aware of such free transfer policy; and receives no state or federal funding to assist in the operation of such public campus transportation system and which motor fuel sales occur at bulk purchase facilities approved by the department.

(C) For purposes of this paragraph, the term 'vehicle' or 'vehicles' means buses, vans, minibuses, or other vehicles which have the capacity to transport seven or more passengers; or

(11) For the period of time beginning July 1, 2013, and ending June 30, 2015, sales of motor fuel to public school systems in this state for the exclusive use of the school system in operating school buses when the motor fuel is purchased and paid for by the school system.

(c) Fuel oils, compressed petroleum gas, or special fuel used by a duly licensed distributor for nonhighway purposes is exempt from the tax imposed by this article.

(d) No export from this state shall be recognized as being exempt from tax under paragraphs (2) and (3) of subsection (b) of this Code section unless the exporter informs the seller and the terminal operator of the intention to export and causes to be set out the minimum information specified in subsection (e) of Code Section 48-9-17 on the bill of lading or equivalent documentation under which the motor fuel is transported. In the event that the motor fuel is delivered to any point other than that which is set out on the bill of lading or equivalent documentation, the legal incidence of the tax shall continue to be imposed exclusively upon the exporter who caused the export documentation to be issued and no exemption shall be recognized until suitable proof of exportation has been provided to the commissioner.
SECTION 5-14.
Said title is further amended by repealing in its entirety Code Section 48-9-14, relating to the second motor fuel tax, and designating said Code section as reserved.

SECTION 5-15.
Said title is further amended by designating the existing provisions of Article 5 of Chapter 13, relating to excise taxes on rental motor vehicles, as Part 1 and adding a new Part 2 to read as follows:

"Part 2

48-13-100.
(a) On or after July 1, 2015, each rental motor vehicle concern renting or leasing motor vehicles in this state shall charge a $5.00 per day fee to the customer for each calendar day such vehicle is rented or leased. The rental motor vehicle concern shall collect the fee at the time the customer pays for the rental or lease of the vehicle. The rental motor vehicle concern collecting the fee shall remit the fee on a monthly basis to the department.
(b) Nothing in this Code section shall be construed to impair any existing contract.
(c) The commissioner shall promulgate and make available forms for the use of rental motor vehicle concerns to assist in compliance with this Code section. The commissioner may promulgate rules and regulations as necessary to implement the provisions of this Code section.
(d) It is the intention of the General Assembly, subject to appropriations, that the fees collected pursuant to subsection (a) of this Code section shall be made available and used exclusively for transportation projects in this state."

PART VI

SECTION 6-1.

Part 3 of Article 2 of Chapter 10 of Title 32 of the Official Code of Georgia Annotated, the "Georgia Transportation Infrastructure Bank Act," is amended by revising subsection (b) of Code Section 32-10-127, relating to loans and other financial assistance and the determination of eligible projects, as follows:

"(b)(1) The board shall determine which projects are eligible projects and then select from among the eligible projects qualified projects. When determining eligibility, the board shall make every effort to balance any loans or other financial assistance among all regions of this state."
(2) Preference for loans may be given to eligible projects which have local financial support in tier 1 and tier 2 counties, as defined in Code Section 48-7-40 and by the Department of Community Affairs.

(3) Preference for grants and other financial assistance may be given to eligible projects which have local financial support.

PART VII

SECTION 7-1.

(a) This Act shall become effective on July 1, 2015.

(b) 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 Title 48 of the Official Code of Georgia Annotated as it existed immediately prior to the effective date of this Act.

SECTION 7-2.

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