

House Bill 880

By: Representatives Blackmon of the 146th, Kelley of the 16th, Stephens of the 164th, Newton of the 127th, Martin of the 49th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 and Part 1 of Article 4 of Chapter 12 of Title 45
2 of the Official Code of Georgia Annotated, relating to the imposition, rate, computation,
3 exemptions, and credits relative to income taxes and management of budgetary and financial
4 affairs, respectively, so as to reduce the income tax rate that may be reached under certain
5 conditions; to provide for certain amounts of the Revenue Shortfall Reserve to be used for
6 tax relief; to increase the limitation on the maximum percentage of net revenue allowed to
7 be held in the Revenue Shortfall Reserve; to remove outdated provisions; to provide for
8 related matters; to provide for an effective date; to repeal conflicting laws; and for other
9 purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the
13 imposition, rate, computation, exemptions, and credits relative to income taxes, is amended
14 in Code Section 48-7-20, relating to individual tax rates, credit for withholding and other
15 payments, and applicability to estates and trusts, by revising subsection (a.1) as follows:

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16 "(a.1)(1) On and after January 1, 2024, the tax imposed pursuant to subsection (a) of this
17 Code section shall be 5.39 percent for taxable years beginning on or after
18 January 1, 2024; provided, however, that such rate shall be reduced by 0.10 percent
19 annually beginning on January 1, 2025, until the rate reaches ~~4.99~~ 3.99 percent, provided
20 such annual reductions in the tax rate shall be subject to delays as provided in
21 paragraph (2) of this subsection.

22 (2) Each prospective annual reduction in the tax rate that would otherwise occur as
23 provided in paragraph (1) of this subsection shall be delayed by one year for each year
24 that any of the following are true as of December 1:

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

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

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

33 (3) The Office of Planning and Budget shall make the determinations necessary to
34 implement the provisions of paragraph (2) of this subsection and shall report its
35 determinations by December 1 of each year to the department, the Speaker of the House
36 of Representatives, the President of the Senate, and the chairpersons of the House
37 Appropriations Committee, the House Ways and Means Committee, the Senate
38 Appropriations Committee, and the Senate Finance Committee. This paragraph shall not
39 be applicable after the final reduction to the rate of ~~4.99~~ 3.99 percent occurs."

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SECTION 2.

Part 1 of Article 4 of Chapter 12 of Title 45 of the Official Code of Georgia Annotated, relating to management of budgetary and financial affairs, is amended by revising Code Section 45-12-93, relating to revenue shortfall reserve, reservation of surplus state funds, appropriation and release of funds, and limitations, as follows:

"45-12-93.

(a) There shall be a reserve of state funds known as the 'Revenue Shortfall Reserve.'

(b) The amount of all surplus in state funds existing as of the end of each fiscal year shall be reserved and added to the Revenue Shortfall Reserve. Funds in the Revenue Shortfall Reserve shall carry forward from fiscal year to fiscal year, without reverting to the general fund at the end of a fiscal year. The Revenue Shortfall Reserve shall be maintained, accumulated, appropriated, and otherwise disbursed only as provided in this Code section.

(c) For each existing fiscal year, the General Assembly may appropriate from the Revenue Shortfall Reserve an amount up to 1 percent of the net revenue collections of the preceding fiscal year for funding increased K-12 needs.

(d) The Governor may release for appropriation by the General Assembly a stated amount from funds in the Revenue Shortfall Reserve that are in excess of 4 percent of the net revenue of the preceding fiscal year.

(e) As of the end of each fiscal year, an amount shall be released from the Revenue Shortfall Reserve to the general fund to cover any deficit by which total expenditures and contractual obligations of state funds authorized by appropriation exceed net revenue and other amounts in state funds made available for appropriation.

(f) ~~The combined Revenue Shortfall Reserve and the Midyear Adjustment Reserve existing on May 9, 2005, shall become the Revenue Shortfall Reserve provided for in this Code section.~~ Any amount of the Revenue Shortfall Reserve exceeding 25 percent of the previous fiscal year's net revenue may be used for tax relief pursuant to Acts of the General Assembly.

67 ~~(g) Any other provision of law notwithstanding, the General Assembly is authorized to~~
68 ~~appropriate \$7 million for State Fiscal Year 2005 from the Revenue Shortfall Reserve.~~
69 ~~(h) The Revenue Shortfall Reserve shall not exceed ~~15~~ 50 percent of the previous fiscal~~
70 ~~year's net revenue for any given fiscal year."~~

71 **SECTION 3.**

72 This Act shall become effective on January 1, 2027.

73 **SECTION 4.**

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