

House Bill 827

By: Representatives Kelley of the 16th, Powell of the 171st, England of the 116th, McCall of the 33rd, Rhodes of the 120th, and others

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 increase the value of the rural hospital organization tax credit to 100 percent; to remove
4 limitations on total amounts allowed to individual taxpayers; to provide that credits are
5 allowable to certain pass-through entities; to provide for limits on contributions by individual
6 taxpayers during the first six months of the year; to extend the date for automatic repeal; to
7 provide for related matters; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
11 imposition, rate, and computation of and exemptions from income taxes, is amended by
12 revising Code Section 48-7-29.20, relating to tax credits for contributions to rural hospital
13 organizations, as follows:

14 "48-7-29.20.

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

16 (1) 'Qualified rural hospital organization expense' means the contribution of funds by an
17 individual or corporate taxpayer to a rural hospital organization for the direct benefit of
18 such organization during the tax year for which a credit under this Code section is
19 claimed.

20 (2) 'Rural hospital organization' means an organization that is approved by the
21 Department of Community Health pursuant to Code Section 31-8-9.1.

22 (b) An individual taxpayer shall be allowed a credit against the tax imposed by this chapter
23 for qualified rural hospital organization expenses as follows:

24 (1) In the case of a single individual or a head of household, ~~90 percent of the actual~~
25 ~~amount expended; or \$5,000.00 per tax year, whichever is less; or~~

26 (2) In the case of a married couple filing a joint return, ~~90 percent of the actual amount~~
 27 ~~expended or \$10,000.00 per tax year, whichever is less; or~~

28 (3) In the case of an individual who is a member of a limited liability company duly
 29 formed under state law, a shareholder of a Subchapter 'S' corporation, or a partner in a
 30 partnership, the amount expended; provided, however, that tax credits pursuant to this
 31 paragraph shall be allowed only for the portion of the income on which such tax was
 32 actually paid by such individual.

33 (b.1) From January 1 to June 30 each taxable year, an individual taxpayer shall be limited
 34 in its qualified rural hospital organization expenses allowable for credit under this Code
 35 section, and the commissioner shall not approve qualified rural hospital organization
 36 expenses incurred from January 1 to June 30 each taxable year, which exceed the following
 37 limits:

38 (1) In the case of a single individual or a head of household, \$5,000.00;

39 (2) In the case of a married couple filing a joint return, \$10,000.00; or

40 (3) In the case of an individual who is a member of a limited liability company duly
 41 formed under state law, a shareholder of a Subchapter 'S' corporation, or a partner in a
 42 partnership, \$10,000.00.

43 (c) A corporation or other entity shall be allowed a credit against the tax imposed by this
 44 chapter for qualified rural hospital organization expenses in an amount not to exceed ~~90~~
 45 ~~percent of the actual amount expended or 75 percent of the corporation's income tax~~
 46 liability, whichever is less.

47 (d) In no event shall the total amount of the tax credit under this Code section for a taxable
 48 year exceed the taxpayer's income tax liability. Any unused tax credit shall be allowed the
 49 taxpayer against the succeeding five years' tax liability. No such credit shall be allowed
 50 the taxpayer against prior years' tax liability.

51 (e)(1) In no event shall the aggregate amount of tax credits allowed under this Code
 52 section exceed \$60 million in 2017, \$60 million in 2018, and \$60 million in 2019.

53 (2)(A) No more than \$4 million of the aggregate limit established by paragraph (1) of
 54 this subsection shall be contributed to any individual rural hospital organization in any
 55 taxable year. From January 1 to June 30 each taxable year, the commissioner shall only
 56 preapprove contributions submitted by individual taxpayers in an amount not to exceed
 57 \$2 million, and from corporate donors in an amount not to exceed \$2 million. From
 58 July 1 to December 31 each taxable year, subject to the aggregate limit in paragraph (1)
 59 of this subsection and the individual rural hospital organization limit in this paragraph,
 60 the commissioner shall approve contributions submitted by individual taxpayers and
 61 corporations or other entities.

62 (B) In the event an individual or corporate donor desires to make a contribution to an
63 individual rural hospital organization that has received the maximum amount of
64 contributions for that taxable year, the Department of Community Health shall provide
65 the individual or corporate donor with a list, ranked in order of financial need, as
66 determined by the Department of Community Health, of rural hospital organizations
67 still eligible to receive contributions for the taxable year.

68 (3) For purposes of paragraphs (1) and (2) of this subsection, a rural hospital
69 organization shall notify a potential donor of the requirements of this Code section.
70 Before making a contribution to a rural hospital organization, the taxpayer shall
71 electronically notify the department, in a manner specified by the department, of the total
72 amount of contribution that the taxpayer intends to make to the rural hospital
73 organization. The commissioner shall preapprove or deny the requested amount within
74 30 days after receiving the request from the taxpayer and shall provide written notice to
75 the taxpayer and rural hospital organization of such preapproval or denial which shall not
76 require any signed release or notarized approval by the taxpayer. In order to receive a tax
77 credit under this Code section, the taxpayer shall make the contribution to the rural
78 hospital organization within 60 days after receiving notice from the department that the
79 requested amount was preapproved. If the taxpayer does not comply with this paragraph,
80 the commissioner shall not include this preapproved contribution amount when
81 calculating the limits prescribed in paragraphs (1) and (2) of this subsection.

82 (4)(A) Preapproval of contributions by the commissioner shall be based solely on the
83 availability of tax credits subject to the aggregate total limit established under
84 paragraph (1) of this subsection and the individual rural hospital organization limit
85 established under paragraph (2) of this subsection.

86 (B) Any taxpayer preapproved by the department pursuant to subsection (e) of this
87 Code section shall retain their approval in the event the credit percentage in
88 subsection (b) of this Code section is modified for the year in which the taxpayer was
89 preapproved.

90 (C) Upon the rural hospital organization's confirmation of receipt of donations that
91 have been preapproved by the department, any taxpayer preapproved by the department
92 pursuant to subsection (c) of this Code section shall receive the full benefit of the
93 income tax credit established by this Code section even though the rural hospital
94 organization to which the taxpayer made a donation does not properly comply with the
95 reports or filings required by this Code section.

96 (5) Notwithstanding any laws to the contrary, the department shall not take any adverse
97 action against donors to rural hospital organizations if the commissioner preapproved a
98 donation for a tax credit prior to the date the rural hospital organization is removed from

99 the Department of Community Health list pursuant to Code Section 31-8-9.1, and all such
100 donations shall remain as preapproved tax credits subject only to the donor's compliance
101 with paragraph (3) of this subsection.

102 (f) In order for the taxpayer to claim the tax credit under this Code section, a letter of
103 confirmation of donation issued by the rural hospital organization to which the contribution
104 was made shall be attached to the taxpayer's tax return. However, in the event the taxpayer
105 files an electronic return, such confirmation shall only be required to be electronically
106 attached to the return if the Internal Revenue Service allows such attachments when the
107 return is transmitted to the department. In the event the taxpayer files an electronic return
108 and such confirmation is not attached because the Internal Revenue Service does not, at the
109 time of such electronic filing, allow electronic attachments to the Georgia return, such
110 confirmation shall be maintained by the taxpayer and made available upon request by the
111 commissioner. The letter of confirmation of donation shall contain the taxpayer's name,
112 address, tax identification number, the amount of the contribution, the date of the
113 contribution, and the amount of the credit.

114 (g) No credit shall be allowed under this Code section with respect to any amount
115 deducted from taxable net income by the taxpayer as a charitable contribution to a bona
116 fide charitable organization qualified under Section 501(c)(3) of the Internal Revenue
117 Code.

118 (h) The commissioner shall be authorized to promulgate any rules and regulations
119 necessary to implement and administer the provisions of this Code section.

120 (i) This Code section shall stand automatically repealed on December 31, ~~2019~~ 2021."

121 **SECTION 2.**

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