

House Bill 1223

By: Representatives Martin of the 49th, Smith of the 133rd, and Rhodes of the 120th

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 tax, so as to extend the sunset date for a sales tax exemption
3 for the sale or lease of computer equipment to be incorporated into facilities of
4 high-technology companies; to provide for related matters; to repeal conflicting laws; and
5 for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to exemptions from
9 sales and use tax, is amended by revising paragraph (68) as follows:

10 "(68)(A) The sale or lease of computer equipment to be incorporated into a facility or
11 facilities in this state to any high-technology company classified under the 2017 North
12 American Industrial Classification System code 334413, 334614, 511210, 517311,
13 517312, 517410, 517911, 517919, 518210, 522320, 541330, 541511, 541512, 541513,
14 541519, 541713, 541715, or 541720 where such sale of computer equipment for any
15 calendar year exceeds \$15 million or, in the event of a lease of such computer

16 equipment, the fair market value of such leased computer equipment for any calendar
17 year exceeds \$15 million.

18 (B) Any person making a sale or lease of computer equipment to a high-technology
19 company as specified in subparagraph (A) of this paragraph shall collect the tax
20 imposed on the sale by this article unless the purchaser furnishes such seller with a
21 certificate issued by the commissioner certifying that the purchaser is entitled to
22 purchase the computer equipment without paying the tax. As a condition precedent to
23 the issuance of the certificate, the commissioner, at such commissioner's discretion,
24 may require a good and valid bond with a surety company authorized to do business in
25 this state as surety or may require legal securities, in an amount fixed by the
26 commissioner, conditioned upon payment by the purchaser of all taxes due under this
27 article in the event it should be determined that the sale fails to meet the requirements
28 of this subparagraph.

29 (C)(i) As used in this paragraph, the term 'computer equipment' means any individual
30 computer or organized assembly of hardware or software, such as a server farm,
31 mainframe or midrange computer, mainframe driven high-speed print and mailing
32 devices, and workstations connected to those devices via high bandwidth connectivity
33 such as a local area network, wide area network, or any other data transport
34 technology which performs one of the following functions: storage or management
35 of production data, hosting of production applications, hosting of application systems
36 development activities, or hosting of applications systems testing.

37 (ii) ~~The~~ Such term shall not include:

38 (I) Telephone central office equipment or other voice data transport technology,
39 including any wireline or wireless telecommunication system; or

40 (II) Equipment with imbedded computer hardware or software which is primarily
41 used for training, product testing, or in a manufacturing process.

42 (D) Any corporation, partnership, limited liability company, or any other similar entity
43 which qualifies for the exemption and is affiliated in any manner with a nonqualified
44 corporation, partnership, limited liability company, or any other similar entity must
45 conduct at least a majority of its business with entities with which it has no affiliation.

46 (E) Each high-technology company that has been issued a certificate of exemption
47 pursuant to this paragraph shall report annually to the commissioner a list of the
48 facilities for which all computer equipment exempted by this paragraph during the
49 preceding calendar year was incorporated, as well as the amount of taxes exempted
50 under this paragraph during the preceding calendar year. Such report shall be filed
51 within 90 days after the end of the calendar year for which the high-technology
52 company utilized a certificate of exemption pursuant to this paragraph and shall be
53 subject to the confidentiality provisions of Code Section 48-2-15. The commissioner
54 shall not issue a certificate of exemption under this paragraph for the calendar year next
55 succeeding the reporting date to any high-technology company that has failed to
56 comply with the reporting required by this subparagraph.

57 (F) The commissioner shall promulgate such rules and regulations as are necessary to
58 implement the provisions of this paragraph.

59 (G) This paragraph shall stand repealed and reserved by operation of law at the last
60 moment of ~~June 30~~ December 31, 2023."

61 **SECTION 2.**

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