

House Bill 365

By: Representatives Jasperse of the 11th, McDonald III of the 26th, Smith of the 138th,
Campbell of the 171st, and Hagan of the 156th

A BILL TO BE ENTITLED

AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to the imposition, rate, and computation of and exemptions and credits from state
3 income taxes, so as to create a temporary income tax credit for certain expenditures relating
4 to projects promoting industrial infrastructure enhancement and connectivity; to provide for
5 definitions; to provide for eligibility approval by the Department of Community Affairs; to
6 provide for limitations upon such tax credit; to authorize the sale or transfer of unused
7 credits; to provide for an aggregate annual limit; to provide for terms and conditions; to
8 provide for rules and regulations; to provide for automatic repeal; to provide for related
9 matters; to provide for a short title; to provide for an effective date and applicability; to
10 repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

13 The Act shall be known and may be cited as the "Strategic Industrial Development
14 Enhancement (SIDE) Tax Credit Act."

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SECTION 2.

15

16 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the
17 imposition, rate, and computation of and exemptions and credits from state income taxes, is
18 amended by revising Code Section 48-7-40.35, which is reserved, as follows:

19 "48-7-40.35.

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

21 (1) 'Eligible entity' means an entity incorporated and located in this state with a qualified
22 project which has been approved by the Department of Community Affairs.

23 (2) 'Qualified economic development expenditures' means expenditures made by an
24 eligible entity for costs for improvements to land and construction costs for a qualified
25 project and the purchase of machinery and any equipment necessary for such
26 improvements or construction.

27 (3) 'Qualified initial infrastructure expenditures' means expenditures made by an eligible
28 entity for new rail infrastructure and improvements for the provision of rail service to a
29 qualified project, including, but not limited to, right-of-way acquisition, engineering
30 services, rehabilitation of existing inactive tracks to reinstate operation, construction of
31 new tracks, loading dock improvements, and transloading structures.

32 (4) 'Qualified project' means a project that:

33 (A) Is expected to provide substantial economic benefits and result in job creation;

34 (B) Is located within an industrial park or economic development zone or adjacent to
35 a terminal or switching of a railroad; and

36 (C) Has been approved by the Department of Community Affairs in accordance with
37 rules and regulations promulgated pursuant to this Code section.

38 (5) 'Railroad' means a common carrier classified as a railroad by the United States
39 Surface Transportation Board in accordance with Section 1-1 of 49 C.F.R. 1201, as it
40 existed on January 1, 2025.

41 (b) An eligible entity shall be allowed a credit against the tax imposed by this article for
42 a taxable year in an amount equal to 10 percent of its qualified economic development
43 expenditures and 50 percent of its qualified initial infrastructure expenditures. The credit
44 given under this subsection shall be available for each taxable year beginning on or after
45 January 1, 2026, and ending on or before December 31, 2031.

46 (c) The tax credit allowed under subsection (b) of this Code section shall be subject to the
47 following conditions and limitations:

48 (1) The aggregate amount for qualified economic development expenditures shall not
49 exceed \$8 million per qualified project;

50 (2) The aggregate amount for qualified initial infrastructure expenditures shall not
51 exceed \$4 million per qualified project; and

52 (3) The aggregate amount for a combination of qualified economic development
53 expenditures and qualified initial infrastructure expenditures shall not exceed \$8 million
54 per qualified project.

55 (d) In no event shall the amount of tax credits allowed pursuant to this Code section
56 exceed \$75 million in aggregate for a taxable year.

57 (e)(1) The total amount of the tax credits allowed pursuant to this Code section for a
58 taxable year shall not exceed the taxpayer's income tax liability.

59 (2) Tax credits claimed pursuant to this Code section but not used in any taxable year
60 may be carried forward for three years from the close of the taxable year in which the
61 credits are claimed.

62 (3) Any tax credits earned by a taxpayer under this Code section and previously claimed
63 but not used by such taxpayer against its income tax may be transferred or sold in whole
64 or in part by such taxpayer to another Georgia taxpayer up to three years from the date
65 the credit was earned and subject to the maximum total limits provided by subsection (c)
66 of this Code section.

- 67 (f) The Department of Community Affairs shall develop rules and regulations for
68 application and approval of a project as a qualified project eligible for the tax credits
69 authorized under this Code section, provided that applications for approval as a qualified
70 project shall include a description of the project, project location, detailed project costs, and
71 a summary of expected economic benefits and job creation. Applications approved by the
72 Department of Community Affairs shall be submitted to the state revenue commissioner.
73 (g) The state revenue commissioner shall develop such rules and regulations as are
74 necessary to implement and administer this Code section.
75 (h) This Code section shall stand repealed and reserved on January 1, 2032. Reserved."

76 **SECTION 3.**

77 This Act shall become effective upon its approval by the Governor or upon its becoming law
78 without such approval and shall be applicable to taxable years beginning on or after
79 January 1, 2026.

80 **SECTION 4.**

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