

The Senate Committee on Rules offered 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 phase in such tax rate
3 reductions over a period of time subject to certain annual determinations; to require the
4 determination and reporting of certain information; to revise personal exemptions; to revise
5 itemized deductions; to provide for a nonrefundable income tax credit based on certain
6 taxpayer income; to amend an Act approved March 2, 2018 (Ga. L. 2018, p. 8), which
7 reduced the highest personal and corporate income tax rates, so as to repeal certain
8 contingent provisions; to revise certain effective dates and applicability; to make conforming
9 changes; to provide for related matters; to provide for a short title; to provide for effective
10 dates and applicability; to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **PART I**
13 **SECTION 1-1.**

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

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16

PART II
SECTION 2-1.

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

20 "48-7-20.

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

28 (a.1)(1) On and after January 1, 2024, the tax imposed pursuant to subsection (a) of this
29 Code section shall be at the rates provided in subsection (a.2) of this Code section for
30 each respective tax year; provided, however, that the actual rates for a given year tax year
31 shall be subject to delays as provided in this subsection.

32 (2) Each prospective change in the tax rates that would otherwise occur as provided in
33 paragraphs (2) through (9) of subsection (a.2) of this Code section shall be delayed by
34 one year for each year that any of the following are true as of December 1:

35 (A) The Governor's revenue estimate for the succeeding fiscal year is not at least 3
36 percent above the Governor's revised revenue estimate for the present fiscal year;

37 (B) The prior fiscal year's net revenue collection was not higher than each of the
38 preceding five fiscal years' net tax revenue collection; or

39 (C) The Revenue Shortfall Reserve provided for in Code Section 45-12-93 does not
40 contain a sum that exceeds the amount of the decrease in state revenue projected to

41 occur as a result of the prospective reduction in the tax rates set to occur the following
42 year.

43 (3) The Office of Planning and Budget shall make the determinations necessary to
44 implement the provisions of paragraph (2) of this subsection and shall report its
45 determinations by December 1 of each year to the department, the Speaker of the House
46 of Representatives, the President of the Senate, and the chairpersons of the House
47 Appropriations Committee, the House Ways and Means Committee, the Senate
48 Appropriations Committee, and the Senate Finance Committee. This paragraph shall not
49 be applicable after the final reduction in the rates occurs as provided in paragraph (9) of
50 subsection (a.2) of this Code section.

51 (a.2)(1) For tax years beginning on or after January 1, 2024, the tax imposed pursuant
52 to subsection (a) of this Code section shall be computed as follows:

53 (A) For each head of household or married couple filing jointly:

54 (i) All Georgia net taxable income up to and including \$20,000.00 shall be taxed at
55 the rate of 4.99 percent; and

56 (ii) All Georgia net taxable income over \$20,000.00 shall be taxed at the rate of 5.70
57 percent;

58 (B) For married persons filing separately:

59 (i) All Georgia net taxable income up to and including \$10,000.00 shall be taxed at
60 the rate of 4.99 percent; and

61 (ii) All Georgia net taxable income over \$10,000.00 shall be taxed at the rate of 5.70
62 percent; or

63 (C) For single persons:

64 (i) All Georgia net taxable income up to and including \$13,000.00 shall be taxed at
65 the rate of 4.99 percent; and

66 (ii) All Georgia net taxable income over \$13,000.00 shall be taxed at the rate of 5.70
67 percent.

68 (2) For tax years beginning on or after January 1, 2025, the tax imposed pursuant to
69 subsection (a) of this Code section shall be computed as follows:

70 (A) For each head of household or married couple filing jointly:

71 (i) All Georgia net taxable income up to and including \$35,000.00 shall be taxed at
72 the rate of 4.99 percent; and

73 (ii) All Georgia net taxable income over \$35,000.00 shall be taxed at the rate of 5.70
74 percent;

75 (B) For married persons filing separately:

76 (i) All Georgia net taxable income up to and including \$17,500.00 shall be taxed at
77 the rate of 4.99 percent; and

78 (ii) All Georgia net taxable income over \$17,500.00 shall be taxed at the rate of 5.70
79 percent; or

80 (C) For single persons:

81 (i) All Georgia net taxable income up to and including \$23,000.00 shall be taxed at
82 the rate of 4.99 percent; and

83 (ii) All Georgia net taxable income over \$23,000.00 shall be taxed at the rate of 5.70
84 percent.

85 (3) For tax years beginning on or after January 1, 2026, the tax imposed pursuant to
86 subsection (a) of this Code section shall be computed as follows:

87 (A) For each head of household or married couple filing jointly:

88 (i) All Georgia net taxable income up to and including \$55,000.00 shall be taxed at
89 the rate of 4.99 percent; and

90 (ii) All Georgia net taxable income over \$55,000.00 shall be taxed at the rate of 5.70
91 percent;

92 (B) For married persons filing separately:

93 (i) All Georgia net taxable income up to and including \$27,500.00 shall be taxed at
94 the rate of 4.99 percent; and

95 (ii) All Georgia net taxable income over \$27,500.00 shall be taxed at the rate of 5.70
96 percent; or

97 (C) For single persons:

98 (i) All Georgia net taxable income up to and including \$37,000.00 shall be taxed at
99 the rate of 4.99 percent; and

100 (ii) All Georgia net taxable income over \$37,000.00 shall be taxed at the rate of 5.70
101 percent.

102 (4) For tax years beginning on or after January 1, 2027, the tax imposed pursuant to
103 subsection (a) of this Code section shall be computed as follows:

104 (A) For each head of household or married couple filing jointly:

105 (i) All Georgia net taxable income up to and including \$75,000.00 shall be taxed at
106 the rate of 4.99 percent; and

107 (ii) All Georgia net taxable income over \$75,000.00 shall be taxed at the rate of 5.70
108 percent;

109 (B) For married persons filing separately:

110 (i) All Georgia net taxable income up to and including \$37,500.00 shall be taxed at
111 the rate of 4.99 percent; and

112 (ii) All Georgia net taxable income over \$37,500.00 shall be taxed at the rate of 5.70
113 percent; or

114 (C) For single persons:

115 (i) All Georgia net taxable income up to and including \$51,000.00 shall be taxed at
116 the rate of 4.99 percent; and

117 (ii) All Georgia net taxable income over \$51,000.00 shall be taxed at the rate of 5.70
118 percent.

119 (5) For tax years beginning on or after January 1, 2028, the tax imposed pursuant to
120 subsection (a) of this Code section shall be computed as follows:

121 (A) For each head of household or married couple filing jointly:

122 (i) All Georgia net taxable income up to and including \$99,000.00 shall be taxed at
123 the rate of 4.99 percent; and

124 (ii) All Georgia net taxable income over \$99,000.00 shall be taxed at the rate of 5.70
125 percent;

126 (B) For married persons filing separately:

127 (i) All Georgia net taxable income up to and including \$49,500.00 shall be taxed at
128 the rate of 4.99 percent; and

129 (ii) All Georgia net taxable income over \$49,500.00 shall be taxed at the rate of 5.70
130 percent; or

131 (C) For single persons:

132 (i) All Georgia net taxable income up to and including \$67,000.00 shall be taxed at
133 the rate of 4.99 percent; and

134 (ii) All Georgia net taxable income over \$67,000.00 shall be taxed at the rate of 5.70
135 percent.

136 (6) For tax years beginning on or after January 1, 2029, the tax imposed pursuant to
137 subsection (a) of this Code section shall be computed as follows:

138 (A) For each head of household or married couple filing jointly:

139 (i) All Georgia net taxable income up to and including \$149,000.00 shall be taxed at
140 the rate of 4.99 percent; and

141 (ii) All Georgia net taxable income over \$149,000.00 shall be taxed at the rate of 5.70
142 percent;

143 (B) For married persons filing separately:

144 (i) All Georgia net taxable income up to and including \$74,500.00 shall be taxed at
145 the rate of 4.99 percent; and

146 (ii) All Georgia net taxable income over \$74,500.00 shall be taxed at the rate of 5.70
147 percent; or

148 (C) For single persons:

149 (i) All Georgia net taxable income up to and including \$102,000.00 shall be taxed at
150 the rate of 4.99 percent; and

151 (ii) All Georgia net taxable income over \$102,000.00 shall be taxed at the rate of 5.70
152 percent.

153 (7) For tax years beginning on or after January 1, 2030, the tax imposed pursuant to
154 subsection (a) of this Code section shall be computed as follows:

155 (A) For each head of household or married couple filing jointly:

156 (i) All Georgia net taxable income up to and including \$225,000.00 shall be taxed at
157 the rate of 4.99 percent; and

158 (ii) All Georgia net taxable income over \$225,000.00 shall be taxed at the rate of 5.70
159 percent;

160 (B) For married persons filing separately:

161 (i) All Georgia net taxable income up to and including \$112,500.00 shall be taxed at
162 the rate of 4.99 percent; and

163 (ii) All Georgia net taxable income over \$112,500.00 shall be taxed at the rate of 5.70
164 percent; or

165 (C) For single persons:

166 (i) All Georgia net taxable income up to and including \$155,000.00 shall be taxed at
167 the rate of 4.99 percent; and

168 (ii) All Georgia net taxable income over \$155,000.00 shall be taxed at the rate of 5.70
169 percent.

170 (8) For tax years beginning on or after January 1, 2031, the tax imposed pursuant to
171 subsection (a) of this Code section shall be computed as follows:

172 (A) For each head of household or married couple filing jointly:

173 (i) All Georgia net taxable income up to and including \$500,000.00 shall be taxed at
174 the rate of 4.99 percent; and

175 (ii) All Georgia net taxable income over \$500,000.00 shall be taxed at the rate of 5.70
176 percent;

177 (B) For married persons filing separately:

178 (i) All Georgia net taxable income up to and including \$250,000.00 shall be taxed at
179 the rate of 4.99 percent; and

180 (ii) All Georgia net taxable income over \$250,000.00 shall be taxed at the rate of 5.70
181 percent; or

182 (C) For single persons:

183 (i) All Georgia net taxable income up to and including \$350,000.00 shall be taxed at
184 the rate of 4.99 percent; and

185 (ii) All Georgia net taxable income over \$350,000.00 shall be taxed at the rate of 5.70
186 percent.

187 (9) For tax years beginning on or after January 1, 2032, all Georgia net taxable income
188 shall be taxed at the rate of 4.99 percent.

189 (b)(1) Until the end of the 2023 tax year, the ~~The~~ tax imposed pursuant to subsection (a)
190 of this Code section shall be computed in accordance with the following tables:

191 SINGLE PERSON

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

198 Over \$5,250.00 but not over \$7,000.00 \$142.50 plus 5% of amount over
\$5,250.00

199 Over \$7,000.00 \$230.00 plus 5.75% of amount over
\$7,000.00

200 MARRIED PERSON FILING A SEPARATE RETURN

201 If Georgia Taxable The Tax Is:

202 Net Income Is:

203 Not over \$500.00 1%

204 Over \$500.00 but not over \$1,500.00 \$5.00 plus 2% of amount over \$500.00

205 Over \$1,500.00 but not over \$2,500.00 \$25.00 plus 3% of amount over
\$1,500.00

206 Over \$2,500.00 but not over \$3,500.00 \$55.00 plus 4% of amount over
\$2,500.00

207 Over \$3,500.00 but not over \$5,000.00 \$95.00 plus 5% of amount over
\$3,500.00

208 Over \$5,000.00 \$170.00 plus 5.75% of amount over
\$5,000.00

209 HEAD OF HOUSEHOLD AND MARRIED PERSONS

210 FILING A JOINT RETURN

211 If Georgia Taxable The Tax Is:

212 Net Income Is:

213	Not over \$1,000.00	1%
214	Over \$1,000.00 but not over \$3,000.00	\$10.00 plus 2% of amount over \$1,000.00
215	Over \$3,000.00 but not over \$5,000.00	\$50.00 plus 3% of amount over \$3,000.00
216	Over \$5,000.00 but not over \$7,000.00	\$110.00 plus 4% of amount over \$5,000.00
217	Over \$7,000.00 but not over \$10,000.00	\$190.00 plus 5% of amount over \$7,000.00
218	Over \$10,000.00	\$340.00 plus 5.75% of amount over \$10,000.00

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

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

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

238 **SECTION 2-2.**

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

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

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

248 ~~(3) Commencing with the taxable year beginning January 1, 2003, an exemption of~~
249 ~~\$3,000.00 for each dependent of a taxpayer shall be allowed as a deduction in computing~~
250 ~~Georgia taxable income of the taxpayer.~~

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

253 (1) For each married couple filing a joint return, \$11,400.00;

254 (2) For each married taxpayer filing a separate return, \$5,700.00;

255 (3) For each single taxpayer or head of household, \$4,700.00; and

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

257

SECTION 2-3.

258 Said chapter is further amended by revising paragraph (6) of subsection (b) of Code Section
259 48-7-27, relating to computation of state taxable net income, as follows:

260 "(6) There shall be added to taxable income any amount of state or local taxes deducted in
261 determining federal taxable income and in excess of \$10,000.00 Reserved.

262

SECTION 2-4.

263 Said chapter is further amended by adding a new Code section to read as follows:

264 "48-7-29.24.

265 (a) A taxpayer shall be allowed a credit against the tax imposed by Code Section 48-7-20
266 in an amount equal to 10 percent of the federal credit that such taxpayer is allowed under
267 Section 32 of the Internal Revenue Code. Such credit shall be allowed only if the
268 individual would have received the federal credit allowed under Section 32 of the Internal
269 Revenue Code after adding any carryforward of a net operating loss that was deducted
270 pursuant to such section in determining eligibility for the federal credit.

271 (b) If the total amount of the tax credit provided for in this Code section exceeds the
272 taxpayer's income tax liability for a taxable year, such excess funds shall not be refunded
273 to the taxpayer or applied to any preceding or succeeding year's tax liability.

274 (c) The commissioner shall be authorized to promulgate rules and regulations necessary
275 to implement and administer the provisions of this Code section."

276

PART III

277

SECTION 3-1.

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

281 "SECTION 3-1.

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

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

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

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

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

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

317 (c) Reserved.

318 (d) Section 1-7 of this Act shall become effective upon the approval of this Act by the
319 Governor or upon this Act becoming law without such approval and shall be applicable to
320 all taxable years beginning on January 1, 2018, and ending December 31, 2019; provided,
321 however, that the revisions to Code Section 48-7-27 made by Section 1-7 of this Act shall
322 be subject to the revisions made by Acts approved by the Governor or that became or
323 become law without such approval after March 2, 2018, and became or become applicable
324 to tax years beginning on or after January 1, 2020.

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

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

333 (2) The revisions to subsection (g) of Code Section 48-7-42 contained in Section 1-9 of
334 this Act shall be applicable to sales, mergers, acquisitions, or bankruptcies occurring in

335 taxable years beginning on or after January 1, 2018; provided, however, that such
336 revisions shall be subject to the revisions made by Acts approved by the Governor or that
337 became or become law without such approval after March 2, 2018, and became or
338 become applicable to tax years beginning on or after January 1, 2018.

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

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

347 **PART IV**

348 **SECTION 4-1.**

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

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

357 **SECTION 4-2.**

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