2014
SUMMARY OF ENACTED LEGISLATION

ALCOHOL, TOBACCO, AND COIN-OPERATED AMUSEMENT MACHINES

HB 251 (O.C.G.A. §§ 16-12-170 thru -175) This bill provides for the regulation of alternative nicotine products and vapor products and amends certain provisions related to cigarettes and other tobacco products.

Under Code Section 16-12-170, this bill creates and amends numerous definitions of tobacco items that are regulated, including the following (each definition excludes items regulated by the FDA):

- "Alternative nicotine product" means any noncombustible product containing nicotine that is intended for human consumption, whether chewed, absorbed, dissolved, or ingested by any other means.
- "Cigarette" means roll for smoking made wholly or in part of tobacco when the cover of the roll is paper or any substance other than tobacco.
- "Tobacco product" means any cigars, little cigars, granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff or snuff powder; cavendish; plug and twist tobacco; fine-cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings, and sweepings of tobacco; and other kinds and forms of tobacco, prepared in such a manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking.
- "Vapor product" means any noncombustible product containing nicotine that employs a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size, that can be used to produce vapor from nicotine in a solution or other form. The term "vapor product" shall include any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.

These definitions are then applied in the following amended Code sections:

- 16-12-171 – adds tobacco products, alternative nicotine products, and vapor products to prohibitions related to sales to and for minors, the counseling of minors to use such products, and also adds identification requirements for purchasing such items;
- 16-12-172 – includes the terms "alternative nicotine products" and "vapor products" in the required signs posted by businesses warning that sales of certain items to minors are prohibited by law;
- 16-12-173 – provides the guidelines for selling alternative nicotine products and vapor products in vending machines;
- 16-12-174 – provides guidelines for the distribution of cigarettes, alternative nicotine products and vapor products as tobacco product samples; and
- 16-12-175 – adds locations that sell cigarettes, alternative nicotine products, and vapor products to the list of places in which the commissioner is authorized to conduct random unannounced inspections.

House Bill 251 is effective July 1, 2014.

House Bill 251 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144960.pdf

HB 737 (O.C.G.A. §§ 3-3-24.1, 3-5-4) This bill repeals Code Section 3-3-24.1. Since the substantive portion of this Code Section was already previously repealed, however, this part of the bill is merely a "clean-up".

The bill also amends Code Section 3-5-4 to add the following provisions regarding malt beverages:

- Malt beverages may be removed from the residence where they were produced and transported and delivered by the producer to a location not licensed under Title 3, and for which a home-brew special event permit has not been issued;
- No more than 128 oz. of the malt beverage produced in the same residence can be transported at one time;
- The malt beverages must be securely sealed in one or more containers and clearly labeled with the name of the producer and the address of the residence at which they were produced; and
- If the malt beverages are transported in a motor vehicle, the securely sealed containers must be placed in a locked glove compartment, a locked trunk, or the area behind the last upright seat of a motor vehicle that is not equipped with a trunk.

House Bill 737 is effective July 1, 2014.

House Bill 737 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144529.pdf

HB 825 (O.C.G.A. §§ 3-4-24, 3-6-21.2) The amendment to Code Section 3-4-24 authorizes the commissioner to issue a license to a fruit grower who is also licensed as a farm winery. This license would allow the fruit grower to manufacture distilled spirits and fortified wines for sale exclusively through a licensed and designated wholesaler. In its capacity as a farm winery, the entity must have no more than one tasting room located on its licensed premises.

Generally, a Georgia farm winery may offer wine samples and make retail sales of its wine and the wine of any other Georgia farm winery in tasting rooms at the winery and at five additional locations inside the state for consumption on premises and in closed packages for consumption off the premises. However, this bill amends Code Section 3-6-21.2 to provide that if a Georgia farm winery is also a licensed fruit grower under Code Section 3-4-24, the Georgia farm winery may have only one tasting room, and that tasting room must be located on the licensed premises of the Georgia farm winery. Additionally, the licensed Georgia farm winery may only sell its wine, or the wine of any other farm winery, in that one tasting room on the licensed premises of the Georgia farm winery.

House Bill 825 became effective upon its approval by the Governor on April 15, 2014.

House Bill 825 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/143769.pdf

SB 240 (O.C.G.A. §§ 3-4-22, 3-9-7) This bill provides for licenses for nonprofit museums to produce distilled spirits. A "nonprofit museum" is defined as a museum whose mission includes educating the public about the local, state, and national history of the United States and that is owned and operated by a bona fide nonprofit civic organization which holds title to improved real property with a structure listed on the National Register of Historical Places. The commissioner is authorized to issue a nonprofit distiller license to a nonprofit museum, regardless of whether such nonprofit museum holds an annual license to sell malt beverages, wine, or distilled spirits for consumption on the premises. Issuance of the nonprofit distiller license is conditional upon the nonprofit museum filing an application and paying an annual occupational license tax of $100. The nonprofit distiller license authorizes the nonprofit museum to produce no more than 800 liters of distilled spirits in a calendar year.

The nonprofit museum must be located in a county or municipality where the production of distilled spirits is authorized and the nonprofit museum has been issued a local license for the production of distilled spirits. The production of distilled spirits must be for educational purposes only, the distilled spirits must be stored and aged only on the premises of the nonprofit museum for which the nonprofit distiller license has been issued, and the distilled spirits may not be removed from the premises except through disposal methods consistent with federal and state law and any applicable rules and regulations. Tastings of the distilled spirits must take place on the premises of the nonprofit museum and are subject to certain restrictions. No bond is required to be filed with the commissioner for a nonprofit distiller license. The annual license fee charged by the local county or municipality for a nonprofit distiller license may not be more than $100 for each license.

Senate Bill 240 became effective upon its approval by the Governor on April 26, 2014.

Senate Bill 240 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/145061.pdf

SB 286 (O.C.G.A. §§ 3-1-2, 3-6-1, 3-6-21.5, and 3-6-25) This bill amends Code Sections 3-1-2 and 3-6-1 by changing the current 21 percent alcohol by volume limits for wine, fortified wine, and dessert wine to the maximum percent allowed under federal law, which is 24 percent. The definition of distilled spirits has therefore also been amended to provide that distilled spirits are meant to contain a percent alcohol by volume of more than 24 percent instead of the current standard of more than 21 percent. Further, the definition of distilled spirits no longer includes fortified wines as a type of distilled spirit.

Also under this bill, vintners who blend wine with distilled spirits to produce fortified wine are no longer considered a manufacturer of distilled spirits. The bill adds a new Code Section 3-6-21.5 which provides that a winery may purchase distilled spirits directly from a manufacturer and blend those spirits with wines it produced to make fortified wine, but that such distilled spirits may not be used by the winery for any other purpose. The bill also amends Code Section 3-6-25 by providing that fortified wine produced under Code Section 3-6-21.5 and wine produced by farm wineries each constitute an exception to the general rule that wine sold by a retail dealer must have been acquired from a wholesale dealer.

Senate Bill 286 became effective upon its approval by the Governor on April 21, 2014.

Senate Bill 286 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144484.pdf

SB 318 (O.C.G.A. § 3-3-7) This bill provides that in all counties or municipalities where the sale of alcoholic beverages is lawful for consumption on the premises, the county or municipal governing authority may adopt a resolution or ordinance authorizing the sale of alcoholic beverages for consumption on the premises from 12:30 P.M. until 12:00 Midnight on any Sunday which occurs during the St. Patrick's day holiday period. The St. Patrick's holiday period is defined in the law to mean March 16 through March 18 of each year.

Senate Bill 318 became effective upon its approval by the Governor on March 13, 2014.

Senate Bill 318 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/143165.pdf

INCOME TAX

HB 348 (O.C.G.A. §§ 48-7-29.18 and 48-7-29.19) This bill enacts Code Sections 48-7-29.18 and 48-7-29.19 to create a tax credit for the purchase of an alternative fuel heavy-duty vehicle and an alternative fuel medium-duty vehicle.

Code Section 48-7-29.18:

- Defines the terms "affiliated entity," "alternative fuel", "alternative fuel heavy-duty vehicle", "alternative fuel medium-duty vehicle", "new commercial vehicle," and "taxpayer".
- Provides a tax credit for the amount expended on or after July 1, 2015, and before June 30, 2017, to purchase an alternative fuel heavy-duty vehicle not to exceed $20,000.00.
- Provides a tax credit for the amount expended on or after July 1, 2015, and before June 30, 2017, to purchase an alternative fuel medium-duty vehicle not to exceed $12,000.00.
- Provides that the tax credits shall be limited to $2.5 million in each fiscal year beginning with fiscal year 2016 and ending with fiscal year 2017.
- Specifies that in no event shall the total amount of the credit for a taxpayer or an affiliated entity for a taxable year exceed the lesser of the taxpayer's income tax liability or $250,000.00. No unused portion of the credit shall be allowed the taxpayer or an affiliated entity against succeeding years' tax liabilities. No tax credit shall be allowed the taxpayer or an affiliated entity against any prior years' tax liability. This tax credit shall not apply to any vehicle for which the taxpayer or an affiliated entity has applied for and received a tax credit as set forth in Code Section 48-7-40.16 (zero and low emission vehicle credit).

Code Section 48-7-29.19:

- Provides that a taxpayer seeking to claim a tax credit under Code Section 48-7-29.18 shall submit an application to the Commissioner for preapproval of such tax credit. Before any such application for such tax credit is filed, the applicant shall have completed the purchase and shall have registered the qualified vehicle or vehicles in this state.
- Specifies that the application shall include:
    - Certification from the Department of Natural Resources that the vehicle is an alternative fuel heavy-duty vehicle, or alternative fuel medium-duty vehicle, as defined in Code Section 48-7-29.18;
    - A sworn affidavit from the taxpayer certifying that the vehicle shall accumulate at least 75 percent of its mileage in Georgia in each year for a five-year period,

that it is registered in Georgia and shall remain registered in Georgia for no less than five years; and

- Any other information requested by the Commissioner pursuant to a rule or regulation. The Commissioner shall create and make available the forms to be used for such applications. Within 60 days of receipt of a properly completed application, the Commissioner shall preapprove the application if a sufficient amount of available tax credits remain.

- Provides that the Commissioner shall preapprove the tax credits based on the order in which properly completed applications were submitted. In the event that two or more applications were submitted on the same day and the amount of funds available will not be sufficient to fully fund the tax credits requested, the Commissioner shall prorate the available funds between or among the applicants.
- The commissioner shall be authorized to promulgate any rules and regulations necessary to implement and administer the provisions of this Code section, including provisions for repayment of any credit in the event any of the certifications of paragraph (2) of subsection (a) of this Code section are or become untrue during the five-year period following the date of application.

House Bill 348 became effective upon its approval by the Governor on April 4, 2014 and is applicable to taxable years beginning on or after January 1, 2015.

House Bill 348 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144446.pdf

HB 658 (O.C.G.A. §§ 48-12-1 through 48-12-6) Current law provided that Georgia's estate tax equaled the federal estate tax credit. But since the federal estate tax credit ceased to exist for those who died on or after January 1, 2005, Georgia has not had an estate tax. This bill permanently repeals Georgia's estate tax but does provide that tax, penalty, and interest liabilities and refund eligibility for prior taxable years shall not be affected by the enactment of this revised code section and shall continue to be governed by the provisions of general law as it existed immediately prior to July 1, 2014. It further provides that this Code section shall not abate any prosecution, punishment, penalty, administrative proceeding or remedy, or civil action related to any violation of law committed prior to July 1, 2014."

House Bill 658 became effective upon its approval by the Governor on April 28, 2014.

House Bill 658 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/143715.pdf

HB 697 (O.C.G.A. §§ 20-3-316.1 and 20-3-409) The income tax portion of this bill (Section 6 and Section 7) provides that each income tax return (Form 500) for taxable years beginning on or after January 1, 2015, shall contain appropriate language, to be determined by the state revenue commissioner, offering the taxpayer the opportunity to contribute to the nonprofit corporations established by subparagraph (Y) of paragraph (1) of Code Section 20-3-316 to assist students with educational expenses by either donating all or any part of any tax refund due and by authorizing a reduction in the refund check otherwise payable, or by contributing any amount over and above any amount of tax owed by adding that amount to the taxpayer's payment. The Department of Revenue shall determine annually the total amount so contributed, and shall transmit such amount to the Georgia Student Finance Authority for even division among and

deposit in the nonprofit corporations established by subparagraph (Y) of paragraph (1) of Code Section 20-3-316.

The bill also repeals Code Section 20-3-409, which allows taxpayers to contribute to the Georgia Student Finance Fund.

House Bill 697 is effective on July 1, 2014.

House Bill 697 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144805.pdf

HB 782 (O.C.G.A. § 48-2-100) This bill:

- Provides an exemption for certain businesses and employees (out-of-state businesses or out-of-state employees as defined in the bill) that enter into this state, on a temporary basis to provide help and assistance in response to a declared state of disaster or emergency. The exemption applies to income taxes, net worth taxes, and income tax withholding (and certain other state and local taxes, fees, and registration requirements not administered by the Department).
- The bill provides no exemption for transaction taxes and fees including but not limited to fuel taxes, sales taxes, use taxes, hotel taxes, and car rental taxes and fees.
- Any out-of-state business or out-of-state employee that remains in this state after the disaster or emergency period shall become subject to the state's normal requirements for establishing presence, residency, or doing business and shall comply with all state and local registration, licensing, and filing requirements.
- Any out-of-state business that enters Georgia to perform qualified work during a disaster or emergency period shall provide to the Department and to the Georgia Emergency Management Agency a statement that it is in this state for purposes of responding to the disaster or emergency, which statement shall include the business' name, state of domicile, principal business address, federal tax identification number, date of entry, and contact information.
- A registered business in this state shall provide the information required above to the Department and to the Georgia Emergency Management Agency for any affiliate that enters Georgia that is an out-of-state business. The notification shall also include contact information for the registered business in this state.

House Bill 782 is effective on July 1, 2014.

House Bill 782 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144452.pdf

HB 791 (O.C.G.A. § 48-7-40.1) This bill amends Code Section 48-7-40.1, the job tax credit for less developed areas, to provide that any subsequent redrawing or alteration of census tracts that results in an area no longer being in a census tract adjacent to a federal military installation shall not disqualify an area which has previously qualified if the area continues to have pervasive poverty as described in Code Section 48-7-40.1.

House Bill 791 became effective upon its approval by the Governor on April 15, 2014.

House Bill 791 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/143427.pdf

HB 918 (O.C.G.A. §§ 48-1-2 and 48-2-32) There are two sections of this bill:

Section 1 is applicable to taxable years beginning on or after January 1, 2013 (thus it also includes the 2014 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 1, 2014. For 2012 and 2013, for Georgia purposes, the I.R.C. Section 179 deduction is limited to $250,000 and the related phase out is $800,000. For 2014 the I.R.C. Section 179 deduction is currently $25,000 and the related phase out is $200,000 (historically this has been increased by Congress and the Georgia General Assembly has later adopted at least a portion of the increase). Georgia has not adopted the Section 179 deduction for certain real property.

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% first year depreciation for post 8/28/2006 Gulf Opportunity Zone property. I.R.C. Section 1400N(d)(1).
- 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).
- 5 year depreciation life for most new farming machinery and equipment. I.R.C. Section 168(e)(3)(B)(vii).
- 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 918 became effective upon its approval by the Governor on April 15, 2014 and is applicable to all taxable years beginning on or after January 1, 2013.

Section 2 provides that third-party payroll providers (a payroll provider who prepares or remits, or both, Georgia withholding tax for more than 250 employers) must submit all state withholding tax registration applications electronically in the manner specified by the Department. Any state withholding tax registration applications that are not submitted electronically by such third-party payroll provider in the manner specified by the Department shall not be considered by the Department. Section 2 of House Bill 918 became effective upon its approval by the Governor on April 15, 2014.

House Bill 918 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144462.pdf

HB 958 (O.C.G.A. § 48-7-40.26) The income tax portion of this bill (Section 1) amends Code Section 48-7-40.26, the film tax credit. Section 1 of the bill:

- Changes the definition of the term "qualified interactive entertainment production company."
- Specifies that the $25 million aggregate credit cap for all qualified interactive entertainment production companies and affiliates only applies to taxable years beginning on or after January 1, 2013 and before January 1, 2014 (under current law when this cap is reached the film tax credit for qualified interactive entertainment production companies and affiliates expires).
- Provides that the $5 million maximum credit cap for any qualified interactive entertainment production company and its affiliates only applies to taxable years beginning on or after January 1, 2013 and before January 1, 2014 (under current law this maximum credit cap applies until the credit expires or until it is reached).
- Provides that for taxable years beginning on or after January 1, 2014, and before January 1, 2015, the aggregate amount of film tax credits allowed for all qualified interactive entertainment production companies and affiliates shall not exceed $12.5 million.

- Provides that for taxable years beginning on or after January 1, 2015, and before January 1, 2016, the aggregate amount of film tax credits allowed for all qualified interactive entertainment production companies and affiliates shall not exceed $12.5 million.
- Specifies that the film tax credit for qualified interactive entertainment production companies and affiliates shall not be available for taxable years beginning on or after January 1, 2016.
- For taxable years beginning on or after January 1, 2014, and before January 1, 2016, provides that the maximum allowable credit claimed for any qualified interactive entertainment production company and its affiliates shall not exceed $1.5 million in any single year.
- Specifies that the Commissioner shall allow the tax credits for qualified interactive entertainment production companies on a first-come, first-served basis based on the date the credits are claimed.
- Provides that no qualified interactive entertainment production company shall be allowed to claim an amount of tax credits for any single year in excess of its total aggregate payroll expended to employees working within Georgia for the calendar year directly preceding the start of the year the qualified interactive entertainment production company claims the film tax credit. And specifies that any amount in excess of this limit shall not be eligible for carry forward to the succeeding years' tax liability, nor shall such excess amount be eligible for use against the qualified interactive entertainment production company's quarterly or monthly payment under Code Section 48-7-103, nor shall such excess amount be assigned, sold, or transferred to any other taxpayer.
- Specifies that before the Department of Economic Development issues its approval to the qualified interactive entertainment production company for the qualified production activities related to interactive entertainment, the qualified interactive entertainment production company must certify to the Department of Revenue that:
    - The qualified interactive entertainment production company maintains a business location physically located in Georgia; and
    - The qualified interactive entertainment production company had expended a total aggregate payroll of $500,000.00 or more for employees working within Georgia during the calendar year directly preceding the start of the taxable year of the qualified interactive entertainment production company.
- The Department of Revenue shall issue a certification that the qualified interactive entertainment production company meets the above requirements; provided, however, that the Department of Revenue shall not issue any certifications before July 1, 2014. The qualified interactive entertainment production company shall provide such certification to the Department of Economic Development. The Department of Economic Development shall not issue its approval until it receives such certification.

Section 1 of House Bill 958 became effective upon its approval by the Governor on April 14, 2014 and is applicable to all taxable years beginning on or after January 1, 2014.

House Bill 958 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/143729.pdf

HB 1000 (O.C.G.A. §§ 48-7-160 through 48-7-170) This bill allows the Administrative Office of the Courts to receive an individual taxpayer's state income tax refund on behalf of certain courts to offset a debt. Debts are defined as any liquidated sum that constitutes any and all court costs, surcharges, and fines for which there is an outstanding court judgment. The courts that are included are all trial courts in this state, including but not limited to the superior, state, juvenile,

magistrate, probate, and municipal courts, whether called mayor's courts, recorder's courts, police courts, civil courts, or traffic courts, and miscellaneous and special courts.

House Bill 1000 is effective on January 1, 2015.

House Bill 1000 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144924.pdf

SB 391 (O.C.G.A. § 48-7-27) The income tax portion of this bill (Section 2-1) amends Code Section 48-7-27(a) by adding a new paragraph (13.2). The new paragraph provides for the following subtractions in computing taxable net income:

- An amount equal to $1,000.00 for any physician who served as the community based faculty physician for a medical core clerkship provided by community based faculty.
- An amount equal to $1,000.00 for any physician who served as the community based faculty physician for a physician assistant core clerkship provided by community based faculty.
- An amount equal to $1,000.00 for any physician who served as the community based faculty physician for a nurse practitioner core clerkship provided by community based faculty.

Senate Bill 391 is effective on July 1, 2014 and the income tax portion is applicable to all taxable years beginning on or after January 1, 2014.

Senate Bill 391 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/145096.pdf

SR 415 This bill proposes an amendment to the Georgia Constitution. The proposed amendment reads as follows: "Paragraph IV. Increase in state income tax rate prohibited. The General Assembly shall not increase the maximum marginal rate of the state income tax above that in effect on January 1, 2015."

The amendment to the Georgia Constitution will become effective if it is ratified in a referendum by the Georgia voters.

Senate Resolution 415 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144989.pdf

MOTOR VEHICLE

HB 877 (Numerous Code Sections in Title 40) This bill provides a comprehensive regulatory structure for personal transportation vehicles and provides local governments the authority to govern the use and operation of personal transportation vehicles.

A “personal transportation vehicle” is defined as “Any motor vehicle having no fewer than three wheels and an unladen weight of 1,300 pounds or less and which cannot operate at more than 20 miles per hour if such vehicle was authorized to operate on local roads by a local authority prior to January 1, 2012. Such vehicles may also be referred to as 'motorized carts' in such local ordinances . . . and any motor vehicle with a minimum of four wheels; capable of a maximum level ground speed of less than 20 miles per hour; with a maximum gross vehicle unladen or

empty weight of 1,375 pounds; and capable of transporting not more than eight persons. The term does not include mobility aids, including electric personal assistive mobility devices, power wheelchairs, and scooters, that can be used indoors and outdoors for the express purpose of enabling mobility for a person with a disability. The term also does not include any all-terrain vehicle or multipurpose off-highway vehicle."

The bill excludes personal transportation vehicles from being titled and registered. The bill also provides that on or after July 1, 2014, every manufacturer of personal transportation vehicles must inscribe a unique permanent identification number on such vehicles. Additionally, the bill provides licensing, driving, equipment and inspections rules for such vehicles.

House Bill 877 is effective July 1, 2014.

House Bill 877 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144917.pdf

HB 881 (O.C.G.A. § 40-2-86) This bill amends the imposition and distribution of special license plate manufacturing fees, special license initial plate fees, and special license plate renewal fees for the non-game endangered wildlife, bobwhite quail restoration, and trout restoration plates which fund programs of the Georgia Department of Natural Resources. It further creates a new revenue sharing license plate for the Grady Healthcare Foundation.

Section 1 creates a new subsection (n) in Code Section 40-2-86 that provides for the fees and the distribution of those fees for the non-game endangered wildlife plates, the bobwhite quail plate, and the trout restoration plate:

- There is no manufacturing fee associated with these plates.
- Initial issuance – In addition to the annual registration fee of $20 applicable to all plates, there is a $25.00 special license plate fee when the license plates are first issued.
    - $5.00 goes to the Georgia State General Fund;
    - $1.00 goes to the county tag agent; and
    - $19.00 goes to the license plate sponsor.

- Renewal – In addition to the annual registration fee of $20 applicable to all plates, there is a $25.00 special license plate renewal fee when the license plates are renewed.
    - $5.00 goes to Georgia State General Fund; and
    - $20.00 goes to the license plate sponsor.

Section 2 creates a special license plate for the Grady Health Foundation where the funds will be disbursed to the Grady Health Foundation as provided by law.

House Bill 881 is effective July 1, 2014.

House Bill 881 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144366.pdf

SB 298 (Numerous Code Sections) Section 3-1 of this bill amends Code Section 40-2-74.1 related to eligibility for disabled person parking permits. The amendment provides that in lieu of an affidavit from a licensed doctor of medicine, licensed doctor of osteopathic medicine, licensed doctor of podiatric medicine, licensed optometrist, or licensed chiropractor, a doctor's signed and dated statement on security paper as defined in Code Section 26-4-5, including the same

information as required in an affidavit under Code Section 40-2-74.1, shall be sufficient to acquire a disabled person parking permit.

The motor vehicle section of Senate Bill 298 is effective July 1, 2014.

Senate Bill 298 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/145056.pdf

SB 392 (O.C.G.A. §§ 40-1-1, 40-2-27, 40-3-30, 40-3-30.1, and 40-5-24) Sections 1 – 4 of this bill relate to motor vehicle titling and registration. This bill allows for the titling and registration of former military vehicles and for their operation on Georgia roads.

Section 1 defines a 'Former Military Vehicle' as "a motor vehicle which operates on the ground, including a trailer, that was manufactured for use in any country's military forces and is maintained to represent its military design, regardless of the vehicle's size, weight, or year of manufacture. Such term shall not include motor vehicles armed for combat or vehicles owned or operated by this state, the United States, or any foreign government."

Sections 2 & 3 provide that all motor vehicles manufactured more than 25 years prior to the application for title and registration shall not be required to conform to certain federal motor vehicle safety standards. Further, these sections provide that a Former Military Vehicle is not required to comply with certain federal motor vehicle safety standards in order to receive a title and registration if it is less than 25 years old and was manufactured for the United States military.

Section 4 prohibits a "Former Military Vehicle" from being classified as an "Unconventional Motor Vehicle" which may not be lawfully titled and registered.

Senate Bill 392 is effective July 1, 2014.

Senate Bill 392 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144906.pdf

PROPERTY TAX

HB 399 (O.C.G.A. §§ 6-3-20, 6-3-21) This bill provides a change in the manner in which ad valorem taxation will be applied to estates in land at publically owned airports and landing fields. Code Section 6-3-21 provides that any land acquired, owned, leased, controlled, or occupied by counties, municipalities, or other political subdivisions with respect to airports and landing fields is not subject to ad valorem taxation. However, subject to certain conditions, an interest held by a private party in a facility on such lands that is leased to, controlled, or occupied by the private party may be subject to ad valorem taxation. This bill provides that a private party's interest in such facilities is subject to ad valorem taxation so long as "the interests create an estate in land." Previously, the law permitted ad valorem taxation in such interests "regardless of the extent of such interest, whether possessory or an estate in land", which had thereby previously permitted ad valorem taxation of a usufruct.

House Bill 399 became effective upon its approval by the Governor on April 29, 2014.

House Bill 399 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/138947.pdf

HB 755 (O.C.G.A. §§ 48-5-2, 48-5-29, 48-5-304, 48-5-311, and 48-5-380) This bill revises numerous provisions related to the ad valorem taxation of property. Such revisions include an amended definition of forest land fair market value, new conditions, procedures, and limitations for ad valorem property tax litigation in superior court, limitations on the approval of tax digests when assessments are in arbitration or on appeal, the valuation of property when its assessed value is under appeal, and procedures for refunds of taxes and license fees by counties and municipalities.

Section 1 of the bill amends the definition of "forest land fair market value" as follows:

- 'Forest land fair market value' means the 2008 fair market value of the forest land; provided, however, that when the 2008 fair market value of the forest land has been appealed by a property owner and the ultimate fair market value of the forest land is changed in the appeal process by either the board of assessors, the board of equalization, a hearing officer, an arbitrator, or a superior court judge, then the final fair market value of the forest land shall replace the 2008 fair market value of the forest land.
- This final fair market value of the forest land shall be used in the calculation of local assistance grants.
- The county must reimburse the state any amount of the grant that was overpaid by the state to the county as a result of a reduction in a 2008 appealed value.

Section 2 of the bill amends Code Section 48-5-29:

- Before the superior court has jurisdiction to hear any civil action, appeal, or affidavit of illegality, a taxpayer must pay an amount equal to the ad valorem property taxes assessed against the property at issue for the last year that taxes were paid on a 'final' value or, if less, the amount of the temporary tax bill per Code Section 48-5-311. Taxes shall not be deemed finally determined to be due on a property for a tax year until all appeals under Code Section 48-5-311 and proceedings for refunds under Code Section 48-5-380 have become final.
- Finally determined means that all appeals filed pursuant to Code Section 48-5-311 or requests for refunds under Code Section 48-5-380 are final.
- If the amount finally determined exceeds the amount paid under Code Section 48-5-29, the taxpayer shall be liable for the difference, which is subject to interest as provided in Code Section 48-5-311(g).

Section 3 of the bill amends Code Section 48-5-304:

- The commissioner shall not approve any digest of any county when the assessed value that is in dispute for any property or properties on appeal or in arbitration exceeds 5% of the total assessed value of the total taxable digest of the county for the same year.
- In any year in which a complete revaluation or reappraisal program is implemented, the commissioner shall not approve a digest of any county when 8% or more of the assessed value in dispute is in arbitration or on appeal and 8% or more of the number of properties is in arbitration or on appeal.
- When the assessed value in dispute on any one appeal or arbitration exceeds 1.5% of the total assessed value of the total taxable digest of the county for the same year, such appeal or arbitration may be excluded by the commissioner in making his or her determination of whether the digest may be approved.
- The commissioner cannot approve any digest or portion thereof for any class or strata of property where evidence exists that the county has substantially failed to comply with the provisions of this title or the rules and regulations of the commissioner for valuation of such class or strata of property. The commissioner is required to adopt rules and regulations to give effect to this provision.

Section 4 of the bill amends Code Section 48-5-311:

- The changes made to Code Section 48-5-311 clarify and amend the procedures for the billing of properties under appeal.
- If the county's tax bills are issued before an appeal has been finally determined, the county board of tax assessors shall specify to the county tax commissioner the lesser of the valuation in the last year for which taxes were finally determined to be due on the property or 85% of the current year's value.
- If the property is a homestead property and has been issued a building permit and structural improvements have occurred, or structural improvements have been made without a building permit, then the county board shall specify to the county tax commissioner 85% of the current year's valuation as set by the county board of assessors.
- Depending on the circumstances of the property, this amount shall be the basis for a temporary tax bill to be issued; provided, however, that a nonhomestead owner of a single property valued at $2 million or more may elect to pay the temporary tax bill which specifies 85% of the current year's valuation; or, such owner may elect to pay the amount of the difference between the 85% tax bill based on the current year's valuation and the tax bill based on the valuation from the last year for which taxes were finally determined to be due on the property in conjunction with the amount of the tax bill based on valuation from the last year for which taxes were finally determined to be due on the property, to the tax commissioner's office.
- Only the amount which represents the difference between the tax bill based on the current year's valuation and the tax bill based on the valuation from the last year for which taxes were finally determined to be due will be held in an escrow account by the tax commissioner's office.
- Once the appeal is concluded, the escrowed funds shall be released by the tax commissioner's office to the prevailing party. The taxpayer may either pay 100% of the of the current year's valuation of the temporary tax bill if no substantial property improvement has occurred.
- The county tax commissioner has the authority to adjust such tax bill to reflect the 100% value as requested by the taxpayer. Such tax bill shall be accompanied by a notice to the taxpayer that the bill is a temporary tax bill pending the outcome of the appeal process. Such notice shall also indicate that upon resolution of the appeal, there may be additional taxes due or a refund issued.
- Any final value that causes a reduction in taxes and creates a refund owed to a taxpayer shall be paid by the tax commissioner to the taxpayer with interest as determined by subsection (m) of this Code Section.
- Any final value that causes an increase in taxes and creates an additional billing shall be paid to the tax commissioner as any other tax due along with interest as determined by subsection (m) of this Code Section.
- Interest is calculated in the following manner:
    - Any final value that causes a deduction in taxes and creates a refund that is owed to the taxpayer must be paid by the tax commissioner to the taxpayer within 60 days of the final determination of value.
        - Such refund shall include interest on the amount of the deduction at the same rate specified in Code Section 48-2-35 which shall accrue from November 15 of the taxable year in question or the date the final installment was due or was paid, whichever is later, through the date on which the refund is paid or 60 days from the date of the final determination, whichever is earlier.

        - In no event shall the amount of such interest exceed $150.00 for homestead property or $5,000.00 for nonhomestead property.
        - Any refund paid after the sixtieth day shall accrue interest from the sixty-first day until paid with interest at the same rate specified in Code Section 48-2-35. The interest accrued after the sixtieth day and forward shall not be subject to the limits imposed by this subsection (m). The tax commissioner shall pay the tax refund and any interest for the refund from current collections in the same proportion for each of the levying authorities for whom the taxes were collected.
    - Any final value that causes an increase in taxes and creates an additional billing shall be paid to the tax commissioner as any other tax due along with interest, as specified in Code Section 48-2-35. The tax commissioner shall adjust the tax bill, including interest, within 15 days from the date of the final determination of value and mail the adjusted bill to the taxpayer.
        - Such interest shall accrue from November 15 of the taxable year in question or the final installment of the tax was due through the date on which the bill was adjusted and mailed or 15 days from the date of the final determination, whichever is earlier.
        - The interest computed on the additional billing cannot exceed $150.00 for homestead property or $5,000.00 for non-homestead property.
        - After the tax bill notice has been mailed out, the taxpayer shall be afforded 60 days from the date of the postmark to make full payment of the adjusted bill and interest.
        - Once the 60 day payment period has expired, the bill shall be considered past due and interest shall accrue as specified in Code Section 48-2-40 without limit until the bill is paid in full.
        - Once past due, all other fees, penalties, and late and collection notices shall apply as prescribed in this chapter for the collection of delinquent taxes.

Section 5 of the bill amends Code Section 48-5-380:

- If property owners have been billed and have remitted property tax payments to either a county or municipality based on the land's fair market value and subsequently the land's fair market value is reduced on an appeal, then the county or the municipality shall reimburse the property owner the difference between tax remitted and the final tax owed for each year in which the incorrect fair market value of the land was used in the calculations.
- Any taxpayer from whom a tax or license fee was collected who alleges that such tax or license fee was collected illegally or erroneously may file a claim for a refund with the governing authority of the county or municipality at any time within one year or, in the case of taxes, three years after the date of the payment of the tax or license fee to the county or municipality.
    - The claim for refund must be in writing and must be in the form and contain the information required by the appropriate governing authority.
    - The claim shall include a summary statement of the grounds upon which the taxpayer relies.
    - If the taxpayer desires a conference or hearing before the governing authority in connection with any claim for a refund, the taxpayer must so specify in writing in the claim. If the claim conforms to the requirements of this Code section, the governing authority must grant a conference at a time specified by the governing authority.

    - The governing authority shall consider information contained in the taxpayer's claim for a refund and such other information as is available. The governing authority shall approve or disapprove the taxpayer's claim and shall notify the taxpayer of its action.
    - In the event any claim for refund is approved, the governing authority shall proceed under subsection (a) of this Code section to give effect to the terms of that subsection.
    - No refund provided for in this Code section shall be assignable.
    - Submitting a request for refund to the governing authority is not a prerequisite to bringing suit.
- The filing of a request for a refund with the governing authority under subsection (b) of this Code section shall act to stay the time period for initiating suit for a refund
    - Following the filing of a request for refund with the governing authority, no suit may be commenced until the earlier of the governing authority's denial of the request for refund or the expiration of 90 days from the date of filing of the claim.
    - Alternatively, any taxpayer may forgo requesting a refund from the governing authority and elect to proceed directly to filing suit.
- Any refunds approved or allowed under this Code Section shall be paid from funds of the county, the municipality, the county board of education, the state, or any other entity to which the taxes or license fees were originally paid.
    - Refunds shall be paid within 60 days of the approval of the taxpayer's claim or within 60 days of the entry of a final decision in any action for a refund.
- Nothing in subsections (b) or (c) of this Code Section shall be deemed the exclusive remedy to seek a refund nor deprive taxpayers of the right to seek a refund mandated by subsection (a) by any other cause of action available at law or equity.
- Under no circumstances may a suit for refund be commenced more than five years from the date of the payment of the taxes or fees at issue.

House Bill 755 is effective July 1, 2014.

House Bill 755 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144975.pdf

HB 788 (O.C.G.A. §§ 48-5-41, 48-5-421.1) This bill provides for a statewide referendum on the creation of an ad valorem property tax exemption for property on a campus of the University System of Georgia used for student housing or parking that is held and operated by a private party. If passed, the referendum would amend Code Sections 48-5-41 and 48-2-421.1 to create the exemption as well as to provide that such arrangements shall not constitute special franchises. The bill provides that the referendum will take place during the November 2014 general election.

House Bill 788 became effective upon its approval by the Governor on April 24, 2014. If the referendum contemplated by the bill is successful, then the provisions of the bill will be effective January 1, 2015.

House Bill 788 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144453.pdf

HB 954 (O.C.G.A. § 48-5-2) This bill changes the criteria to be used by county tax assessors in determining the fair market value of property for ad valorem tax purposes where income tax

credits are claimed with respect to the property under Section 42 of the Internal Revenue Code or Chapter 7 of Title 48 of the Georgia Code. The new criteria for such properties provides that county tax assessors should consider "rent limitations, operational requirements, and any other restrictions imposed upon the property in connection with the property being eligible for any income tax credits [under Section 42 of the Internal Revenue Code or Chapter 7 of Title 48 of the Georgia Code]" or in connection with the property receiving any other state or federal subsidies with respect to the use of the property as residential rental property. The bill also provides that such properties shall not be considered comparable real property for assessment or appeal of assessment of other properties.

House Bill 954 is effective on July 1, 2014.

House Bill 954 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144841.pdf

SALES AND USE TAX

HB 265 (O.C.G.A. §§ 32-9-13, 32-9-14, 48-8-6) This legislation repeals O.C.G.A. § 32-9-13 and O.C.G.A. § 32-9-14 relating to the suspension of restrictions on the use of annual proceeds from sales and use taxes by public transit authorities and the board of directors of MARTA. This legislation further amends O.C.G.A. § 48-8-6(a)(2)(B), relating to limitations upon the authority of local governments to levy sales and use taxes. The bill specifically allows a county to exceed the 2% local tax maximum, when such county levies the tax for purposes of a metropolitan area system of public transportation and the tax was first levied after January 1, 2010 but before November 1, 2016.

House Bill 265 became effective April 24, 2014.

House Bill 265 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144895.pdf

HB 719 (O.C.G.A. § 48-8-83.1) This legislation amends O.C.G.A. § 48-8-83.1, relating to the joint county and municipal sales and use tax, so as to provide for the continuation of the tax and to repeal certain provisions regarding a process for specifying and determining the distribution of the proceeds of such tax. This legislation provides: "Notwithstanding any distribution certificate filing deadline otherwise required under O.C.G.A. § 48-8-89, for each special district in which the tax provided for by O.C.G.A. § 48-8-82 was levied and collected immediately prior to June 4, 2010, such tax shall continue to be levied and collected; and the most recent distribution certificate which was executed on behalf of the county and on behalf of one or more qualified municipalities within the special district whose combined population within the special district is at least one-half of the combined total population of all qualified municipalities located within the special district and which was filed with the commissioner between June 4, 2010, and October 18, 2013, shall be valid and shall continue in force and effect until superseded by a subsequent distribution certificate properly executed and filed with the commissioner in accordance with O.C.G.A. § 48-8-89 or O.C.G.A. § 48-8-89.1, as applicable, or until such tax is subsequently discontinued and terminated pursuant to subsection (c) of O.C.G.A. § 48-8-89 or pursuant to a referendum under O.C.G.A. § 48-8-92."

House Bill 719 became effective April 29, 2014.

House Bill 719 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/142513.pdf

HB 816 (O.C.G.A. § 48-8-2) This legislation amends O.C.G.A. § 48-8-2(10) by removing certain postage charges from the definition of taxable "delivery charges." Specifically, the bill removes postage charges for the delivery of direct mail when the postage charge is passed on dollar-for-dollar without being marked up to the purchaser of the direct mail, and is separately stated on an invoice or other similar billing document given to the purchaser. Thus, such passed-through postage charges will be exempt from sales tax.

House Bill 816 became effective April 24, 2014.

House Bill 816 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144982.pdf

HB 900 (O.C.G.A. § 48-8-3.2) This legislation amends O.C.G.A. § 48-8-3.2, relating to a state sales tax exemption for machinery, equipment, and other items used in manufacturing, so as to include consumable supplies in the exemption. House Bill 900 changes the definitions of 'consumable supplies' and 'equipment' so that 'consumable supplies' will now be included in exempt 'equipment'.

House Bill 900 became effective April 15, 2014.

House Bill 900 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/145001.pdf

HB 933 (O.C.G.A. § 48-8-3) This legislation amends O.C.G.A. § 48-8-3(86), relating to exemptions from sales and use taxes, by removing the sunset for the exemption regarding the sale or use of certain property used in the maintenance or repair of certain aircraft registered outside Georgia. The bill further amends O.C.G.A. § 48-8-3(88), an exemption for a civil rights museum, by changing the space requirement for the exempt facility from 70,000 square feet to 40,000 square feet.

House Bill 933 became effective April 24, 2014.

House Bill 933 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144836.pdf

HB 958 (O.C.G.A. § 48-8-3(57.1),(75),(82) and (93)) This bill provides an exemption from state sales and use taxes for donations and sales of food to qualified food banks until June 30, 2016; renews the sales tax holiday for 2014 and 2015, including the separate sales tax holiday for energy efficient and water efficient products; and extends until June 30, 2016 the exemption from state sales and use taxes for competitive projects of regional significance.

House Bill 958 became effective on April 14, 2014.

House Bill 958 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/143729.pdf

HB 983 (O.C.G.A. § 48-8-3.3) Section 1 of this bill amended the sales tax agricultural exemption in O.C.G.A. § 48-8-3.3:

- added definitions of "agricultural product" and "animal";
- clarified the persons or entities qualifying as agricultural service providers;
- removed conservation use property owners from the definition of "qualified agricultural producer";
- added a requirement that copies of specific tax forms must be supplied by applicants upon request;
- specifically authorizes the Department to conduct audits in conjunction with the Department of Agriculture to monitor compliance; and
- exempted contractors from paying use tax on materials provided to them by qualified agricultural producers and used to construct or repair grain bins, irrigations systems, or fencing.

House Bill 983 is effective January 1, 2015.

House Bill 983 can be viewed at the following link:
http://www.legis.ga.gov/Legislation/20132014/144845.pdf