

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

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 3 of Chapter 5 of Title 28 of the Official Code of Georgia Annotated,
2 relating to fiscal bills generally, so as to provide for independent economic analyses to be
3 procured by the Office of Planning and Budget for certain tax benefits upon request by the
4 chairpersons of the House Committee on Ways and Means and the Senate Finance
5 Committee; to provide a short title; to provide for limits; to provide for summaries to be
6 attached to related fiscal notes; to reduce the value of all existing tax credits and exemptions
7 by 10 percent for a one-year period; to provide for related matters; to repeal conflicting laws;
8 and for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 This Act shall be known and may be cited as the "Tax Exemption and Credit Reform Act of
12 2020."

13 **SECTION 2.**

14 Article 3 of Chapter 5 of Title 28 of the Official Code of Georgia Annotated, relating to fiscal
15 bills generally, is amended by adding a new Code section to read as follows:

16 "28-5-41.1.

17 (a) An economic analysis shall include, but not be limited to, a good faith estimate as a
18 result of the law or proposed law, on an annual basis for five years thereafter, of the
19 following, on both a direct and indirect basis:

20 (1) Net change in state revenue;

21 (2) Net change in state expenditures, which shall include, but not be limited to, costs of
22 administering the bill;

23 (3) Net change in economic activity; and

24 (4) If applicable, any net change in public benefit.

25 (b) On or before August 1 of each year, the chairperson of the House Committee on Ways
 26 and Means and the chairperson of the Senate Finance Committee may each request up to
 27 five economic analyses, which requests shall be transmitted to the Office of Planning and
 28 Budget which may contract with one or more independent auditors to complete all such
 29 analyses on or before December 1 of the year in which such analysis was requested. Each
 30 such request shall be limited to one existing provision of law or proposed law and shall
 31 specify one particular exemption, exclusion, or deduction from the base of a tax; credit
 32 against a tax; deferral of a tax; a rebate of taxes paid; tax abatement; or preferential tax rate
 33 to be analyzed.

34 (c) Copies of each completed economic analysis shall be provided to the House Budget
 35 and Research Office and the Senate Budget and Evaluation Office.

36 (d) If a fiscal note is requested pursuant to Code Section 28-5-42 and a relevant economic
 37 analysis has been conducted within one year of such request, the Office of Planning and
 38 Budget may prepare a summary of such economic analysis and attach it with the requested
 39 fiscal note."

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SECTION 3.

41 Chapter 1 of Title 48 of the Official Code of Georgia Annotated, relating to general
 42 provisions for revenue and taxation, is amended by adding a new Code section to read as
 43 follows:

44 "48-1-11.

45 (a) As used in this Code section, the term 'preferential tax law' means any statutory
 46 provision which exempts, in whole or in part, any specific class or classes of persons,
 47 income, goods, services, or property from the impact of established taxation by this state
 48 by any direct or indirect method including any exemption, exclusion, or deduction from
 49 the base of a tax, tax allowance, preferential tax rate, deferral of a tax, rebate of taxes paid,
 50 or tax abatement.

51 (b) For the period beginning on July 1, 2020, and ending June 30, 2021, the total value
 52 derived from any preferential tax law shall be reduced by 10 percent. The provisions of
 53 this Code section shall apply to:

54 (1) Any tax credit earned, preapproved, or claimed during such period; and

55 (2) Any taxable transaction occurring during such period."

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SECTION 4.

57 This Act shall become effective upon its approval by the Governor or upon its becoming law
 58 without such approval.

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SECTION 5.

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