The Senate Committee on Finance offered the following substitute to HB 238:

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 provide for the revision of personal income tax rates; to eliminate itemized adjustments to Georgia taxable net income except for limited mortgage deductions, charitable contributions, and medical expenses; to increase the personal exemption from state income tax; to repeal the corporate net worth tax; to provide that this Act shall not abate or affect prosecutions, punishments, penalties, administrative proceedings or remedies, or civil actions related to certain violations; 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:

SECTION 1.

This Act shall be known and may be cited as the "Tax Relief Act of 2016."

SECTION 2.

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) 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>If Georgia Taxable 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</td>
<td>$7.50 plus 2% of amount over $750.00</td>
</tr>
<tr>
<td>over $2,250.00</td>
<td>$37.50 plus 3% of amount over $2,250.00</td>
</tr>
<tr>
<td>Over $2,250.00 but not</td>
<td>$82.50 plus 4% of amount over $3,750.00</td>
</tr>
<tr>
<td>over $3,750.00</td>
<td>$142.50 plus 5% of amount over $5,250.00</td>
</tr>
<tr>
<td>Over $3,750.00 but not</td>
<td>$230.00 plus 6% of amount over $7,000.00</td>
</tr>
<tr>
<td>over $5,250.00</td>
<td></td>
</tr>
<tr>
<td>Over $5,250.00 but not</td>
<td></td>
</tr>
<tr>
<td>over $7,000.00</td>
<td></td>
</tr>
<tr>
<td>Over $7,000.00</td>
<td></td>
</tr>
</tbody>
</table>

**MARRIED PERSON FILING A SEPARATE RETURN**

<table>
<thead>
<tr>
<th>If Georgia Taxable 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</td>
<td>$5.00 plus 2% of amount over $500.00</td>
</tr>
<tr>
<td>over $1,500.00</td>
<td>$25.00 plus 3% of amount over $1,500.00</td>
</tr>
</tbody>
</table>
Over $2,500.00 but not 

over $3,500.00 ........................ $55.00 plus 4% of amount over $2,500.00

Over $3,500.00 but not 

over $5,000.00 ........................ $95.00 plus 5% of amount over $3,500.00

Over $5,000.00 ........................ $170.00 plus 6% of amount over $5,000.00

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) For all taxable years beginning on or after January 1, 2017, the tax imposed pursuant to subsection (a) of this Code section shall be 5.4 percent of all Georgia taxable net income for the applicable taxable year, reduced by any exclusion, adjustment, or credit allowed pursuant to this chapter for that same taxable year.

(e) 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 3.

Said title is further amended by revising Code Section 48-7-26, relating to personal exemptions from state income tax, as follows:

*48-7-26.

(a) As used in this Code section, the term 'dependent' shall have the same meaning as in the Internal Revenue Code of 1986.

(b)(1) An exemption of $7,400.00 $11,400.00 shall be allowed as a deduction in computing Georgia taxable income of a taxpayer and spouse, but only if a joint return is filed. If a taxpayer and spouse file separate returns, $3,700.00 $5,700.00 shall be allowed to each person as a deduction in computing Georgia taxable income.

(2) An exemption of $2,700.00 $4,700.00 shall be allowed as a deduction in computing Georgia taxable income for all taxpayers other than taxpayers who qualify for the exemption provided for in paragraph (1) of this subsection.

(3) Commencing with the taxable year beginning January 1, 2003 2017, an exemption of $3,000.00 $5,000.00 for each dependent of a taxpayer shall be allowed as a deduction in computing Georgia taxable income of the taxpayer.

(c) No exemption shall be allowed under this Code section for any dependent who has made a joint return with such dependent's spouse for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.
(d) A deduction in lieu of a personal exemption deduction shall be allowed an estate or a trust as follows:

(1) An estate - $2,700.00; and

(2) A trust - $1,350.00."

SECTION 4.

Said title is further amended by revising paragraphs (1) and (3) of subsection (a) of Code Section 48-7-27, relating to computation of Georgia taxable net income, as follows:

"(1) Either the sum of all itemized nonbusiness mortgage interest up to a maximum of $25,000.00, all cash and noncash charitable deductions, and all medical deductions used in computing federal taxable income if the taxpayer used itemized nonbusiness deductions in computing federal taxable income or, if the taxpayer could not or did not itemize nonbusiness deductions, then a standard deduction as provided for in the following subparagraphs:

(A) In the case of a single taxpayer or a head of household, $2,300.00;

(B) In the case of a married taxpayer filing a separate return, $1,500.00;

(C) In the case of a married couple filing a joint return, $3,000.00;

(D) An additional deduction of $1,300.00 for the taxpayer if the taxpayer has attained the age of 65 before the close of the taxpayer's taxable year. An additional deduction of $1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before the close of the taxable year; and

(E) An additional deduction of $1,300.00 for the taxpayer if the taxpayer is blind at the close of the taxable year. An additional deduction of $1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's spouse and the spouse is blind at the close of the taxable year. For the purposes of this subparagraph, the determination of whether the taxpayer or the spouse is blind shall be made at the close of the taxable year except that, if either the taxpayer or the spouse dies during the taxable year, the determination shall be made as of the time of the death;"

"(3)(A) The amount of salary and wage expenses eliminated in computing the individual's federal adjusted gross income because the individual has taken a federal jobs tax credit which requires, as a condition to using the federal jobs tax credit, the elimination of related salary and wage expenses.

(B) The amount of mortgage interest, subject to the requirements of paragraph (1) of this subsection, eliminated from federal itemized deductions for the purpose of computing mortgage interest credit on the federal return;"
SECTION 5.

Said title is further amended by repealing Article 4 of Chapter 13, relating to the corporate net worth tax, in its entirety and enacting a new Article 4 to read as follows:

"ARTICLE 4

48-13-70. On or after January 1, 2017, there shall be no corporate net worth taxes levied under this article and no corporate net worth returns are required."

SECTION 6.

(a) This Act shall become effective upon its approval by the Governor or upon its becoming law without such approval and shall be applicable to all taxable years beginning on or after January 1, 2017.

(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 general law as it existed immediately prior to January 1, 2017.

(c) This Act shall not abate any prosecution, punishment, penalty, administrative proceeding or remedy, or civil action related to any violation of law committed prior to January 1, 2017.

SECTION 7.

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