

The Senate Committee on Rules offered the following substitute:

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 define the terms "Internal Revenue Code" and "Internal Revenue Code of 1986" and thereby incorporate certain provisions of the federal law into Georgia law; to double the standard deduction amounts; to lower the personal and corporate income tax rates; to revise provisions relating to assignment of corporate income tax credits; to provide for no liability for state or local title ad valorem tax fees in a replacement title transaction for a vehicle not less than 15 years old; to provide for related matters; to provide for effective dates and applicability; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**PART I**

**SECTION 1-1.**

Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is amended by revising paragraph (14) of Code Section 48-1-2, relating to definitions regarding revenue and taxation, as follows:

"(14) 'Internal Revenue Code' or 'Internal Revenue Code of 1986' means for taxable years beginning on or after January 1, ~~2016~~ 2017, the provisions of the United States Internal Revenue Code of 1986, as amended, provided for in federal law enacted on or before ~~January 1, 2017~~ February 9, 2018, except that ~~Section 85(c);~~ Section 108(i), Section 163(e)(5)(F), ~~Section 164(a)(6), Section 164(b)(6);~~ Section 168(b)(3)(I), Section 168(e)(3)(B)(vii), Section 168(e)(3)(E)(ix), Section 168(e)(8), Section 168(k) (~~but not excepting Section 168(k)(2)(A)(i), Section 168(k)(2)(D)(i), and Section 168(k)(2)(E)~~), Section 168(m), Section 168(n), ~~Section 172(b)(1)(H), Section 172(b)(1)(J), Section 172(j);~~ Section 179(d)(1)(B)(ii), Section 179(f), Section 199, Section 381(c)(20), Section 382(d)(3), Section 810(b)(4), Section 1400L, Section 1400N(d)(1), Section 1400N(f), Section 1400N(j), Section 1400N(k), and Section 1400N(o) of the Internal Revenue Code of 1986, as amended, shall be treated as if they were not in effect, and except that Section 168(e)(7), Section 172(b)(1)(F), and Section 172(i)(1), ~~and Section 1221~~ of the Internal

30 Revenue Code of 1986, as amended, shall be treated as they were in effect before the  
31 2008 enactment of federal Public Law 110-343, and except that Section 163(i)(1) of the  
32 Internal Revenue Code of 1986, as amended, shall be treated as it was in effect before the  
33 2009 enactment of federal Public Law 111-5, and except that Section 13(e)(4) of 2009  
34 federal Public Law 111-92 shall be treated as if it was not in effect, and except that  
35 Section 118, Section 163(j), and Section 382(k)(1) of the Internal Revenue Code of 1986,  
36 as amended, shall be treated as they were in effect before the 2017 enactment of federal  
37 Public Law 115-97, and except that the limitations provided in Section 179(b)(1) shall  
38 be \$250,000.00 for tax years beginning in 2010, shall be \$250,000.00 for tax years  
39 beginning in 2011, shall be \$250,000.00 for tax years beginning in 2012, shall be  
40 \$250,000.00 for tax years beginning in 2013, and shall be \$500,000.00 for tax years  
41 beginning in 2014, and except that the limitations provided in Section 179(b)(2) shall be  
42 \$800,000.00 for tax years beginning in 2010, shall be \$800,000.00 for tax years  
43 beginning in 2011, shall be \$800,000.00 for tax years beginning in 2012, shall be  
44 \$800,000.00 for tax years beginning in 2013, and shall be \$2 million for tax years  
45 beginning in 2014, and provided that Section 1106 of federal Public Law 112-95 as  
46 amended by federal Public Law 113-243 shall be treated as if it is in effect, except the  
47 phrase 'Code Section 48-2-35 (or, if later, November 15, 2015)' shall be substituted for  
48 the phrase 'section 6511(a) of such Code (or, if later, April 15, 2015),' and  
49 notwithstanding any other provision in this title, no interest shall be refunded with respect  
50 to any claim for refund filed pursuant to Section 1106 of federal Public Law 112-95, and  
51 provided that subsection (b) of Section 3 of federal Public Law 114-292 shall be treated  
52 as if it is in effect, except the phrase 'Code Section 48-2-35' shall be substituted for the  
53 phrase 'section 6511(a) of the Internal Revenue Code of 1986' and the phrase 'such  
54 section' shall be substituted for the phrase 'such subsection.' In the event a reference is  
55 made in this title to the Internal Revenue Code or the Internal Revenue Code of 1954 as  
56 it existed on a specific date prior to ~~January 1, 2017~~ February 9, 2018, the term means the  
57 provisions of the Internal Revenue Code or the Internal Revenue Code of 1954 as it  
58 existed on the prior date. Unless otherwise provided in this title, any term used in this  
59 title shall have the same meaning as when used in a comparable provision or context in  
60 the Internal Revenue Code of 1986, as amended. For taxable years beginning on or after  
61 January 1, ~~2016~~ 2017, provisions of the Internal Revenue Code of 1986, as amended,  
62 which were as of ~~January 1, 2017~~ February 9, 2018, enacted into law but not yet effective  
63 shall become effective for purposes of Georgia taxation on the same dates upon which  
64 they become effective for federal tax purposes."

**SECTION 1-2.**

Said title is further amended by revising paragraph (1) of subsection (b) of Code Section 48-7-20, relating to individual income tax rates, as follows:

"(b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be computed in accordance with the following tables:

**SINGLE PERSON**

If Georgia Taxable Net Income Is: The Tax Is:

Not over \$750.00	.....1%
Over \$750.00 but not over \$2,250.00	.....\$7.50 plus 2% of amount over \$750.00
Over \$2,250.00 but not over \$3,750.00	.....\$37.50 plus 3% of amount over \$2,250.00
Over \$3,750.00 but not over \$5,250.00	.....\$82.50 plus 4% of amount over \$3,750.00
Over \$5,250.00 but not over \$7,000.00	.....\$142.50 plus 5% of amount over \$5,250.00
Over \$7,000.00	.....\$230.00 plus <del>6%</del> <u>5.75%</u> of amount over \$7,000.00

**MARRIED PERSON FILING A SEPARATE RETURN**

If Georgia Taxable Net Income Is: The Tax Is:

Not over \$500.00	.....1%
Over \$500.00 but not over \$1,500.00	.....\$5.00 plus 2% of amount over \$500.00
Over \$1,500.00 but not over \$2,500.00	.....\$25.00 plus 3% of amount over \$1,500.00
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 <del>6%</del> <u>5.75%</u> of amount over \$5,000.00

96 HEAD OF HOUSEHOLD AND MARRIED PERSONS  
97 FILING A JOINT RETURN

98 If Georgia Taxable The Tax Is:  
99 Net Income Is:

100	Not over \$1,000.00 . . . . .	1%
101	Over \$1,000.00 but not over \$3,000.00 . . . . .	\$10.00 plus 2% of amount over
102		\$1,000.00
103	Over \$3,000.00 but not over \$5,000.00 . . . . .	\$50.00 plus 3% of amount over
104		\$3,000.00
105	Over \$5,000.00 but not over \$7,000.00 . . . . .	\$110.00 plus 4% of amount over
106		\$5,000.00
107	Over \$7,000.00 but not over \$10,000.00 . . . . .	\$190.00 plus 5% of amount over
108		\$7,000.00
109	Over \$10,000.00 . . . . .	\$340.00 plus <del>6%</del> <u>5.75%</u> of amount
110		over \$10,000.00"

111 SECTION 1-3.

112 Said title is further amended by revising paragraph (1) of subsection (b) of Code Section  
113 48-7-20, relating to individual income tax rates, as follows:

114 "(b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be  
115 computed in accordance with the following tables:

116 SINGLE PERSON

117 If Georgia Taxable The Tax Is:  
118 Net Income Is:

119	Not over \$750.00 . . . . .	1%
120	Over \$750.00 but not over \$2,250.00 . . . . .	\$7.50 plus 2% of amount over \$750.00
121	Over \$2,250.00 but not over \$3,750.00 . . . . .	\$37.50 plus 3% of amount over
122		\$2,250.00
123	Over \$3,750.00 but not over \$5,250.00 . . . . .	\$82.50 plus 4% of amount over
124		\$3,750.00
125	Over \$5,250.00 but not over \$7,000.00 . . . . .	\$142.50 plus 5% of amount over
126		\$5,250.00

127 Over \$7,000.00 .....\$230.00 plus ~~5.75%~~ 5.5% of amount  
 128 over \$7,000.00

129 MARRIED PERSON FILING A SEPARATE RETURN

130	If Georgia Taxable	The Tax Is:
131	Net Income Is:	
132	Not over \$500.00 .....1%	
133	Over \$500.00 but not over \$1,500.00 .....\$5.00 plus 2% of amount over \$500.00	
134	Over \$1,500.00 but not over \$2,500.00 .....\$25.00 plus 3% of amount over	
135	\$1,500.00	
136	Over \$2,500.00 but not over \$3,500.00 .....\$55.00 plus 4% of amount over	
137	\$2,500.00	
138	Over \$3,500.00 but not over \$5,000.00 .....\$95.00 plus 5% of amount over	
139	\$3,500.00	
140	Over \$5,000.00 .....\$170.00 plus <del>5.75%</del> <u>5.5%</u> of amount	
141	over \$5,000.00	

142 HEAD OF HOUSEHOLD AND MARRIED PERSONS  
 143 FILING A JOINT RETURN

144	If Georgia Taxable	The Tax Is:
145	Net Income Is:	
146	Not over \$1,000.00 .....1%	
147	Over \$1,000.00 but not over \$3,000.00 .....\$10.00 plus 2% of amount over	
148	\$1,000.00	
149	Over \$3,000.00 but not over \$5,000.00 .....\$50.00 plus 3% of amount over	
150	\$3,000.00	
151	Over \$5,000.00 but not over \$7,000.00 .....\$110.00 plus 4% of amount over	
152	\$5,000.00	
153	Over \$7,000.00 but not over \$10,000.00 .....\$190.00 plus 5% of amount over	
154	\$7,000.00	
155	Over \$10,000.00 .....\$340.00 plus <del>5.75%</del> <u>5.5%</u> of amount	
156	over \$10,000.00"	

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**SECTION 1-4.**

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Said title is further amended by revising subsection (a) of Code Section 48-7-21, relating to taxation of corporations, as follows:

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"(a) Every domestic corporation and every foreign corporation shall pay annually an income tax equivalent to ~~6~~ 5.75 percent of its Georgia taxable net income. Georgia taxable net income of a corporation shall be the corporation's taxable income from property owned or from business done in this state. A corporation's taxable income from property owned or from business done in this state shall consist of the corporation's taxable income as defined in the Internal Revenue Code of 1986, with the adjustments provided for in subsection (b) of this Code section and allocated and apportioned as provided in Code Section 48-7-31."

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**SECTION 1-5.**

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Said title is further amended by revising subsection (a) of Code Section 48-7-21, relating to taxation of corporations, as follows:

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"(a) Every domestic corporation and every foreign corporation shall pay annually an income tax equivalent to ~~5.75~~ 5.5 percent of its Georgia taxable net income. Georgia taxable net income of a corporation shall be the corporation's taxable income from property owned or from business done in this state. A corporation's taxable income from property owned or from business done in this state shall consist of the corporation's taxable income as defined in the Internal Revenue Code of 1986, with the adjustments provided for in subsection (b) of this Code section and allocated and apportioned as provided in Code Section 48-7-31."

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**SECTION 1-6.**

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Said title is further amended by revising subparagraphs (b)(8)(A) and (b)(10.1)(A) of Code Section 48-7-21, relating to taxation of corporations, as follows:

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"(A) A corporation from sources outside the United States as defined in the Internal Revenue Code of 1986. For purposes of this subparagraph, dividends received by a corporation from sources outside of the United States shall include amounts treated as a dividend and income deemed to have been received under provisions of the Internal Revenue Code of 1986 by such corporation if such amounts could have been subtracted from taxable income under this paragraph, had such amounts actually been received but shall not include income specified in Section 951A of the Internal Revenue Code of 1986. The deduction provided by Section 250 shall apply to the extent the same income was included in Georgia taxable net income. The deduction, exclusion, or subtraction provided by Section 245A, Section 965, or any other section of the Internal

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192 Revenue Code of 1986 shall not apply to the extent income has been subtracted  
 193 pursuant to this subparagraph. Amounts to be subtracted under this subparagraph shall  
 194 include the following unless excluded by this paragraph, as defined by the Internal  
 195 Revenue Code of 1986:

- 196 (i) Qualified electing fund income;
- 197 (ii) Subpart F income; and
- 198 (iii) Income attributable to an increase in United States property by a controlled  
 199 foreign corporation.

200 The amount subtracted under this subparagraph shall be reduced by any expenses  
 201 directly attributable to the dividend income; and"

202 "(A) For any taxable year in which the taxpayer takes a federal net operating loss  
 203 deduction on its federal income tax return, the amount of such deduction shall be added  
 204 back to federal taxable income, and Georgia taxable net income for such taxable year  
 205 shall be computed from the taxpayer's federal taxable income as so adjusted. There  
 206 shall be allowed as a separate deduction from Georgia taxable net income so computed  
 207 an amount equal to the aggregate of the Georgia net operating loss carryovers to such  
 208 year, plus the Georgia net operating loss carrybacks to such year if such carrybacks are  
 209 allowed by the Internal Revenue Code of 1986. Any limitations included in the Internal  
 210 Revenue Code of 1986 on the amount of net operating loss that can be used in a taxable  
 211 year shall be applied for purposes of this Code section; provided, however, that such  
 212 limitations, including, but not limited to, the 80 percent limitation, shall be applied to  
 213 Georgia taxable net income;"

#### 214 **SECTION 1-7.**

215 Said title is further amended by revising paragraph (1) of subsection (a) of Code Section  
 216 48-7-27, relating to computation of taxable income of individuals, to read as follows:

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

- 221 (A) In the case of a single taxpayer or a head of household, ~~\$2,300.00~~ \$4,600.00;
- 222 (B) In the case of a married taxpayer filing a separate return, ~~\$1,500.00~~ \$3,000.00;
- 223 (C) In the case of a married couple filing a joint return, ~~\$3,000.00~~ \$6,000.00;
- 224 (D) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer has attained  
 225 the age of 65 before the close of the taxpayer's taxable year. An additional deduction  
 226 of \$1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by

227 the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before  
 228 the close of the taxable year; and  
 229 (E) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer is blind at the  
 230 close of the taxable year. An additional deduction of \$1,300.00 for the spouse of the  
 231 taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's  
 232 spouse and the spouse is blind at the close of the taxable year. For the purposes of this  
 233 subparagraph, the determination of whether the taxpayer or the spouse is blind shall be  
 234 made at the close of the taxable year except that, if either the taxpayer or the spouse  
 235 dies during the taxable year, the determination shall be made as of the time of the  
 236 death;"

237 **SECTION 1-8.**

238 Said title is further amended by adding a new paragraph to subsection (b) of Code Section  
 239 48-7-27, relating to computation of taxable income of corporations, to read as follows:

240 "(14) Georgia net operating losses shall be treated in the same manner as provided in  
 241 paragraph (10.1) of subsection (b) of Code Section 48-7-21 but shall be based on the  
 242 income as computed pursuant to this Code section. Any limitations included in the  
 243 Internal Revenue Code of 1986 on the amount of net operating loss that can be used in  
 244 a taxable year shall be applied for purposes of this Code section; provided, however, that  
 245 such limitations, including, but not limited to, the 80 percent limitation, shall be applied  
 246 to Georgia taxable net income."

247 **SECTION 1-9.**

248 Said title is further amended by revising subsection (c) and adding a new subsection to Code  
 249 Section 48-7-42, relating to affiliated entities and assignment of corporate income tax credits,  
 250 to read as follows:

251 "(c) The recipient of a tax credit assigned under subsection (b) of this Code section shall  
 252 attach a statement to its return identifying the assignor of the tax credit, in addition to  
 253 providing any other information required to be provided by a claimant of the assigned tax  
 254 credit. With the exception of the transferable credits in Code Sections 48-7-29.8,  
 255 48-7-29.12, 48-7-40.26, and 48-7-40.26A, the recipient of a tax credit assigned under  
 256 subsection (b) of this Code section shall also be eligible to take any credit against payments  
 257 due under Code Section 48-7-103, subject to the same requirements as the assignor of such  
 258 credit at the time of the assignment."

259 "(g) For the purposes of all credits provided for by this chapter, the sale, merger,  
 260 acquisition, or bankruptcy of any taxpayer shall not create new eligibility for the  
 261 succeeding transferee in such transaction or event, but any unused credit eligible to be



262 applied against income tax liability under this article may be transferred and continued by  
 263 such transferee and applied against the transferee's income tax liability under this article."

264 **PART II**

265 **SECTION 2-1.**

266 Said title is further amended in Chapter 5C, relating to the alternative ad valorem tax on  
 267 motor vehicles, by revising paragraph (15) of subsection (d) of Code Section 48-5C-1,  
 268 relating to definitions, exemption from taxation, allocation and disbursement of proceeds  
 269 collected by tag agents, fair market value of vehicle appealable, and report, as follows:

270 "(15) There shall be no liability for any state or local title ad valorem tax fees in any of  
 271 the following title transactions:

272 (A) The addition or substitution of lienholders on a motor vehicle title so long as the  
 273 owner of the motor vehicle remains the same;

274 (B) The acquisition of a bonded title by a person or entity pursuant to Code Section  
 275 40-3-28 if the title is to be issued in the name of such person or entity;

276 (C) The acquisition of a title to a motor vehicle by a person or entity as a result of the  
 277 foreclosure of a mechanic's lien pursuant to Code Section 40-3-54 if such title is to be  
 278 issued in the name of such lienholder;

279 (D) The acquisition of a title to an abandoned motor vehicle by a person or entity  
 280 pursuant to Chapter 11 of Title 40 if such person or entity is a manufacturer or dealer  
 281 of motor vehicles and the title is to be issued in the name of such person or entity;

282 (E) The obtaining of a title to a stolen motor vehicle by a person or entity pursuant to  
 283 Code Section 40-3-43;

284 (F) The obtaining of a title by and in the name of a motor vehicle manufacturer,  
 285 licensed distributor, licensed dealer, or licensed rebuilder for the purpose of sale or  
 286 resale or to obtain a corrected title, provided that the manufacturer, distributor, dealer,  
 287 or rebuilder shall submit an affidavit in a form promulgated by the commissioner  
 288 attesting that the transfer of title is for the purpose of accomplishing a sale or resale or  
 289 to correct a title only;

290 (G) The obtaining of a title by and in the name of the holder of a security interest when  
 291 a motor vehicle has been repossessed after default in accordance with Part 6 of Article  
 292 9 of Title 11 if such title is to be issued in the name of such security interest holder;

293 (H) The obtaining of a title by a person or entity for purposes of correcting a title,  
 294 changing an odometer reading, or removing an odometer discrepancy legend, provided  
 295 that, subject to subparagraph (F) of this paragraph, title is not being transferred to  
 296 another person or entity; ~~and~~

- 297 (I) The obtaining of a title by a person who pays state and local title ad valorem tax  
 298 fees on a motor vehicle and subsequently moves out of this state but returns and applies  
 299 to retitle such vehicle in this state; and  
 300 (J) The obtaining of a replacement title on a vehicle that is not less than 15 years old  
 301 upon sufficient proof provided to the commissioner that such title no longer exists."

302 **PART III**

303 **SECTION 3-1.**

- 304 (a) Sections 1-1, 1-6, and 1-8 of this Act shall become effective upon the approval of this  
 305 Act by the Governor or upon this Act becoming law without such approval and such sections  
 306 shall be applicable to all taxable years beginning on or after January 1, 2017.
- 307 (b) Sections 1-2 and 1-4 of this Act shall become effective upon the approval of this Act by  
 308 the Governor or upon this Act becoming law without such approval and shall be applicable  
 309 to all taxable years beginning on or after January 1, 2019. Sections 1-2 and 1-4 of this Act  
 310 shall expire by operation of law on the last moment of December 31, 2025, and revert to the  
 311 language of paragraph (1) of subsection (b) of Code Section 48-7-20 and subsection (a) of  
 312 Code Section 48-7-21, respectively, as they existed on the day immediately preceding the  
 313 effective date of this Act.
- 314 (c) Sections 1-3 and 1-5 of this Act shall become effective upon passage of a joint resolution  
 315 that is signed by the Governor ratifying such sections by both houses of the Georgia General  
 316 Assembly on or after January 13, 2020, and upon such passage shall be applicable to all  
 317 taxable years beginning on or after January 1, 2020. Should Sections 1-3 and 1-5 of this Act  
 318 become effective as prescribed in the foregoing, both sections shall expire by operation of  
 319 law on the last moment of December 31, 2025, and revert to the language of paragraph (1)  
 320 of subsection (b) of Code Section 48-7-20 and subsection (a) of Code Section 48-7-21,  
 321 respectively, as they existed on the day immediately preceding the effective date of this Act.
- 322 (d) Section 1-7 of this Act shall become effective upon the approval of this Act by the  
 323 Governor or upon this Act becoming law without such approval and shall be applicable to  
 324 all taxable years beginning on or after January 1, 2018. Section 1-7 of this Act shall expire  
 325 by operation of law on the last moment of December 31, 2025, and revert to the language of  
 326 paragraph (1) of subsection (a) of Code Section 48-7-27 as it existed on the day immediately  
 327 preceding the effective date of this Act.
- 328 (e) Section 1-9 of this Act shall become effective upon the approval of this Act by the  
 329 Governor or upon this Act becoming law without such approval. The revisions to  
 330 subsection (c) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be  
 331 applicable to tax credits that are assigned in taxable years beginning on or after January 1,

332 2018. New subsection (g) of Code Section 48-7-42 contained in Section 1-9 of this Act shall  
333 be applicable to sales, mergers, acquisitions, or bankruptcies occurring in taxable years  
334 beginning on or after January 1, 2018.

335 (f) Part II of this Act shall become effective July 1, 2018.

336 (g) Part III of this Act shall become effective upon its approval by the Governor or upon  
337 becoming law without such approval.

338 **SECTION 3-2.**

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