

The House Committee on Ways and Means offers the following substitute to HB 229:

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to
2 exemptions from sales and use taxes, so as to exempt from local taxes the sale or use of
3 construction materials used in capital outlay projects for educational purposes that were
4 approved and funded through a constitutionally authorized sales tax; to provide that such
5 exemption only applies to projects for local school systems that have in effect certain
6 homestead exemptions from property taxation; to provide for conditions, limitations, and
7 definitions; to provide for payment and collection of taxes and refunds of exempted amounts;
8 to provide for related matters; to provide for an automatic repeal; to repeal conflicting laws;
9 and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to exemptions from
13 sales and use taxes, is amended by adding a new paragraph to read as follows:

14 “(10.1)(A) Notwithstanding any provision of Code Section 48-8-63 to the contrary, the
15 sale or use of qualifying construction materials used in capital outlay projects for
16 educational purposes.

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17 (B) The exemption provided for in this paragraph shall only apply to local sales and
18 use taxes.

19 (C)(i) Notwithstanding the exemption provided for in subparagraph (A) of this
20 paragraph, all sales and use taxes imposed on the sale or use of qualifying
21 construction materials shall be paid and collected pursuant to the requirements of this
22 chapter.

23 (ii) The benefit of the exemption allowed by this paragraph may be claimed by the
24 local school system for which the qualifying construction materials were used. To
25 claim the exemption, the local school system shall file a request for refund in the
26 manner prescribed by the department. The department shall refund to the local school
27 system the amount of taxes paid on qualifying construction materials used in the
28 capital outlay project for educational purposes. No refund made pursuant to this
29 paragraph shall include interest.

30 (iii) Any refund received by a local school system pursuant to this paragraph shall be
31 allocated to a fund or account for capital outlay projects and used in accordance with
32 the requirements for sales taxes for educational purposes authorized pursuant to
33 Article VIII, Section VI, Paragraph IV of the Constitution of Georgia.

34 (D) As used in this paragraph, the term:

35 (i) 'Capital outlay project for educational purposes' means a project that:

36 (I) Was approved and funded through a sales tax for educational purposes
37 authorized pursuant to Article VIII, Section VI, Paragraph IV of the Constitution of
38 Georgia; and

39 (II) Is for a local school system which has in effect a base year value or adjusted
40 base year value homestead exemption from ad valorem taxation for educational
41 purposes for all residents of the local school system.

42 (ii) 'Local sales and use taxes' mean sales taxes, use taxes, or local sales and use taxes
43 levied or imposed at any time in any area consisting of less than the entire state,

44 however authorized, including, but not limited to, such taxes authorized by or
45 pursuant to a constitutional amendment; by or pursuant to Section 25 of an Act
46 approved March 10, 1965 (Ga. L. 1965, p. 2243), as amended, the 'Metropolitan
47 Atlanta Rapid Transit Authority Act of 1965'; and by or pursuant to Articles 2, 2A,
48 2B, 3, 4, 5, 5A, and 5B of this chapter.

49 (iii) 'Qualifying construction materials' means any materials used in the construction
50 of a capital outlay project for educational purposes that will remain as part of such
51 project after completion of construction or that become incorporated into such
52 project's real property. Such term shall not include any materials that remain in the
53 possession of a contractor after the completion of construction.

54 (E) This paragraph shall stand repealed on December 31, 2033;"

55 **SECTION 2.**

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