ADMINISTRATIVE

HB 45 (O.C.G.A. § 50-16-18) This bill amends O.C.G.A. § 50-16-18(b)(1) relating to general provisions concerning public property. Based upon policies prescribed by the state accounting officer, Part 1, subparagraph (b)(1) authorizes all state agencies and departments to develop appropriate standards to administratively discharge any “debt or obligation” owed to them of $100.00 or less. If the debtor has more than one such debt in any fiscal year then this provision does not apply. Efforts made to collect the debt must be documented and must include a reasonable estimate of the cost to pursue collection administratively or judicially with a recommendation to the agency head. If the agency head determines “that further collection efforts would be detrimental to the public’s financial interest,” a certificate reflecting that determination must be executed and will serve as the authority to remove such uncollectible accounts from the financial records of the agency or department.

Section 48-3-23.1, which authorizes the Revenue Commissioner to develop standards to provide a mechanism for discharging debts barred by the statute of limitations, is not impacted by this legislation.

House Bill 45 became effective upon its approval by the Governor on May 6, 2013.

House Bill 45 can be viewed at the following link:

HB 454 (O.C.G.A. § 45-12-75) This bill revises paragraph 8 of § 45-12-75 which provides for the tax expenditure review contained in the state budget report. Now the review may include an annex with the following information for each tax expenditure: the objective based on the original legislation; whether it is meeting its stated purpose; its effect on tax administration; and an analysis of persons or entities directly benefited by the expenditure. As under prior law, the tax expenditure information must be compiled and tracked by the Department of Revenue and provided to the Department of Audits and Accounts. Taxes analyzed include all state taxes collected by the Department.

House Bill 454 became effective upon its approval by the Governor on May 7, 2013.

House Bill 454 can be viewed at the following link:

SB 160 (O.C.G.A. §§ 13-10-90, 13-10-91, 50-36-1, 50-36-2, and 50-36-4) This bill relates to security and immigration compliance for public employers such as the Department of Revenue.

For certain contracts, such as service contracts for labor or services exceeding $2,499.99, all public employers and their contractors at every level must use the federal work authorization program. This involves electronic verification of employment eligibility commonly known as E-
Verify. An exception is provided for contract services provided by individuals who are licensed pursuant to Title 26 or Title 43 of the Georgia Code, or by the State Bar of Georgia.

Code Section 50-36-1(a)(4) changes the definition of “public benefit” to mean a federal, state, or local benefit specifically listed in the statute. Grants, public and assisted housing, retirement benefits and State-issued driver’s licenses were added as public benefits. Code Section 50-36-1(a)(7) changes the definition of “secure and verifiable document” and permits documents to be submitted in person, by mail, or electronically.

A U.S. citizen who has previously complied with the security and immigration verification requirements on a prior application for a “public benefit” (e.g., a license, registration, etc.) administered by an agency or political subdivision is not required to do so again for renewal of that license, registration, etc. by that same agency or political subdivision.

The Department must provide an annual immigration compliance report to the Department of Audits and Accounts including, among other information:

1. The legal name, address, and federal work authorization program user number of every contractor that has entered into a contract for the physical performance of services with the Department during the reporting period; and
2. A listing of each public benefit administered by the Department and a listing of each public benefit for which the required verification has not been received.

Senate Bill 160 became effective on July 1, 2013.

Senate Bill 160 can be viewed at the following link:  

**ALCOHOL, TOBACCO, AND COIN-OPERATED AMUSEMENT MACHINES**

**HB 256 (O.C.G.A. § 16-12-170)** This bill adds a definition of “cigar wraps” that includes individual cigar wraps, blunt wraps, or “roll your own” cigar wraps, consisting in whole or in part of reconstituted tobacco leaf or flavored tobacco leaf. The definition of “tobacco related objects” is amended to include cigar wraps.

House Bill 256 became effective upon its approval by the Governor on May 6, 2013.

House Bill 256 can be viewed at the following link: 

**HB 487 (O.C.G.A. §§ 50-27-70 et seq., 16-12-35, 48-8-3, and 48-13-19)** This bill transfers responsibility for administering and enforcing Code provisions that relate to coin operated amusement machines (“COAM”) from the Department of Revenue to the Georgia Lottery Corporation.

House Bill 487 includes new definitions of:

- “Distributor” – an individual or a business entity of any sort that buys, sells, or distributes Class B machines to or from operators;
- “Location owner or location operator” – the owner or operator of a business where one or more bona fide COAMs are available for commercial use and play by the public; and
• “Manufacturer” – an individual or any business entity that supplies and sells major components or parts, including software and/or hardware, to Class B machine distributors or operators.

Additional penalties include:
• a fine not to exceed $25,000 for failing to properly obtain a master license or a location license;
• a $1,000 fine for each improper use of a machine permit sticker; and
• a $25,000 fine for each improper use of a master license certificate.

A fine not to exceed $25,000 and/or imprisonment for not less than one nor more than five years may be imposed:
• for making a material false statement on an application or renewal application for a master license or permit sticker;
• for making a fraudulent entry on a book, record, or report which is compiled, maintained, or submitted to Georgia Lottery Corporation; or
• after multiple offenses for illegally awarding prizes and/or the placement, provision, or display a machine and offer it to play for consideration in an unlicensed location.

The Georgia Lottery Corporation may revoke, suspend, or refuse to issue or renew a license for an intentional violation of the Code or a related regulation, intentionally failing to provide requested information, making a false statement on the application or renewal application, the use of unfair competition or unfair or deceptive acts, or for failing to meet any obligations imposed by the laws or regulations of Georgia.

The reporting requirement for Class B machines has also changed. Each business location shall file a monthly report detailing the gross receipts from the Class B machines, the gross retail receipts for the business location, and the net receipts of the Class B machines. Additionally, each person holding a Class B master license must file a monthly report setting out separately by location the gross receipts from the Class B machines which the master license maintains and the net receipts of the Class B machines. These reports are now to be reported on forms prescribed by the Georgia Lottery Corporation and are due on the 20th day of each month, beginning August 20, 2013.

The Georgia Lottery Corporation will not issue any new Class B master licenses until one year after a Class B accounting terminal has been authorized and implemented. The accounting terminal must link each Class B machine to an online network so as to monitor each machine. Though new Class B master licenses will not be issued, this provision will not affect Class B renewals. The accounting terminal must be established no later than July 1, 2014. Any entity that operates as a vendor for the accounting terminal is prohibited from owning a master or location license for a Class B machine.

The bill places certain restrictions on obtaining a master license for COAM. A master license holder may only place machines in a licensed location owner’s or location operator’s establishment. A person is ineligible for a master license if he or she has had a gambling license in any state in the previous five years. Further, the law provides limitations on a master license holder having concurrent interests with any manufacturer, distributor, location owner, or location operator in Georgia. The penalty for violation of these provisions is a fine of up to $50,000 and loss of the master license and potentially the loss of other state and local licenses.

Finally, the bill creates the Bona Fide Coin Operated Amusement Machine Operator Advisory Board (“Advisory Board”) which is composed of ten members and is tasked with assisting in
developing COAM rules and policies including establishing the most cost-effective and fiscally responsible method of implementing the accounting terminal required for Class B machines, and establishing a procedure for hearings. The Advisory Board’s actions are subject to approval by the Georgia Lottery Corporation.

House Bill 487 became effective upon its approval by the Governor on April 10, 2013.

House Bill 487 can be viewed at the following link:

**HB 517 (O.C.G.A. § 3-3-21)** This bill allows a grocery store to sell wine and malt beverages within 100 yards of a college campus where permitted by resolution or ordinance of the county or municipality. The term “grocery store” is defined to mean a retail establishment which has at least 85 percent of its total retail floor space reserved for the sale of food and other nonalcoholic items, conducts all of its sales inside the building containing its retail floor space, and meets any other criteria set forth by the local governing authority of the county or municipality.

House Bill 517 became effective on July 1, 2013.

House Bill 517 can be viewed at the following link:

**INCOME TAX**

**HB 266 (O.C.G.A. §§ 48-1-2 and 48-7-40.12)** There are two sections of this bill (Section 1 and Section 3) that affect income tax.

Section 1 is applicable to taxable years beginning on or after January 1, 2012 (thus it also includes the 2013 tax year). With exceptions discussed below, the bill adopts the provisions of all federal laws related to the computation of Federal Adjusted Gross Income (Federal Taxable Income for non-individuals) that were enacted on or before January 3, 2013. For 2012 and 2013, the I.R.C. Section 179 deduction is $250,000 and the related phase out is $800,000. Georgia has not adopted the Section 179 deduction for certain real property.

HB 266 also allows the rollover of amounts received in certain airline bankruptcies in years before 2012:

1. In previous years, the pension amounts were rolled over into ROTH IRAs which was a taxable event.
2. In 2012, the Federal Government allowed these amounts to be retroactively rolled into a regular IRA which was a nontaxable event.
3. Georgia taxpayers are now allowed to file amended returns (as they have been allowed to do for federal purposes). The amended returns must be filed within the normal statute of limitations or if later by November 15, 2013. However, no interest will be paid on those amended returns.
Exceptions

Georgia has not adopted I.R.C. Section 168(k) (the 30%, 50% and 100% bonus depreciation rules) except for I.R.C. Section 168(k)(2)(A)(i) (the definition of qualified property), I.R.C. Section 168(k)(2)(D)(i) (exceptions to the definition of qualified property), and I.R.C. Section 168(k)(2)(E) (special rules for qualified property), and Georgia has not adopted I.R.C. Section 199 (federal deduction for income attributable to domestic production activities).

Georgia has also not adopted the following I.R.C. provisions as specified:

- The exclusion of $2,400 of unemployment income for 2009. I.R.C. Section 85(c).
- Additional itemized deduction for the sales tax on the purchase of a new vehicle in 2009. I.R.C. Sections 164(a)(6) and 164(b)(6). Please note: Georgia also does not allow the increased standard deduction for sales tax on the purchase of a new vehicle in 2009 because Georgia has its own standard deduction.
- The election to increase the normal two year net operating loss carryback to 3, 4, or 5 years for tax years 2008 and 2009. I.R.C. Sections 172(b)(1)(H) and 810(b)(4).
- The transition rule that would allow a taxpayer to revoke a prior election to forego the net operating loss carryback period.
- Deferral of debt discharge income from reacquisitions of business debt at a discount in 2009 and 2010 which is federally deferred for up to five years, then included ratably over five years. I.R.C. Section 108(i).
- Modified rules for high yield original issue discount obligations. I.R.C. Sections 163(e)(5)(F) and 163(i)(1).
- New York Liberty Zone Benefits. I.R.C. Section 1400L.
- 50% bonus depreciation for most tangible property and computer software bought after May 4, 2007 and placed in service in the Kansas Disaster Area. I.R.C. Section 1400N(d)(1).
- 50% bonus depreciation for “qualified reuse and recycling property”. I.R.C. Section 168(m).
- 50% bonus depreciation in connection with disasters federally declared after 2007. I.R.C. Section 168(n).
- Increased ($8,000) first-year depreciation limit for passenger automobiles if the passenger automobile is “qualified property”. I.R.C. Section 168(k).
- 15 year straight-line cost recovery period for certain improvements to retail space. I.R.C. Sections 168(e)(3)(E)(ix), 168(e)(8), and 168(b)(3)(I).
- Modified rules relating to the 15 year straight-line cost recovery for qualified restaurant property (allowing buildings to now be included). I.R.C. Section 168(e)(7).
- Special rules relating to Gulf Opportunity Zone public utility casualty losses. I.R.C. Section 1400N(j).
- 5 year carryback of NOLs attributable to Gulf Opportunity Zone losses. I.R.C. Section 1400N(k).
- 5 year carryback of NOLs incurred in the Kansas disaster area after May 3, 2007. I.R.C. Section 1400N(k).
- 5 year carryback of certain disaster losses. I.R.C. Sections 172(b)(1)(J) and 172(j).
The election to deduct public utility property losses attributable to May 4, 2007 Kansas storms and tornadoes in the fifth tax year before the year of the loss. I.R.C. Section 1400N(o).

Special rules relating to a financial institution being able to use ordinary gain or loss treatment for the sale or exchange of certain preferred stock after Dec. 31, 2007. I.R.C. Section 1221.

Temporary tax relief provisions relating to the Midwestern disaster area. I.R.C. Sections 1400N(f) and 1400N(k).

Section 1 of House Bill 266 became effective upon its approval by the Governor on March 5, 2013 and is applicable to all taxable years beginning on or after January 1, 2012, except the provisions relating to the rollover of amounts received in certain airline bankruptcies are applicable to taxable years beginning before January 1, 2012.

Section 3 clarifies that any tax credits earned for qualified research expenses under Code Section 48-7-40.12 in any taxable year beginning before January 1, 2012, and any carryforward attributable thereto, are governed by such Code section in effect for the taxable year in which the credit was earned. Section 3 of House Bill 266 became effective upon its approval by the Governor on March 5, 2013 and is applicable to all taxable years beginning on or after January 1, 2012.

House Bill 266 can be viewed at the following link:

HB 283 (O.C.G.A. §§ 20-2A-1, 20-2A-2, 20-2A-3, and 48-7-29.16) The income tax portions of this bill (Sections 33A through 33D) make changes to the Qualified Education Expense Credit as follows:

Code Section 20-2A-1:
- Changes the definition of “eligible student”.

Code Section 20-2A-2:
- Modifies the percentage amount that student scholarship organizations (SSOs) must obligate from their revenue received from donations for scholarships or tuition grants, based on the donation revenue received.
- Provides that by the end of the calendar year following the calendar year in which an SSO receives revenues from donations and obligates them for the awarding of scholarships or tuition grants, the SSO shall designate the obligated revenues for specific student recipients. Once the SSO designates obligated revenues for specific student recipients, in the case of multiyear scholarships or tuition grants, the SSO may distribute the entire obligated and designated revenues to a qualified school or program to be held in accordance with the Department’s rule for distribution to the specified recipients during the years in which the recipients are projected in writing by the private school to be enrolled at the qualified school or program. In making a multiyear distribution to a qualified school or program, the SSO shall require that if the designated student becomes ineligible or for any other reason the qualified school or program elects not to continue disbursement of the multiyear scholarship or tuition grant to the designated student for all the projected years, then the qualified school or program shall immediately return the remaining funds to the SSO.
• Specifies that once the SSO designates obligated revenues for specific student recipients, in the case of multiyear scholarships or tuition grants for which the SSO distributes the obligated and designated revenues to a qualified school or program annually rather than in one disbursement, if the designated student becomes ineligible or for any other reason the SSO elects not to continue disbursement for all years, then the SSO shall designate any remaining previously obligated revenues for a new specific student recipient by the end of the following calendar year.

• Provides that each SSO in awarding scholarships or tuition grants shall consider financial needs of students based on all sources of income. They must also provide anonymous summary statistical information to the Department. The Department is then required to post on its website the total number of scholarship recipients’ families that fall into each quartile of Georgia adjusted gross income for that year, as well as the average number of dependents per family for each quartile of Georgia AGI.

• Provides that until obligated revenues are designated for specific students, the SSO shall hold the obligated revenues in a bank or investment account owned by the SSO and over which it has complete control.

• Specifies that the audit must verify that the SSO has complied with all requirements of Code Section 20-2A-2, including but not limited to financial requirements. Each SSO shall provide a copy of the audit to the Department in accordance with Code Section 20-2A-3.

• Provides that notwithstanding Code Sections 20-2A-7, 48-2-15, 48-7-60, and 48-7-61, if the copy of the audit submitted fails to verify: that the SSO obligated its annual revenue received from donations for scholarships or tuition grants as required by the statute; that obligated revenues were designated for specific student recipients within the statutory time frame; and that all obligated and designated revenue distributed to a qualified school or program for the funding of multiyear scholarships or tuition grants complied with all applicable Department rules; then the Department shall post on its website the details of such failure to verify. Until any such noncompliant SSO submits an amended audit, which, to the satisfaction of the Department, contains the required verifications, the Department shall not preapprove any contributions to the noncompliant SSO.

Code Section 20-2A-3:
• Provides that the annual report submitted by the SSOs to the Department by January 12th must also include the total number of families of scholarship recipients who fall within each quartile of Georgia adjusted gross income as defined and reported annually by the Department of Revenue and the average number of dependents of recipients for each quartile.

• Eliminates the requirement that the Department shall not require any other information from the SSO’s.

• Specifies that all information provided by the SSO’s to the Department, except the summary statistical information, is confidential.

Code Section 48-7-29.16, the qualified education expense credit:
• Defines “eligible student”.

• Provides that the credit amount for an individual who is a member of a limited liability company duly formed under state law, a shareholder of a Subchapter 'S' corporation, or a partner in a partnership, is the amount expended or $10,000.00 per tax year, whichever is less; provided, however, that tax credits shall only be allowed for the portion of the income on which such tax was actually paid by such member of the limited liability company, shareholder of a Subchapter 'S' corporation, or partner in a partnership.
• Specifies that the tax credit shall not be allowed if the taxpayer designated the taxpayer’s qualified education expense for the direct benefit of any particular individual, whether or not such individual is a dependent of the taxpayer. Note: This codifies the rule that was already contained in Revenue Regulation 560-7-8-.47.

• Provides that in soliciting contributions, an SSO shall not represent, or direct a qualified private school to represent, that in exchange for contributing to the SSO, a taxpayer shall receive a scholarship for the direct benefit of any particular individual, whether or not such individual is a dependent of the taxpayer. The status as an SSO shall be revoked for any such organization which violates this provision.

• Provides that the annual maximum amount (amount of tax credits allowed per tax year) shall be $58 million and shall no longer be adjusted annually using the Consumer Price Index.

• Provides that the preapproval application must be submitted electronically to the Department in the manner specified by the Department.

The income tax portions of House Bill 283 became effective upon its approval by the Governor on May 7, 2013 and are applicable to taxable years beginning on or after January 1, 2013.

House Bill 283 can be viewed at the following link:

HB 318 (O.C.G.A. § 48-7-40.30) The income tax portion of this bill (Section 6) changes the qualified investor tax credit (also known as the angel investor tax credit)

• Extends the tax credit to qualified investments made in 2014 and 2015.

• Provides that the total aggregate amount of all tax credits allowed to qualified investors for qualified investments made in the 2014 calendar year and claimed and allowed in the 2016 taxable year shall not exceed $5 million.

• Provides that the total aggregate amount of all tax credits allowed to qualified investors for qualified investments made in the 2015 calendar year and claimed and allowed in the 2017 taxable year shall not exceed $5 million. Note: The total aggregate amount under current law for calendar years 2011, 2012, and 2013 is $10 million per year.

The income tax portion of House Bill 318 became effective upon its approval by the Governor on April 29, 2013.

House Bill 318 can be viewed at the following link:

SB 137 (O.C.G.A. § 48-7-40.1) The income tax portion of this bill (Section 2) makes changes to the job tax credit for less developed areas. The bill:

• Changes the term “comprised” to “composed” in subsection (c).

• Gives the Commissioner of Economic Development the authority to designate areas of the State, along with the Commissioner of Community Affairs, as “less developed areas” as described in subsections (c)(1), (c)(3) and (c)(4). Under current law, only the Commissioner of Community Affairs makes designations of “less developed areas”.

Office of Tax Policy
07/01/13
8
The income tax portion of Senate Bill 137 became effective upon its approval by the Governor on May 6, 2013.

Senate Bill 137 can be viewed at the following link: http://www.legis.ga.gov/Legislation/20132014/137214.pdf

**Motor Fuel**

**HB 210 (O.C.G.A. § 48-8-17)** This bill ratifies the Governor’s Executive Order dated June 8, 2012 which suspended an increase that was to take place in the prepaid state tax rate beginning July 1, 2012. Specifically, this bill ratified the suspension of the collection of any rate of prepaid state taxes to the extent it would have differed from the rate levied as of January 1, 2012 as applied to sales of motor fuel and aviation gasoline.

House Bill 210 became effective upon its approval by the Governor on May 6, 2013.

House Bill 210 can be viewed at the following link: http://www.legis.ga.gov/Legislation/20132014/136349.pdf

**HB 211 (O.C.G.A. § 48-9-3)** This bill creates an exemption for the period of July 1, 2013 through June 30, 2015 from the motor fuel excise tax and second motor fuel tax for public school systems for the exclusive use of the school system in operating school buses when the motor fuel is purchased and paid for by the school system.

House Bill 211 became effective on July 1, 2013.

House Bill 211 can be viewed at the following link: http://www.legis.ga.gov/Legislation/20132014/137083.pdf

**HB 371 (O.C.G.A. § 48-9-3)** This bill provides that the gallon equivalent of liquefied natural gas for purposes of motor fuel taxation shall not be less than 6.06 pounds. Liquefied natural gas is defined to mean methane or natural gas in the form of a cryogenic or refrigerated liquid for use as a motor fuel.

House Bill 371 became effective on July 1, 2013.

House Bill 371 can be viewed at the following link: http://www.legis.ga.gov/Legislation/20132014/135115.pdf

**Motor Vehicle**

**HB 254 (O.C.G.A. § 40-6-10)** This bill permits the use of a mobile electronic device to display the minimum required motor vehicle liability insurance coverage in lieu of an insurance card.

House Bill 254 became effective upon its approval by the Governor on May 6, 2013.

House Bill 254 can be viewed at the following link: http://www.legis.ga.gov/Legislation/20132014/134602.pdf
**HB 255 (O.C.G.A. §§ 40-1-102, 40-2-140)** This bill transfers the Department of Revenue’s responsibility for administering the federal Unified Carrier Registration Act of 2005 to the Department of Public Safety.

House Bill 255 is effective July 1, 2014.

House Bill 255 can be viewed at the following link:

**HB 266 (O.C.G.A. § 48-5C-1)** The motor vehicle portions of the bill create significant changes to the title ad valorem tax applicable to motor vehicles titled in Georgia beginning March 1, 2013. The motor vehicle portions of the bill provide as follows:

- The definition of the “Fair Market Value” taxable base for the title ad valorem tax is amended as follows:
  - For new motor vehicles, the fair market value is the greater of the retail selling price (or in the case of a lease, the agreed upon value) or the value listed in the Department of Revenue assessment manual. The higher number that is used should then be reduced by the trade-in value, as well as reduced by any rebate or cash discounts provided by the selling dealer at the time of the sale. Retail selling price (or in the case of a lease, the agreed upon value) includes charges for delivery, freight, doc fees, and other such fees and is meant to mirror the taxable base that was formerly used for sales tax.
  - For used motor vehicles no significant change was been made to the law; therefore the fair market value is the value listed in the Department of Revenue assessment manual minus trade-in for dealer sales. If not listed in the assessment manual, the fair market value is the greater of the value from the bill of sale or the value from a reputable used car market guide designated by the commissioner, minus trade-in for dealer sales.

- Dealer penalties for failure to remit title ad valorem tax and title work to the county where the vehicle will be registered now begin on day 30 (the clock starts on the date of purchase) instead of on day 10.

- Changed the eligibility requirements for the “opt-in” which allows a vehicle that was subject to the annual ad valorem tax to be brought into the new system and thereby receive an exemption from annual ad valorem tax in the future. Those who qualify to opt-in receive a credit for any Georgia sales tax and ad valorem tax previously paid up to the amount of title ad valorem tax that would have been due.
  - Removes language that required a vehicle to be “purchased in this state” to be eligible to opt-in to the new system, so that now allow all vehicles purchased during January 1, 2012 but prior to March 1, 2013 are eligible to opt-in to the new title ad valorem tax regardless of where the vehicle was purchased.
  - Extends the period where the opt-in can occur till prior to February 28, 2014.

- Reduces title ad valorem rate for qualifying Rental Motor Vehicle Concerns to .625% state and .625% local (1.25% total). Qualifying rental motor vehicle capacity increased from 10 to 15 or fewer passengers.

- Extends the period for which a motor vehicle dealer may receive a title ad valorem tax exemption on loaner vehicles from 6 months to 366 days.

- The application of title ad valorem tax to leases changed significantly.
  - Title ad valorem tax rate on leased vehicles follows the ordinary rate (6.5% in 2013).
• Leased vehicles are now exempt from sales and use tax on the monthly lease payment.
  o Lessor must register with the Department and pay $100/year fee, and there is a $2,500 penalty for failure to register.
• Seller financed transactions for motor vehicle dealers (“Buy Here, Pay Here”) are eligible for a reduced title ad valorem tax rate.
  o Allows for a reduced rate of tax (2.5% less than the ordinary title ad valorem tax rate).
  o Effective upon promulgation of regulations from the Department.
• The following new exemptions from the title ad valorem tax have been added:
  o Bonded titles pursuant to O.C.G.A § 40-3-28.
  o Titles issued pursuant to foreclosure of mechanics lien under O.C.G.A § 40-3-54.
  o Titles issued to certain persons acquiring abandoned vehicles pursuant to Chapter 11 of Title 40.
  o Titles issued to an insurance company paying out a claim on a stolen vehicle under O.C.G.A § 40-3-43.
  o Titles issued to a rebuilder, retail dealer, or manufacturer for the purpose of resale. The applicant must provide an affidavit on a form approved by the Department of Revenue.
  o Titles issued pursuant to the foreclosure of a security interest in the name of the security interest holder pursuant to Part 6 of Article 9 of Title 11.
  o Titles issued to a person who paid title ad valorem tax and subsequently moves out of the state, but who then returns to Georgia and retitles such vehicle in Georgia.
  o Vehicles registered in the International Registration Plan are specifically excluded from title ad valorem tax but are subject to apportioned ad valorem tax.
• The sales tax exemption for those that pay title ad valorem tax was expanded to include TSPLOST.
  o Vehicles subject to title ad valorem tax are now exempt from the Transportation Special Purpose Local Option Sales Tax in addition to all other sales and use taxes.
• Older vehicles are subject to a reduced title ad valorem tax.
  o 1963 through 1985 model year vehicles for which a title is obtained are subject to a title ad valorem tax of .50% state and .50% local (1% total).

House Bill 266 became effective upon its approval by the Governor on May 5, 2013.

House Bill 266 can be viewed at the following link:


House Bill 277 became effective upon its approval by the Governor on April 24, 2013.

House Bill 277 can be viewed at the following link:
**HB 323 (Numerous Code Sections in Title 40)** This bill amends the Georgia Motor Common and Contract Carrier Act of 2012 by adding and clarifying procedures for the Department of Public Safety’s regulation of motor carrier and limousine carriers including the suspension of operating authority, the suspension of vehicle registrations, liens placed on titles, and the imposition of certain penalties and fees.

Sections 4 and 5 provide for the role of the Department of Revenue in the enforcement of the Act. The Department of Public Safety may place a lien on the title of a motor carrier or limousine carrier that fails to pay fines or penalties and such lien may be perfected through a procedure with the Department of Revenue. The Department of Revenue may also suspend a vehicle’s registration. The Department of Revenue may access and retain a reissuance fee to process an application for title when the lien has been satisfied.

Section 12 of the bill provides the requirements for a farm vehicle to be considered a covered farm vehicle and therefore not a motor carrier, and requires that such farm vehicles be identifiable through a special designation such as a license plate.

House Bill 323 became effective July 1, 2013, with the exception of Section 12, which is effective January 1, 2014.

House Bill 323 can be viewed at the following link:  

**HB 463 (O.C.G.A. §§ 40-2-88, 40-2-152, 48-5-442.1, 48-5C-1)** Sections 1, 2, & 3 of the bill create an alternative ad valorem tax applicable to vehicles registered in the International Registration Plan (“IRP”). The alternative ad valorem tax is apportionable and replaces the standard apportioned ad valorem tax collected by local governments and is paid in addition to registration fees. The alternative ad valorem tax and registration fees will be paid to the Department of Revenue. Trailers and semitrailers will be subject to ad valorem taxes but the tax may be paid either at the county level or directly to the Department of Revenue. The bill provides for the manner of distribution of proceeds collected by the Department of Revenue to local governments.

Section 4 of the bill deals with the title ad valorem tax and provides that a certificate of title applicant may file an expedited appeal of the value of a motor vehicle directly to the county tag agent by presenting information demonstrating a lower value than the assessed fair market value of the motor vehicle. This method for an appeal is in addition to the appeal methods provided by O.C.G.A. §§ 48-5-450 and 48-5-311. Section 4 of the bill also corrects typographical errors in the definition of fair market value of a new motor vehicle.

House Bill 463 became effective upon its approval by the Governor on April 10, 2013. Sections 1, 2, & 3, pertaining to the International Registration Plan, are applicable to tax years beginning on or after January 1, 2014.

House Bill 463 can be viewed at the following link:  

**SB 121 (O.C.G.A. §§ 40-2-62 & 40-2-85.1, 40-2-86)** Section 1 of the bill provides that former members of the Georgia General Assembly who served for 8 or more years are deemed to have obtained emeritus status and therefore become eligible to receive a special license plate.
Section 2 of the bill changes the requirements to qualify for a military veteran license plate. Previously, in order to qualify an individual must have retired from active duty military service and have been discharged under honorable conditions. This amendment to the law provides that any former member of the armed forces of the United States who is discharged from the armed forces under other than dishonorable conditions, regardless of whether they actually retired from military service, will qualify for the plate.

Section 3 of the bill changes the special license plate for the “AIDS Survival Project” to “AID Atlanta”, adds the special license plate for the Appalachian Trail Conservancy, and adds a special license plate for the Atlanta Braves Foundation.

Senate Bill 121 became effective on July 1, 2013.

Senate Bill 121 can be viewed at the following link:

**Property Tax**

**HB 197 (O.C.G.A. §§ 48-5-7.4, 48-5-7.7, 48-5-295.1, 48-5-295.2, 48-5-311)** This bill revises the requirements for land that is classified as bona fide conservation use property, changes requirements for land subject to a forest land conservation use covenant, and makes other changes related to property tax administration and appeals.

For purposes of conservation use property, the primary purpose of the conservation use was amended to include land conservation and ecological forest management in which commercial production of wood and wood fiber products may be undertaken primarily for conservation and restoration purposes rather than financial gain.

For purposes of a forest land conservation use covenant, this bill clarifies that the term “underlying land” means a minimum of a two acre lot or the size required for residential construction by a zoning ordinance, whichever is less. This provision for excluding underlying land of a residence from eligibility in the conservation use covenant is only applicable to property that is either first made subject to such a covenant or is subject to a renewal of a previous conservation use covenant on or after January 1, 2014.

Additionally, House Bill 197 provides that granting easements solely for ingress and egress as well as for certain commercial agricultural activities will not prohibit otherwise qualified land from participating in a forest land conservation use covenant. The bill also modifies penalties in the event of a breach of a covenant to twice the difference between the total amount of tax paid under the conservation use assessment and the total amount of taxes that would have been otherwise due during the covenant period.

House Bill 197 allows the State Revenue Commissioner to appoint an Appraisal Review Board in the event there is evidence that calls into question the methods used to determine a county tax digest. If such a review board is formed, it shall be composed of three members all appointed by the Commissioner including one employee of the Department of Revenue and two county appraisers. The Review Board shall issue a written report of its findings which may be grounds for the withholding of certain local assistance grants.
Finally, House Bill 197 addresses the circumstances in which a temporary tax bill should be issued either at 85% or 100% during a pending appeal.

House Bill 197 became effective on July 1, 2013.

House Bill 197 can be viewed at the following link:  

HB 304 (O.C.G.A. § 48-5-48.2) This bill permits a county or municipality freeport exemption for the “substantial modification in the ordinary course of manufacturing, processing, or production operations” to include the blending of fertilizer bulk materials into a custom mixture, whether performed at a commercial fertilizer blending plant, retail outlet, or any application site.

House Bill 304 is effective January 1, 2014.

House Bill 304 can be viewed at the following link:  

HB 359 (O.C.G.A. §§ 44-12-218; 48-16-10) This bill provides that funds retained for the administration of the disposition of unclaimed property should be deposited into the state treasury instead of being maintained in a separate trust account by the Department of Revenue. This bill also provides that fees collected to defray the cost of collection of deficient taxes should be deposited into the state treasury instead of being retained by the Department of Revenue.

House Bill 359 became effective upon its approval by the Governor on May 6, 2013.

House Bill 359 can be viewed at the following link:  

SB 145 (O.C.G.A. § 48-5-7.4) This bill allows all or part of any property which has been subject to a covenant for conservation use for at least one year to be used as a site for farm weddings and used to host not for profit equestrian performance events without losing the benefit of the conservation use covenant. The bill further states that any land used for a not for profit equestrian performance event cannot charge an admission fee, but may charge an entry fee from each participant.

Senate Bill 145 became effective on July 1, 2013.

Senate Bill 145 can be viewed at the following link:  

SALES AND USE TAX

HB 164 (O.C.G.A. § 48-8-3) This legislation extends until June 30, 2015 the period of exemption for the sale or use of engines, parts, equipment, and other tangible personal property used in the maintenance or repair of aircraft when such property is installed on aircraft that is being repaired or maintained in this state, so long as such aircraft is not registered in this state.
House Bill 164 became effective on July 1, 2013.

House Bill 164 can be viewed at the following link: 

HB 266 (O.C.G.A. §§ 48-8-3, 48-8-3.3, 48-8-38) Sections 4, 5 and 6 of this bill relate to sales and use tax.

- Section 4 provides for a sales and use tax exemption for motor vehicles titled in Georgia after March 1, 2013. This exemption does not apply to rentals of motor vehicles for periods of 31 or fewer consecutive days.
- Section 5 changes the definition of ‘energy used in agriculture’ to clarify that fuels subject to prepaid state tax (as defined in Code Section 48-8-2) are not exempt under Code Section 48-8-3.3. It also requires a dealer that performs both manufacturing and agricultural operations at a single place of business to choose either the exemptions under 48-8-3.2 (manufacturing) or the exemptions under 48-8-3.3 (agriculture), but not both, in any one calendar year.
- Section 6 revises Code Section 48-8-38, relating to the burden of proof on the seller as to the taxability of a transaction, by reinstating the good faith requirement for the acceptance of a sales and use tax exemption certificate.

House Bill 266 became effective upon its approval by the Governor on March 5, 2013.

House Bill 266 can be viewed at the following link: 

HB 318 (O.C.G.A. §§ 48-8-3, 48-8-271, 48-8-273, 48-8-274, 48-8-275, 48-8-276) The sales and use tax portions of this bill (Sections 7 - 12) correct technical problems with the original Tourism Development Act, which provides a monetary incentive to certain companies undertaking the development or expansion of certain tourism attractions. The incentive is referred to as a “refund” of sales and use taxes and occurs annually over a ten-year period. The amendment:

- Clarifies that only one entity is permitted to receive the refund for any one tourism attraction.
- Simplifies the calculation of the refund for new projects by removing “incremental sales tax” from the calculation. The annual refund for new projects is the lesser of 2.5% of “approved costs” (development and construction costs) or the sales tax generated by retail sales at the tourism attraction for the year.
- Clarifies the calculation of the refund for expansions. The annual refund for expansions is the lesser of the incremental sales tax or 2.5 percent of “approved costs.” Incremental sales tax is difference between sales tax generated by the attraction after the expansion and sales tax generated prior to the expansion.
- Removes language that stated that the total refund over the ten year period should equal the lesser of 25% of approved costs of the tourism attraction project, or the amount of sales tax generated over the ten year term. Before its removal, this language could have arguably required a payment in addition to the ten annual refund payments.
- Clarifies that refunds do not accrue interest.
- Generally limits refunds to the state sales and use taxes generated by the project. HB 318 clearly excludes the local sales tax for educational purposes (the “ELOST”) from the
definition of “refund”. By local resolution, the county and city, (if the project is also within city limits), where the project is located have the discretion to provide for a refund of the remaining local sales and use taxes other than the ELOST. Any such refund of local taxes would be under the same terms and conditions as a refund of the state sales and use taxes.

- Makes other clarifications easing the administration of the Act.

Finally, note that in Section 6.1, HB 318 also extends until June 30, 2015 the period of exemption for sales of tangible personal property used for and in the renovation or expansion of a zoological institution.

House Bill 318 became effective upon its approval by the Governor on April 29, 2013.

House Bill 318 can be viewed at the following link: