

House Bill 1010

By: Representative Lim of the 98th

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 10, Title 14, and Title 48 of the Official Code of Georgia Annotated, relating
2 to commerce and trade, corporations, partnerships, and associations, and revenue and
3 taxation, respectively, so as to provide for annual reports of the value of securities sold or
4 offered to be sold; to provide for fees; to provide for the joint and several liability of
5 controlling private funds for the liabilities of target firms acquired by such controlling private
6 funds; to eliminate a certain income tax deduction; to provide for taxation of capital gains
7 on sales of property in qualified opportunity zones; to provide for sales tax for computer
8 software; to provide for definitions; to provide for an effective date and applicability; to
9 provide for related matters; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Title 10 of the Official Code of Georgia Annotated, relating to commerce and trade, is
13 amended in Chapter 5, the "Georgia Uniform Securities Act of 2008" by revising subsections
14 (a) and (b) of Code Section 10-5-21, relating to filing of records, and adding a new
15 subsection to read as follows:

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16 "(a) With respect to a federal covered security, as defined in Section 18(b)(2) of the
17 Securities Act of 1933, 15 U.S.C. Section 77r(b)(2), that is not otherwise exempt under
18 Code Sections 10-5-10 through 10-5-12, a rule adopted or order issued under this chapter
19 may require the filing of any or all of the following records:

20 (1) Before the initial offer of a federal covered security in this state, all records that are
21 part of a federal registration statement filed with the Securities and Exchange
22 Commission under the Securities Act of 1933, 15 U.S.C. Section 77a, et seq., and a
23 consent to service of process complying with Code Section 10-5-80 signed by the issuer
24 and the payment of a fee of \$250.00; and

25 (2) After the initial offer of the federal covered security in this state, all records that are
26 part of an amendment to a federal registration statement filed with the Securities and
27 Exchange Commission under the Securities Act of 1933, 15 U.S.C. Section 77a, et seq.;
28 and

29 ~~(3) To the extent necessary or appropriate to compute fees, a report of the value of the~~
30 ~~federal covered securities sold or offered to persons present in this state, if the sales data~~
31 ~~are not included in records filed with the Securities and Exchange Commission and~~
32 ~~payment of a fee of \$250.00.~~

33 (a.1) The commissioner shall require the filing of annual reports of the value of all
34 securities sold or offered to be sold to persons located in this state for notice purposes and
35 the assessment of any fee and payment of a fee of \$250.00.

36 (b) A notice filing under subsection subsections (a) and (a.1) of this Code section is
37 effective for one year commencing on the later of the notice filing or the effectiveness of
38 the offering filed with the Securities and Exchange Commission. On or before expiration,
39 the issuer may renew a notice filing by filing a copy of those records filed by the issuer
40 with the Securities and Exchange Commission that are required by rule adopted or order
41 issued under this chapter to be filed and by paying a renewal fee of \$100.00. A previously
42 filed consent to service of process complying with Code Section 10-5-80 may be

43 incorporated by reference in a renewal. A renewed notice filing becomes effective upon
44 the expiration of the filing being renewed."

45 **SECTION 2.**

46 Title 14 of the Official Code of Georgia Annotated, relating to corporations, partnerships,
47 and associations, is amended in Chapter 6, which is reserved, as follows:

48 "CHAPTER 6

49 14-6-1.

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

51 (1) 'Affiliate' means an individual or corporate entity that owns or controls, or is owned
52 or controlled by, another corporate entity. As used in this paragraph, the term 'owns'
53 means ownership of 20 percent or more of the outstanding voting securities of the other
54 corporate entity, and the term 'controls' means having the power to vote 20 percent or
55 more of the outstanding voting securities of the other corporate entity.

56 (2) 'Control person' means:

57 (A) An individual or corporate entity that owns, controls, or holds the power to vote
58 20 percent or more of the outstanding interests of a corporate entity; or

59 (B) An individual or corporate entity that otherwise has the ability to direct the actions
60 of a corporate entity.

61 (3) 'Controlling private fund' means a private fund that, directly or through an affiliate,
62 becomes a control person of a target firm.

63 (4) 'Corporate entity' means any corporation, association, partnership, limited liability
64 company, limited partnership, trust, or other legal entity.

65 (5) 'Holder of an active interest' means a person that directly or indirectly has the right
66 to participate in the governance of a controlling private fund and any insider of a
67 controlling private fund.

68 (6) 'Insider' means any director, officer, managing member, managing agent, general
69 partner, or affiliate or relative thereof; a control person; or an affiliate.

70 (7) 'State agency' means any department, agency, board, commission, or authority of the
71 state or any political subdivision thereof.

72 (8) 'Target firm' means a corporate entity organized under the laws of this state that is
73 acquired by a controlling private fund.

74 (b) Notwithstanding any other provision of law or the terms of any contract or agreement
75 to the contrary, a controlling private fund and any holder of an active interest in a
76 controlling private fund shall be jointly and severally liable for all liabilities of each target
77 firm of which the controlling private fund is a control person and for all liabilities of any
78 subsidiaries of each such target firm, including:

79 (1) Any debt incurred by the target firm or a subsidiary target firm; and

80 (2) Any federal or state civil monetary penalty or obligation under a settlement consent
81 order with a state agency, including a consumer restitution obligation, for which the
82 target firm, or a subsidiary of the target firm, is liable. Reserved."

83 SECTION 3.

84 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
85 amended in Article 2 of Chapter 7, relating to imposition, rate, computation, exemptions, and
86 credits, by revising paragraph (8) of subsection (b) of Code Section 48-7-21, relating to
87 taxation of corporations, as follows:

88 "(8) There shall be subtracted from taxable income dividends received by:

89 (A) A corporation from sources outside the United States as defined in the Internal
90 Revenue Code of 1986. For purposes of this subparagraph, dividends received by a

91 corporation from sources outside of the United States shall include amounts treated as
92 a dividend and income deemed to have been received under provisions of the Internal
93 Revenue Code of 1986 by such corporation if such amounts could have been subtracted
94 from taxable income under this paragraph; had such amounts actually been received but
95 shall not include income specified in Section 951A of the Internal Revenue Code
96 of 1986. The deduction provided by Section 250 shall apply to the extent the same
97 income was included in Georgia taxable net income. The deduction, exclusion, or
98 subtraction provided by Section 245A, Section 965, or any other section of the Internal
99 Revenue Code of 1986 shall not apply to the extent income has been subtracted
100 pursuant to this subparagraph. Amounts to be subtracted under this subparagraph shall
101 include the following unless excluded by this paragraph, as defined by the Internal
102 Revenue Code of 1986:

- 103 (i) Qualified electing fund income;
104 (ii) Subpart F income; ~~including income specified in Section 951A of the Internal~~
105 ~~Revenue Code of 1986; and~~
106 (iii) Income attributable to an increase in United States property by a controlled
107 foreign corporation.

108 The amount subtracted under this subparagraph shall be reduced by any expenses
109 directly attributable to the dividend income; and

110 (B) Corporations from affiliated corporations within the United States, when the
111 corporation receiving the dividends is engaged in business in this state and is subject
112 to the payment of taxes under the income tax laws of this state, to the extent that the
113 dividends have been included in net income under this Code section. Dividends from
114 affiliates shall be reduced by any expenses directly attributable to the dividend income."

115 **SECTION 4.**

116 Said title is further amended by adding a new Code section to read as follows:

117 "48-7-43.

118 (a) As used in this Code section, the term 'qualified opportunity zone' shall have the same
119 meaning as set forth in Section 1400Z-1 of the Internal Revenue Code of 1986.

120 (b) State income tax shall be collected on capital gains for the sale or exchange of property
121 held by a taxpayer in a qualified opportunity zone."

122 **SECTION 5.**

123 Said title is further amended in Part 1 of Article 1 of Chapter 8, relating to general provisions
124 relative to state sales and use tax, by revising paragraph (20.05) of Code Section 48-8-2,
125 relating to definitions, as follows:

126 "(20.05) 'Other digital goods' means the following items transferred electronically to an
127 end user:

128 (A) Artwork;

129 (B) Photographs;

130 (C) Periodicals;

131 (D) Newspapers;

132 (E) Magazines;

133 (F) Video or audio greeting cards; ~~or~~

134 (G) Video games or electronic entertainment; or

135 (H) Computer software."

136 **SECTION 6.**

137 Said title is further amended by repealing paragraph (91) of Code Section 48-8-3, relating
138 to exemptions, and designating said paragraph as reserved.

139 **SECTION 7.**

140 This Act shall become effective upon its approval by the Governor or upon its becoming law
141 without such approval. Sections 2 and 3 shall be applicable to all taxable years beginning
142 and all contracts entered into on or after January 1, 2027.

143 **SECTION 8.**

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