

House Bill 1472

By: Representative Lim of the 98th

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to imposition, rate, computation, exemptions, and credits for state income tax, so as
3 to revise the definition of the term "small business"; to provide for related matters; to provide
4 for an effective date and applicability; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
8 imposition, rate, computation, exemptions, and credits for state income tax, is amended by
9 revising Code Section 48-7-38, relating to deduction for payments to classified
10 subcontractors, disclosure of tax returns, and maintenance of list of classified subcontractors,
11 as follows:

12 "48-7-38.

13 (a) As used in this Code section, the term:

14 (1) 'Classified subcontractor' means a small business certified as a minority business
15 enterprise, women owned business, or veteran owned business under Code Section
16 50-5-132.

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17 (2) 'Small business' ~~shall have the same meaning as provided in Code Section 50-5-121~~
18 means a business that is independently owned and operated and has 300 or fewer
19 employees or \$30 million or less in gross receipts per year.

20 (3) 'State contract' means a contract for the purchase by the state of goods, property, or
21 services or for the construction of any building or structure for the state, which contract
22 is executed by any department, board, bureau, commission, or agency of state
23 government, by any state authority, or by any officer, official, employee, or agent of any
24 of the foregoing.

25 (b) In computing Georgia taxable net income of a corporation, partnership, or individual,
26 there shall be subtracted from federal taxable income or federal adjusted gross income 10
27 percent of the amount of qualified payments to classified subcontractors. A payment to a
28 classified subcontractor shall be a qualified payment if:

29 (1) The payment is for goods, personal property, or services furnished by the classified
30 subcontractor to the taxpayer and delivered by the taxpayer to the state in furtherance of
31 a state contract to which the taxpayer is a party; and the payment does not exceed the
32 value of the goods, property, or services to the taxpayer;

33 (2) The payment is made during the taxable year for which the subtraction from federal
34 taxable income or federal adjusted gross income is claimed; and

35 (3) The payment is made to a small business which, at the time of the payment, is
36 certified as a minority business enterprise, women owned business, or veteran owned
37 business under Code Section 50-5-132.

38 (c) The total amount which may be subtracted under this Code section from federal taxable
39 income or federal adjusted gross income of any taxpayer shall be limited to \$100,000.00
40 per taxable year.

41 (d) The department may disclose to the commissioner of administrative services the
42 income tax returns of taxpayers applying for certification as minority business enterprises,
43 women owned businesses, and veteran owned businesses under Code Section 50-5-132.

44 The commissioner of administrative services shall maintain and periodically revise a list
45 of classified subcontractors and shall make such list available to the department no later
46 than December 31 of each year and to the general public."

47 **SECTION 2.**

48 This Act shall become effective on July 1, 2026, and shall be applicable to all taxable years
49 beginning on or after January 1, 2027.

50 **SECTION 3.**

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