

The House Committee on Ways and Means offers the following substitute to HB 1437:

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 revise the rates of taxation on income; to revise standard, itemized, and
3 personal exemptions; to revise deductions; to amend an Act approved March 2, 2018 (Ga.
4 L. 2018, p. 8), which reduced the highest personal and corporate income tax rates, so as to
5 repeal certain contingent provisions; to revise certain effective dates and applicability; to
6 make conforming changes; to provide for related matters; to provide for a short title; to
7 provide for an effective date and applicability; to repeal conflicting laws; and for other
8 purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **PART I**
11 **SECTION 1-1.**

12 This Act shall be known and may be cited as the "Tax Reduction and Reform Act of 2022."

PART II

SECTION 2-1.

Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income taxes, is amended by revising Code Section 48-7-20, relating to individual income tax rates, credit for withholding and other payments, and applicability to estates and trusts, as follows:

"48-7-20.

(a) A tax is imposed upon every resident of this state with respect to the Georgia taxable net income of the taxpayer as defined in Code Section 48-7-27. A tax is imposed upon every nonresident with respect to such nonresident's Georgia taxable net income not otherwise exempted which is received by the taxpayer from services performed, property owned, proceeds of any lottery prize awarded by the Georgia Lottery Corporation, or from business carried on in this state. Except as otherwise provided in this chapter, the tax imposed by this subsection shall be levied, collected, and paid annually.

(b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be levied at the rate of 5.25 percent. ~~computed in accordance with the following tables:~~

SINGLE PERSON

If Georgia Taxable	The Tax Is:
Net Income Is:	
Not over \$750.00	1%
Over \$750.00 but not over \$2,250.00	\$7.50 plus 2% of amount over \$750.00
Over \$2,250.00 but not over \$3,750.00	\$37.50 plus 3% of amount over \$2,250.00
Over \$3,750.00 but not over \$5,250.00	\$82.50 plus 4% of amount over \$3,750.00

37 ~~Over \$5,250.00 but not over \$7,000.00 \$142.50 plus 5% of amount over~~
 38 ~~\$5,250.00~~
 39 ~~Over \$7,000.00 \$230.00 plus 5.75% of amount over~~
 40 ~~\$7,000.00~~

41 ~~MARRIED PERSON FILING A SEPARATE RETURN~~

42 If Georgia Taxable	The Tax Is:
43 Net Income Is:	
44 Not over \$500.00	1%
45 Over \$500.00 but not over \$1,500.00	\$5.00 plus 2% of amount over \$500.00
46 Over \$1,500.00 but not over \$2,500.00	\$25.00 plus 3% of amount over
47 \$1,500.00	
48 Over \$2,500.00 but not over \$3,500.00	\$55.00 plus 4% of amount over
49 \$2,500.00	
50 Over \$3,500.00 but not over \$5,000.00	\$95.00 plus 5% of amount over
51 \$3,500.00	
52 Over \$5,000.00	\$170.00 plus 5.75% of amount over
53 \$5,000.00	

54 ~~HEAD OF HOUSEHOLD AND MARRIED PERSONS~~
 55 ~~FILING A JOINT RETURN~~

56 If Georgia Taxable	The Tax Is:
57 Net Income Is:	

58	Not over \$1,000.00	1%
59	Over \$1,000.00 but not over \$3,000.00	\$10.00 plus 2% of amount over
60		\$1,000.00
61	Over \$3,000.00 but not over \$5,000.00	\$50.00 plus 3% of amount over
62		\$3,000.00
63	Over \$5,000.00 but not over \$7,000.00	\$110.00 plus 4% of amount over
64		\$5,000.00
65	Over \$7,000.00 but not over \$10,000.00	\$190.00 plus 5% of amount over
66		\$7,000.00
67	Over \$10,000.00	\$340.00 plus 5.75% of amount over
68		\$10,000.00

69 ~~(2) To facilitate the computation of the tax by those taxpayers whose federal adjusted~~
 70 ~~gross income together with the adjustments set out in Code Section 48-7-27 for use in~~
 71 ~~arriving at Georgia taxable net income is less than \$10,000.00, the commissioner may~~
 72 ~~construct tax tables which may be used by the taxpayers at their option. The tax shown~~
 73 ~~to be due by the tables shall be computed on the bases of the standard deduction and the~~
 74 ~~tax rates specified in paragraph (1) of this subsection. Insofar as practicable, the tables~~
 75 ~~shall produce a tax approximately equivalent to the tax imposed by paragraph (1) of this~~
 76 ~~subsection.~~

77 (c) The amount deducted and withheld by an employer from the wages of an employee
 78 pursuant to Article 5 of this chapter, relating to current income tax payments, shall be
 79 allowed the employee as a credit against the tax imposed by this Code section. Amounts
 80 paid by an individual as estimated tax under Article 5 of this chapter shall constitute
 81 payments on account of the tax imposed by this Code section. The amount withheld or
 82 paid during any calendar year shall be allowed as a credit or payment for the taxable year
 83 beginning in the calendar year in which the amount is withheld or paid.

(d) The tax imposed by this Code section applies to the Georgia taxable net income of estates and trusts, which shall be computed in the same manner as in the case of a single individual. The tax shall be computed on the Georgia taxable net income and shall be paid by the fiduciary."

SECTION 2-2.

Said chapter is further amended by revising subsection (b) of Code Section 48-7-26, relating to personal exemptions from income tax, as follows:

~~"(b)(1) An exemption of \$7,400.00 shall be allowed as a deduction in computing Georgia taxable income of a taxpayer and spouse, but only if a joint return is filed. If a taxpayer and spouse file separate returns, \$3,700.00 shall be allowed to each person as a deduction in computing Georgia taxable income.~~

~~(2) An exemption of \$2,700.00 shall be allowed as a deduction in computing Georgia taxable income for all taxpayers other than taxpayers who qualify for the exemption provided for in paragraph (1) of this subsection.~~

~~(3) Commencing with the taxable year beginning January 1, 2003, an exemption of \$3,000.00 for each dependent of a taxpayer shall be allowed as a deduction in computing Georgia taxable income of the taxpayer.~~

(b) Each taxpayer shall be allowed as a deduction in computing his or her Georgia taxable income a personal exemption in an amount as follows:

(1) For each married couple filing a joint return, \$24,000.00;

(2) For each single taxpayer, head of household, or married taxpayer filing separately, \$12,000.00; and

(3) For each dependent of a taxpayer, \$3,000.00."

SECTION 2-3.

Said chapter is further amended by revising paragraphs (1) and (3) of subsection (a) of Code Section 48-7-27, relating to computation of state taxable net income, as follows:

"(1) Upon the election of the taxpayer, in lieu of the personal exemption allowed for such taxpayer under subsection (b) of Code Section 48-7-26, the sum of all charitable deductions used in computing such taxpayer's federal taxable income ~~Either the sum of all itemized nonbusiness deductions used in computing such taxpayer's federal taxable income or, if the taxpayer could not or did not itemize nonbusiness deductions, then a standard deduction as provided for in the following subparagraphs:~~

~~(A) In the case of a single taxpayer or a head of household, \$5,400.00;~~

~~(B) In the case of a married taxpayer filing a separate return, \$3,550.00;~~

~~(C) In the case of a married couple filing a joint return, \$7,100.00;~~

~~(D) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer has attained the age of 65 before the close of the taxpayer's taxable year. An additional deduction of \$1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before the close of the taxable year; and~~

~~(E) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer is blind at the close of the taxable year. An additional deduction of \$1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's spouse and the spouse is blind at the close of the taxable year. For the purposes of this subparagraph, the determination of whether the taxpayer or the spouse is blind shall be made at the close of the taxable year except that, if either the taxpayer or the spouse dies during the taxable year, the determination shall be made as of the time of the death;"~~

~~"(3)(A)~~ The amount of salary and wage expenses eliminated in computing the individual's federal adjusted gross income because the individual has taken a federal jobs

tax credit which requires, as a condition to using the federal jobs tax credit, the elimination of related salary and wage expenses:

~~(B) The amount of mortgage interest eliminated from federal itemized deductions for the purpose of computing mortgage interest credit on the federal return;"~~

PART III
SECTION 3-1.

An Act approved March 2, 2018 (Ga. L. 2018, p. 8), which reduced the highest personal and corporate income tax rates, is amended by repealing and reserving Sections 1-3 and 1-5 of said Act and by revising Section 3-1 as follows:

"SECTION 3-1.

(a)(1) Section 1-1 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and such section shall be applicable to all taxable years beginning on or after January 1, 2017; provided, however, that Code Section 48-1-2 as amended by Section 1-1 of this Act shall be amended by revisions contained in Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2017.

(2) Section 1-6 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and such section shall be applicable to all taxable years beginning on or after January 1, 2017; provided, however, that the revisions to Code Section 48-7-21 made by Section 1-6 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2017.

(3) Section 1-8 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and such section shall be applicable to all taxable years beginning on or after January 1, 2017; provided, however, that the revisions to Code Section 48-7-27 made by Section 1-8 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2017.

(b)(1) Section 1-2 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on January 1, 2019, and ending December 31, 2019; provided, however, that the revisions to Code Section 48-7-20 made by Section 1-2 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2020.

(2) Section 1-4 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on January 1, 2019, and ending December 31, 2019; provided, however, that the revisions to Code Section 48-7-21 made by Section 1-4 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2020.

(c) Reserved.

(d) Section 1-7 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on January 1, 2018, and ending December 31, 2019; provided, however, that the revisions to Code Section 48-7-27 made by Section 1-7 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or

become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2020.

(e) Section 1-9 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval; provided, however, that:

(1) The revisions to subsection (c) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be applicable to tax credits that are assigned in taxable years beginning on or after January 1, 2018; provided, however, that such revisions shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2018; and

(2) The revisions to subsection (g) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be applicable to sales, mergers, acquisitions, or bankruptcies occurring in taxable years beginning on or after January 1, 2018; provided, however, that such revisions shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2018.

(f) Part II of this Act shall become effective July 1, 2018; provided, however, that the revisions to Code Section 48-5C-1 made by Part II of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018.

(g) Part III of this Act shall become effective upon its approval by the Governor or upon becoming law without such approval; provided, however, that Part III of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018."

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PART IV

210

SECTION 4-1.

211 (a) This Act shall become effective upon the approval of this Act by the Governor or upon
212 this Act becoming law without such approval; provided, however, that Part II of this Act
213 shall become effective on January 1, 2024, and shall be applicable to all taxable years
214 beginning on or after January 1, 2024.

215 (b) Tax, penalty, and interest liabilities and refund eligibility for prior taxable years shall not
216 be affected by the passage of this Act and shall continue to be governed by the provisions of
217 Title 48 of the Official Code of Georgia Annotated as they existed for such prior taxable
218 years.

219

SECTION 4-2.

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