House Bill 918 (AS PASSED HOUSE AND SENATE)
By: Representatives Efratson of the 104th, Rogers of the 10th, Rhodes of the 120th, Powell of the 171st, Williamson of the 115th, and others

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, 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, 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)(l), 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 Revenue Code of 1986, as amended, shall be treated as they were in effect before the 2008 enactment of federal Public Law 110-343, and except that Section 163(i)(1) of the Internal Revenue Code of 1986, as amended, shall be treated as it was in effect before the 2009 enactment of federal Public Law 111-5, and except that Section 13(e)(4) of 2009 federal Public Law 111-92 shall be treated as if it was not in effect, and except that Section 118, Section 163(i), and Section 382(k)(1) of the Internal Revenue Code of 1986, as amended, shall be treated as they were in effect before the 2017 enactment of federal Public Law 115-97, and except that the limitations provided in Section 179(b)(1) shall be $250,000.00 for tax years beginning in 2010, shall be $250,000.00 for tax years beginning in 2011, shall be $250,000.00 for tax years beginning in 2012, shall be $250,000.00 for tax years beginning in 2013, and shall be $250,000.00 for tax years beginning in 2014, and except that the limitations provided in Section 179(b)(2) shall be $800,000.00 for tax years beginning in 2010, shall be $800,000.00 for tax years beginning in 2011, shall be $800,000.00 for tax years beginning in 2012, shall be $800,000.00 for tax years beginning in 2013, and shall be $2 million for tax years beginning in 2014, and provided that Section 1106 of federal Public Law 112-95 as amended by federal Public Law 113-243 shall be treated as if it is in effect, except the phrase 'Code Section 48-2-35 (or, if later, November 15, 2015)' shall be substituted for the phrase 'section 6511(a) of such Code (or, if later, April 15, 2015),' and notwithstanding any other provision in this title, no interest shall be refunded with respect to any claim for refund filed pursuant to Section 1106 of federal Public Law 112-95, and provided that subsection (b) of Section 3 of federal Public Law 114-292 shall be treated as if it is in effect, except the phrase 'Code Section 48-2-35' shall be substituted for the phrase 'section 6511(a) of the Internal Revenue Code of 1986' and the phrase 'such section' shall be substituted for the phrase 'such subsection.' In the event a reference is made in this title to the Internal Revenue Code or the Internal Revenue Code of 1954 as it existed on a specific date prior to January 1, 2017 February 9, 2018, the term means the provisions of the Internal Revenue Code or the Internal Revenue Code of 1954 as it existed on the prior date. Unless otherwise provided in this title, any term used in this title shall have the same meaning as when used in a comparable provision or context in the Internal Revenue Code of 1986, as amended. For taxable years beginning on or after January 1, 2016 2017, provisions of the Internal Revenue Code of 1986, as amended, which were as of January 1, 2017 February 9, 2018, enacted into law but not yet effective shall become effective for purposes of Georgia taxation on the same dates upon which 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:

<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 over $2,250.00</td>
<td>$7.50 plus 2% of amount over $750.00</td>
</tr>
<tr>
<td>Over $2,250.00 but not over $3,750.00</td>
<td>$37.50 plus 3% of amount over $2,250.00</td>
</tr>
<tr>
<td>Over $3,750.00 but not over $5,250.00</td>
<td>$82.50 plus 4% of amount over $3,750.00</td>
</tr>
<tr>
<td>Over $5,250.00 but not over $7,000.00</td>
<td>$142.50 plus 5% of amount over $5,250.00</td>
</tr>
<tr>
<td>Over $7,000.00</td>
<td>$230.00 plus 6% 5.75% of amount over $7,000.00</td>
</tr>
</tbody>
</table>

MARRIED PERSON FILING A SEPARATE RETURN

If Georgia Taxable Net Income Is: The Tax Is:

<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 over $1,500.00</td>
<td>$5.00 plus 2% of amount over $500.00</td>
</tr>
<tr>
<td>Over $1,500.00 but not over $2,500.00</td>
<td>$25.00 plus 3% of amount over $1,500.00</td>
</tr>
<tr>
<td>Over $2,500.00 but not over $3,500.00</td>
<td>$55.00 plus 4% of amount over $2,500.00</td>
</tr>
<tr>
<td>Over $3,500.00 but not over $5,000.00</td>
<td>$95.00 plus 5% of amount over $3,500.00</td>
</tr>
<tr>
<td>Over $5,000.00</td>
<td>$170.00 plus 6% 5.75% of amount over $5,000.00</td>
</tr>
</tbody>
</table>
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

SECTION 1-3.
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

H. B. 918
- 4 -
Over $7,000.00 .......................... $230.00 plus 5.75% 5.5% 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 5.75% 5.5% 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 5.75% 5.5% of amount over $10,000.00
SECTION 1-4.

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

"(a) Every domestic corporation and every foreign corporation shall pay annually an income tax equivalent to 6.5 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."

SECTION 1-5.

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

"(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."

SECTION 1-6.

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:

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

(i) Qualified electing fund income;

(ii) Subpart F income; and

(iii) Income attributable to an increase in United States property by a controlled foreign corporation.

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

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

SECTION 1-7.

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

(1) Either the sum of all itemized nonbusiness 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 $4,600.00;

(B) In the case of a married taxpayer filing a separate return, $1,500.00 $3,000.00;

(C) In the case of a married couple filing a joint return, $3,000.00 $6,000.00;

(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;”

SECTION 1-8.

Said title is further amended by adding a new paragraph to subsection (b) of Code Section
48-7-27, relating to computation of taxable income of corporations, to read as follows:
"(14) Georgia net operating losses shall be treated in the same manner as provided in
paragraph (10.1) of subsection (b) of Code Section 48-7-21 but shall be based on the
income as computed pursuant to this Code section. Any limitations included in the
Internal Revenue Code of 1986 on the amount of net operating loss that can be used in
a taxable year shall be applied for purposes of this Code section; provided, however, that
such limitations, including, but not limited to, the 80 percent limitation, shall be applied
to Georgia taxable net income.”

SECTION 1-9.

Said title is further amended by revising subsection (c) and adding a new subsection to Code
Section 48-7-42, relating to affiliated entities and assignment of corporate income tax credits,
to read as follows:
“(c) The recipient of a tax credit assigned under subsection (b) of this Code section shall
attach a statement to its return identifying the assignor of the tax credit, in addition to
providing any other information required to be provided by a claimant of the assigned tax
credit. With the exception of the transferable credits in Code Sections 48-7-29.8,
48-7-29.12, 48-7-40.26, and 48-7-40.26A, the recipient of a tax credit assigned under
subsection (b) of this Code section shall also be eligible to take any credit against payments
due under Code Section 48-7-103, subject to the same requirements as the assignor of such
credit at the time of the assignment.”
“(g) For the purposes of all credits provided for by this chapter, the sale, merger,
acquisition, or bankruptcy of any taxpayer shall not create new eligibility for the
succeeding transferee in such transaction or event, but any unused credit eligible to be

H. B. 918
- 8 -
applied against income tax liability under this article may be transferred and continued by
such transferee and applied against the transferee's income tax liability under this article."

PART II
SECTION 2-1.

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

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

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

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

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

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

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

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

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

(H) The obtaining of a title by a person or entity for purposes of correcting a title,
changing an odometer reading, or removing an odometer discrepancy legend, provided
that, subject to subparagraph (F) of this paragraph, title is not being transferred to
another person or entity; and
(I) The obtaining of a title by a person who pays state and local title ad valorem tax fees on a motor vehicle and subsequently moves out of this state but returns and applies to retitle such vehicle in this state; and

(J) The obtaining of a replacement title on a vehicle that is not less than 15 years old upon sufficient proof provided to the commissioner that such title no longer exists.

PART III

SECTION 3-1.

(a) Sections 1-1, 1-6, and 1-8 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and such sections shall be applicable to all taxable years beginning on or after January 1, 2017.

(b) Sections 1-2 and 1-4 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on or after January 1, 2019. Sections 1-2 and 1-4 of this Act shall expire by operation of law on the last moment of December 31, 2025, and revert to the language of paragraph (1) of subsection (b) of Code Section 48-7-20 and subsection (a) of Code Section 48-7-21, respectively, as they existed on the day immediately preceding the effective date of this Act.

(c) Sections 1-3 and 1-5 of this Act shall become effective upon passage of a joint resolution that is signed by the Governor ratifying such sections by both houses of the Georgia General Assembly on or after January 13, 2020, and upon such passage shall be applicable to all taxable years beginning on or after January 1, 2020. Should Sections 1-3 and 1-5 of this Act become effective as prescribed in the foregoing, both sections shall expire by operation of law on the last moment of December 31, 2025, and revert to the language of paragraph (1) of subsection (b) of Code Section 48-7-20 and subsection (a) of Code Section 48-7-21, respectively, as they existed on the day immediately preceding the effective date of this Act.

(d) Section 1-7 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on or after January 1, 2018. Section 1-7 of this Act shall expire by operation of law on the last moment of December 31, 2025, and revert to the language of paragraph (1) of subsection (a) of Code Section 48-7-27 as it existed on the day immediately preceding the effective date of this Act.

(e) Section 1-9 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval. The revisions to subsection (c) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be applicable to tax credits that are assigned in taxable years beginning on or after January 1,
2018. New subsection (g) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be applicable to sales, mergers, acquisitions, or bankruptcies occurring in taxable years beginning on or after January 1, 2018.

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

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

SECTION 3-2.

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