

The House Committee on Ways and Means offers the following substitute to HB 339:

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 the imposition, rate, and computation of state income taxes, so as to extend the tax  
3 credit for film, video, or digital production in this state; to provide for related matters; to  
4 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 the  
8 imposition, rate, and computation of state income taxes, is amended by revising subsection  
9 (e) of Code Section 48-7-40.26, relating to the tax credit for film, video, or digital production  
10 in this state, as follows:

11 "(e)(1) In no event shall the aggregate amount of tax credits allowed under this Code  
12 section for qualified interactive entertainment production companies and affiliates exceed  
13 \$25 million for taxable years beginning on or after January 1, 2013, and before January  
14 1, 2014. The maximum credit for any qualified interactive entertainment production  
15 company and its affiliates shall be \$5 million for such taxable year. When the \$25  
16 million cap is reached, the tax credit for qualified interactive entertainment production  
17 companies shall expire for such taxable years.

18 (2) For taxable years beginning on or after January 1, 2014, and before January 1, 2015,  
19 the amount of tax credits allowed under this Code section for qualified interactive  
20 entertainment production companies and affiliates shall not exceed \$12.5 million.

21 (3) For taxable years beginning on or after January 1, 2015, and before January 1, 2016,  
22 the amount of tax credits allowed under this Code section for qualified interactive  
23 entertainment production companies and affiliates shall not exceed \$12.5 million.

24 ~~(4) The tax credits allowed under this Code section for qualified interactive~~  
25 ~~entertainment production companies and affiliates shall not be available for taxable years~~  
26 ~~beginning on or after January 1, 2016~~ For taxable years beginning on or after January 1,

27 2016, and before January 1, 2019, the amount of tax credits allowed under this Code  
 28 section for qualified interactive entertainment production companies and affiliates shall  
 29 not exceed \$12.5 million for each taxable year. The tax credits allowed under this Code  
 30 section for qualified interactive entertainment production companies and affiliates shall  
 31 not be available for taxable years beginning on or after January 1, 2019.

32 (5) The maximum allowable credit claimed for any qualified interactive entertainment  
 33 production company and its affiliates shall not exceed \$1.5 million in any single year.

34 (6) The commissioner shall allow the tax credits for qualified interactive entertainment  
 35 production companies on a first come, first served basis based on the date the credits are  
 36 claimed.

37 (7) No qualified interactive entertainment production company shall be allowed to claim  
 38 an amount of tax credits under this Code section for any single year in excess of its total  
 39 aggregate payroll expended to employees working within this state for the calendar year  
 40 directly preceding the start of the year the qualified interactive entertainment production  
 41 company claims the tax credits. Any amount in excess of such limit shall not be eligible  
 42 for carry forward to the succeeding years' tax liability, nor shall such excess amount be  
 43 eligible for use against the qualified interactive entertainment production company's  
 44 quarterly or monthly payment under Code Section 48-7-103, nor shall such excess  
 45 amount be assigned, sold, or transferred to any other taxpayer.

46 (8) Before the Department of Economic Development issues its approval to the qualified  
 47 interactive entertainment production company for the qualified production activities  
 48 related to interactive entertainment, the qualified interactive entertainment production  
 49 company must certify to the department that:

50 (A) The qualified interactive entertainment production company maintains a business  
 51 location physically located in this state; and

52 (B) The qualified interactive entertainment production company had expended a total  
 53 aggregate payroll of \$500,000.00 or more for employees working within this state  
 54 during the calendar year directly preceding the start of the taxable year of the qualified  
 55 interactive entertainment production company.

56 The department shall issue a certification that the qualified interactive entertainment  
 57 production company meets the requirements of this paragraph; provided, however, that  
 58 the department shall not issue any certifications before July 1, 2014. The qualified  
 59 interactive entertainment production company shall provide such certification to the  
 60 Department of Economic Development. The Department of Economic Development  
 61 shall not issue its approval until it receives such certification.

62 (9)(A) For taxable years beginning on or after January 1, 2016, and before January 1,  
 63 2019, the qualified interactive entertainment production company shall report to the

64 Department of Revenue on its Georgia income tax return the monthly average number  
65 of full-time employees subject to Georgia income tax withholding for the taxable year  
66 as provided in subparagraphs (A) and (B) of this paragraph. For purposes of this  
67 paragraph, a full-time employee shall mean a person who performs a job that requires  
68 a minimum of 35 hours a week, and pays at or above the average wage earned in the  
69 county with the lowest average wage earned in this state, as reported in the most  
70 recently available annual issue of the Georgia Employment and Wages Averages  
71 Report of the Department of Labor.

72 (B) For taxable years beginning on or after January 1, 2016, and before January 1,  
73 2017, the qualified interactive entertainment production company shall report such  
74 number for such taxable year and separately for each of the prior two taxable years.

75 (C) For taxable years beginning on or after January 1, 2017, and before January 1,  
76 2019, the qualified interactive entertainment production company shall report such  
77 number for each respective taxable year.

78 (D) Notwithstanding Code Sections 48-2-15, 48-7-60, and 48-7-61, for such taxable  
79 years, the commissioner shall report yearly to the House Committee on Ways and  
80 Means and the Senate Finance Committee. The report shall include the name, tax year  
81 beginning, and monthly average number of full-time employees for each qualified  
82 interactive entertainment production company. The first report shall be submitted by  
83 June 30, 2016, and each year thereafter by June 30."

84 **SECTION 2.**

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