

The House Committee on Ways and Means offers the following substitute to HB 329:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to imposition, rate, and computation of and exemptions from income taxes, so as to
3 modify the rate of tax imposed on the Georgia taxable net income of individuals; to provide
4 for an inflationary index rate and to adjust the amounts of the personal exemptions and
5 standard deductions based on such inflationary index rate; to add Georgia income tax paid
6 by an individual to his or her Georgia taxable income to the extent deducted in determining
7 federal taxable income; to provide for a nonrefundable earned income tax credit; to provide
8 for rules and regulations; to provide for related matters; to provide an effective date and
9 applicability; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

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

12 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
13 imposition, rate, and computation of and exemptions from income taxes, is amended by
14 revising Code Section 48-7-20, relating to individual tax rates and tables, as follows:

15 "48-7-20.

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

23 (b)(~~†~~) The tax imposed pursuant to subsection (a) of this Code section shall be ~~computed~~
24 ~~in accordance with the following tables:~~ 5.4 percent.

25 **SINGLE PERSON**

26 **If Georgia Taxable** **The Tax Is:**

27 **Net Income Is:**

28 Not over \$750.00 1%

29 Over \$750.00 but not over \$2,250.00 \$7.50 plus 2% of amount over \$750.00

30 Over \$2,250.00 but not over \$3,750.00 . . . \$37.50 plus 3% of amount over \$2,250.00

31 Over \$3,750.00 but not over \$5,250.00 . . . \$82.50 plus 4% of amount over \$3,750.00

32 Over \$5,250.00 but not over \$7,000.00 . . \$142.50 plus 5% of amount over \$5,250.00

33 Over \$7,000.00 \$230.00 plus 6% of amount over \$7,000.00

34 **MARRIED PERSON FILING A SEPARATE RETURN**

35 **If Georgia Taxable** **The Tax Is:**

36 **Net Income Is:**

37 Not over \$500.00 1%

38 Over \$500.00 but not over \$1,500.00 \$5.00 plus 2% of amount over \$500.00

39 Over \$1,500.00 but not over \$2,500.00 . . . \$25.00 plus 3% of amount over \$1,500.00

40 Over \$2,500.00 but not over \$3,500.00 . . . \$55.00 plus 4% of amount over \$2,500.00

41 Over \$3,500.00 but not over \$5,000.00 . . . \$95.00 plus 5% of amount over \$3,500.00

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

43 **HEAD OF HOUSEHOLD AND MARRIED PERSONS**

44 **FILING A JOINT RETURN**

45 **If Georgia Taxable** **The Tax Is:**

46 **Net Income Is:**

47 Not over \$1,000.00 1%

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

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

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

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

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

53 ~~(2) To facilitate the computation of the tax by those taxpayers whose federal adjusted~~

54 ~~gross income together with the adjustments set out in Code Section 48-7-27 for use in~~

55 ~~arriving at Georgia taxable net income is less than \$10,000.00, the commissioner may~~

56 ~~construct tax tables which may be used by the taxpayers at their option. The tax shown~~

57 ~~to be due by the tables shall be computed on the bases of the standard deduction and the~~

58 ~~tax rates specified in paragraph (1) of this subsection. Insofar as practicable, the tables~~

59 ~~shall produce a tax approximately equivalent to the tax imposed by paragraph (1) of this~~

60 ~~subsection.~~

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

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

72 **SECTION 2.**

73 Said article is further amended by adding a new subsection to Code Section 48-7-26, relating
 74 to personal exemptions, to read as follows:

75 "(e) The monetary values set forth in this Code section shall be adjusted annually to reflect
 76 changes, if any, due to the inflationary index rate published by the department in
 77 accordance with Code Section 48-7-26.1."

78 **SECTION 3.**

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

80 "48-7-26.1.

81 (a)(1) The department shall prescribe and maintain rules establishing and governing an
 82 annual inflationary index rate which reflects the effects of the rate of inflation and
 83 deflation on the cost-of-living for residents of this state.

84 (2)(A) Such rules shall provide for the determination and use of an appropriate
 85 cost-of-living index which fairly reflects the effects of inflation and deflation on
 86 residents of this state.

87 (B) Such rules may utilize the Consumer Price Index as reported by the Bureau of
 88 Labor Statistics of the United States Department of Labor or any other similar index
 89 established by the federal government, if the department determines that such federal
 90 index fairly reflects the effects of inflation and deflation on residents of this state.

91 (b) On or before January 15 of each year, the department shall publish such inflationary
 92 index rate based upon the prior calendar year."

SECTION 4.

93

94 Said article is further amended by revising paragraph (1) of subsection (a) and paragraph (3)
95 of subsection (b) of Code Section 48-7-27, relating to computation of taxable net income, as
96 follows:

97 "(1) Either the sum of all itemized nonbusiness deductions used in computing federal
98 taxable income if the taxpayer used itemized nonbusiness deductions in computing
99 federal taxable income or, if the taxpayer could not or did not itemize nonbusiness
100 deductions, then a standard deduction as provided for in the following subparagraphs:

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

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

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

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

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

117 (F) The monetary values set forth in this paragraph shall be adjusted annually to reflect
118 changes, if any, due to the inflationary index rate published by the department in
119 accordance with Code Section 48-7-26.1."

120 "(3) There shall be added to taxable income any income taxes imposed by any tax
121 jurisdiction ~~except the State of Georgia~~ to the extent deducted in determining federal
122 taxable income."

123

SECTION 5.

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

125 "48-7-29.21.

126 (a) A taxpayer shall be allowed a credit against the tax imposed by Code Section 48-7-20
127 in an amount equal to 10 percent of the federal credit that such taxpayer is allowed under
128 Section 32 of the Internal Revenue Code.

129 (b) If the total amount of the tax credit provided for in this Code section exceeds the
130 taxpayer's income tax liability for a taxable year, such excess funds shall not be refunded
131 to the taxpayer or applied to any preceding or succeeding years' tax liability.
132 (c) The commissioner shall be authorized to promulgate rules and regulations reasonable
133 and necessary to implement this Code section."

134 **SECTION 6.**

135 This Act shall become effective on January 1, 2018, and shall be applicable to all taxable
136 years beginning on or after January 1, 2018.

137 **SECTION 7.**

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