

House Bill 1371

By: Representatives Ridley of the 22nd, Carpenter of the 4th, Horner of the 3rd, Kelley of the 16th, and Scoggins of the 14th

A BILL TO BE ENTITLED

AN ACT

1 To amend Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
2 income taxes, so as to create income tax credits for businesses enterprises that meet certain
3 job and investment requirements; to provide for an application and review process for
4 certification of qualified projects; to provide for wage, capital enhancement, and location
5 based incentives for income tax credits; to provide for reporting requirements; to provide for
6 limitations in the amount of credits issued; to provide for refundability of credits; to provide
7 for carry-forward limits; to provide for recapture provisions; to provide for forms, rules, and
8 regulations; to create the Secure Tomorrow Task Force; to provide for members and officers;
9 to provide for meetings and compensation; to provide for purpose and duties; to provide for
10 definitions; to provide for related matters; to provide a short title; to provide for an effective
11 date and applicability; 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 "Georgia Secure Tomorrow Act of 2026."

H. B. 1371

- 1 -

SECTION 2.

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Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income taxes, is amended by adding a new Code section to read as follows:

"48-7-40.38.

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

(1) 'Business enterprise' means any business or the headquarters of any such business which is engaged in Secure Tomorrow activities.

(2) 'Drone, unmanned aerial system, and counter-drone activities' means activities materially supporting the manufacture, assembly, integration, repair, and sustainment of unmanned aerial system hardware and counter-unmanned aerial system hardware, including air vehicles and airframes, propulsion hardware, payload hardware, ground control station hardware, communications hardware, and counter-unmanned aerial system detection, tracking, identification, and defeat devices.

(3) 'Eligible postsecondary institution' shall have the same meaning as set forth in Code Section 20-3-519.

(4) 'Emergency response, disaster relief, and homeland security activities' means activities materially supporting preparedness, response, recovery, and mitigation missions performed by federal, state, and local emergency management and public safety agencies.

(5) 'FEMA and GEMA qualified equipment or services' means equipment or services that are:

(A) Eligible for reimbursement or procurement under Federal Emergency Management Agency disaster programs; or

(B) Procured, approved, or deployed by the Georgia Emergency Management and Homeland Security Agency or a local emergency management agency for disaster response, recovery, or preparedness missions, as evidenced by contracts, purchase orders, or written qualification criteria adopted by such agencies.

(6) 'Force majeure' shall have the same meaning as set forth in Code Section 48-7-40.24.

42 (7) 'Full-time employee' means an individual holding a full-time employee job.

43 (8) 'Full-time employee job' and 'full-time job' mean employment of an individual which:

44 (A)(i) With respect to a qualified project, is located in this state at the facility
45 resulting from such qualified project; and

46 (ii) With respect to a project certified pursuant to paragraph (2) of subsection (b) of
47 this Code section on or after July 1, 2026, is located in this state and results from such
48 project;

49 (B) Primarily involves the performance of duties that directly support Secure
50 Tomorrow activities;

51 (C) Involves a regular work week of 35 hours or more;

52 (D) Has no predetermined end date; and

53 (E) Pays at least 135 percent of the county average wage, as determined by the
54 commissioner.

55 For purposes of this paragraph, leased employees will be considered employees of the
56 business enterprise using such employees' services, and such persons may be counted in
57 determining the credits of the business enterprise under this Code section if their
58 employment otherwise meets the definition of full-time job contained herein. In addition,
59 an individual's employment shall not be deemed to have a predetermined end date solely
60 by virtue of a mandatory retirement age set forth in the policy of a business enterprise of
61 general application. The employment of any individual in a bona fide executive,
62 administrative, or professional capacity, within the meaning of Section 13 of the federal
63 Fair Labor Standards Act of 1938, as amended, 29 U.S.C. Section 213(a)(1), as such act
64 existed on January 1, 2002, shall not be deemed to have a predetermined end date solely
65 by virtue of the fact that such employment is pursuant to a fixed-term contract, provided
66 that such contract is for a term of not less than one year.

67 (9) 'Investment requirement' means the construction of a new facility engaged in Secure
68 Tomorrow activities involving a minimum capital investment of \$3 million or the

69 expansion of an existing facility engaged in Secure Tomorrow activities involving a
70 minimum investment of \$1.5 million.

71 (10) 'Job maintenance requirement' means the requirement that the number of full-time
72 employees employed by the business enterprise during the first 36 months of the
73 recapture period shall equal or exceed 90 percent of the job requirement.

74 (11) 'Job requirement' means the requirement that the aggregate number of full-time
75 employee jobs created and full-time employees retained shall equal or exceed 20.

76 (12) 'National security space activities' means activities that materially support the
77 manufacture, assembly, integration, testing, repair, or sustainment of space systems used
78 for national security or civil emergency communications, including satellites and
79 components, launch systems and support equipment, ground station hardware, mission
80 operations equipment, and space domain awareness sensors and associated processing
81 and communications hardware.

82 (13) 'Qualified investment property' means all real and personal property purchased or
83 acquired by a business enterprise for use in a qualified project, including, but not limited
84 to, amounts expended on land acquisition, improvements, buildings, building
85 improvements, and machinery and equipment to be used in the facility.

86 (14) 'Qualified project' means the construction or expansion of a facility engaged in
87 Secure Tomorrow activities. As used in this paragraph, the term 'facility' means a single
88 facility, including contiguous parcels of land, improvements to such land, buildings,
89 building improvements, and any machinery or equipment that is used to support Secure
90 Tomorrow activities.

91 (15) 'Recapture period' means the period of ten consecutive taxable years that commences
92 after the taxable year in which the business enterprise has met both the investment
93 requirement and the job requirement.

94 (16) 'Secure Tomorrow activities' means the research, development, testing, production,
95 integration, maintenance, and transportation of products or services that materially
96 support:

97 (A) The United States Department of Defense, its prime contractors, and the national
98 defense industrial base, including supporting industries;

99 (B) National security air systems and national security space activities, including, but
100 not limited to, satellites, ground stations, launch services, space domain awareness
101 manufacturing systems, and drones;

102 (C) Emergency response, disaster relief, and homeland security activities of federal,
103 state, and local agencies, including, but not limited to, the Federal Emergency
104 Management Agency, the Department of Homeland Security, the Georgia Emergency
105 Management Agency, wildland firefighting, hurricane and flood response, and critical
106 infrastructure protection; and

107 (D) Dual-use technologies incorporated into activities and efforts listed in this
108 paragraph, including, but not limited to, unmanned aerial systems configured for
109 defense or disaster response, counter-drone systems, satellite communication terminals,
110 portable power generation, water purification systems, advanced medical
111 countermeasures, cyber-response tools, armored first responder vehicles, and structural
112 fire and rescue equipment.

113 (17) 'Space domain awareness manufacturing' means the manufacture or integration of
114 sensors and associated processing and communications hardware that supports the
115 detection, tracking, identification, characterization, and cataloguing of space objects or
116 space events.

117 (18) 'Task force' means the Secure Tomorrow Task Force.

118 (19) 'Veteran' means a person who served in the armed forces in naval, air, or space
119 service, and who was discharged or released therefrom under conditions other than

120 dishonorable, or a person who has separated from active duty, the National Guard, or a
121 reserve component of the armed forces.

122 (b) A business enterprise that is planning a qualified project shall be allowed to take the
123 job tax credit provided by this Code section under the following circumstances:

124 (1) An application is filed with the commissioner that:

125 (A) Describes the qualified project to be undertaken by the business enterprise,
126 including when such project will commence;

127 (B) Certifies that such project will meet the investment requirement and the job
128 requirement prescribed by this Code section and states when the business enterprise
129 expects to meet such requirements;

130 (C) Certifies that, during the recapture period applicable to such project, the business
131 enterprise will meet the job maintenance requirement prescribed by this Code section;
132 and

133 (2) The commissioner refers the application to the Georgia Secure Tomorrow Task
134 Force. The task force shall review the application, determine whether the new facility
135 will have a significant beneficial economic effect on the region for which it is planned,
136 and certify it accordingly. The task force shall make its determination within 30 days
137 after receipt from the commissioner of the business enterprise's application and any
138 necessary supporting documentation.

139 (c) Subject to the conditions and limitations set forth in this Code section, a business
140 enterprise whose application is approved shall be allowed credits against the tax imposed
141 under this article for up to 15 consecutive taxable years in the following amounts for each
142 taxable year:

143 (1) Seven percent of the cost of annual compensation paid to each full-time employee;

144 (2) An additional 2 percent of the cost of annual compensation paid to each full-time
145 employee who is a veteran;

146 (3) An additional 1.5 percent of the cost of annual compensation paid to each full-time
147 employee whose work supports drone, unmanned aerial system, and counter-drone
148 activities.

149 (4) An additional 1.5 percent of the cost of annual compensation paid to each full-time
150 employee who works in space domain awareness manufacturing; and

151 (5) An additional 1.5 percent of the cost of annual compensation paid to each full-time
152 employee involved in the manufacture or provision of FEMA and GEMA qualified
153 equipment or services;

154 (d) In addition to the credits a business enterprise whose application is approved shall be
155 allowed under subsection (c) of this Code section, such business enterprise shall be allowed
156 an enhanced capital investment credit against the tax imposed under this article in the
157 following amount for each taxable year:

158 (1) Ten percent of such business enterprise's total capital investment in the qualified
159 project; or

160 (2) Fourteen percent of such business enterprise's total capital investment in the qualified
161 project if such capital investment exceeds \$25 million, or the aggregate number of
162 full-time employee jobs created and full-time employees retained exceeds 150.

163 (e) In addition to the credits a business enterprise whose application is approved shall be
164 allowed under subsections (c) and (d) of this Code section, such business enterprise shall
165 be allowed either a credit against the tax imposed under this article in an amount equal to:

166 (1) Three percent of such business enterprise's total capital investment in the qualified
167 project where such qualified project is located within 60 miles of Robins Air Force Base,
168 Fort Eisenhower, Dobbins Air Reserve Base, Moody Air Force Base, Kings Bay Base,
169 Hunter Army Airfield, the Port of Savannah, the Port of Brunswick, Hartsfield-Jackson
170 Atlanta International Airport, or any major Georgia Emergency Management Agency and
171 Homeland Security Agency Regional Response Centers, as designated by the
172 commissioner of economic development; or

173 (2) Five thousand dollars for each new full-time employee job created at a qualified
174 project located within 60 miles of an eligible postsecondary institution with a program
175 of study in engineering for up to ten consecutive taxable years, subject to continued
176 employment and compliance with all other provisions of this Code section.

177 (f) Where the amount of credits received exceeds a business enterprise's liability for such
178 taxes in a taxable year, the excess may be taken as a credit against such business
179 enterprise's quarterly or monthly payment under Code Section 48-7-103. Such tax credits
180 allowed in excess of a business enterprise's income tax liability shall be refundable to such
181 business enterprise.

182 (g) The credits granted under subsections (c), (d), and (e) of this Code section shall be
183 subject to the following conditions and limitations:

184 (1) In order to qualify as a basis for the credits, the investment in a qualified project shall
185 occur no sooner than the date of application by the business enterprise for the qualified
186 project pursuant to paragraph (1) of subsection (b) of this Code section. The credit may
187 be taken beginning with the taxable year in which the task force has certified the business
188 enterprise has met both the investment requirement and the job requirement, and for such
189 first year the credit may include capital investments in the qualified project made in prior
190 years but after the date of application by the business enterprise for the qualified project
191 pursuant to paragraph (1) of subsection (b) of this Code section. For each year in which
192 a business enterprise claims the credit, the business enterprise shall attach a schedule to
193 the business enterprise's Georgia income tax return which will set forth the following
194 information, at a minimum:

195 (A) A description of the qualified project;

196 (B) The amount of qualified investment property acquired during the taxable year;

197 (C) The amount of tax credit claimed under this Code section for the taxable year;

198 (D) The amount of qualified investment property acquired in prior taxable years;

199 (E) Any tax credit previously taken by the business enterprise against Georgia income
200 tax liabilities or the quarterly or monthly payments of the business enterprise under
201 Code Section 48-7-103;

202 (F) The amount of tax credit carried over from prior years;

203 (G) The amount of tax credit utilized by the business enterprise in the current taxable
204 year;

205 (H) The amount of tax credit to be carried over to subsequent tax years; and

206 (I) The number of full-time employee jobs created and full-time employees retained
207 during the taxable year;

208 (2) Any credit claimed under this Code section but not fully used in the manner
209 prescribed in subsection (d) of this Code section may be carried forward for 15 years
210 from the close of the later of:

211 (A) The taxable year in which the qualified investment property was acquired; or

212 (B) The taxable year in which both the job requirement and investment requirement are
213 satisfied.

214 The sale, merger, acquisition, or bankruptcy of any business enterprise shall not create
215 new eligibility in any succeeding business entity, but any unused investment tax credit
216 may be transferred and continued by any transferee of the business enterprise;

217 (3) In the initial year in which the business enterprise claims the credit granted in
218 subsection (d) of this Code section, the business enterprise shall include in the description
219 of the project required by subparagraph (A) of paragraph (1) of this subsection
220 information which demonstrates that the business enterprise has met both the investment
221 requirement and the job requirement during such year; and

222 (4) The utilization of the credit granted in subsection (d) of this Code section shall have
223 no effect on the business enterprise's ability to claim depreciation for tax purposes on the
224 assets acquired by the business enterprise, nor shall the credit have any effect on the
225 business enterprise's basis in such assets for the purpose of depreciation.

226 (h)(1) In no event shall credits exceeding \$15 million in the aggregate be claimed under
227 this Code section with respect to any one project.

228 (2) In no event shall the aggregate amount of credits awarded under this Code section in
229 any taxable year exceed \$75 million.

230 (i) A business enterprise that is entitled to and takes credits provided by this Code section
231 with respect to a qualified project may also take the credits authorized by Code Section
232 48-7-40, 48-7-40.1, 48-7-40.2, 48-7-40.3, 48-7-40.4, 48-7-40.6, 48-7-40.7, 48-7-40.8,
233 48-7-40.9, 48-7-40.10, 48-7-40.15, 48-7-40.17, 48-7-40.18, 48-7-40.24, or 48-7-40.25 with
234 respect to jobs or investments arising from, related to, or connected in any way with the
235 same project. Such business enterprise may take any credit authorized by Code Section
236 48-7-40.5 for the cost of retraining an employee located at the site of such project or
237 facility resulting therefrom, but only with respect to costs incurred more than five years
238 after the date the facility first becomes operational.

239 (j)(1) With respect to each qualified project, the business enterprise shall file a report
240 every two taxable years, using such form and providing such information as the
241 commissioner may reasonably require, stating whether it met the job maintenance
242 requirement, minimum capital investment requirement, and continued to pay full-time
243 employees 135 percent of the county average wage. If the business enterprise fails to
244 meet such requirements, such business enterprise shall forfeit its right to all credits
245 provided by this Code section for such project.

246 (2) A business enterprise that forfeits its right as provided in paragraph (1) of this
247 subsection is liable for all past taxes imposed by this article and all past payments under
248 Code Section 48-7-103 that were forgone by the state as a result of the credits provided
249 by this Code section, plus interest at the rate established by Code Section 48-2-40
250 computed from the date such taxes or payments would have been due if the credits had
251 not been taken. No later than 90 days after notification by the commissioner that the
252 business enterprise has failed to meet requirements set forth in paragraph (1) of this

253 subsection, the business enterprise shall file amended income tax and withholding tax
254 returns for all affected periods that recalculate those liabilities without regard to the
255 forfeited credits and shall pay any additional amounts shown on such returns, with
256 interest as provided herein.

257 (k) A business enterprise who fails to meet the requirements set forth in paragraph (1) of
258 subsection (j) of this Code section because of force majeure may petition the commissioner
259 for relief from such requirement. Such a petition shall be made with and at the same time
260 as the report required by subsection (j) of this Code section. If the commissioner
261 determines that force majeure materially affected the business enterprise's ability to meet
262 the requirements set forth in paragraph (1) of subsection (j) of this Code section, the
263 commissioner may, in his or her discretion, extend the applicable credits for an additional
264 year, at which time the business enterprise shall be required to file a new report.

265 (l) If the facility resulting from a qualified project is abandoned at any time during the
266 recapture period, the business enterprise will forfeit the right to all credits provided by this
267 Code section for such project. A business enterprise that forfeits such right is liable for all
268 past taxes imposed by this article and all past payments under Code Section 48-7-103 that
269 were forgone by the state as a result of the credits provided by this Code section, plus
270 interest at the rate established by Code Section 48-2-40 computed from the date such taxes
271 or payments would have been due if the credits had not been taken. For purposes of this
272 subsection, a facility will be considered abandoned if there is, for any reason other than
273 force majeure, a complete cessation of manufacturing operations for a period of 12
274 consecutive months or more during the recapture period. Not more than 60 days after the
275 close of the recapture period, the business enterprise shall file a report, using such form and
276 providing such information as the commissioner may require, concerning whether such an
277 abandonment occurred. No later than 90 days after notification by the commissioner that
278 an abandonment occurred, the business enterprise shall file amended income tax and
279 withholding tax returns for all affected periods that recalculate those liabilities without

280 regard to the forfeited credits and shall pay any additional amounts shown on such returns,
281 with interest as provided herein.

282 (m) Unless more time is allowed therefor by Code Section 48-7-82 or 48-2-49, the
283 commissioner may make any assessment attributable to the forfeiture of credits claimed
284 under this Code section for the periods covered by any amended returns filed by a business
285 enterprise pursuant to subsections (j) and (l) of this Code section within one year from the
286 date such returns are filed. If the business enterprise fails to file the reports or any
287 amended return required by subsections (j) and (l) of this Code section, the commissioner
288 may assess additional tax or other amounts attributable to the forfeiture of credits claimed
289 under this Code section at any time.

290 (n) The commissioner shall promulgate any forms, rules, and regulations necessary to
291 implement and administer this Code section.

292 (o)(1) There is created the Georgia Secure Tomorrow Task Force for the purpose of
293 reviewing applications for qualified projects and making certification determinations as
294 authorized under paragraph (2) of subsection (b) of this Code section. The task force
295 shall be composed of fifteen members as follows:

296 (A) The Speaker of the House of Representatives shall appoint one member of the
297 House of Representatives;

298 (B) The President of the Senate shall appoint one member of the Senate;

299 (C) The commissioner of economic development or his or her designee;

300 (D) The commissioner of the Technical College System of Georgia or his or her
301 designee;

302 (E) The director of the Georgia Emergency Management and Homeland Security
303 Agency or his or her designee;

304 (F) The chairperson of the Georgia Ports Authority or his or her designee;

305 (G) Two members of the Georgia National Guard to be appointed by the adjutant
306 general of the Georgia National Guard; and

307 (H) The Governor shall appoint seven nonlegislative members of the task force from
308 a list of nominees prepared by the commissioner of economic development provided
309 in paragraph (3) of this subsection as follows:

310 (i) Three members involved in defense operations;

311 (ii) Two members involved in emergency response manufacturing; and

312 (iii) Two members involved in air and space operations.

313 (2) The Governor shall also designate a legislative member of the task force as
314 chairperson of the task force.

315 (3) The Governor's appointees to the task force shall be selected from a list of nominees
316 submitted for his or her consideration by the commissioner of economic development.
317 In preparation for creating such list, the commissioner of economic development shall
318 openly solicit applications to serve on the task force and shall only consider the inclusion
319 of applicants who are corporate executives with demonstrated experience in defense,
320 aerospace, space, emergency response manufacturing, or defense supply chains with
321 significant operations or binding commitments to establish or expand operations in this
322 state. The commissioner is authorized to request any information of an applicant that will
323 reasonably facilitate his or her determination to include such applicant on the list of
324 nominees. Applicants shall be required to disclose any actual or potential conflicts of
325 interest that could foreseeably arise from their service on the task force.

326 (p) Legislative members of the task force shall serve for terms of three years.

327 (q) The Governor's first seven appointees to the task force shall be appointed as follows:
328 three such members shall be appointed for terms of one year, two such members shall be
329 appointed for terms of two years, and two such members shall be appointed for terms of
330 three years. Thereafter, the successors shall be appointed by the Governor upon the
331 expiration of the respective terms of office for terms of three years.

332 (r) Vacancies in office shall be filled by appointment by the respective appointing
333 authority in the same manner as the appointment to the position on the task force. An

334 appointment to fill a vacancy other than by expiration of a term of office shall be for the
335 balance of the unexpired term. If a vacancy remains unfilled for six months, the task force
336 shall be authorized to fill the vacancy in accordance with the process described in this Code
337 section. Each appointed member of the task force shall be eligible to succeed himself or
338 herself; provided, however, that no member shall serve more than two consecutive terms
339 on the task force.

340 (s) The task force may conduct meetings at such places and times as it deems necessary
341 or convenient to enable it to fully and effectively exercise its powers, perform its duties,
342 and accomplish the objectives and purposes of this article. The task force shall hold
343 meetings at the call of the chairperson.

344 (t) A quorum for transacting business shall be determined by the members of the task
345 force.

346 (u) Members of the task force shall serve without compensation but shall be allowed actual
347 and necessary expenses in the performance of their duties. Any legislative members of the
348 task force shall receive the allowances provided for in Code Section 28-1-8. Any
349 nonlegislative members of the task force shall receive a daily expense allowance in the
350 amount specified in subsection (b) of Code Section 45-7-21, as well as the mileage or
351 transportation allowance authorized for state employees. The funds necessary for the
352 reimbursement of expenses and allowances of any member of the task force shall come
353 from funds appropriated to or otherwise available to the task force."

354 **SECTION 3.**

355 This Act shall become effective on January 1, 2027, and shall be applicable to all taxable
356 years beginning on or after January 1, 2027.

357 **SECTION 4.**

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