

House Bill 1620

By: Representative Lim of the 99th

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-7-38 of the Official Code of Georgia Annotated, relating to
2 deduction for payments to minority subcontractors and certification as minority
3 subcontractor, so as to provide an additional income tax deduction for certain payments to
4 minority subcontractors; to provide for related matters; to repeal conflicting laws; and for
5 other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-7-38 of the Official Code of Georgia Annotated, relating to deduction for
9 payments to minority subcontractors and certification as minority subcontractor, is amended
10 by adding a new subsection to read as follows:

11 "(b.1) In computing Georgia taxable net income of a corporation, partnership, or
12 individual, in addition to the deduction provided for in subsection (b) of this Code section,
13 there shall also be subtracted from federal taxable income or federal adjusted gross
14 income 5 percent of the amount of qualified payments to subcontractors, if at least 20
15 percent of the total hours of labor by the subcontractors and/or their agents for property,
16 commodities, and services for the state have been performed by local residents of the

17 county or municipality where the project site or sites are located. A payment pursuant to
18 this paragraph shall be a qualified payment if:

19 (1) The payment is for goods, personal property, or services furnished by the
20 subcontractor to the taxpayer and delivered by the taxpayer to the state in furtherance of
21 a state contract to which the taxpayer is a party and the payment does not exceed the
22 value of the goods, property, or services to the taxpayer; and

23 (2) The payment is made during the taxable year for which the subtraction from federal
24 taxable income or federal adjusted gross income is claimed."

25 **SECTION 2.**

26 All laws and parts of laws in conflict with this Act are repealed.