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**Georgia Department of Revenue**  
**Policy Bulletin SOA 2017-01**  
**New Adult Entertainment State Operation Assessment**  
**1<sup>st</sup> Return Due April 30, 2018**

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- 1) Purpose:** This policy bulletin provides guidance regarding the state operation assessment on adult entertainment establishments enacted in 2015 as part of Senate Bill 8. The assessment equals the greater of 1% of annual gross revenue or \$5,000, and came into effect beginning January 1, 2017. The initial return and payment of the tax, which will be based on 2017 calendar year gross revenue, will be due on April 30, 2018. Returns and payments will be due annually thereafter on April 30<sup>th</sup> and will be based on the prior year's gross revenue.
- 2) Effective Date:** The provisions of Senate Bill 8 were ratified by voters at the 2016 general election, making them effective January 1, 2017.
- 3) Statutory Authorities:**

**O.C.G.A. § 15-21-201(1)**

(1) "Adult entertainment establishment" means any place of business or commercial establishment where alcoholic beverages of any kind are sold, possessed, or consumed wherein:

(A) The entertainment or activity therein consists of nude or substantially nude persons dancing with or without music or engaged in movements of a sexual nature or movements simulating sexual intercourse, oral copulation, sodomy, or masturbation;

(B) The patron directly or indirectly is charged a fee or required to make a purchase in order to view entertainment or activity which consists of persons exhibiting or modeling lingerie or similar undergarments; or

(C) The patron directly or indirectly is charged a fee to engage in personal contact by employees, devices, or equipment, or by personnel provided by the establishment.

Such term shall include, but shall not be limited to, bathhouses, lingerie modeling studios, and related or similar activities. Such term shall not include businesses or commercial establishments which have as their sole purpose the improvement of health and physical fitness through special equipment and facilities, rather than entertainment.

**O.C.G.A. § 15-21-209**

(a) By April 30 of each calendar year, each adult entertainment establishment shall pay to the commissioner of revenue a state operation assessment equal to the greater of 1 percent of the previous calendar year's gross revenue or \$5,000.00. This state assessment shall be in addition to any other fees and assessments required by the county or municipality authorizing the operation of an adult entertainment business.

(b) The previous year's gross revenue of an adult entertainment establishment shall be determined based upon tax returns filed with the Department of Revenue. The commissioner of revenue may, by rule or regulation, require other reports or returns to be filed by an adult entertainment establishment as he or she deems appropriate.

(c) The assessments collected pursuant to this Code section shall be remitted to the Safe Harbor for Sexually Exploited Children Fund Commission, to be deposited into the Safe Harbor for Sexually Exploited Children Fund.

(d) The assessments imposed by this Code section shall be assessed and collected in the same manner as taxes due the state in Title 48 and appeals of such assessments shall be within the jurisdiction of the Georgia Tax Tribunal in accordance with Chapter 13A of Title 50.

(e) The commissioner of revenue shall be authorized to promulgate any rules and regulations he or she deems necessary to implement and administer the provisions of this Code section.

**4) Scope: A Policy Bulletin is intended to provide guidance to the public and to Department personnel.**

It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers, superseding all conflicting documents and oral directives previously issued by the Department, if any. A Policy Bulletin, to the extent it interprets Georgia statutory law or Department regulations, is the Department's position on an issue and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or subsequent Policy Bulletin.

**5) Issues:**

- a) Background information.
- b) Determination of when the law becomes effective and when the first return is due.

**6) Discussion of Issues:**

- a) **Background information.** O.C.G.A. § 15-21-209 provides that by April 30 of each calendar year, each adult entertainment establishment shall pay to the Commissioner of Revenue a state operation assessment equal to the greater of 1 percent of the previous calendar year's gross revenue or \$5,000.00.
- b) **Determination of when the law becomes effective and when the first return is due.** The law was effective January 1, 2017, hence 2017 is the first year that is subject to the new provision. As such, the first return is due April 30, 2018 for gross revenue received during the 2017 calendar year. The return will be filed through the Department's Georgia Tax Center. Filing instructions will be provided at a later date.

**FOR MORE INFORMATION**

**For more information on this subject, contact Taxpayer Services at 1-877-423-6711 from 8:00 a.m. to 4:30 p.m. EST, Monday through Friday, excluding holidays. Deaf and hard of hearing taxpayers who have access to TDD equipment can use the Georgia Relay program. For more information visit <http://georgiarelay.org>. For forms and other information, visit our website <http://dor.georgia.gov>.**

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