

The Special Joint Committee on Georgia Revenue Structure offers the following substitute to HB 387:

A BILL TO BE ENTITLED
AN ACT

1 To amend Titles 48, 2, 36, and 46 of the Official Code of Georgia Annotated, relating
2 respectively, to revenue and taxation, agriculture, local government, and public utilities, so
3 as to provide for comprehensive revision of personal income taxes; to redefine taxable net
4 income; to provide for a flat rate tax structure; to change certain adjustments to income; to
5 provide for procedures, conditions, and limitations; to revise comprehensively certain
6 provision regarding low-income tax credits; to change and provide for sales and use tax
7 definitions; to change and provide for sales and use tax exemptions; to provide for the
8 comprehensive revision of exemptions from sales and use taxes; to provide for the repeal of
9 certain exemptions at various points in time; to provide for the sales and use taxation of
10 certain services; to provide for conforming amendments; to provide for an exemption for
11 sales to, or use by, a qualified agriculture producer of agricultural production inputs, energy
12 used in agriculture, and agricultural machinery and equipment; to provide for definitions; to
13 provide for procedures, conditions, and limitations; to provide for powers, duties, and
14 authority of the Commissioner of Agriculture; to provide for qualified agriculture producer
15 annual license fees; to provide for a new exemption regarding the sale, use, storage, or
16 consumption of machinery or equipment which is necessary and integral to the manufacture
17 of tangible personal property and the sale, use, storage, or consumption of energy, industrial
18 materials, or packaging supplies; to provide for definitions; to provide for procedures,
19 conditions, and limitations; to provide that every purchaser of certain tangible personal
20 property which is or which is required to be titled or registered by or in this state shall be
21 liable for sales and use tax on the purchase; to provide for requirements, procedures,
22 conditions, and limitations; to provide for consolidated and simplified state and local excise
23 taxes on communications services in lieu of certain other state or local taxes, charges, or fees
24 on such services; to provide for legislative findings and intent; to provide for a short title; to
25 provide for comprehensive procedures, conditions, and limitations; to provide for powers,
26 duties, and authority of the Department of Revenue and the state revenue commissioner; to
27 amend certain titles of the Official Code of Georgia Annotated so as to correct certain
28 cross-references and make conforming changes; to provide for effective dates; to provide for

29 applicability; to provide that certain provisions of this Act shall not abate or affect
 30 prosecutions, punishments, penalties, administrative proceedings or remedies, or civil actions
 31 related to certain violations; to provide for related matters; to repeal conflicting laws; and for
 32 other purposes.

33 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

34 **PART I**
 35 **SECTION 1-1.**

36 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
 37 amended by revising Code Section 48-7-20, relating to individual tax rates and tables, as
 38 follows:

39 "48-7-20.

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

47 (b)(~~†~~) For taxable years beginning prior to January 1, 2012:

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

50 SINGLE PERSON

If Georgia Taxable	The Tax Is:
Net Income Is:	
Not over \$750.00.	1%
Over \$750.00 but not over \$2,250.00.	\$7.50 plus 2% of amount over \$750.00
Over \$2,250.00 but not over \$3,750.00.	\$37.50 plus 3% of amount over \$2,250.00
Over \$3,750.00 but not over \$5,250.00.	\$82.50 plus 4% of amount over \$3,750.00
Over \$5,250.00 but not over \$7,000.00.	\$142.50 plus 5% of amount over \$5,250.00

58 Over \$7,000.00.....\$230.00 plus 6% of amount over
\$7,000.00

59 MARRIED PERSON FILING A SEPARATE RETURN

60	If Georgia Taxable	The Tax Is:
61	Net Income Is:	
62	Not over \$500.00.	1%
63	Over \$500.00 but not over \$1,500.00.....	\$5.00 plus 2% of amount over \$500.00
64	Over \$1,500.00 but not over \$2,500.00.	\$25.00 plus 3% of amount over \$1,500.00
65	Over \$2,500.00 but not over \$3,500.00.	\$55.00 plus 4% of amount over \$2,500.00
66	Over \$3,500.00 but not over \$5,000.00.	\$95.00 plus 5% of amount over \$3,500.00
67	Over \$5,000.00.....	\$170.00 plus 6% of amount over \$5,000.00

68 HEAD OF HOUSEHOLD AND MARRIED PERSONS
69 FILING A JOINT RETURN

70	If Georgia Taxable	The Tax Is:
71	Net Income Is:	
72	Not over \$1,000.00.....	1%
73	Over \$1,000.00 but not over \$3,000.00.	\$10.00 plus 2% of amount over \$1,000.00
74	Over \$3,000.00 but not over \$5,000.00.	\$50.00 plus 3% of amount over \$3,000.00
75	Over \$5,000.00 but not over \$7,000.00.	\$110.00 plus 4% of amount over \$5,000.00
76	Over \$7,000.00 but not over \$10,000.00.	\$190.00 plus 5% of amount over \$7,000.00
77	Over \$10,000.00.....	\$340.00 plus 6% of amount over \$10,000.00

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

86 (c) For taxable years beginning on or after January 1, 2012, the tax imposed pursuant to
 87 subsection (a) of this Code section shall be the amount determined by multiplying the
 88 Georgia taxable net income of the taxpayer by 4.5 percent.

89 ~~(c)~~(d) The amount deducted and withheld by an employer from the wages of an employee
 90 pursuant to Article 5 of this chapter, relating to current income tax payments, shall be
 91 allowed the employee as a credit against the tax imposed by this Code section. Amounts
 92 paid by an individual as estimated tax under Article 5 of this chapter shall constitute
 93 payments on account of the tax imposed by this Code section. The amount withheld or paid
 94 during any calendar year shall be allowed as a credit or payment for the taxable year
 95 beginning in the calendar year in which the amount is withheld or paid.

96 ~~(d)~~(e) The tax imposed by this Code section applies to the Georgia taxable net income of
 97 estates and trusts, which shall be computed in the same manner as in the case of a single
 98 individual. The tax shall be computed on the Georgia taxable net income and shall be paid
 99 by the fiduciary."

100 SECTION 1-2.

101 Said Title 48 is further amended by revising Code Section 48-7-26, relating to personal
 102 exemptions, as follows:

103 "48-7-26.

104 (a) As used in this Code section, the term 'dependent' shall have the same meaning as in
 105 the Internal Revenue Code of 1986.

106 ~~(b)(1) An exemption of \$5,400.00 shall be allowed as a deduction in computing Georgia~~
 107 ~~taxable income of a taxpayer and spouse, but only if a joint return is filed.~~

108 ~~(2) An exemption of \$2,700.00 shall be allowed as a deduction in computing Georgia~~
 109 ~~taxable income for each taxpayer other than a taxpayer who files a joint return.~~

110 ~~(3)(A) For taxable years beginning on or after January 1, 1994, and prior to January 1,~~
 111 ~~1995, an exemption of \$2,000.00 for each dependent of a taxpayer shall be allowed as~~
 112 ~~a deduction in computing Georgia taxable income of the taxpayer.~~

113 ~~(B) For taxable years beginning on or after January 1, 1995, and prior to January 1,~~
 114 ~~1998, an exemption of \$2,500.00 for each dependent of a taxpayer shall be allowed as~~
 115 ~~a deduction in computing Georgia taxable income of the taxpayer.~~

116 ~~(C) For taxable years beginning on or after January 1, 1998, an exemption of \$2,700.00~~
 117 ~~for each dependent of a taxpayer shall be allowed as a deduction in computing Georgia~~
 118 ~~taxable income of the taxpayer.~~

119 ~~(4) Commencing with the taxable year beginning January 1, 2003, For taxable years~~
 120 ~~beginning on or after January 1, 2012, an exemption of \$3,000.00 \$2,000.00 for each~~
 121 ~~dependent of a taxpayer shall be allowed as a deduction in computing Georgia taxable~~
 122 ~~income of the taxpayer.~~

123 (c) No exemption shall be allowed under this Code section for any dependent who has
 124 made a joint return with such dependent's spouse for the taxable year beginning in the
 125 calendar year in which the taxable year of the taxpayer begins.

126 ~~(d) A deduction in lieu of a personal exemption deduction shall be allowed an estate or a~~
 127 ~~trust as follows:~~

128 ~~(1) An estate - \$2,700.00; and~~

129 ~~(2) A trust - \$1,350.00."~~

130 SECTION 1-3.

131 Said Title 48 is further amended by revising Code Section 48-7-27, relating to computation
 132 of Georgia taxable net income, as follows:

133 "48-7-27.

134 (a) This Code section shall apply to all taxable years beginning on or after January 1, 2012.

135 (b) Georgia taxable net income of an individual shall be the taxpayer's federal adjusted
 136 gross income, as defined in the United States Internal Revenue Code of 1986, less:

137 (1)(A) The ~~Either the~~ sum of all itemized nonbusiness deductions used in computing
 138 federal taxable income if the taxpayer used itemized nonbusiness deductions in
 139 computing federal taxable income, subject to the following limitations: ~~or, if the~~
 140 ~~taxpayer could not or did not itemize nonbusiness deductions, then a standard deduction~~
 141 ~~as provided for in the following subparagraphs:~~

142 (A) ~~In the case of a single taxpayer or a head of household, \$2,300.00;~~

143 (B) ~~In the case of a married taxpayer filing a separate return, \$1,500.00;~~

144 (C) ~~In the case of a married couple filing a joint return, \$3,000.00;~~

145 (D) ~~An additional deduction of \$1,300.00 for the taxpayer if the taxpayer has attained~~
 146 ~~the age of 65 before the close of the taxpayer's taxable year. An additional deduction~~
 147 ~~of \$1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by~~

148 ~~the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before~~
 149 ~~the close of the taxable year, and~~

150 ~~(E) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer is blind at the~~
 151 ~~close of the taxable year. An additional deduction of \$1,300.00 for the spouse of the~~
 152 ~~taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's~~
 153 ~~spouse and the spouse is blind at the close of the taxable year. For the purposes of this~~
 154 ~~subparagraph, the determination of whether the taxpayer or the spouse is blind shall be~~
 155 ~~made at the close of the taxable year except that, if either the taxpayer or the spouse~~
 156 ~~dies during the taxable year, the determination shall be made as of the time of the death;~~

157 (i) Except as otherwise provided in division (ii) of this subparagraph, taxpayers
 158 whose federal adjusted gross income does not exceed \$37,500.00 may reduce their
 159 taxable income by claiming the amount of all itemized nonbusiness deductions used
 160 in computing federal taxable income or \$8,500.00, whichever is less; or

161 (ii) Married taxpayers filing jointly whose federal adjusted gross income does not
 162 exceed \$75,000.00 may reduce their taxable income by claiming the amount of all
 163 itemized nonbusiness deductions used in computing federal taxable income or
 164 \$17,000.00, whichever is less.

165 (B) For a taxpayer whose federal adjusted gross income exceeds the amount specified
 166 in division (i) or (ii) of subparagraph (A) of this paragraph, the authorized maximum
 167 deduction amounts shall be reduced dollar for dollar as federal adjusted gross income
 168 increases above the limits specified in division (i) or (ii) of subparagraph (A) of this
 169 paragraph. As an example of such dollar for dollar reduction, a taxpayer whose federal
 170 adjusted gross income equals \$37,501.00 may deduct the amount of itemized
 171 nonbusiness deductions used in computing federal taxable income or \$8,499.00,
 172 whichever is less, and married taxpayers filing jointly whose federal adjusted gross
 173 income equals \$75,001.00 may deduct the amount of itemized nonbusiness deductions
 174 used in computing federal taxable income or \$16,999.00, whichever is less. A taxpayer
 175 whose federal adjusted gross income is \$46,000.00 or more shall not be authorized to
 176 claim and be allowed itemized nonbusiness deductions and married taxpayers filing
 177 jointly whose federal adjusted gross income is \$92,000.00 or more shall not be
 178 authorized to claim and be allowed itemized nonbusiness deductions.

179 (C) The limitations of subparagraphs (A) and (B) of this paragraph shall not apply to
 180 unreimbursed employee business expenses which exceed the 2 percent federal adjusted
 181 gross income threshold which are claimed by and allowed the taxpayer in computing
 182 federal taxable income.

183 (D) A taxpayer moving into the state or moving out of the state shall prorate the
 184 amount allowed pursuant to this paragraph as provided in Code Section 48-7-85.

185 (E) A nonresident taxpayer shall prorate the amount allowed pursuant to this paragraph
 186 and Code Section 48-7-30 as provided in Code Section 48-7-30;

187 (2) The exemptions provided for in Code Section 48-7-26 together with the adjustments
 188 provided for in subsection ~~(b)~~ (c) of this Code section;

189 (3)(A) The amount of salary and wage expenses eliminated in computing the
 190 individual's federal adjusted gross income because the individual has taken a federal
 191 jobs tax credit which requires, as a condition to using the federal jobs tax credit, the
 192 elimination of related salary and wage expenses.

193 (B) The amount of mortgage interest eliminated from federal itemized deductions for
 194 the purpose of computing mortgage interest credit on the federal return;

195 (4)(A) Income received from public pension or retirement funds, programs, or systems
 196 the income from which is exempted by federal law or treaty when the income is
 197 otherwise included in the taxpayer's federal adjusted gross income.

198 (B) Except as specifically provided in subparagraph (A) of this paragraph,
 199 paragraph (5) of this subsection, and paragraph (7) of this subsection, ~~for taxable years~~
 200 ~~beginning on or after January 1, 1989~~, no income from a public pension or retirement
 201 fund, program, or system (including those pension or retirement funds, programs, or
 202 systems provided for in Title 47) shall be exempt from income taxation in this state,
 203 notwithstanding any provision of Title 47 or any other provision of law to the contrary;

204 (5)(A) Retirement income otherwise included in Georgia taxable net income shall be
 205 subject to an exclusion amount as follows:

206 (i) For taxable years beginning on or after January 1, 1989, and prior to January 1,
 207 1990, retirement income not to exceed an exclusion amount of \$8,000.00 per year
 208 received from any source;

209 (ii) For taxable years beginning on or after January 1, 1990, and prior to January 1,
 210 1994, retirement income not to exceed an exclusion amount of \$10,000.00 per year
 211 received from any source;

212 (iii) For taxable years beginning on or after January 1, 1994, and prior to January 1,
 213 1995, retirement income from any source not to exceed an exclusion amount of
 214 \$11,000.00;

215 (iv) For taxable years beginning on or after January 1, 1995, and prior to
 216 January 1, 1999, retirement income from any source not to exceed an exclusion
 217 amount of \$12,000.00;

218 (v) For taxable years beginning on or after January 1, 1999, and prior to January 1,
 219 2000, retirement income from any source not to exceed an exclusion amount of
 220 \$13,000.00;

- 221 (vi) For taxable years beginning on or after January 1, 2000, and prior to January 1,
 222 2001, retirement income not to exceed an exclusion amount of \$13,500.00 per year
 223 received from any source;
- 224 (vii) For taxable years beginning on or after January 1, 2001, and prior to January 1,
 225 2002, retirement income from any source not to exceed an exclusion amount of
 226 \$14,000.00;
- 227 (viii) For taxable years beginning on or after January 1, 2002, and prior to January
 228 1, 2003, retirement income from any source not to exceed an exclusion amount of
 229 \$14,500.00;
- 230 (ix) For taxable years beginning on or after January 1, 2003, and prior to January 1,
 231 2006, retirement income from any source not to exceed an exclusion amount of
 232 \$15,000.00;
- 233 (x) For taxable years beginning on or after January 1, 2006, and prior to January 1,
 234 2007, retirement income from any source not to exceed an exclusion amount of
 235 \$25,000.00;
- 236 (xi) For taxable years beginning on or after January 1, 2007, and prior to January 1,
 237 2008, retirement income from any source not to exceed an exclusion amount of
 238 \$30,000.00; and
- 239 (xii) For taxable years beginning on or after January 1, 2008, ~~and prior to January 1,~~
 240 ~~2012,~~ retirement income from any source not to exceed an exclusion amount of
 241 \$35,000.00; ;
- 242 ~~(xiii) For taxable years beginning on or after January 1, 2012, and prior to January~~
 243 ~~1, 2013, retirement income from any source not to exceed an exclusion amount of~~
 244 ~~\$35,000.00 for each taxpayer meeting the eligibility requirement set forth in division~~
 245 ~~(i) or (ii) of subparagraph (D) of this paragraph or an amount of \$65,000.00 for each~~
 246 ~~taxpayer meeting the eligibility requirement set forth in division (iii) of subparagraph~~
 247 ~~(D) of this paragraph;~~
- 248 ~~(xiv) For taxable years beginning on or after January 1, 2013, and prior to January~~
 249 ~~1, 2014, retirement income from any source not to exceed an exclusion amount of~~
 250 ~~\$35,000.00 for each taxpayer meeting the eligibility requirement set forth in division~~
 251 ~~(i) or (ii) of subparagraph (D) of this paragraph or an amount of \$100,000.00 for each~~
 252 ~~taxpayer meeting the eligibility requirement set forth in division (iii) of subparagraph~~
 253 ~~(D) of this paragraph;~~
- 254 ~~(xv) For taxable years beginning on or after January 1, 2014, and prior to January~~
 255 ~~1, 2015, retirement income from any source not to exceed an exclusion amount of~~
 256 ~~\$35,000.00 for each taxpayer meeting the eligibility requirement set forth in division~~
 257 ~~(i) or (ii) of subparagraph (D) of this paragraph or an amount of \$150,000.00 for each~~

258 taxpayer meeting the eligibility requirement set forth in division (iii) of subparagraph
 259 (D) of this paragraph;

260 ~~(xvi) For taxable years beginning on or after January 1, 2015, and prior to January~~
 261 ~~1, 2016, retirement income from any source not to exceed an exclusion amount of~~
 262 ~~\$35,000.00 for each taxpayer meeting the eligibility requirement set forth in division~~
 263 ~~(i) or (ii) of subparagraph (D) of this paragraph or an amount of \$200,000.00 for each~~
 264 ~~taxpayer meeting the eligibility requirement set forth in division (iii) of subparagraph~~
 265 ~~(D) of this paragraph; and~~

266 ~~(xvii) For taxable years beginning on or after January 1, 2016, retirement income~~
 267 ~~from any source not to exceed an exclusion amount of \$35,000.00 for each taxpayer~~
 268 ~~meeting the eligibility requirement set forth in division (i) or (ii) of subparagraph (D)~~
 269 ~~of this paragraph or an exclusion of all retirement income from any source for each~~
 270 ~~taxpayer meeting the eligibility requirement set forth in division (iii) of subparagraph~~
 271 ~~(D) of this paragraph.~~

272 (B) In the case of a married couple filing jointly, each spouse shall if otherwise
 273 qualified be individually entitled to exclude retirement income received by that spouse
 274 up to the exclusion amount.

275 (C) The exclusions provided for in this paragraph shall not apply to or affect and shall
 276 be in addition to those adjustments to net income provided for under any other
 277 paragraph of this subsection.

278 (D) A taxpayer shall be eligible for the exclusions granted by this paragraph only if the
 279 taxpayer:

280 (i) Is 62 years of age or older ~~but less than 65 years of age~~ during any part of the
 281 taxable year; or

282 (ii) Is permanently and totally disabled in that the taxpayer has a medically
 283 demonstrable disability which is permanent and which renders the taxpayer incapable
 284 of performing any gainful occupation within the taxpayer's competence; ~~or~~

285 ~~(iii) Is 65 years of age or older during any part of the year.~~

286 (E) For the purposes of this paragraph, retirement income shall include, but not be
 287 limited to, interest income, dividend income, net income from rental property, capital
 288 gains income, income from royalties, income from pensions and annuities, and no more
 289 than \$4,000.00 of an individual's earned income. Earned income in excess of
 290 \$4,000.00, including, but not limited to, net business income earned by an individual
 291 from any trade or business carried on by such individual, wages, salaries, tips, and other
 292 employer compensation, shall not be regarded as retirement income. The receipt of
 293 earned income shall not diminish any taxpayer's eligibility for the retirement income

294 exclusions allowed by this paragraph except to the extent of the express limitation
 295 provided in this subparagraph.

296 (F) The commissioner shall by regulation require proof of the eligibility of the taxpayer
 297 for the exclusions allowed by this paragraph;

298 ~~(G) The commissioner shall by regulation provide that for taxable years beginning on
 299 or after January 1, 1989, and ending before October 1, 1990, penalty and interest may
 300 be waived or reduced for any taxpayer whose estimated tax payments and tax
 301 withholdings are less than 70 percent of such taxpayer's Georgia income tax liability
 302 if the commissioner determines that such underpayment or deficiency is due to an
 303 increase in net taxable income attributable directly to amendments to this paragraph or
 304 paragraph (4) of this subsection enacted at the 1989 special session of the General
 305 Assembly and not due to willful neglect or fraud;~~

306 (6) A portion of the qualified payments to minority subcontractors, as provided in Code
 307 Section 48-7-38;

308 (7) Social security benefits and tier 1 railroad retirement benefits, to the extent included
 309 in federal taxable income;

310 ~~(8) The amount of a dependent's unearned income included in federal adjusted gross
 311 income of a parent's return;~~

312 ~~(9)~~(8) An amount equal to the amount of contributions to the Teachers Retirement
 313 System of Georgia made by a taxpayer between July 1, 1987, and December 31, 1989,
 314 which contributions were not subject to federal income taxation but were subject to
 315 Georgia income taxation. The purpose of the exclusion provided for in this paragraph is
 316 to allow a taxpayer a recovery adjustment for such amount after commencement of
 317 distributions by such retirement system to such taxpayer and to establish the same basis
 318 for federal and state income tax purposes;

319 ~~(10)~~(9) With respect to a taxpayer who is a self-employed individual treated as an
 320 employee pursuant to Section 401(c)(1) of the Internal Revenue Code, an amount equal
 321 to the amount paid by the taxpayer during the taxable year for insurance which constitutes
 322 medical care for the taxpayer and the spouse and dependents of the taxpayer which is not
 323 otherwise deductible by the taxpayer for federal income tax purposes because the
 324 applicable percentage for that taxable year as specified pursuant to Section 162(l) of the
 325 Internal Revenue Code is less than 100 percent;

326 ~~(11)~~(10) For taxable years beginning on or after January 1, 2002, and prior to January
 327 1, 2007:

328 (A) An amount equal to the amount of contributions by parents or guardians of a
 329 designated beneficiary to a savings trust account established pursuant to Article 11 of
 330 Chapter 3 of Title 20 on behalf of the designated beneficiary who is claimed as a

331 dependent on the Georgia income tax return of the beneficiary's parents or guardians,
 332 but not exceeding \$2,000.00 per beneficiary;

333 (B) If the parents or guardians file joint returns, separate returns, or single returns, the
 334 sum of contributions constituting deductions on their returns under this paragraph shall
 335 not exceed \$2,000.00 per beneficiary;

336 (C) In order to claim the deduction for a taxable year:

337 (i) Such parent or guardian must have claimed and been allowed itemized deductions
 338 pursuant to Section 63(d) of the Internal Revenue Code of 1986 and paragraph (1) of
 339 this subsection;

340 (ii) The federal adjusted gross income for such taxable year cannot exceed
 341 \$100,000.00 for a joint return or \$50,000.00 for a separate or single return except as
 342 provided in subparagraph (D) of this paragraph; and

343 (iii) Such parent or guardian must be the account owner of the designated
 344 beneficiary's account;

345 (D) The maximum deduction authorized by this paragraph for each beneficiary shall
 346 decrease by \$400.00 for each \$1,000.00 of federal adjusted gross income over
 347 \$100,000.00 for a joint return or \$50,000.00 for a separate or single return; and

348 (E) For purposes of this paragraph, contributions or payments for any such taxable year
 349 may be made during or after such taxable year but on or before the deadline for making
 350 contributions to an individual retirement account pursuant to Section 219(f)(3) of the
 351 Internal Revenue Code of 1986;

352 ~~(11)~~(11) For taxable years beginning on or after January 1, 2007:

353 (A) An amount equal to the amount of contributions to a savings trust account
 354 established pursuant to Article 11 of Chapter 3 of Title 20 on behalf of the designated
 355 beneficiary, but not exceeding \$2,000.00 per beneficiary;

356 (B) If the contributor files a separate return or single return, the sum of contributions
 357 constituting deductions on the contributor's return under this paragraph shall not exceed
 358 \$2,000.00 per beneficiary;

359 (C) If the contributor files a joint return, the sum of contributions constituting
 360 deductions on the contributor's return under this paragraph shall not exceed \$2,000.00
 361 per beneficiary; and

362 (D) For purposes of this paragraph, contributions or payments for any such taxable
 363 year may be made during or after such taxable year but on or before the deadline for
 364 making contributions to an individual retirement account under federal law for such
 365 taxable year;

366 (12) Military income received by a member of the National Guard or any reserve
 367 component of the armed services of the United States stationed in a combat zone or

368 stationed in defense of the borders of the United States pursuant to military orders. The
 369 exclusion provided under this paragraph:

370 (A) Shall apply with respect to each taxable year, or portion thereof, covered by such
 371 military orders; and

372 (B) Shall apply only with respect to such member of the National Guard or any reserve
 373 component of the armed forces and only with respect to military income earned during
 374 the period covered by such military orders;

375 ~~(13)(A) An amount equal to the actual amount expended for organ donation expenses~~
 376 ~~not to exceed the amount of \$10,000.00 incurred in accordance with the 'National~~
 377 ~~Organ Procurement Act.'~~

378 ~~(B) In order to qualify for the exclusion under subparagraph (A) of this paragraph, such~~
 379 ~~taxpayer must, while living, donate all or part of such person's liver, pancreas, kidney,~~
 380 ~~intestine, lung, or bone marrow. In the taxable year in which the donation is made, the~~
 381 ~~taxpayer shall be entitled to claim the exclusion provided in subparagraph (A) of this~~
 382 ~~paragraph only with respect to unreimbursed travel expenses, lodging expenses, and~~
 383 ~~lost wages incurred as a direct result of the organ donation;~~

384 ~~(13.1) An amount equal to 100 percent of the premium paid by the taxpayer during the~~
 385 ~~taxable year for high deductible health plans as defined by Section 223 of the Internal~~
 386 ~~Revenue Code to the extent the deduction has not been included in federal adjusted gross~~
 387 ~~income, as defined under the Internal Revenue Code of 1986, and the expenses have not~~
 388 ~~been provided from a health reimbursement arrangement and have not been included in~~
 389 ~~itemized nonbusiness deductions;~~

390 ~~(14)~~(13) The deduction for school teachers provided and allowed by Section 62(a)(2)(D)
 391 of the Internal Revenue Code of 1986 as enacted on or before January 1, 2005, to the
 392 extent the deduction has not been included in federal adjusted gross income, as defined
 393 under the Internal Revenue Code of 1986, and the expenses have not been included in
 394 itemized nonbusiness deductions; and

395 ~~(15)~~(14) The deduction provided and allowed by Section 179 of the Internal Revenue
 396 Code of 1986 as enacted on or before January 1, 2005, to the extent the deduction has not
 397 been included in federal adjusted gross income, as defined under the Internal Revenue
 398 Code of 1986, and the expenses have not been included in itemized nonbusiness
 399 deductions.

400 ~~(b)(1)(c)~~(1) There shall be added to the taxable income:

401 (A) Dividend or interest income, to the extent that the dividend or interest income is
 402 not included in gross income for federal income tax purposes, on obligations of any
 403 state except this state or of political subdivisions except political subdivisions of this
 404 state;

405 (B) Interest or dividends on obligations of the United States or of any authority,
 406 commission, instrumentality, territory, or possession of the United States which by the
 407 laws of the United States are exempt from federal income taxes but not from state
 408 income taxes; and

409 (C) Income consisting of lump sum distributions from an annuity, pension plan, or
 410 similar source which were removed from federal adjusted gross income for the
 411 purposes of special federal tax computations or treatment.

412 (2) There shall be subtracted from taxable income interest or dividends on obligations
 413 of the United States and its territories and possessions or of any authority, commission,
 414 or instrumentality of the United States to the extent includable in gross income for federal
 415 income tax purposes but exempt from state income taxes under the laws of the United
 416 States. Any amount subtracted under this paragraph shall be reduced by any interest
 417 expenses directly or indirectly attributable to the production of the interest or dividend
 418 income.

419 (3) There shall be added to taxable income any income taxes imposed by any tax
 420 jurisdiction except the State of Georgia to the extent deducted in determining federal
 421 taxable income.

422 (4) No portion of any deductions or losses including, but not limited to, net operating
 423 losses, which occurred in a year in which the taxpayer was not subject to taxation in this
 424 state, may be deducted in any tax year. When federal adjusted gross income includes
 425 deductions or losses not allowed pursuant to this paragraph, an adjustment deleting them
 426 shall be made under rules established by the commissioner.

427 (5) Income, losses, and deductions previously used in computing Georgia taxable income
 428 shall not again be used in computing Georgia taxable income; and the commissioner shall
 429 provide for needed adjustments by regulation.

430 ~~(6) Reserved.~~

431 ~~(7)~~(6) Except as otherwise provided in paragraph (4) of subsection ~~(a)~~ (b) of this Code
 432 section, this chapter shall not be construed to repeal any tax exemptions contained in
 433 other laws of this state not referred to in this Code section. Those exemptions and the
 434 exemptions provided by federal law and treaty shall be deducted on forms provided by
 435 the commissioner.

436 ~~(8)~~(7) All elections made by the taxpayer under the Internal Revenue Code of 1954 or
 437 the Internal Revenue Code of 1986 shall also apply under this article.

438 ~~(9)~~(8) If the taxpayer claims the tax credit provided for in subsection (d) of Code Section
 439 48-7-40.6 with respect to qualified child care property, Georgia taxable income shall be
 440 increased by any depreciation deductions attributable to such property to the extent such
 441 deductions are used in determining federal taxable income.

442 ~~(10)(A)(9)(A)~~ Except as otherwise provided in subparagraph (C) of this paragraph, the
 443 amount of any qualified withdrawals from a savings trust account under Article 11 of
 444 Chapter 3 of Title 20 shall not be subject to state income tax under this chapter.

445 (B) For withdrawals other than qualified withdrawals from such a savings trust
 446 account, the proportion of earnings in the account balance at the time of the withdrawal
 447 shall be applied to the total funds withdrawn to determine the earnings portion to be
 448 included in the account owner's taxable net income in the year of withdrawal.

449 (C) For withdrawals other than qualified withdrawals from such a savings trust account
 450 and for withdrawals from such a savings trust account which are rolled over to a
 451 qualified tuition program other than the qualified tuition program established under
 452 Article 11 of Chapter 3 of Title 20, the proportion of the contributions in an account
 453 balance at the time of a withdrawal which previously have been used to reduce taxable
 454 net income pursuant to subsection ~~(a)~~ (b) of this Code section shall be applied to the
 455 nonearnings portion of the total funds withdrawn to determine an amount to be included
 456 in the account owner's taxable net income in the same taxable year.

457 ~~(11)~~(10) Georgia taxable income shall be adjusted as provided in Code
 458 Section 48-7-28.3.

459 ~~(12)~~(11) Georgia taxable income shall be increased by the amount of the payments,
 460 compensation, or other economic benefit disallowed by Code Section 48-7-21.1.

461 ~~(13)~~(12) Georgia taxable income shall be adjusted as provided in Code
 462 Section 48-7-28.4.

463 ~~(c)~~(d) Georgia taxable income shall, if the taxpayer so elects, be adjusted with respect to
 464 federal depreciation deductions as provided in Code Section 48-7-39.

465 ~~(d)(1)(A)(e)(1)(A)~~ As used in this paragraph, the term 'individual' shall mean the same
 466 as is defined in Code Section 48-1-2.

467 (B) Georgia resident shareholders of Subchapter 'S' corporations may make an
 468 adjustment to federal adjusted gross income for Subchapter 'S' corporation income
 469 where another state does not recognize a Subchapter 'S' corporation.

470 (C) A Georgia individual resident who is a partner in a partnership, who is a member
 471 of a limited liability company taxed as a partnership, or who is a single member of a
 472 limited liability company which is disregarded for federal income tax purposes may
 473 make an adjustment to federal adjusted gross income for the entity's income taxed in
 474 another state which imposes on the entity a tax on or measured by income.

475 (D) Adjustments pursuant to this paragraph shall only be allowed for the portion of the
 476 income on which such tax was actually paid by such Subchapter 'S' corporation,
 477 partnership, or limited liability company. In multitiered situations, the adjustment for

478 such individual shall be determined by allocating such income between the
 479 shareholders, partners, or members at each tier based upon their profit/loss percentage.
 480 (2) Nonresident shareholders of a Georgia Subchapter 'S' corporation shall execute a
 481 consent agreement to pay Georgia income tax on their portion of the corporate income
 482 in order for such Subchapter 'S' corporation to be recognized for Georgia purposes. A
 483 consent agreement for each shareholder shall be filed by the corporation with its
 484 corporate tax return in the year in which the Subchapter 'S' corporation is first required
 485 to file a Georgia income tax return. For a Subchapter 'S' corporation in existence prior
 486 to January 1, 2008, the consent agreement shall be filed for each shareholder in the first
 487 Georgia tax return filed for a year beginning on or after January 1, 2008. A consent
 488 agreement shall also be filed in any subsequent year for any additional nonresident who
 489 first becomes a shareholder of the Subchapter 'S' corporation in that year. Shareholders
 490 of a federal Subchapter 'S' corporation which is not recognized for Georgia purposes may
 491 make an adjustment to federal adjusted gross income in order to avoid double taxation
 492 on this type of income. Adjustments shall not be allowed unless tax was actually paid by
 493 such corporation."

494 **SECTION 1-4.**

495 Said Title 48 is further amended by adding a new Code section to read as follows:

496 "48-7-27.1.

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

498 (1) 'Dependent' shall have the same meaning as in the Internal Revenue Code of 1986.

499 (2) 'Georgia adjusted gross income' means the federal adjusted gross income of the
 500 taxpayer with the adjustments provided by this chapter, except for the adjustment
 501 provided by Code Section 48-7-26, except for the adjustment provided for in
 502 paragraph (2) of subsection (b) of Code Section 48-7-27, except for the adjustment for
 503 itemized nonbusiness deductions provided by paragraph (1) of subsection (b) of Code
 504 Section 48-7-27, and except for the adjustments to such itemized nonbusiness deductions
 505 for any income taxes imposed by any tax jurisdiction except the State of Georgia and for
 506 investment interest expense for the production of income exempt from Georgia tax.

507 (b) For taxable years beginning on or after January 1, 2012, a credit for each dependent
 508 of a resident taxpayer shall be allowed against Georgia individual income tax liability of
 509 the taxable year for which the individual income tax return is being filed as follows:

<u>Georgia Adjusted Gross Income</u>	<u>Dependent Credit</u>	
	<u>Married Filing Joint</u>	<u>Head of Household</u>
Not over \$60,000.00	\$150.00	\$150.00

512	<u>Over \$60,000.00 but not over</u>	<u>\$75.00</u>	<u>\$75.00</u>
513	<u>\$69,999.00</u>		
514	<u>\$70,000.00 or more</u>	<u>0</u>	<u>0</u>
515	<u>Georgia Adjusted Gross Income</u>	<u>Dependent Credit</u>	
		<u>Single</u>	<u>Married Filing Separate</u>
516	<u>Not over \$30,000.00</u>	<u>\$150.00</u>	<u>\$150.00</u>
517	<u>Over \$30,000.00 but not over</u>	<u>\$75.00</u>	<u>\$75.00</u>
518	<u>\$34,999.00</u>		
519	<u>\$35,000.00 or more</u>	<u>0</u>	<u>0</u>

520 (c) The tax credit claimed by a resident taxpayer pursuant to this Code section shall be
 521 deductible from the resident taxpayer's individual income tax liability, if any, for the tax
 522 year in which it is properly claimed; provided, however, that in no event shall the total
 523 amount of the tax credit under this Code section for a taxable year exceed the taxpayer's
 524 income tax liability. Any unused credit amount shall not be allowed to be carried forward
 525 to the taxpayer's succeeding years' tax liability. No such credit shall be allowed the
 526 taxpayer against prior years' tax liability.

527 (d) No credit shall be allowed under this Code section for any dependent who has made
 528 a joint return with such dependent's spouse for the taxable year beginning in the calendar
 529 year in which the taxable year of the taxpayer begins."

530 **SECTION 1-5.**

531 Said Title 48 is further amended by repealing and reserving Code Section 48-7A-2, relating
 532 to the definition of dependent for low-income tax credit purposes.

533 **SECTION 1-6.**

534 Said Title 48 is further amended by revising Code Section 48-7A-3, relating to low-income
 535 tax credits, as follows:

536 "48-7A-3.

537 (a) Except as otherwise provided in subsection (e) of this Code section For all taxable
 538 years beginning on or after January 1, 2012, each resident taxpayer who files an individual
 539 income tax return for a taxable year and who is not claimed or is not otherwise eligible to
 540 be claimed as a dependent by another taxpayer for federal or Georgia individual income
 541 tax purposes may claim a tax credit against the resident taxpayer's individual income tax
 542 liability for the taxable year for which the individual income tax return is being filed;
 543 provided that:

544 ~~(1) A husband and wife filing a joint return shall each be deemed a dependent for~~
 545 ~~purposes of such joint return, and~~

546 ~~(2) A husband and wife filing separate returns for a taxable year for which a joint return~~
 547 ~~could have been filed by them shall claim only the tax credit to which they would have~~
 548 ~~been entitled had a joint return been filed.~~

549 (b) For purposes of this subsection, the term Georgia adjusted gross income shall have the
 550 same meaning as provided in paragraph (2) of subsection (a) of Code Section 48-7-27.1.
 551 For all taxable years beginning on or after January 1, 2012, each resident ~~Each taxpayer~~
 552 ~~may claim a tax credit in the amount indicated for each Georgia adjusted gross income~~
 553 ~~bracket as shown in the schedule below; multiplied by the number of dependents which the~~
 554 ~~taxpayer is entitled to claim. Each taxpayer 65 years of age or over may claim double the~~
 555 ~~tax credit.~~

TAX CREDIT SCHEDULE

<u>Adjusted Gross Income</u>	<u>Tax Credit</u>
Under \$6,000.00	\$26.00
6,000.00 but not more than 7,999.00	20.00
8,000.00 but not more than 9,999.00	14.00
10,000.00 but not more than 14,999.00	8.00
15,000.00 but not more than 19,999.00	5.00

<u>Georgia Adjusted Gross Income</u>	<u>Tax Credit</u>			
	<u>Single</u>	<u>Married Filing Joint</u>	<u>Head of Household</u>	<u>Married Filing Separate</u>
Under \$750.00	\$34.00	\$34.00	\$34.00	\$34.00
\$750.00 but not more than \$999.00	\$45.00	\$45.00	\$45.00	\$45.00
\$1,000.00 but not more than \$1,999.00	\$90.00	\$90.00	\$90.00	\$90.00
\$2,000.00 but not more than \$2,999.00	\$135.00	\$135.00	\$135.00	\$135.00
\$3,000.00 but not more than \$3,999.00	\$180.00	\$180.00	\$180.00	\$180.00
\$4,000.00 but not more than \$4,999.00	\$225.00	\$225.00	\$225.00	\$214.00

578	<u>\$5,000.00 but not more</u>	<u>\$258.00</u>	<u>\$270.00</u>	<u>\$260.00</u>	<u>\$236.00</u>
579	<u>than \$5,999.00</u>				
580	<u>\$6,000.00 but not more</u>	<u>\$283.00</u>	<u>\$315.00</u>	<u>\$285.00</u>	<u>\$248.00</u>
581	<u>than \$6,999.00</u>				
582	<u>\$7,000.00 but not more</u>	<u>\$300.00</u>	<u>\$360.00</u>	<u>\$310.00</u>	<u>\$250.00</u>
583	<u>than \$7,999.00</u>				
584	<u>\$8,000.00 but not more</u>	<u>\$313.00</u>	<u>\$399.00</u>	<u>\$325.00</u>	<u>\$245.00</u>
585	<u>than \$8,999.00</u>				
586	<u>\$9,000.00 but not more</u>	<u>\$318.00</u>	<u>\$428.00</u>	<u>\$340.00</u>	<u>\$232.00</u>
587	<u>than \$9,999.00</u>				
588	<u>\$10,000.00 but not more</u>	<u>\$315.00</u>	<u>\$453.00</u>	<u>\$345.00</u>	<u>\$217.00</u>
589	<u>than \$10,999.00</u>				
590	<u>\$11,000.00 but not more</u>	<u>\$310.00</u>	<u>\$472.00</u>	<u>\$350.00</u>	<u>\$202.00</u>
591	<u>than \$11,999.00</u>				
592	<u>\$12,000.00 but not more</u>	<u>\$295.00</u>	<u>\$487.00</u>	<u>\$345.00</u>	<u>\$187.00</u>
593	<u>than \$12,999.00</u>				
594	<u>\$13,000.00 but not more</u>	<u>\$280.00</u>	<u>\$496.00</u>	<u>\$340.00</u>	<u>\$172.00</u>
595	<u>than \$13,999.00</u>				
596	<u>\$14,000.00 but not more</u>	<u>\$265.00</u>	<u>\$501.00</u>	<u>\$335.00</u>	<u>\$157.00</u>
597	<u>than \$14,999.00</u>				
598	<u>\$15,000.00 but not more</u>	<u>\$250.00</u>	<u>\$500.00</u>	<u>\$320.00</u>	<u>\$142.00</u>
599	<u>than \$15,999.00</u>				
600	<u>\$16,000.00 but not more</u>	<u>\$235.00</u>	<u>\$495.00</u>	<u>\$305.00</u>	<u>\$127.00</u>
601	<u>than \$16,999.00</u>				
602	<u>\$17,000.00 but not more</u>	<u>\$220.00</u>	<u>\$490.00</u>	<u>\$290.00</u>	<u>\$112.00</u>
603	<u>than \$17,999.00</u>				
604	<u>\$18,000.00 but not more</u>	<u>\$205.00</u>	<u>\$479.00</u>	<u>\$275.00</u>	<u>\$97.00</u>
605	<u>than \$18,999.00</u>				
606	<u>\$19,000.00 but not more</u>	<u>\$190.00</u>	<u>\$464.00</u>	<u>\$260.00</u>	<u>\$82.00</u>
607	<u>than \$19,999.00</u>				
608	<u>\$20,000.00 but not more</u>	<u>\$175.00</u>	<u>\$449.00</u>	<u>\$245.00</u>	<u>\$67.00</u>
609	<u>than \$20,999.00</u>				
610	<u>\$21,000.00 but not more</u>	<u>\$160.00</u>	<u>\$434.00</u>	<u>\$230.00</u>	<u>\$52.00</u>
611	<u>than \$21,999.00</u>				
612	<u>\$22,000.00 but not more</u>	<u>\$145.00</u>	<u>\$419.00</u>	<u>\$215.00</u>	<u>\$37.00</u>
613	<u>than \$22,999.00</u>				

614	<u>\$23,000.00 but not more</u>	<u>\$130.00</u>	<u>\$404.00</u>	<u>\$200.00</u>	<u>\$22.00</u>
615	<u>than \$23,999.00</u>				
616	<u>\$24,000.00 but not more</u>	<u>\$115.00</u>	<u>\$389.00</u>	<u>\$185.00</u>	<u>\$7.00</u>
617	<u>than \$24,999.00</u>				
618	<u>\$25,000.00 but not more</u>	<u>\$100.00</u>	<u>\$374.00</u>	<u>\$170.00</u>	<u>0</u>
619	<u>than \$25,999.00</u>				
620	<u>\$26,000.00 but not more</u>	<u>\$85.00</u>	<u>\$359.00</u>	<u>\$155.00</u>	<u>0</u>
621	<u>than \$26,999.00</u>				
622	<u>\$27,000.00 but not more</u>	<u>\$70.00</u>	<u>\$344.00</u>	<u>\$140.00</u>	<u>0</u>
623	<u>than \$27,999.00</u>				
624	<u>\$28,000.00 but not more</u>	<u>\$55.00</u>	<u>\$329.00</u>	<u>\$125.00</u>	<u>0</u>
625	<u>than \$28,999.00</u>				
626	<u>\$29,000.00 but not more</u>	<u>\$40.00</u>	<u>\$314.00</u>	<u>\$110.00</u>	<u>0</u>
627	<u>than \$29,999.00</u>				
628	<u>\$30,000.00 but not more</u>	<u>\$25.00</u>	<u>\$299.00</u>	<u>\$95.00</u>	<u>0</u>
629	<u>than \$30,999.00</u>				
630	<u>\$31,000.00 but not more</u>	<u>\$10.00</u>	<u>\$284.00</u>	<u>\$80.00</u>	<u>0</u>
631	<u>than \$31,999.00</u>				
632	<u>\$32,000.00 but not more</u>	<u>0</u>	<u>\$269.00</u>	<u>\$65.00</u>	<u>0</u>
633	<u>than \$32,999.00</u>				
634	<u>\$33,000.00 but not more</u>	<u>0</u>	<u>\$254.00</u>	<u>\$50.00</u>	<u>0</u>
635	<u>than \$33,999.00</u>				
636	<u>\$34,000.00 but not more</u>	<u>0</u>	<u>\$239.00</u>	<u>\$35.00</u>	<u>0</u>
637	<u>than \$34,999.00</u>				
638	<u>\$35,000.00 but not more</u>	<u>0</u>	<u>\$224.00</u>	<u>\$20.00</u>	<u>0</u>
639	<u>than \$35,999.00</u>				
640	<u>\$36,000.00 but not more</u>	<u>0</u>	<u>\$209.00</u>	<u>\$5.00</u>	<u>0</u>
641	<u>than \$36,999.00</u>				
642	<u>\$37,000.00 but not more</u>	<u>0</u>	<u>\$194.00</u>	<u>0</u>	<u>0</u>
643	<u>than \$37,999.00</u>				
644	<u>\$38,000.00 but not more</u>	<u>0</u>	<u>\$179.00</u>	<u>0</u>	<u>0</u>
645	<u>than \$38,999.00</u>				
646	<u>\$39,000.00 but not more</u>	<u>0</u>	<u>\$164.00</u>	<u>0</u>	<u>0</u>
647	<u>than \$39,999.00</u>				
648	<u>\$40,000.00 but not more</u>	<u>0</u>	<u>\$149.00</u>	<u>0</u>	<u>0</u>
649	<u>than \$40,999.00</u>				

650	<u>\$41,000.00 but not more</u>	<u>0</u>	<u>\$134.00</u>	<u>0</u>	<u>0</u>
651	<u>than \$41,999.00</u>				
652	<u>\$42,000.00 but not more</u>	<u>0</u>	<u>\$119.00</u>	<u>0</u>	<u>0</u>
653	<u>than \$42,999.00</u>				
654	<u>\$43,000.00 but not more</u>	<u>0</u>	<u>\$104.00</u>	<u>0</u>	<u>0</u>
655	<u>than \$43,999.00</u>				
656	<u>\$44,000.00 but not more</u>	<u>0</u>	<u>\$89.00</u>	<u>0</u>	<u>0</u>
657	<u>than \$44,999.00</u>				
658	<u>\$45,000.00 but not more</u>	<u>0</u>	<u>\$74.00</u>	<u>0</u>	<u>0</u>
659	<u>than \$45,999.00</u>				
660	<u>\$46,000.00 but not more</u>	<u>0</u>	<u>\$59.00</u>	<u>0</u>	<u>0</u>
661	<u>than \$46,999.00</u>				
662	<u>\$47,000.00 but not more</u>	<u>0</u>	<u>\$44.00</u>	<u>0</u>	<u>0</u>
663	<u>than \$47,999.00</u>				
664	<u>\$48,000.00 but not more</u>	<u>0</u>	<u>\$29.00</u>	<u>0</u>	<u>0</u>
665	<u>than \$48,999.00</u>				
666	<u>\$49,000.00 but not more</u>	<u>0</u>	<u>\$14.00</u>	<u>0</u>	<u>0</u>
667	<u>than \$49,999.00</u>				
668	<u>\$50,000.00 or more</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

669 (c) The tax credit claimed by a resident taxpayer pursuant to this Code section shall be
 670 deductible from the resident taxpayer's individual income tax liability, if any, for the tax
 671 year in which it is properly claimed; provided, however, that in no event shall the total
 672 amount of the tax credit under this Code section for a taxable year exceed the taxpayer's
 673 income tax liability. Any unused credit amount shall not be allowed to be carried forward
 674 to the taxpayer's succeeding years' tax liability. No such credit shall be allowed the
 675 taxpayer against prior years' tax liability.

676 ~~(d) All claims for a tax credit under this Code section, including any amended claims, must~~
 677 ~~be filed on or before the end of the twelfth month following the close of the taxable year~~
 678 ~~for which the credit may be claimed. Failure to comply with this subsection shall~~
 679 ~~constitute a waiver of the right to claim the credit.~~

680 ~~(e) Any individual who receives a food stamp allotment for all or any part of a taxable year~~
 681 ~~shall not be entitled to claim a credit under this Code section for that taxable year.~~

682 ~~(e.1) Any individual incarcerated or confined in any city, county, municipal, state, or~~
 683 ~~federal penal or correctional institution for all or any part of a taxable year shall not be~~
 684 ~~entitled to claim a credit under this Code section for that taxable year.~~

685 (f)(d) The commissioner shall be authorized by rule and regulation to provide for the
 686 proper administration of this Code section."

687 **PART II**
 688 **SECTION 2-1.**

689 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
 690 amended in Code Section 48-8-2, relating to definitions regarding sales and use tax, by
 691 adding a new subparagraph in paragraph (8), to read as follows:

692 "(K.1) Provides any services described under Code Section 48-8-2.1;"

693 **SECTION 2-2.**

694 Said Title 48 is further amended in said Code section by adding a new subparagraph in
 695 paragraph (31), to read as follows:

696 "(D.1) Sales of or charges made for any services enumerated in Code Section
 697 48-8-2.1;"

698 **SECTION 2-3.**

699 Said Title 48 is further amended by adding a new Code section to read as follows:

700 "48-8-2.1.

701 (a) As used in this Code section, the term 'motor vehicle' shall have the same meaning as
 702 provided for in paragraph (33) of Code Section 40-1-1.

703 (b) Services provided for under subparagraph (D.1) of paragraph (31) of Code Section
 704 48-8-2 means motor vehicle maintenance, repair, or installation services, including those
 705 made on:

706 (1) Tires;

707 (2) Audio equipment;

708 (3) Video equipment;

709 (4) Body work and painting;

710 (5) Clutches or transmissions;

711 (6) Drive shaft or rear-end work;

712 (7) Brakes;

713 (8) Steering or front-end work;

714 (9) Engine cooling systems;

715 (10) Motor tune-ups;

716 (11) Oil change, lubrication, or oil filter;

717 (12) Front-end alignment, wheel balancing, or wheel rotation;

754 (D) Machinery and equipment for use on a farm in the production of livestock for sale;
 755 (E) Machinery and equipment which is used by a producer of poultry, eggs, fluid milk,
 756 or livestock for sale for the purpose of harvesting farm crops to be used on the farm by
 757 that producer as feed for poultry or livestock;

758 (F) Machinery which is used directly in tilling the soil or in animal husbandry when
 759 the machinery is incorporated for the first time into a new farm unit engaged in tilling
 760 the soil or in animal husbandry in this state;

761 (G) Machinery which is used directly in tilling the soil or in animal husbandry when
 762 the machinery is incorporated as additional machinery for the first time into an existing
 763 farm unit already engaged in tilling the soil or in animal husbandry in this state;

764 (H) Machinery which is used directly in tilling the soil or in animal husbandry when
 765 the machinery is bought to replace machinery in an existing farm unit already engaged
 766 in tilling the soil or in animal husbandry in this state;

767 (I) Rubber-tired farm tractors and attachments to the tractors which are sold to persons
 768 engaged primarily in producing farm crops for sale and which are used exclusively in
 769 tilling, planting, cultivating, and harvesting farm crops, and equipment used exclusively
 770 in harvesting farm crops or in processing onion crops which are sold to persons
 771 engaged primarily in producing farm crops for sale. For the purposes of this
 772 subparagraph, the term 'farm crops' includes only those crops which are planted and
 773 harvested within a 12 month period; and

774 (J) Pecan sprayers, pecan shakers, and other equipment used in harvesting pecans
 775 which is sold to persons engaged in the growing, harvesting, and production of pecans;

776 This paragraph shall stand repealed in its entirety on January 1, 2012;

777 (29.1) The sale or use of any off-road equipment and related attachments which are sold
 778 to or used by persons engaged primarily in the growing or harvesting of timber and which
 779 are used exclusively in site preparation, planting, cultivating, or harvesting timber.
 780 Equipment used in harvesting shall include all off-road equipment and related
 781 attachments used in every forestry procedure starting with the severing of a tree from the
 782 ground until and including the point at which the tree or its parts in any form has been
 783 loaded in the field in or on a truck or other vehicle for transport to the place of use. Such
 784 off-road equipment shall include, but not be limited to, skidders, feller bunchers,
 785 debarkers, delimiters, chip harvesters, tub-grinders, woods cutters, chippers of all types,
 786 loaders of all types, dozers, and motor graders and the related attachments. This
 787 paragraph shall stand repealed in its entirety on January 1, 2012;”

788 “(33)(A) The sale of aircraft, watercraft, railroad locomotives and rolling stock, motor
 789 vehicles, and major components of each, which will be used principally to cross the
 790 borders of this state in the service of transporting passengers or cargo by common

791 carriers and by carriers who hold common carrier and contract carrier authority in
 792 interstate or foreign commerce under authority granted by the United States
 793 government. Replacement parts installed by carriers in such aircraft, watercraft,
 794 railroad locomotives and rolling stock, and motor vehicles which become an integral
 795 part of the craft, equipment, or vehicle shall also be exempt from all taxes under this
 796 article. Labor charges on repairs of such aircraft, watercraft, railroad locomotives and
 797 rolling stock, and motor vehicles by such carriers shall also be exempt from all taxes
 798 under this article;

799 (B) In lieu of any tax under this article which would apply to the purchase, sale, use,
 800 storage, repair, or consumption of the tangible personal property described in this
 801 paragraph but for this exemption, the tax under this article shall apply with respect to
 802 all fuel purchased and delivered within this state by or to any common carrier and with
 803 respect to all fuel purchased outside this state and stored in this state irrespective, in
 804 either case, of the place of its subsequent use;"

805 "(34) The sale of the following types of manufacturing machinery:

806 (A) Machinery or equipment which is necessary and integral to the manufacture of
 807 tangible personal property when the machinery or equipment is bought to replace or
 808 upgrade machinery or equipment in a manufacturing plant presently existing in this
 809 state and machinery or equipment components which are purchased to upgrade
 810 machinery or equipment which is necessary and integral to the manufacture of tangible
 811 personal property in a manufacturing plant;

812 (B) Machinery or equipment which is necessary and integral to the manufacture of
 813 tangible personal property when the machinery or equipment is used for the first time
 814 in a new manufacturing plant located in this state;

815 (C) Machinery or equipment which is necessary and integral to the manufacture of
 816 tangible personal property when the machinery or equipment is used as additional
 817 machinery or equipment for the first time in a manufacturing plant presently existing
 818 in this state; and

819 (D) Any person making a sale of machinery or equipment for the purpose specified in
 820 subparagraph (B) of this paragraph shall collect the tax imposed on the sale by this
 821 article unless the purchaser furnishes him with a certificate issued by the commissioner
 822 certifying that the purchaser is entitled to purchase the machinery or equipment without
 823 paying the tax. As a condition precedent to the issuance of the certificate, the
 824 commissioner, at the commissioner's discretion, may require a good and valid bond
 825 with a surety company authorized to do business in this state as surety or may require
 826 legal securities, in an amount fixed by the commissioner, conditioned upon payment by

827 the purchaser of all taxes due under this article in the event it should be determined that
 828 the sale fails to meet the requirements of this subparagraph;

829 This paragraph shall stand repealed in its entirety on January 1, 2012;"

830 "(34.3)(A) The sale or use of repair or replacement parts, machinery clothing or
 831 replacement machinery clothing, molds or replacement molds, dies or replacement dies,
 832 waxes, and tooling or replacement tooling for machinery which is necessary and
 833 integral to the manufacture of tangible personal property in a manufacturing plant
 834 presently existing in this state.

835 (B) The commissioner shall promulgate rules and regulations to implement and
 836 administer this paragraph.

837 (C) This paragraph shall stand repealed in its entirety on January 1, 2012;"

838 "(35)(A) The sale, use, storage, or consumption of:

839 (i) Industrial materials for future processing, manufacture, or conversion into articles
 840 of tangible personal property for resale when the industrial materials become a
 841 component part of the finished product;

842 (ii) Industrial materials other than machinery and machinery repair parts that are
 843 coated upon or impregnated into the product at any stage of its processing,
 844 manufacture, or conversion; or

845 (iii) Materials, containers, labels, sacks, or bags used for packaging tangible personal
 846 property for shipment or sale. To qualify for the packaging exemption, the items shall
 847 be used solely for packaging and shall not be purchased for reuse;

848 (B) As used in this paragraph, the term 'industrial materials' does not include natural
 849 or artificial gas, oil, gasoline, electricity, solid fuel, ice, or other materials used for heat,
 850 light, power, or refrigeration in any phase of the manufacturing, processing, or
 851 converting process;

852 (C) This paragraph shall stand repealed in its entirety on January 1, 2012;"

853 "(37) The sale of machinery and equipment for use in combating air and water pollution
 854 and any industrial material bought for further processing in the manufacture of tangible
 855 personal property for sale or any part of the industrial material or by-product thereof
 856 which becomes a wasteful product contributing to pollution problems and which is used
 857 up in a recycling or burning process. Any person making a sale of machinery and
 858 equipment for the purposes specified in this paragraph shall collect a tax imposed on the
 859 sale by this article unless the purchaser furnishes the person making the sale with a
 860 certificate issued by the commissioner certifying that the purchaser is entitled to purchase
 861 the machinery, equipment, or industrial material without paying the tax. This paragraph
 862 shall stand repealed in its entirety on January 1, 2012;"

863 "(49) Sales of liquefied petroleum gas or other fuel used in a structure in which broilers,
 864 pullets, or other poultry are raised. This paragraph shall stand repealed in its entirety on
 865 January 1, 2012;"

866 "(64) The sale of electricity or other fuel for the operation of an irrigation system which
 867 is used on a farm exclusively for the irrigation of crops. This paragraph shall stand
 868 repealed in its entirety on January 1, 2012;"

869 "(77) Sales of liquefied petroleum gas or other fuel used in a structure in which plants,
 870 seedlings, nursery stock, or floral products are raised primarily for the purposes of
 871 making sales of such plants, seedlings, nursery stock, or floral products for resale. This
 872 paragraph shall stand repealed in its entirety on January 1, 2012;"

873 "(79) The sale or use of ice for chilling poultry or vegetables in processing for market
 874 and for chilling poultry or vegetables in storage rooms, compartments, or delivery trucks.
 875 This paragraph shall stand repealed in its entirety on January 1, 2012;"

876 "(90) The sale of electricity to a manufacturer located in this state used directly in the
 877 manufacture of a product if the direct cost of such electricity exceeds 50 percent of the
 878 cost of all materials, including electricity, used directly in the product. This paragraph
 879 shall stand repealed in its entirety on January 1, 2012; or"

880 SECTION 2-5.

881 Said Title 48 is further amended by adding a new Code section to read as follows:

882 "48-8-3.2.

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

884 (1) 'Consumable supplies' means tangible personal property, other than machinery,
 885 equipment, and industrial materials, that is consumed or expended during the
 886 manufacture of tangible personal property. The term includes, but is not limited to, water
 887 treatment chemicals for use in, on, or in conjunction with machinery or equipment and
 888 items that are readily disposable. The term excludes packaging supplies and energy.

889 (2) 'Energy' means natural or artificial gas, oil, gasoline, electricity, solid fuel, wood,
 890 waste, ice, steam, water, and other materials necessary and integral for heat, light, power,
 891 refrigeration, climate control, processing, or any other use in any phase of the
 892 manufacture of tangible personal property. The term excludes energy purchased by a
 893 manufacturer that is primarily engaged in producing electricity for resale.

894 (3) 'Equipment' means tangible personal property, other than machinery, industrial
 895 materials, and consumable supplies. The term includes durable devices and apparatuses
 896 that are generally designed for long-term continuous or repetitive use. Examples of
 897 equipment include, but are not limited to, machinery clothing, cones, cores, pallets, hand
 898 tools, tooling, molds, dies, waxes, jigs, patterns, conveyors, safety devices, and pollution

899 control devices. The term includes components and repair or replacement parts. The
900 term excludes real property.

901 (4) 'Fixtures' means tangible personal property that has been installed or attached to land
902 or to any building thereon and that is intended to remain permanently in its place. A
903 consideration for whether tangible property is a fixture is whether its removal would
904 cause significant damage to such property or to the real property to which it is attached.
905 Fixtures are classified as real property. Examples of fixtures include, but are not limited
906 to, plumbing, lighting fixtures, slabs, and foundations.

907 (5) 'Industrial materials' means materials for future processing, manufacture, or
908 conversion into articles of tangible personal property for resale when the industrial
909 materials become a component part of the finished product. The term also means
910 materials that are coated upon or impregnated into the product at any stage of its
911 processing, manufacture, or conversion, even though such materials do not remain a
912 component part of the finished product for sale. The term includes raw materials.

913 (6) 'Machinery' means an assemblage of parts that transmits force, motion, and energy
914 one to the other in a predetermined manner to accomplish a specific objective. The term
915 includes a machine and all of its components including, but not limited to, belts, pulleys,
916 shafts, gauges, gaskets, valves, hoses, pipes, wires, blades, bearings, operational
917 structures attached to the machine including stairways and catwalks, or other devices that
918 are required to regulate or control the machine, allow access to the machine, or enhance
919 or alter its productivity or functionality. The term includes repair or replacement parts.
920 The term excludes real property and consumable supplies.

921 (7) 'Machinery clothing' means felts, screen plates, wires, or any other items used to
922 carry, form, or dry work in process through the manufacture of tangible personal
923 property.

924 (8) 'Manufacture of tangible personal property,' used synonymously with the term
925 'manufacturing,' means a manufacturing operation, series of continuous manufacturing
926 operations, or series of integrated manufacturing operations, engaged in at a
927 manufacturing plant or among manufacturing plants to change, process, transform, or
928 convert industrial materials by physical or chemical means, into articles of tangible
929 personal property for sale, for promotional use, or for further manufacturing that have a
930 different form, configuration, utility, composition, or character. The term includes, but
931 is not limited to, the storage, preparation, or treatment of industrial materials; assembly
932 of finished units of tangible personal property to form a new unit or units of tangible
933 personal property; movement of industrial materials and work in process from one
934 manufacturing operation to another; temporary storage between two points in a

935 continuous manufacturing operation; random and sample testing that occurs at a
 936 manufacturing plant; and a packaging operation that occurs at a manufacturing plant.

937 (9) 'Manufacturer' means a person or business, or a location of a person or business, that
 938 is engaged in the manufacture of tangible personal property for sale or further
 939 manufacturing. To be considered a manufacturer, the person or business, or the location
 940 of a person or business, must be:

941 (A) Classified as a manufacturer under the 2007 North American Industrial
 942 Classification System Sectors 21, 31, 32, or 33, or North American Industrial
 943 Classification System industry code 22111 or specific code 511110; or

944 (B) Generally regarded as being a manufacturer.

945 Businesses that are primarily engaged in providing personal or professional services, or
 946 in the operation of retail outlets, generally including, but not limited to, grocery stores,
 947 pharmacies, bakeries, or restaurants, are not considered manufacturers.

948 (10) 'Manufacturing plant' means any facility, site, or other area where a manufacturer
 949 engages in the manufacture of tangible personal property.

950 (11) 'Packaging operation' means bagging, boxing, crating, canning, containerizing,
 951 cutting, measuring, weighing, wrapping, labeling, palletizing, or other similar processes
 952 necessary to prepare or package manufactured products in a manner suitable for sale or
 953 delivery to customers as finished goods, or suitable for the transport of work in process
 954 at or among manufacturing plants for further manufacturing, and the movement of such
 955 finished goods or work in process to a storage or distribution area at a manufacturing
 956 plant.

957 (12) 'Packaging supplies' means materials including, but not limited to, containers,
 958 labels, sacks, boxes, wraps, fillers, cones, cores, pallets, or bags used in a packaging
 959 operation solely for packaging tangible personal property.

960 (13) 'Real property' means land, any buildings thereon, and any fixtures attached thereto.

961 (14) 'Repair or replacement part' means a part for any machinery or equipment that is
 962 necessary and integral to the manufacture of tangible personal property. Repair or
 963 replacement parts must be used to maintain, repair, restore, install, or upgrade such
 964 machinery or equipment that is necessary and integral to the manufacture of tangible
 965 personal property. Examples of repair and replacement parts may include, but are not
 966 limited to, oils, greases, hydraulic fluids, coolants, lubricants, machinery clothing, molds,
 967 dies, waxes, jigs, and other interchangeable tooling.

968 (15) 'Substantial purpose' means the purpose for which an item of tangible personal
 969 property is used more than one-third of the time of the total amount of time that the item
 970 is in use; alternatively, instead of time, the purpose may be measured in terms of other
 971 applicable criteria including, but not limited to, the number of items produced,

972 (b) The sales and use taxes levied or imposed by this article shall not apply to the sale, use,
973 storage, or consumption of machinery, equipment, or energy which is necessary and
974 integral to the manufacture of tangible personal property, and the sale, use, storage, or the
975 consumption of industrial materials or packaging supplies.

976 (c) The exemption under this Code section shall be applied as follows:

977 (1) The manufacture of tangible personal property commences as industrial materials are
978 received at a manufacturing plant and concludes once the packaging operation is
979 complete and the tangible personal property is ready for sale or shipment, regardless of
980 whether the manufacture of tangible personal property occurs at one or more separate
981 manufacturing plants;

982 (2) For machinery or equipment that has multiple purposes, some purposes necessary and
983 integral to the manufacture of tangible personal property, and some purposes not
984 necessary and integral to the manufacture of tangible personal property, the substantial
985 purpose of such machinery or equipment will prevail for purposes of determining the
986 eligibility for exemption. The commissioner shall consider any reasonable methodology
987 for measuring the substantial purpose of machinery or equipment for which the
988 substantial purpose is not readily identifiable;

989 (3) For leased machinery or equipment that did not qualify for an exemption at the date
990 of lease inception and subsequently qualifies for the exemption under this Code section,
991 the exemption shall apply to all lease payments made subsequent to such qualification;

992 (4) Miscellaneous spare parts for which the ultimate use of the spare parts is unknown
993 at the time of purchase are eligible for the exemption as repair or replacement parts.
994 However, use tax must be accrued and remitted if spare parts are withdrawn from the
995 inventory of spare parts and used for any purpose other than to maintain, repair, restore,
996 install, or upgrade machinery or equipment that is necessary and integral to the
997 manufacture of tangible personal property; and

998 (5) Energy necessary and integral to the manufacture of tangible personal property
999 includes energy used to operate machinery or equipment, to create conditions necessary
1000 for the manufacture of tangible personal property, or to perform an actual part of the
1001 manufacture of tangible personal property; energy used in administrative or other
1002 ancillary activities that are located and performed at the manufacturing plant as long as
1003 such activities primarily benefit such manufacture of tangible personal property; energy
1004 used in related operations that convey, transport, handle, or store raw materials or
1005 finished goods at the manufacturing plant; energy used for heating, cooling, ventilation,
1006 illumination, fire safety or prevention, and personal comfort and convenience of the
1007 manufacturer's employees at the manufacturing plant; and energy used for any other
1008 purpose at a manufacturing plant.

1009 (d) Examples that will qualify as necessary and integral to the manufacture of tangible
1010 personal property include, but are not limited to:

1011 (1) Machinery or equipment used to convey or transport industrial materials, work in
1012 process, consumable supplies, or packaging materials at or among manufacturing plants,
1013 or to convey and transport finished goods to a distribution or storage point at the
1014 manufacturing plant. Specific examples may include, but are not limited to, forklifts,
1015 conveyors, cranes, hoists, and pallet jacks;

1016 (2) Machinery or equipment used to gather, arrange, sort, mix, measure, blend, heat,
1017 cool, clean, or otherwise treat, prepare, or store industrial materials for further
1018 manufacturing;

1019 (3) Machinery or equipment used to control, regulate, heat, cool, or produce energy for
1020 other machinery or equipment that is necessary and integral to the manufacture of
1021 tangible personal property. Specific examples may include, but are not limited to,
1022 boilers, chillers, condensers, water towers, dehumidifiers, humidifiers, heat exchangers,
1023 generators, transformers, motor control centers, solar panels, air dryers, and air
1024 compressors;

1025 (4) Testing and quality control machinery or equipment located at a manufacturing plant
1026 used to test the quality of industrial materials, work in process, or finished goods;

1027 (5) Starters, switches, circuit breakers, transformers, wiring, piping, and other electrical
1028 components, including associated cable trays, conduit, and insulation, located between
1029 a motor control center and exempt machinery or equipment, or between separate units of
1030 exempt machinery or equipment;

1031 (6) Machinery or equipment used to maintain, clean, or repair exempt machinery or
1032 equipment;

1033 (7) Machinery or equipment used to provide safety for the employees working at a
1034 manufacturing plant including, but not limited to, safety machinery and equipment
1035 required by federal or state law, gloves, ear plugs, face masks, protective eyewear, hard
1036 hats or helmets, or breathing apparatuses, regardless of whether the items would
1037 otherwise be considered consumable supplies;

1038 (8) Machinery or equipment used to condition air or water to produce conditions
1039 necessary for the manufacture of tangible personal property, including pollution control
1040 machinery or equipment and water treatment systems;

1041 (9) Pollution control, sanitizing, sterilizing, or recycling machinery or equipment;

1042 (10) Industrial materials bought for further processing in the manufacture of tangible
1043 personal property for sale or further processing or any part of the industrial material or
1044 by-product thereof which becomes a wasteful product contributing to pollution problems
1045 and which is used up in a recycling or burning process;

- 1046 (11) Machinery or equipment used to manufacture tangible personal property to be used
 1047 for promotional use;
 1048 (12) Machinery or equipment used in quarrying and mining activities, including blasting,
 1049 extraction, and crushing; and
 1050 (13) Energy used at a manufacturing plant."

1051 **SECTION 2-6.**

1052 Said Title 48 is further amended by adding a new Code section to read as follows:

1053 "48-8-3.3.

1054 (a) As used in this Code section, the term:

1055 (1)(A) 'Agricultural machinery and equipment' means machinery and equipment used
 1056 in the production of agricultural products, including, but not limited to, machinery and
 1057 equipment used in the production of poultry and eggs for sale, including, but not limited
 1058 to, equipment used in the cleaning or maintenance of poultry houses and the
 1059 surrounding premises; in hatching and breeding of poultry and the breeding of livestock
 1060 and equine; in production, processing, and storage of fluid milk for sale; in drying,
 1061 ripening, cooking, further processing, or storage of agricultural products, including, but
 1062 not limited to, orchard crops; in production of livestock and equine for sale; by a
 1063 producer of poultry, eggs, fluid milk, equine, or livestock for sale; for the purpose of
 1064 harvesting agricultural products to be used on the farm by that producer as feed for
 1065 poultry, equine, or livestock; directly in tilling the soil or in animal husbandry when the
 1066 machinery is incorporated for the first time or as additional machinery for the first time
 1067 into a new or an existing farm unit engaged in tilling the soil or in animal husbandry in
 1068 this state; directly in tilling the soil or in animal husbandry when the machinery is
 1069 bought to replace machinery in an existing farm unit already engaged in tilling the soil
 1070 or in animal husbandry in this state; machinery and equipment used exclusively for
 1071 irrigation of agricultural products including, but not limited to, fruit, vegetable, and nut
 1072 crops; and machinery and equipment used to cool agricultural products in storage
 1073 facilities.

1074 (B) 'Agricultural machinery and equipment' also means farm tractors and attachments
 1075 to the tractors; off-road vehicles used primarily in the production of nursery and
 1076 horticultural crops; self-propelled fertilizer or chemical application equipment sold to
 1077 persons engaged primarily in producing agricultural products for sale and which are
 1078 used exclusively in tilling, planting, cultivating, and harvesting agricultural products,
 1079 including, but not limited to, growing, harvesting, or processing onions, peaches,
 1080 blackberries, blueberries, or other orchard crops, nursery, and other horticultural crops;
 1081 devices and containers used in the transport and shipment of agricultural products;

1082 pecan sprayers, pecan shakers, and other equipment used in harvesting pecans sold to
 1083 persons engaged in the growing, harvesting, and production of pecans; and off-road
 1084 equipment and related attachments which are sold to or used by persons engaged
 1085 primarily in the growing or harvesting of timber and which are used exclusively in site
 1086 preparation, planting, cultivating, or harvesting timber. Equipment used in harvesting
 1087 shall include all off-road equipment and related attachments used in every forestry
 1088 procedure starting with the severing of a tree from the ground until and including the
 1089 point at which the tree or its parts in any form has been loaded in the field in or on a
 1090 truck or other vehicle for transport to the place of use. Such off-road equipment shall
 1091 include, but not be limited to, skidders, feller bunchers, debarkers, delimiters, chip
 1092 harvestors, tub-grinders, woods cutters, chippers of all types, loaders of all types,
 1093 dozers, mid-motor graders, and the related attachments; grain bins and attachments to
 1094 grain bins; any repair, replacement, or component parts installed on agricultural
 1095 machinery and equipment; trailers used to transport agricultural products; all-terrain
 1096 vehicles and multipassenger rough-terrain vehicles; and any other off-road vehicles
 1097 used directly and principally in the production of agricultural or horticultural products.

1098 (2) 'Agricultural operations' or 'agricultural products' means raising, growing, harvesting,
 1099 or storing of crops; feeding, breeding, or managing livestock, equine, or poultry;
 1100 producing or storing feed for use in the production of livestock, including, but not limited
 1101 to, cattle, calves, swine, hogs, goats, sheep, equine, and rabbits, or for use in the
 1102 production of poultry, including, but not limited to, chickens, hens, ratites, and turkeys;
 1103 producing plants, trees, Christmas trees, fowl, equine, or animals; or the production of
 1104 aquacultural, horticultural, viticultural, silvicultural, grass sod, dairy, livestock, poultry,
 1105 eggs, and apiarian products. Agricultural products are considered grown in this state if
 1106 such products are grown, produced, or processed in this state, whether or not such
 1107 products are composed of constituent products grown or produced outside this state.

1108 (3) 'Agricultural production inputs' means seed; seedlings; plants grown from seed,
 1109 cuttings or liners; fertilizers; insecticides; livestock and poultry feeds, drugs, and
 1110 instruments used for the administration of such drugs; fencing products and materials
 1111 used to produce agricultural products; fungicides; rodenticides; herbicides; defoliants;
 1112 soil fumigants; plant growth regulating chemicals; desiccants, including, but not limited
 1113 to, shavings and sawdust from wood, peanut hulls, fuller's earth, straw, and hay; feed for
 1114 animals, including, but not limited to, livestock, fish, equine, hogs, or poultry; sugar used
 1115 as food for honeybees kept for the commercial production of honey, beeswax, and
 1116 honeybees; cattle, hogs, sheep, equine, poultry, or bees when sold for breeding purposes;
 1117 ice or other refrigerants including, but not limited to, nitrogen, carbon dioxide, ammonia,
 1118 and propylene glycol used in the processing for market or the chilling of agricultural

1119 products in storage facilities, rooms, compartments, or delivery trucks; materials,
 1120 containers, crates, boxes, labels, sacks, bags, or bottles used for packaging agricultural
 1121 products when the product is either sold in the containers, sacks, bags, or bottles directly
 1122 to the consumer or when such use is incidental to the sale of the product for resale;
 1123 containers, plastic, canvas, and other fabrics used in the care and raising of agricultural
 1124 products or canvas used in covering feed bins, silos, greenhouses, and other similar
 1125 storage structures.

1126 (4) 'Energy used in agriculture' means fuels used for agricultural purposes, including, but
 1127 not limited to, off-road diesel, propane, butane, electricity, natural gas, wood, wood
 1128 products, or wood byproducts; liquefied petroleum gas or other fuel used in structures in
 1129 which broilers, pullets, or other poultry are raised, in which swine are raised, in which
 1130 dairy animals are raised or milked or where dairy products are stored on a farm, in which
 1131 agricultural products are stored, and in which plants, seedlings, nursery stock, or floral
 1132 products are raised primarily for the purposes of making sales of such plants, seedlings,
 1133 nursery stock, or floral products for resale; electricity or other fuel for the operation of
 1134 an irrigation system which is used on a farm exclusively for the irrigation of agricultural
 1135 products; and electricity or other fuel used in the drying, cooking, or further processing
 1136 of raw agricultural products, including, but not limited to, food processing of raw
 1137 agricultural products.

1138 (5) 'Qualified agriculture producer' includes producers of agricultural products that meet
 1139 one of the following criteria:

1140 (A) The person or entity is the owner or lessee of agricultural land or other real
 1141 property from which \$2,500.00 or more of agricultural products were produced and
 1142 sold during the year, including payments from government sources;

1143 (B) The person or entity is in the business of providing for-hire custom agricultural
 1144 services including, but not limited to, plowing, planting, harvesting, growing, animal
 1145 husbandry or the maintenance of livestock, raising or substantially modifying
 1146 agricultural products, or for the maintenance of agricultural land from which \$2,500.00
 1147 or more of such services were provided during the year;

1148 (C) The person or entity is the owner of land that qualifies for taxation under the
 1149 qualifications of bona fide conservation use property as defined in Code Section
 1150 48-5-7.4 or qualifies for taxation under the provisions of the Georgia Forest Land
 1151 Protection Act as defined in Code Section 48-5-7.7;

1152 (D) The person or entity is in the business of producing long-term agricultural products
 1153 from which there might not be annual income, including, but not limited to, timber,
 1154 pulpwood, orchard crops, pecans, and horticultural or other multiyear agricultural or
 1155 farm products. Applicants must demonstrate that sufficient volumes of such long-term

1156 agricultural products will be produced which have the capacity to generate at least
 1157 \$2,500.00 in sales annually in the future; or
 1158 (E) The person or entity must establish, to the satisfaction of the Commissioner of
 1159 Agriculture, that the person or entity is actively engaged in the production of
 1160 agricultural products and has or will have created sufficient volumes to generate at least
 1161 \$2,500.00 in sales annually.

1162 (b) The sales and use taxes levied or imposed by this article shall not apply to sales to, or
 1163 use by, a qualified agriculture producer of agricultural production inputs, energy used in
 1164 agriculture, and agricultural machinery and equipment.

1165 (c) The Commissioner of Agriculture, at his or her discretion, may use one or both of the
 1166 following criteria as a tool to determine eligibility under this Code section:

1167 (1) Business activity on IRS schedule F (Profit or Loss from Farming); or
 1168 (2) Farm rental activity on IRS form 4835 (Farm Rental Income and Expenses) or
 1169 schedule B (Supplemental Income and Loss).

1170 (d) Qualified applicants will be issued by the Commissioner of Agriculture an agricultural
 1171 sales and use tax exemption certificate which contains an exemption number. To facilitate
 1172 the use of the exemption certificate, a wallet-sized card containing that same information
 1173 will also be issued by the Commissioner of Agriculture.

1174 (e) The Commissioner of Agriculture is authorized to promulgate rules and regulations
 1175 governing the issuance of agricultural exemption certificates and the administration of this
 1176 program. The Commissioner of Agriculture is authorized to establish an oversight board
 1177 and direct staff and is authorized to charge annual fees of not less than \$15.00 nor more
 1178 than \$25.00 per year in accordance with Code Section 2-1-5, but in no event shall the total
 1179 amount of the proceeds from such fees exceed the cost of administering the program."

1180 **SECTION 2-7.**

1181 Title 2 of the Official Code of Georgia Annotated, relating to agriculture, is amended by
 1182 revising Code Section 2-1-5, relating to certain agricultural annual license fees, as follows:

1183 "2-1-5.

1184 (a) An individual conducting business as a grain dealer, commercial feed dealer, and grain
 1185 warehouseman shall pay an annual license fee in an amount not less than \$1,500.00 nor
 1186 more than \$3,000.00. Any fees collected pursuant to this Code section shall be retained
 1187 pursuant to the provisions of Code Section 45-12-92.1.

1188 (b) A qualified agriculture producer, as defined in Code Section 48-8-3.2, shall pay an
 1189 annual license fee in an amount not less than \$15.00 nor more than \$25.00 but in no event
 1190 shall the total amount of the proceeds from such fees exceed the cost of administering the

1191 program under Code Section 48-8-3.3. Any fees collected pursuant to this Code section
 1192 shall be retained pursuant to the provisions of Code Section 45-12-92.1."

1193 **SECTION 2-8.**

1194 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
 1195 amended in Code Section 48-8-30, relating to imposition of sales and use taxes, by adding
 1196 a new subsection to read as follows:

1197 "(b.1)(1) As used in this subsection, the term:

1198 (A) 'Aircraft' means any aircraft which is required to be registered with the Federal
 1199 Aviation Administration.

1200 (B) 'Immediate family member' means spouse, parent, child, or sibling.

1201 (C) 'Motor vehicle' shall have the same meaning as provided in paragraph (33) of Code
 1202 Section 40-1-1.

1203 (D) 'Vessel' shall have the same meaning as provided in paragraph (25) of Code
 1204 Section 52-7-3.

1205 (2) In the case of a transaction where the tax under this Code section is not levied and
 1206 collected under paragraph (1) of subsection (b) of this Code section, except as provided
 1207 in paragraph (3) of this subsection, every purchaser of tangible personal property,
 1208 including, but not limited to, a motor vehicle, vessel, and aircraft which is or which is
 1209 required to be titled or registered by or in this state shall be liable for a tax on the
 1210 purchase at the rate of 4 percent of the sales price. Every such purchaser shall make a
 1211 return and remit the tax using such forms as prescribed by the commissioner at the time
 1212 of applying for a title or transfer of title or registration. Failure to make such return and
 1213 remit such tax shall be cause to deny the issuance of a title or registration for such
 1214 tangible personal property.

1215 (3) In the event of a transfer of ownership of tangible personal property which is
 1216 otherwise subject to the tax under paragraph (2) of this subsection from an immediate
 1217 family member to another immediate family member such transfer shall be exempt from
 1218 such tax."

1219 **PART III**

1220 **SECTION 3-1.**

1221 The General Assembly recognizes that the communications industry has become increasingly
 1222 competitive and that the distinctions among the providers of the various types of
 1223 communications services have become blurred. The General Assembly desires to treat
 1224 similar services consistently under the tax laws of this state. Accordingly, the General

1225 Assembly finds that it is no longer appropriate for the providers of certain types of
 1226 communications services to be required to pay a myriad of local taxes, licenses, and fees
 1227 while other communications service providers are not required to pay some or all of such
 1228 taxes, licenses, and fees. The General Assembly finds, however, that it is in the best interests
 1229 of the state and its political subdivisions that the tax revenues available to such political
 1230 subdivisions not be diminished by the elimination of certain local taxes, licenses, and fees
 1231 imposed on communications service providers; and that a state level communications
 1232 services tax imposed equitably on communications services is expected at a minimum to
 1233 provide to each such political subdivision comparable tax revenues to the local taxes,
 1234 licenses, and fees that should be eliminated. The General Assembly further finds that, in
 1235 order to promote investment in Georgia's communications infrastructure and since the
 1236 communications services sold will be taxed, the equipment purchased to provide such
 1237 communications services should be exempt from state and local sales tax. The General
 1238 Assembly further finds that a state-wide communications services tax in lieu of other taxes
 1239 on communications would promote simplicity, uniformity, and efficiency in the
 1240 administration of and compliance with the taxes on communications services which is in the
 1241 best interests of the state.

1242 **SECTION 3-2.**

1243 This part of this Act shall be known and may be cited as the "Georgia Communications
 1244 Services Tax Act."

1245 **SECTION 3-3.**

1246 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
 1247 amended in Code Section 48-8-2, relating to definitions regarding sales and use tax, by
 1248 revising paragraphs (31), (34), and (39) and by adding new paragraphs to read as follows:

1249 "(4.1) 'Call center' means one or more locations that utilize telecommunications services
 1250 in one or more of the following activities: customer services, soliciting sales, reactivating
 1251 dormant accounts, conducting surveys or research, fundraising, collection of receivables,
 1252 receiving reservations, receiving orders, or taking orders."

1253 "(5.1) 'Communications services' means telecommunications services, ancillary services,
 1254 and video programming services."

1255 "(11.1) 'Direct broadcast satellite service' means the distribution or broadcasting of video
 1256 programming or services by satellite directly to a subscriber's or customer's receiving
 1257 equipment."

1258 "(18.1) 'Mobile telecommunications service' has the same meaning given to such term
 1259 in Section 124(7) of the Mobile Telecommunications Sourcing Act, P.L.106-252,
 1260 4 U.S.C. 124(7)."

1261 "(31) 'Retail sale' or a 'sale at retail' means any sale, lease, or rental for any purpose other
 1262 than for resale, sublease, or subrent. Sales for resale must be made in strict compliance
 1263 with the commissioner's rules and regulations. Any dealer making a sale for resale which
 1264 is not in strict compliance with the commissioner's rules and regulations shall ~~himself~~ be
 1265 liable for and shall pay the tax. The terms 'retail sale' or 'sale at retail' include but are not
 1266 limited to the following:

1267 (A) Except as otherwise provided in this chapter, the sale of natural or artificial gas,
 1268 oil, electricity, solid fuel, transportation, ~~local telephone service~~ prepaid calling service
 1269 and prepaid wireless calling service, alcoholic beverages, and tobacco products, when
 1270 made to any purchaser for purposes other than resale. Sales of communications
 1271 services other than prepaid calling service and prepaid wireless calling service shall not
 1272 be 'retail sales' or 'sales at retail' for purposes of this chapter and shall not be subject to
 1273 the tax imposed by this chapter;

1274 (B) The sale or charges for any room, lodging, or accommodation furnished to
 1275 transients by any hotel, inn, tourist camp, tourist cabin, or any other place in which
 1276 rooms, lodgings, or accommodations are regularly furnished to transients for a
 1277 consideration. This tax shall not apply to rooms, lodgings, or accommodations supplied
 1278 for a period of 90 continuous days or more;

1279 (C) Sales of tickets, fees, or charges made for admission to, or voluntary contributions
 1280 made to places of, amusement, sports, or entertainment, including, but not limited to:

1281 (i) Billiard and pool rooms;

1282 (ii) Bowling alleys;

1283 (iii) Amusement devices;

1284 (iv) Musical devices;

1285 (v) Theaters;

1286 (vi) Opera houses;

1287 (vii) Moving picture shows;

1288 (viii) Vaudeville;

1289 (ix) Amusement parks;

1290 (x) Athletic contests including, but not limited to, wrestling matches, prize fights,
 1291 boxing and wrestling exhibitions, football games, and baseball games;

1292 (xi) Skating rinks;

1293 (xii) Race tracks;

1294 (xiii) Public bathing places;

- 1295 (xiv) Public dance halls; and
- 1296 (xv) Any other place at which any exhibition, display, amusement, or entertainment
- 1297 is offered to the public or any other place where an admission fee is charged;
- 1298 (D) Charges made for participation in games and amusement activities;
- 1299 (E) Sales of tangible personal property to persons for resale when there is a likelihood
- 1300 that the state will lose tax funds due to the difficulty of policing the business operations
- 1301 because:
- 1302 (i) Of the operation of the business;
- 1303 (ii) Of the very nature of the business;
- 1304 (iii) Of the turnover of so-called independent contractors;
- 1305 (iv) Of the lack of a place of business in which to display a certificate of registration;
- 1306 (v) Of the lack of a place of business in which to keep records;
- 1307 (vi) Of the lack of adequate records;
- 1308 (vii) The persons are minors or transients;
- 1309 (viii) The persons are engaged in essentially service businesses; or
- 1310 (ix) Of any other reasonable reason.

1311 The commissioner may promulgate rules and regulations requiring vendors of persons

1312 described in this subparagraph to collect the tax imposed by this article on the retail

1313 price of the tangible personal property. The commissioner shall refuse to issue

1314 certificates of registration and may revoke certificates of registration issued in violation

1315 of his rules and regulations; or

1316 ~~(F) Charges, which applied to sales of telephone service, made for local exchange~~

1317 ~~telephone service, except coin operated telephone service, except as otherwise provided~~

1318 ~~in subparagraph (G) of this paragraph; or In the case of a bundled transaction, including~~

1319 ~~a transaction that includes any of the following: telecommunication service, ancillary~~

1320 ~~service, Internet access, or audio or video programming service:~~

1321 ~~(G)~~(i) If the price is attributable to products or services that are taxable and products

1322 or services that are nontaxable, the portion of the price attributable to the nontaxable

1323 products or services may be subject to tax unless the provider can identify by

1324 reasonable and verifiable standards such portion from its books and records that are

1325 kept in the regular course of business for other purposes, including, but not limited to,

1326 nontax purposes.

1327 (ii) If the price is attributable to products or services that are subject to tax at different

1328 tax rates or subject to different taxes, the total price may be treated as attributable to

1329 the products or services subject to tax at the ~~highest tax~~ higher rate or the higher-rate

1330 tax unless the provider can identify by reasonable and verifiable standards the portion

1331 of the price attributable to the products subject to tax at the lower rate or the

1332 lower-rate tax from the provider's books and records that are kept in the regular course
 1333 of business for other purposes, including, but not limited to, nontax purposes."

1334 "(34)(A) 'Sales price' applies to the measure subject to ~~sales~~ tax and means the total
 1335 amount of consideration, including cash, credit, property, and services, for which
 1336 personal property or services are sold, leased, or rented, valued in money, whether
 1337 received in money or otherwise without any deduction for the following:

- 1338 (i) The seller's cost of the property sold;
- 1339 (ii) The cost of materials used, labor, or service cost, interest, losses, all costs of
 1340 transportation to the seller, all taxes imposed on the seller, and any other expense of
 1341 the seller;
- 1342 (iii) Charges by the seller for any services necessary to complete the sale, other than
 1343 delivery and installation charges;
- 1344 (iv) Delivery charges;
- 1345 (v) Installation charges; and
- 1346 (vi) Credit for any trade-in, except as otherwise provided in division (vii) of
 1347 subparagraph (B) of this paragraph.

1348 (B) 'Sales price' shall not include:

- 1349 (i) Discounts, including cash, term, or coupons that are not reimbursed by a third
 1350 party that are allowed by a seller and taken by a purchaser on a sale;
- 1351 (ii) Interest, financing, and carrying charges from credit extended on the sale of
 1352 personal property or services, if the amount is separately stated on the invoice, bill of
 1353 sale or similar document given to the purchaser;
- 1354 (iii) Any taxes legally imposed directly on the consumer that are separately stated on
 1355 the invoice, bill of sale, or similar document given to the purchaser;
- 1356 (iv) Installation charges if they are separately stated on the invoice, billing, or similar
 1357 document given to the purchaser;
- 1358 (v) Charges by the seller for any services necessary to complete the sale if they are
 1359 separately stated on the invoice, billing, or similar document given to the purchaser;
- 1360 (vi) Telecommunications nonrecurring charges if they are separately stated on the
 1361 invoice, billing, or similar document; and
- 1362 (vii) Credit for any motor vehicle trade-in.

1363 (C) 'Sales price' shall include consideration received by the seller from third parties if:

- 1364 (i) The seller actually receives consideration from a party other than the purchaser
 1365 and the consideration is directly related to a price reduction or discount on the sale;
- 1366 (ii) The seller has an obligation to pass the price reduction or discount through to the
 1367 purchaser;

1368 (iii) The amount of the consideration attributable to the sale is fixed and determinable
 1369 by the seller at the time of the sale of the item to the purchaser; and

1370 (iv) One of the following criteria is met:

1371 (I) The purchaser presents a coupon, certificate, or other documentation to the seller
 1372 to claim a price reduction or discount where the coupon, certificate, or
 1373 documentation is authorized, distributed, or granted by a third party with the
 1374 understanding that the third party will reimburse any seller to whom the coupon,
 1375 certificate, or documentation is presented;

1376 (II) The purchaser identifies himself or herself to the seller as a member of a group
 1377 or organization entitled to a price reduction or discount; provided, however, that a
 1378 'preferred customer' card that is available to any patron shall not constitute
 1379 membership in such a group; or

1380 (III) The price reduction or discount is identified as a third party price reduction or
 1381 discount on the invoice received by the purchaser or on a coupon, certificate, or
 1382 other documentation presented by the purchaser."

1383 "(39) 'Telecommunications service' means the electronic transmission, conveyance, or
 1384 routing of voice, data, audio, video, or any other information or signals to a point, or
 1385 between or among points. The term 'telecommunications service' includes such
 1386 transmission, conveyance, or routing in which computer processing applications are used
 1387 to act on the form, code, or protocol of the content for purposes of transmission,
 1388 conveyance, or routing without regard to whether such service is referred to as voice over
 1389 Internet protocol services or is classified by the Federal Communications Commission
 1390 as enhanced or value added. 'Telecommunications service' shall not include:

1391 (A) Data processing and information services that allow data to be generated, acquired,
 1392 stored, processed, or retrieved and delivered by an electronic transmission to a
 1393 purchaser where such purchaser's primary purpose for the underlying transaction is the
 1394 processed data or information;

1395 (B) Installation or maintenance of wiring or equipment on a customer's premises;

1396 (C) Tangible personal property;

1397 (D) Advertising, including, but not limited to, directory advertising;

1398 (E) Billing and collection services provided to third parties;

1399 (F) Internet access service;

1400 (G) ~~Radio and television audio and video~~ Video programming services, regardless of
 1401 the medium, including the furnishing of transmission, conveyance and routing of such
 1402 services by the programming service provider. ~~Radio and television audio and video~~
 1403 ~~programming services shall include but not be limited to cable service as defined in 47~~

1404 ~~USC 522(6) and audio and video programming services delivered by commercial~~
 1405 ~~mobile radio service providers, as defined in 47 CFR 20.3 service;~~

1406 (H) Ancillary services; or

1407 (I) Digital products delivered electronically, including, but not limited to, software,
 1408 music, video, reading materials, or ring tones."

1409 "(42.1) 'Video programming service' means the sale, offering, transmission, conveyance,
 1410 or routing of audio or video programming services for purchase by subscribers or
 1411 customers, regardless of the medium, technology, or method of display, including the
 1412 furnishing of transmission, conveyance, and routing of such programming by the
 1413 programming service provider. Such term shall include, but not be limited to:

1414 (A) Cable service, as defined in Section 602(6) of the Communications Act of 1934(47
 1415 U.S.C. 522(6));

1416 (B) Interactive on-demand service, as defined in Section 602(12) of such Act
 1417 (47 U.S.C. 522(12));

1418 (C) The provision of video programming by a multichannel video programming
 1419 distributor, as defined in paragraphs (20) and (13) of Section 602 of such Act (47
 1420 U.S.C. 522); and

1421 (D) The distribution of audio or video programming by providers of 'mobile service,'
 1422 as defined in Section 20.3 of Title 47 of the Code of Federal Regulations, when such
 1423 services are offered for purchase by subscribers or customers of such service."

1424 **SECTION 3-4.**

1425 Said Title 48 is further amended in Code Section 48-8-3, relating to exemptions from sales
 1426 and use taxes, by replacing "; or" with a semicolon at the end of paragraph (90), replacing
 1427 the period at the end of paragraph (91) with a semicolon, and by adding new paragraphs to
 1428 read as follows:

1429 "(92) The sale of any products or services purchased by a communications services
 1430 provider for further commercial broadcast, rebroadcast, transmission, or retransmission,
 1431 in whole or in part, to another person as such product or as a communications service; or
 1432 (93) The sale of equipment used in the business of providing communications services.
 1433 For purposes of this paragraph, the term 'equipment used in the business of providing
 1434 communications services' means all equipment, machinery, software, or other
 1435 infrastructure that is used in whole or in part in producing, broadcasting, or distributing
 1436 programs; sending, receiving, storing, transmitting, retransmitting, amplifying, switching,
 1437 or routing voice, data, or video communications; or which is used in monitoring, testing,
 1438 maintaining, enabling, or facilitating such equipment, machinery, software, or other
 1439 infrastructure. Such term includes, but is not limited to, wires, cables, antennas, poles,

1440 switches, routers, amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,
 1441 transmitters, power equipment, backup power equipment, diagnostic equipment, storage
 1442 devices, modems, and other general central office equipment, such as channel cards,
 1443 frames, and cabinets."

1444 **SECTION 3-5.**

1445 Said Title 48 is further amended in Code Section 48-8-32, relating to collectability and rates
 1446 of sales and use tax, as follows:

1447 "48-8-32.

1448 The tax at the rate of 4 percent of the retail sales price at the time of sale or 4 percent of the
 1449 purchase price at the time of purchase, as the case may be, shall be collectable from all
 1450 persons engaged as dealers in the sale at retail, or in the use, consumption, distribution, or
 1451 storage for use or consumption in this state of tangible personal property, prepaid calling
 1452 service, and prepaid wireless calling service."

1453 **SECTION 3-6.**

1454 Said Title 48 is further amended in Code Section 48-8-39, relating to the effect of certain use
 1455 of sales tax certificates, by revising subsection (a) as follows:

1456 "(a) If a purchaser who gives a certificate stating that property is purchased for resale
 1457 makes any use of the property other than retention, demonstration, or display while holding
 1458 it for sale in the regular course of business, the use shall be deemed a retail sale by the
 1459 purchaser as of the time the property is first used by ~~him~~ the purchaser, and the purchase
 1460 price of the property to ~~him~~ the purchaser shall be deemed the gross receipts from the retail
 1461 sale. If the sole use of the property other than retention, demonstration, or display in the
 1462 regular course of business is the rental of the property while holding it for sale or the
 1463 transportation of persons for hire while holding the property for sale, the purchaser may
 1464 elect to include in ~~his~~ the purchaser's gross receipts either the amount of the rental charged
 1465 or the total amount of the charges made by ~~him~~ the purchaser for the transportation rather
 1466 than the cost of the property to ~~him~~ the purchaser. If the sole use of the property by a
 1467 purchaser, other than retention, demonstration, or display in the regular course of business,
 1468 is the transfer of such property, either free of charge or at a sale price not exceeding the
 1469 purchase price of the property, to another person in conjunction with such other person
 1470 entering into a contract to purchase communications services subject to the tax imposed
 1471 under Chapter 18 of this title, then such use shall be treated as a retail sale to such other
 1472 person for no consideration, in the case of a transfer that is free of charge, or for the sale
 1473 price collected with respect to such transfer."

1474 **SECTION 3-7.**

1475 Said Title 48 is further amended in Code Section 48-8-42, relating to credit for taxes paid in
1476 other states, by adding a new subsection to read as follows:

1477 "(c) Any communications services provider that erroneously but in good faith pays the tax
1478 imposed by Chapter 18 of this title on an item of tangible personal property or a service
1479 subject to the tax imposed by this chapter shall be allowed a credit against the tax imposed
1480 by this chapter to the extent of the amount of such tax paid."

1481 **SECTION 3-8.**

1482 Said Title 48 is further amended by repealing subsection (e) of Code Section 48-8-77,
1483 relating to sourcing of local telecommunications services.

1484 **SECTION 3-9.**

1485 Said Title 48 is further amended by adding a new Code Section to read as follows:

1486 "48-8-78.

1487 (a) As used in this chapter and Chapter 18 of this title, the term:

1488 (1) 'Air-to-ground radiotelephone service' means a radio service, as that term is defined
1489 in 47 C.F.R. 22.99, in which common carriers are authorized to offer and provide radio
1490 telecommunications services for hire to subscribers in an aircraft.

1491 (2) 'Call-by-call basis' means any method of charging for telecommunications services
1492 where the price is measured by individual calls.

1493 (3) 'Communications channel' means a physical or virtual path of communications over
1494 which signals are transmitted between or among customer channel termination points.

1495 (4) 'Customer' means the person or entity that contracts with the seller of
1496 telecommunications services. If the end user of the telecommunications service is not the
1497 contracting party, the end user of the telecommunications service is the customer of the
1498 telecommunications service but only for the purpose of sourcing sales of
1499 telecommunications services. Customer does not include a reseller of telecommunications
1500 service or for mobile telecommunications service of a serving carrier under an agreement
1501 to serve the customer outside the home service provider's licensed service area.

1502 (5) 'Customer channel termination point' means, in the context of a private
1503 communications service, the location where the customer either inputs or receives
1504 communications.

1505 (6) 'End user' means the person who utilizes the telecommunications service. In the case
1506 of an entity, end user means the individual who utilizes the service on behalf of the entity.

1507 (7) 'Home service provider' has the same meaning given to such term in Section 124(5)
1508 of the Mobile Telecommunications Sourcing Act, P.L. 106-252, 4 U.S.C. 124(5).

- 1509 (8) 'Postpaid calling service' means a telecommunications service obtained by making
 1510 a payment on a call-by-call basis either through the use of a credit card or payment
 1511 mechanism such as a bank card, travel card, credit card, or debit card, or by charge made
 1512 to a telephone number which is not associated with the origination or termination of the
 1513 telecommunications service. A postpaid calling service includes a telecommunications
 1514 service, except a prepaid wireless calling service, that would be a prepaid calling service,
 1515 except that the right provided is not exclusively to access telecommunications services.
- 1516 (9) 'Private communication service' means a telecommunications service that entitles the
 1517 customer to exclusive or priority use of a communications channel or group of channels
 1518 between or among termination points, regardless of the manner in which such channel
 1519 or channels are connected, and includes switching capacity, extension lines, stations, and
 1520 any other associated services that are provided in connection with the use of such channel
 1521 or channels.
- 1522 (10) 'Service address' means:
- 1523 (A) The location of the telecommunications equipment to which a customer's call is
 1524 charged and from which the call originates or terminates, regardless of where the call
 1525 is billed or paid;
- 1526 (B) If the location under subparagraph (A) of this paragraph is not known, 'service
 1527 address' means the origination point of the signal of the telecommunications service
 1528 first identified by either the seller's telecommunications system or, in information
 1529 received by the seller from its service provider, where the system used to transport such
 1530 signal is not that of the seller; or
- 1531 (C) If the locations under both subparagraphs (A) and (B) of this paragraph are not
 1532 known, 'service address' means the location of the customer's place of primary use.
- 1533 (b) The provisions of this Code section are solely for the purposes of sourcing
 1534 communications services, the taxability of which is governed by this chapter with respect
 1535 to prepaid calling services and prepaid wireless calling service and Chapter 18 of this title
 1536 with respect to all other communications services.
- 1537 (c) The following sourcing rules shall apply to telecommunications services:
- 1538 (1) Except as otherwise provided in paragraph (4) of this subsection, telecommunications
 1539 services sold on a call-by-call basis shall be sourced to this state if either of the following
 1540 occurs:
- 1541 (A) The call both originates and terminates in this state; or
 1542 (B) The call either originates in this state or terminates in this state, and the service
 1543 address associated with the call is located in this state;
- 1544 (2) Except as otherwise provided in paragraph (4) of this subsection, telecommunications
 1545 services sold on a basis other than a call-by-call basis shall be sourced to this state if the

1546 telecommunications service is charged to a customer whose place of primary use is in this
1547 state;

1548 (3) Except as otherwise provided in paragraph (4) of this subsection, mobile
1549 telecommunications services provided by a customer's home service provider shall be
1550 sourced to this state if the customer's place of primary use is in this state; and

1551 (4) Notwithstanding the provisions of paragraphs (1), (2), and (3) of this subsection, the
1552 following rules shall apply:

1553 (A) Air-to-ground radio telephone services shall be sourced to this state if the
1554 customer's place of primary use is located in this state;

1555 (B) Postpaid calling services shall be sourced to this state if the origination point of the
1556 telecommunications signal is located in this state, as first identified by either of the
1557 following:

1558 (i) The seller's telecommunications system; or

1559 (ii) Information received by the seller from its service provider, where the system
1560 used to transport such signals is not that of the seller;

1561 (C) Private communications services shall be sourced to this state under the following
1562 rules:

1563 (i) Service for a separate charge related to a customer channel termination point shall
1564 be sourced to this state if the customer channel termination point is located in this
1565 state;

1566 (ii) Service for a separate charge for the use of a channel that is exclusively between
1567 two channel termination points located in this state shall be sourced to this state; and

1568 (iii) Where channel termination points of a channel are located both within and
1569 outside this state:

1570 (I) Fifty percent of any separate charge for a segment of a channel between two
1571 such channel termination points; and

1572 (II) To the extent that the charge for any segment or segments of a channel is not
1573 separately billed, an amount equal to the total charge for such channel segment or
1574 segments multiplied by a fraction, the numerator of which is the number of channel
1575 termination points located in this state and the denominator of which is the total
1576 number of channel termination points; and

1577 (D) A sale of prepaid calling service or a sale of a prepaid wireless calling service shall
1578 be sourced in accordance with subsection (b) of Code Section 48-8-77; provided,
1579 however, that in the case of a sale of prepaid wireless calling service, the rule provided
1580 in subparagraph (b)(1)(E) of Code Section 48-8-77 shall include as an option the
1581 location associated with the mobile telephone number.

1582 (d) All communications services other than telecommunications services shall be sourced
 1583 to the customer's place of primary use if located in this state."

1584 **SECTION 3-10.**

1585 Said Title 48 is further amended by adding a new chapter to read as follows:

1586 "CHAPTER 18

1587 48-18-1.

1588 (a) Except as otherwise provided in this Code section, there is imposed on the sales price,
 1589 as defined in paragraph (34) of Code Section 48-8-2, paid for the retail purchase of
 1590 communications services, as defined in paragraph (5.1) of Code Section 48-8-2, that are
 1591 sourced to this state under Code Section 48-8-78 the following:

1592 (1) A state tax on direct broadcast satellite service at the rate of 7 percent;

1593 (2) A state tax on communications services other than direct broadcast satellite service
 1594 at a rate of 3.5 percent; and

1595 (3) A local tax on communications services other than direct broadcast satellite service
 1596 at the rate of 3.5 percent.

1597 (b) It is the intent of the legislature that a total combined state and local tax rate of 7
 1598 percent shall be imposed on all communications services throughout the state.

1599 (c) The tax imposed by this chapter shall be paid by the person paying for such
 1600 communications services and shall be collected from such person by the retailer and
 1601 remitted to the department pursuant to Code Section 48-18-5.

1602 (d) No sale of communications services shall be taxable to the person furnishing the
 1603 communications services which is not taxable to the purchaser of the communications
 1604 services.

1605 (e) The sales price paid for the retail purchase of communications services shall not
 1606 include amounts paid for or attributable to:

1607 (1) Communications services which are resold, used as a component part of, or
 1608 integrated into a communications service provided to the ultimate retail purchaser who
 1609 originates or terminates the taxable end-to-end communication, including, but not limited
 1610 to, carrier access charges, right of access charges, interconnection charges paid by the
 1611 providers of mobile telecommunications services or other communications services,
 1612 charges paid by cable or video service providers for the transmission of video or other
 1613 programming by another communications service provider over facilities owned or
 1614 operated by such other communications service provider, charges for the sale of
 1615 unbundled network elements, and charges for use of intercompany facilities;

- 1616 (2) Coin operated telephone service;
 1617 (3) Communications services provided to any person or entity exempt from the tax
 1618 imposed by Chapter 8 of this title;
 1619 (4) Discounts, bad debts, taxes, or any other deduction to the extent allowed as a
 1620 deduction under Chapter 8 of this title;
 1621 (5) Prepaid calling service, prepaid wireless calling service, tangible personal property,
 1622 or services subject to tax pursuant to Chapter 8 of this title; or
 1623 (6) Communications services or transactions among entities under 50 percent or greater,
 1624 direct or indirect, common control.
 1625 (f) A retailer of communications services may combine the taxes due under this chapter
 1626 and Chapter 8 of this title as a single line item on the retailer's invoice to a purchaser of
 1627 communications services.

1628 48-18-2.

- 1629 (a) Notwithstanding any provision of law to the contrary, with respect to sales of
 1630 telecommunications services to any person for use in the operation of one or more call
 1631 centers, the state tax imposed by this chapter shall not exceed \$12,500.00 per calendar year
 1632 and the local tax imposed by this chapter shall not exceed \$12,5000.00 per calendar year.
 1633 (b) The limitation set forth in subsection (a) of this Code section shall apply only to
 1634 holders of a direct payment number issued by the department. In order to obtain such
 1635 direct payment number, the applicant shall establish that the applicant satisfies the criteria
 1636 for a call center as defined in paragraph (4.1) of Code Section 48-8-2.
 1637 (c) The department shall not issue any refunds of taxes paid prior to receiving a direct
 1638 payment number.
 1639 (d) All entities wholly owned by the same person or entity shall be considered a single
 1640 person.

1641 48-18-3.

- 1642 (a) To prevent multistate taxation of a communications service subject to taxation under
 1643 this chapter, any taxpayer, upon proof that such taxpayer has paid a tax in another state on
 1644 such service, shall be allowed a credit against the tax imposed by this chapter to the extent
 1645 of the amount of such tax paid in such other state.
 1646 (b) Any communications services provider that erroneously but in good faith pays the tax
 1647 imposed by Chapter 8 of this title on the provision of communications services shall be
 1648 allowed credit against the tax imposed by this chapter to the extent of the amount of such
 1649 tax paid.

1650 48-18-4.

1651 All procedural and administrative provisions of Chapters 2 and 8 of this title, including
1652 those which set forth the limitations periods and procedures for assessment, collection,
1653 refunds, and credits, and those which fix penalties and interest for nonpayment of tax and
1654 for noncompliance with the provisions of this title, and all other requirements and duties
1655 imposed upon the taxpayer, shall apply to all taxpayers liable for the communications
1656 services tax imposed under the provisions of this chapter and to all providers of
1657 communications services required to collect and remit such taxes. In addition, all
1658 definitions, sourcing rules, customer remedy rules, and bundled transaction rules, which
1659 have been enacted in compliance with the Streamlined Sales Tax Agreement and codified
1660 in Chapter 8 of this title, shall apply to the communications services tax imposed under the
1661 provisions of this chapter. The commissioner shall exercise all power and authority and
1662 perform all duties with respect to persons obligated under this chapter as are provided in
1663 Chapters 2 and 8, except where there is a conflict, in which case, the provisions of this
1664 chapter shall control. The commissioner may from time to time make such rules and
1665 regulations not inconsistent with this chapter as may be deemed necessary to carry out its
1666 provisions.

1667 48-18-5.

1668 (a) A communications services provider shall be permitted to deduct and retain 2 percent
1669 of total communications services taxes that are collected and remitted by the provider on
1670 a timely basis to the department.

1671 (b) The tax imposed by Code Section 48-18-1, including any penalties or interest
1672 attributable to the nonpayment of such taxes or for noncompliance with the provisions of
1673 this chapter, shall be collected by the department and shall be accounted for separately
1674 from all other taxes. One percent of the amounts collected shall be paid into the general
1675 fund of the state treasury in order to defray the costs of administration.

1676 (c)(1) The remaining amounts collected pursuant to paragraphs (1) and (2) of subsection
1677 (a) of Code Section 48-18-1 shall be credited in the same manner as the state sales and
1678 use taxes collected pursuant to Article 1 of Chapter 8 of this title.

1679 (2) The remaining amounts collected pursuant to paragraph (3) of subsection (a) of Code
1680 Section 48-18-1 shall be distributed as follows:

1681 (A) Each municipality or county that has complied with the requirements of
1682 subsection (e) of this Code section shall receive an amount equal to the average
1683 monthly revenues that were received from communications services providers during
1684 2010 by such municipality or county pursuant to taxes, charges, and fees, other than

1685 local option sales taxes prohibited by Code Section 48-18-6, which were validly
1686 imposed and in effect during that time;

1687 (B) The amount remaining after the distributions required by subparagraph (A) of this
1688 paragraph shall be distributed as follows:

1689 (i) Each municipality that has complied with the requirements of subsection (e) of
1690 this Code section shall receive an amount equal to such remaining amount multiplied
1691 by a fraction, the numerator of which is the population in such municipality and the
1692 denominator of which is the total population of this state, using the most recent annual
1693 estimates of the population of cities and counties in Georgia as prepared by the United
1694 States Bureau of the Census; and

1695 (ii) Each county that has complied with the requirements of subsection (e) of this
1696 Code section shall receive an amount equal to such remaining amount multiplied by
1697 a fraction, the numerator of which is the sum of the population within the
1698 unincorporated areas of such county and the denominator of which is the total
1699 population of this state, using the most recent annual estimates of the population of
1700 cities and counties in Georgia as prepared by the United States Bureau of the Census.

1701 (d)(1) Each county and municipality that received in 2010 taxes, charges, or fees, other
1702 than local option sales taxes prohibited by Code Section 48-18-6, which were validly
1703 imposed and in effect during that time shall report the amounts of such taxes, charges, or
1704 fees received in 2010 to the department by October 31, 2011.

1705 (2) Each communications services provider that paid in 2010 such taxes, charges, or fees,
1706 other than local option sales taxes prohibited by Code Section 48-8-6 shall report the
1707 amounts of such taxes, charges, or fees paid in 2010 to the department by October 31,
1708 2011.

1709 (3) The department shall be charged with reviewing such data from all political
1710 subdivisions and communications services providers to ensure accuracy and to reconcile
1711 the data based on the best information available.

1712 (e) Each county and municipality shall impose by ordinance or resolution a local tax on
1713 communications services other than direct broadcast satellite service pursuant to paragraph
1714 (3) of subsection (a) of Code Section 48-18-1 under the following conditions:

1715 (1) On or before December 31 of the year prior to enactment, the county or municipality
1716 shall file with the department a certified copy of the pertinent parts of all ordinances,
1717 resolutions, and amendments thereto which levy the 3.5 percent tax on communications
1718 services other than direct broadcast satellite services;

1719 (2) Such ordinance shall have an effective date of January 1 of the following year;

1720 (3) The filing required by this subsection shall be a condition to the imposition of the
 1721 local tax pursuant to paragraph (3) of subsection (a) of Code Section 48-18-1 by a county
 1722 or a municipality; and

1723 (4) If a county or municipality does not file with the department a certified copy of the
 1724 pertinent parts of all ordinances, resolutions, or amendments thereto which levy the 3.5
 1725 percent tax on communications services other than direct broadcast satellite services as
 1726 required in paragraph (1) of this subsection, or if a county or municipality does not
 1727 provide the department with the amount of taxes, charges, or fees received in 2010, as
 1728 required in paragraph (1) of subsection (d) of this Code section, the department shall
 1729 upon receipt of such information distribute such funds on the first day of the next
 1730 succeeding calendar quarter.

1731 (f) Other than for purposes of collecting and remitting certain enhanced 9-1-1 charges,
 1732 providers of communications services shall not be required to identify, report, or source
 1733 communications services or communications services tax on the county or municipal level.

1734 (g) The state auditor shall annually review the disbursements pursuant to paragraph (2) of
 1735 subsection (c) of this Code section for each fiscal year. The state auditor shall issue such
 1736 state auditor's findings to the Governor on or before December 31 of each year, with a copy
 1737 to each municipality and county.

1738 48-18-6.

1739 (a)(1) For purposes of this subsection, the term 'providers of communications services'
 1740 shall include parties providing infrastructure directly involved in the transmission,
 1741 receipt, or processing of radio waves or electrical signals used in the provision or
 1742 provisioning of communications services. Infrastructure shall include, but not be limited
 1743 to, towers, poles, and other structures of whatever kind to which are attached antennas
 1744 or other equipment for the transmission or receipt of radio waves or electrical signals, as
 1745 well as fixtures necessary to affix antennas or other equipment to such towers, poles, or
 1746 structures. Infrastructure shall not include residences or commercial or industrial
 1747 buildings. Parties providing infrastructure are considered providers of communications
 1748 services only to the extent of their provision or provisioning of such infrastructure.

1749 (2) Except as provided in paragraph (4) of this subsection, no county, municipality, or
 1750 other political subdivision of this state shall:

1751 (A) Levy any tax, charge, fee, or other imposition on or with respect to
 1752 communications services, or collect any such tax, charge, fee, or other imposition, from
 1753 providers of communications services;

1754 (B) Require any provider of communications services, including, but not limited to,
 1755 cable service providers or video service providers, to enter into or extend the term of

1756 a franchise or other agreement which requires the payment of a tax, charge, fee, or other
 1757 imposition; or

1758 (C) Adopt or enforce any provision of any ordinance or agreement to the extent that
 1759 such provision obligates a provider of communications services to pay to the county
 1760 and municipality a tax, charge, fee, or other imposition.

1761 (3) For purposes of this subsection, a tax, charge, fee or other imposition includes any
 1762 amount or in-kind payment of property or services which is required by ordinance or
 1763 agreement to be paid or furnished to a political subdivision by or through a provider of
 1764 communications services in its capacity as a provider of communications services,
 1765 regardless of whether such tax, charge, fee, or in-kind payment of property or services
 1766 is:

1767 (A) Designated as a franchise fee, excise tax, sales tax, services tax, user fee,
 1768 occupancy fee, occupational or business license tax or fee, subscriber charge, tower
 1769 fee, base station fee, or otherwise;

1770 (B) Measured by the amounts charged or received for services, the type of equipment
 1771 or facilities deployed, or otherwise;

1772 (C) Intended as compensation for the use of public rights of way, the right to conduct
 1773 business, or otherwise; or

1774 (D) Permitted or required to be separately stated on the customer's bill.

1775 (4) This subsection shall not apply to:

1776 (A) Ad valorem taxes levied pursuant to Chapter 5 of this title;

1777 (B) Emergency telephone surcharges;

1778 (C) Amounts charged for the rental or other use of property owned by a public body
 1779 which is not in the public rights of way to a provider of communications services for
 1780 any purpose, including, but not limited to, the placement or attachment of equipment
 1781 used in the provision of communications services;

1782 (D) Amounts charged for the rental of space on a utility pole or tower owned by a
 1783 political subdivision of this state, whether in the public right of way or not, for the
 1784 attachment of equipment used in the provision of communications services;

1785 (E) Permit fees generally imposed and applicable to a majority of all other businesses,
 1786 which are not related to placing or maintaining facilities in or on public roads or rights
 1787 of way;

1788 (F) Taxes, charges, and fees which are ordinary and generally applicable which are
 1789 validly levied and required to be paid by a person in a capacity other than its capacity
 1790 as a provider of communications services. Such taxes, charges, and fees include, by
 1791 way of example, and are not limited to, taxes, charges, and fees for water, sewer,
 1792 electricity, sanitation, police, fire, or other such services, or any special district,

1793 community improvement district, or similar such district services, or any taxes, fees,
 1794 or assessments imposed to pay bonded indebtedness;

1795 (G) Taxes imposed pursuant to paragraph (3) of subsection (a) of Code Section
 1796 48-18-1;

1797 (H) Zoning and similar entitlement application fees, provided such fees do not exceed
 1798 the lower of either the actual direct cost incurred by the county or municipality in the
 1799 review of such applications or the amount generally imposed by the county or
 1800 municipality for zoning and similar entitlement applications;

1801 (I) Any civil penalties or fines, any criminal penalties or fines, or both; and

1802 (J) Emergency telephone surcharges pursuant to Chapter 5 of Title 46.

1803 (5) This subsection shall not preempt the provisions of Code Section 25-9-6 or 25-9-13
 1804 and shall not be construed to prohibit a municipality or county from seeking to recover
 1805 the actual direct cost of repairing damage to public streets caused by a communications
 1806 service provider's installation or repair of its facilities.

1807 (b) In establishing guidelines and conditions for placing, constructing, repairing, or
 1808 maintaining communications lines or facilities over, on, under, through, or along any public
 1809 highways, public roads, public streets, or other public places or rights of way, neither the
 1810 state nor any agency or political subdivision thereof shall discriminate between or among
 1811 communications services providers in violation of Section 253(c) of the Communications
 1812 Act of 1934, 47 U.S.C. Section 253(c).

1813 48-18-7.

1814 All or part of the proceeds received by a county from the levy of the tax authorized by this
 1815 chapter may be expended for services provided within the unincorporated area of the
 1816 county including within any special district created by a county for the provision of
 1817 services in all or parts of the unincorporated area of the county."

1818 **SECTION 3-11.**

1819 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
 1820 in Code Section 36-76-2, relating to definitions regarding expedited franchising of cable and
 1821 video services, by revising paragraphs (1) and (8) as follows:

1822 ~~"(1) 'Advertising and home shopping services revenues' means the amount of a cable~~
 1823 ~~service provider or video service provider's nonsubscriber revenues from advertising~~
 1824 ~~disseminated through cable service or video service and home shopping services. The~~
 1825 ~~amount of such revenues that are allocable to a municipality or county shall be equal to~~
 1826 ~~the total amount of the cable service provider or video service provider's revenue received~~
 1827 ~~from such advertising and home shopping services multiplied by the ratio of the number~~

1828 of such provider's subscribers located in such municipality or in the unincorporated area
 1829 of such county to the total number of such provider's subscribers. Such ratio shall be
 1830 based on the number of such provider's subscribers as of January 1 of the current year,
 1831 except that in the first year in which services are provided, such ratio shall be computed
 1832 as of the earliest practical date Reserved."

1833 "(8) 'Gross revenues' means all revenues received from subscribers for the provision of
 1834 cable service or video service, including franchise fees for cable service providers and
 1835 video service providers, and advertising and home shopping services revenues and shall
 1836 be determined in accordance with generally accepted accounting principles. Gross
 1837 revenues shall not include:

1838 (A) Amounts billed and collected as a line item on the subscriber's bill to recover any
 1839 taxes, surcharges, or governmental fees that are imposed on or with respect to the
 1840 services provided or measured by the charges, receipts, or payments therefor; provided,
 1841 however, that for purposes of this Code section, such tax, surcharge, or governmental
 1842 fee shall not include any ad valorem taxes, net income taxes, or generally applicable
 1843 business or occupation taxes not measured exclusively as a percentage of the charges,
 1844 receipts, or payments for services;

1845 (B) Any revenue, such as bad debt, not actually received, even if billed;

1846 (C) Any revenue received by any affiliate or any other person in exchange for
 1847 supplying goods or services used by the provider to provide cable service or video
 1848 programming;

1849 (D) Any amounts attributable to refunds, rebates, or discounts;

1850 (E) Any revenue from services provided over the network that are associated with or
 1851 classified as noncable or nonvideo services under federal law, including, without
 1852 limitation, revenues received from telecommunications services, information services
 1853 other than cable service or video service, Internet access services, or directory or
 1854 Internet advertising revenue, including, without limitation, yellow pages, white pages,
 1855 banner advertisements, and electronic publishing advertising. Where the sale of any
 1856 such noncable or nonvideo service is bundled with the sale of one or more cable
 1857 services or video services and sold for a single nonitemized price, the term 'gross
 1858 revenues' shall include only those revenues that are attributable to cable service or video
 1859 service based on the provider's books and records; such revenues shall be allocated in
 1860 a manner consistent with generally accepted accounting principles;

1861 (F) Any revenue from late fees not initially booked as revenues, returned check fees,
 1862 or interest;

1863 ~~(G) Any revenue from sales or rental of property, except such property as the~~
 1864 ~~subscriber shall be required to buy or rent exclusively from the cable service provider~~
 1865 ~~or video service provider to receive cable service or video service;~~
 1866 ~~(H) Any revenue received from providing or maintaining inside wiring;~~
 1867 ~~(I) Any revenue from sales for resale with respect to which the purchaser shall be~~
 1868 ~~required to pay a franchise fee, provided the purchaser certifies in writing that it shall~~
 1869 ~~resell the service and pay a franchise fee with respect thereto; or~~
 1870 ~~(J) Any amounts attributable to a reimbursement of costs including, but not limited to,~~
 1871 ~~the reimbursements by programmers of marketing costs incurred for the promotion or~~
 1872 ~~introduction of video programming Reserved."~~

1873 **SECTION 3-12.**

1874 Said Title 36 is further amended by revising subsection (c) and paragraphs (4) and (8) of
 1875 subsection (g) of Code Section 36-76-4, relating to PEG support, as follows:

1876 "(c) The application for a state franchise shall consist of an affidavit signed by an officer
 1877 or general partner of the applicant that contains each of the following:

1878 (1) An affirmative declaration that the applicant shall comply with all applicable federal
 1879 and state laws and regulations, including municipal and county ordinances and
 1880 regulations regarding the placement and maintenance of facilities in the public right of
 1881 way that are generally applicable to all users of the public right of way and specifically
 1882 including Chapter 9 of Title 25, the 'Georgia Utility Facility Protection Act';

1883 (2) A description of the applicant's service area, which description shall be sufficiently
 1884 detailed so as to allow a local government to respond to subscriber inquiries, including
 1885 the name of each municipal or county governing authority within the service area. For
 1886 the purposes of this paragraph, an applicant may, in lieu of or as a supplement to a written
 1887 description, provide a map on 8 1/2 by 11 inch paper that is clear and legible and that
 1888 fairly depicts the service area by making reference to the municipal or county governing
 1889 authority to be served. If the geographical area is less than an entire municipality or
 1890 county, the map shall describe the boundaries of the geographic area to be served in clear
 1891 and concise terms;

1892 (3) The location of the applicant's principal place of business, the name or names of the
 1893 principal executive officer or officers of the applicant, information concerning payment
 1894 locations or addresses, and general information concerning equipment returns; and

1895 (4) Certification that the applicant is authorized to conduct business in the State of
 1896 Georgia and that the applicant possesses satisfactory financial and technical capability
 1897 to provide cable service or video service and a description of such capabilities. Such
 1898 certification shall not be required from an incumbent service provider or any cable

1899 service provider or video service provider that has wireline facilities located in the public
1900 right of way as of January 1, 2008; and
1901 (5) ~~Notice to the affected local governing authority of its right to designate a franchise~~
1902 ~~fee pursuant to Code Section 36-76-6."~~
1903 "(4) ~~An incumbent service provider that elects to terminate a franchise under this~~
1904 ~~subsection shall continue to provide PEG access support, as such existed on January 1,~~
1905 ~~2007, under the same terms as the terminated local franchise had it not been terminated~~
1906 ~~until the local franchise would have expired under its own terms Reserved."~~
1907 "(8) Each holder of a state franchise shall have the obligation to provide access to the
1908 same number of PEG channels pursuant to Code Section 36-76-8 and the additional PEG
1909 support cash payments specified in this paragraph for PEG access facilities in a service
1910 area as the incumbent service provider with the most subscribers in such service area as
1911 of January 1, 2007, which obligation shall continue until the local franchise would have
1912 expired under its own terms as specified in paragraph (4) of this subsection; provided,
1913 however, that if a local franchise would have expired before July 1, 2012, the holder of
1914 a state franchise shall continue to provide access to the same number of PEG channels
1915 until July 1, 2012, as provided in paragraph (5) of this subsection. ~~To the extent such~~
1916 ~~incumbent service provider provides PEG access support during said period in the form~~
1917 ~~of periodic payments to the municipal or county governing authority equal to a~~
1918 ~~percentage of gross revenue or a prescribed per subscriber amount, the state franchise~~
1919 ~~holder shall be obligated to make the same periodic payments to the governing authority~~
1920 ~~at the same time and equal to the same percentage of gross revenue or prescribed per~~
1921 ~~subscriber amount. To the extent such incumbent service provider provides PEG access~~
1922 ~~support to the applicable governing authority during said period in the form of a lump~~
1923 ~~sum payment that remains unsatisfied as of January 1, 2008, the holder of a state~~
1924 ~~franchise shall be obligated to provide a lump sum payment to said authority based on its~~
1925 ~~proportion of the total number of cable service and video service subscribers of all service~~
1926 ~~providers in such service area. No payments shall be due under this paragraph until the~~
1927 ~~municipality or county notifies the respective providers, in writing, of the percentage of~~
1928 ~~gross revenues, the per subscriber amount, or the lump sum payment amount and the~~
1929 ~~expiration date of the local franchise obtaining such obligations. The holder of a state~~
1930 ~~franchise may designate that portion of the subscriber's bill attributable to any fee~~
1931 ~~imposed pursuant to this paragraph as a separate item on the bill and recover such amount~~
1932 ~~from the subscriber."~~

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SECTION 3-13.

Said Title 36 is further amended by revising Code Section 36-76-6, relating to franchise fees, as follows:

"36-76-6.

~~(a)(1) The holder of a state franchise, whether a cable service provider or a video service provider, shall pay to each affected local governing authority which complies with this Code section a franchise fee which shall not exceed the maximum percentage rate permitted in 47 U.S.C. Section 542(b) of such holder's gross revenues received from the provision of cable service or video service to subscribers located within such holder's service area.~~

~~(2) Each affected local governing authority or its authorized designee shall provide written notice to the Secretary of State and each applicant for or holder of a state franchise with a service area located within that affected local governing authority's jurisdiction of the franchise fee rate that applies to the applicant for or holder of such state franchise. The applicant for or holder of a state franchise shall start assessing the franchise fee within 15 days of receipt of written notice from the affected local governing authority or its authorized designee and shall not be required to pay such franchise fee until the expiration of 15 days after receipt of such written notice. Any incumbent service provider who obtains a state franchise under paragraph (1) of subsection (g) of Code Section 36-76-4 shall pay its existing franchise fee during the 15 day period after receipt of written notice of the new fee. The franchise fee rate shall be uniformly applicable to all cable service providers and video service providers that obtain a state franchise within the affected local governing authority. For purposes of this Code section, an authorized designee is an agent authorized by charter or other act of the affected local governing authority.~~

~~(3) Any affected local governing authority may change the franchise fee applicable to holders of a state franchise once every two years. The affected local governing authority or its authorized designee shall provide written notice to the Secretary of State and the applicants for or holders of a state franchise with a service area within that affected local governing authority's jurisdiction of the new franchise fee rate. The holder of a state franchise shall start assessing the new franchise fee within 45 days of receipt of written notice of the change from the affected local governing authority or its authorized designee. The franchise fee rate shall be uniformly applicable to all cable service providers and video service providers that obtain a state franchise within the affected local governing authority's jurisdiction.~~

~~(b) Such franchise fee shall be paid directly to each affected local governing authority within 30 days after the last day of each calendar quarter. Such payment shall be~~

1970 ~~considered complete if accompanied by a statement showing, for the quarter covered by~~
 1971 ~~the payment:~~

1972 ~~(1) The aggregate amount of the state franchise holder's gross revenues, specifically~~
 1973 ~~identifying subscriber and advertising and home shopping services revenues under this~~
 1974 ~~chapter insofar as the franchise holder's existing billing systems include such capability,~~
 1975 ~~attributable to such municipality or unincorporated areas of the county; and~~

1976 ~~(2) The amount of the franchise fee payment due to such municipality or county.~~

1977 ~~In the event that franchise fees are not paid on or before the dates specified above, then the~~
 1978 ~~affected local governing authority shall provide written notice to the franchise holder~~
 1979 ~~giving the cable service provider or video service provider 15 days from the date of the~~
 1980 ~~franchise holder's receipt of such notice to cure any such nonpayment. In the event~~
 1981 ~~franchise fees are not remitted to the affected local government authority postmarked on~~
 1982 ~~or before the expiration of the 15 day cure period, then the holder of the state franchise~~
 1983 ~~shall pay interest thereon at a rate of 1 percent per month to the affected local governing~~
 1984 ~~authority. If the 15 day cure period expires on Saturday, Sunday, or a legal holiday, the~~
 1985 ~~due date shall be the next business day. Moreover, the franchise holder shall not be~~
 1986 ~~assessed interest on late payments if franchise payments were submitted in error to a~~
 1987 ~~neighboring local governing authority.~~

1988 ~~(c) Each affected local governing authority may, no more than once annually, audit the~~
 1989 ~~business records of the state franchise holder to the extent necessary to ensure payment in~~
 1990 ~~accordance with this Code section. For purposes of this subsection, an audit shall be~~
 1991 ~~defined as a comprehensive review of the records of the holder of a state franchise. Once~~
 1992 ~~any audited period of a state franchise holder has been the subject of a requested audit, such~~
 1993 ~~audited period of such state franchise holder shall not again be the subject of any audit. In~~
 1994 ~~the event of a dispute concerning the amount of the franchise fee due to an affected local~~
 1995 ~~governing authority under this Code section, an action may be brought in a court of~~
 1996 ~~competent jurisdiction by an affected local governing authority seeking to recover an~~
 1997 ~~additional amount alleged to be due or by a state franchise holder seeking a refund of an~~
 1998 ~~alleged overpayment; provided, however, that any such action shall be brought within three~~
 1999 ~~years following the end of the quarter to which the disputed amount relates. Such time~~
 2000 ~~period may be extended by written agreement between the state issued franchise holder and~~
 2001 ~~such affected local governing authority. Each party shall bear the party's own costs~~
 2002 ~~incurred in connection with any such examination or dispute. In the event that an affected~~
 2003 ~~local governing authority files an action to recover alleged underpayments of franchise fees~~
 2004 ~~and a court of competent jurisdiction determines the cable service provider or video service~~
 2005 ~~provider has underpaid franchise fees due for any 12 month period by 10 percent or more,~~
 2006 ~~the cable service provider or video service provider may be required to pay the affected~~

2007 ~~local governing authority its reasonable costs associated with the audit along with any~~
 2008 ~~franchise fee underpayments; provided, however, late payments shall not apply.~~
 2009 ~~(d) The statements made pursuant to subsection (b) of this Code section and any records~~
 2010 ~~or information furnished or disclosed by a cable service provider or video service provider~~
 2011 ~~to an affected local governing authority pursuant to subsection (c) of this Code section shall~~
 2012 ~~be exempt from public inspection under Code Section 50-18-70.~~
 2013 ~~(e) No acceptance of any payment shall be construed as a release or as an accord and~~
 2014 ~~satisfaction of any claim an affected local governing authority may have for further or~~
 2015 ~~additional sums payable as a franchise fee.~~
 2016 ~~(f) Any amounts overpaid by the holder of a state franchise shall be deducted from future~~
 2017 ~~franchise payments.~~
 2018 ~~(g) The holder of a state franchise may designate that portion of a subscriber's bill~~
 2019 ~~attributable to any franchise fee imposed pursuant to this Code section as a separate item~~
 2020 ~~on the bill and recover such amount from the subscriber; provided, however, that such~~
 2021 ~~separate listing shall be referred to as a 'franchise' or a 'franchise fee.'~~
 2022 ~~(h) No affected local governing authority shall levy any additional tax, license, fee,~~
 2023 ~~surcharge, or other assessment on a cable service provider or video service provider for or~~
 2024 ~~with respect to the use of any public right of way other than the franchise fee authorized~~
 2025 ~~by this Code section. Nor shall an affected local governing authority levy any other tax,~~
 2026 ~~license, fee, or assessment on a cable service provider or video service provider or its~~
 2027 ~~subscribers that is not generally imposed and applicable to a majority of all other~~
 2028 ~~businesses. The franchise fee authorized by this Code section shall be in lieu of any permit~~
 2029 ~~fee, encroachment fee, degradation fee, or other fee that could otherwise be assessed on a~~
 2030 ~~state issued franchise holder for the holder's occupation or work within the public right of~~
 2031 ~~way; provided, however, that nothing in this Code section shall restrict the right of any~~
 2032 ~~municipal or county governing authority to impose ad valorem taxes, sales taxes, or other~~
 2033 ~~taxes lawfully imposed on a majority of all other businesses within such municipality or~~
 2034 ~~county Reserved.~~"

2035 **SECTION 3-14.**

2036 Said Title 36 is further amended in Code Section 36-76-10, relating to limitations on
 2037 requirements for state franchise holders, by revising paragraph (4) as follows:

2038 "(4) The enactment and enforcement of lawful and reasonable laws and rules and
 2039 municipal or county ordinances and regulations concerning excavation, permitting,
 2040 bonding requirements, indemnification requirements, and placement and maintenance of
 2041 facilities in any public right of way that are generally applicable to all users of any public

2042 right of way, ~~except to the extent specifically precluded by subsection (h) of Code~~
 2043 ~~Section 36-76-6; and"~~

2044 **SECTION 3-15.**

2045 Title 46 of the Official Code of Georgia Annotated, relating to public utilities, is amended
 2046 by revising Code Section 46-5-1, relating to due compensation provisions, as follows:

2047 "46-5-1.

2048 (a)(1) Any telegraph or telephone company chartered by the laws of this or any other
 2049 state shall have the right to construct, maintain, and operate its lines and facilities upon,
 2050 under, along, and over the public roads and highways and rights of way of this state with
 2051 the approval of the county or municipal authorities in charge of such roads, highways,
 2052 and rights of way. The approval of such municipal authorities shall be limited to the
 2053 process set forth in paragraph (3) of subsection (b) of this Code section, and the approval
 2054 of the county shall be limited to the permitting process set forth in subsection (c) of this
 2055 Code section. ~~Upon making due compensation, as defined for municipal authorities in~~
 2056 ~~paragraph (9) of subsection (b) of this Code section and as provided for counties in~~
 2057 ~~subsection (c) of this Code section, a~~ A telegraph or telephone company shall have the
 2058 right to construct, maintain, and operate its lines through or over any lands of this state;
 2059 on, along, and upon the right of way and structures of any railroads; and, where
 2060 necessary, under or over any private lands; and, to that end, a telegraph or telephone
 2061 company may have and exercise the right of eminent domain.

2062 (2) Notwithstanding any other law, a municipal authority or county shall not:

2063 (A) Require any telegraph or telephone company to apply for or enter into an
 2064 individual license, franchise, or other agreement with such municipal authority or
 2065 county; or

2066 (B) Impose any occupational license tax or fee as a condition of placing or maintaining
 2067 lines and facilities in its public roads and highways or rights of way, except as
 2068 specifically set forth in this Code section.

2069 (3) A county or municipal authority shall not impose any occupational license, tax, fee,
 2070 regulation, obligation, or requirement upon the provision of the services described in
 2071 paragraphs (1) and (2) of Code Section 46-5-221, ~~including any occupational license, tax,~~
 2072 ~~fee, regulation, obligation, or requirement specifically set forth in any part of this chapter~~
 2073 ~~other than Part 4.~~

2074 (4) Whenever a telegraph or telephone company exercises its powers under paragraph
 2075 (1) of this subsection, the posts, arms, insulators, and other fixtures of its lines shall be
 2076 erected, placed, and maintained so as not to obstruct or interfere with the ordinary use of
 2077 such railroads or public roads and highways, or with the convenience of any landowners,

2078 more than may be unavoidable. Any lines constructed by a telegraph or telephone
 2079 company on the right of way of any railroad company shall be subject to relocation so as
 2080 to conform to any uses and needs of such railroad company for railroad purposes. Such
 2081 fixtures, posts, and wires shall be erected at such distances from the tracks of said
 2082 railroads as will prevent any and all damage to said railroad companies by the falling of
 2083 said fixtures, posts, or wires upon said railroad tracks; and such telegraph or telephone
 2084 companies shall be liable to said railroad companies for all damages resulting from a
 2085 failure to comply with this Code section.

2086 (5) No county or municipal authority shall impose upon a telegraph or telephone
 2087 company any build-out requirements on network construction or service deployment, and,
 2088 to the extent that a telegraph or telephone company has elected alternative regulation
 2089 pursuant to Code Section 46-5-165, such company may satisfy its obligations pursuant
 2090 to paragraph (2) of Code Section 46-5-169 by providing communications service, at the
 2091 company's option, through any affiliated companies and through the use of any
 2092 technology or service arrangement; provided, however, that such company shall remain
 2093 subject to its obligations as set forth in paragraphs (4) and (5) of Code Section 46-5-169.

2094 (b)(1) Except as set forth in paragraph (6) of this subsection, any telegraph or telephone
 2095 company that places or seeks to place lines and facilities in the public roads and highways
 2096 or rights of way of a municipal authority shall provide to such municipal authority the
 2097 following information:

2098 (A) The name, address, and telephone number of a principal office and local agent of
 2099 such telegraph or telephone company;

2100 (B) Proof of certification from the Georgia Public Service Commission of such
 2101 telegraph or telephone company to provide telecommunications services in this state;

2102 (C) Proof of insurance or self-insurance of such telegraph or telephone company
 2103 adequate to defend and cover claims of third parties and of municipal authorities;

2104 (D) A description of the telegraph or telephone company's service area, which
 2105 description shall be sufficiently detailed so as to allow a municipal authority to respond
 2106 to subscriber inquiries. For the purposes of this paragraph, a telegraph or telephone
 2107 company may, in lieu of or as supplement to a written description, provide a map on 8
 2108 1/2 by 11 inch paper that is clear and legible and that fairly depicts the service area
 2109 within the boundaries of the municipal authority. If such service area is less than the
 2110 boundaries of an entire municipal authority, the map shall describe the boundaries of
 2111 the geographic area to be served in clear and concise terms;

2112 (E) A description of the services to be provided;

2113 (F) An affirmative declaration that the telegraph or telephone company shall comply
 2114 with all applicable federal, state, and local laws and regulations, including municipal

2115 ordinances and regulations, regarding the placement and maintenance of facilities in the
 2116 public rights of way that are reasonable, nondiscriminatory, and applicable to all users
 2117 of the public rights of way, including the requirements of Chapter 9 of Title 25, the
 2118 'Georgia Utility Facility Protection Act'; and

2119 (G) A statement in bold type at the top of the application as follows: 'Pursuant to
 2120 paragraph (2) of subsection (b) of Code Section 46-5-1 of the Official Code of Georgia
 2121 Annotated, the municipal authority shall notify the applicant of any deficiencies in this
 2122 application within 15 business days of receipt of this application.'

2123 (2) If an application is incomplete, the municipal authority shall notify the telegraph or
 2124 telephone company within 15 business days of the receipt of such application; such notice
 2125 shall specifically identify all application deficiencies. If no such notification is given
 2126 within 15 business days of the receipt of an application, such application shall be deemed
 2127 complete.

2128 (3) Within 60 calendar days of the receipt of a completed application, the municipal
 2129 authority may adopt such application by adoption of a resolution or ordinance or by
 2130 notification to the telegraph or telephone company. The failure of a municipal authority
 2131 to adopt an application within 60 calendar days of the receipt of a completed application
 2132 shall constitute final adoption of such application.

2133 (4) If it modifies its service area or provisioned services identified in the original
 2134 application, the telegraph or telephone company shall notify the municipal authority of
 2135 changes to the service area or the services provided. Such notice shall be given at least
 2136 20 days prior to the effective date of such change. Such notification shall contain a
 2137 geographic description of the new service area or areas and new services to be provided
 2138 within the jurisdiction of the affected municipal authority, if any. The municipal
 2139 authority shall provide to all telegraph and telephone companies located in its rights of
 2140 way written notice of annexations and changes in municipal corporate boundaries which,
 2141 for the purposes of this Code section, shall become effective 30 days following receipt.

2142 (5) An application adopted pursuant to this Code section may be terminated by a
 2143 telegraph or telephone company by submitting a notice of termination to the affected
 2144 municipal authority. For purposes of this Code section, such notice shall identify the
 2145 telegraph or telephone company, the affected service area, and the effective date of such
 2146 termination, which shall not be less than 60 calendar days from the date of filing the
 2147 notice of termination.

2148 (6) Any telegraph or telephone company that has previously obtained permits for the
 2149 placement of its facilities, has specified the name of such telegraph or telephone company
 2150 in such permit application, has previously placed its facilities in any public right of way,
 2151 and has paid and continues to pay any applicable municipal authority's ~~occupational~~

2152 ~~license taxes, permit fees, franchise fees,~~ except as set forth in paragraph (8) of this
 2153 subsection, or, if applicable, county permit fees shall be deemed to have complied with
 2154 this Code section without any further action on the part of such telegraph or telephone
 2155 company except as set forth in paragraphs (8), ~~(9), (11), and (17)~~ (10) of this subsection.
 2156 (7) Any telegraph or telephone company that has placed lines and facilities in the public
 2157 roads and highways or rights of way of a municipal authority without first obtaining
 2158 permits or otherwise notifying the appropriate municipal authority of its presence in the
 2159 public roads and highways or rights of way shall provide the information required by
 2160 paragraph (1) of this subsection, if applicable, to such municipal authority on or before
 2161 October 1, 2008. As of October 1, 2008, if any telegraph or telephone company, other
 2162 than those who meet the requirements of paragraph (6) of this subsection, has failed or
 2163 fails to provide the information required by paragraph (1) of this subsection to the
 2164 municipal authority in which its lines or facilities are located, such municipal authority
 2165 shall provide written notice to such telegraph or telephone company giving that company
 2166 15 calendar days from the date of receipt of such notice to comply with subsection (b) of
 2167 this Code section. In the event the 15 calendar day cure period expires without
 2168 compliance, such municipal authority may petition the Georgia Public Service
 2169 Commission which shall, after an opportunity for a hearing, order the appropriate relief.

2170 (8)(A) In the event any telegraph or telephone company has an existing, valid
 2171 municipal franchise agreement as of January 1, 2008, the terms and conditions of such
 2172 existing franchise agreement, with the exception of any imposition of taxes, charges,
 2173 or fees prohibited pursuant to Code Section 48-18-6, shall only remain effective and
 2174 enforceable until the expiration of the existing agreement or December 31, 2012,
 2175 whichever shall first occur.

2176 (B) ~~In the event any telegraph or telephone company is paying an existing occupational~~
 2177 ~~license tax or fee, based on actual recurring local services revenues, as of January 1,~~
 2178 ~~2008, such payment shall be considered the payment of due compensation without~~
 2179 ~~further action on the part of the municipal authority. In the event that the rate of such~~
 2180 ~~existing tax or fee exceeds 3 percent of actual recurring local service revenues, that rate~~
 2181 ~~shall remain effective until December 31, 2012; thereafter, the payment by such~~
 2182 ~~telegraph or telephone company at the rate of 3 percent shall be considered the payment~~
 2183 ~~of due compensation without further action on the part of the municipal authority.~~

2184 (9) ~~As used in this Code section, 'due compensation' for a municipal authority means an~~
 2185 ~~amount equal to no more than 3 percent of actual recurring local service revenues~~
 2186 ~~received by such company from its retail, end user customers located within the~~
 2187 ~~boundaries of such municipal authority. 'Actual recurring local service revenues' means~~
 2188 ~~those revenues customarily included in the Uniform System of Accounts as prescribed~~

2189 by the Federal Communications Commission for Class 'A' and 'B' companies; provided,
 2190 however, that only the local service portion of the following accounts shall be included:

- 2191 ~~(A) Basic local service revenue, as defined in 47 C.F.R. 32.5000;~~
- 2192 ~~(B) Basic area revenue, as defined in 47 C.F.R. 32.5001;~~
- 2193 ~~(C) Optional extended area revenue, as defined in 47 C.F.R. 32.5002;~~
- 2194 ~~(D) Public telephone revenue, as defined in 47 C.F.R. 32.5010;~~
- 2195 ~~(E) Local private line revenue, as defined in 47 C.F.R. 35.5040; provided, however,~~
 2196 ~~that the portion of such accounts attributable to audio and video program transmission~~
 2197 ~~service where both terminals of the private line are within the corporate limits of the~~
 2198 ~~municipal authority shall not be included;~~
- 2199 ~~(F) Other local exchange revenue, as defined in 47 C.F.R. 32.5060;~~
- 2200 ~~(G) Local exchange service, as defined in 47 C.F.R. 32.5069;~~
- 2201 ~~(H) Network access revenue, as defined in 47 C.F.R. 32.5080;~~
- 2202 ~~(I) Directory revenue, as defined in 47 C.F.R. 32.5320; provided, however, that the~~
 2203 ~~portion of such accounts attributable to revenue derived from listings in portion of~~
 2204 ~~directories not considered white pages shall not be included;~~
- 2205 ~~(J) Nonregulated operating revenue, as defined in 47 C.F.R. 32.5280; provided,~~
 2206 ~~however, that the portion of such accounts attributable to revenues derived from private~~
 2207 ~~lines shall not be included; and~~
- 2208 ~~(K) Uncollectible revenue, as defined in 47 C.F.R. 32.5300.~~

2209 Any charge imposed by a municipal authority shall be assessed in a nondiscriminatory
 2210 and competitively neutral manner.

2211 ~~(10) Any due compensation paid to municipal authorities pursuant to paragraph (9) of~~
 2212 ~~this subsection shall be in lieu of any other permit fee, encroachment fee, degradation fee,~~
 2213 ~~disruption fee, business license tax, occupational license tax, occupational license fee, or~~
 2214 ~~other fee otherwise permitted pursuant to the provisions of subparagraph (A) of paragraph~~
 2215 ~~(7) of Code Section 36-34-2 or Code Section 32-4-92 et seq. or any other provision of~~
 2216 ~~law regardless of nomenclature.~~

2217 ~~(11) A telegraph or telephone company with facilities in the public rights of way of a~~
 2218 ~~municipal authority shall begin assessing due compensation, as defined in subsection (a)~~
 2219 ~~of this Code section, on subscribers on the date that service commences unless such~~
 2220 ~~company is currently paying a municipal authority's occupational license tax. Such due~~
 2221 ~~compensation shall be paid directly to each affected municipal authority within 30~~
 2222 ~~calendar days after the last day of each calendar quarter. In the event that due~~
 2223 ~~compensation is not paid on or before 30 calendar days after the last day of each calendar~~
 2224 ~~quarter, the affected municipal authority shall provide written notice to such telegraph or~~
 2225 ~~telephone company, giving such company 15 calendar days from the date such company~~

2226 receives such notice to cure any such nonpayment. In the event the due compensation
 2227 remitted to the affected municipal authority is not postmarked on or before the expiration
 2228 of the 15 day cure period, such company shall pay interest thereon at a rate of 1 percent
 2229 per month to the affected municipal authority. If the 15 day cure period expires on a
 2230 Saturday, a Sunday, or a state legal holiday, the due date shall be the next business day.
 2231 A telegraph or telephone company shall not be assessed any interest on late payments if
 2232 due compensation was submitted in error to a neighboring municipal authority.
 2233 ~~(12)~~ Each municipal authority may, no more than once annually, audit the business
 2234 records of a telegraph or telephone company to the extent necessary to ensure payment
 2235 in accordance with this Code section. As used in this Code section, 'audit' means a
 2236 comprehensive review of the records of a company which is reasonably related to the
 2237 calculation and payment of due compensation. Once any audited period of a company
 2238 has been the subject of a requested audit, such audited period of such company shall not
 2239 again be the subject of any audit. In the event of a dispute concerning the amount of due
 2240 compensation due to an affected municipal authority under this Code section, an action
 2241 may be brought in a court of competent jurisdiction by an affected municipal authority
 2242 seeking to recover an additional amount alleged to be due or by a company seeking a
 2243 refund of an alleged overpayment; provided, however, that any such action shall be
 2244 brought within three years following the end of the quarter to which the disputed amount
 2245 relates, although such time period may be extended by written agreement between the
 2246 company and such affected municipal authority. Each party shall bear the party's own
 2247 costs incurred in connection with any dispute. The auditing municipal authority shall
 2248 bear the cost of the audit; provided, however, that if an affected municipal authority files
 2249 an action to recover alleged underpayments of due compensation and a court of
 2250 competent jurisdiction determines the company has underpaid due compensation due for
 2251 any 12 month period by 10 percent or more, such company shall be required to pay such
 2252 municipal authority's reasonable costs associated with such audit along with any due
 2253 compensation underpayments; provided, further, that late payments shall not apply. All
 2254 undisputed amounts due to a municipal authority resulting from an audit shall be paid to
 2255 the municipal authority within 45 days, or interest shall accrue.
 2256 ~~(13)~~(9) The information provided pursuant to paragraph (1) of this subsection and any
 2257 records or information furnished or disclosed by a telegraph or telephone company to an
 2258 affected municipal authority pursuant to paragraph ~~(12)~~ of this subsection shall be exempt
 2259 from public inspection under Code Section 50-18-70. It shall be the duty of such
 2260 telegraph or telephone company to mark all such documents as exempt from Code
 2261 Section 50-18-70, et seq., and the telegraph or telephone company shall defend,

2262 indemnify, and hold harmless any municipal authority and any municipal officer or
 2263 employee in any request for, or in any action seeking, access to such records.

2264 ~~(14) No acceptance of any payment shall be construed as a release or as an accord and~~
 2265 ~~satisfaction of any claim an affected municipal authority may have for further or~~
 2266 ~~additional sums payable as due compensation.~~

2267 ~~(15) Any amounts overpaid by a company as due compensation shall be deducted from~~
 2268 ~~future due compensation owed.~~

2269 ~~(16) A telegraph or telephone company paying due compensation pursuant to this Code~~
 2270 ~~section may designate that portion of a subscriber's bill attributable to such charge as a~~
 2271 ~~separate line item of the bill and recover such amount from the subscriber.~~

2272 ~~(17)~~(10) Nothing in this Code section shall affect the authority of a municipal authority
 2273 to require telegraph or telephone companies accessing the public roads and highways and
 2274 rights of way of a municipal authority to obtain permits and otherwise comply with the
 2275 reasonable regulations established pursuant to paragraph (10) of subsection (a) of Code
 2276 Section 32-4-92.

2277 ~~(18) If a telegraph or telephone company does not have retail, end user customers located~~
 2278 ~~within the boundaries of a municipal authority, then the payment by such company at the~~
 2279 ~~same rates that such payments were being made as of January 1, 2008, to a municipal~~
 2280 ~~authority for the use of its rights of way shall be considered the payment of due~~
 2281 ~~compensation; provided, however, that at the expiration date of any existing agreement~~
 2282 ~~for use of such municipal rights of way or December 31, 2012, whichever is earlier, the~~
 2283 ~~payment at rates in accordance with the rates set by regulations promulgated by the~~
 2284 ~~Department of Transportation shall be considered the payment of due compensation.~~
 2285 ~~Provided, further, that if a telegraph or telephone company begins providing service after~~
 2286 ~~January 1, 2008, and such telegraph or telephone company does not have retail, end user~~
 2287 ~~customers located within the boundaries of a municipal authority, the payment by such~~
 2288 ~~company at rates in accordance with the rates set by regulations promulgated by the~~
 2289 ~~Department of Transportation to a municipal authority for the use of its rights of way~~
 2290 ~~shall be considered the payment of due compensation.~~

2291 ~~(19) Nothing in this Code section shall be construed to affect any franchise fee payments~~
 2292 ~~which were in dispute on or before January 1, 2008.~~

2293 (c) If a telegraph or telephone company accesses the public roads and highways and rights
 2294 of way of a county and such county requires such telegraph or telephone company to pay
 2295 due compensation, such due compensation shall be limited to an administrative cost
 2296 recoupment fee which shall not exceed such county's direct, actual costs incurred in its
 2297 permitting process, including issuing and processing permits, plan reviews, physical
 2298 inspection, and direct administrative costs; and such costs shall be demonstrable and shall

2299 be equitable among applicable users of such county's roads and highways or rights of way.
 2300 Permit fees shall not include the costs of highway or rights of way acquisition or any
 2301 general administrative, management, or maintenance costs of the roads and highways or
 2302 rights of way and shall not be imposed for any activity that does not require the physical
 2303 disturbance of such public roads and highways or rights of way or does not impair access
 2304 to or full use of such public roads and highways or rights of way. Nothing in this Code
 2305 section shall affect the authority of a county to require a telegraph or telephone company
 2306 to comply with reasonable regulations for construction of telephone lines and facilities in
 2307 public highways or rights of way pursuant to the provisions of paragraph (6) of Code
 2308 Section 32-4-42."

2309 **PART IV**

2310 **SECTION 4-1.**

2311 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
 2312 amended in Code Section 48-7-1, relating to definitions regarding income taxes, by revising
 2313 subparagraph (D) of paragraph (11) as follows:

2314 "(D) Every individual who is not a resident of this state for income tax purposes and
 2315 who makes a withdrawal as provided for in paragraph ~~(10)~~ (9) of subsection ~~(b)~~ (c) of
 2316 Code Section 48-7-27; and"

2317 **SECTION 4-2.**

2318 Said Title 48 is further amended in Code Section 48-7-30, relating to taxation of nonresident
 2319 income, by revising subsection (a) as follows:

2320 "(a) The tax imposed by this chapter shall apply to the entire net income of a taxable
 2321 nonresident derived from employment, trade, business, professional, or other activity for
 2322 financial gain or profit performed or carried on within this state including, but not limited
 2323 to, the rental of real or personal property located within this state or for use within this
 2324 state, the sale, exchange, or other disposition of tangible or intangible property having a
 2325 situs in this state, the receipt of proceeds of any lottery prize awarded by the Georgia
 2326 Lottery Corporation, and withdrawals of contributions to a savings trust account under
 2327 Article 11 of Chapter 3 of Title 20 which are required to be included in taxable net income
 2328 as provided in subparagraph ~~(b)(10)(C)~~ (c)(9)(C) of Code Section 48-7-27."

2329 **SECTION 4-3.**

2330 Said Title 48 is further amended in Code Section 48-7-30, relating to taxation of nonresident
 2331 income, by revising paragraph (2) of subsection (d) as follows:

2332 "(2) Expenses allowable to a taxable nonresident as provided in paragraph (1) of this
 2333 subsection shall be allowable only to the extent that the expenses are attributable to the
 2334 production of income allocable to and taxable by this state. As to allowable deductions
 2335 essentially personal in nature, such as contributions to charitable organizations, alimony,
 2336 medical expenses, ~~the optional standard deduction, personal exemptions,~~ and credits for
 2337 dependents, the taxable nonresident shall be allowed deductions for such deductions
 2338 essentially personal in nature in the ratio that the gross income allocated to this state bears
 2339 to the total gross income of the taxable nonresident computed as if the taxable
 2340 nonresident were a resident of this state. The commissioner may accept total federal
 2341 gross income as the equivalent of total Georgia gross income for purposes of this
 2342 allocation."

2343 **PART V**

2344 **SECTION 5-1.**

2345 Except as otherwise provided in this part, this Act shall become effective upon this Act's
 2346 approval by the Governor or upon its becoming law without such approval.

2347 **SECTION 5-2.**

2348 (a) Part I of this Act shall become effective January 1, 2012, and shall be applicable to all
 2349 taxable years beginning on or after January 1, 2012.

2350 (b) Tax, penalty, and interest liabilities and refund eligibility for prior taxable years shall
 2351 not be affected by the passage of Part I of this Act and shall continue to be governed by the
 2352 provisions of general law as it existed immediately prior to January 1, 2012.

2353 (c) Part I of this Act shall not abate any prosecution, punishment, penalty, administrative
 2354 proceedings or remedies, or civil action related to any violation of law committed prior to
 2355 January 1, 2012.

2356 **SECTION 5-3.**

2357 (a) Except as otherwise provided in this section, Part II of this Act shall become effective
 2358 upon this Act's approval by the Governor or upon its becoming law without such approval.

2359 (b) Sections 2-1, 2-2, 2-3, 2-5, 2-6, 2-7, and 2-8 of this Act shall become effective on
 2360 January 1, 2012.

2361 **SECTION 5-4.**

2362 Part III of this Act shall become effective on January 1, 2012.

2363 **SECTION 5-5.**

2364 Part IV of this Act shall become effective on January 1, 2012, and shall be applicable to all
2365 taxable years beginning on or after that date.

2366 **PART VI**

2367 **SECTION 6-1.**

2368 All laws and parts of laws in conflict with this Act are repealed.