

House Bill 454 (COMMITTEE SUBSTITUTE)

By: Representatives Blackmon of the 146th, Wilkerson of the 38th, Knight of the 134th, and Adesanya of the 43rd

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
2 taxation, so as to revise the terms "Internal Revenue Code" and "Internal Revenue Code of
3 1986" and thereby incorporate certain provisions of the federal law into Georgia law; to
4 revise the rates of taxation on income on individuals, estates, and trusts; to revise certain
5 annual determinations; to revise certain exemptions and deductions; to provide for an income
6 tax credit for certain taxpayers; to revise the definition of "force majeure" to include a
7 pandemic, as relative to tax credits for jobs associated with large-scale projects; to limit the
8 applicability of such term; to provide for related matters; to provide for effective dates and
9 applicability; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
13 amended by revising paragraph (14) of Code Section 48-1-2, relating to definitions, as
14 follows:

15 "(14) 'Internal Revenue Code' or 'Internal Revenue Code of 1986' means for taxable years
16 beginning on or after January 1, ~~2021~~ 2022, the provisions of the United States Internal

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17 Revenue Code of 1986, as amended, provided for in federal law enacted on or before
18 January 1, ~~2022~~ 2023, except that Section 108(i), Section 163(e)(5)(F), Section
19 168(b)(3)(I), Section 168(e)(3)(B)(vii), Section 168(e)(3)(E)(ix), Section 168(e)(8),
20 Section 168(k), Section 168(m), Section 168(n), Section 179(d)(1)(B)(ii), Section 179(f),
21 Section 199, Section 381(c)(20), Section 382(d)(3), Section 810(b)(4), Section 1400L,
22 Section 1400N(d)(1), Section 1400N(f), Section 1400N(j), Section 1400N(k), and Section
23 1400N(o) of the Internal Revenue Code of 1986, as amended, shall be treated as if they
24 were not in effect, and except that Section 168(e)(7), Section 172(b)(1)(F), and Section
25 172(i)(1) of the Internal Revenue Code of 1986, as amended, shall be treated as they were
26 in effect before the 2008 enactment of federal Public Law 110-343, and except that
27 Section 163(i)(1) of the Internal Revenue Code of 1986, as amended, shall be treated as
28 it was in effect before the 2009 enactment of federal Public Law 111-5, and except that
29 Section 13(e)(4) of 2009 federal Public Law 111-92 shall be treated as if it was not in
30 effect, and except that Section 118, Section 163(j), ~~and~~ Section 382(k)(1), and Section
31 174 of the Internal Revenue Code of 1986, as amended, shall be treated as they were in
32 effect before the 2017 enactment of federal Public Law 115-97; provided, however, that
33 all provisions in federal Public Law 117-58 (Infrastructure Investment and Jobs Act) that
34 change or affect in any manner Section 118 shall be treated as if they were in effect, and
35 except that all provisions in federal Public Law 116-136 (CARES Act) that change or
36 affect in any manner Section 172 and Section 461(l) shall be treated as if they were not
37 in effect, and except that all provisions in federal Public Law 117-2 (American Rescue
38 Plan Act of 2021) that change or affect in any manner Section 461(l) shall be treated as
39 if they were not in effect, and except that the limitations provided in Section 179(b)(1)
40 shall be \$250,000.00 for tax years beginning in 2010, shall be \$250,000.00 for tax years
41 beginning in 2011, shall be \$250,000.00 for tax years beginning in 2012, shall be
42 \$250,000.00 for tax years beginning in 2013, and shall be \$500,000.00 for tax years
43 beginning in 2014, and except that the limitations provided in Section 179(b)(2) shall be

44 \$800,000.00 for tax years beginning in 2010, shall be \$800,000.00 for tax years
45 beginning in 2011, shall be \$800,000.00 for tax years beginning in 2012, shall be
46 \$800,000.00 for tax years beginning in 2013, and shall be \$2 million for tax years
47 beginning in 2014, and provided that Section 1106 of federal Public Law 112-95 as
48 amended by federal Public Law 113-243 shall be treated as if it is in effect, except the
49 phrase 'Code Section 48-2-35 (or, if later, November 15, 2015)' shall be substituted for
50 the phrase 'section 6511(a) of such Code (or, if later, April 15, 2015),' and
51 notwithstanding any other provision in this title, no interest shall be refunded with respect
52 to any claim for refund filed pursuant to Section 1106 of federal Public Law 112-95, and
53 provided that subsection (b) of Section 3 of federal Public Law 114-292 shall be treated
54 as if it is in effect, except the phrase 'Code Section 48-2-35' shall be substituted for the
55 phrase 'section 6511(a) of the Internal Revenue Code of 1986' and the phrase 'such
56 section' shall be substituted for the phrase 'such subsection.' In the event a reference is
57 made in this title to the Internal Revenue Code or the Internal Revenue Code of 1954 as
58 it existed on a specific date prior to January 1, ~~2022~~ 2023, the term means the provisions
59 of the Internal Revenue Code or the Internal Revenue Code of 1954 as it existed on the
60 prior date. Unless otherwise provided in this title, any term used in this title shall have
61 the same meaning as when used in a comparable provision or context in the Internal
62 Revenue Code of 1986, as amended. For taxable years beginning on or after January 1,
63 ~~2021~~ 2022, provisions of the Internal Revenue Code of 1986, as amended, which were
64 as of January 1, ~~2022~~ 2023, enacted into law but not yet effective shall become effective
65 for purposes of Georgia taxation on the same dates upon which they become effective for
66 federal tax purposes."

67 **SECTION 2.**

68 Said title is further amended by revising Code Section 48-7-20, relating to individual income
 69 tax rates, credit for withholding and other payments, and applicability to estates and trusts,
 70 as in effect on January 1, 2024, as follows:

71 "48-7-20.

72 (a) A tax is imposed upon every resident of this state with respect to the Georgia taxable
 73 net income of the taxpayer as defined in Code Section 48-7-27. A tax is imposed upon
 74 every nonresident with respect to such nonresident's Georgia taxable net income not
 75 otherwise exempted which is received by the taxpayer from services performed, property
 76 owned, proceeds of any lottery prize awarded by the Georgia Lottery Corporation, or from
 77 business carried on in this state. Except as otherwise provided in this chapter, the tax
 78 imposed by this subsection shall be levied, collected, and paid annually.

79 (a.1)(1) On and after January 1, 2024, the tax imposed pursuant to subsection (a) of this
 80 Code section shall be ~~at the rates provided in subsection (a.2) of this Code section for~~
 81 ~~each respective tax year~~ 5.49 percent for taxable years beginning on or after January 1,
 82 2024; provided, however, that ~~the actual rates for a given year tax year~~ such rate shall be
 83 reduced by 0.10 percent annually beginning on January 1, 2025, until the rate reaches
 84 4.99 percent, provided such annual reductions in the tax rate shall be subject to delays as
 85 provided in paragraph (2) of this subsection.

86 (2) Each prospective ~~change in the tax rates~~ annual reduction in the tax rate that would
 87 otherwise occur as provided in ~~paragraphs (2) through (6) of subsection (a.2) of this Code~~
 88 ~~section~~ paragraph (1) of this subsection shall be delayed by one year for each year that
 89 any of the following are true as of December 1:

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

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

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

98 (3) The Office of Planning and Budget shall make the determinations necessary to
99 implement the provisions of paragraph (2) of this subsection and shall report its
100 determinations by December 1 of each year to the department, the Speaker of the House
101 of Representatives, the President of the Senate, and the chairpersons of the House
102 Appropriations Committee, the House Ways and Means Committee, the Senate
103 Appropriations Committee, and the Senate Finance Committee. This paragraph shall not
104 be applicable after the final reduction in the rates occurs as provided in paragraph (6) of
105 subsection (a.2) of this Code section to the rate of 4.99 percent occurs.

106 ~~(a.2) Subject to the provisions of subsection (a.1) of this Code section:~~

107 ~~(1) For tax years beginning on or after January 1, 2024, the tax imposed pursuant to~~
108 ~~subsection (a) of this Code section shall be levied at the rate of 5.49 percent;~~

109 ~~(2) For tax years beginning on or after January 1, 2025, the tax imposed pursuant to~~
110 ~~subsection (a) of this Code section shall be levied at the rate of 5.39 percent;~~

111 ~~(3) For tax years beginning on or after January 1, 2026, the tax imposed pursuant to~~
112 ~~subsection (a) of this Code section shall be levied at the rate of 5.29 percent;~~

113 ~~(4) For tax years beginning on or after January 1, 2027, the tax imposed pursuant to~~
114 ~~subsection (a) of this Code section shall be levied at the rate of 5.19 percent;~~

115 ~~(5) For tax years beginning on or after January 1, 2028, the tax imposed pursuant to~~
116 ~~subsection (a) of this Code section shall be levied at the rate of 5.09 percent; and~~

117 ~~(6) For tax years beginning on or after January 1, 2029, the tax imposed pursuant to~~
118 ~~subsection (a) of this Code section shall be levied at the rate of 4.99 percent.~~

119 (b)(1) Reserved.

120 ~~(2) To facilitate the computation of the tax by those taxpayers whose federal adjusted~~
 121 ~~gross income together with the adjustments set out in Code Section 48-7-27 for use in~~
 122 ~~arriving at Georgia taxable net income is less than \$10,000.00, the commissioner may~~
 123 ~~construct tax tables which may be used by the taxpayers at their option. The tax shown~~
 124 ~~to be due by the tables shall be computed on the bases of the standard deduction and the~~
 125 ~~tax rates specified in paragraph (1) of this subsection. Insofar as practicable, the tables~~
 126 ~~shall produce a tax approximately equivalent to the tax imposed by paragraph (1) of this~~
 127 ~~subsection.~~

128 (c) The amount deducted and withheld by an employer from the wages of an employee
 129 pursuant to Article 5 of this chapter, relating to current income tax payments, shall be
 130 allowed the employee as a credit against the tax imposed by this Code section. Amounts
 131 paid by an individual as estimated tax under Article 5 of this chapter shall constitute
 132 payments on account of the tax imposed by this Code section. The amount withheld or
 133 paid during any calendar year shall be allowed as a credit or payment for the taxable year
 134 beginning in the calendar year in which the amount is withheld or paid.

135 (d) The tax imposed by this Code section applies to the Georgia taxable net income of
 136 estates and trusts, which shall be computed in the same manner as in the case of a single
 137 individual. The tax shall be computed on the Georgia taxable net income and shall be paid
 138 by the fiduciary."

139 **SECTION 3.**

140 Said title is further amended by revising subsection (b) of Code Section 48-7-26, relating to
 141 personal exemptions from income tax, as in effect on January 1, 2024, as follows:

142 "(b) Each taxpayer shall be allowed as a deduction in computing his or her Georgia taxable
 143 income a personal exemption in the amount of \$3,000.00 for each dependent of such
 144 taxpayer an amount as follows:

145 (1) ~~For each married couple filing a joint return:~~

- 146 ~~(A) For taxable years beginning on or after January 1, 2024, \$18,500.00;~~
147 ~~(B) For taxable years beginning on or after January 1, 2026, \$20,000.00;~~
148 ~~(C) For taxable years beginning on or after January 1, 2028, \$22,000.00; or~~
149 ~~(D) For taxable years beginning on or after January 1, 2030, \$24,000.00;~~
150 ~~(2) For each married taxpayer filing a separate return, one-half of the amount of the~~
151 ~~personal exemption allowed under paragraph (1) of this subsection for the given year;~~
152 ~~(3) For each single taxpayer or head of household, \$12,000.00; and~~
153 ~~(4) For each dependent of a taxpayer, \$3,000.00."~~

154 **SECTION 4.**

155 Said title is further amended in Code Section 48-7-27, relating to computation of state
156 taxable net income, as in effect on January 1, 2024, by revising paragraph (1) of subsection
157 (a) as follows:

158 "(1) At the taxpayer's election, either:

159 (A) The sum of all itemized nonbusiness deductions used in computing such taxpayer's
160 federal taxable income; or

161 (B) A standard deduction in an amount as follows:

162 (i) In the case of a married couple filing a joint return, \$24,000.00; or

163 (ii) In the case of a single taxpayer, head of household, or married taxpayer filing a
164 separate return, \$12,000.00;"

165 **SECTION 5.**

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

167 "48-7-27.1.

168 (a) As used in this Code section, the term 'eligible itemizer' means any resident taxpayer
169 who files an individual income tax return for a taxable year and makes the election under

170 subparagraph (a)(1)(A) of Code Section 48-7-27 to deduct the itemized nonbusiness
 171 deductions used in computing such taxpayer's federal taxable income.

172 (b) For taxable years beginning on or after January 1, 2024, each eligible itemizer shall be
 173 entitled to a credit in the amount of \$300.00 per taxpayer against the tax imposed by Code
 174 Section 48-7-20.

175 (c) The tax credit claimed allowed by this Code section shall be deducted from such
 176 taxpayer's individual income tax liability, if any, for the tax year in which it is properly
 177 claimed; provided, however, that in no event shall:

178 (1) The total amount of the tax credit under this Code section for a taxable year exceed
 179 such taxpayer's income tax liability; or

180 (2) Such credit amount be allowed to be carried forward to the taxpayer's succeeding
 181 years' tax liability or applied against prior years' tax liability."

182 **SECTION 6.**

183 Said title is further amended by revising paragraph (3) of subsection (a) of Code Section
 184 48-7-40.24, relating to tax credits for jobs associated with large-scale projects, as follows:

185 "(3) 'Force majeure' means any:

186 (A) Explosions, implosions, fires, conflagrations, accidents, or contamination;

187 (B) Unusual and unforeseeable weather conditions such as floods, torrential rain, hail,
 188 tornadoes, hurricanes, lightning, or other natural calamities or acts of God;

189 (C) Acts of war (whether or not declared), carnage, blockade, or embargo;

190 (D) Acts of public enemy, acts or threats of terrorism or threats from terrorists, riot,
 191 public disorder, or violent demonstrations;

192 (E) Strikes or other labor disturbances; or

193 (F) Expropriation, requisition, confiscation, impoundment, seizure, nationalization, or
 194 compulsory acquisition of the site or sites of a qualified project or any part thereof; or

195 (G) Pandemic which is an outbreak of a disease that occurs over a wide geographic
196 area, affects a significant proportion of the population, causes a substantial and
197 unforeseeable threat to the public health, and materially impacts the ability to conduct
198 business, provided that this subparagraph shall only apply with respect to a qualified
199 project first certified pursuant to paragraph (2) of subsection (b) of this Code section
200 on or after July 1, 2023;

201 but such term shall not include any event or circumstance that could have been prevented,
202 overcome, or remedied in whole or in part by the taxpayer through the exercise of
203 reasonable diligence and due care, nor shall such term include the unavailability of
204 funds."

205 **SECTION 7.**

206 (a) This Act shall become effective upon its approval by the Governor or upon its becoming
207 law without such approval; provided, however, that:

208 (1) Section 1 of this Act shall be applicable to all taxable years beginning on or after
209 January 1, 2022;

210 (2) Sections 2 through 5 of this Act shall be effective on January 1, 2024, and shall be
211 applicable to all taxable years beginning on or after January 1, 2024; and

212 (3) Section 6 of this Act shall become effective on July 1, 2023.

213 (b) Tax, penalty, and interest liabilities and refund eligibility for prior taxable years shall not
214 be affected by the passage of this Act and shall continue to be governed by the provisions of
215 Title 48 of the Official Code of Georgia Annotated as they existed for such prior taxable
216 years.

217 **SECTION 8.**

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