

COMMITTEES OF CONFERENCE 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 amend Title 28 of the Official Code of Georgia Annotated, relating
6 to the General Assembly, so as to create the 2023 Special Council on Tax Reform and
7 Fairness for Georgians and the Special Joint Committee on Georgia Revenue Structure; to
8 state legislative findings and intent; to amend an Act approved March 2, 2018 (Ga. L. 2018,
9 p. 8), which reduced the highest personal and corporate income tax rates, so as to repeal
10 certain contingent provisions; to revise certain effective dates and applicability; to make
11 conforming changes; to provide for related matters; to provide for a short title; to provide for
12 effective dates and applicability; to repeal conflicting laws; and for other purposes.

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

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PART I
SECTION 1-1.

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

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PART II
SECTION 2-1.

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

22 "48-7-20.

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

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

34 (2) Each prospective change in the tax rates that would otherwise occur as provided in
35 paragraphs (2) through (6) of subsection (a.2) of this Code section shall be delayed by
36 one year for each year that any of the following are true as of December 1:

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

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

41 (C) The Revenue Shortfall Reserve provided for in Code Section 45-12-93 does not
42 contain a sum that exceeds the amount of the decrease in state revenue projected to
43 occur as a result of the prospective reduction in the tax rates set to occur the following
44 year.

45 (3) The Office of Planning and Budget shall make the determinations necessary to
46 implement the provisions of paragraph (2) of this subsection and shall report its
47 determinations by December 1 of each year to the department, the Speaker of the House
48 of Representatives, the President of the Senate, and the chairpersons of the House
49 Appropriations Committee, the House Ways and Means Committee, the Senate
50 Appropriations Committee, and the Senate Finance Committee. This paragraph shall not
51 be applicable after the final reduction in the rates occurs as provided in paragraph (6) of
52 subsection (a.2) of this Code section.

53 (a.2) Subject to the provisions of subsection (a.1) of this Code section:

54 (1) For tax years beginning on or after January 1, 2024, the tax imposed pursuant to
55 subsection (a) of this Code section shall be levied at the rate of 5.49 percent;

56 (2) For tax years beginning on or after January 1, 2025, the tax imposed pursuant to
57 subsection (a) of this Code section shall be levied at the rate of 5.39 percent;

58 (3) For tax years beginning on or after January 1, 2026, the tax imposed pursuant to
59 subsection (a) of this Code section shall be levied at the rate of 5.29 percent;

60 (4) For tax years beginning on or after January 1, 2027, the tax imposed pursuant to
61 subsection (a) of this Code section shall be levied at the rate of 5.19 percent;

62 (5) For tax years beginning on or after January 1, 2028, the tax imposed pursuant to
63 subsection (a) of this Code section shall be levied at the rate of 5.09 percent; and

64 (6) For tax years beginning on or after January 1, 2029, the tax imposed pursuant to
 65 subsection (a) of this Code section shall be levied at the rate of 4.99 percent.

66 (b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be computed
 67 in accordance with the following tables: Reserved.

68 **SINGLE PERSON**

69	If Georgia Taxable	The Tax Is:
70	Net Income Is:	
71	Not over \$750.00	1%
72	Over \$750.00 but not over \$2,250.00	\$7.50 plus 2% of amount over \$750.00
73	Over \$2,250.00 but not over \$3,750.00	\$37.50 plus 3% of amount over
74		\$2,250.00
75	Over \$3,750.00 but not over \$5,250.00	\$82.50 plus 4% of amount over
76		\$3,750.00
77	Over \$5,250.00 but not over \$7,000.00	\$142.50 plus 5% of amount over
78		\$5,250.00
79	Over \$7,000.00	\$230.00 plus 5.75% of amount over
80		\$7,000.00

81 **MARRIED PERSON FILING A SEPARATE RETURN**

82	If Georgia Taxable	The Tax Is:
83	Net Income Is:	
84	Not over \$500.00	1%
85	Over \$500.00 but not over \$1,500.00	\$5.00 plus 2% of amount over \$500.00

86	Over \$1,500.00 but not over \$2,500.00	\$25.00 plus 3% of amount over
87		\$1,500.00
88	Over \$2,500.00 but not over \$3,500.00	\$55.00 plus 4% of amount over
89		\$2,500.00
90	Over \$3,500.00 but not over \$5,000.00	\$95.00 plus 5% of amount over
91		\$3,500.00
92	Over \$5,000.00	\$170.00 plus 5.75% of amount over
93		\$5,000.00

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

96	If Georgia Taxable	The Tax Is:
97	Net Income Is:	
98	Not over \$1,000.00	1%
99	Over \$1,000.00 but not over \$3,000.00	\$10.00 plus 2% of amount over
100		\$1,000.00
101	Over \$3,000.00 but not over \$5,000.00	\$50.00 plus 3% of amount over
102		\$3,000.00
103	Over \$5,000.00 but not over \$7,000.00	\$110.00 plus 4% of amount over
104		\$5,000.00
105	Over \$7,000.00 but not over \$10,000.00	\$190.00 plus 5% of amount over
106		\$7,000.00
107	Over \$10,000.00	\$340.00 plus 5.75% of amount over
108		\$10,000.00

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

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

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

128 SECTION 2-2.

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

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

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

138 ~~(3) Commencing with the taxable year beginning January 1, 2003, an exemption of~~
 139 ~~\$3,000.00 for each dependent of a taxpayer shall be allowed as a deduction in computing~~
 140 ~~Georgia taxable income of the taxpayer.~~

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

143 (1) For each married couple filing a joint return:

144 (A) For taxable years beginning on or after January 1, 2024, \$18,500.00;

145 (B) For taxable years beginning on or after January 1, 2026, \$20,000.00;

146 (C) For taxable years beginning on or after January 1, 2028, \$22,000.00; or

147 (D) For taxable years beginning on or after January 1, 2030, \$24,000.00;

148 (2) For each married taxpayer filing a separate return, one-half of the amount of the
 149 personal exemption allowed under paragraph (1) of this subsection for the given year;

150 (3) For each single taxpayer or head of household, \$12,000.00; and

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

152 **SECTION 2-3.**

153 Said chapter is further amended in subsection (a) of Code Section 48-7-27, relating to
 154 computation of state taxable net income, by adding a new paragraph and revising
 155 paragraph (1) and subparagraph (E) of paragraph (5) as follows:

156 "(1) ~~The~~ ~~Either~~ the sum of all itemized nonbusiness deductions used in computing such
 157 taxpayer's federal taxable income ~~or, if the taxpayer could not or did not itemize~~
 158 ~~nonbusiness deductions, then a standard deduction as provided for in the following~~
 159 subparagraphs:

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

161 ~~(B) In the case of a married taxpayer filing a separate return, \$3,550.00;~~
162 ~~(C) In the case of a married couple filing a joint return, \$7,100.00;~~
163 ~~(D) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer has attained~~
164 ~~the age of 65 before the close of the taxpayer's taxable year. An additional deduction~~
165 ~~of \$1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by~~
166 ~~the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before~~
167 ~~the close of the taxable year; and~~
168 ~~(E) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer is blind at the~~
169 ~~close of the taxable year. An additional deduction of \$1,300.00 for the spouse of the~~
170 ~~taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's~~
171 ~~spouse and the spouse is blind at the close of the taxable year. For the purposes of this~~
172 ~~subparagraph, the determination of whether the taxpayer or the spouse is blind shall be~~
173 ~~made at the close of the taxable year except that, if either the taxpayer or the spouse~~
174 ~~dies during the taxable year, the determination shall be made as of the time of the~~
175 ~~death;"~~

176 ~~"(E)(i) For the purposes of this paragraph, retirement income shall include but not be~~
177 ~~limited to income from military retirement, interest income, dividend income, net~~
178 ~~income from rental property, capital gains income, income from royalties, income~~
179 ~~from pensions and annuities, and no more than \$4,000.00 \$5,000.00 of an individual's~~
180 ~~earned income. Earned income in excess of \$4,000.00 \$5,000.00, including but not~~
181 ~~limited to net business income earned by an individual from any trade or business~~
182 ~~carried on by such individual, wages, salaries, tips, and other employer compensation,~~
183 ~~shall not be regarded as retirement income. The receipt of earned income shall not~~
184 ~~diminish any taxpayer's eligibility for the retirement income exclusions allowed by~~
185 ~~this paragraph except to the extent of the express limitation provided in this division.~~

186 (ii) Any income received by a surviving family member that is based on the service
187 record of a deceased veteran shall be excluded from Georgia taxable net income
188 without regard to the age of the surviving family member."

189 **SECTION 2-4.**

190 Said chapter is further amended in said Code section by revising paragraph (3) of subsection
191 (b) as follows:

192 "(3) There shall be added to taxable income any amount ~~income taxes imposed by any~~
193 ~~tax jurisdiction except the State of Georgia to the extent~~ deducted pursuant to Section 164
194 of the Internal Revenue Code in determining federal taxable income that exceeds the
195 following:

196 (A) For a single taxpayer, a taxpayer filing as head-of-household, or a married taxpayer
197 filing jointly, \$10,000.00; or

198 (B) For a married taxpayer filing separately, \$5,000.00."

199 **PART III**

200 **SECTION 3-1.**

201 Title 28 of the Official Code of Georgia Annotated, relating to the General Assembly, is
202 amended by adding a new chapter to read as follows:

203 "CHAPTER 12

204 28-12-1.

205 On or before May 1, 2023, the House Ways and Means Committee and the Senate
206 Committee on Finance shall jointly undertake a thorough review of any and all state tax
207 credits, deductions, and exemptions. No later than December 1, 2023, said committees

208 shall submit a report of their findings and recommendations to the presiding officers of
209 their respective chambers."

210 **PART IV**

211 **SECTION 4-1.**

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

215 "SECTION 3-1.

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

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

230 (3) Section 1-8 of this Act shall become effective upon the approval of this Act by the
231 Governor or upon this Act becoming law without such approval and such section shall

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

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

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

251 (c) Reserved.

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

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

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

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

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

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

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PART V
SECTION 5-1.

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

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

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SECTION 5-2.

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