

House Bill 1014 (AS PASSED HOUSE AND SENATE)

By: Representatives Tumlin of the 38th, Ehrhart of the 36th, Jones of the 44th, Golick of the 34th, Manning of the 32nd, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to
2 exemptions from sales and use tax, so as to extend the automatic repeal date for an
3 exemption for overhead materials of a government contractor; to delete obsolete language;
4 to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to exemptions from
8 sales and use tax, is amended by striking paragraph (58) in its entirety and inserting in lieu
9 thereof the following:

10 "(58)(A) Notwithstanding any provisions of this chapter to the contrary, sales to or use
11 by a government contractor of overhead materials in performance of a contract with the
12 United States government to which title passes immediately to the government under
13 the terms of the contract.

14 (B) As used in this paragraph, the term:

15 (i) 'Government contractor' means a person who enters into a contract with the United
16 States Department of Defense or the National Aeronautics and Space Administration
17 to sell services or tangible personal property, or both, for the purpose of the national
18 defense.

19 (ii) 'Overhead materials' means any tangible personal property used or consumed in
20 the performance of a contract between the United States Department of Defense or
21 the National Aeronautics and Space Administration and a government contractor, the
22 cost of which is charged to an expense account and allocated to various United States
23 government contracts based upon generally accepted accounting principles, and
24 consistent with government contract accounting standards. The term ~~overhead~~
25 ~~materials~~ does not include tangible personal property which is incorporated into real
26 property construction.

~~(C) The exemption provided for in this paragraph shall be applicable to all calendar years beginning on or after January 1, 1997, as follows:~~

~~(i) At the rate of 25 percent of the total sale or use as provided in subparagraph (A) for the calendar year beginning January 1, 1997;~~

~~(ii) At the rate of 50 percent of the total sale or use as provided in subparagraph (A) for the calendar year beginning January 1, 1998;~~

~~(iii) At the rate of 75 percent of the total sale or use as provided in subparagraph (A) for the calendar year beginning January 1, 1999; and~~

~~(iv) At the rate of 100 percent of the total sale or use as provided in subparagraph (A) for the calendar year beginning January 1, 2000, and for each calendar year thereafter.~~

(D) This paragraph shall stand repealed on January 1, ~~2007~~ 2009.”.

SECTION 2.

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