



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-114

Atlanta, Georgia 30334-8400

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

December 12, 2011

The Honorable Nathan Deal, Governor
The Honorable Casey Cagle, Lieutenant Governor
The Honorable David Ralston, Speaker of the House of Representatives
Members of the General Assembly

Ladies and Gentlemen:

I am pleased to submit to you the Georgia Tax Expenditure Report for FY2013 prepared by Georgia State University on behalf of the Department of Audits and Accounts. This report was prepared for inclusion in the Governor's Budget Report as required by Georgia Code §45-12-75. A copy of this report will be made available to the public on the Governor's Office of Planning and Budget's website and is also filed as a permanent record with the State Auditor.

This report provides a comprehensive listing of the state's statutory tax provisions ("tax expenditures") that allow preferential tax treatment of certain types of taxpayers or activities. Although not direct government expenditures, tax expenditures represent an allocation of government resources in the form of taxes that could have been collected (and appropriated) if not for their preferential tax treatment. To the extent possible, the dollar value of each tax expenditure has been included in this report. It is important to note, however, that data for numerous tax expenditures is not captured by the Department of Revenue. In these instances, the lack of available information is either noted or an estimate, if possible, is provided. The data included in this report has not been verified or validated by the Department of Audits and Accounts and no opinion or other form of assurance is expressed on this data.

We appreciate the staff of the Georgia State University Fiscal Research Center for preparing this report.

Respectfully submitted,

Russell W. Hinton
State Auditor

RWH/eb

Georgia Tax Expenditure Report for FY2013

Prepared by the Fiscal Research Center of the
Andrew Young School of Policy Studies at
Georgia State University

December 2011

Funding for this project was provided by the Georgia Department of Audits and Accounts. We would like to thank the Georgia Department of Revenue and the Georgia Office of Insurance and Safety Fire Commissioner for their contributions to the preparation of this report. We also benefited from the research assistance of Dr. William Smith and Kimberly Holder of the University of West Georgia who helped provide estimates for this report. Lastly, we would like to thank Leslie McGuire and Ed Blaha of the Georgia Department of Audits and Accounts for their comments and recommendations. All estimates presented in this report are the work of the Fiscal Research Center. We are solely responsible for its contents.

Table of Contents

Introduction.....	3
Summary of State Tax Expenditures	10
Personal Income Tax.....	34
Summary of Federal Personal Income Tax Provisions	35
Income Tax Exemptions	38
Income Tax Deductions	41
Income Tax Credits.....	41
Corporate Income Tax	47
Summary of Federal Corporate Income Tax Expenditures.....	49
Corporate Income Tax Deductions	50
Corporate Income Tax Credits.....	50
Corporate Net Worth Tax	63
Sales and Use Tax.....	64
Casual Sales	90
Sales and Use Tax for Services.....	90
Vendor Compensation	94
Insurance Premium Tax	96
Motor Fuel Tax	99
Alcoholic Beverage Tax	101
Cigar and Cigarette Excise Tax	103
Financial Institutions Special State Occupation Tax	104
Special Assessment of Forest Land Conservation Use Property	105
Summary of Recently Expired Tax Expenditures.....	106

Introduction

Tax expenditures are provisions in the tax code that allow for special treatment of a source of income or a certain type of expense. Such treatment usually results in a reduction in tax liability for the taxpayer. In principle, these tax benefits could be provided by direct appropriation, thus these provisions are referred to as "expenditures". They represent tax revenues that would have been otherwise generated if not for this preferential treatment in the tax code.

Like direct government expenditures, tax expenditures are an allocation of government revenue that are intended to achieve a particular policy outcome or generate some activity. The value of a tax expenditure can be thought of as representing the amount of money that would be needed in the budget to provide the same level of financial support in the form of a government grant instead of through the tax code. Tax expenditures are received by businesses and individual taxpayers and are present in all of Georgia's major taxes, including the individual income tax, corporate income tax, and sales tax.

Tax expenditures, also referred to as tax preference items, can take several forms. Many are structured as tax credits and deductions, such as the corporate credit for hiring a new worker or the individual deduction for the mortgage interest paid on a primary residence. Other expenditures are in the form of exclusions of income. For example, at the state level, individuals in Georgia are allowed to exclude Social Security income from the calculation of Georgia taxable income. Lastly, some tax expenditures may be provided in the form of reduced rates for selected items in the tax base, such as the partial sales tax exemption for jet fuel.

Tax Expenditure Report

Preparation of a tax expenditure report is required by Title 45, Chapter 12, Article 4 of the Official Code of Georgia. The purpose of the report is to list all tax expenditures and their value. In this way, these items can be tracked over time in a fashion analogous to a budget of direct governmental expenditures.

While direct expenditures for such items as education or transportation are reviewed annually with every budget, it is usually the case that tax expenditures are not subject to such periodic review. It is important to monitor the value associated with these provisions as they are a reduction in tax revenue and their presence results in special treatment for some taxpayers relative to others. For example, the state government supports education through direct expenditure programs and through HOPE scholarships but also allows a tax deduction for certain educational expenses borne by the taxpayer or paid by an employer. Both the direct expenditure and the tax expenditure represent an allocation of government resources toward education, but only the direct expenditures are listed in an annual budget and subject to annual review.

Leaving tax expenditures out of the annual budgetary review process creates two types of distortions. First, it under-represents the amount of government resources allocated for a given purpose. Second, it incorrectly represents the distribution of the benefits of the government expenditures. The benefits of tax expenditures are usually targeted to higher income taxpayers compared to those associated with direct expenditure programs, so that their absence leads to the conclusion that government expenditures are targeted toward less affluent taxpayers. In addition, not all tax expenditure programs have a direct budget counterpart, thus without a tax expenditure report, these provisions and their distributional effects escape notice.

The presence of tax expenditures is not necessarily bad tax policy. However, not recognizing or monitoring the resources allocated through the tax system is not good fiscal policy. In this regard, it is important to note that this tax expenditure report does not provide any information on how effective the provision may be in terms of fulfilling its purpose. For instance, while the value of the Research and Development (R&D) credit may be reported annually in the tax expenditure report, there is no accompanying analysis to determine the extent to which more research activities have been undertaken due to the presence of the special provision.

Identifying Tax Expenditures

In most cases, identifying a tax expenditure is straightforward. Tax expenditures are deviations or special exceptions from the generally defined tax base, sometimes referred to as the normal tax base or the reference tax base. However, there may be disagreement as to what constitutes

the normal or reference tax base. Even at the federal level, the list of tax expenditure items included by the Administration differs from the list estimated by Congress because each works from a different definition of the standard tax base. The appropriate norm against which tax expenditures are defined is somewhat subjective and may, in some cases, be driven by the intent of the policy underlying the legislation. For example, we would not consider the difference between the current top income tax rate of six percent and the tax rate of one percent a tax expenditure.

Tax credits and deductions for certain types of activities, such as the jobs tax credit or the low-income housing credit, are always classified as tax expenditures. This is also the case for items that are taxed at a reduced rate. In addition, specific exclusions from the tax base are, in most cases, considered tax expenditures. Because the Georgia individual and corporate tax systems are both tied to the federal individual and corporate bases, exclusions or deductions at the federal level apply to the state tax base as well. In some cases, Georgia chooses not to conform to federal provisions, such as the Section 199 deduction for domestic production activities. In these cases, we do not include the provision as a tax expenditure. It is important to note that tax expenditures are not computed for revenue that is due but not collected, such as sales and use taxes due on internet sales.

There are instances when it is unclear whether a given tax provision should be listed as a tax expenditure. This is because it is unclear what constitutes the general rule and therefore, it is sometimes difficult to determine which provisions are exceptions to that rule. Consider the personal income tax exemption. Individuals are allowed to exclude an amount of income for each taxpayer included on the return but this exemption of income is not considered a tax expenditure by all states. Another example is the recent legislation allowing for the use of a single-factor apportionment formula in allocating income earned by corporations operating in more than one state. On one hand, because the general rule of the single-factor apportionment formula has been established at the state level, only deviations from that rule would be listed as a tax expenditure. Alternatively, if one considers the status-quo method of apportionment to be the equally weighted three-factor apportionment formula, any deviation from that rule, such as the double-weighted three factor or single-factor apportionment formula, would be reported as a tax expenditure. This sort of problematic classification of tax expenditures also applies to the

taxation of services under the state sales tax. Because state legislation refers to the purchase of tangible goods, the exclusion of services from the base may not be seen as a deviation from the general rule. On the other hand, if it is really the intent of the general rule to tax all consumption, then the exclusions provided to the consumption of services should be listed as a tax expenditure. In this report we attempt to incorporate as comprehensive a definition as possible.

Tax Expenditures vs. Revenue Estimates

The estimate associated with a tax expenditure provision does not necessarily represent the revenue that would be gained from the repeal of the enabling legislation. Instead the cost of the tax expenditure represents the value of the deduction or credit taken via the provision. Although the presence of one provision may interact with the use of another provision, tax expenditures are estimated as independent provisions. For instance, if the federal Research and Experimentation credit were repealed, federal revenues would not increase by the amount of the federal tax expenditure estimate but by a smaller amount. This is because some of the R&D expenditures claimed through the federal Research and Experimentation tax credit would be shifted over to another tax deduction or credit so that the savings to the government would be less than the value of the tax expenditure estimate. In addition, tax expenditure estimates do not incorporate behavioral effects that may occur due to the elimination of a provision. For instance, the tax expenditure estimate associated with the deduction for charitable giving is based on a current level of charitable contributions. If the deduction for charitable contributions were eliminated, the revenue effect that would be presented in a fiscal note would incorporate both the initial value of charitable contributions from the tax expenditure estimate minus a behavioral effect that would result from people reducing their level of contributions in response to the loss of the deduction. Thus, tax expenditure estimates can only act as an indication of the revenue effect that would occur if the provision were eliminated or modified.

Data Sources and Reliability of Estimates

To the extent possible, data from the Georgia Department of Revenue (DOR) is used to estimate the expenditures included in this report. Unfortunately, the required information is not always collected or available. When it is not, other data sources, such as information from the U.S. Census Bureau, the U.S. Bureau of Economic Analysis, or the U.S. Bureau of Labor Statistics, are used. Every effort is made to provide reliable, well supported estimates of the provisions. Because of the time lag in processing income tax returns, the most recent data available from the Department of Revenue is calendar year (CY) 2009. Therefore, even in cases where DOR data is used as the primary data source, the tax expenditures presented in this report are estimates.

Two subjective measures of reliability are provided in this report, the estimate reliability and the data reliability. The reliability of both the estimate and data are categorized into three classes, A, B, and C. Class A estimates and data sources are considered the most reliable. Data sources with a Class A status consist of data from the U.S. statistical agencies or from the Georgia Department of Revenue. Estimates with a Class A status are typically those estimates that are based on Class A data that is particularly applicable to the expenditure provision. For instance, most of the state business tax credit expenditures are listed as Class A estimates. They are based on tax credit data provided by the Georgia Department of Revenue that specifically addresses or measures the tax expenditure provision. On the other hand, most sales tax estimates are given a Class B status. While these provisions may be based on Class A data sources, such as the Economic Census or the Consumer Expenditure Survey from the Bureau of Labor Statistics, the data may only be available at a national level, or the data may refer to more activities than is covered by the tax expenditure provision. In these cases, the data must be adjusted to represent the specific activity associated with the expenditure provision and scaled down to represent the value of the activity within Georgia. Because of these adjustments the estimate is given a Class B status even though it is based on Class A data. Class C estimates are believed to provide reasonable estimates and are based on the best data available. For some items, no reliable information is available. In these cases, no estimate for the expenditure is provided.

Class of Estimate/Class of Data	Description of Estimate Reliability	Examples of Data Sources by Reliability Status
Class A	Based on data specifically related to the tax expenditure provision and to Georgia taxpayers	Data from Department of Revenue, Bureau of Labor Statistics Consumer Expenditure Survey, Bureau of Economic Analysis, U.S. Census Bureau datasets
Class B	Based on national data which has been modified to represent Georgia and the specific tax activity covered by the expenditure	Industry surveys and trade magazines, most proprietary information
Class C	Represents best available estimate at this time	Newspaper articles, secondary sources

Local Government Effects

In addition to the state estimates, this report attempts, where possible, to estimate the effects on local government revenues. There are many state exemptions that have local ramifications, such as numerous exemptions from the sales tax base. The local estimates that are provided represent the aggregate value of the exemptions that would accrue to the counties, municipalities, special service districts, including tax allocation and community improvement districts, and school districts.

Consistency with prior estimates

This is the second year in which the tax expenditure report has been produced. The report for FY2012 provided estimates for FY2010-FY2012. The current report presents estimates for FY2011-FY2013. In most cases the estimates between the two reports are consistent, with the latter report continuing the same trend in the value of the estimates that was established in the earlier report. On the other hand, there are some cases where the estimate presented in the FY2013 report differs significantly from that presented in the FY2012 report. This usually occurs because new information has become available. The updated estimates are included in

the current report and the inconsistency with the prior report is noted in the discussion relating to the expenditure.

Outline of the Report

The report continues with a summary table containing a title of each tax expenditure provision, the tax base it is associated with, the type of expenditure and the estimated values for FY2011, FY2012, and FY2013 for all tax expenditures identified in the report. Provisions assigned a value of “(1)” denote a tax expenditure with a value of less than \$1 million. Provisions assigned a value of “(-1)” denote a positive tax expenditure that is estimated to increase state revenues by less than \$1 million. Provisions assigned a negative value denote a positive tax expenditure that is estimated to increase state revenues.

In addition to an identifying title, each expenditure provision is assigned an expenditure number, the first digit of which corresponds to the different sections of this report, such as 1 for the individual income tax and 5 for the insurance premium tax. The remaining portion of the numeric identifier is used to divide the expenditures into different subcategories such as federal and state expenditures, and deductions and credits. Only in the case of the sales tax exemptions does the expenditure number have any relationship to the state tax code section to which the expenditure item is associated. The numeric identifiers for each provision are consistent across tax expenditure reports and can be used to compare expenditure estimates from one report to the next.

Following the summary tables are detailed sections for each of the specific taxes covered in this report. These detailed sections begin with a brief description of the tax, latest figures on revenue collection and any information on recent modifications to the base. These detailed sections also include additional information for each of the expenditure items such as the statute number, the year in which the expenditure provision was enacted and the year in which it became effective, information on the data and estimate reliability and data source, a more detailed description of the tax expenditure provision, and the value of the expenditure provision. The report concludes with a table listing recently expired provisions.

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
Federal Individual Income Tax Provisions¹						
1.1.001	Exclusion of employee meals and lodging	Federal Individual Income Tax	Exclusion	9	9	10
1.1.002	Exclusion of housing allowances for ministers	Federal Individual Income Tax	Exclusion	5	6	6
1.1.003	Exclusion of employer-provided child care	Federal Individual Income Tax	Exclusion	13	11	11
1.1.004	Exclusion of employee awards	Federal Individual Income Tax	Exclusion	3	3	3
1.1.005	Exclusion of employer contributions and earnings to pension plans, includes Keoghs, defined benefit and defined contribution plans	Federal Individual Income Tax	Exclusion	614	734	859
1.1.006	Exclusion for employer contributions for health care, health insurance premiums and long-term care insurance premiums	Federal Individual Income Tax	Exclusion	728	803	897
1.1.007	Exclusion for employer paid accident and disability premiums	Federal Individual Income Tax	Exclusion	22	23	24
1.1.008	Exclusion for employer contributions for premiums on group long term life insurance	Federal Individual Income Tax	Exclusion	13	14	15
1.1.009	Exclusion for employer-paid transportation benefits and employer-provided transit and vanpool benefits	Federal Individual Income Tax	Exclusion	31	34	35
1.1.010	Exclusion for benefits provided through cafeteria plans	Federal Individual Income Tax	Exclusion	190	212	235
1.1.011	Exclusion for employer provided adoption assistance	Federal Individual Income Tax	Exclusion	3	2	1
1.1.012	Exclusion for employer provided education benefits (including education assistance and tuition reduction benefits)	Federal Individual Income Tax	Exclusion	9	9	9
1.1.013	Exclusion of miscellaneous fringe benefits	Federal Individual Income Tax	Exclusion	46	51	54

¹ These are Internal Revenue Code provisions that have been adopted by Georgia as part of its personal income tax

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.1.014	Exclusion of foreign earned income (including housing and salary)	Federal Individual Income Tax	Exclusion	35	36	37
1.1.015	Exclusion of certain allowances for federal employees abroad	Federal Individual Income Tax	Exclusion	13	14	15
1.1.016	Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits)	Federal Individual Income Tax	Exclusion	84	90	94
1.1.017	Medical care and Tricare Medical Insurance for military dependents and retirees	Federal Individual Income Tax	Exclusion	37	40	42
1.1.018	Exclusion for Veterans' Benefits (includes veteran's disability compensation, pensions, and readjustment benefits)	Federal Individual Income Tax	Exclusion	43	49	50
1.1.019	Exclusion of income attributable to the discharge of certain student loan debt and NHSC and certain state educational loan repayments	Federal Individual Income Tax	Exclusion	1	1	1
1.1.020	Exclusion of Workers' Compensation benefits (includes disability and survivor benefits and medical benefits, and exclusion of damages on account of personal physical injuries or physical sickness)	Federal Individual Income Tax	Exclusion	51	55	58
1.1.021	Exclusion for special benefits for disabled coal miners	Federal Individual Income Tax	Exclusion	(1)	(1)	(1)
1.1.022	Exclusion of untaxed social security and railroad retirement benefits	Federal Individual Income Tax	Exclusion	167	194	209
1.1.023	Exclusion of Medicare benefits	Federal Individual Income Tax	Exclusion	316	350	378
1.1.024	Exclusion of certain foster care payments	Federal Individual Income Tax	Exclusion	2	2	2
1.1.025	Exclusion of cash public assistance benefits	Federal Individual Income Tax	Exclusion	27	32	38
1.1.026	Exclusion of scholarship and fellowship income	Federal Individual Income Tax	Exclusion	15	17	18
1.1.027	Exclusion for earnings of Coverdell education savings accounts and interest on educational savings bonds	Federal Individual Income	Exclusion	1	1	1

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
		Tax				
1.1.028	Exclusion of earnings of qualified tuition programs (including prepaid tuition programs and savings account programs)	Federal Individual Income Tax	Exclusion	3	4	5
1.1.029	Exclusion for certain agricultural cost-sharing payments ²	Federal Individual Income Tax	Exclusion	(1)	(1)	(1)
1.1.030	Exclusion of discharge of indebtedness for certain farmers	Federal Individual Income Tax	Exclusion	1	1	1
1.1.031	Exclusion of interest on State and local government private activity bonds	Federal Individual Income Tax	Exclusion	1	1	1
1.1.032	Exclusion of capital gains from sale of principle residences	Federal Individual Income Tax	Exclusion	124	134	141
1.1.033	Exclusion of capital gains at death	Federal Individual Income Tax	Exclusion	134	166	200
1.1.034	Exclusion of capital gains on gifts	Federal Individual Income Tax	Exclusion	41	35	22
1.1.035	Exemption from imputed interest rules	Federal Individual Income Tax	Exclusion	3	4	4
1.1.036	Exclusion of combat pay	Federal Individual Income Tax	Exclusion	26	23	21
1.1.037	Exclusion of energy conservation subsidies provided by public utilities	Federal Individual Income Tax	Exclusion	(1)	(1)	(1)
1.1.038	Exclusion from income attributable to the discharge of principal residence acquisition indebtedness	Federal Individual Income Tax	Exclusion	6	5	3
1.1.039	Exclusion of gain for certain small business stock	Federal Individual Income Tax	Exclusion	4	4	5
1.1.040	Exclusion of interest on public purpose State and local government bonds	Federal Individual Income Tax	Exclusion	2	2	3

² (1) Refers to a revenue loss of less than \$1 Million

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.1.041	Exclusion of income earned by voluntary employees' beneficiary associations	Federal Individual Income Tax	Exclusion	29	33	36
1.1.042	Exclusion of survivor annuities paid to families of public safety officers killed in the line of duty	Federal Individual Income Tax	Exclusion	(1)	(1)	(1)
1.1.043	Exclusion of disaster mitigation payments	Federal Individual Income Tax	Exclusion	(1)	(1)	(1)
1.2.001	Accelerated depreciation (MACRS)	Federal Individual Income Tax	Deduction	70	70	69
1.2.002	Deduction for expenditures on energy-efficient commercial building property	Federal Individual Income Tax	Deduction	1	1	1
1.2.003	Deduction of exploration and development costs of nonfuel minerals, includes excess of depletion over cost depletion, nonfuel minerals	Federal Individual Income Tax	Deduction	1	1	1
1.2.004	Amortization of business startup costs	Federal Individual Income Tax	Deduction	13	12	11
1.2.005	Expensing of research and development costs in lieu of R&D tax credit	Federal Individual Income Tax	Deduction	(1)	(1)	(1)
1.2.006	Expensing of magazine circulation expenditures	Federal Individual Income Tax	Deduction	(1)	(1)	(1)
1.2.007	Deductions for oil and gas exploration and development costs	Federal Individual Income Tax	Deduction	(1)	(1)	(1)
1.2.008	Special treatment for expenses related to timber production	Federal Individual Income Tax	Deduction	4	4	4
1.2.009	Expensing under IRC section 179 of depreciable business property	Federal Individual Income Tax	Deduction	9	24	12
1.2.010	Exceptions for publicly traded partnership with qualified income derived from certain energy-related activities	Federal Individual Income Tax	Deduction	4	4	5
1.2.011	Treatment of income from exploration and mining as qualified income for publicly traded partnerships	Federal Individual Income Tax	Deduction	(1)	(1)	(1)

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.2.012	Various agricultural expense provisions	Federal Individual Income Tax	Deduction	1	1	1
1.2.013	Community and Regional Development incentives	Federal Individual Income Tax	Deduction	1	1	1
1.2.014	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Federal Individual Income Tax	Deduction	1	1	1
1.2.015	Inventory methods and valuation, including last in first out, lower of cost or market, specific identification for homogenous products	Federal Individual Income Tax	Deduction	6	7	7
1.2.016	15 year recovery period for retail motor fuel outlets	Federal Individual Income Tax	Deduction	3	2	2
1.2.017	Health Savings Accounts	Federal Individual Income Tax	Deduction	6	8	10
1.2.018	Deduction for property taxes on real property	Federal Individual Income Tax	Deduction	98	129	147
1.2.019	Deduction for nonbusiness State and local government income taxes, sales taxes and property taxes	Federal Individual Income Tax	Deduction	222	283	324
1.2.020	Deduction for mortgage interest on owner-occupied residences	Federal Individual Income Tax	Deduction	696	711	727
1.2.021	Deduction for charitable contributions (includes deductions for health, education, and other than health and education)	Federal Individual Income Tax	Deduction	365	414	449
1.2.022	Deduction for casualty and theft losses	Federal Individual Income Tax	Deduction	2	3	3
1.2.023	Deduction for overnight expenses for National Guard and Reserve members	Federal Individual Income Tax	Deduction	1	1	1
1.2.024	Deduction for premiums for qualified mortgage insurance	Federal Individual Income Tax	Deduction	2	1	(1)
1.2.025	Deduction for interest on student loans	Federal Individual Income Tax	Deduction	6	4	3

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.2.026	Deduction for higher education expenses	Federal Individual Income Tax	Deduction	1	(1)	0
1.2.027	Deduction for teacher classroom expenses	Federal Individual Income Tax	Deduction	(1)	(1)	(1)
1.2.028	Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	Federal Individual Income Tax	Deduction	32	35	39
1.2.029	Deduction for medical expenses and long term care expenses	Federal Individual Income Tax	Deduction	86	104	120
1.2.030	Deduction for Individual Retirement Arrangements, includes traditional IRAs and Roth IRAs.	Federal Individual Income Tax	Deduction	101	87	98
1.3.001	Like-kind exchanges	Federal Individual Income Tax	Deferral	5	6	8
1.3.002	Special rules for magazine, paperback book, and record returns	Federal Individual Income Tax	Special Rule	(1)	(1)	(1)
1.3.003	5 year carryback for net operating losses attributable to farming	Federal Individual Income Tax	Special Rule	1	1	1
1.3.004	Special rules for mining reclamation reserves	Federal Individual Income Tax	Special Rule	(1)	(1)	(1)
1.3.005	Cash accounting, other than agriculture	Federal Individual Income Tax	Special Rule	10	10	11
1.3.006	Deferral of gain on non-dealer installment sales ³	Federal Individual Income Tax	Special Rule	-12	-4	11
1.3.007	Completed contract rules	Federal Individual Income Tax	Special Rule	(1)	(1)	(1)
1.3.008	Special treatment of employee stock ownership plans	Federal Individual Income Tax	Deferral	6	6	6
1.3.009	Income averaging for farmers and fishermen	Federal Individual	Special Rule	(1)	(1)	(1)

³ Negative values denote a positive tax expenditure that would result in additional revenue to the state budget

Summary of State Tax Expenditures

		\$ in Millions				
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
		Income Tax				
Georgia Individual Income Tax Provisions						
1.4.001	Personal Exemption	State Individual Income Tax	Exemption	870	887	904
1.4.002	Retirement Income	State Individual Income Tax	Exemption	706	Estimate for FY2012 & FY2013 not available at this time	
1.4.003	Social Security Income	State Individual Income Tax	Exemption	124	129	135
1.4.004	Georgia Higher Education Savings Plan Contributions	State Individual Income Tax	Exemption	12	13	13
1.4.005	Interest on U.S. Obligations	State Individual Income Tax	Exemption	9	10	12
1.4.006	Certain military income	State Individual Income Tax	Exemption	Estimate Not Available at This Time		
1.4.007	Organ donation expenses	State Individual Income Tax	Exemption	(1)	(1)	(1)
1.4.008	Aged 65/Blind Deduction	State Individual Income Tax	Exemption	6	6	6
1.4.009	Certain dependent's unearned income	State Individual Income Tax	Exemption	Estimate Not Available at This Time		
1.4.010	Premiums for high deductible health plans	State Individual Income Tax	Exemption	2	2	3
1.4.011	Salaries and wages reduced from Federal taxable income because of the Federal Jobs Tax Credit	State Individual Income Tax	Exemption	Estimate Not Available at This Time		
1.4.012	Individual retirement account, Keogh, SEP and Sub-S plan withdrawals where tax has been paid to Georgia because of the difference between Georgia and Federal law for tax years 1981 through 1986.	State Individual Income Tax	Exemption	Estimate Not Available at This Time		
1.4.013	Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986.	State Individual Income Tax	Exemption	Estimate Not Available at This Time		

Summary of State Tax Expenditures

					\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013	
1.4.014	Income from any fund, program or system which is exempted by Federal law or treaty.	State Individual Income Tax	Exemption	Estimate Not Available at This Time			
1.4.015	Certain income in which the Sub-S election is not recognized by Georgia or another state in order to avoid double taxation.	State Individual Income Tax	Exemption	Estimate Not Available at This Time			
1.4.016	Adjustment for certain teachers retired from the Teacher's Retirement System of GA	State Individual Income Tax	Exemption	Estimate Not Available at This Time			
1.4.017	Amount claimed by certain employers in food and beverage establishments	State Individual Income Tax	Exemption	Estimate Not Available at This Time			
1.4.018	Adjustment of certain payments to minority subcontractors	State Individual Income Tax	Exemption	Estimate Not Available at This Time			
1.4.019	Adjustments to Federal adjusted gross income for certain GA resident partners	State Individual Income Tax	Exemption	Estimate Not Available at This Time			
1.5.001	Standard Deduction	State Individual Income Tax	Deduction	173	177	180	
1.6.001	Rural Physician's Credit	State Individual Income Tax	Credit	1	1	1	
1.6.002	Disabled person home purchase or retrofit credit	State Individual Income Tax	Credit	(1)	(1)	(1)	
1.6.003	Driver Education Credit	State Individual Income Tax	Credit	1	1	1	
1.6.004	Disaster Assistance Credit	State Individual Income Tax	Credit	1	1	1	
1.6.005	Qualified Caregiving Expense Credit	State Individual Income Tax	Credit	(1)	(1)	(1)	
1.6.006	Tax Credit for Life Insurance for Georgia National Guard and Air National Guard	State Individual Income Tax	Credit	1	1	1	
1.6.007	Child and Dependent Care Credit	State Individual Income Tax	Credit	28	28	29	

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.6.008	Adoption of Foster Child Credit	State Individual Income Tax	Credit	2	2	3
1.6.009	Low-Income Credit	State Individual Income Tax	Credit	7	8	8
1.6.010	Credit for taxes paid to another state	State Individual Income Tax	Credit	152	159	166
1.6.012	Employer's Jobs Tax Credit	State Individual Income Tax	Credit	See 2.6.001 in Corporate Credit Section		
1.6.013	Quality Jobs Tax Credit	State Individual Income Tax	Credit	See 2.6.002 in Corporate Credit Section		
1.6.014	New Facilities Jobs Credit	State Individual Income Tax	Credit	See 2.6.003 in Corporate Credit Section		
1.6.015	New Manufacturing Facilities Property Credit	State Individual Income Tax	Credit	See 2.6.004 in Corporate Credit Section		
1.6.016	Manufacturer's Investment Tax Credit	State Individual Income Tax	Credit	See 2.6.005 in Corporate Credit Section		
1.6.017	Optional Investment Tax Credit	State Individual Income Tax	Credit	See 2.6.006 in Corporate Credit Section		
1.6.018	Port Activity Tax Credit	State Individual Income Tax	Credit	See 2.6.007 in Corporate Credit Section		
1.6.019	Alternate Port Activity Tax Credit	State Individual Income Tax	Credit	See 2.6.008 in Corporate Credit Section		
1.6.020	Film Tax Credit	State Individual Income Tax	Credit	See 2.6.009 in Corporate Credit Section		
1.6.021	Research Tax Credit	State Individual Income Tax	Credit	See 2.6.010 in Corporate Credit Section		
1.6.022	Seed-Capital Fund Credit	State Individual Income Tax	Credit	See 2.6.011 in Corporate Credit Section		

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.6.023	Qualified Health Insurance Expense Credit	State Individual Income Tax	Credit	See 2.6.012 in Corporate Credit Section		
1.6.024	Teleworking Credit	State Individual Income Tax	Credit	See 2.6.013 in Corporate Credit Section		
1.6.025	Qualified Transportation Credit	State Individual Income Tax	Credit	See 2.6.014 in Corporate Credit Section		
1.6.026	Business Enterprise Vehicle Credit	State Individual Income Tax	Credit	See 2.6.015 in Corporate Credit Section		
1.6.027	Employer's credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property	State Individual Income Tax	Credit	See 2.6.016 in Corporate Credit Section		
1.6.028	Low Income Housing Credit	State Individual Income Tax	Credit	See 2.6.017 in Corporate Credit Section		
1.6.029	Historic Rehabilitation Credit	State Individual Income Tax	Credit	See 2.6.018 in Corporate Credit Section		
1.6.030	Diesel Particulate Emission Reduction Technology Equipment	State Individual Income Tax	Credit	See 2.6.019 in Corporate Credit Section		
1.6.031	Low/Zero Emission Vehicle Credit & Electric Vehicle Charger Credit	State Individual Income Tax	Credit	See 2.6.020 in Corporate Credit Section		
1.6.032	Land Conservation Credit	State Individual Income Tax	Credit	See 2.6.021 in Corporate Credit Section		
1.6.033	Clean Energy Property Credit & Wood Residuals Credit	State Individual Income Tax	Credit	See 2.6.022 in Corporate Credit Section		
1.6.034	Employer's Credit for Basic Skills Education	State Individual Income Tax	Credit	See 2.6.023 in Corporate Credit Section		
1.6.035	Employer's Credit for Approved Employee Retraining	State Individual Income Tax	Credit	See 2.6.024 in Corporate Credit Section		
1.6.036	Qualified Education Expense Credit	State Individual Income Tax	Credit	See 2.6.025 in Corporate Credit Section		

Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.6.037	Qualified Investor Tax Credit	State Individual Income Tax	Credit	See 2.6.026 in Corporate Credit Section		
1.6.038	Energy or water efficient credit	State Individual Income Tax	Credit	See 2.6.027 in Corporate Credit Section		
1.6.039	Tax credit for water conservation facilities and qualified water conservation investment property	State Individual Income Tax	Credit	See 2.6.028 in Corporate Credit Section		
1.6.040	Tax credit for shift from ground water usage	State Individual Income Tax	Credit	See 2.6.029 in Corporate Credit Section		
1.6.041	Tax credit for existing business enterprises undergoing qualified business expansion	State Individual Income Tax	Credit	See 2.6.030 in Corporate Credit Section		
Federal Corporate Income Tax Provisions⁴						
2.1.001	Exemption from imputed interest rules	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)
2.1.002	Exclusion of interest on State and local government private activity bonds	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)
2.1.003	Exclusion of contributions in aid of construction for water and sewer utilities	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)
2.1.004	Exclusion of earnings of certain environmental settlement funds	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)
2.1.005	Exclusion for certain agricultural cost-sharing payments	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)
2.1.006	Exclusion of gain or loss on sale or exchange for brownfield property	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)
2.1.007	Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare	Federal Corporate Income Tax	Exclusion	1	1	1
2.1.008	Exclusion of disaster mitigation payments	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)

⁴ These are Internal Revenue Code provisions that have been adopted by Georgia as part of its corporate income tax

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
2.1.009	Exclusion of interest on public purpose State and local government bonds	Federal Corporate Income Tax	Exclusion	(1)	(1)	(1)
2.1.010	Various foreign provisions - including inventory property sales source rule exception, interest expense allocation, deferral of active income of controlled foreign corporations, deferral of active financing income	Federal Corporate Income Tax	Exclusion	58	60	63
2.2.001	Accelerated depreciation (MACRS)	Federal Corporate Income Tax	Deduction	51	52	52
2.2.002	Deduction for expenditures on energy-efficient commercial building property	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.003	Deduction of exploration and development costs of nonfuel minerals	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.004	Amortization of business startup costs	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.005	Expensing of research and development costs in lieu of R&D tax credit	Federal Corporate Income Tax	Deduction	6	6	7
2.2.006	Expensing of magazine circulation expenditures	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.007	Deductions for oil and gas exploration and development costs	Federal Corporate Income Tax	Deduction	0	0	0
2.2.008	Special treatment for expenses related to timber production	Federal Corporate Income Tax	Deduction	4	3	3
2.2.009	Deduction for charitable contributions (includes deductions for health, education, and other than health and education)	Federal Corporate Income Tax	Deduction	14	14	15
2.2.010	15 year recovery period for retail motor fuel outlets	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.011	Expensing under section 179 of depreciable business property ⁵	Federal Corporate Income	Deduction	1	1	(-1)

⁵ (-1)Refers to a positive tax expenditure that would result in additional revenue to the state budget of less than \$1 Million

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
		Tax				
2.2.012	Amortization of air pollution control facilities	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.013	Election to expense 50 percent of qualified property used to refine liquid fuels	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.014	Various agricultural expensing provisions	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.015	Community and Regional Development incentives	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.016	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Federal Corporate Income Tax	Deduction	(1)	(1)	(1)
2.2.017	Inventory methods and valuation	Federal Corporate Income Tax	Deduction	14	15	16
2.3.001	Like-kind exchanges	Federal Corporate Income Tax	Deferral	4	5	5
2.3.002	Special rules for magazine, paperback book, and record returns	Federal Corporate Income Tax	Special Rule	(1)	(1)	(1)
2.3.003	5 year carryback for net operating losses attributable to farming	Federal Corporate Income Tax	Special Rule	(1)	(1)	(1)
2.3.004	Special rules for mining reclamation reserves	Federal Corporate Income Tax	Special Rule	(1)	(1)	(1)
2.3.005	Cash accounting, other than agriculture	Federal Corporate Income Tax	Special Rule	(1)	(1)	(1)
2.3.006	Deferral of gain on non-dealer installment sales	Federal Corporate Income Tax	Special Rule	-1	7	12
2.3.007	Completed contract rules	Federal Corporate Income Tax	Special Rule	2	2	2
2.3.008	Special treatment of Employee stock ownership plans	Federal Corporate Income	Deferral	(-1)	(-1)	(-1)

Summary of State Tax Expenditures

		\$ in Millions				
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
		Tax				
2.3.009	Deferral of capital construction costs of shipping companies	Federal Corporate Income Tax	Deferral	(1)	(1)	(1)
Georgia Corporate Income Tax Provisions						
2.4.001	Single Factor Apportionment	State Corporate Income Tax	Apportionment	Estimate Not Available at This Time		
2.4.002	Throwback Rule	State Corporate Income Tax	Apportionment	Not Applicable		
2.4.003	Corporate Receipts Sourcing	State Corporate Income Tax	Apportionment	Estimate Not Available at This Time		
2.5.001	Interest on obligations of United States	State Corporate Income Tax	Deduction	Estimate Not Available at This Time		
2.5.002	Exception to intangible expenses and related interest cost	State Corporate Income Tax	Deduction	Estimate Not Available at This Time		
2.6.001	Employer's Job Tax Credit	State Corporate Income Tax	Credit	18	18	20
2.6.002	Quality Jobs Tax Credit	State Corporate Income Tax	Credit	21	21	21
2.6.003	New Facilities Jobs Credit	State Corporate Income Tax	Credit	Included in 2.6.001		
2.6.004	New Manufacturing Facilities Property Credit	State Corporate Income Tax	Credit	Estimate Not Available at This Time		
2.6.005	Manufacturer's Investment Tax Credit	State Corporate Income Tax	Credit	3	3	3
2.6.006	Optional Investment Tax Credit	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.007	Port Activity Tax Credit	State Corporate Income Tax	Credit	7	7	7
2.6.008	Alternative Port Activity Tax Credit	State Corporate Income Tax	Credit	(1)	(1)	(1)

Summary of State Tax Expenditures

		\$ in Millions				
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
		Corporate Income Tax				
2.6.009	Film Tax Credit	State Corporate Income Tax	Credit	37	44	49
2.6.010	Research Tax Credit	State Corporate Income Tax	Credit	6	7	7
2.6.011	Seed-Capital Fund	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.012	Qualified Health Insurance Expense Credit	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.013	Teleworking Credit	State Corporate Income Tax	Credit	2	1	0
2.6.014	Qualified Transportation Credit	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.015	Business Enterprise Vehicle Credit	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.016	Employer's Credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property	State Corporate Income Tax	Credit	7	7	8
2.6.017	Low Income Housing Credit	State Corporate Income Tax	Credit	30	33	35
2.6.018	Historic Rehabilitation Credit	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.019	Diesel Particulate Emission Reduction Technology Equipment Credit	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.020	Zero and Low Emission Vehicle Credit; Electric Vehicle Charger Credit	State Corporate Income Tax	Credit	3	3	3
2.6.021	Land Conservation Credit	State Corporate Income Tax	Credit	14	23	33
2.6.022	Clean Energy Property Credit & Wood	State	Credit	3	2	3

Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
	Residuals Credit	Corporate Income Tax				
2.6.023	Employer's Credit for Basic Skills Education	State Corporate Income Tax	Credit	(1)	(1)	(1)
2.6.024	Employer's Credit for Approved Employee Retraining	State Corporate Income Tax	Credit	11	11	12
2.6.025	Qualified Education Expense Credit	State Corporate Income Tax	Credit	50	50	50
2.6.026	Qualified Investor Tax Credit	State Corporate Income Tax	Credit	0	0	0
2.6.027	Energy or Water Efficient equipment credit	State Corporate Income Tax	Credit	0	0	0
2.6.028	Tax credit for water conservation facilities and qualified water conservation investment property	State Corporate Income Tax	Credit	Estimate Not Available at This Time		
2.6.029	Tax credit for shift from ground-water usage	State Corporate Income Tax	Credit	Estimate Not Available at This Time		
2.6.030	Tax credit for existing business enterprises undergoing qualified business expansion	State Corporate Income Tax	Credit	See 2.6.001		
2.6.031	Cigarette export tax credit (expired 1/1/2006)	State Corporate Income Tax	Credit	0	0	0
Net Worth Tax						
3.001	Exemption for nonprofit corporations	Net Worth Tax	Exemption	Estimate Not Available at This Time		
3.002	Exemption for insurance companies	Net Worth Tax	Exemption	Estimate Not Available at This Time		
Sales and Use Tax						
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.00200	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system.	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.00300	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor	Sales and Use Tax	Exemption	Estimate Not Available at This Time		

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
	fuel tax imposed on the sale of motor fuel					
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	Sales and Use Tax	Exemption	5	5	5
4.00500	Sales of transportation furnished by an approved and authorized Urban Transit System	Sales and Use Tax	Exemption		See 4.00400	
4.00600	Sales to any Hospital Authority created by Georgia Law	Sales and Use Tax	Exemption	64	66	68
4.00610	Sales to any Housing Authority created by Georgia Law	Sales and Use Tax	Exemption	2	2	2
4.00620	Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities	Sales and Use Tax	Exemption	1	1	1
4.00630	Sales to any agricultural commission created by the Department of Agriculture	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.00700	Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function.	Sales and Use Tax	Exemption	105	110	115
4.00705	Sales of tangible personal property to a nonprofit health center established and receiving funds pursuant to the U.S. Public Health Service Act. (expired 6/30/2010)	Sales and Use Tax	Exemption	0	0	0
4.00710	Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities.	Sales and Use Tax	Exemption	2	2	2
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.00730	Sales of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200% of the poverty level (expired 6/30/2010)	Sales and Use Tax	Exemption	0	0	0
4.00800	Sales of tangible personal property and services to the University System of Georgia and its educational units.	Sales and Use Tax	Exemption	53	53	53
4.00900	Sales of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia whose credits are accepted by the University System of Georgia.	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.01000	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.01100	Sales of tangible personal property and services to any nonprofit cultural institute that is an instrument of a foreign government operating in Georgia	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.01200	School lunches sold and served to pupils and employees of public schools	Sales and Use Tax	Exemption	10	10	10
4.01300	School lunches sold and served to pupils and employees of approved private schools	Sales and Use Tax	Exemption	2	3	3
4.01400	Sales of art and other artifacts for display or	Sales and	Exemption	(1)	(1)	(1)

Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
	exhibition to museums	Use Tax				
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year.	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	Sales and Use Tax	Exemption	22	23	23
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.01900	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.02000	Water delivered through water mains, lines, or pipes.	Sales and Use Tax	Exemption	See Expenditure Estimate for Utility Services (4.50009)		
4.02100	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.02200	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.02300	Repair services when a separate charge is made to the customer.	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.02500	Sale of seed, fertilizer, fungicide, and certain other agricultural chemicals to farmers, and feed for livestock, fish, or poultry purchased by persons engaged in animal husbandry	Sales and Use Tax	Exemption	131	152	181
4.02600	Sale of machinery used exclusively for irrigation of crops to persons primarily engaged in producing farm crops for sale	Sales and Use Tax	Exemption	1	1	1
4.02700	Sales of sugar for use as food to honey bee producers	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.02800	Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes	Sales and Use Tax	Exemption	2	2	2
4.02900	Sale of certain types of agricultural machinery	Sales and Use Tax	Exemption	32	33	34
4.02910	Off-road equipment and related attachments used exclusively in site preparation, planting, cultivating, or harvesting of timber by persons primarily engaged in growing or harvesting timber	Sales and Use Tax	Exemption	11	12	12
4.03000	Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase the specially adapted vehicle.	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when	Sales and Use Tax	Exemption	Estimate Not Available at This Time		

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
	delivery is taken outside of Georgia					
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03300	Common or Common and Contract Carriers	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03310	Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport (expires 6/30/2013)	Sales and Use Tax	Exemption	32	20	10
4.03400	Certain machinery used in the manufacturing of tangible personal property	Sales and Use Tax	Exemption	170	175	180
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.03430	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03440	Sales of tangible personal property to or used in or for the construction of a new alternative fuel facility primarily dedicated to the production and processing of ethanol, biodiesel, butanol or their by-products (expires 6/30/2012)	Sales and Use Tax	Exemption	2	2	0
4.03500	Certain materials used in industrial packaging	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03600	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03700	Machinery and equipment used in combating air and water pollution and any industrial material used in a burning or recycling process	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	Sales and Use Tax	Exemption	3	3	3
4.03910	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.04000	Sale of major components or repair parts installed in military aircraft, vehicles, or missiles	Sales and Use Tax	Exemption	59	40	39
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institute, child-placing agency, or maternity home	Sales and Use Tax	Exemption	1	1	1
4.04200	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who	Sales and Use Tax	Exemption	Estimate Not Available at This Time		

Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
	furnishes, leases, or rents the property has paid sales or use tax on the property					
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	Sales and Use Tax	Exemption	2	2	2
4.04400	Sales of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state.	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia.	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.04600	Sales of tangible personal property or taxable services to nonprofit blood banks	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.04700	Sales of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain controlled substances or dangerous drugs	Sales and Use Tax	Exemption	335	349	364
4.04800	Sales of crab bait to licensed commercial fishermen	Sales and Use Tax	Exemption	Estimate Not Available at This Time		
4.04900	Liquefied gases and other fuels used in poultry or pullet houses or structures	Sales and Use Tax	Exemption	3	3	3
4.04910	Liquefied petroleum gas or other fuel used in a structure where swine are raised (expired 6/30/2010)	Sales and Use Tax	Exemption	0	0	0
4.05000	Sales of blood measuring devices, monitoring equipment, or insulin delivery systems used exclusively by diabetics; insulin, insulin syringes and blood glucose monitoring strips	Sales and Use Tax	Exemption	23	23	24
4.05100	Sale of oxygen when prescribed by a licensed physician	Sales and Use Tax	Exemption	7	8	8
4.05200	Sale or use of hearing aids	Sales and Use Tax	Exemption	4	4	4
4.05300	Transactions where food stamps or WIC coupons are used as the method of payment	Sales and Use Tax	Exemption	109	104	100
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	Sales and Use Tax	Exemption	36	37	38
4.05500	Sale of Georgia lottery tickets	Sales and Use Tax	Exemption	153	165	172
4.05600	Sales by any qualified nonprofit parent teacher organization	Sales and Use Tax	Exemption	1	1	1
4.05700	Food purchased for off premises consumption	Sales and Use Tax	Exemption	405	436	471
4.05710	Sales of food and beverages to a qualified food bank (expired 6/30/2010)	Sales and Use Tax	Exemption	0	0	0
4.05720	Exemption for persons donating prepared food and beverages to a qualified nonprofit agency to be used for hunger relief (expired 6/30/2011)	Sales and Use Tax	Exemption	See 4.05730		
4.05730	Exemption for prepared food and beverages that are donated following a natural disaster and used for disaster relief (expired 6/30/2011)	Sales and Use Tax	Exemption	(1)	0	0
4.05800	Graduated exemption for the sale of overhead materials used in government contracts (repealed effective January 1, 2011)	Sales and Use Tax	Exemption	8	0	0
4.05900	Sales of eligible food and beverages for on or off-premises consumption by any Girl or Boy	Sales and Use Tax	Exemption	(1)	1	1

Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
	Scout council					
4.06000	Sales of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less	Sales and Use Tax	Exemption		See 4.06800	
4.06100	Advertising inserts that are used in newspapers for resale	Sales and Use Tax	Exemption		Estimate Not Available at This Time	
4.06200	Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer	Sales and Use Tax	Exemption	4	5	5
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.06400	Sales of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation	Sales and Use Tax	Exemption	20	20	21
4.06500	Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	Sales and Use Tax	Exemption		Estimate Not Available at This Time	
4.06600	Sales of gold, silver, or platinum bullion	Sales and Use Tax	Exemption		Estimate Not Available at This Time	
4.06700	Sales of coins or currency	Sales and Use Tax	Exemption		Estimate Not Available at This Time	
4.06800	Sales of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million	Sales and Use Tax	Exemption	25	25	25
4.06900	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less	Sales and Use Tax	Exemption		See 4.06800	
4.07000	Sales of natural gas used directly in the manufacture of electricity	Sales and Use Tax	Exemption	54	54	55
4.07010	Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal used directly or indirectly in the manufacture or processing of tangible personal property primarily for resale (expired 12/31/2010).	Sales and Use Tax	Exemption	2	0	0
4.07100	Sales to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.07200	Sales of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals	Sales and Use Tax	Exemption	4	4	4
4.07300	Sales of certain production equipment to film producers and film production companies	Sales and Use Tax	Exemption	8	10	11
4.07700	Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale	Sales and Use Tax	Exemption		Estimate Not Available at This Time	
4.07800	Materials used to construct a new symphony hall costing in excess of \$200 million that is owned and operated by a nonprofit organization (expired 9/1/2011)	Sales and Use Tax	Exemption	0	0	0
4.07900	Ice used to chill poultry or vegetables during processing or shipment	Sales and Use Tax	Exemption		Estimate Not Available at This Time	
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	Sales and Use Tax	Exemption	5	5	5

Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
4.08300	Sale of biomass materials used to produce electricity or steam or used to produce electricity and steam intended for sale	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.08600	Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft (expires 6/30/2013)	Sales and Use Tax	Exemption	7	7	7
4.08700	Sales of tangible personal property used to renovate or expand a zoological institution (expires 6/30/2011)	Sales and Use Tax	Exemption	(1)	0	0
4.08800	Sales of tangible personal property used in the construction of a qualified civil rights museum (expires 7/30/2015)	Sales and Use Tax	Exemption	(1)	(1)	(1)
4.08900	The sale of an airplane flight simulation training device (expired 6/30/2011).	Sales and Use Tax	Exemption	1	0	0
4.30000	Sales tax exemption for casual sales of motor vehicles	Sales and Use Tax	Exemption	131	149	164
4.50000	Admissions and Amusements	Sales and Use Tax for Services	Exemption	95	99	104
4.50001	Agricultural Services	Sales and Use Tax for Services	Exemption	97	102	107
4.50002	Automotive Services	Sales and Use Tax for Services	Exemption	76	80	83
4.50003	Business Services	Sales and Use Tax for Services	Exemption	453	472	496
4.50004	Computer and Online Services	Sales and Use Tax for Services	Exemption	186	194	203
4.50005	Construction Labor	Sales and Use Tax for Services	Exemption	1419	1479	1552
4.50006	Fabrication, Installation, and Repair Services	Sales and Use Tax for Services	Exemption	153	160	168
4.50007	Finance, Insurance, and Real Estate	Sales and Use Tax for Services	Exemption	326	340	357
4.50008	Industrial and Mining Services	Sales and Use Tax for Services	Exemption	6	7	7
4.50009	Residential Utility Service	Sales and Use Tax for	Exemption	117	122	128

Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
Services						
4.50010	Personal Services	Sales and Use Tax for Services	Exemption	141	147	154
4.50011	Professional Services	Sales and Use Tax for Services	Exemption	1120	1168	1226
4.50012	Storage	Sales and Use Tax for Services	Exemption	43	44	47
4.50013	Transportation Services	Sales and Use Tax for Services	Exemption	(1)	(1)	(1)
4.70000	Compensation of dealers for reporting and remitting tax (Vendor Compensation)	Sales and Use Tax	Exemption	48	50	52
Insurance Premium Tax						
5.00100	Deduction of retaliatory taxes paid to other states	Insurance Premium Tax	Deduction	4	4	4
5.00200	Insurance premium tax credits	Insurance Premium Tax	Credit	81	84	86
5.00300	Exemption for premiums of high deductible health plans	Insurance Premium Tax	Exemption	1	1	1
5.00400	Exemption for insurance companies that only insure places of worship	Insurance Premium Tax	Exemption	(1)	(1)	(1)
5.00500	Insurance abatements	Insurance Premium Tax	Rate Reduction	170	175	178
5.00600	Special deductions for Life Insurance companies	Insurance Premium Tax	Deduction	125	129	131
Motor Fuel Tax						
6.00100	Motor Fuel Tax refunds for agricultural purposes	Motor Fuel Tax	Exemption	25	26	26
6.00200	Sales to mass transit vehicles	Motor Fuel Tax	Exemption	9	11	12
6.00300	Sales to campus transportation vehicles	Motor Fuel Tax	Exemption	See 6.00200		
6.00400	Motor Fuel Tax exemption for aviation fuel	Motor Fuel Tax	Exemption	Estimate Not Available at This Time		
6.00500	Motor Fuel Tax vendor compensation	Motor Fuel Tax	Exemption	6	6	6
Alcoholic Beverage Tax						
7.00100	Sales to persons outside the state for resale or consumption outside the state	Alcoholic Beverage Tax	Exemption	Estimate Not Available at This Time		
7.00200	Sales to stores or canteens on U.S. military reservations	Alcoholic Beverage Tax	Exemption	Estimate Not Available at This Time		

Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY2011	State FY2012	State FY2013
Tax						
7.00300	Up to 200 gallons annually of home-brew per household	Alcoholic Beverage Tax	Exemption	(1)	(1)	(1)
7.00400	Sales to and use by religious organizations for sacramental purposes	Alcoholic Beverage Tax	Exemption	(1)	(1)	(1)
7.00500	Exemption for ethyl alcohol used for certain purposes	Alcoholic Beverage Tax	Exemption	1	1	1
7.00600	Malt beverages containing less than one-half of 1 percent alcohol by volume	Alcoholic Beverage Tax	Exemption	(1)	(1)	(1)
Cigar and Cigarette Excise Tax						
8.00100	Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home	Cigar and Cigarette Excise Tax	Exemption	(1)	(1)	(1)
8.00200	De minimus amount brought into the state by one person	Cigar and Cigarette Excise Tax	Exemption	Estimate Not Available at This Time		
8.00300	Cigars and cigarettes stored in a public warehouse	Cigar and Cigarette Excise Tax	Exemption	Estimate Not Available at This Time		
8.00400	Certain cigars and cigarettes held by licensed dealers	Cigar and Cigarette Excise Tax	Exemption	Estimate Not Available at This Time		
Financial Institutions Business License Tax						
9.00100	Deduction for interest paid	Financial Institutions Business License Tax	Deduction	5	5	5
9.00200	Deductions for income from authorized activities of a domestic international banking facility	Financial Institutions Business License Tax	Deduction	Estimate Not Available at This time		
9.00300	Deduction for income from banking business with persons or entities outside the U.S.	Financial Institutions Business License Tax	Deduction	Estimate Not Available at This Time		
State Grant for Forest Land Conservation						
10.00000	Special assessment of Forest Land Conservation Use Property	State Grant	Credit	11	11	11

(1) Refers to a revenue loss of less than \$1 million.

Negative values denote a positive tax expenditure that result in additional revenue to the state budget.

(-1) Refers to a positive tax expenditure that would result in additional revenue to the state budget of less than \$1 million.

1. Personal Income Tax

The personal income tax was first levied in Georgia in 1929 at a rate equal to one third the federal rate of income taxation. The current rate structure which includes 6 brackets, ranging from 1 percent to 6 percent, has remained unchanged since 1955 when the 7 percent rate on taxable incomes over \$20,000 was eliminated. The threshold for each bracket depends on the filing status of the taxpayer, i.e. single or head of household, married filing separate or joint. The individual income tax collections equaled \$7.0 billion in FY2010 and accounted for 49 percent of Georgia's revenues from taxation. In FY2010, 4.9 million individual returns were filed with the state. While predominately paid by individuals, a significant number of business activities are organized so that income associated with these enterprises is reported through the individual income tax. All revenue collected from the individual income tax is deposited in the state general fund.

The initial base of the Georgia individual income tax is the taxpayer's federal adjusted gross income (AGI). Several adjustments are made to this starting point to arrive at the version of adjusted gross income adopted by Georgia. After computing the Georgia version of AGI, taxpayers deduct an amount representing either the value of their Georgia itemized deductions or the Georgia standard deduction. In addition, filers are allowed a personal exemption of \$5,400 for joint filers and \$2,700 for other filers and \$3,000 for each dependent.

Beginning with this year, the tax expenditure report includes the expenditures associated with both state and federal tax provisions. Because the Georgia individual income tax is based on the federal system, expenditures that are present at the federal level have revenue implications at the state level. For example, changes to itemized deductions by the federal government have repercussions on Georgia state tax revenues. The value of the expenditure as it relates to state taxes paid by those filing a Georgia return is presented in the section below on federal tax expenditures. In some cases, Georgia might not adopt a federal deduction. In that case, the expenditure is not listed because there is no loss of revenue to the state. In general, the value of the federal tax expenditure to the state of Georgia is determined by allocating a portion of the federal tax base associated with the expenditure estimate as estimated by the Joint Committee on Taxation for the U.S. Congress. In some cases, the value of the Georgia estimates are highly sensitive to the assumptions made concerning the appropriate tax rate for a given expenditure provision and the allocation factor that is used to determine the amount of federal activity associated with Georgia.

Summary of Federal Personal Income Tax Provisions

		\$ in Millions			
Expenditure	Summary	Type of Expenditure	State FY2011	State FY2012	State FY2013
1.1.001	Exclusion of employee meals and lodging	Exclusion	9	9	10
1.1.002	Exclusion of housing allowances for ministers	Exclusion	5	6	6
1.1.003	Exclusion of employer-provided child care	Exclusion	13	11	11
1.1.004	Exclusion of employee awards	Exclusion	3	3	3
1.1.005	Exclusion of employer contributions and earnings to pension plans, includes Keoghs, defined benefit and defined contribution plans	Exclusion	614	734	859
1.1.006	Exclusion for employer contributions for health care, health insurance premiums and long-term care insurance premiums	Exclusion	728	803	897
1.1.007	Exclusion for employer paid accident and disability premiums	Exclusion	22	23	24
1.1.008	Exclusion for employer contributions for premiums on group long term life insurance	Exclusion	13	14	15
1.1.009	Exclusion for employer-paid transportation benefits and employer-provided transit and vanpool benefits	Exclusion	31	34	35
1.1.010	Exclusion for benefits provided through cafeteria plans	Exclusion	190	212	235
1.1.011	Exclusion for employer provided adoption assistance	Exclusion	3	2	1
1.1.012	Exclusion for employer provided education benefits (including education assistance and tuition reduction benefits)	Exclusion	9	9	9
1.1.013	Exclusion of miscellaneous fringe benefits	Exclusion	46	51	54
1.1.014	Exclusion of foreign earned income (including housing and salary)	Exclusion	35	36	37
1.1.015	Exclusion of certain allowances for federal employees abroad	Exclusion	13	14	15
1.1.016	Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits)	Exclusion	84	90	94
1.1.017	Medical care and Tricare Medical Insurance for military dependents and retirees	Exclusion	37	40	42
1.1.018	Exclusion for Veterans' Benefits (includes veteran disability compensation, pensions, and readjustment benefits)	Exclusion	43	49	50
1.1.019	Exclusion of income attributable to the discharge of certain student loan debt and National Health Service Corp (NHSC) and certain state educational loan repayments	Exclusion	1	1	1
1.1.020	Exclusion of Workers' Compensation benefits (includes disability and survivor benefits and medical benefits, and exclusion of damages on account of personal physical injuries or physical sickness)	Exclusion	51	55	58
1.1.021	Exclusion for special benefits for disabled coal miners	Exclusion	(1)	(1)	(1)
1.1.022	Exclusion of untaxed social security and railroad retirement benefits	Exclusion	167	194	209
1.1.023	Exclusion of Medicare benefits	Exclusion	316	350	378
1.1.024	Exclusion of certain foster care payments	Exclusion	2	2	2
1.1.025	Exclusion of cash public assistance benefits	Exclusion	27	32	38
1.1.026	Exclusion of scholarship and fellowship income	Exclusion	15	17	18

Summary of Federal Personal Income Tax Provisions

Expenditure	Summary	Type of Expenditure	\$ in Millions		
			State FY2011	State FY2012	State FY2013
1.1.027	Exclusion for earnings of Coverdell education savings accounts and interest on educational savings bonds	Exclusion	1	1	1
1.1.028	Exclusion of earnings of qualified tuition programs (including prepaid tuition programs and savings account programs)	Exclusion	3	4	5
1.1.029	Exclusion for certain agricultural cost-sharing payments	Exclusion	(1)	(1)	(1)
1.1.030	Exclusion of discharge of indebtedness for certain farmers	Exclusion	1	1	1
1.1.031	Exclusion of interest on State and local government private activity bonds	Exclusion	1	1	1
1.1.032	Exclusion of capital gains from sale of principle residences	Exclusion	124	134	141
1.1.033	Exclusion of capital gains at death	Exclusion	134	166	200
1.1.034	Exclusion of capital gains on gifts	Exclusion	41	35	22
1.1.035	Exemption from imputed interest rules	Exclusion	3	4	4
1.1.036	Exclusion of combat pay	Exclusion	26	23	21
1.1.037	Exclusion of energy conservation subsidies provided by public utilities	Exclusion	(1)	(1)	(1)
1.1.038	Exclusion from income attributable to the discharge of principal residence acquisition indebtedness	Exclusion	6	5	3
1.1.039	Exclusion of gain for certain small business stock	Exclusion	4	4	5
1.1.040	Exclusion of interest on public purpose State and local government bonds	Exclusion	2	2	3
1.1.041	Exclusion of income earned by voluntary employees' beneficiary associations	Exclusion	29	33	36
1.1.042	Exclusion of survivor annuities paid to families of public safety officers killed in the line of duty	Exclusion	(1)	(1)	(1)
1.1.043	Exclusion of disaster mitigation payments	Exclusion	(1)	(1)	(1)
1.2.001	Accelerated depreciation (MACRS)	Deduction	70	70	69
1.2.002	Deduction for expenditures on energy-efficient commercial building property	Deduction	1	1	1
1.2.003	Deduction of exploration and development costs of nonfuel minerals, includes excess of depletion over cost depletion, nonfuel minerals	Deduction	1	1	1
1.2.004	Amortization of business startup costs	Deduction	13	12	11
1.2.005	Expensing of research and development costs in lieu of R&D tax credit	Deduction	(1)	(1)	(1)
1.2.006	Expensing of magazine circulation expenditures	Deduction	(1)	(1)	(1)
1.2.007	Deductions for oil and gas exploration and development costs	Deduction	(1)	(1)	(1)
1.2.008	Special treatment for expenses related to timber production	Deduction	4	4	4
1.2.009	Expensing under IRC section 179 of depreciable business property	Deduction	9	24	12
1.2.010	Exceptions for publicly traded partnership with qualified income derived from certain energy-related activities	Deduction	4	4	5
1.2.011	Treatment of income from exploration and mining as qualified income for publicly traded partnerships	Deduction	(1)	(1)	(1)
1.2.012	Various agricultural expense provisions	Deduction	1	1	1

Summary of Federal Personal Income Tax Provisions

Expenditure	Summary	Type of Expenditure	\$ in Millions		
			State FY2011	State FY2012	State FY2013
1.2.013	Community and Regional Development incentives	Deduction	1	1	1
1.2.014	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Deduction	1	1	1
1.2.015	Inventory methods and valuation, including last in first out, lower of cost or market, specific identification for homogenous products	Deduction	6	7	7
1.2.016	15 year recovery period for retail motor fuel outlets	Deduction	3	2	2
1.2.017	Health Savings Accounts	Deduction	6	8	10
1.2.018	Deduction for property taxes on real property	Deduction	98	129	147
1.2.019	Deduction for nonbusiness State and local government income taxes, sales taxes and property taxes	Deduction	222	283	324
1.2.020	Deduction for mortgage interest on owner-occupied residences	Deduction	696	711	727
1.2.021	Deduction for charitable contributions (includes deductions for health, education, and other than health and education)	Deduction	365	414	449
1.2.022	Deduction for casualty and theft losses	Deduction	2	3	3
1.2.023	Deduction for overnight expenses for National Guard and Reserve members	Deduction	1	1	1
1.2.024	Deduction for premiums for qualified mortgage insurance	Deduction	2	1	(1)
1.2.025	Deduction for interest on student loans	Deduction	6	4	3
1.2.026	Deduction for higher education expenses	Deduction	1	(1)	0
1.2.027	Deduction for teacher classroom expenses	Deduction	(1)	(1)	(1)
1.2.028	Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	Deduction	32	35	39
1.2.029	Deduction for medical expenses and long term care expenses	Deduction	86	104	120
1.2.030	Deduction for Individual Retirement Arrangements, includes traditional IRAs and Roth IRAs.	Deduction	101	87	98
1.3.001	Like-kind exchanges	Deferral	5	6	8
1.3.002	Special rules for magazine, paperback book, and record returns	Special Rule	(1)	(1)	(1)
1.3.003	5 year carryback for net operating losses attributable to farming	Special Rule	1	1	1
1.3.004	Special rules for mining reclamation reserves	Special Rule	(1)	(1)	(1)
1.3.005	Cash accounting, other than agriculture	Special Rule	10	10	11
1.3.006	Deferral of gain on non-dealer installment sales	Special Rule	-12	-4	11
1.3.007	Completed contract rules	Special Rule	(1)	(1)	(1)
1.3.008	Special treatment of employee stock ownership plans	Deferral	6	6	6
1.3.009	Income averaging for farmers and fishermen	Special Rule	(1)	(1)	(1)

1.4 Income Tax Exemptions

1.4.001 Personal Exemption

Statute	§48-7-26
Year Enacted	1987
Year Effective	1987
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Georgia allows a personal exemption equal to \$5,400 for joint returns and \$2,700 for taxpayers' filing non-joint returns. \$3,000 is excluded from income for each dependent claimed on the tax return.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	870	887	904

(1) denotes a value of less than 1 million

1.4.002 Retirement Income

Statute	§48-7-27
Year Enacted	1971
Year Effective	1971
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note:	

The data necessary to estimate the value of the expenditure for FY2012 and FY2013 is not available at this time.

Description: Between 2008 and prior to 2012, a maximum of \$35,000 of retirement income from any source is excluded from income. This income exclusion may include a maximum of \$4,000 of earned income. This provision applies to individuals aged 62 and above. For tax years beginning in 2012, individuals aged 65 and above may exclude a maximum of \$65,000 of retirement income. For tax years beginning in 2013, individuals aged 65 years and above may exclude a maximum \$100,000 of retirement income.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	706	Not Available	

(1) denotes a value of less than 1 million

at this time

1.4.003 Social Security Income

Statute	§48-7-27
Year Enacted	1971
Year Effective	1971
Data Source	DOR Data for 2009

Estimate Reliability Class A
 Data Reliability Class A
 Note This estimate differs from prior year due to use of new data and revised methodology.

Description: Social security and tier 1 Railroad retirement benefits are excluded from state Taxable income.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	124	129	135

(1) denotes a value of less than 1 million

1.4.004 **Georgia Higher Education Savings Plan Contributions**

Statute §48-7-27
 Year Enacted NA
 Year Effective Taxable years beginning on or after January 1, 2002
 Data Source DOR Data for 2009
 Estimate Reliability Class A
 Data Reliability Class A
 Note This estimate differs from prior year due to use of new data

Description: An exemption from income is allowed for contributions to a qualified higher education savings plan. The exemption is limited to \$2,000 per qualified plan beneficiary.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	12	13	13

(1) denotes a value of less than 1 million

1.4.005 **Interest on U.S. Obligations**

Statute §48-7-27
 Year Enacted 1971
 Year Effective 1971
 Data Source DOR Data for 2009
 Estimate Reliability Class A
 Data Reliability Class A
 Note

Description: Interest earned on U.S. government bonds and other obligations are not included as taxable income.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	9	10	12

(1) denotes a value of less than 1 million

1.4.007 **Organ donation expenses**

Statute §48-7-27
 Year Enacted 1981

Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	2009 Annual Report of the U.S. Organ Procurement and Transplantation Network and the Scientific Registry of Transplant Recipients developed by the U.S Department of Health and Human Services
Estimate Reliability	Class C
Data Reliability	Class B
Note	

Description: Expenses associated with the donation of organs in accordance with the “National Organ Procurement Act”. The maximum value of excluded expenses cannot exceed \$10,000.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	(1)	(1)	(1)

(1) denotes a value of less than 1 million

1.4.008 Aged 65/Blind Deduction

Statute	§48-7-27
Year Enacted	1971
Year Effective	1971
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: Taxpayers aged 65 or older are allowed an annual deduction from income of \$1,300 per taxpayer. Taxpayers who are blind are allowed an annual deduction from income of \$1,300 per taxpayer.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	6	6	6

(1) denotes a value of less than 1 million

1.4.010 Premiums for high deductible health plans

Statute	§48-7-27
Year Enacted	1981
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	Kaiser-Health Research and Educational Trust and America's Health Insurance Plan, Center for Policy and Research
Estimate Reliability	Class B
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: Taxpayers are allowed to exclude 100 percent of premiums paid for certain high deductible health plans.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	2	2	3

(1) denotes a value of less than 1 million

1.5 Income Tax Deductions

1.5.001 Standard Deduction

Statute	§48-7-27
Year Enacted	1971
Year Effective	1971
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data and revised methodology.

Description: Taxpayers that do not itemize expenses on their federal return are allowed a standard deduction equal to \$2,300 for head of household and single filers, \$1,500 for married filing separately and \$3,000 in the case of joint filers.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	173	177	180

(1) denotes a value of less than 1 million

1.6 Income Tax Credits

1.6.001 Rural Physician's Credit

Statute	§48-7-29
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996
Data Source	DOR Data for 2009
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: This credit is for certain physicians practicing in rural counties. The value of the credit is equal to the lessor of \$5,000 or the taxpayer's tax liability annually and may be claimed for 5 years.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	1	1	1

(1) denotes a value of less than 1 million

1.6.002 **Disabled person home purchase or retrofit credit**

Statute	§48-7-29.1
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1999
Data Source	DOR Data for 2009
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: This credit provides a \$500 credit for the purchase of a new single-family home containing accessibility features or for the retrofit of an existing home. In no case shall the credit exceed the taxpayer's tax liability. Unused credits can be carried forward for three years.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	(1)	(1)	(1)

(1) denotes a value of less than 1 million

1.6.003 **Driver Education Credit**

Statute	§48-7-29.5
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: This credit provides a credit against income tax for the lesser of \$150 or the cost of a qualified driver education class.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	1	1	1

(1) denotes a value of less than 1 million

1.6.004 **Disaster Assistance Credit**

Statute	§48-7-29.4
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2000
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit is for individuals receiving disaster relief payments from the Georgia Emergency Management Agency or from the Federal Emergency Management Agency. The credit amount is the actual amount of the disaster relief assistance or \$500, whichever is less.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	1	1	1

(1) denotes a value of less than 1 million

1.6.005 **Qualified Caregiving Expense Credit**

Statute	§48-7-29.2
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1999
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit is for taxpayers with expenses related to the care of a qualifying family member. The value of the credit is equal to no more than 10 percent of the total amount expended for qualifying caregiving expenses. In no event shall the credit exceed \$150 or the taxpayer's income tax liability, whichever is less.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	(1)	(1)	(1)

(1) denotes a value of less than 1 million

1.6.006 **Tax Credit for Life Insurance for Georgia National Guard and Air National Guard**

Statute	§48-7-29.9
Year Enacted	2005
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	DOR Data for 2009 & U.S. Department of Veterans Affairs
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit is available for active duty members of the Georgia National Guard and Air National Guard on active duty for more than 90 consecutive days and who purchase qualified life insurance through the Services' Group Life Insurance Program administered by the U.S. Department of Veterans Affairs. The credit amount is equal to the cost of the premiums of the life insurance policy.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	1	1	1

(1) denotes a value of less than 1 million

1.6.007 **Child and Dependent Care Credit**

Statute	§48-7-29.10
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOR Data for 2009

Estimate Reliability Class A
 Data Reliability Class A
 Note This estimate differs from prior year due to use of new data
Description: This credit is equal to 30 percent of the federal credit claimed for qualified expenses related to the care of children and dependents.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	28	28	29

(1) denotes a value of less than 1 million

1.6.008 Adoption of Foster Child Credit

Statute §48-7-29.15
 Year Enacted 2008
 Year Effective Tax years beginning on or after January 1, 2008
 Data Source DOR Data for 2009
 Estimate Reliability Class A
 Data Reliability Class A
 Note This estimate differs from prior year due to use of new data
Description: Provides an annual tax credit for taxpayers adopting qualified foster children. The value of the credit is \$2,000 per child annually until the child attains the age of 18. Applies to adoptions occurring in taxable years beginning on or after January 1, 2008.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	2	2	3

(1) denotes a value of less than 1 million

1.6.009 Low-Income Credit

Statute §48-7A -3
 Year Enacted 1991
 Year Effective Taxable years beginning on or after January 1, 1992
 Data Source DOR Data for 2009
 Estimate Reliability Class B
 Data Reliability Class B
 Note This estimate differs from prior year due to use of new data. For tax years beginning on January 1, 2010 and after, the credit is nonrefundable.

Description: Provides a tax credit for low-income individuals. The credit is based on the taxpayers AGI. The maximum value of the credit is \$26 per dependent.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	7	8	8

(1) denotes a value of less than 1 million

1.6.010 Credit for taxes paid to another state

Statute	§48-7-28
Year Enacted	1931
Year Effective	1931
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: A resident individual with income taxed by another state is allowed a credit for such tax. The maximum value of this credit is equal to the amount that would be due if the income were taxed by Georgia.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditure Estimate	152	159	166

(1) denotes a value of less than 1 million

The following tax credits are offered to both non-corporate businesses filing a personal income tax return and corporations filing a corporate return. The value of the credits claimed by businesses filing individual returns are reported under the corporate tax section of this report.

Expenditure	Statute	Corresponding Corporate Credit
1.6.012	§48-7-40 and §48-7-40.1	Employer's Jobs Tax Credit (2.6.001)
1.6.013	§48-7-40.17	Quality Jobs Tax Credit (2.6.002)
1.6.014	§48-7-40.24	New Facilities Jobs Credit (2.6.003)
1.6.015	§48-7-40.25	New Manufacturing Facilities Property Credit (2.6.004)
1.6.016	§§48-7-40.2, 48-7-40.3, and 48-7-40.4	Manufacturer's Investment Tax Credit (2.6.005)
1.6.017	§§48-7-40.7, 48-7-40.8, and 48-7-40.9	Optional Investment Tax Credit (2.6.006)
1.6.018	§48-7-40.15	Port Activity Tax Credit (2.6.007)
1.6.019	§48-7-40.15A	Alternate Port Activity Tax Credit (2.6.008)
1.6.020	§48-7-40.26	Film Tax Credit (2.6.009)
1.6.021	§48-7-40.12	Research Tax Credit (2.6.010)
1.6.022	§48-7-40.27 & 40.28	Seed-Capital Fund Credit (2.6.011)
1.6.023	§48-7-29.13	Qualified Health Insurance Expense Credit (2.6.012)
1.6.024	§48-7-29.11	Teleworking Credit (2.6.013)
1.6.025	§48-7-29.3	Qualified Transportation Credit (2.6.014)
1.6.026	§48-7-40.22	Business Enterprise Vehicle Credit (2.6.015)
1.6.027	§48-7-40.6	Employer's credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property (2.6.016)
1.6.028	§48-7-29.6	Low Income Housing Credit (2.6.017)
1.6.029	§48-7-29.8	Historic Rehabilitation Credit (2.6.018)
1.6.030	§48-7-40.19	Diesel Particulate Emission Reduction Technology Equipment

(2.6.019)

1.6.031	§48-7-40.16	Low/Zero Emission Vehicle Credit & Electric Vehicle Charger Credit (2.6.020)
1.6.032	§48-7-29.12	Land Conservation Credit (2.6.021)
1.6.033	§48-7-29.14	Clean Energy Property Credit & Wood Residuals Credit (2.6.022)
1.6.034	§48-7-41	Employer's Credit for Basic Skills Education (2.6.023)
1.6.035	§48-7-40.5	Employer's Credit for Approved Employee Retraining (2.6.024)
1.6.036	§48-7-29.16	Qualified Education Expense Credit (2.6.025)
1.6.037	§48-7-40.30	Qualified Investor Tax Credit (2.6.026)
1.6.038	§48-7-40.29	Energy or water efficient credit (2.6.027)
1.6.039	§48-7-40.10	Tax credit for water conservation facilities and qualified water conservation investment property (2.6.028)
1.6.040	§48-7-40.11	Tax credit for shift from ground water usage (2.6.029)
1.6.041	§48-7-40.21	Tax credit for existing business enterprises undergoing qualified business expansion (2.6.030)

Income Tax Exemptions for Which an estimate is not Currently Available

Expenditure	Statute	Summary
1.4.006	§48-7-27	Certain military income
1.4.009	§48-7-27	Certain dependent's unearned income
1.4.011	§48-7-27	Salaries and wages reduced from Federal taxable income because of the Federal Jobs Tax Credit
1.4.012	§48-7-27	Individual retirement account, Keogh, SEP and Sub-S plan withdrawals where tax has been paid to Georgia because of the difference between Georgia and Federal law for tax years 1981 through 1986.
1.4.013	§48-7-27	Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986.
1.4.014	§48-7-27	Income from any fund, program or system which is exempted by Federal law or treaty.
1.4.015	§48-7-27	Certain income in which the Sub-S election is not recognized by Georgia or another state in order to avoid double taxation.
1.4.016	§48-7-27	Adjustment for certain teachers retired from the Teacher's Retirement System of GA
1.4.017	§48-7-27	Amount claimed by certain employers in food and beverage establishments
1.4.018	§48-7-27	Adjustment of certain payments to minority subcontractors
1.4.019	§48-7-27	Adjustments to Federal adjusted gross income for certain GA resident partners

2. Corporate Income Tax

The corporate income tax was first levied in Georgia in 1929. While originally levied at a rate of 1/3 of the federal corporate tax rate, the rate was changed to 4 percent in 1931. The tax has gone through several rate changes since its introduction, including in 1949 when it was temporarily increased to 7.5 percent. The current rate of 6 percent was adopted in 1969. The Georgia corporate income tax does not include a minimum level of exempt income and includes only one income tax bracket.

Corporate tax collections for FY2010 were \$685 million or 4.8 percent of total state tax revenues.⁶ Approximately 258,000 corporate returns were filed for tax year 2010. All revenue collected from this tax is deposited into the state general fund.

The starting point for the construction of the tax base is federal taxable income of a corporation. Several adjustments are made in order to determine Georgia business income. For example, although corporations are allowed certain special depreciation deductions at the federal level, some of these deductions are not allowed at the state level. Firms taking these deductions on their federal return must add these deductions back to their tax base when determining their state taxable income. In addition, firms operating in multiple states must apportion their corporate income to each of the states in which they have a legal obligation to pay the tax. Since 2008 firms with multistate income determine the portion of their total income associated with Georgia by computing their total Georgia receipts relative to their total receipts.

It is important to keep in mind that tax expenditure estimates may differ from revenue estimates presented in fiscal notes. As discussed in the introduction to this report, the value of tax expenditures may differ from the value of revenue estimates provided in fiscal notes because the fiscal note incorporates behavioral effects that are not considered when estimating tax expenditure provisions. This is because the purpose of a tax expenditure estimate is to convey the cost that would be necessary if the item were offered as a direct budgetary expenditure instead of a reduction in the tax liability.

A second caveat concerns the estimates associated with the state corporate credit provisions. Forecasting the value of the revenue loss stemming from the use of these credits is problematic because of the presence of extensive carry forwards in the case of some credits. Because of past credit carry forwards, firms may claim credits on current or future year tax returns that were created in prior years. Therefore, the estimates provided in this report should be interpreted as the expected revenue loss stemming from the use of currently created or previously created credits and not an estimate of the value of credits created in a given year.

⁶ This figure does not include Net Worth tax revenue.

2.4 Corporate Apportionment

Discussed below are three issues relating to corporate apportionment that can be considered tax expenditures because they are deviations from the standard practice of corporate apportionment and result in a benefit to some taxpayers. No estimate of the value of these expenditures is available at this time.

2.4.001 Single Factor Apportionment

With single factor apportionment, firms determine state tax liability based solely on the ratio of Georgia receipts to total receipts. The traditional apportionment formula involves the use of three Georgia-total ratios: property, payroll, and receipts. With the 3 factor formula the firm applies a weight of 33.33 percent to each ratio. The single factor formula benefits firms that have manufacturing presence in one state but significant sales outside of the state. Firms that are located and operate in the same state are not affected by the apportionment formula.

2.4.002 Throwback Rule

Under a throwback rule, out-of-state sales from a corporation are taxed by the state of origin if the corporation has no nexus in the destination state. About 25 states have a throwback rule. Georgia, North Carolina, Florida, Tennessee, South Carolina, and Virginia do not but Alabama does. An alternative rule is the “throwout rule” which eliminates sales to non-nexus states from both the numerator and denominator of the apportionment formula of a corporation. Georgia does not have a throwout rule.

2.4.003 Corporate Receipts Sourcing

Georgia is among 12 states that apportion multistate corporate income based only on gross receipts, (i.e. a 100% sales factor). This creates a destination-based corporate income tax system. Under this approach, corporations pay taxes based on the state in which their products are sold, not where production takes place. This rule applies to the sale of tangible property. When considering apportionment for services provided across state lines, Georgia employs a market-based sourcing rule. At the present, there is no consensus between the states on how to define a “market” for the purpose of implementing this rule but in general it means that services will be taxed based on the state in which the customer receives the benefit. The rule is meant to apply a consistent destination-based treatment to services when compared to tangible goods.

Summary of Federal Corporate Income Tax Expenditures

Expenditure	Summary	Type of Expenditure	State FY2011	State FY2012	State FY2013
2.1.001	Exemption from imputed interest rules	Exclusion	(1)	(1)	(1)
2.1.002	Exclusion of interest on State and local government private activity bonds	Exclusion	(1)	(1)	(1)
2.1.003	Exclusion of contributions in aid of construction for water and sewer utilities	Exclusion	(1)	(1)	(1)
2.1.004	Exclusion of earnings of certain environmental settlement funds	Exclusion	(1)	(1)	(1)
2.1.005	Exclusion for certain agricultural cost-sharing payments	Exclusion	(1)	(1)	(1)
2.1.006	Exclusion of gain or loss on sale or exchange for brownfield property	Exclusion	(1)	(1)	(1)
2.1.007	Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare	Exclusion	1	1	1
2.1.008	Exclusion of disaster mitigation payments	Exclusion	(1)	(1)	(1)
2.1.009	Exclusion of interest on public purpose State and local government bonds	Exclusion	(1)	(1)	(1)
2.1.010	Various foreign provisions - including inventory property sales source rule exception, interest expense allocation, deferral of active income of controlled foreign corporations, deferral of active financing income	Exclusion	58	60	63
2.2.001	Accelerated depreciation (MACRS)	Deduction	51	52	52
2.2.002	Deduction for expenditures on energy-efficient commercial building property	Deduction	(1)	(1)	(1)
2.2.003	Deduction of exploration and development costs of nonfuel minerals	Deduction	(1)	(1)	(1)
2.2.004	Amortization of business startup costs	Deduction	(1)	(1)	(1)
2.2.005	Expensing of research and development costs in lieu of R&D tax credit	Deduction	6	6	7
2.2.006	Expensing of magazine circulation expenditures	Deduction	(1)	(1)	(1)
2.2.007	Deductions for oil and gas exploration and development costs	Deduction	0	0	0
2.2.008	Special treatment for expenses related to timber production	Deduction	4	3	3
2.2.009	Deduction for charitable contributions (includes deductions for health, education, and other than health and education)	Deduction	14	14	15
2.2.010	15 year recovery period for retail motor fuel outlets	Deduction	(1)	(1)	(1)
2.2.011	Expensing under section 179 of depreciable business property	Deduction	1	1	(-1)
2.2.012	Amortization of air pollution control facilities	Deduction	(1)	(1)	(1)
2.2.013	Election to expense 50 percent of qualified property used to refine liquid fuels	Deduction	(1)	(1)	(1)
2.2.014	Various agricultural expensing provisions	Deduction	(1)	(1)	(1)
2.2.015	Community and Regional Development incentives	Deduction	(1)	(1)	(1)
2.2.016	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Deduction	(1)	(1)	(1)
2.2.017	Inventory methods and valuation	Deduction	14	15	16
2.3.001	Like-kind exchanges	Deferral	4	5	5

Summary of Federal Corporate Income Tax Expenditures

Expenditure	Summary	Type of Expenditure	State FY2011	State FY2012	State FY2013
2.3.002	Special rules for magazine, paperback book, and record returns	Special Rule	(1)	(1)	(1)
2.3.003	5 year carryback for net operating losses attributable to farming	Special Rule	(1)	(1)	(1)
2.3.004	Special rules for mining reclamation reserves	Special Rule	(1)	(1)	(1)
2.3.005	Cash accounting, other than agriculture	Special Rule	(1)	(1)	(1)
2.3.006	Deferral of gain on non-dealer installment sales	Special Rule	-1	7	12
2.3.007	Completed contract rules	Special Rule	2	2	2
2.3.008	Special treatment of employee stock ownership plans	Deferral	(-1)	(-1)	(-1)
2.3.009	Deferral of capital construction costs of shipping companies	Deferral	(1)	(1)	(1)

2.5 Corporate Income Tax Deductions

Corporate Income Tax Deductions for Which an Estimate is not Currently Available

Expenditure	Statute	Summary
2.5.001	§48-7-21	Interest on obligations of United States
2.5.002	§48-7-21	Exception to intangible expenses and related interest cost

2.6 Corporate Income Tax Credits

2.6.001 Employer's Job Tax Credit

Statute	§48-7-40 and §48-7-40.1
Year Enacted	§48-7-40: 1989; §48-7-40.1: 1993
Year Effective	§48-7-40: Taxable years beginning on or after January 1, 1990; §48-7-40.1: Taxable years beginning on or after January 1, 1994.
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate includes tax credit for expanding business (2.6.030) & the new facilities job credit (2.6.003). This estimate differs from prior year due to use of new data and revised methodology.

Description: The credit provides a statewide job tax credit to any business or headquarters engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development. Retail establishments are only allowed the credit if located in one of the 40 least developed counties of the state. Average wages must be greater than the average wage of the county in the state with the lowest average wage. To be eligible,

employers must offer health insurance to all new employees.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	18	18	20

(1) denotes a value of less than 1 million

2.6.002 Quality Jobs Tax Credit

Statute	§48-7-40.17
Year Enacted	2009
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	Fiscal Note for HB 438/2009 LC 18 8116ER
Estimate Reliability	Class C
Data Reliability	Class B

Note

Description: This credit is for employers creating new high-wage jobs or relocating high-wage jobs into the state. A quality job or high-wage job is defined as a job located in the state; has 30 hours a week of regular work; a job that is not already located in Georgia; pays at or above 110 percent of the average wage of the county in which it is located; and has no predetermined end date.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	21	21	21

(1) denotes a value of less than 1 million

2.6.003 New Facilities Jobs Credit

Statute	§48-7-40.24
Year Enacted	2003
Year Effective	Latest modifications are effective for taxable years beginning on or after January 1, 2009
Data Source	See 2.6.001
Estimate Reliability	See 2.6.001
Data Reliability	See 2.6.001

Note

Description: For business enterprises that first qualified in a taxable year beginning before January 1, 2009, \$450 million in qualified investment property must be purchased for the project within a six-year period. The manufacturer must also create at a minimum 1,800 new jobs within a six-year period and can receive credit for up to a maximum of 3,300 jobs. For business enterprises who first qualify in a taxable year beginning on or after January 1, 2009, the business enterprise must meet the job creation requirement of 1,800 eligible full-time employees and either the qualified investment requirement of \$450 million in qualified investment property, or the payroll requirement of \$150 million in total annual Georgia W-2 reported payroll within the six-year period.

State Fiscal Years (\$ in Millions)

2011 2012 2013

Corporate and Individual

Included in 2.6.001

(1) denotes a value of less than 1 million

2.6.005 Manufacturer’s Investment Tax Credit

Statute	§§48-7-40.2, 48-7-40.3, and 48-7-40.4
Year Enacted	1994
Year Effective	Taxable years beginning on or after January 1, 1994
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Taxpayer must invest a minimum of \$50,000 per project per location during the tax year to receive credit. Eligible taxpayers must have been in operation for the immediately preceding three years. Leased property for a period of 5 years or longer is eligible for the credit.

State Fiscal Years (\$ in Millions)

2011 2012 2013

Corporate and Individual

3 3 3

(1) denotes a value of less than 1 million

2.6.006 Optional Investment Tax Credit

Statute	§§48-7-40.7, 48-7-40.8, and 48-7-40.9
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996.
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: An alternative investment tax credit available for investments in manufacturing or telecommunications facilities or support facilities that has been operating for the three immediately preceding years. The credit is available for investments in excess of \$5 million and placed in service no earlier than January 1, 1996 for Tier 1 counties. The investment threshold is \$10 million for Tier 2 counties and is \$20 million for Tier 3 and 4 counties.

State Fiscal Years (\$ in Millions)

2011 2012 2013

Corporate and Individual

(1) (1) (1)

(1) denotes a value of less than 1 million

2.6.007 Port Activity Tax Credit

Statute	§48-7-40.15
Year Enacted	1998
Year Effective	Latest modifications apply to taxable years beginning on or after

January 1, 2010
 Data Source DOR Data for 2009
 Estimate Reliability Class A
 Data Reliability Class A
 Note This estimate differs from prior year due to use of new data

Description: For taxable years beginning before January 1, 2010, businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development that have increased shipments out of Georgia ports during the previous 12-month period by more than 10% over their 1997 base year port traffic, or by more than 10% over 75 net tons, five containers or ten 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. For tax years beginning on or after January 1, 2010, the increase is based on a comparison of the previous 12 month period to the second preceding 12 month period.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	7	7	7

(1) denotes a value of less than 1 million

2.6.008 Alternative Port Activity Tax Credit

Statute §48-7-40.15A
 Year Enacted 2009
 Year Effective 2009
 Data Source DOR Data for 2009
 Estimate Reliability Class A
 Data Reliability Class A
 Note

Description: Credit is allowed to any business enterprise located in a Tier 2 or 3 county or in a less developed area and which qualifies and receives the Jobs Tax Credit and which

1. Consists of a distribution facility of greater than 650,000 square feet in operation in this state prior to December 31, 2008;
2. Distributes product to retail stores owned by the same legal entity or its subsidiaries as such distribution facility; and
3. Has a minimum of 8 retail stores in this state in the first year of operations.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)

(1) denotes a value of less than 1 million

2.6.009 Film Tax Credit

Statute §48-7-40.26
 Year Enacted 2005
 Year Effective Taxable years beginning on or after January 1, 2005

Data Source	DOR Data for 2009
Estimate Reliability	Class B
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data and revised methodology.

Description: Production companies which have at least \$500,000 of qualified expenditures in a state certified production may claim this credit. Certification must be approved through the Georgia Department of Economic Development. There are special calculation provisions for production companies whose average annual total production expenditures in this state exceeded \$30 million for 2002, 2003 and 2004.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	37	44	49

(1) denotes a value of less than 1 million

2.6.010 Research Tax Credit

Statute	§48-7-40.12
Year Enacted	1997
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit is for expenses resulting from research conducted in Georgia by businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries. A tax credit is allowed provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986, as amended.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	6	7	7

(1) denotes a value of less than 1 million

2.6.011 Seed-Capital Fund

Statute	§48-7-40.27 & 40.28
Year Enacted	2008
Year Effective	Applicable to investments made on or after July 1, 2008
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: This provides a tax credit for certain qualified investments made on or after July 1, 2008 in a research fund, the purpose of which is to provide early-stage

financing for businesses formed as a result of research conducted in Georgia's research universities.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)

(1) denotes a value of less than 1 million

2.6.012 **Qualified Health Insurance Expense Credit**

Statute	§48-7-29.13
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: Employer credit for the premiums paid for a high-deductible health plan. Employers must employ 50 or fewer persons for whom the employer provides high deductible health plans as defined by Section 223 of the Internal Revenue Code and in which such employees are enrolled. The qualified health insurance must be made available to all employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code. The qualified health insurance premium expense must equal at least \$250 annually.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)

(1) denotes a value of less than 1 million

2.6.013 **Teleworking Credit**

Statute	§48-7-29.11
Year Enacted	2006
Year Effective	2007
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Employers who permit their employees to telework will be allowed an income tax credit for expenses incurred up to \$1,200 per participating employee. In addition, employers are allowed a one-time credit of \$20,000 per employer for preparing an assessment of a teleworking plan for their business.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	2	1	0

(1) denotes a value of less than 1 million

2.6.014 Qualified Transportation Credit

Statute	§48-7-29.3
Year Enacted	1999
Year Effective	Taxable years beginning on or after January 1, 2001
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: A tax credit provided to employers for the cost of providing any federally qualified transportation benefit to an employee.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)

(1) denotes a value of less than 1 million

2.6.015 Business Enterprise Vehicle Credit

Statute	§48-7-40.22
Year Enacted	2001
Year Effective	Taxable years beginning on or after January 1, 2002.
Data Source	DOR Data for 2009
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: This is a credit given to a business enterprise for the purchase of a motor vehicle that is used exclusively to provide transportation for its employees. In order to qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)

(1) denotes a value of less than 1 million

2.6.016 Employer's Credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property

Statute	§48-7-40.6
Year Enacted	1994 & 1999
Year Effective	Credit for cost of operation-Taxable years beginning on or after January 1, 1994; Credit for Cost of Qualified Child Care Property-Taxable years beginning on or after January 1, 2000.
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: Tax credit for expenses related to an employer who purchases qualified child care property; and a tax credit for employers who provide or sponsor child care for employees.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	7	7	8
(1) denotes a value of less than 1 million			

2.6.017 **Low Income Housing Credit**

Statute	§48-7-29.6
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: This is a credit against Georgia income taxes for taxpayers owning developments which receive the federal Low-Income Housing Tax Credit and that are placed in service on or after January 1, 2001. An eligible development consists of a housing project with restricted rents that do not exceed 30 percent of median income for at least 40 percent of its units occupied by persons or families having incomes of 60 percent or less of the median income or at least 20 percent of the units occupied by persons or families having incomes of 50 percent or less of the median income.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	30	33	35
(1) denotes a value of less than 1 million			

2.6.018 **Historic Rehabilitation Credit**

Statute	§48-7-29.8
Year Enacted	2002
Year Effective	Taxable years beginning on or after January 1, 2004
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: A credit for the certified rehabilitation of a certified structure or historic home. Standards set by the Georgia Department of Natural Resources must be met.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)
(1) denotes a value of less than 1 million			

2.6.019 Diesel Particulate Emission Reduction Technology Equipment Credit

Statute	§48-7-40.19
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For purposes of this credit diesel particulate emission reduction technology equipment is any equipment that provides for heat, air conditioning, light, and communications for the driver's compartment of a commercial motor vehicle parked at a truck stop, depot, or other facility the use of which results in the engine being turned off with a corresponding reduction of particulate emissions from such vehicle's diesel engine.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)

(1) denotes a value of less than 1 million

2.6.020 Zero and Low Emission Vehicle Credit; Electric Vehicle Charger Credit

Statute	§48-7-40.16
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: This is a credit for the purchase or lease of a new low or zero emission vehicle that is registered in the state of Georgia. The credit also applies to the conversion of a standard vehicle to a low or zero emission vehicle. In addition, the credit applies to the purchase of an electric vehicle charger.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	3	3	3

(1) denotes a value of less than 1 million

2.6.021 Land Conservation Credit

Statute	§48-7-29.12
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOR Data for 2009 and Fiscal Note for HB 222/2011 LC 18 9656
Estimate Reliability	Class A
Data Reliability	Class A

Note This estimate differs from prior year due to use of new data. Changes to the statute in 2011 allow unused credits to be Transferred to other taxpayers beginning in 2012.

Description: This provides for an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of Title 36. Property donated to increase building density levels or property that will be used or is associated with the playing of golf shall not be eligible.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	14	23	33

(1) denotes a value of less than 1 million

2.6.022 Clean Energy Property Credit & Wood Residuals Credit

Statute §48-7-29.14
 Year Enacted 2008
 Year Effective July 1, 2008
 Data Source DOR Data for 2009
 Estimate Reliability Class A
 Data Reliability Class A

Note

Description: The Georgia Clean Energy Property and Wood Residuals tax credit includes two general types of income tax credits: 1) investments in the construction, purchase or lease of “clean energy property,” and 2) the value of “wood residuals” delivered to a qualified renewable biomass facility. The clean energy property tax credits apply to solar, wind and energy efficiency projects, geothermal heat pumps, and certain biomass equipment for making electricity. For the purposes of the wood residuals tax credit, wood residuals include urban wood waste, land clearing residues, and pellets, but not wood from a U.S. national forest.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	3	2	3

(1) denotes a value of less than 1 million

2.6.023 Employer’s Credit for Basic Skills Education

Statute §48-7-41
 Year Enacted 1991
 Year Effective 1991
 Data Source DOR Data for 2009
 Estimate Reliability Class A
 Data Reliability Class A

Note

Description: A tax credit is provided to employers that sponsor or provide, at no cost to their employees, an approved basic skills education program. A basic skills education is one that enhances reading, writing, or mathematical skills up to and including the twelfth grade. Employee means any employee resident in Georgia who is

employed for at least 24 hours a week and who has been continuously employed by the employer for at least 16 consecutive weeks. Eligible expenses include instructor salaries, materials, supplies, and textbooks but exclude costs associated with renting or otherwise securing space.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	(1)	(1)	(1)

(1) denotes a value of less than 1 million

2.6.024 Employer’s Credit for Approved Employee Retraining

Statute	§48-7-40.5
Year Enacted	1994
Year Effective	Latest modifications are effective for taxable years beginning on or after January 1, 2009
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: The tax credit reimburses employers for the cost of providing retraining services to their employees. As of January 1, 2009, retraining programs shall not include any retraining on commercially, mass produced software packages for word processing, data base management, presentations, spreadsheets, e-mail, personal information management, or computer operating systems except a retraining tax credit shall be allowed for those providing support or training on such software.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	11	11	12

(1) denotes a value of less than 1 million

2.6.025 Qualified Education Expense Credit

Statute	§48-7-29.16
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	DOR Data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This provides a tax credit for donations made by taxpayers to a student scholarship organization which are used for tuition and fees for a qualified school or program.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	50	50	50

(1) denotes a value of less than 1 million

2.6.026 **Qualified Investor Tax Credit**

Statute	§48-7-40.30
Year Enacted	2010
Year Effective	January 1, 2011
Data Source	Fiscal Note for HB 1001/2010 LC 18 8790
Estimate Reliability	Class A
Data Reliability	Class A
Note	The credit is available for investments made in 2011, 2012 and 2013 but the credit cannot be claimed until FY2014 at the earliest.

Description: This credit provides a 35% tax credit for amounts invested in certain Georgia headquartered small businesses.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	0	0	0

(1) denotes a value of less than 1 million

2.6.027 **Energy or Water Efficient equipment credit**

Statute	§48-7-40.29
Year Enacted	2010
Year Effective	January 1 of the year following the year in which federal funds for this program are made available and received by the state
Data Source	Fiscal Note for HB 1069/2010 LC 21 0586
Estimate Reliability	Class A
Data Reliability	Class A
Note	The credit is only available for those tax years in which federal funds are made available to the state for this purpose.

Description: This tax credit applies to taxpayers who purchase energy efficient and water conservation equipment. The value of the credit is equal to 25 percent of the cost of the qualified equipment or \$2,500, whichever is less. At this time no federal funds are available.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Corporate and Individual	0	0	0

(1) denotes a value of less than 1 million

2.6.030 **Tax credit for existing business enterprises undergoing qualified business expansion**

Statute	§48-7-40.21
Year Enacted	1990
Year Effective	Latest modifications are applicable to tax years beginning on or after January 1, 2008
Data Source	See 2.6.001
Estimate Reliability	See 2.6.001
Data Reliability	See 2.6.001
Note	Estimate included in Provision 2.6.001

Description: This credit applies to businesses that create at least 500 new full-time jobs within a taxable year.

State Fiscal Years (\$ in Millions)

2011 2012 2013

Corporate and Individual

See 2.6.001

(1) denotes a value of less than 1 million

Corporate Income Tax Credits for Which an Estimate is not Currently Available

Expenditure	Statute	Summary
2.6.004	§48-7-40.25	New Manufacturing Facilities Property Credit
2.6.028	§48-7-40.10	Tax credit for water conservation facilities and qualified water conservation investment property
2.6.029	§48-7-40.11	Tax credit for shift from ground-water usage

3. Corporate Net Worth Tax

Georgia imposes a tax on the net worth of corporations. The net worth of foreign corporations subject to the Georgia tax is based upon the ratio of assets in Georgia and gross receipts in Georgia to total assets and gross receipts. Revenues from this tax totaled \$42 million in FY2010. All revenues from this tax are deposited into the state general fund.

The tax is graduated based upon the taxable net worth of the corporation. The minimum liability is \$10 for corporations having \$10,000 or less in taxable net worth. The maximum liability is \$5,000 for corporations with taxable net worth of more than \$22 million.

Corporate Net Worth Tax Expenditures for Which an Estimate is not Currently Available

Expenditure	Statute	Summary
3.001	§48-13-72	Exemption for nonprofit corporations
3.002	§48-13-72	Exemption for insurance companies

4. Sales and Use Tax

The sales and use tax was first enacted in Georgia in 1951 at a rate of 3 percent. The rate was increased to its current rate of 4 percent in 1989. In FY2010 the sales and use tax generated \$4.9 billion and accounted for approximately 34 percent of state tax revenues. All proceeds from the sales and use tax net of the vendor commission are deposited into the state general fund.

The base consists of retail sales, leases, rentals, use or consumption of tangible personal property. In addition to the state sales tax, local governments are authorized to impose a 1 to 3 percent sales tax with a few exceptions. The local sales taxes in most counties consist of a combination of a Local Option sales tax (LOST), Special Purpose Local Option sales tax (SPLOST) and/or an Educational Special Purpose Local Option sales tax (E-SPLOST). In addition, Atlanta also levies another 1 percent sales tax to cover expenses related to sewer repairs and two counties levy a Homestead Option sales tax (HOST).

In general, these local taxes operate from the same sales tax as the state sales tax; the major exception being food for home consumption which is included in the local sales tax base, but not in the state base. The sales tax is remitted to the Department of Revenue by the retailer. The use tax is remitted by the consumer.

For purposes of this report, the base of taxation for the sales and use tax is defined to include mainly tangible personal property. For example, food for home consumption consists of tangible property that is not included in the sales tax base at the state level and is listed as a state sales tax exemption. On the other hand, all or most services are also excluded from the state and local tax base. We provide estimates of some services that are indirectly exempt from the sales tax.

4.00400 Sales of transportation furnished by a county or municipal public transit system or public transit authorities

Statute	§48-8-3(4)
Year Enacted	1968
Year Effective	1968
Data Source	MARTA Annual Report
Estimate Reliability	Class B
Data Reliability	Class A
Note	Estimate Combined with 4.00500

Description: Sales by counties and municipalities arising out of their operation of any public transit facility and sales by public transit authorities or charges by counties, municipalities, or public transit authorities for the transportation of passengers upon their conveyances.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	5	5	5
Local Tax Expenditure	3	3	3

4.00500 Sales of transportation furnished by an approved and authorized Urban Transit System

Statute §48-8-3(5)
Year Enacted 1970
Year Effective 1970
Data Source MARTA Annual Report
Estimate Reliability Class A
Data Reliability Class A
Note Estimate Combined With 4.00400

Description: Fares and charges, except charges for charter or sightseeing service, collected by an urban transit system for the transportation of passengers.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure			See 4.00400
Local Tax Expenditure			

(1) denotes a value of less than 1 million

4.00600 Sales to any Hospital Authority created by Georgia Law

Statute §48-8-3(6)
Year Enacted 1976
Year Effective 1976
Data Source Georgia Office of Planning and Budget and IRS 990 Form Data
Estimate Reliability Class B
Data Reliability Class B
Note

Description: Sales to any hospital authority created by Article of Chapter 7 of Title 31

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	64	66	68
Local Tax Expenditure	44	46	47

(1) denotes a value of less than 1 million

4.00610 Sales to any Housing Authority created by Georgia Law

Statute §48-8-3(6.1)
Year Enacted 1999
Year Effective 1999
Data Source Department of Community Affairs and The American Community Survey
Estimate Reliability Class C
Data Reliability Class A
Note

Description: Sales to any Housing Authority created by Article 1 of Chapter 3 of Title 8, the "Housing Authorities Law"

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(1) denotes a value of less than 1 million

4.00620 Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities

Statute	§48-8-3(6.2)
Year Enacted	2002
Year Effective	2002
Data Source	Department of Community Affairs
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.00700 Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function.

Statute	§48-8-3(7)
Year Enacted	1971
Year Effective	1971
Data Source	DOR Data for 2009 and IRS 990 Form Data
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	105	110	115
Local Tax Expenditure	73	76	80

(1) denotes a value of less than 1 million

4.00710 Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities.

Statute	§48-8-3(7.1)
Year Enacted	2001
Year Effective	2002
Data Source	U.S. Economic Census and American Community Survey
Estimate Reliability	Class C
Data Reliability	Class A

Note

Description: Sales of tangible personal property and services to a nonprofit organization, the primary function of which is the provision of services to mentally retarded persons, when such organization is a tax exempt organization under the Internal Revenue Code and obtains an exemption determination letter from the commissioner

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(1) denotes a value of less than 1 million

4.00720 Sales to Georgia Society of the Daughters of the American Revolution

Statute	§48-8-3(7.2)
Year Enacted	2002
Year Effective	2002
Data Source	IRS 990 Form Data
Estimate Reliability	Class C
Data Reliability	Class C

Note

Description: Sales of tangible personal property or services to any chapter of the Georgia State Society of the Daughters of the American Revolution which is tax exempt under IRS Code Section 501(c)(3) and obtains exemption determination letter from the state revenue commissioner.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.00800 Sales of tangible personal property and services to the University System of Georgia and its educational units.

Statute	§48-8-3(8)
Year Enacted	1963
Year Effective	1963
Data Source	University System of Georgia Annual Financial Report for 2010
Estimate Reliability	Class B

Data Reliability Class A
Note

Description: Sales of tangible personal property and services to the University System of Georgia and its educational units.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	53	53	53
Local Tax Expenditure	40	40	40

(1) denotes a value of less than 1 million

4.01200 School lunches sold and served to pupils and employees of public schools

Statute §48-8-3(12)
Year Enacted 1953
Year Effective 1953
Data Source Georgia School Nutrition Association
Estimate Reliability Class B
Data Reliability Class B
Note

Description: School lunches sold and served to pupils and employees of public schools

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	10	10	10
Local Tax Expenditure	6	7	8

(1) denotes a value of less than 1 million

4.01300 School lunches sold and served to pupils and employees of approved private schools

Statute §48-8-3(13)
Year Enacted 1967
Year Effective 1967
Data Source Georgia School Nutrition Association
Estimate Reliability Class B
Data Reliability Class B
Note

Description: School lunches sold and served to pupils and employees of approved private schools

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	2	3	3
Local Tax Expenditure	2	2	2

(1) denotes a value of less than 1 million

4.01400 Sales of art and other artifacts for display or exhibition in museums

Statute §48-8-3(14)
Year Enacted 1973
Year Effective 1973

Data Source U.S. Economic Census and IRS 990 Form Data
 Estimate Reliability Class C
 Data Reliability Class B

Note

Description: Sales of art and of anthropological, archeological, geological, horticultural, or zoological objects or artifacts and other similar tangible personal property to or for the use by any museum or organization which is tax exempt under section 501(c)(3) of the Internal Revenue Code of such tangible personal property for display or exhibition in a museum within this state

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.01500 Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year.

Statute §48-8-3(15)
 Year Enacted 1953
 Year Effective 1953
 Data Source The National Center for Charitable Statistics
 Estimate Reliability Class C
 Data Reliability Class B

Note

Description: Specific fundraising by any religious institution lasting no more than 30 days in a calendar year

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.01510 Sales of pipe organs or steeple bells to any church qualifying as a nonprofit

Statute §48-8-3(15.1)
 Year Enacted 2001
 Year Effective 2001
 Data Source The Atlanta Chapter for The American Guild of Organists
 Estimate Reliability Class C
 Data Reliability Class C

Note

Description: Sales of pipe organs or steeple bells to any church qualifying as a nonprofit

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.01700 Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce

Statute	§48-8-3(17)
Year Enacted	1951
Year Effective	1951
Data Source	U.S. Energy Information Administration, U.S. Department of Energy
Estimate Reliability	Class B
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data
Description:	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	22	23	23
Local Tax Expenditure	15	15	16

(1) denotes a value of less than 1 million

4.02000 Water delivered through water mains, lines, or pipes.

Statute	§48-8-3(20)
Year Enacted	1966
Year Effective	1966
Data Source	The Bureau of Labor Statistics Consumer Expenditure Survey
Estimate Reliability	See 4.50009
Data Reliability	See 4.50009
Note	Estimate included in 4.50009
Description:	The sale of water delivered to consumers through water mains, lines, or pipes

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	See Expenditure Estimate for Utility		
Local Tax Expenditure	Services (4.50009)		

(1) denotes a value of less than 1 million

4.02500 Sale of seed, fertilizer, fungicide, and certain other agricultural chemicals to farmers, and feed for livestock, fish, or poultry purchased by persons engaged in animal husbandry

Statute	§48-8-3(25)
Year Enacted	1963
Year Effective	1963
Data Source	U.S. Census of Agriculture
Estimate Reliability	Class B

Data Reliability Class A
 Note This estimate differs from prior year due to use of new data
Description: Sale of seed, fertilizer, fungicide, and certain other agricultural chemicals to farmers, and feed for livestock, fish, or poultry purchased by persons engaged in animal husbandry

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	131	152	181
Local Tax Expenditure	90	105	125

(1) denotes a value of less than 1 million

4.02600 Sale of machinery used exclusively for irrigation of crops to persons primarily engaged in producing farm crops for sale

Statute §48-8-3(26)
 Year Enacted 2000
 Year Effective 2000
 Data Source U.S. Census of Agriculture
 Estimate Reliability Class B
 Data Reliability Class A

Note
Description: Sale of machinery used exclusively for irrigation of crops to persons primarily engaged in producing farm crops for sale

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.02700 Sales of sugar for use as food to honey bee producers

Statute §48-8-3(27)
 Year Enacted 1964
 Year Effective 1964
 Data Source U.S. Census of Agriculture
 Estimate Reliability Class B
 Data Reliability Class A

Note
Description: Sales of sugar for use as food to honey bee producers

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.02800 Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes

Statute §48-8-3(28)
Year Enacted 1964
Year Effective 1964
Data Source U.S. Census of Agriculture
Estimate Reliability Class B
Data Reliability Class A
Note This estimate differs from prior year due to use of new data

Description: Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(1) denotes a value of less than 1 million

4.02900 Sale of certain types of agricultural machinery

Statute §48-8-3(29)
Year Enacted 1971
Year Effective 1972
Data Source U.S. Census of Agriculture
Estimate Reliability Class B
Data Reliability Class A
Note

Description: Sale of certain types of agricultural machinery

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	32	33	34
Local Tax Expenditure	22	23	23

(1) denotes a value of less than 1 million

4.02910 Off-road equipment and related attachments used exclusively in site preparation, planting, cultivating, or harvesting of timber by persons primarily engaged in growing or harvesting timber

Statute §48-8-3(29.1)
Year Enacted 1994
Year Effective 1994
Data Source U.S. Census of Agriculture
Estimate Reliability Class B
Data Reliability Class A
Note

Description: Off-road equipment and related attachments used exclusively in site preparation, planting, cultivating, or harvesting of timber by persons primarily engaged in growing or harvesting timber

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	11	12	12
Local Tax Expenditure	8	8	9

(1) denotes a value of less than 1 million

4.03000 Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase the specially adapted vehicle.

Statute	§48-8-3(30)
Year Enacted	1972
Year Effective	1972
Data Source	The American Community Survey and Fiscal Note for HB 259/2011 LC 5481
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: The sale of a vehicle to a service-connected disabled veteran when the veteran received a grant from the United States Department of Veterans Affairs to purchase and specially adapt the vehicle to the veteran's disability.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.03310 Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport

Statute	§§48-8-3(33.1); 48-9-3
Year Enacted	2011
Year Effective	2011
Data Source	Fiscal Note for HB 322/2011 LC 18 0012TS
Estimate Reliability	Class A
Data Reliability	Class A
Note	Exemption expires 6/30/2013

Description: Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	32	20	10
Local Tax Expenditure	NA	NA	NA

(1) denotes a value of less than 1 million

4.03400 Certain machinery used in the manufacturing of tangible personal property

Statute §48-8-3(34)
Year Enacted 1963
Year Effective 1963
Data Source U.S. Economic Census
Estimate Reliability Class B
Data Reliability Class A
Note This estimate differs from prior year due to use of new data

Description: Certain machinery used in the manufacturing of tangible personal property

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	170	175	180
Local Tax Expenditure	117	121	124

(1) denotes a value of less than 1 million

4.03420 Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts

Statute §48-8-3(34.2)
Year Enacted 1996
Year Effective 1996
Data Source U.S. Economic Census
Estimate Reliability Class B
Data Reliability Class A
Note

Description: Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.03440 Sales of tangible personal property to or used in or for the construction of a new alternative fuel facility primarily dedicated to the production and processing of ethanol, biodiesel, butanol or their by-products

Statute §48-8-3(34.4)
Year Enacted 2007
Year Effective 2007
Data Source Fiscal Note for 2007 LC 14 9734S
Estimate Reliability Class B
Data Reliability Class B
Note Expires 6/30/2012

Description: Sales of tangible personal property to or used in or for the construction of a new alternative fuel facility primarily dedicated to the production and processing of ethanol, biodiesel, butanol or their by-products

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	2	2	0
Local Tax Expenditure	1	1	0

(1) denotes a value of less than 1 million

4.03800 **Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center**

Statute	§48-8-3(38)
Year Enacted	1976
Year Effective	1976
Data Source	Georgia 4-H Annual Cloverleaf Report
Estimate Reliability	Class C
Data Reliability	Class C
Note	

Description: Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.03900 **Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions**

Statute	§48-8-3(39)
Year Enacted	1994
Year Effective	1994
Data Source	Georgia Department of Education, IRS 990 Form Data, and The National High School Athletic Association
Estimate Reliability	Class C
Data Reliability	Class C
Note	

Description: Sales by any public or private school containing any combination of grades kindergarten through 12 of tangible property, concessions, or tickets for admission to a school event or function, provided that the net proceeds from such sales are used solely for the benefit of such school or its students

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	3	3	3
Local Tax Expenditure	2	2	2

(1) denotes a value of less than 1 million

4.04000 Sale of major components or repair parts installed in military aircraft, vehicles, or missiles

Statute	§48-8-3(40)
Year Enacted	1965
Year Effective	1965
Data Source	USASpending.gov and The U.S. Economic Census
Estimate Reliability	Class C
Data Reliability	Class B

Description: Sale of major components or repair parts installed in military aircraft, vehicles, or missiles

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	59	40	39
Local Tax Expenditure	40	27	27

(1) denotes a value of less than 1 million

4.04100 Sale of tangible personal property and services to a nonprofit child-caring institute, child-placing agency, or maternity home

Statute	§48-8-3(41)
Year Enacted	2004
Year Effective	2004
Data Source	U.S. Economic Census
Estimate Reliability	Class B
Data Reliability	Class B

Note

Description: Sales of tangible personal property and services to a child-caring institution as defined in paragraph (1) of Code Section 49-5-3; a child-placing agency as defined in paragraph (2) of Code Section 49-5-3, or maternity home as defined in paragraph (14) of Code Section 49-5-3, when such institution, agency, or home is engaged primarily in providing child services and is a non-profit, tax-exempt organization under Section 501(c)(3) of the IRS revenue code.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.04300 Revenues from coin-operated amusement machines for which individual permits are required

Statute	§48-8-3(43)
Year Enacted	1992
Year Effective	1993
Data Source	U.S. Economic Census and DOR Licensing Statistics
Estimate Reliability	Class C
Data Reliability	Class B

Note

Description: Gross Revenue generated from all bona fide coin operated amusement machines which vend or dispense music or are operated for skill, amusement, entertainment, or pleasure.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(1) denotes a value of less than 1 million

4.04600 Sales of tangible personal property or taxable services to nonprofit Blood Banks

Statute	§48-8-3(46)
Year Enacted	1980
Year Effective	1980
Data Source	U.S. Economic Census and IRS 990 Form Data
Estimate Reliability	Class C
Data Reliability	Class B

Note

Description: Sales to certain blood banks having a nonprofit status according to Section 501(c)(3) of the IRS revenue code

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.04700 Sales of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain controlled substances or dangerous drugs

Statute	§48-8-3(47)
Year Enacted	1984
Year Effective	1985
Data Source	U.S. Census of National Health Expenditures
Estimate Reliability	Class B
Data Reliability	Class B

Note

Description: Sales or use of drugs that are lawfully dispensable only by prescription for the treatment of natural persons; prescription eyeglasses and contact lenses; prescription contact lens samples; drugs dispensable by prescription for the treatment of natural persons without charge to physicians, hospitals, etc. by pharmaceutical manufacturers or distributors; drugs and durable medical equipment dispensed or distributed without charge solely for the purposes of a clinical trial approved by the FDA or an institutional review board

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	335	349	364
Local Tax Expenditure	251	262	273

(1) denotes a value of less than 1 million

4.04900 Liquefied gases and other fuels used in poultry or pullet houses or structures

Statute	§48-8-3(49)
Year Enacted	2000
Year Effective	2000
Data Source	U.S. Census of Agriculture
Estimate Reliability	Class B
Data Reliability	Class A

Note

Description: Liquefied gases and other fuels used in poultry or pullet houses or structures

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	3	3	3
Local Tax Expenditure	2	2	2

(1) denotes a value of less than 1 million

4.05000 Sales of blood measuring devices, monitoring equipment, or insulin delivery systems used exclusively by diabetics; insulin, insulin syringes and blood glucose monitoring strips

Statute	§48-8-3(50)
Year Enacted	1986
Year Effective	1986
Data Source	International Diabetes Foundation and The Kaiser Family Foundation
Estimate Reliability	Class C
Data Reliability	Class C

Note

Description: Sales of blood measuring devices, monitoring equipment, or insulin delivery systems used exclusively by diabetics; insulin, insulin syringes and blood glucose monitoring strips.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	23	23	24
Local Tax Expenditure	16	16	16

(1) denotes a value of less than 1 million

4.05100 Sales of oxygen when prescribed by a licensed physician

Statute	§48-8-3(51)
Year Enacted	1986
Year Effective	1986
Data Source	U.S. Economic Census

Estimate Reliability Class C
Data Reliability Class A
Note

Description: Sales of oxygen when prescribed by a licensed physician

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	7	8	8
Local Tax Expenditure	5	6	6

(1) denotes a value of less than 1 million

4.05200 Sale or use of hearing aids

Statute §48-8-3(52)
Year Enacted 1986
Year Effective 1986
Data Source Fiscal Note for 2007 LC 25 4850
Estimate Reliability Class A
Data Reliability Class B
Note

Description: Exempts the sale of approved hearing aids from sales and use tax.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

(1) denotes a value of less than 1 million

4.05300 Transactions where food stamps or WIC coupons are used as the method of payment

Statute §48-8-3(53)
Year Enacted 1986
Year Effective 1987
Data Source U.S. Food and Nutrition Service and The U.S. Department of Agriculture
Estimate Reliability Class B
Data Reliability Class A
Note This exemption does not apply to the local option sales tax but does apply to special purpose and educational option sales taxes.

Description: Exemption applies to food items purchased with WIC Coupons.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	109	104	100
Local Tax Expenditure	82	78	75

(1) denotes a value of less than 1 million

4.05400 Sale or use of any durable medical equipment or prosthetic device prescribed by a physician

Statute §48-8-3(54)
Year Enacted 1992
Year Effective 1993
Data Source U.S. Census of National Health Expenditures
Estimate Reliability Class B
Data Reliability Class A

Note

Description: Sale or use of any durable medical equipment or prosthetic device prescribed by a physician

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	36	37	38
Local Tax Expenditure	25	25	26

(1) denotes a value of less than 1 million

4.05500 Sale of Georgia lottery tickets

Statute §48-8-3(55)
Year Enacted 1992
Year Effective 1992
Data Source Georgia Lottery Commission Annual Report
Estimate Reliability Class A
Data Reliability Class A

Note This estimate differs from prior year due to use of new data

Description: Sale of lottery tickets authorized by Chapter 27 of Title 50

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	153	165	172
Local Tax Expenditure	107	115	120

(1) denotes a value of less than 1 million

4.05600 Sales by any qualified nonprofit parent teacher organization

Statute §48-8-3(56)
Year Enacted 1995
Year Effective 1995
Data Source Georgia Parent Teacher Association and IRS 990 Form Data
Estimate Reliability Class C
Data Reliability Class B

Note

Description: Sales by any qualified nonprofit parent teacher organization

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.05700 Food purchased for off premises consumption

Statute	48-8-3(57)
Year Enacted	1996
Year Effective	1998
Data Source	The U.S. Consumer Expenditure Survey
Estimate Reliability	Class B
Data Reliability	Class B
Note	This estimate differs from prior year due to use of new data

Description: Exemption applies to food items consumed at home. This exemption does not apply to local option sales taxes.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	405	436	471
Local Tax Expenditure	NA	NA	NA

(1) denotes a value of less than 1 million

4.05720 Exemption for persons donating prepared food and beverages to a qualified nonprofit agency to be used for hunger relief

Statute	§48-8-3(57.2)
Year Enacted	2006
Year Effective	2006
Data Source	Estimate combined with 4.05730
Estimate Reliability	See 4.05730
Data Reliability	See 4.05730
Note	Estimate combined with 4.05730; expired 6/30/2011

Description: Exemption for persons donating prepared food and beverages to a qualified nonprofit agency to be used for hunger relief

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	See 4.05730		
Local Tax Expenditure			

(1) denotes a value of less than 1 million

4.05730 Exemption for prepared food and beverages that are donated following a natural disaster and used for disaster relief

Statute	§48-8-3(57.3)
Year Enacted	2009
Year Effective	2009
Data Source	Fiscal Note for HB 358/2009 LC 14 9981

Estimate Reliability Class C
 Data Reliability Class B
 Note This is a combined estimate with 4.05720; expired 6/30/2011
Description: Exemption for prepared food and beverages that are donated following a natural disaster and used for disaster relief

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	0	0
Local Tax Expenditure	(1)	0	0

(1) denotes a value of less than 1 million

4.05800 Graduated exemption for the sale of overhead materials used in government contracts

Statute §48-8-3(58)
 Year Enacted 1996
 Year Effective 1997
 Data Source Fiscal Note for HB 942/2010 LC 18 8689
 Estimate Reliability Class C
 Data Reliability Class B
 Note Repealed effective January 1, 2011

Description: Sales to or use by a government contractor of overhead materials in performance of a contract with the U.S. government to which the title passes immediately to the government under the terms of the contract.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	8	0	0
Local Tax Expenditure	5	0	0

(1) denotes a value of less than 1 million

4.05900 Sales of eligible food and beverages for on or off-premises consumption by any Girl or Boy Scout council

Statute §48-8-3(59)
 Year Enacted 1996
 Year Effective 1996
 Data Source The American Community Survey, IRS 990 Form Data, and The Girl Scouts of America Annual Report
 Estimate Reliability Class B
 Data Reliability Class B
 Note

Description: Sales of food or food ingredients to and by member councils of the Girl Scouts or Boy Scouts of America

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	1	1
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.06000 Sales of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less

Statute §48-8-3(60)
 Year Enacted 2000
 Year Effective 2001
 Data Source See 4.06800
 Estimate Reliability Not Applicable
 Data Reliability See 4.06800
 Note Included in 4.06800

Description: Sales of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	See 4.06800		
Local Tax Expenditure			

(1) denotes a value of less than 1 million

4.06200 Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer

Statute §48-8-3(62)
 Year Enacted 1998
 Year Effective 1998
 Data Source U.S. Census of Agriculture and the U.S. Economic Census
 Estimate Reliability Class B
 Data Reliability Class A
 Note

Description: Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	4	5	5
Local Tax Expenditure	3	3	3

(1) denotes a value of less than 1 million

4.06300 Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund

Statute §48-8-3(63)
 Year Enacted 1998
 Year Effective 1998
 Data Source The Uniform Crime Report and The National Office for Victims of Crime
 Estimate Reliability Class C
 Data Reliability Class C
 Note

Description: The sale or use of funeral merchandise, outer burial containers, and cemetery

markers as defined in Code Section 43-18-1, which are purchased with funds received from the Georgia Crime Victims Emergency Fund under Chapter 15 of Title 17

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.06400 Sales of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation

Statute	§48-8-3(64)
Year Enacted	2000
Year Effective	2000
Data Source	U.S. Census of Agriculture
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: Sales of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	20	20	21
Local Tax Expenditure	14	14	15

(1) denotes a value of less than 1 million

4.06800 Sales of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million

Statute	§48-8-3(68)
Year Enacted	2000
Year Effective	2001
Data Source	2005 Economic Development Report by Georgia Department of Audits and Accounts and DOR Data for 2009
Estimate Reliability	Class B
Data Reliability	Class B
Note	Summary of 4.06800, 4.06000, and 4.06900

Description: Sales of certain computer equipment when the total qualifying purchases by a High Technology Company in a calendar year exceed \$15 million.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	25	25	25
Local Tax Expenditure	17	17	17

(1) denotes a value of less than 1 million

4.06900 Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less

Statute §48-8-3(69)
Year Enacted 2000
Year Effective 2001
Data Source See 4.06800
Estimate Reliability See 4.06800
Data Reliability See 4.06800
Note Included in 4.06800

Description: Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure			See 4.06800
Local Tax Expenditure			

(1) denotes a value of less than 1 million

4.07000 Sales of natural gas used directly in the manufacture of electricity

Statute §48-8-3(70)
Year Enacted 1999
Year Effective 2000
Data Source U.S. Energy Information Administration
Estimate Reliability Class B
Data Reliability Class A
Note This estimate differs from prior year due to use of new data

Description: Sales of natural gas used directly in the manufacture of electricity which is subsequently sold

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	54	54	55
Local Tax Expenditure	37	37	38

(1) denotes a value of less than 1 million

4.07010 Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal used directly or indirectly in the manufacture or processing of tangible personal property primarily for resale

Statute §48-8-3(70.1)
Year Enacted 2008
Year Effective 2008
Data Source Fiscal Note for HB 1008/2010 LC 33 3381
Estimate Reliability Class B
Data Reliability Class B
Note Expired 12/31/2010

Description: Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal used directly or indirectly in the manufacture or

processing of tangible personal property primarily for resale.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	2	0	0
Local Tax Expenditure	0	0	0

(1) denotes a value of less than 1 million

4.07100 Sales to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries

Statute	§48-8-3(71)
Year Enacted	1999
Year Effective	2000
Data Source	National Center for Charitable Statistics
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Sales to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.07200 Sales of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals

Statute	§48-8-3(72)
Year Enacted	1999
Year Effective	2000
Data Source	The Bureau of Labor Statistics Consumer Expenditure Survey
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Sales of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

(1) denotes a value of less than 1 million

4.07300 Sales of certain production equipment to film producers and film production companies

Statute	§48-8-3(73)
Year Enacted	2001
Year Effective	2002

Data Source DOR Data for 2009
 Estimate Reliability Class B
 Data Reliability Class A

Note

Description: Sales of certain production equipment to film producers and film production companies.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	8	10	11
Local Tax Expenditure	6	7	8

(1) denotes a value of less than 1 million

4.07800 Materials used to construct a new symphony hall costing in excess of \$200 million that is owned and operated by a nonprofit organization

Statute §48-8-3(78)
 Year Enacted 2004
 Year Effective 2004
 Data Source Fiscal Note for HB 395/2009 LC 28 4533
 Estimate Reliability Class A
 Data Reliability Class A
 Note This project has been put on hold due to recent economic conditions; expired 9/1/2011

Description: From May 5, 2004 until September 1, 2011, sales of tangible personal property used in direct connection with the construction of a new symphony hall facility owned or operated by an organization which is exempt from taxation under Section 501 (c)(3) of the Internal Revenue Code

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	0	0	0
Local Tax Expenditure	0	0	0

(1) denotes a value of less than 1 million

4.08100 The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline

Statute §48-8-3(81)
 Year Enacted 2005
 Year Effective 2005
 Data Source Bureau of Transportation Statistics and The Air Transport Association
 Estimate Reliability Class B
 Data Reliability Class B

Description: The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline not including alcohol or tobacco

4.08700 Sales of tangible personal property used to renovate or expand a zoological institution

Statute §48-8-3(87)
Year Enacted 2009
Year Effective 2009
Data Source Fiscal Note for 2009 LC 18 8044S
Estimate Reliability Class C
Data Reliability Class C
Note Expired 6/30/2011

Description: Sales of tangible personal property used to renovate or expand a zoological institution

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	0	0
Local Tax Expenditure	0	0	0

(1) denotes a value of less than 1 million

4.08800 Sales of tangible personal property used in the construction of a qualified civil rights museum

Statute §48-8-3(88)
Year Enacted 2009
Year Effective 2009
Data Source Fiscal Note for HB 364/2009 LC 18 7942
Estimate Reliability Class A
Data Reliability Class A
Note Expires 7/30/2015

Description: Sales of tangible personal property used in the construction of a qualified civil rights museum

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

4.08900 The sale of an airplane flight simulation training device.

Statute §48-8-3(89)
Year Enacted 2009
Year Effective 2009
Data Source Fiscal Note for HB 364/2009 LC 9960
Estimate Reliability Class C
Data Reliability Class C
Note Expired 6/30/2011

Description: For the period commencing on July 1, 2009 and ending on June 30, 2011, the sale or use of an airplane flight simulation training device approved by the Federal Aviation Administration under Appendices A and B, 14 C.F.R. Part 60

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1	0	0
Local Tax Expenditure	1	0	0

(1) denotes a value of less than 1 million

4.3 Casual Sales

4.30000 Sales tax exemption for casual sales of motor vehicles

Statute	Exempt via a Department of Revenue administrative rule
Year Enacted	Not available at this time
Year Effective	Not available at this time
Data Source	DOR Data for 2009
Estimate Reliability	Class B
Data Reliability	Class A
Note	Estimate is based on vehicle registration data from 2009 and 2010.

Description: Purchases of motor vehicles sold by persons not in the business of selling such items are not subject to sales tax.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	131	149	164
Local Tax Expenditure	91	104	114

(1) denotes a value of less than 1 million

4.5 Sales and Use Tax for Services

4.50000 Admissions and Amusements

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	95	99	104
Local Tax Expenditure	72	75	79

Admissions & Amusements include:

Admission to school and college sports events; rental of films and tapes by theaters; cable TV and direct satellite TV; coin operated video games (includes pinball and other mechanical amusements); membership fees in private clubs; overnight trailer parks.

4.50001 Agricultural Services

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	97	102	107
Local Tax Expenditure	73	77	80

Agricultural services include:

Veterinary services (both large and small animal); landscaping services (including lawn care); pet grooming

4.50002 Automotive Services

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	76	80	83
Local Tax Expenditure	57	60	63

Automotive services include:

Automotive road service and towing services; automotive painting and lube; parking lots and garages; automotive washing and waxing; automotive rustproofing and undercoating; labor charges on repairs to motor vehicles

4.50003 Business Services

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	453	472	496
Local Tax Expenditure	340	354	372

Business Services Include:

Billboards; test laboratories (excluding medical); interior design and decorating; commercial art and graphic design; advertising agency fees (not ad placement) sign construction and installation; employment agencies; temporary help agencies; check and debt collection; credit information and credit bureaus; exterminating (includes termite services); maintenance and janitorial services; window cleaning; bail bond fees; telephone answering service; telemarketing services on contract; secretarial and court reporting services; security services (includes private investigation (detective) services); armored car services

4.50004 Computer and Online Services

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	186	194	203
Local Tax Expenditure	140	146	153

Computer and online services include:

Online data processing services; downloaded software, books, music, movies and video content, other electronic goods; internet service providers – dial-up; internet service providers – DSL or other broadband; mainframe computer access and processing service; information services; software – custom programs and professional services

4.50005 Construction Labor

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1419	1479	1552
Local Tax Expenditure	1064	1109	1164

Construction labor includes:

Labor for the construction of buildings; heavy and civil engineering construction labor; labor of specialty trade contractors

4.50006 Fabrication, Installation, and Repair Services

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	153	160	168
Local Tax Expenditure	115	120	126

Fabrication, Installation, and Repair Services include:

Labor charges for repairs for other tangible property; labor charges on tv/radio repairs and other electronic equipment; repair charges generally; labor charges on repair of aircraft; labor charges on repairs to interstate vessels; labor charges on repairs to intrastate vessels; labor charges on repairs to railroad rolling stock; labor charges for repairs or remodeling of real property; service contracts sold at the time of sale of tangible personal property; installation charges by persons selling property; installation charges by persons other than the seller of the property

4.50007 Finance, Insurance, and Real Estate

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	326	340	357
Local Tax Expenditure	245	255	268

Finance, Insurance, and Real Estate include:

Service charges of banking institutions includes loan broker fees; insurance services; property sales agents (real estate or personal); real estate management fees (rental agents); investment counseling; real estate title abstract services

4.50008 Industrial and Mining Services

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	6	7	7
Local Tax Expenditure	5	5	5

Industrial and Mining Services include:

Seismograph and geophysical services; metal and nonmetal and coal mining services; typesetting services; platemaking for the print trade

4.50009 Residential Utility Service

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	117	122	128
Local Tax Expenditure	71	74	78

Utility service includes:

Interstate telephone (including local, long distance, and cellular service) and telegraph; water; sewer and refuse

4.50010 Personal Services

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	141	147	154
Local Tax Expenditure	106	110	115

Personal services include:

Carpet and upholstery cleaning; swimming pool cleaning and maintenance; water softening and conditioning; shoe repair; garment services (altering and repairing); health clubs, tanning parlors, and reducing salons; laundry and dry cleaning services – coin operated; laundry and dry cleaning services – not coin operated; massage services (includes dating services); tax return preparation; sports and recreation instruction; barber shops; beauty parlors; travel agent services

4.50011 Professional Services

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1120	1168	1226
Local Tax Expenditure	840	876	919

Professional services include:

Attorneys; accounting and bookkeeping; physicians; dentists; medical test laboratories; architects; engineers; land surveying; nursing services out of the hospital

4.50012 Storage

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	43	44	47
Local Tax Expenditure	32	33	35

Storage services include:

Marine towing services (includes tugboats); household goods storage; cold storage (includes fur storage); food storage; mini-storage; marina service (docking, storage, cleaning, repair); packing and crating (include bus services); other warehousing and storage (including automotive storage)

4.50013 Transportation Services

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

Transportation services include:

Intrastate courier service

4.7 Vendor Compensation

4.70000 Compensation of dealers for reporting and remitting tax (Vendor Compensation)

Statute	§48-8-50
Year Enacted	1964
Year Effective	1964
Data Source	DOR Statistical Report for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Georgia allows a vendor collection fee of 3 percent for the first \$3,000 and then 0.5 percent for amounts above \$3,000 but does not impose a maximum limitation per vendor.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	48	50	52

(1) denotes a value of less than 1 million

**Sales and Use Tax Exemptions for Which an Estimate is not
Currently Available**

Expenditure	Statute	Summary
4.00100	§48-8-3(1)	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments
4.00200	§48-8-3(2)	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system.
4.00300	§48-8-3(3)	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel
4.00630	§48-8-3(6.3)	Sales to any agricultural commission created by the Department of Agriculture
4.00900	§48-8-3(9)	Sales of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia whose credits are accepted by the University System of Georgia.
4.01000	§48-8-3(10)	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school

Sales and Use Tax Exemptions for Which an Estimate is not Currently Available

Expenditure	Statute	Summary
4.01100	§48-8-3(11)	Sales of tangible personal property and services to any nonprofit cultural institute that is an instrument of a foreign government operating in Georgia
4.01800	§48-8-3(18)	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation
4.01900	§48-8-3(19)	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident
4.02100	§48-8-3(21)	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business
4.02200	§48-8-3(22)	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made
4.02300	§48-8-3(23)	Repair services when a separate charge is made to the customer.
4.02400	§48-8-3(24)	Rental of videotape or film to persons charging admission to view the tape or film
4.03100	§48-8-3(31)	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia
4.03200	§48-8-3(32)	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia
4.03300	§48-8-3(33)	Common or Common and Contract Carriers
4.03410	§48-8-3(34.1)	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities
4.03430	§48-8-3(34.3)	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery
4.03500	§48-8-3(35)	Certain materials used in industrial packaging
4.03600	§48-8-3(36)	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution
4.03610	§48-8-3(36.1)	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.
4.03700	§48-8-3(37)	Machinery and equipment used in combating air and water pollution and any industrial material used in a burning or recycling process
4.03910	§48-8-3(39.1)	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property
4.04200	§48-8-3(42)	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property
4.04400	§48-8-3(44)	Sales of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state.
4.04500	§48-8-3(45)	The sale or use of paper stock when used to print catalogs for distribution outside Georgia.
4.04800	§48-8-3(48)	Sales of crab bait to licensed commercial fishermen
4.06100	§48-8-3(61)	Advertising inserts that are used in newspapers for resale
4.06500	§48-8-3(65)	Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen
4.06600	§48-8-3(66)	Sales of gold, silver, or platinum bullion
4.06700	§48-8-3(67)	Sales of coins or currency
4.07700	§48-8-3(77)	Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale
4.07900	§48-8-3(79)	Ice used to chill poultry or vegetables during processing or shipment

5. Insurance Premium Tax

The premium tax is levied on premiums of persons, property or risks in Georgia written by insurance companies conducting business in Georgia. The state tax rate is imposed at a rate of 2.25 percent of gross direct premiums. In FY2010, revenues from this tax equaled \$274 million. This tax is administered by the state Insurance Commissioner. The proceeds of the tax are deposited into the state general fund.

5.00100 Deduction of retaliatory taxes paid to other states

Statute	§33-8-7
Year Enacted	1960
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Property and casualty insurance companies domiciled in Georgia are able to deduct taxes paid to other states on policies written in those states from their Georgia tax liability.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	4	4	4

5.00200 Insurance premium tax credits

Statute	§33-1-18(2002); §48-7-29.14(b)(1)(2008); §33-8-4.1(2009)
Year Enacted	1960
Year Effective	See above
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from prior year due to use of new data

Description: Insurance companies are allowed a credit against the premium tax. These credits include the Jobs tax credit, the Low-Income Housing credit, and the Clean Energy credit. For a description of these credits, see section 2.6 on corporate income tax credits of this report.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	81	84	86

5.00300 Exemption for premiums of high deductible health plans

Statute	§33-8-4
Year Enacted	2008
Year Effective	2009

Data Source Office of Insurance and Safety Fire Commissioner
 Estimate Reliability Class A
 Data Reliability Class A

Note This estimate differs from prior year due to use of new data

Description: Insurance companies are allowed to exempt from insurance premium tax any premiums paid by Georgia residents for high deductible health plans as defined by Section 233 of the Internal Revenue Code.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1	1	1

5.00400 Exemption for insurance companies that only insure places of worship

Statute §33-8-13
 Year Enacted 1996
 Year Effective 1996
 Data Source Office of Insurance and Safety Fire Commissioner
 Estimate Reliability Class A
 Data Reliability Class A
 Note

Description: Insurance companies that only insure the risks of places of worship are exempt from the state premium tax.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

5.00500 Insurance abatements

Statute §33-8-5
 Year Enacted 1996
 Year Effective Prior to 2000
 Data Source Office of Insurance and Safety Fire Commissioner
 Estimate Reliability Class A
 Data Reliability Class A
 Note This estimate differs from prior year due to use of new data

Description: Georgia imposes a reduced state rate of 1.25 percent on insurance companies that invest at least 25 percent of their assets in qualified Georgia assets. If the amount invested in qualified Georgia assets was greater than 75 percent, the rate is reduced to 0.50 percent.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	170	175	178

5.00600 Special deductions for Life Insurance companies

Statute	§§33-8-4, 33-8-8, 33-8-8.1
Year Enacted	1981
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Life insurance companies are permitted to deduct contributions to state guarantee funds, license fees paid to local governments, local premium taxes from premium taxes otherwise payable to the state.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	125	129	131

6. Motor Fuel Tax

The tax on motor fuels consists of two taxes. The first tax is levied at a rate of 7½ cents per gallon of motor fuel. In addition, the revenue generated by the first 3 percentage points of the regular state sales tax 4 percent rate that is levied on the sale of motor fuel is designated as the “second motor fuel tax”. Revenues generated by the first and second motor fuel tax are allocated to the Department of Transportation. Revenues from a one percent sales tax on the retail price of motor fuel are deposited into the state general fund.

The base of the motor fuel tax is imposed on any source of energy that can be used for propulsion of a motor vehicle on the public highways, including, but not limited to: gasoline, fuel oils, compressed petroleum gas and special fuels.

The tax is administered by the Department of Revenue. In FY2010 proceeds from the combined motor fuel tax equaled \$854 million.

6.00100 Motor Fuel Tax refunds for agricultural purposes

Statute	§48-9-10
Year Enacted	1978
Year Effective	1978
Data Source	DOR Statistical Report for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	Last modification in 2010

Description: Motor Fuel Tax refunds for agricultural purposes

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	25	26	26

6.00200 Sales to mass transit vehicles

Statute	§48-9-3
Year Enacted	1978
Year Effective	Latest modification 2010
Data Source	Energy Information Administration and the U.S. Department of Energy
Estimate Reliability	Class B
Data Reliability	Class A
Note	Combined with 6.00300; expires 6/30/2012

Description: Fuel sold for use in vehicles operated by a public campus transportation system or fuel sold for use in public mass transit vehicles is exempt from tax.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	9	11	12

6.00300 Sales to campus transportation vehicles

Statute §48-9-3
Year Enacted 2010
Year Effective 2010
Data Source Estimate included in 6.00200
Estimate Reliability See 6.00200
Data Reliability See 6.00200
Note

Description: Sales to campus transportation vehicles

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure		See 6.00200	

6.00500 Motor Fuel Tax vendor compensation

Statute §48-9-3,14
Year Enacted 1992
Year Effective 1992
Data Source DOR Statistical Report for 2009
Estimate Reliability Class A
Data Reliability Class A
Note

Description: Motor Fuel dealers are allowed to retain 3% of total amounts collected as reimbursement for the cost of collection.

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	6	6	6

Motor Fuel Tax Exemptions for Which an estimate is not Currently Available

Expenditure	Statute	Summary
6.00400	§48-9-3	Motor Fuel Tax exemption for aviation fuel

7. Alcoholic Beverage Tax

This tax is imposed on alcoholic beverages including malt beverages, wine, and distilled spirits. Malt beverages are taxed at a rate of \$10 per container up to 31 gallons with a proportionate tax on fractional parts of 31 gallons for draft malt beverages. The tax rate is 4½ cents per 12 ounces for bottles and cans with proportionate rates on fractional parts of other sizes. Wine is taxed at a rate of 11 cents per liter and an import tax of 29 cents per liter is imposed on table wines with proportional rates for fractional parts of a liter. An excise tax of 27 cents per liter with an import tax of 40 cents per liter is imposed on dessert wines with proportional rates for fractional parts of a liter. An excise tax of 50 cents per liter and an import tax of 70 cents per liter are levied on distilled spirits.

The tax is administered by the Department of Revenue. All taxes on alcoholic beverages totaled \$169 million in FY2010. The proceeds of the tax are deposited into the state general fund.

7.00300 Up to 200 gallons annually of home-brew per household

Statute	§§3-5-61, 3-6-70
Year Enacted	1977
Year Effective	1977
Data Source	American Association of Home brewers and Brew Your Own Magazine
Estimate Reliability	Class B
Data Reliability	Class C

Note

Description: Up to 200 gallons annually of home-brew per household

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

7.00400 Sales to and use by religious organizations for sacramental purposes

Statute	§§3-5-61, 3-6-70
Year Enacted	1977
Year Effective	1977
Data Source	National Center for Charitable Statistics and Catholic.org
Estimate Reliability	Class B
Data Reliability	Class C

Note

Description: Sales to and use by religious organizations for sacramental purposes

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
(1) denotes a value of less than 1 million			

7.00500 **Exemption for ethyl alcohol used for certain purposes**

Statute	§§3-5-61, 3-6-70
Year Enacted	1980
Year Effective	1980
Data Source	U.S. Economic Census
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: This chapter shall not apply to ethyl alcohol intended for use or used for the following purposes: scientific, chemical, mechanical, industrial, medicinal, and culinary.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	1	1	1
(1) denotes a value of less than 1 million			

7.00600 **Malt beverages containing less than one-half of 1 percent alcohol by volume**

Statute	§ 3-5-90
Year Enacted	1987
Year Effective	1987
Data Source	U.S. Economic Census and Averagebeerprices.com
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Malt beverages which contain less than one-half of 1 percent alcohol by volume shall not be subject to any tax levied under this title or any tax levied pursuant to authority granted by this title.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)
(1) denotes a value of less than 1 million			

Alcoholic Beverages Tax Expenditures for Which an Estimate is not Currently Available

Expenditure	Statute	Summary
7.00100	§§3-5-61	Sales to persons outside the state for resale or consumption outside the state
7.00200	§§3-5-61, 3-6-70	Sales to stores or canteens on U.S. military reservations

8. Cigar and Cigarette Excise Tax

The tax is levied upon the sale, receipt, purchase, possession, consumption, handling, distribution, or use of cigars and cigarettes in Georgia.

The tax is imposed at a rate of 37 cents per pack of 20 cigarettes and pro rata for other sized packages. Little cigars, weighing not more than 3 pounds per thousand are taxed at a rate of two and one-half mills each (\$2.50 per 1000). All other cigars are taxed at 23 percent of the wholesale cost price, exclusive of any trade, cash, of other discounts or any promotion, advertising, display or other similar allowances. Loose or smokeless tobacco is taxed at a rate of 10 percent of the wholesale cost price.

The tax is administered by the Department of Revenue. In FY2010 the tax totaled \$227.2 million. The proceeds of the tax are deposited into the state general fund.

8.00100 Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home

Statute	§48-11-2
Year Enacted	1955
Year Effective	Latest Modification 2003
Data Source	Georgia Department of Veteran Services
Estimate Reliability	Class B
Data Reliability	Class C

Note

Description: Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home

State Fiscal Years (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	(1)	(1)	(1)

(1) denotes a value of less than 1 million

Cigar and Cigarette Excise Tax Expenditures for Which Estimates are not Currently Available

Expenditure	Statute	Summary
8.00200	§48-11-3	Di minimus amount brought into the state by one person
8.00300	§48-11-3	Cigars and cigarettes stored in a public warehouse
8.00400	§48-11-3	Certain cigars and cigarettes held by licensed dealers

9. Financial Institutions Special State Occupation Tax

This is a special state occupation tax imposed on the adjusted gross receipts of each depository financial institution that does business or owns property in the state. The state tax rate is levied at a rate of 0.25 percent. In addition to the state tax, counties and municipalities may levy a rate not to exceed 0.25 percent of gross receipts. Any amount paid under the special state occupation tax by a financial institution reduces the institution's state income tax liability by an equal amount.

The tax is administered by the Department of Revenue. The revenues from this tax in FY2010 equaled \$14.5 million. The proceeds of the tax are deposited into the state general fund.

9.00100 Deduction for interest paid

Statute	§48-6-95
Year Enacted	1975
Year Effective	1975
Data Source	FDIC – Statistics on Depository Institutions
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: Financial institutions are allowed to deduct from gross receipts interest paid on all liabilities.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	5	5	5

Financial Institutions Tax Expenditure for Which an Estimate is not Currently Available

Expenditure	Statute	Summary
9.00200	§48-6-95	Deductions for income from authorized activities of a domestic international banking facility
9.00300	§48-6-95	Deduction for income from banking business with persons or entities outside the U.S.

10. Special Assessment of Forest Land Conservation Use Property

10.00000 Special assessment of Forest Land Conservation Use Property

Statute	§48-5A-2
Year Enacted	2008
Year Effective	2008
Data Source	Georgia Department of Revenue
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: Grants made available by the General Assembly through annual appropriations and awarded to counties, municipalities and county or independent school districts for purposes of the Special Assessment of Forest Land Conservation Use Property program.

	State Fiscal Years (\$ in Millions)		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Tax Expenditure	11	11	11

Summary of Recently Expired Tax Expenditures

Expenditure	Summary	Statute	Tax	Type of Expenditure	Expiration Date
2.6.031	Cigarette export tax credit (expired 1/1/2006)	§48-7-40.20	Corporate Income Tax	Credit	1/1/2006
4.00705	Sales of tangible personal property to a nonprofit health center established and receiving funds pursuant to the U.S. Public Health Service Act. (expired 6/30/2010)	§48-8-3(7.05)	Sales and Use Tax	Exemption	6/30/2010
4.00730	Sales of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200% of the poverty level (expired 6/30/2010)	§48-8-3(7.3)	Sales and Use Tax	Exemption	6/30/2010
4.04910	Liquefied petroleum gas or other fuel used in a structure where swine are raised (expired 6/30/2010)	§48-8-3(49.1)	Sales and Use Tax	Exemption	6/30/2010
4.05710	Sales of food and beverages to a qualified food bank (expired 6/30/2010)	§48-8-3(57.1)	Sales and Use Tax	Exemption	6/30/2010
4.05720	Exemption for persons donating prepared food and beverages to a qualified nonprofit agency to be used for hunger relief (expired 6/30/2011)	§48-8-3(57.2)	Sales and Use Tax	Exemption	6/30/2011
4.05730	Exemption for prepared food and beverages that are donated following a natural disaster and used for disaster relief (expired 6/30/2011)	§48-8-3(57.3)	Sales and Use Tax	Exemption	6/30/2011
4.05800	Graduated exemption for the sale of overhead materials used in government contracts (repealed effective January 1, 2011)	§48-8-3(58)	Sales and Use Tax	Exemption	1/1/2011
4.07010	Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal used directly or indirectly in the manufacture or processing of tangible personal property primarily for resale (expired 12/31/2010).	§48-8-3(70.1)	Sales and Use Tax	Exemption	12/31/2010
4.07800	Materials used to construct a new symphony hall costing in excess of \$200 million that is owned and operated by a nonprofit organization (expired 9/1/2011)	§48-8-3(78)	Sales and Use Tax	Exemption	9/1/2011
4.08700	Sales of tangible personal property used to renovate or expand a zoological institution (expires 6/30/2011)	§48-8-3(87)	Sales and Use Tax	Exemption	6/30/2011
4.08900	The sale of an airplane flight simulation training device (expired 6/30/2011).	§48-8-3(89)	Sales and Use Tax	Exemption	6/30/2011