

The Senate Committee on Rules offered the following substitute:

1 *Amend HB 918 (LC 34 5383-ECS) by deleting all matter and inserting in lieu thereof the*
 2 *following:*

3 Rules offered the following
 4 substitute to HB 918:

5 A BILL TO BE ENTITLED
 6 AN ACT

7 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
 8 taxation, so as to define the terms "Internal Revenue Code" and "Internal Revenue Code of
 9 1986" and thereby incorporate certain provisions of the federal law into Georgia law; to
 10 double the standard deduction amounts; to lower the personal and corporate income tax rates;
 11 to revise provisions relating to assignment of corporate income tax credits; to provide for no
 12 liability for state or local title ad valorem tax fees in a replacement title transaction for a
 13 vehicle not less than 15 years old; to provide for related matters; to provide for effective
 14 dates and applicability; to repeal conflicting laws; and for other purposes.

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

16 PART I
 17 SECTION 1-1.

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

21 "(14) 'Internal Revenue Code' or 'Internal Revenue Code of 1986' means for taxable years
 22 beginning on or after January 1, ~~2016~~ 2017, the provisions of the United States Internal
 23 Revenue Code of 1986, as amended, provided for in federal law enacted on or before
 24 ~~January 1, 2017~~ February 9, 2018, except that ~~Section 85(c)~~, Section 108(i), Section
 25 163(e)(5)(F), ~~Section 164(a)(6)~~, ~~Section 164(b)(6)~~, Section 168(b)(3)(I), Section
 26 168(e)(3)(B)(vii), Section 168(e)(3)(E)(ix), Section 168(e)(8), Section 168(k) (~~but not~~
 27 ~~excepting Section 168(k)(2)(A)(i), Section 168(k)(2)(D)(i), and Section 168(k)(2)(E)~~),

28 Section 168(m), Section 168(n), ~~Section 172(b)(1)(H), Section 172(b)(1)(J), Section~~
 29 ~~172(j), Section 179(d)(1)(B)(ii),~~ Section 179(f), Section 199, Section 381(c)(20), Section
 30 382(d)(3), Section 810(b)(4), Section 1400L, Section 1400N(d)(1), Section 1400N(f),
 31 Section 1400N(j), Section 1400N(k), and Section 1400N(o) of the Internal Revenue Code
 32 of 1986, as amended, shall be treated as if they were not in effect, and except that Section
 33 168(e)(7), Section 172(b)(1)(F), and Section 172(i)(1),~~and Section 1221~~ of the Internal
 34 Revenue Code of 1986, as amended, shall be treated as they were in effect before the
 35 2008 enactment of federal Public Law 110-343, and except that Section 163(i)(1) of the
 36 Internal Revenue Code of 1986, as amended, shall be treated as it was in effect before the
 37 2009 enactment of federal Public Law 111-5, and except that Section 13(e)(4) of 2009
 38 federal Public Law 111-92 shall be treated as if it was not in effect, and except that
 39 Section 118, Section 163(j), and Section 382(k)(1) of the Internal Revenue Code of 1986,
 40 as amended, shall be treated as they were in effect before the 2017 enactment of federal
 41 Public Law 115-97, and except that the limitations provided in Section 179(b)(1) shall
 42 be \$250,000.00 for tax years beginning in 2010, shall be \$250,000.00 for tax years
 43 beginning in 2011, shall be \$250,000.00 for tax years beginning in 2012, shall be
 44 \$250,000.00 for tax years beginning in 2013, and shall be \$500,000.00 for tax years
 45 beginning in 2014, and except that the limitations provided in Section 179(b)(2) shall be
 46 \$800,000.00 for tax years beginning in 2010, shall be \$800,000.00 for tax years
 47 beginning in 2011, shall be \$800,000.00 for tax years beginning in 2012, shall be
 48 \$800,000.00 for tax years beginning in 2013, and shall be \$2 million for tax years
 49 beginning in 2014, and provided that Section 1106 of federal Public Law 112-95 as
 50 amended by federal Public Law 113-243 shall be treated as if it is in effect, except the
 51 phrase 'Code Section 48-2-35 (or, if later, November 15, 2015)' shall be substituted for
 52 the phrase 'section 6511(a) of such Code (or, if later, April 15, 2015),' and
 53 notwithstanding any other provision in this title, no interest shall be refunded with respect
 54 to any claim for refund filed pursuant to Section 1106 of federal Public Law 112-95, and
 55 provided that subsection (b) of Section 3 of federal Public Law 114-292 shall be treated
 56 as if it is in effect, except the phrase 'Code Section 48-2-35' shall be substituted for the
 57 phrase 'section 6511(a) of the Internal Revenue Code of 1986' and the phrase 'such
 58 section' shall be substituted for the phrase 'such subsection.' In the event a reference is
 59 made in this title to the Internal Revenue Code or the Internal Revenue Code of 1954 as
 60 it existed on a specific date prior to ~~January 1, 2017~~ February 9, 2018, the term means the
 61 provisions of the Internal Revenue Code or the Internal Revenue Code of 1954 as it
 62 existed on the prior date. Unless otherwise provided in this title, any term used in this
 63 title shall have the same meaning as when used in a comparable provision or context in
 64 the Internal Revenue Code of 1986, as amended. For taxable years beginning on or after

65 January 1, ~~2016~~ 2017, provisions of the Internal Revenue Code of 1986, as amended,
 66 which were as of ~~January 1, 2017~~ February 9, 2018, enacted into law but not yet effective
 67 shall become effective for purposes of Georgia taxation on the same dates upon which
 68 they become effective for federal tax purposes."

69 **SECTION 1-2.**

70 Said title is further amended by revising paragraph (1) of subsection (b) of Code Section
 71 48-7-20, relating to individual income tax rates, as follows:

72 "(b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be
 73 computed in accordance with the following tables:

74 **SINGLE PERSON**

75 **If Georgia Taxable** **The Tax Is:**
 76 **Net Income Is:**

77	Not over \$750.00	1%
78	Over \$750.00 but not over \$2,250.00	\$7.50 plus 2% of amount over \$750.00
79	Over \$2,250.00 but not over \$3,750.00	\$37.50 plus 3% of amount over
80		\$2,250.00
81	Over \$3,750.00 but not over \$5,250.00	\$82.50 plus 4% of amount over
82		\$3,750.00
83	Over \$5,250.00 but not over \$7,000.00	\$142.50 plus 5% of amount over
84		\$5,250.00
85	Over \$7,000.00	\$230.00 plus 6% <u>5.75%</u> of amount
86		over \$7,000.00

87 **MARRIED PERSON FILING A SEPARATE RETURN**

88 **If Georgia Taxable** **The Tax Is:**
 89 **Net Income Is:**

90	Not over \$500.00	1%
91	Over \$500.00 but not over \$1,500.00	\$5.00 plus 2% of amount over \$500.00
92	Over \$1,500.00 but not over \$2,500.00	\$25.00 plus 3% of amount over
93		\$1,500.00
94	Over \$2,500.00 but not over \$3,500.00	\$55.00 plus 4% of amount over
95		\$2,500.00

96	Over \$3,500.00 but not over \$5,000.00	\$95.00 plus 5% of amount over
97		\$3,500.00
98	Over \$5,000.00	\$170.00 plus 6% <u>5.75%</u> of amount
99		over \$5,000.00

100 **HEAD OF HOUSEHOLD AND MARRIED PERSONS**
 101 **FILING A JOINT RETURN**

102	If Georgia Taxable	The Tax Is:
103	Net Income Is:	
104	Not over \$1,000.00	1%
105	Over \$1,000.00 but not over \$3,000.00	\$10.00 plus 2% of amount over
106		\$1,000.00
107	Over \$3,000.00 but not over \$5,000.00	\$50.00 plus 3% of amount over
108		\$3,000.00
109	Over \$5,000.00 but not over \$7,000.00	\$110.00 plus 4% of amount over
110		\$5,000.00
111	Over \$7,000.00 but not over \$10,000.00	\$190.00 plus 5% of amount over
112		\$7,000.00
113	Over \$10,000.00	\$340.00 plus 6% <u>5.75%</u> of amount
114		over \$10,000.00"

115 **SECTION 1-3.**

116 Said title is further amended by revising paragraph (1) of subsection (b) of Code Section
 117 48-7-20, relating to individual income tax rates, as follows:

118 "(b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be
 119 computed in accordance with the following tables:

120 **SINGLE PERSON**

121	If Georgia Taxable	The Tax Is:
122	Net Income Is:	
123	Not over \$750.00	1%
124	Over \$750.00 but not over \$2,250.00	\$7.50 plus 2% of amount over \$750.00

125	Over \$2,250.00 but not over \$3,750.00	\$37.50 plus 3% of amount over
126		\$2,250.00
127	Over \$3,750.00 but not over \$5,250.00	\$82.50 plus 4% of amount over
128		\$3,750.00
129	Over \$5,250.00 but not over \$7,000.00	\$142.50 plus 5% of amount over
130		\$5,250.00
131	Over \$7,000.00	\$230.00 plus 5.75% <u>5.5%</u> of amount
132		over \$7,000.00

133 MARRIED PERSON FILING A SEPARATE RETURN

134	If Georgia Taxable	The Tax Is:
135	Net Income Is:	
136	Not over \$500.00	1%
137	Over \$500.00 but not over \$1,500.00	\$5.00 plus 2% of amount over \$500.00
138	Over \$1,500.00 but not over \$2,500.00	\$25.00 plus 3% of amount over
139		\$1,500.00
140	Over \$2,500.00 but not over \$3,500.00	\$55.00 plus 4% of amount over
141		\$2,500.00
142	Over \$3,500.00 but not over \$5,000.00	\$95.00 plus 5% of amount over
143		\$3,500.00
144	Over \$5,000.00	\$170.00 plus 5.75% <u>5.5%</u> of amount
145		over \$5,000.00

146 HEAD OF HOUSEHOLD AND MARRIED PERSONS
 147 FILING A JOINT RETURN

148	If Georgia Taxable	The Tax Is:
149	Net Income Is:	
150	Not over \$1,000.00	1%
151	Over \$1,000.00 but not over \$3,000.00	\$10.00 plus 2% of amount over
152		\$1,000.00
153	Over \$3,000.00 but not over \$5,000.00	\$50.00 plus 3% of amount over
154		\$3,000.00

155 Over \$5,000.00 but not over \$7,000.00 \$110.00 plus 4% of amount over
 156 \$5,000.00
 157 Over \$7,000.00 but not over \$10,000.00 \$190.00 plus 5% of amount over
 158 \$7,000.00
 159 Over \$10,000.00 \$340.00 plus ~~5.75%~~ 5.5% of amount
 160 over \$10,000.00"

161 **SECTION 1-4.**

162 Said title is further amended by revising subsection (a) of Code Section 48-7-21, relating to
 163 taxation of corporations, as follows:

164 "(a) Every domestic corporation and every foreign corporation shall pay annually an
 165 income tax equivalent to ~~6~~ 5.75 percent of its Georgia taxable net income. Georgia taxable
 166 net income of a corporation shall be the corporation's taxable income from property owned
 167 or from business done in this state. A corporation's taxable income from property owned
 168 or from business done in this state shall consist of the corporation's taxable income as
 169 defined in the Internal Revenue Code of 1986, with the adjustments provided for in
 170 subsection (b) of this Code section and allocated and apportioned as provided in Code
 171 Section 48-7-31."

172 **SECTION 1-5.**

173 Said title is further amended by revising subsection (a) of Code Section 48-7-21, relating to
 174 taxation of corporations, as follows:

175 "(a) Every domestic corporation and every foreign corporation shall pay annually an
 176 income tax equivalent to ~~5.75~~ 5.5 percent of its Georgia taxable net income. Georgia
 177 taxable net income of a corporation shall be the corporation's taxable income from property
 178 owned or from business done in this state. A corporation's taxable income from property
 179 owned or from business done in this state shall consist of the corporation's taxable income
 180 as defined in the Internal Revenue Code of 1986, with the adjustments provided for in
 181 subsection (b) of this Code section and allocated and apportioned as provided in Code
 182 Section 48-7-31."

183 **SECTION 1-6.**

184 Said title is further amended by revising subparagraphs (b)(8)(A) and (b)(10.1)(A) of Code
 185 Section 48-7-21, relating to taxation of corporations, as follows:

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

188 corporation from sources outside of the United States shall include amounts treated as
 189 a dividend and income deemed to have been received under provisions of the Internal
 190 Revenue Code of 1986 by such corporation if such amounts could have been subtracted
 191 from taxable income under this paragraph, had such amounts actually been received but
 192 shall not include income specified in Section 951A of the Internal Revenue Code of
 193 1986. The deduction provided by Section 250 shall apply to the extent the same
 194 income was included in Georgia taxable net income. The deduction, exclusion, or
 195 subtraction provided by Section 245A, Section 965, or any other section of the Internal
 196 Revenue Code of 1986 shall not apply to the extent income has been subtracted
 197 pursuant to this subparagraph. Amounts to be subtracted under this subparagraph shall
 198 include the following unless excluded by this paragraph, as defined by the Internal
 199 Revenue Code of 1986:

- 200 (i) Qualified electing fund income;
- 201 (ii) Subpart F income; and
- 202 (iii) Income attributable to an increase in United States property by a controlled
 203 foreign corporation.

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

206 "(A) For any taxable year in which the taxpayer takes a federal net operating loss
 207 deduction on its federal income tax return, the amount of such deduction shall be added
 208 back to federal taxable income, and Georgia taxable net income for such taxable year
 209 shall be computed from the taxpayer's federal taxable income as so adjusted. There
 210 shall be allowed as a separate deduction from Georgia taxable net income so computed
 211 an amount equal to the aggregate of the Georgia net operating loss carryovers to such
 212 year, plus the Georgia net operating loss carrybacks to such year if such carrybacks are
 213 allowed by the Internal Revenue Code of 1986. Any limitations included in the Internal
 214 Revenue Code of 1986 on the amount of net operating loss that can be used in a taxable
 215 year shall be applied for purposes of this Code section; provided, however, that such
 216 limitations, including, but not limited to, the 80 percent limitation, shall be applied to
 217 Georgia taxable net income;"

218 SECTION 1-7.

219 Said title is further amended by revising paragraph (1) of subsection (a) of Code Section
 220 48-7-27, relating to computation of taxable income of individuals, to read as follows:

221 "(1) Either the sum of all itemized nonbusiness deductions used in computing federal
 222 taxable income if the taxpayer used itemized nonbusiness deductions in computing

223 federal taxable income or, if the taxpayer could not or did not itemize nonbusiness
 224 deductions, then a standard deduction as provided for in the following subparagraphs:

- 225 (A) In the case of a single taxpayer or a head of household, ~~\$2,300.00~~ \$4,600.00;
- 226 (B) In the case of a married taxpayer filing a separate return, ~~\$1,500.00~~ \$3,000.00;
- 227 (C) In the case of a married couple filing a joint return, ~~\$3,000.00~~ \$6,000.00;
- 228 (D) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer has attained
 229 the age of 65 before the close of the taxpayer's taxable year. An additional deduction
 230 of \$1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by
 231 the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before
 232 the close of the taxable year; and
- 233 (E) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer is blind at the
 234 close of the taxable year. An additional deduction of \$1,300.00 for the spouse of the
 235 taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's
 236 spouse and the spouse is blind at the close of the taxable year. For the purposes of this
 237 subparagraph, the determination of whether the taxpayer or the spouse is blind shall be
 238 made at the close of the taxable year except that, if either the taxpayer or the spouse
 239 dies during the taxable year, the determination shall be made as of the time of the
 240 death;"

241 **SECTION 1-8.**

242 Said title is further amended by adding a new paragraph to subsection (b) of Code Section
 243 48-7-27, relating to computation of taxable income of corporations, to read as follows:

244 "(14) Georgia net operating losses shall be treated in the same manner as provided in
 245 paragraph (10.1) of subsection (b) of Code Section 48-7-21 but shall be based on the
 246 income as computed pursuant to this Code section. Any limitations included in the
 247 Internal Revenue Code of 1986 on the amount of net operating loss that can be used in
 248 a taxable year shall be applied for purposes of this Code section; provided, however, that
 249 such limitations, including, but not limited to, the 80 percent limitation, shall be applied
 250 to Georgia taxable net income."

251 **SECTION 1-9.**

252 Said title is further amended by revising subsection (c) and adding a new subsection to Code
 253 Section 48-7-42, relating to affiliated entities and assignment of corporate income tax credits,
 254 to read as follows:

255 "(c) The recipient of a tax credit assigned under subsection (b) of this Code section shall
 256 attach a statement to its return identifying the assignor of the tax credit, in addition to
 257 providing any other information required to be provided by a claimant of the assigned tax

258 credit. With the exception of the transferable credits in Code Sections 48-7-29.8,
 259 48-7-29.12, 48-7-40.26, and 48-7-40.26A, the recipient of a tax credit assigned under
 260 subsection (b) of this Code section shall also be eligible to take any credit against payments
 261 due under Code Section 48-7-103, subject to the same requirements as the assignor of such
 262 credit at the time of the assignment."

263 "(g) For the purposes of all credits provided for by this chapter, the sale, merger,
 264 acquisition, or bankruptcy of any taxpayer shall not create new eligibility for the
 265 succeeding transferee in such transaction or event, but any unused credit eligible to be
 266 applied against income tax liability under this article may be transferred and continued by
 267 such transferee and applied against the transferee's income tax liability under this article."

268 PART II

269 SECTION 2-1.

270 Said title is further amended in Chapter 5C, relating to the alternative ad valorem tax on
 271 motor vehicles, by revising paragraph (15) of subsection (d) of Code Section 48-5C-1,
 272 relating to definitions, exemption from taxation, allocation and disbursement of proceeds
 273 collected by tag agents, fair market value of vehicle appealable, and report, as follows:

274 "(15) There shall be no liability for any state or local title ad valorem tax fees in any of
 275 the following title transactions:

276 (A) The addition or substitution of lienholders on a motor vehicle title so long as the
 277 owner of the motor vehicle remains the same;

278 (B) The acquisition of a bonded title by a person or entity pursuant to Code Section
 279 40-3-28 if the title is to be issued in the name of such person or entity;

280 (C) The acquisition of a title to a motor vehicle by a person or entity as a result of the
 281 foreclosure of a mechanic's lien pursuant to Code Section 40-3-54 if such title is to be
 282 issued in the name of such lienholder;

283 (D) The acquisition of a title to an abandoned motor vehicle by a person or entity
 284 pursuant to Chapter 11 of Title 40 if such person or entity is a manufacturer or dealer
 285 of motor vehicles and the title is to be issued in the name of such person or entity;

286 (E) The obtaining of a title to a stolen motor vehicle by a person or entity pursuant to
 287 Code Section 40-3-43;

288 (F) The obtaining of a title by and in the name of a motor vehicle manufacturer,
 289 licensed distributor, licensed dealer, or licensed rebuilder for the purpose of sale or
 290 resale or to obtain a corrected title, provided that the manufacturer, distributor, dealer,
 291 or rebuilder shall submit an affidavit in a form promulgated by the commissioner

292 attesting that the transfer of title is for the purpose of accomplishing a sale or resale or
 293 to correct a title only;

294 (G) The obtaining of a title by and in the name of the holder of a security interest when
 295 a motor vehicle has been repossessed after default in accordance with Part 6 of Article
 296 9 of Title 11 if such title is to be issued in the name of such security interest holder;

297 (H) The obtaining of a title by a person or entity for purposes of correcting a title,
 298 changing an odometer reading, or removing an odometer discrepancy legend, provided
 299 that, subject to subparagraph (F) of this paragraph, title is not being transferred to
 300 another person or entity; ~~and~~

301 (I) The obtaining of a title by a person who pays state and local title ad valorem tax
 302 fees on a motor vehicle and subsequently moves out of this state but returns and applies
 303 to retitle such vehicle in this state; and

304 (J) The obtaining of a replacement title on a vehicle that is not less than 15 years old
 305 upon sufficient proof provided to the commissioner that such title no longer exists."

306 PART III

307 SECTION 3-1.

308 (a) Sections 1-1, 1-6, and 1-8 of this Act shall become effective upon the approval of this
 309 Act by the Governor or upon this Act becoming law without such approval and such sections
 310 shall be applicable to all taxable years beginning on or after January 1, 2017.

311 (b) Sections 1-2 and 1-4 of this Act shall become effective upon the approval of this Act by
 312 the Governor or upon this Act becoming law without such approval and shall be applicable
 313 to all taxable years beginning on or after January 1, 2019. Sections 1-2 and 1-4 of this Act
 314 shall expire by operation of law on the last moment of December 31, 2025, and revert to the
 315 language of paragraph (1) of subsection (b) of Code Section 48-7-20 and subsection (a) of
 316 Code Section 48-7-21, respectively, as they existed on the day immediately preceding the
 317 effective date of this Act.

318 (c) Sections 1-3 and 1-5 of this Act shall become effective upon passage of a joint resolution
 319 that is signed by the Governor ratifying such sections by both houses of the Georgia General
 320 Assembly on or after January 13, 2020, and upon such passage shall be applicable to all
 321 taxable years beginning on or after January 1, 2020. Should Sections 1-3 and 1-5 of this Act
 322 become effective as prescribed in the foregoing, both sections shall expire by operation of
 323 law on the last moment of December 31, 2025, and revert to the language of paragraph (1)
 324 of subsection (b) of Code Section 48-7-20 and subsection (a) of Code Section 48-7-21,
 325 respectively, as they existed on the day immediately preceding the effective date of this Act.

326 (d) Section 1-7 of this Act shall become effective upon the approval of this Act by the
327 Governor or upon this Act becoming law without such approval and shall be applicable to
328 all taxable years beginning on or after January 1, 2018. Section 1-7 of this Act shall expire
329 by operation of law on the last moment of December 31, 2025, and revert to the language of
330 paragraph (1) of subsection (a) of Code Section 48-7-27 as it existed on the day immediately
331 preceding the effective date of this Act.

332 (e) Section 1-9 of this Act shall become effective upon the approval of this Act by the
333 Governor or upon this Act becoming law without such approval. The revisions to
334 subsection (c) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be
335 applicable to tax credits that are assigned in taxable years beginning on or after January 1,
336 2018. New subsection (g) of Code Section 48-7-42 contained in Section 1-9 of this Act shall
337 be applicable to sales, mergers, acquisitions, or bankruptcies occurring in taxable years
338 beginning on or after January 1, 2018.

339 (f) Part II of this Act shall become effective July 1, 2018.

340 (g) Part III of this Act shall become effective upon its approval by the Governor or upon
341 becoming law without such approval.

342 **SECTION 3-2.**

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