The Senate Committee on Finance offered the following substitute to HB 587:

A BILL TO BE ENTITLED

AN ACT

To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, so as to provide for a tax credit for medical equipment and supplies manufacturers and pharmaceutical and medicine manufacturers; to provide for definitions; to provide for conditions and limitations on certain tax credits; to permit tax credits for port traffic increases to be applied against payroll withholding; to revise a job tax credit; to allow such tax credit to be taken in conjunction with certain other tax credits; to extend the sunset date for the exemption for projects of regional significance; to provide for a short title; to provide for related matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

PART I

SECTION 1-1.

This Act shall be known and may be cited as the "Georgia Economic Renewal Act of 2021."

PART II

SECTION 2-1.

Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is amended by adding a new Code section to read as follows:

"48-7-40.1B.

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

(1) 'Establishment' means an economic unit at a single physical location where business is conducted or where services or industrial operations are performed.

(2) 'Medical equipment and supplies manufacturer' means any business which is engaged in the manufacturing of medical equipment and supplies in this state. Such term shall be limited to establishments classified under the North American Industry Classification System (NAICS) Industry Code 3391 - Medical Equipment and Supplies Manufacturing. Such term shall not include retail businesses that sell medical equipment or supplies.

(3) 'Pharmaceutical and medicine manufacturer' means any business which is engaged in the manufacturing of pharmaceuticals or medicine in this state. Such term shall be limited to establishments classified under the North American Industry Classification System (NAICS) Industry Code 3254 - Pharmaceutical and Medicine Manufacturing. Such term shall not include retail businesses that sell pharmaceuticals or medicine.

(b)(1) When any medical equipment and supplies manufacturer or pharmaceutical and medicine manufacturer is qualified to claim a job tax credit pursuant to Code Section 48-7-40 or 48-7-40.1, for a qualifying job created on or after July 1, 2021, and prior to July 1, 2026, there shall be allowed an additional $1,250.00 per job tax credit against the tax imposed under this article for those qualifying jobs to the extent that they are engaged in the qualifying activities of manufacturing medical equipment or supplies or manufacturing pharmaceuticals or medicine in this state during the taxable year. Such medical equipment and supplies manufacturer or pharmaceutical and medicine manufacturer shall be eligible for such additional per job tax credit at an individual establishment of the business. If more than one business activity is conducted at an establishment, then only the jobs engaged in the qualifying activities of manufacturing medical equipment or supplies or manufacturing pharmaceuticals or medicine in this state shall be eligible for such additional per job tax credit.

(2) The additional tax credit provided for in paragraph (1) of this subsection shall be claimed separately from the job tax credit under Code Section 48-7-40 or 48-7-40.1 but shall, except as provided in this Code section, be allowed subject to the conditions and limitations set forth in Code Section 48-7-40 or 48-7-40.1 and shall be in addition to the credit allowed under Code Section 48-7-40 or 48-7-40.1; provided, however, the amount allowed to offset taxes imposed by this article shall be 100 percent; and provided, further, that when such tax credit exceeds a business enterprise's liability for taxes imposed by this article in a taxable year, the excess may be taken as a credit against such business enterprise's quarterly or monthly payment under Code Section 48-7-103 in the same manner as provided under Code Section 48-7-40 or 48-7-40.1 but not subject to the dollar limitations provided therein. Additionally, such tax credit shall be disallowed during any year in which a business enterprise does not qualify as a medical equipment and supplies manufacturer or as a pharmaceutical and medicine manufacturer.

(3) The additional tax credit provided for in paragraph (1) of this subsection may be used in conjunction with the tax credit provided for under Code Section 48-7-40.15.

(c) The additional tax credit provided for under paragraph (1) of subsection (b) of this Code section shall be subject to the following conditions and limitations:

(1) Any tax credit claimed under subsection (b) of this Code section but not used in any taxable year, may be carried forward for ten years from the close of the taxable year in which the qualified jobs were established; and

(2) No taxpayer shall be eligible for the tax credit provided for under subsection (b) of this Code section for any job for which the taxpayer claims the tax credit provided for

under Code Section 48-7-40.1A, or for any job claimed pursuant to Code Section 48-7-40 or 48-7-40.1 prior to July 1, 2021.

(d) This Code Section shall be effective as of July 1, 2021 and shall be applicable to taxable years beginning on or after January 1, 2021.″

SECTION 2-2.

Said title is further amended in Code Section 48-7-40.1A, relating to job tax credit for PPE manufacturers, by adding a new paragraph in subsection (c) to read as follows:

″(3) No taxpayer shall be eligible for the tax credit provided for under subsection (b) of this Code section for any job for which the taxpayer claims the tax credit provided for under Code Section 48-7-40.1B.″

SECTION 2-3.

Said title is further amended by revising paragraphs (2) and (3) of subsection (e) of Code Section 48-7-40.15, relating to alternative tax credits for base year port traffic increases, and conditions and limitations, as follows:

(2)(A) Any tax credit claimed under subsection (b) of this Code section but not used in any taxable year may be carried forward for ten years from the close of the taxable year in which the qualified jobs were established, provided that the increase in port traffic remains above the minimum levels established in Code Section 48-7-40 or 48-7-40.1 and this Code section, respectively. For any tax credit earned pursuant to subsection (b) of this Code section in a taxable year beginning on or after January 1, 2021, and ending on or before December 31, 2026, when such tax credit exceeds a business enterprise's liability for taxes imposed by this article in a taxable year, the excess may be taken as a credit against such business enterprise's quarterly or monthly payment under Code Section 48-7-103 in the same manner as provided under Code Section 48-7-40 or 48-7-40.1 but not subject to the dollar limitations provided therein.

(B) Any tax credit claimed under subsection (c) of this Code section in lieu of Code Section 48-7-40.2, 48-7-40.3, or 48-7-40.4 but not used in any taxable year may be carried forward for ten years from the close of the taxable year in which the qualified investment property was acquired, provided that the increase in port traffic remains above the minimum level established in this Code section and the qualified investment property remains in service.

(3)(A) Any tax credit claimed under subsection (c) of this Code section in lieu of Code Section 48-7-40.7, 48-7-40.8, or 48-7-40.9 shall be allowed for the ensuing ten taxable years following the taxable year the qualified investment property was first placed in service, provided that the increase in port traffic remains above the minimum level established in this Code section and the qualified investment property remains in service.

(B) The tax credit established by this Code section in lieu of Code Section 48-7-40.2, 48-7-40.3, or 48-7-40.4 and taken in any one taxable year shall be limited to an amount not greater than 50 percent of the taxpayer's state income tax liability which is attributable to income derived from operations in this state for that taxable year; provided, however, that for such tax credits earned in a taxable year beginning on or after January 1, 2021, and ending on or before December 31, 2026, the amount allowed to offset taxes imposed by this article shall be 100 percent; and provided, further, that when such tax credit exceeds a business enterprise's liability for taxes imposed by this article in a taxable year, the excess may be taken as a credit against such business enterprise's quarterly or monthly payment under Code Section 48-7-103 in the same manner as provided under Code Section 48-7-40 or 48-7-40.1 but not subject to the dollar limitations provided therein.

(C) The tax credit established by this Code section in addition to that pursuant to Code Section 48-7-40 or 48-7-40.1 and taken in any one taxable year shall be limited to an amount not greater than 50 percent of the taxpayer's state income tax liability which is attributable to income derived from operations in this state for that taxable year; provided, however, that for such tax credits earned in a taxable year beginning on or after January 1, 2021, and ending on or before December 31, 2026, the amount allowed to offset taxes imposed by this article shall be 100 percent; and provided, further, that when such tax credit exceeds a business enterprise's liability for taxes imposed by this article in a taxable year, the excess may be taken as a credit against such business enterprise's quarterly or monthly payment under Code Section 48-7-103 in the same manner as provided under Code Section 48-7-40 or 48-7-40.1 but not subject to the dollar limitations provided therein.

(D) The sale, merger, acquisition, or bankruptcy of any taxpayer shall not create new eligibility for any succeeding taxpayer, but any unused credit may be transferred and continued by any transferee of the taxpayer.″

SECTION 2-4.

Said title is further amended by revising subsection (g) of Code Section 48-7-40.24 of the Official Code of Georgia Annotated, relating to conditions for taking job tax credit by business enterprises and calculating credit, as follows:

″(g)(1) To qualify for the credit provided by this Code section, a new full-time job must be created by the close of the seventh taxable year following the business enterprise's withholding start date, unless the purchase or acquisition of qualified investment property is made as provided in paragraph (5) of subsection (a) of this Code section, in which case a new full-time job must be created by the close of the eighth taxable year following the business enterprise's withholding start date based on a $600 million qualified investment or the end of the tenth taxable year based on an $800 million qualified investment.

(2)(A) Except as provided in subparagraph (B) of this paragraph, in ~~In~~ no event may a credit be claimed under this Code section for more than 4,500 new full-time employee jobs created by any one project; provided, however, that the taxpayer may claim the credits provided by Code Sections 48-7-40 and 48-7-40.1 for any such additional jobs if the taxpayer meets the terms and conditions thereof.

(B) For taxable years beginning on or after January 1, 2021, and ending on or before December 31, 2026, the tax credit allowed under this Code section may be claimed by a taxpayer for more than 4,500 new full-time employee jobs created by any one project.″

SECTION 2-5.

Said title is further amended by revising Code Section 48-8-3, relating to exemptions from sales and use taxes, is amended by revising paragraph (93) as follows:

″(93)(A) For the period commencing January 1, 2012, until June 30, ~~2021~~ 2023, sales of tangible personal property used for and in the construction of a competitive project of regional significance.

(B) The exemption provided in subparagraph (A) of this paragraph shall apply to purchases made during the entire time of construction of the competitive project of regional significance so long as such project meets the definition of a competitive project of regional significance within the period commencing January 1, 2012, until June 30, ~~2021~~ 2023.

(C) The department shall not be required to pay interest on any refund claims filed for local sales and use taxes paid on purchases made prior to the implementation of this paragraph.

(D) As used in this paragraph, the term 'competitive project of regional significance' means the location or expansion of some or all of a business enterprise's operations in this state where the commissioner of economic development determines that the project would have a significant regional impact. The commissioner of economic development shall promulgate regulations in accordance with the provisions of this paragraph outlining the guidelines to be applied in making such determination;″

PART III

SECTION 3-1.

This Act shall become effective on July 1, 2021.

SECTION 3-2.

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