

The Senate Committee on Finance offered the following substitute to HB 1035:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 33 of the Official Code of Georgia Annotated, relating to insurance, so as to
2 repeal a certain tax credit, a certain deduction, and certain exemptions; to amend Title 36 of
3 the Official Code of Georgia Annotated, relating to local government, so as to revise the
4 definition of sales and use tax related to enterprise zones; to amend Title 40 of the Official
5 Code of Georgia Annotated, relating to motor vehicles and traffic, so as to repeal an
6 exemption from taxation of motor vehicles related to manufacturer headquarters' license
7 plates; to amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
8 taxation, so as to repeal an exemption for alternative ad valorem taxes on motor vehicles for
9 salvage titles; to repeal or revise certain income tax credits; to repeal or revise certain sales
10 tax exemptions; to provide for a short title; to provide for related matters; to provide for an
11 effective date; to repeal conflicting laws; and for other purposes.

12 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

13 **SECTION 1.**

14 This Act shall be known and may be cited as the "Tax Exemption and Credit Reform Act of
15 2020."

16 **SECTION 2.**

17 Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended by
18 repealing and reserving Code Section 33-1-25, relating to the Georgia Agribusiness and
19 Rural Jobs Act.

20 **SECTION 3.**

21 Said title is further amended by repealing and reserving Code Section 33-8-7, relating to a
22 deduction from taxes of retaliatory taxes paid other states.

23

SECTION 4.

24 Said title is further amended by repealing and reserving Code Section 33-8-13, relating to
25 exemptions of certain insurance companies from taxes.

26

SECTION 5.

27 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
28 by revising paragraph (8.1) of Code Section 36-88-3, relating to definitions related to
29 enterprise zones, as follows:

30 "(8.1) 'Sales and use tax' means sales and use taxes applicable to sales transactions within
31 the boundaries of an area designated as an enterprise zone pursuant to subsection (g) of
32 Code Section 36-88-6, not to include:

33 (A) A sales and use tax for educational purposes exempted from such limitation under
34 Article VIII, Section VI, Paragraph IV of the Constitution;

35 (B) Any tax levied for purposes of a metropolitan area system of public transportation,
36 as authorized by the amendment to the Constitution set out at Georgia Laws, 1964, page
37 1008; the continuation of such amendment under Article XI, Section I, Paragraph IV(d)
38 of the Constitution; and the laws enacted pursuant to such constitutional amendment;

39 or

40 (C) Any tax levied for purposes of water and sewer projects pursuant to Article 4 or
41 5A of Chapter 8 of Title 48; or

42 (D) Any tax imposed by this state in Article 1 of Chapter 8 of Title 48."

43

SECTION 6.

44 Title 40 of the Official Code of Georgia Annotated, relating to motor vehicles and traffic, is
45 amended by revising subparagraph (a)(4)(C) of Code Section 40-2-38, relating to registration
46 and licensing of manufacturers, distributors, and dealers and issuance of manufacturer,
47 distributor, and dealer plates as follows:

48 "(C) The manufacturer headquarters or its affiliate shall pay an application fee of
49 \$62.00 per application as provided in this Code section and shall pay \$12.00 for each
50 and every plate furnished. ~~With respect to any manufacturer headquarters license plate
51 issued to a manufacturer headquarters or its affiliate, notwithstanding anything to the
52 contrary in this title or Code Section 48-5C-1, such manufacturer headquarters or its
53 affiliate, and any person operating or possessing a motor vehicle using a manufacturer
54 headquarters license plate pursuant to this paragraph, shall not be subject to state or
55 local title ad valorem tax fees with respect to such vehicle or manufacturer headquarters
56 license plate."~~

57

SECTION 7.

58 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
 59 amended by revising paragraph (2) of subsection (b) of Code Section 48-5C-1, relating to
 60 exemptions from taxation relative to the alternative ad valorem tax on motor vehicles, as
 61 follows:

62 ~~"(2) A person or entity acquiring a salvage title pursuant to subsection (b) of Code~~
 63 ~~Section 40-3-36 shall not be subject to the fee specified in paragraph (1) of this~~
 64 ~~subsection but shall be subject to a state title ad valorem tax fee in an amount equal to 1~~
 65 ~~percent of the fair market value of the motor vehicle. Such state title ad valorem tax fee~~
 66 ~~shall be an alternative ad valorem tax as authorized by Article VII, Section I, Paragraph~~
 67 ~~HH(b)(3) of the Georgia Constitution Reserved."~~

68

SECTION 8.

69 Said title is further amended by revising paragraph (1) of subsection (b) of Code Section
 70 48-7-29.6, relating to tax credits for qualified low-income buildings, as follows:

71 "(b)(1) A state tax credit against the tax imposed by this article, to be termed the Georgia
 72 housing tax credit, shall be allowed with respect to each qualified Georgia project placed
 73 in service after January 1, 2001. The amount of such credit shall, when combined with
 74 the total amount of credits authorized under Code Section 33-1-18, in no event exceed
 75 an amount equal to 50 percent of the federal housing tax credit allowed with respect to
 76 such qualified Georgia project."

77

SECTION 9.

78 Said title is further amended by repealing and reserving Code Section 48-7-29.8, relating to
 79 tax credits for the rehabilitation of historic structures and conditions and limitations.

80

SECTION 10.

81 Said title is further amended by repealing and reserving Code Section 48-7-29.14, relating
 82 to a tax credit for clean energy property.

83

SECTION 11.

84 Said title is further amended by repealing and reserving Code Section 48-7-40.2, relating to
 85 income tax credits for existing manufacturing and telecommunications facilities in tier 1
 86 counties and conditions and limitations.

87

SECTION 12.

88 Said title is further amended by repealing and reserving Code Section 48-7-40.3, relating to
89 income tax credits for existing manufacturing and telecommunications facilities in tier 2
90 counties and conditions and limitations.

91

SECTION 13.

92 Said title is further amended by repealing and reserving Code Section 48-7-40.4, relating to
93 income tax credits for existing manufacturing and telecommunications facilities or
94 manufacturing and telecommunications support facilities in tier 3 or 4 counties and
95 conditions and limitations.

96

SECTION 14.

97 Said title is further amended by repealing paragraphs (7), (8), (9), and (10) of subsection (a),
98 by revising subsection (b), and by repealing and reserving subsections (d), (e), and (f) of
99 Code Section 48-7-40.6, relating to income tax credits for employers providing child care,
100 as follows:

101 "(b) A tax credit against the tax imposed under this article shall be granted to an employer
102 who provides or sponsors child care for employees. The amount of the tax credit shall be
103 equal to:

104 (1) Seventy-five 75 percent of the cost of operation to the employer less any amounts
105 paid for by employees during a taxable year, provided that the median salary of such
106 employees does not exceed 200 percent of the United States Department of Health and
107 Human Services poverty guidelines published and in effect as of July 1, 2020; or

108 (2) Fifty percent of the cost of operation to the employer less any amounts paid for by
109 employees during a taxable year for other employers."

110

SECTION 15.

111 Said title is further amended by repealing and reserving Code Section 48-7-40.7, relating to
112 optional income tax credits for existing manufacturing and telecommunications facilities in
113 tier 1 counties and conditions and limitations.

114

SECTION 16.

115 Said title is further amended by repealing and reserving Code Section 48-7-40.8, relating to
116 optional income tax credits for existing manufacturing and telecommunications facilities in
117 tier 2 counties and conditions and limitations.

118 **SECTION 17.**

119 Said title is further amended by repealing and reserving Code Section 48-7-40.9, relating to
 120 optional income tax credits for existing manufacturing and telecommunications facilities or
 121 manufacturing and telecommunications support facilities in tier 3 or 4 counties and
 122 conditions and limitations.

123 **SECTION 18.**

124 Said title is further amended by revising subsection (c) of Code Section 48-7-40.12, relating
 125 to tax credit for qualified research expenses, as follows:

126 "(c) The tax credit provided in subsection (b) of this Code section shall be ~~10~~ 7.5 percent
 127 of the excess over the base amount referred to in said subsection; provided, however, that
 128 once a taxpayer has earned such tax credit for three consecutive years, an additional 2.5
 129 percent shall be allowed for the amount of the excess over the base amount that exceeds
 130 the average of such taxpayer's amount of excess over the base amount that was claimed
 131 during its preceding three taxable years."

132 **SECTION 19.**

133 Said title is further amended by repealing and reserving Code Section 48-7-40.22, relating
 134 to tax credits for business enterprises for leased motor vehicles, daily ridership, and
 135 implementation.

136 **SECTION 20.**

137 Said title is further amended by repealing and reserving Code Section 48-7-40.32, relating
 138 to revitalization zone tax credits.

139 **SECTION 21.**

140 Reserved.

141 **SECTION 22.**

142 Said title is further amended in Code Section 48-8-3, relating to exemptions from state sales
 143 and use taxes, by repealing and reserving paragraphs (6.2), (7.2), (24), (34.1), (39.1), (43),
 144 (45), (48), (61), (62), (66), (67), (81), (91), (94), (101), and (102), and by revising paragraphs
 145 (7.05), (7.3), (46), (47), (57.1), (57.2), and (57.3) as follows:

146 "~~(7.05)(A) For the period commencing on July 1, 2015, and ending on June 30, 2024,~~
 147 ~~sales~~ Sales of tangible personal property to a nonprofit health center in this state which
 148 has been established under the authority of and is receiving funds pursuant to the

149 United States Public Health Service Act, 42 U. S. C. Section 254b if such health clinic
150 obtains an exemption determination letter from the commissioner.

151 (B)(i) For the purposes of this paragraph, the term 'local sales and use tax' shall mean
152 any sales tax, use tax, or local sales and use tax which is levied and imposed in an
153 area consisting of less than the entire state, however authorized, including, but not
154 limited to, such taxes authorized by or pursuant to constitutional amendment; by or
155 pursuant to Section 25 of an Act approved March 10, 1965 (Ga. L. 1965, p. 2243), as
156 amended, the 'Metropolitan Atlanta Rapid Transit Authority Act of 1965'; or by or
157 pursuant to Article 2, 2A, 3, or 4 of this chapter.

158 (ii) The exemption provided for in subparagraph (A) of this paragraph shall not apply
159 to any local sales and use tax levied or imposed at any time.

160 (C) Notwithstanding Code Sections 48-2-15, 48-7-60, and 48-7-61, any taxpayer
161 seeking to claim the exemption provided for within subparagraph (A) of this paragraph
162 shall electronically submit to the department, at the time of application for the
163 exemption and any such annual renewal, the total number of patients treated in the
164 previous calendar year, the average monthly number of full-time employees, and the
165 total amount of exempt purchases made by the taxpayer in the preceding calendar year.
166 The department shall then issue a report to the chairpersons of the House Committee
167 on Ways and Means and the Senate Finance Committee detailing the total number of
168 patients treated, average monthly number of full-time employees, and the total amount
169 of sales and use tax exempted sales for the previous calendar year, by June 30 each
170 year;"

171 ~~"(7.3)(A) For the period commencing July 1, 2015, and ending June 30, 2024, sales~~
172 Sales of tangible personal property and services to a nonprofit volunteer health clinic
173 which primarily treats indigent persons with incomes below 200 percent of the federal
174 poverty level and which property and services are used exclusively by such volunteer
175 health clinic in performing a general treatment function in this state when such
176 volunteer health clinic is a tax exempt organization under the Internal Revenue Code
177 and obtains an exemption determination letter from the commissioner.

178 (B) Notwithstanding Code Sections 48-2-15, 48-7-60, and 48-7-61, any taxpayer
179 seeking to claim the exemption provided for within subparagraph (A) of this paragraph
180 shall electronically submit to the department, at the time of application for the
181 exemption and any such annual renewal, the total number of patients treated in the
182 previous calendar year, the average monthly number of full-time employees, and the
183 total amount of exempt purchases made by the taxpayer in the preceding calendar year.
184 The department shall then issue a report to the chairpersons of the House Committee
185 on Ways and Means and the Senate Finance Committee detailing the total number of

186 patients treated, average monthly number of full-time employees, and the total amount
 187 of sales and use tax exempted sales for the previous calendar year, by June 30 each
 188 year;"

189 "(46) Sales to blood banks and organ procurement organizations as defined in Code
 190 Section 44-5-141 having a nonprofit status pursuant to Section 501(c)(3) of the Internal
 191 Revenue Code. Each organ procurement organization exempt under this paragraph shall
 192 submit an annual report to the Department of Community Health which includes the
 193 number of donors and transplants facilitated by such organization in the organization's
 194 previous fiscal year;

195 (47)(A)(i) The sale or use of drugs which are lawfully dispensable only by
 196 prescription for the treatment of natural persons, the sale or use of insulin regardless
 197 of whether the insulin is dispensable only by prescription, and the sale or use of
 198 prescription eyeglasses ~~and contact lenses including, without limitation, prescription~~
 199 ~~contact lenses distributed by the manufacturer to licensed dispensers as free samples~~
 200 ~~not intended for resale and labeled as such;~~ and

201 (ii) The sale or use of drugs lawfully dispensable by prescription for the treatment of
 202 natural persons which are dispensed or distributed without charge to physicians,
 203 dentists, clinics, hospitals, or any other person or entity located in Georgia by a
 204 pharmaceutical manufacturer or distributor; and the use of drugs and durable medical
 205 equipment lawfully dispensed or distributed without charge solely for the purposes
 206 of a clinical trial approved by either the United States Food and Drug Administration
 207 or by an institutional review board.

208 (B) For purposes of this paragraph, the term:

209 (i) 'Drug' means the same as provided in Code Section 48-8-2 but shall not include
 210 over-the-counter drugs or tobacco.

211 (ii) 'Institutional review board' means an institutional review board as provided in 21
 212 C.F.R. Section 56.

213 (C) The commissioner is authorized to prescribe forms and promulgate rules and
 214 regulations deemed necessary in order to administer and effectuate this paragraph;"

215 "(57.1)(A) ~~From July 1, 2014, until June 30, 2021, sales~~ Sales of food and food
 216 ingredients to a qualified food bank.

217 (B) As used in this paragraph, the term 'qualified food bank' means any food bank
 218 which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code
 219 and which is operated primarily for the purpose of providing hunger relief to ~~low~~
 220 ~~income~~ low-income persons residing in this state.

221 (C) Notwithstanding Code Sections 48-2-15, 48-7-60, and 48-7-61, any taxpayer
 222 seeking to claim the exemption provided for within subparagraph (A) of this paragraph

223 shall electronically submit to the department, at the time of application for the
 224 exemption and any such annual renewal, the total number of clients served in the
 225 previous calendar year, total pounds of food donated by retailers, and total amount of
 226 exempt purchases made in the preceding year. The department shall then issue a report
 227 to the chairpersons of the House Committee on Ways and Means and the Senate
 228 Finance Committee detailing the total number of clients served, total pounds of food
 229 donated by retailers, and total amount of sales and use tax exempted sales for the
 230 previous calendar year, by June 30 each year.

231 (D) The commissioner is authorized to promulgate rules and regulations deemed
 232 necessary in order to administer and effectuate this paragraph;

233 ~~(57.2)(A) For the period commencing July 1, 2015, and ending on June 30, 2021, the~~
 234 The use of food and food ingredients which is donated to a qualified nonprofit agency
 235 and which is used for hunger relief or disaster relief purposes.

236 (B) As used in this paragraph, the term 'qualified nonprofit agency' means any entity
 237 which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code
 238 and which provides hunger relief.

239 (C) For the purposes of this paragraph, the term 'food and food ingredients' as defined
 240 in Code Section 48-8-2 shall not include drugs or over-the-counter drugs.

241 (D) The commissioner is authorized to promulgate rules and regulations deemed
 242 necessary in order to administer and effectuate this paragraph;

243 ~~(57.3)(A) For the period commencing July 1, 2015, and ending on June 30, 2020, the~~
 244 The use of food and food ingredients which is donated following a natural disaster and
 245 which is used for disaster relief purposes.

246 (B) For the purposes of this paragraph, the term 'food and food ingredients' as defined
 247 in Code Section 48-8-2 shall not include drugs or over-the-counter drugs.

248 (C) The commissioner is authorized to promulgate rules and regulations deemed
 249 necessary in order to administer and effectuate this paragraph;"

250 **SECTION 23.**

251 Said title is further amended in Code Section 48-8-3.2, relating to definitions, exemption,
 252 applicability, and examples, by revising paragraph (12) of subsection (e) as follows:

253 "(12) Until July 1, ~~2020~~ 2025, maintenance and replacement parts for machinery or
 254 equipment, stationary or in transit, used to mix, agitate, and transport freshly mixed
 255 concrete in a plastic and unhardened state, including but not limited to mixers and
 256 components, engines and components, interior and exterior operational controls and
 257 components, hydraulics and components, all structural components, and all safety

258 components, provided that sales and use taxes on motor fuel used as energy in a concrete
259 mixer truck shall not be exempt or refundable; and"

260 **SECTION 24.**

261 Said title is further amended by repealing and reserving Code Section 48-8-3.4, relating to
262 the maximum amount of sales and use tax on boats.

263 **SECTION 25.**

264 This Act shall become effective on January 1, 2021.

265 **SECTION 26.**

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