

The House Committee on Ways and Means offers the following substitute to HB 1085:

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 imposition, rate, computation, exemptions, and credits relative to income taxes,
3 so as to provide for various tax credits for forestry manufacturing facilities; to provide for
4 transfer of tax credits and conditions; to provide for reporting; to provide for effective dates
5 and automatic repeals; to provide for definitions; to provide for related matters; to provide
6 for an effective date and applicability; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
10 imposition, rate, computation, exemptions, and credits relative to income taxes, is amended
11 in Code Section 48-7-40, relating to designation of counties as less developed areas and tax
12 credits for certain business enterprises, by revising paragraph (2) of subsection (a) and adding
13 new paragraphs, revising paragraph (2) of subsection (e), and adding a new subsection to
14 read as follows:

15 "(2) 'Business enterprise' means any business or the headquarters of any such business
16 which is engaged in manufacturing, including, but not limited to, the manufacturing of

17 alternative energy products for use in solar, wind, battery, bioenergy, biofuel, and electric
18 vehicle enterprises, warehousing and distribution, processing, telecommunications,
19 broadcasting, tourism, research and development industries, biomedical manufacturing,
20 forestry manufacturing, and services for the elderly and persons with disabilities. Such
21 term shall not include retail businesses. Businesses are eligible for the tax credit provided
22 by this Code section at an individual establishment of the business based on the
23 classification of the individual establishment under the North American Industry
24 Classification System. ~~For purposes of this Code section, the term 'establishment' means~~
25 ~~an economic unit at a single physical location where business is conducted or where~~
26 ~~services or industrial operations are performed. If more than one business activity is~~
27 ~~conducted at the establishment, then only those jobs engaged in the qualifying activity~~
28 ~~will be eligible for the tax credit provided by this Code section."~~

29 "(3.1) 'Establishment' means an economic unit at a single physical location where
30 business is conducted or where services or industrial operations are performed. If more
31 than one business activity is conducted at the establishment, then only those jobs engaged
32 in the qualifying activity shall be eligible for the tax credit provided by this Code
33 section."

34 "(4.1) 'Forestry manufacturing' or 'forestry manufacturer' means any business or the
35 headquarters of such business with an establishment in this state:

36 (A) Classified under 2022 North American Industry Classification System Subsectors
37 321, wood product manufacturing; 322, paper manufacturing or North American
38 Industrial Classification industry code 33711, wood kitchen cabinet and countertop
39 manufacturing or specific code 221117, biomass electric power generation 325193,
40 ethyl alcohol manufacturing; 325194, cyclic crude, intermediate, and gum and wood
41 chemical manufacturing; 325199, all other basic organic chemical manufacturing;
42 337211, wood office furniture manufacturing; and 337212, custom architectural
43 woodwork and millwork manufacturing; or

44 (B) That utilizes wood fiber, forest-derived biomass, wood residuals, or forestry
45 by-products as a primary feedstock in the manufacture of forest products, renewable
46 fuels, bio-based chemicals, bioenergy, or other value-added products that support or
47 derive economic value from the forest products supply chain, regardless of the
48 establishment's primary North American Industry Classification System code."

49 "(2) Existing business enterprises and, for taxable years beginning on or after January 1,
50 2026, and prior to January 1, 2031, forestry manufacturers shall be allowed an additional
51 tax credit for taxes imposed under this article equal to \$500.00 per eligible new full-time
52 employee job the first year in which the new full-time employee job is created. The
53 additional credit shall be claimed in the first taxable year in which the new full-time
54 employee job is created. The number of new full-time employee jobs shall be determined
55 by comparing the monthly average number of full-time employees subject to Georgia
56 income tax withholding for the taxable year with the corresponding period of the prior
57 taxable year. In tier 1 counties, those existing business enterprises and forestry
58 manufacturers that increase employment by five or more shall be eligible for the credit.
59 In tier 2 counties, only those existing business enterprises and forestry manufacturers that
60 increase employment by ten or more shall be eligible for the credit. In tier 3 counties,
61 only those existing business enterprises and forestry manufacturers that increase
62 employment by 15 or more shall be eligible for the credit. In tier 4 counties, only those
63 existing business enterprises and forestry manufacturers that increase employment by 25
64 or more shall be eligible for the credit. The average wage of the new jobs created must
65 be above the average wage of the county that has the lowest average wage of any county
66 in the state to qualify as reported in the most recently available annual issue of the
67 Georgia Employment and Wages Averages Report of the Department of Labor. To
68 qualify for a credit under this paragraph, the employer must make health insurance
69 coverage available to the employee filling the new full-time job; provided, however, that
70 nothing in this paragraph shall be construed to require the employer to pay for all or any

71 part of health insurance coverage for such an employee in order to claim the credit
72 provided for in this paragraph if such employer does not pay for all or any part of health
73 insurance coverage for other employees. Credit shall not be allowed during a year if the
74 net employment increase falls below the number required in such tier. Any credit
75 generated and utilized for years prior to the year in which the net employment increase
76 falls below the number required in such tier shall not be affected. The state revenue
77 commissioner shall adjust the credit allowed each year for net new employment
78 fluctuations above the minimum level of the number required in such tier. This
79 paragraph shall apply only to new eligible full-time jobs created in taxable years
80 beginning on or after January 1, 2006, and ending no later than taxable years beginning
81 prior to January 1, 2011."

82 "(n)(1) Any credits earned under this Code section by a forestry manufacturer for taxable
83 years beginning on or after January 1, 2026, and prior to January 1, 2031, and before and
84 previously claimed but not used by such forestry manufacturer against its income tax or
85 as credit against quarterly or monthly payment under Code Section 48-7-103 as provided
86 within this Code section, and in addition to the assignability provisions of Code
87 Section 48-7-42, may be transferred or sold in whole or in part by such forestry
88 manufacturer to another Georgia taxpayer, subject to the following conditions:

89 (A) Such forestry manufacturer may make only a single transfer or sale of tax credits
90 earned in a taxable year; however, the transfer or sale may involve one or more
91 transferees; and

92 (B) Such forestry manufacturer shall submit to the department a written notification
93 of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax
94 credits. The notification shall include such forestry manufacturer's tax credit balance
95 prior to the transfer, the remaining balance after transfer, all tax identification numbers
96 for each transferee, the date of the transfer, the amount transferred, and any other
97 information required by the department.

- 98 (2) Failure to comply with this subsection shall result in disallowance of the tax credit
99 until the forestry manufacturer is in full compliance.
- 100 (3) The transfer or sale of this tax credit shall not extend the time in which such tax
101 credit can be used. The carry-forward period for a tax credit that is transferred or sold
102 shall begin on the date in which the tax credit was originally earned.
- 103 (4) A transferee shall have only such rights to claim and use the tax credit as were
104 available to the transferor at the time of the transfer. To the extent that such transferor
105 did not have rights to claim or use the tax credit at the time of the transfer, the department
106 shall either disallow the tax credit claimed by the transferee or recapture the tax credit
107 from the transferee. The transferee's recourse is against the transferor.
- 108 (5) The department shall prepare an annual report of the total amount of credits
109 transferred by forestry manufacturers pursuant to this Code section for the prior year.
110 The report required under this paragraph shall be completed no later than December 31
111 of each year and presented to each member of the House Committee on Ways and Means
112 and the Senate Finance Committee.
- 113 (6) This subsection shall stand repealed by operation of law on the last moment of
114 December 31, 2030. The automatic repeal of this subsection on December 31, 2030, shall
115 not impair or affect a forestry manufacturer's ability to transfer an unused credit after
116 January 1, 2031, that such taxpayer accrued pursuant to this Code section for taxable
117 years before December 31, 2030."

118 **SECTION 2.**

119 Said article is further is amended in Code Section 48-7-40.1, relating to tax credits for
120 business enterprises in less developed areas, by revising subsection (a) and adding a new
121 subsection to read as follows:

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

123 (1) 'Broadcasting' means the transmission or licensing of audio, video, text, or other
124 programming content to the general public, subscribers, or to third parties via radio,
125 television, cable, satellite, or the internet or IP and includes motion picture and sound
126 recording, editing, production, postproduction, and distribution. Such term is limited to
127 establishments classified under the 2007 North American Industry Classification System
128 Codes 515, broadcasting; 519, internet publishing and broadcasting; 517,
129 telecommunications; and 512, motion picture and sound recording industries.

130 (2) 'Business enterprise' means any business or the headquarters of any such business
131 which is engaged in manufacturing, including, but not limited to, the manufacturing of
132 alternative energy products for use in solar, wind, battery, bioenergy, biofuel, and electric
133 vehicle enterprises, warehousing and distribution, processing, telecommunications,
134 broadcasting, tourism, biomedical manufacturing, forestry manufacturing, and research
135 and development industries. Such term shall not include retail businesses. Businesses
136 are eligible for the tax credit provided by this Code section at an individual establishment
137 of the business based on the classification of the individual establishment under the North
138 American Industry Classification System. ~~For purposes of this Code section, the term~~
139 ~~'establishment'~~

140 (2.1) 'Establishment' means an economic unit at a single physical location where
141 business is conducted or where services or industrial operations are performed. If more
142 than one business activity is conducted at the establishment, then only those jobs engaged
143 in the qualifying activity will be eligible for the tax credit provided by this Code section.

144 (2.2) 'Forestry manufacturing' means any business or the headquarters of such business
145 with an establishment in this state:

146 (A) Classified under 2022 North American Industry Classification System
147 Subsectors 321, wood product manufacturing; 322, paper manufacturing or North
148 American Industrial Classification industry code 33711, wood kitchen cabinet and
149 countertop manufacturing or specific code 221117, biomass electric power

150 generation 325193, ethyl alcohol manufacturing; 325194, cyclic crude, intermediate,
151 and gum and wood chemical manufacturing; 325199, all other basic organic chemical
152 manufacturing; 337211, wood office furniture manufacturing; and 337212, custom
153 architectural woodwork and millwork manufacturing; or

154 (B) That utilizes wood fiber, forest-derived biomass, wood residuals, or forestry
155 by-products as a primary feedstock in the manufacture of forest products, renewable
156 fuels, bio-based chemicals, bioenergy, or other value-added products that support or
157 derive economic value from the forest products supply chain, regardless of the
158 establishment's primary North American Industry Classification System code.

159 (3) 'New full-time employee job' means a newly created position of employment that was
160 not previously located in this state, requires a minimum of 35 hours a week, and pays at
161 or above the average wage earned in the county with the lowest average wage earned in
162 this state, as reported in the most recently available annual issue of the Georgia
163 Employment and Wages Averages Report of the Department of Labor."

164 "(l)(1) Any credits earned under this Code section by a forestry manufacturer for taxable
165 years beginning on or after January 1, 2026, and prior to January 1, 2031, and before and
166 previously claimed but not used by such forestry manufacturer against its income tax or
167 as credit against quarterly or monthly payment under Code Section 48-7-103 as provided
168 within this Code section, and in addition to the assignability provisions of Code
169 Section 48-7-42, may be transferred or sold in whole or in part by such forestry
170 manufacturer to another Georgia taxpayer, subject to the following conditions:

171 (A) Such forestry manufacturer may make only a single transfer or sale of tax credits
172 earned in a taxable year; however, the transfer or sale may involve one or more
173 transferees; and

174 (B) Such forestry manufacturer shall submit to the department a written notification
175 of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax
176 credits. The notification shall include such forestry manufacturer's tax credit balance

177 prior to the transfer, the remaining balance after transfer, all tax identification numbers
178 for each transferee, the date of the transfer, the amount transferred, and any other
179 information required by the department.

180 (2) Failure to comply with this subsection shall result in disallowance of the tax credit
181 until the forestry manufacturer is in full compliance.

182 (3) The transfer or sale of this tax credit shall not extend the time in which such tax
183 credit can be used. The carry-forward period for a tax credit that is transferred or sold
184 shall begin on the date in which the tax credit was originally earned.

185 (4) A transferee shall have only such rights to claim and use the tax credit as were
186 available to the transferor at the time of the transfer. To the extent that such transferor
187 did not have rights to claim or use the tax credit at the time of the transfer, the department
188 shall either disallow the tax credit claimed by the transferee or recapture the tax credit
189 from the transferee. The transferee's recourse is against the transferor.

190 (5) The department shall prepare an annual report of the total amount of credits
191 transferred by forestry manufacturers pursuant to this Code section for the prior year.
192 The report required under this paragraph shall be completed no later than December 31
193 of each year and presented to each member of the House Committee on Ways and Means
194 and the Senate Finance Committee.

195 (6) This subsection shall stand repealed by operation of law on the last moment of
196 December 31, 2030. The automatic repeal of this subsection on December 31, 2030, shall
197 not impair or affect a forestry manufacturer's ability to transfer an unused credit after
198 January 1, 2031, that such taxpayer accrued pursuant to this Code section for taxable
199 years before December 31, 2030."

200 **SECTION 3.**

201 Said article is further amended in Code Section 48-7-40.2, relating to tax credits for existing
202 manufacturing and telecommunications facilities in tier 1 counties, by adding a new

203 paragraph to subsection (a), revising subsection (b), and adding a new subsection to read as
204 follows:

205 “(0.5) 'Forestry manufacturing' means any business or the headquarters of such business
206 with an establishment in this state:

207 (A) Classified under 2022 North American Industry Classification System
208 Subsectors 321, wood product manufacturing; 322, paper manufacturing or North
209 American Industrial Classification industry code 33711, wood kitchen cabinet and
210 countertop manufacturing or specific code 221117, biomass electric power
211 generation 325193, ethyl alcohol manufacturing; 325194, cyclic crude, intermediate,
212 and gum and wood chemical manufacturing; 325199, all other basic organic chemical
213 manufacturing; 337211, wood office furniture manufacturing; and 337212, custom
214 architectural woodwork and millwork manufacturing; or

215 (B) That utilizes wood fiber, forest-derived biomass, wood residuals, or forestry
216 by-products as a primary feedstock in the manufacture of forest products, renewable
217 fuels, bio-based chemicals, bioenergy, or other value-added products that support or
218 derive economic value from the forest products supply chain, regardless of the
219 establishment's primary North American Industry Classification System code.”

220 “(b)(1) In the case of a taxpayer which has operated for the immediately preceding three
221 years an existing manufacturing or telecommunications facility or a manufacturing or
222 telecommunications support facility in this state in a tier 1 county designated pursuant to
223 Code Section 48-7-40, there shall be allowed a credit against the tax imposed under this
224 article in an amount equal to 5 percent of the cost of all qualified investment property
225 purchased or acquired by the taxpayer in such year, subject to the conditions and
226 limitations set forth in this Code section. In the event such qualified investment property
227 purchased or acquired by the taxpayer in such year consists of recycling machinery or
228 equipment, a recycling manufacturing facility, pollution control or prevention machinery

229 or equipment, a pollution control or prevention facility, or the conversion from defense
230 to domestic production, the amount of such credit shall be equal to 8 percent.

231 (2) In the case of a taxpayer which operates a forestry manufacturing facility in this state
232 in a tier 1 county designated pursuant to Code Section 48-7-40, there shall be allowed a
233 credit against the tax imposed under this article for taxable years beginning on or after
234 January 1, 2026, and prior to January 1, 2031, in an amount equal to 8 percent of the cost
235 of all qualified investment property purchased or acquired by the taxpayer in such year,
236 subject to the conditions and limitations set forth in this Code section."

237 "(e)(1) Any credits earned under this Code section by a forestry manufacturer for taxable
238 years beginning on or after January 1, 2026, and prior to January 1, 2031, and before and
239 previously claimed but not used by such forestry manufacturer against its income tax or
240 as credit against quarterly or monthly payment under Code Section 48-7-103 as provided
241 within this Code section, and in addition to the assignability provisions of Code
242 Section 48-7-42, may be transferred or sold in whole or in part by such forestry
243 manufacturer to another Georgia taxpayer, subject to the following conditions:

244 (A) Such forestry manufacturer may make only a single transfer or sale of tax credits
245 earned in a taxable year; however, the transfer or sale may involve one or more
246 transferees; and

247 (B) Such forestry manufacturer shall submit to the department a written notification
248 of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax
249 credits. The notification shall include such forestry manufacturer's tax credit balance
250 prior to the transfer, the remaining balance after transfer, all tax identification numbers
251 for each transferee, the date of the transfer, the amount transferred, and any other
252 information required by the department.

253 (2) Failure to comply with this subsection shall result in disallowance of the tax credit
254 until the forestry manufacturer is in full compliance.

255 (3) The transfer or sale of this tax credit shall not extend the time in which such tax
256 credit can be used. The carry-forward period for a tax credit that is transferred or sold
257 shall begin on the date in which the tax credit was originally earned.

258 (4) A transferee shall have only such rights to claim and use the tax credit as were
259 available to the transferor at the time of the transfer. To the extent that such transferor
260 did not have rights to claim or use the tax credit at the time of the transfer, the department
261 shall either disallow the tax credit claimed by the transferee or recapture the tax credit
262 from the transferee. The transferee's recourse is against the transferor.

263 (5) The department shall prepare an annual report of the total amount of credits
264 transferred by forestry manufacturers pursuant to this Code section for the prior year.
265 The report required under this paragraph shall be completed no later than December 31
266 of each year and presented to each member of the House Committee on Ways and Means
267 and the Senate Finance Committee.

268 (6) This subsection shall stand repealed by operation of law on the last moment of
269 December 31, 2030. The automatic repeal of this subsection on December 31, 2030, shall
270 not impair or affect a forestry manufacturer's ability to transfer an unused credit after
271 January 1, 2031, that such taxpayer accrued pursuant to this Code section for taxable
272 years before December 31, 2030."

273 **SECTION 4.**

274 Said article is further is amended in Code Section 48-7-40.3, relating to tax credits for
275 existing manufacturing and telecommunications facilities in tier 2 counties, by adding a new
276 paragraph to subsection (a), revising subsection (b), and adding a new subsection to read as
277 follows:

278 “(0.5) 'Forestry manufacturing' means any business or the headquarters of such business
279 with an establishment in this state:

280 (A) Classified under 2022 North American Industry Classification System
281 Subsectors 321, wood product manufacturing; 322, paper manufacturing or North
282 American Industrial Classification industry code 33711, wood kitchen cabinet and
283 countertop manufacturing or specific code 221117, biomass electric power
284 generation 325193, ethyl alcohol manufacturing; 325194, cyclic crude, intermediate,
285 and gum and wood chemical manufacturing; 325199, all other basic organic chemical
286 manufacturing; 337211, wood office furniture manufacturing; and 337212, custom
287 architectural woodwork and millwork manufacturing; or

288 (B) That utilizes wood fiber, forest-derived biomass, wood residuals, or forestry
289 by-products as a primary feedstock in the manufacture of forest products, renewable
290 fuels, bio-based chemicals, bioenergy, or other value-added products that support or
291 derive economic value from the forest products supply chain, regardless of the
292 establishment's primary North American Industry Classification System code."

293 "(b)(1) In the case of a taxpayer which has operated for the immediately preceding three
294 years an existing manufacturing or telecommunications facility or manufacturing or
295 telecommunications support facility in this state in a tier 2 county designated pursuant to
296 Code Section 48-7-40, there shall be allowed a credit against the tax imposed under this
297 article in an amount equal to 3 percent of the cost of all qualified investment property
298 purchased or acquired by the taxpayer in such year, subject to the conditions and
299 limitations set forth in this Code section. In the event such qualified investment property
300 purchased or acquired by the taxpayer in such year consists of recycling machinery or
301 equipment, a recycling manufacturing facility, pollution control or prevention machinery
302 or equipment, a pollution control or prevention facility, or the conversion from defense
303 to domestic production, the amount of such credit shall be equal to 5 percent.

304 (2) In the case of a taxpayer which has operated a forestry manufacturing facility in this
305 state in a tier 2 county designated pursuant to Code Section 48-7-40, there shall be
306 allowed a credit against the tax imposed under this article in an amount equal to 5 percent

307 of the cost of all qualified investment property purchased or acquired by the taxpayer in
308 such year, subject to the conditions and limitations set forth in this Code section."

309 "(e)(1) Any credits earned under this Code section by a forestry manufacturer for taxable
310 years beginning on or after January 1, 2026, and prior to January 1, 2031, and before and
311 previously claimed but not used by such forestry manufacturer against its income tax or
312 as credit against quarterly or monthly payment under Code Section 48-7-103 as provided
313 within this Code section, and in addition to the assignability provisions of Code
314 Section 48-7-42, may be transferred or sold in whole or in part by such forestry
315 manufacturer to another Georgia taxpayer, subject to the following conditions:

316 (A) Such forestry manufacturer may make only a single transfer or sale of tax credits
317 earned in a taxable year; however, the transfer or sale may involve one or more
318 transferees; and

319 (B) Such forestry manufacturer shall submit to the department a written notification
320 of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax
321 credits. The notification shall include such forestry manufacturer's tax credit balance
322 prior to the transfer, the remaining balance after transfer, all tax identification numbers
323 for each transferee, the date of the transfer, the amount transferred, and any other
324 information required by the department.

325 (2) Failure to comply with this subsection shall result in disallowance of the tax credit
326 until the forestry manufacturer is in full compliance.

327 (3) The transfer or sale of this tax credit shall not extend the time in which such tax
328 credit can be used. The carry-forward period for a tax credit that is transferred or sold
329 shall begin on the date in which the tax credit was originally earned.

330 (4) A transferee shall have only such rights to claim and use the tax credit as were
331 available to the transferor at the time of the transfer. To the extent that such transferor
332 did not have rights to claim or use the tax credit at the time of the transfer, the department

333 shall either disallow the tax credit claimed by the transferee or recapture the tax credit
 334 from the transferee. The transferee's recourse is against the transferor.

335 (5) The department shall prepare an annual report of the total amount of credits
 336 transferred by forestry manufacturers pursuant to this Code section for the prior year.
 337 The report required under this paragraph shall be completed no later than December 31
 338 of each year and presented to each member of the House Committee on Ways and Means
 339 and the Senate Finance Committee.

340 (6) This subsection shall stand repealed by operation of law on the last moment of
 341 December 31, 2030. The automatic repeal of this subsection on December 31, 2030, shall
 342 not impair or affect a forestry manufacturer's ability to transfer an unused credit after
 343 January 1, 2031, that such taxpayer accrued pursuant to this Code section for taxable
 344 years before December 31, 2030."

345 **SECTION 5.**

346 Said article is further is amended in Code Section 48-7-40.4, relating to tax credits for
 347 existing manufacturing and telecommunications facilities or manufacturing and
 348 telecommunications support facilities in tier 3 or 4 counties, by adding a new paragraph to
 349 subsection (a), revising subsection (b), and adding a new subsection to read as follows:

350 “(0.5) 'Forestry manufacturing' means any business or the headquarters of such business
 351 with an establishment in this state:

352 (A) Classified under 2022 North American Industry Classification System
 353 Subsectors 321, wood product manufacturing; 322, paper manufacturing or North
 354 American Industrial Classification industry code 33711, wood kitchen cabinet and
 355 countertop manufacturing or specific code 221117, biomass electric power
 356 generation 325193, ethyl alcohol manufacturing; 325194, cyclic crude, intermediate,
 357 and gum and wood chemical manufacturing; 325199, all other basic organic chemical

358 manufacturing; 337211, wood office furniture manufacturing; and 337212, custom
359 architectural woodwork and millwork manufacturing; or

360 (B) That utilizes wood fiber, forest-derived biomass, wood residuals, or forestry
361 by-products as a primary feedstock in the manufacture of forest products, renewable
362 fuels, bio-based chemicals, bioenergy, or other value-added products that support or
363 derive economic value from the forest products supply chain, regardless of the
364 establishment's primary North American Industry Classification System code."

365 "(b)(1) In the case of a taxpayer which has operated for the immediately preceding three
366 years an existing manufacturing or telecommunications facility or manufacturing or
367 telecommunications support facility in this state in a tier 3 or a tier 4 county designated
368 pursuant to Code Section 48-7-40, there shall be allowed a credit against the tax imposed
369 under this article in an amount equal to 1 percent of the cost of all qualified investment
370 property purchased or acquired by the taxpayer in such year, subject to the conditions and
371 limitations set forth in this Code section. In the event such qualified investment property
372 purchased or acquired by the taxpayer in such year consists of recycling machinery or
373 equipment, a recycling manufacturing facility, pollution control or prevention machinery
374 or equipment, a pollution control or prevention facility, or the conversion from defense
375 to domestic production, the amount of such credit shall be equal to 3 percent.

376 (2) In the case of a taxpayer which has operated a forestry manufacturer facility in this
377 state in a tier 3 or a tier 4 county designated pursuant to Code Section 48-7-40, there shall
378 be allowed a credit against the tax imposed under this article in an amount equal to 3
379 percent of the cost of all qualified investment property purchased or acquired by the
380 taxpayer in such year, subject to the conditions and limitations set forth in this Code
381 section."

382 "(e)(1) Any credits earned under this Code section by a forestry manufacturer for taxable
383 years beginning on or after January 1, 2026, and prior to January 1, 2031, and before and
384 previously claimed but not used by such forestry manufacturer against its income tax or

385 as credit against quarterly or monthly payment under Code Section 48-7-103 as provided
386 within this Code section, and in addition to the assignability provisions of Code
387 Section 48-7-42, may be transferred or sold in whole or in part by such forestry
388 manufacturer to another Georgia taxpayer, subject to the following conditions:

389 (A) Such forestry manufacturer may make only a single transfer or sale of tax credits
390 earned in a taxable year; however, the transfer or sale may involve one or more
391 transferees; and

392 (B) Such forestry manufacturer shall submit to the department a written notification
393 of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax
394 credits. The notification shall include such forestry manufacturer's tax credit balance
395 prior to the transfer, the remaining balance after transfer, all tax identification numbers
396 for each transferee, the date of the transfer, the amount transferred, and any other
397 information required by the department.

398 (2) Failure to comply with this subsection shall result in disallowance of the tax credit
399 until the forestry manufacturer is in full compliance.

400 (3) The transfer or sale of this tax credit shall not extend the time in which such tax
401 credit can be used. The carry-forward period for a tax credit that is transferred or sold
402 shall begin on the date in which the tax credit was originally earned.

403 (4) A transferee shall have only such rights to claim and use the tax credit as were
404 available to the transferor at the time of the transfer. To the extent that such transferor
405 did not have rights to claim or use the tax credit at the time of the transfer, the department
406 shall either disallow the tax credit claimed by the transferee or recapture the tax credit
407 from the transferee. The transferee's recourse is against the transferor.

408 (5) The department shall prepare an annual report of the total amount of credits
409 transferred by forestry manufacturers pursuant to this Code section for the prior year.
410 The report required under this paragraph shall be completed no later than December 31

411 of each year and presented to each member of the House Committee on Ways and Means
412 and the Senate Finance Committee.

413 (6) This subsection shall stand repealed by operation of law on the last moment of
414 December 31, 2030. The automatic repeal of this subsection on December 31, 2030, shall
415 not impair or affect a forestry manufacturer's ability to transfer an unused credit after
416 January 1, 2031, that such taxpayer accrued pursuant to this Code section for taxable
417 years before December 31, 2030."

418 **SECTION 6.**

419 This Act shall become effective on July 1, 2026, and shall be applicable to taxable years
420 beginning on or after January 1, 2026.

421 **SECTION 7.**

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