

The House Committee on Ways and Means offers the following substitute to HB 960:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 2 of Title 48 of the Official Code of Georgia Annotated, relating to state  
2 administration and collection of revenue, so as to provide for confidentiality of certain tax  
3 information; to provide for an interest rate on delinquent payments that adjusts to reflect  
4 changes in the prime rate; to adjust the penalties for nonpayment of ad valorem taxes to  
5 offset the reduction in interest rate; to make distribution of penalties equitable between taxing  
6 jurisdictions; to provide for additional procedures, conditions, and limitations; to provide for  
7 notice to political subdivisions upon the filing of certain tax refund requests; to provide for  
8 confidentiality of taxpayer information; to amend Chapter 13A of Title 50 of the Official  
9 Code of Georgia Annotated, so as to provide for automatic transfer to the Georgia Tax  
10 Tribunal in certain cases; to provide for related matters; to provide for an effective date and  
11 applicability; to repeal conflicting laws; and for other purposes.

12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

13 style="text-align:center">**SECTION 1.**

14 Chapter 2 of Title 48 of the Official Code of Georgia Annotated, relating to state  
15 administration and collection of revenue, is amended by revising subsection (b) and adding  
16 a new subsection to Code Section 48-2-15, relating to confidential information, to read as  
17 follows:

18 "(b) This Code section shall not:

- 19 (1) Be construed to prevent the use of confidential information as evidence before any  
20 state or federal court in the event of litigation involving tax liability of any taxpayer;  
21 (2) Be deemed to prevent the print or electronic publication of statistics so arranged as  
22 not to reveal information respecting an individual taxpayer;  
23 (3) Apply in any way whatsoever to any official finding of the commissioner with  
24 respect to any assessment or any information properly entered upon an assessment roll  
25 or other public record;

26 (4) Affect any information which in the regular course of business is by law made the  
 27 subject matter of a public document in any federal or state office or in any local office in  
 28 this state; or

29 (5) Apply to information, records, and reports required and obtained under Article 1 of  
 30 Chapter 9 of this title, which requires distributors of motor fuels to make reports of the  
 31 amounts of motor fuels sold and used in each county by the distributor, or under Article  
 32 2 of Chapter 9 of this title, relating to road tax on motor carriers; or

33 (6) Be construed to prevent the disclosure of information, so arranged as not to reveal  
 34 information respecting an individual taxpayer, requested by the House Committee on  
 35 Ways and Means or the Senate Finance Committee regarding the department's  
 36 administration of any tax."

37 "(f) This Code section shall not be construed to prohibit disclosure as required in  
 38 subsection (h) of Code Section 48-2-35."

39 **SECTION 2.**

40 Said chapter is further amended by revising subsections (a) and (f) and adding new  
 41 subsections in Code Section 48-2-35, relating to refunds of taxes and fees determined to have  
 42 been erroneously or illegally assessed and collected, to read as follows:

43 "(a) A taxpayer shall be refunded any and all taxes or fees which are determined to have  
 44 been erroneously or illegally assessed and collected from such taxpayer under the laws of  
 45 this state, whether paid voluntarily or involuntarily, and shall be refunded interest, except  
 46 as provided in subsection (b) of this Code section, on the amount of the taxes or fees ~~at the~~  
 47 ~~rate of 1 percent per month~~ from the date of payment of the tax or fee to the commissioner  
 48 at an annual rate equal to the bank prime loan rate as posted by the Board of Governors of  
 49 the Federal Reserve System in statistical release H. 15 or any publication that may  
 50 supersede it, plus 3 percent, to accrue monthly. Such annual interest rate shall be  
 51 determined for each calendar year based on the first weekly posting of statistical release  
 52 H. 15 on or after January 1 of each calendar year. For the purposes of this Code section,  
 53 any period of less than one month shall be considered to be one month. Refunds shall be  
 54 drawn from the treasury on warrants of the Governor issued upon itemized requisitions  
 55 showing in each instance the person to whom the refund is to be made, the amount of the  
 56 refund, and the reason for the refund."

57 "(f) For purposes of all claims for refund of sales and use taxes erroneously or illegally  
 58 assessed and collected, the term 'taxpayer,' as defined under Code Section 48-2-35.1, shall  
 59 apply. Such claim for refund shall contain the total refund claimed and the allocation of  
 60 the local sales and use tax by the political subdivision.

61 (g) Any taxpayer required to pay taxes electronically in accordance with paragraph (2.1)  
62 of subsection (f) of Code Section 48-2-32 shall also file any claims for refund  
63 electronically. The department shall make claim for refund forms consistent with this  
64 subsection electronically available.

65 (h)(1) As used in this subsection, the term:

66 (A) 'Political subdivision designee' means the chief officer or officers designated by  
67 the political subdivision to receive information about a refund claim of local  
68 significance pursuant to this subsection. Each political subdivision shall certify to the  
69 commissioner that any such designee is so authorized on a form and in a manner  
70 prescribed by the department.

71 (B) 'Refund claim of local significance' means a taxpayer's claim for refund of sales  
72 and use taxes erroneously or illegally assessed and collected or the department's  
73 discovery of any overpayment of such taxes, if such claim for refund or overpayment  
74 is for an amount equal to or greater than 10 percent of the total yearly average of  
75 aggregate sales and use tax distributions to any single political subdivision based on the  
76 average of the three most recent calendar years.

77 (2) Within 30 business days following the department's receipt of a refund claim of local  
78 significance, the department shall notify each affected political subdivision's political  
79 subdivision designee that a refund claim of local significance has been received and shall  
80 furnish the taxpayer with a copy of such notification. Such notification shall include the  
81 date the refund claim of local significance was filed, the amount in the claim for refund  
82 for which the political subdivision itself would be responsible if the request is granted,  
83 and a copy of the confidentiality provisions in Code Section 48-2-15 and this Code  
84 section. After the department has completed an audit of the claim for refund and  
85 determined a final refund amount, the department shall supplement the above notice by  
86 transmitting to the political subdivision designee the final refund amount for which the  
87 political subdivision is responsible.

88 (3) Any information supplied to a political subdivision designee pursuant to this  
89 subsection shall retain, in the hands of the local official, its privileged and confidential  
90 nature to the same extent and under the same conditions as such information is privileged  
91 and confidential in the hands of the commissioner, pursuant to Code Section 48-2-15. It  
92 shall be the responsibility of the political subdivision designee, and not the department,  
93 to protect privileged and confidential information received under this subsection. Any  
94 person who divulges any tax information obtained under this subsection shall be subject  
95 to the same civil and criminal penalties as provided for divulgence of tax information by  
96 employees of the department. Though privileged and confidential information shall not  
97 be disclosed, the political subdivision designee may make reasonable budgetary

98 recommendations to elected officials, city managers, and tax officials in political  
 99 subdivisions based on the confidential information furnished. The department shall not  
 100 be subject to any criminal or civil liability for the unauthorized divulgence of privileged  
 101 and confidential information by a political subdivision designee. Notwithstanding the  
 102 foregoing, in the event all or any portion of the refund claim of local significance is for  
 103 a tax levied under Part 1 of Article 3 of Chapter 8 of this title, the affected county shall  
 104 not be in violation of this confidential provision if it notifies all municipal political  
 105 subdivision designees in the county that such notification has been received from the  
 106 department.

107 (4) The commissioner, by rule or regulation, shall establish guidelines for identifying and  
 108 producing documents to the Department of Audits and Accounts for review relating to  
 109 the handling of refund claims of local significance. In the event of such review, the  
 110 Department of Audits and Accounts shall assess whether the department followed proper  
 111 procedures and used appropriate methodology to reach its final determination on a refund  
 112 claim of local significance.

113 (5) Any refund claims of local significance pending with the department for two years  
 114 after the claim for refund was filed shall be automatically transferred to the Georgia Tax  
 115 Tribunal as a declaratory judgment of the commissioner requesting a show cause  
 116 proceeding pursuant to Code Section 50-13A-19.1."

117 **SECTION 3.**

118 Said chapter is further amended by revising Code Section 48-2-40, relating to the rate of  
 119 interest on past due taxes, as follows:

120 "48-2-40.

121 Except as otherwise expressly provided by law, taxes owed the state or any local taxing  
 122 jurisdiction shall bear interest ~~at the rate of 1 percent per month~~ at an annual rate equal to  
 123 the bank prime loan rate as posted by the Board of Governors of the Federal Reserve  
 124 System in statistical release H. 15 or any publication that may supersede it, plus 3 percent,  
 125 to accrue monthly. Such annual interest rate shall be determined for each calendar year  
 126 based on the first weekly posting of statistical release H. 15 on or after January 1 of each  
 127 calendar year. Interest shall begin to accrue from the date the tax is due until the date the  
 128 tax is paid. For the purposes of this Code section, any period of less than one month shall  
 129 be considered to be one month. This Code section shall also apply to alcoholic beverage  
 130 taxes."

131 **SECTION 4.**

132 Said chapter is further amended by revising subsection (b) of Code Section 48-2-44, relating  
 133 to penalties and interest on failure to file return or timely pay taxes held in trust for the state,  
 134 as follows:

135 "(b)(1) In any instance in which any person willfully fails, on or after July 1, 1981, to  
 136 pay, within 90 days of the date when due, any ad valorem tax owed the state or any local  
 137 government, such person shall pay, in the absence of a specific statutory civil penalty for  
 138 the failure, a penalty of ~~10~~ 5 percent of the amount of tax due and not paid at the time  
 139 such penalty is assessed, together with interest as specified by law. ~~This 10 percent~~  
 140 ~~penalty~~ After 180 days from the imposition of the initial penalty, an additional penalty  
 141 of 5 percent of any tax amount remaining due shall be imposed at each subsequent 180  
 142 day period, together with interest as specified by law. No penalty shall be assessed  
 143 pursuant to this subsection which exceeds in the aggregate 20 percent. These penalties  
 144 shall not, however, apply in the case of:

145 (A) Ad valorem taxes of \$500.00 or less on homestead property as defined in Part 1 of  
 146 Article 2 of Chapter 5 of this title; or

147 (B) With respect to tax year 1986 and future tax years, ad valorem taxes of any amount  
 148 on homestead property as defined in Part 1 of Article 2 of Chapter 5 of this title, if the  
 149 homestead property was during the tax year acquired by a new owner who did not  
 150 receive a tax bill for the tax year and who immediately before acquiring the homestead  
 151 property resided outside the State of Georgia and if the taxes are paid within one year  
 152 following the due date.

153 (2) Any city or county authorized as of April 22, 1981, by statute or constitutional  
 154 amendment to receive a penalty of greater than 10 percent for failure to pay an ad  
 155 valorem tax is authorized to continue to receive that amount.

156 (3) With respect to all penalties and interest received by the tax commissioner on or after  
 157 July 1, 1998, unless otherwise specifically provided for by general law, the tax  
 158 commissioner shall distribute penalties collected and interest collected or earned as  
 159 follows:

160 (A) Penalties collected for failure to return property for ad valorem taxation or for  
 161 failure to pay ad valorem taxes, and interest earned by the tax commissioner on taxes  
 162 collected but not yet disbursed, shall be paid into the county treasury in the same  
 163 manner and at the same time the tax is collected and distributed to the county, and they  
 164 shall remain the property of the county; and

165 (B) Interest collected on delinquent ad valorem taxes shall be distributed pro rata based  
 166 on each taxing jurisdiction's share of the total tax on which the interest was computed."

**SECTION 5.**

167  
168 Chapter 13A of Title 50 of the Official Code of Georgia Annotated, relating to tax tribunals,  
169 is amended by adding a new Code section to read as follows:

170 "50-13A-19.1.

171 (a) The tribunal shall docket the declaratory judgments of the revenue commissioner  
172 pursuant to subsection (h) of Code Section 48-2-35 as actions in the tribunal without the  
173 filing of a petition for relief.

174 (b) The tribunal shall determine by interlocutory order the party at fault for the delay in  
175 finally determining a claim for refund.

176 (1) If the tribunal determines that the Department of Revenue is primarily at fault, the  
177 order shall require that the Department of Revenue pay all interest due to the taxpayer on  
178 the claim for refund, including the interest due on the local sales and use tax deemed to  
179 have been illegally or erroneously collected. The tribunal shall thereafter remand the  
180 matter back to the Department of Revenue for determination on the underlying claim for  
181 refund.

182 (2) If the tribunal determines that the taxpayer who made the claim for refund is  
183 primarily at fault, the order shall prohibit the accrual of any interest due to the taxpayer  
184 on the finally determined claim for refund. The tribunal shall thereafter remand the  
185 matter back to the Department of Revenue for determination on the underlying claim for  
186 refund.

187 (3) If the tribunal determines that the delay is justified, the order shall remand the matter  
188 back to the Department of Revenue for determination and for further hearings at the  
189 tribunal's discretion.

190 (c) The tribunal, at its discretion, may award reasonable attorneys' fees to either party in  
191 such proceedings.

192 (d) Orders of the tribunal issued pursuant to this Code section shall be excluded from the  
193 provisions of subsection (d) of Code Section 50-13A-15.

194 (e) Except as otherwise provided in this Code section, such actions shall follow the  
195 procedures and tribunal rules applicable to other proceedings within the tribunal."

**SECTION 6.**

196  
197 This Act shall become effective on July 1, 2016. The new penalty and interest rates provided  
198 in Sections 2, 3, and 4 of this Act shall apply to penalties and interest accrued on or after the  
199 effective date of this Act.

**SECTION 7.**

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