



## DEPARTMENT OF AUDITS AND ACCOUNTS

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December 13, 2012

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 FY2014 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,

Greg S. Griffin  
State Auditor

GSG/eb

# Georgia Tax Expenditure Report for FY2014

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

December 2012

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. 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.

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## **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 resources 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 are 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 also important to note that tax expenditures are not computed for revenue that is due but not collected.

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 provision 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 presented in the fiscal note would incorporate both the initial value of charitable contributions from the tax expenditure estimate and a timing effect that would result from people speeding up their level of contributions in response to the future 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 Georgia 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.

<b>Class of Estimate/Class of Data</b>	<b>Description of Estimate Reliability</b>	<b>Examples of Data Sources by Reliability Status</b>
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 third year in which the tax expenditure report has been produced. The report for FY2013 provided estimates for FY2011-FY2013. The current report presents estimates for FY2012-FY2014. In most cases the estimates between the current and past reports are consistent, with the latest report continuing the same trend in the value of the estimates that was established in earlier reports. On the other hand, there are some cases where the estimate presented in the FY2014 report differs significantly from that presented in the past reports. This usually occurs because new information has become available or because a new forecast of economic activity is relied upon to predict future values. The updated estimates are included in

the current report and any major inconsistency with prior reports 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 value for FY2012, FY2013, and FY2014 for all tax expenditures identified in the report. Provisions assigned a value of “(m)” denote a tax expenditure that is estimated to reduce state revenues by less than \$1 million. Provisions assigned a value of “(-m)” denote a 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 an appendix that includes tables listing recently expired provisions, sales and use tax expenditures by type, and distributional analysis for a selected number of provisions.

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
<b>Federal Income Tax Provisions<sup>1</sup></b>						
1.1.001	Exclusion of employee meals and lodging	Federal Individual Income Tax	Exclusion	8	8	9
1.1.002	Exclusion of housing allowances for ministers	Federal Individual Income Tax	Exclusion	5	5	5
1.1.003	Exclusion of employer-provided child care	Federal Individual Income Tax	Exclusion	13	10	9
1.1.004	Exclusion of employee awards	Federal Individual Income Tax	Exclusion	2	2	2
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	848	994	1,132
1.1.006	Exclusion for employer contributions for health care, health insurance premiums and long-term care insurance premiums	Federal Individual Income Tax	Exclusion	831	959	1,073
1.1.007	Exclusion for employer paid accident and disability premiums	Federal Individual Income Tax	Exclusion	23	24	25
1.1.008	Exclusion for employer contributions for premiums on group long term life insurance	Federal Individual Income Tax	Exclusion	11	12	13
1.1.009	Exclusion for employer-paid transportation benefits and employer-provided transit and vanpool benefits	Federal Individual Income Tax	Exclusion	33	35	36
1.1.010	Exclusion for benefits provided through cafeteria plans	Federal Individual Income Tax	Exclusion	232	260	286
1.1.011	Exclusion for employer provided adoption assistance <sup>2</sup>	Federal Individual Income Tax	Exclusion	3	1	(m)
1.1.012	Exclusion for employer provided education benefits (including education assistance and tuition reduction benefits)	Federal Individual Income Tax	Exclusion	7	7	7
1.1.013	Exclusion of miscellaneous fringe benefits	Federal Individual Income Tax	Exclusion	43	44	44
1.1.014	Exclusion of foreign earned income (including housing and salary)	Federal Individual Income Tax	Exclusion	42	43	44

<sup>1</sup> These are Internal Revenue Code Provisions (IRC) that has been adopted by Georgia as part of its personal income tax.

<sup>2</sup> (m) Refers to a revenue loss of less than \$1 million.

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
1.1.015	Exclusion of certain allowances for federal employees abroad	Federal Individual Income Tax	Exclusion	14	15	16
1.1.016	Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits)	Federal Individual Income Tax	Exclusion	81	89	96
1.1.017	Medical care and Tricare Medical Insurance for military dependents and retirees	Federal Individual Income Tax	Exclusion	39	40	41
1.1.018	Exclusion for Veterans' Benefits (includes veteran's disability compensation, pensions, and readjustment benefits)	Federal Individual Income Tax	Exclusion	48	49	49
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	(m)	(m)	(m)
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	69	68	68
1.1.021	Exclusion for special benefits for disabled coal miners	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.022	Exclusion of untaxed Social Security and railroad retirement benefits	Federal Individual Income Tax	Exclusion	175	199	223
1.1.023	Exclusion of Medicare benefits	Federal Individual Income Tax	Exclusion	360	405	443
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	37	43	45
1.1.026	Exclusion of scholarship and fellowship income	Federal Individual Income Tax	Exclusion	14	15	16
1.1.027	Exclusion for earnings of Coverdell education savings accounts and interest on educational savings bonds	Federal Individual Income Tax	Exclusion	1	1	1

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
1.1.028	Exclusion of earnings of qualified tuition programs (including prepaid tuition programs and savings account programs)	Federal Individual Income Tax	Exclusion	4	5	6
1.1.029	Exclusion for certain agricultural cost-sharing payments	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.030	Exclusion of discharge of indebtedness for certain farmers	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.031	Exclusion of interest on state and local government private activity bonds	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.032	Exclusion of capital gains from sale of principle residences	Federal Individual Income Tax	Exclusion	163	189	204
1.1.033	Exclusion of capital gains at death	Federal Individual Income Tax	Exclusion	167	187	225
1.1.034	Exclusion of capital gains on gifts	Federal Individual Income Tax	Exclusion	37	58	28
1.1.035	Exemption from imputed interest rules	Federal Individual Income Tax	Exclusion	3	3	3
1.1.036	Exclusion of combat pay	Federal Individual Income Tax	Exclusion	18	19	20
1.1.037	Exclusion of energy conservation subsidies provided by public utilities	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.038	Exclusion from income attributable to the discharge of principal residence acquisition indebtedness	Federal Individual Income Tax	Exclusion	5	3	(m)
1.1.039	Exclusion of gain for certain small business stock	Federal Individual Income Tax	Exclusion	2	2	3
1.1.040	Exclusion of interest on public purpose State and local government bonds	Federal Individual Income Tax	Exclusion	2	2	2
1.1.041	Exclusion of income earned by voluntary employees' beneficiary associations	Federal Individual Income Tax	Exclusion	22	24	26
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	(m)	(m)	(m)
1.1.043	Exclusion of disaster mitigation payments	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.2.001	Accelerated depreciation (MACRS)	Federal Individual Income Tax	Deduction	46	44	42

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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	(m)	(m)	(m)
1.2.004	Amortization of business startup costs	Federal Individual Income Tax	Deduction	11	10	9
1.2.005	Expensing of research and development costs in lieu of R&D tax credit	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.006	Expensing of magazine circulation expenditures	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.007	Deductions for oil and gas exploration and development costs	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.008	Special treatment for expenses related to timber production	Federal Individual Income Tax	Deduction	2	2	2
1.2.009	Expensing under IRC section 179 of depreciable business property <sup>3</sup>	Federal Individual Income Tax	Deduction	24	14	-6
1.2.010	Exceptions for publicly traded partnership with qualified income derived from certain energy-related activities	Federal Individual Income Tax	Deduction	1	1	1
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
1.2.012	Various agricultural expense provisions	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.013	Community and regional development incentives	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.014	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
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	5	5	5

<sup>3</sup> 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 FY 2012	State FY 2013	State FY 2014
1.2.017	Health Savings Accounts	Federal Individual Income Tax	Deduction	7	9	11
1.2.018	Deduction for property taxes on real property	Federal Individual Income Tax	Deduction	94	98	123
1.2.019	Deduction for nonbusiness state and local government income taxes, sales taxes and property taxes	Federal Individual Income Tax	Deduction	215	239	295
1.2.020	Deduction for mortgage interest on owner-occupied residences	Federal Individual Income Tax	Deduction	531	555	604
1.2.021	Deduction for charitable contributions (includes deductions for health, education, and other than health and education)	Federal Individual Income Tax	Deduction	352	394	416
1.2.022	Deduction for casualty and theft losses	Federal Individual Income Tax	Deduction	3	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	1	(m)	0
1.2.025	Deduction for interest on student loans	Federal Individual Income Tax	Deduction	6	5	3
1.2.026	Deduction for higher education expenses	Federal Individual Income Tax	Deduction	3	1	0
1.2.027	Deduction for teacher classroom expenses	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.028	Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	Federal Individual Income Tax	Deduction	21	25	27
1.2.029	Deduction for medical expenses and long term care expenses	Federal Individual Income Tax	Deduction	69	84	100
1.2.030	Deduction for IRAs, includes traditional IRAs and Roth IRAs.	Federal Individual Income Tax	Deduction	60	80	101
1.3.001	Like-kind exchanges	Federal Individual Income Tax	Deferral	3	4	5
1.3.002	Special rules for magazine, paperback book, and record returns	Federal Individual Income Tax	Special Rule	(m)	(m)	(m)



## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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	(m)	(m)	(m)
1.3.005	Cash accounting, other than agriculture	Federal Individual Income Tax	Special Rule	8	8	8
1.3.006	Deferral of gain on non-dealer installment sales	Federal Individual Income Tax	Special Rule	2	10	12
1.3.007	Completed contract rules	Federal Individual Income Tax	Special Rule	(m)	(m)	(m)
1.3.008	Special treatment of employee stock ownership plans (ESOPs)	Federal Individual Income Tax	Deferral	3	3	3
1.3.009	Income averaging for farmers and fishermen	Federal Individual Income Tax	Special Rule	(m)	(m)	(m)
<b>Georgia Individual Income Tax Provisions</b>						
1.4.001	Personal Exemption	State Individual Income Tax	Exemption	867	937	1,035
1.4.002	Retirement Income	State Individual Income Tax	Exemption	603	662	697
1.4.003	Exclusion of Federally Taxable Social Security Benefits	State Individual Income Tax	Exemption	129	135	140
1.4.004	Georgia Higher Education Savings Plan Contributions	State Individual Income Tax	Exemption	3	3	3
1.4.005	Interest on U.S. Obligations	State Individual Income Tax	Exemption	7	5	6
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	(m)	(m)	(m)
1.4.008	Aged 65/Blind Deduction	State Individual Income Tax	Exemption	6	6	7
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	3	3	7

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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		
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 Georgia	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 AGI for certain Georgia resident partners	State Individual Income Tax	Exemption	Estimate not available at this time		
1.5.001	Standard Deduction	State Individual Income Tax	Deduction	174	176	178
1.6.001	Rural Physician's Credit	State Individual Income Tax	Credit	1	1	1
1.6.002	Disabled person's home purchase or retrofit credit	State Individual Income Tax	Credit	(m)	(m)	(m)
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	(m)	(m)	(m)
1.6.005	Qualified Caregiving Expense Credit	State Individual Income Tax	Credit	(m)	(m)	(m)

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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	34	34	35
1.6.008	Adoption of Foster Child Credit	State Individual Income Tax	Credit	2	3	4
1.6.009	Low-Income Credit	State Individual Income Tax	Credit	7	7	7
1.6.010	Credit for taxes paid to another state	State Individual Income Tax	Credit	174	179	185
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	Alternative 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		
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 (expired 12/31 2011)	State Individual Income Tax	Credit	See 2.6.013 in Corporate Credit Section		

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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 Credit	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 and 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		
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 equipment 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		

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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		
<b>Federal Corporate Income Tax Provisions<sup>4</sup></b>						
2.1.001	Exemption from imputed interest rules	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.002	Exclusion of interest on state and local government private activity bonds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.003	Exclusion of contributions in aid of construction for water and sewer utilities	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.004	Exclusion of earnings of certain environmental settlement funds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.005	Exclusion for certain agricultural cost-sharing payments	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.006	Exclusion of gain or loss on sale or exchange for brownfield property	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.007	Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare	Federal Corporate Income Tax	Exclusion	1	1	(m)
2.1.008	Exclusion of disaster mitigation payments	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.009	Exclusion of interest on public purpose state and local government bonds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
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	63	58	57
2.2.001	Accelerated depreciation (MACRS)	Federal Corporate Income Tax	Deduction	29	30	31
2.2.002	Deduction for expenditures on energy-efficient commercial building property	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.003	Deduction of exploration and development costs of nonfuel minerals	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)

<sup>4</sup> These are IRC 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 FY 2012	State FY 2013	State FY 2014
2.2.004	Amortization of business startup costs	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.005	Expensing of research and development costs in lieu of R&D tax credit	Federal Corporate Income Tax	Deduction	5	6	7
2.2.006	Expensing of magazine circulation expenditures	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.007	Deductions for oil and gas exploration and development costs	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.008	Special treatment for expenses related to timber production	Federal Corporate Income Tax	Deduction	3	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	12	12	12
2.2.011	Expensing under IRC section 179 of depreciable business property <sup>5</sup>	Federal Corporate Income Tax	Deduction	2	(m)	(-m)
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	(m)	(m)	(m)
2.2.014	Various agricultural expensing provisions	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.015	Community and regional development incentives	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.016	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Federal Corporate Income Tax	Exemption	(m)	(m)	(m)
2.2.017	Inventory methods and valuation	Federal Corporate Income Tax	Deduction	14	15	15
2.3.001	Like-kind exchanges	Federal Corporate Income Tax	Deferral	4	4	5
2.3.002	Special rules for magazine, paperback book, and record returns	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.003	5 year carryback for net operating losses attributable to farming	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)

<sup>5</sup> (-m) 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 FY 2012	State FY 2013	State FY 2014
2.3.004	Special rules for mining reclamation reserves	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.005	Cash accounting, other than agriculture	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.006	Deferral of gain on non-dealer installment sales	Federal Corporate Income Tax	Special Rule	11	15	15
2.3.007	Completed contract rules	Federal Corporate Income Tax	Special Rule	2	3	3
2.3.008	Special treatment of employee stock ownership plans (ESOPs)	Federal Corporate Income Tax	Deferral	-1	-1	-1
2.3.009	Deferral of capital construction costs of shipping companies	Federal Corporate Income Tax	Deferral	(m)	(m)	(m)
<b>Georgia Corporate Income Tax Provisions</b>						
2.4.001	Single Factor Apportionment	Corporate Income Tax	Apportionment	Estimate not available at this time		
2.4.002	Throwback Rule	Corporate Income Tax	Apportionment	See page 80		
2.4.003	Corporate Receipts Sourcing	Corporate Income Tax	Apportionment	Estimate not available at this time		
2.5.001	Interest on obligations of United States	Corporate Income Tax	Deduction	Estimate not available at this time		
2.5.002	Exception to intangible expenses and related interest cost	Corporate Income Tax	Deduction	Estimate not available at this time		
2.6.001	Employer's Job Tax Credit	Corporate Income Tax	Credit	39	44	48
2.6.002	Quality Jobs Tax Credit	Corporate Income Tax	Credit	3	4	5
2.6.003	New Facilities Jobs Credit	Corporate Income Tax	Credit	Included in 2.6.001		
2.6.004	New Manufacturing Facilities Property Credit	Corporate Income Tax	Credit	Estimate not available at this time		
2.6.005	Manufacturer's Investment Tax Credit	Corporate Income Tax	Credit	7	8	9
2.6.006	Optional Investment Tax Credit	Corporate Income Tax	Credit	1	1	1
2.6.007	Port Activity Tax Credit	Corporate Income Tax	Credit	7	7	7
2.6.008	Alternative Port Activity Tax Credit	Corporate Income Tax	Credit	Included in 2.6.007		
2.6.009	Film Tax Credit	Corporate Income Tax	Credit	65	75	86
2.6.010	Research Tax Credit	Corporate Income Tax	Credit	8	10	13
2.6.011	Seed-Capital Fund Credit	Corporate Income Tax	Credit	(m)	(m)	(m)
2.6.012	Qualified Health Insurance Expense Credit	Corporate Income Tax	Credit	(m)	(m)	(m)

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
2.6.013	Teleworking Credit (expired 12/31/2011)	Corporate Income Tax	Credit	1	0	0
2.6.014	Qualified Transportation Credit	Corporate Income Tax	Credit	(m)	(m)	(m)
2.6.015	Business Enterprise Vehicle Credit	Corporate Income Tax	Credit	(m)	(m)	(m)
2.6.016	Employer's Credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property	Corporate Income Tax	Credit	8	9	10
2.6.017	Low Income Housing Credit	Corporate Income Tax	Credit	33	36	39
2.6.018	Historic Rehabilitation Credit	Corporate Income Tax	Credit	(m)	(m)	(m)
2.6.019	Diesel Particulate Emission Reduction Technology Equipment Credit	Corporate Income Tax	Credit	(m)	(m)	(m)
2.6.020	Zero and Low Emission Vehicle Credit; Electric Vehicle Charger Credit	Corporate Income Tax	Credit	3	4	4
2.6.021	Land Conservation Credit	Corporate Income Tax	Credit	19	30	34
2.6.022	Clean Energy Property & Wood Residuals Credit	Corporate Income Tax	Credit	2	3	3
2.6.023	Employer's Credit for Basic Skills Education	Corporate Income Tax	Credit	(m)	(m)	(m)
2.6.024	Employer's Credit for Approved Employee Retraining	Corporate Income Tax	Credit	19	25	29
2.6.025	Qualified Education Expense Credit	Corporate Income Tax	Credit	51	52	53
2.6.026	Qualified Investor's Tax Credit	Corporate Income Tax	Credit	0	0	7
2.6.027	Energy or Water Efficient Equipment Credit	Corporate Income Tax	Credit	0	0	0
2.6.028	Tax credit for water conservation facilities and qualified water conservation investment property	Corporate Income Tax	Credit	Estimate not available at this time		
2.6.029	Tax credit for shift from ground-water usage	Corporate Income Tax	Credit	Estimate not available at this time		
2.6.030	Tax credit for existing business enterprises undergoing qualified business expansion	Corporate Income Tax	Credit	Included in 2.6.001		
<b>Net Worth Tax</b>						
3.001	Exemption for nonprofit corporations	Net Worth Tax	Exemption	Estimate not available at this time		
3.002	Exemptions from the Net Worth Tax	Net Worth Tax	Exemption	Estimate not available at this time		



## Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
<b>Sales and Use Tax</b>						
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 fuel tax imposed on the sale of motor fuel	Sales and Use Tax	Exemption	4	4	4
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	Sales and Use Tax	Exemption	6	6	6
4.00500	Sales of transportation furnished by an approved and authorized urban transit system	Sales and Use Tax	Exemption	Included in 4.00400		
4.00600	Sales to any Hospital Authority created by Georgia law	Sales and Use Tax	Exemption	Included in 4.00700		
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	(m)	(m)	(m)
4.00630	Sales to any agricultural commission created by the Department of Agriculture	Sales and Use Tax	Exemption	(m)	(m)	(m)
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	82	85	87

## Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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	(m)	(m)	(m)
4.00800	Sales of tangible personal property and services to the University System of Georgia and its educational units.	Sales and Use Tax	Exemption	29	30	31
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	2	2	2
4.01100	Sales of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute	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	8	8	8
4.01300	School lunches sold and served to pupils and employees of approved private schools	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01400	Sales of art and other artifacts for display or exhibition to museums	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year.	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	Sales and Use Tax	Exemption	(m)	(m)	(m)

## Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
4.01600	The sale or use of Holy Bibles; testaments, and similar books commonly recognized as being Holy Scripture regardless of by or to whom sold	Sales and Use Tax	Exemption	Estimate not available at this time		
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	Sales and Use Tax	Exemption	23	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 Residential Utilities (4.5009)		
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	See expenditure estimates for services (4.50003, 4.50010, 4.50011)		
4.02300	Repair services when a separate charge is made to the customer	Sales and Use Tax	Exemption	See expenditure estimates for Services (4.50003, 4.50010, 4.50011)		
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 (expires January 1, 2013)	Sales and Use Tax	Exemption	150	80	0

## Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
4.02600	Sale of machinery used exclusively for irrigation of crops to persons primarily engaged in producing farm crops for sale (expires January 1, 2013)	Sales and Use Tax	Exemption	1	(m)	0
4.02700	Sales of sugar for use as food to honey bee producers (expires January 1, 2013)	Sales and Use Tax	Exemption	(m)	(m)	0
4.02800	Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes (expires January 1, 2013)	Sales and Use Tax	Exemption	2	1	0
4.02900	Sale of certain types of agricultural machinery (expires January 1, 2013)	Sales and Use Tax	Exemption	33	17	0
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 (expires January 1, 2013)	Sales and Use Tax	Exemption	12	6	0
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	(m)	(m)	(m)
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia	Sales and Use Tax	Exemption	Estimate not available at this time		
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	Sales and Use Tax	Exemption	20	21	22
4.03400	Certain machinery used in the manufacturing of tangible personal property (expires January 1, 2013)	Sales and Use Tax	Exemption	175	90	0

## Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	Sales and Use Tax	Exemption	3	3	3
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.03430	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery (expires January 1, 2013)	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 (expired 6/30/2012)	Sales and Use Tax	Exemption	2	0	0
4.03500	Certain materials used in industrial packaging (expires January 1, 2013)	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 (expiring January 1, 2013)	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	(m)	(m)	(m)
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

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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	44	40	34
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 furnishes, leases, or rents the property has paid sales or use tax on the property	Sales and Use Tax	Exemption	Estimate not available at this time		
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	(m)	(m)	(m)
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	388	405	423
4.04800	Sales of crab bait to licensed commercial fishermen	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.04900	Liquefied gases and other fuels used in poultry or pullet houses or structures (expires January 1, 2013)	Sales and Use Tax	Exemption	3	2	0

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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	19	20	22
4.05100	Sales of oxygen when prescribed by a licensed physician	Sales and Use Tax	Exemption	5	5	5
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	123	117	111
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	Sales and Use Tax	Exemption	Included in 4.04700		
4.05500	Sale of Georgia lottery tickets	Sales and Use Tax	Exemption	160	165	171
4.05600	Sales by any qualified nonprofit parent teacher organization	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.05700	Food purchased for off premises consumption	Sales and Use Tax	Exemption	432	472	509
4.05900	Sales of eligible food and beverages for on or off-premises consumption by any Girl or Boy Scout council	Sales and Use Tax	Exemption	1	1	1
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	Estimate not available at this time		
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	4	4
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims' Emergency fund	Sales and Use Tax	Exemption	(m)	(m)	(m)

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
4.06400	Sales of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation (expires January 1, 2013)	Sales and Use Tax	Exemption	20	15	0
4.06500	Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	Sales and Use Tax	Exemption	(m)	(m)	(m)
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	Estimate not available at this time		
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	Estimate not available at this time		
4.07000	Sales of natural gas used directly in the manufacture of electricity	Sales and Use Tax	Exemption	37	36	36
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	(m)	(m)	(m)
4.07200	Sales of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals	Sales and Use Tax	Exemption	Included in 4.04700		
4.07300	Sales of certain production equipment to film producers and film production companies (expires January 1, 2013)	Sales and Use Tax	Exemption	10	5	0
4.07500	Sales tax holiday for back to school items (expires August 10, 2013)	Sales and Use Tax	Exemption	0	39	41
4.07700	Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale (expires January 1, 2013)	Sales and Use Tax	Exemption	1	(m)	0



## Summary of State Tax Expenditures

				\$ in Millions		
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
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 (expires January 1, 2013)	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	4	4
4.08200	Sales tax holiday for water and energy efficient purchases (expires October 6, 2013)	Sales and Use Tax	Exemption	0	(m)	(m)
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	(m)	(m)	(m)
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	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	(m)	(m)	(m)
4.09000	The sale of electricity to a manufacturer located in this state used directly in the manufacture of a product (expires January 1, 2013)	Sales and Use Tax	Exemption	Estimate not available at this time		
4.09100	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave.	Sales and Use Tax	Exemption	Estimate not available at this time		
4.09200	Sales to an organization defined by the Internal Revenue Service as an instrumentality of the states relating to the holding of an annual meeting in this state for the period commencing July 1, 2012, and ending on December 31, 2013.	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 FY 2012	State FY 2013	State FY 2014
4.09300	Sales of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until June 30, 2014.	Sales and Use Tax	Exemption	Estimate not available at this time		
4.09400	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale.	Sales and Use Tax	Exemption	Estimate not available at this time		
4.3.20000	Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing	Sales and Use Tax	Exemption	Estimate not available at this time		
4.3.30000	Sales and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment	Sales and Use Tax	Exemption	Estimate not available at this time		
4.50000	Admissions and Amusements	Sales and Use Tax for Services	Exemption	102	104	109
4.50001	Agricultural Services	Sales and Use Tax for Services	Exemption	106	109	114
4.50002	Automotive Services	Sales and Use Tax for Services	Exemption	83	85	89
4.50003	Business Services	Sales and Use Tax for Services	Exemption	493	506	530
4.50004	Computer and Online Services	Sales and Use Tax for Services	Exemption	202	207	217
4.50005	Construction Labor	Sales and Use Tax for Services	Exemption	1,542	1,584	1,660
4.50006	Fabrication, Installation, and Repair Services	Sales and Use Tax for Services	Exemption	167	171	179
4.50007	Finance, Insurance, and Real Estate	Sales and Use Tax for Services	Exemption	355	364	382
4.50008	Industrial and Mining Services	Sales and Use Tax for Services	Exemption	7	7	7
4.50009	Residential Utility Service	Sales and Use Tax for Services	Exemption	106	108	113

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
4.50010	Personal Services	Sales and Use Tax for Services	Exemption	153	157	165
4.50011	Professional Services	Sales and Use Tax for Services	Exemption	1,218	1,251	1,311
4.50012	Storage	Sales and Use Tax for Services	Exemption	46	48	50
4.50013	Transportation Services	Sales and Use Tax for Services	Exemption	(m)	(m)	(m)
4.70000	Compensation of dealers for reporting and paying tax	Sales and Use Tax	Exemption	53	56	58
4.90000	Sales tax exemption for casual sales	Sales and Use Tax	Exemption	151	125	2
<b>Insurance Premium Tax</b>						
5.00100	Deduction of retaliatory taxes paid to other states	Insurance Premium Tax	Deduction	2	2	2
5.00200	Insurance premium tax credits	Insurance Premium Tax	Credit	77	79	81
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	(m)	(m)	(m)
5.00500	Insurance abatements	Insurance Premium Tax	Rate Reduction	133	137	141
5.00600	Special deductions for life insurance companies	Insurance Premium Tax	Deduction	114	118	120
<b>Motor Fuel Tax</b>						
6.00100	Motor fuel tax refunds for agricultural purposes	Motor Fuel Tax	Exemption	20	20	20
6.00200	Sales to mass transit vehicles	Motor Fuel Tax	Exemption	3	3	3
6.00300	Sales to campus transportation vehicles	Motor Fuel Tax	Exemption	Included in 6.00200		
6.00400	Motor fuel tax exemption for aviation fuel	Motor Fuel Tax	Exemption	(m)	(m)	(m)
6.00500	Motor fuel tax vendor compensation	Motor Fuel Tax	Exemption	5	5	5
<b>Alcoholic Beverage Tax</b>						
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 in 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 FY 2012	State FY 2013	State FY 2014
7.00300	Up to 200 gallons annually of home-brew per household	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
7.00400	Sales to and use by religious organizations for sacramental purposes	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
7.00500	Exemption for ethyl alcohol used for certain purposes	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
7.00600	Malt beverages containing less than one-half of 1 percent alcohol by volume	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
<b>Cigar and Cigarette Tax</b>						
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	(m)	(m)	(m)
8.00200	Di 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		
<b>Financial Institutions Business License Tax</b>						
9.00100	Deduction for interest paid	Financial Institutions Business License Tax	Deduction	3	3	3
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		
<b>State Grant for Forest Land Conservation</b>						
10.00000	Special assessment of forest land conservation use property	State Grant	Credit	14	17	21

## Summary of State Tax Expenditures

\$ in Millions						
Expenditure	Summary	Tax	Type of Expenditure	State FY 2012	State FY 2013	State FY 2014
<b>Title Fee for Motor Vehicles</b>						
11.001	Exemption for a vehicle when transferred between immediate family members as a result of the death of an immediate family member	Title Fee	Exemption	Estimate not available at this time		
11.002	Exemption for 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 his or her disability	Title Fee	Exemption	Estimate not available at this time		

## 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 \$7.7 billion in FY2011 and accounted for 50 percent of Georgia's revenues from taxation. In CY2011, 4.2 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, for tax year 2012 and before, filers are allowed a personal exemption of \$5,400 for joint filers and \$2,700 for other filers and \$3,000 for each dependent. For tax years after 2012, the personal exemption for joint filers will be \$7,400 and will be \$3,700 for married taxpayers filing a separate return.

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. The data and estimate reliability for the conformity provisions are considered class A. In some cases though, 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. The estimates associated with the federal conformity provisions are based on current law as it existed in November 2012. Therefore, any changes to provisions that may occur because of federal legislative action that occurred after that period are not reflected in the estimates.

The explanation of the federal conformity provisions was taken from *Tax Expenditures: Compendium of Background Material in Individual Provisions*, published by the Committee on the Budget, United States Senate and prepared by the Congressional Research Service, December 2010.

## 1.1 Federal Exclusions

### 1.1.001    Exclusion of employee meals and lodging

Federal Statute    IRC section 119 and 132(e)(2)

**Description:** Employees are allowed to exclude the fair market value of meals and lodging furnished by employers if provided on the employer's premises for the convenience of the employer.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	8	8	9

(m) Denotes a value of less than \$1 million

### 1.1.002    Exclusion of housing allowances for ministers

Federal Statute    IRC Section 107 and 265

**Description:** In general, this provision allows ministers to deduct certain housing related expenditures from their gross income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	5	5	5

(m) Denotes a value of less than \$1 million

### 1.1.003    Exclusion of employer-provided child care

Federal Statute    IRC Section 129

**Description:** Payments by an employer, under a dependent care assistance program, for qualified dependent care assistance provided to an employee are excluded from the employee's income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	13	10	9

(m) Denotes a value of less than \$1 million

### 1.1.004    Exclusion of employee awards

Federal Statute    IRC Section 74(c) and 274(j)

**Description:** This provision provides an exclusion for certain awards of tangible personal property given to employees for length of service or for safety achievement.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

### 1.1.005    Exclusion of employer contributions and earnings to pension plans. (Includes Keoghs, defined benefit and defined contribution plans)

Federal Statute    IRC Sections 401-407, 410-418E, and 457

**Description:** Employer contributions to qualified pension, profit-sharing, stock-bonus, and annuity plans on behalf of an employee are not taxable to the employee. Furthermore, the employee is generally not taxed on



the benefits when they are distributed.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	848	994	1,132

(m) Denotes a value of less than \$1 million

**1.1.006**     Exclusion for employer contributions for health care, health insurance premiums and long-term care insurance premiums

Federal Statute     IRC Sections 105,106, and 125

**Description:** Employees are allowed to exclude contributions by their employers for health care coverage for themselves and their dependents.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	831	959	1,073

(m) Denotes a value of less than \$1 million

**1.1.007**     Exclusion for employer paid accident and disability premiums

Federal Statute     IRC Sections 105 and 106

**Description:** Premiums paid by employers for employee accident and disability insurance plans are excluded from the taxable income of employees.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	23	24	25

(m) Denotes a value of less than \$1 million

**1.1.008**     Exclusion for employer contributions for premiums on group long term life insurance

Federal Statute     IRC Section 79

**Description:** Premiums paid by the employer for qualified group-term life insurance plans for the employee are excluded from employee's taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	11	12	13

(m) Denotes a value of less than \$1 million

**1.1.009**     Exclusion for employer-paid transportation benefits and employer-provided transit and vanpool benefits

Federal Statute     IRC Section 132(f)

**Description:** Employer provided qualified transportation benefits are excluded from employee taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	33	35	36

(m) Denotes a value of less than \$1 million

**1.1.010**     Exclusion for benefits provided through cafeteria plans

Federal Statute     IRC Section 125

**Description:** Qualified benefits offered through an employer's cafeteria plan are not included as taxable income to the employee.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	232	260	286

(m) Denotes a value of less than \$1 million

**1.1.011**      Exclusion for employer provided adoption assistance

Federal Statute      IRC Section 137

**Description:** Benefits received from a qualified employer-sponsored adoption assistance program are excludable from taxable income for the employee.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	1	(m)

(m) Denotes a value of less than \$1 million

**1.1.012**      Exclusion for employer provided education benefits (including education assistance and tuition reduction benefits)

Federal Statute      IRC Section 117(d) and Section 127

**Description:** Tuition reductions for employees of educational institutions may be excluded from taxable income. In addition, an employee may exclude amounts paid by the employer for qualified educational assistance programs.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	7	7	7

(m) Denotes a value of less than \$1 million

**1.1.013**      Exclusion of miscellaneous fringe benefits

Federal Statute      IRC Section 132 and 117(D)

**Description:** Certain miscellaneous fringe benefits provided by employers, including services provided at no additional costs, employee discounts, working condition fringes, de minimus fringes and certain tuition reductions, can be excluded from the employee's taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	43	44	44

(m) Denotes a value of less than \$1 million

**1.1.014**      Exclusion of foreign earned income (including housing and salary)

Federal Statute      IRC Section 911

**Description:** U.S. taxpayers who live and work abroad are allowed a capped exclusion of their wage and salary income. In addition, qualified individuals can also exclude certain excess foreign housing costs. This provision does not apply to federal employees working abroad.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	42	43	44
(m) Denotes a value of less than \$1 million			

**1.1.015**     Exclusion of certain allowances for federal employees abroad

Federal Statute     IRC Section 912

**Description:** U.S. federal civilian employees who work abroad are allowed to exclude from taxable income certain special allowances they receive that are generally linked to the cost of living.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	14	15	16
(m) Denotes a value of less than \$1 million			

**1.1.016**     Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits)

Federal Statute     IRC Section 112, 134, 104(a)(4) or (5) and 104(b)

**Description:** Military personnel are provided with a variety of in-kind benefits (or cash payments in lieu of such benefits) that are not taxed. In addition, certain members of the armed forces are eligible for tax exclusion of disability pay.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	81	89	96
(m) Denotes a value of less than \$1 million			

**1.1.017**     Medical care and Tricare Medical Insurance for military dependents and retirees

Federal Statute     IRC Section 134

**Description:** Military personnel are provided with a variety of in-kind benefits (or cash payments in lieu of such benefits) that are not taxed. In addition, certain members of the armed forces are eligible for tax exclusion of disability pay.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	39	40	41
(m) Denotes a value of less than \$1 million			

**1.1.018**     Exclusion for Veterans' Benefits (includes veteran's disability compensation, pensions, and readjustment benefits)

Federal Statute     38 U.S.C. Section 5301

**Description:** All benefits administered by the Department of Veteran's Affairs are exempt from income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	48	49	49
(m) Denotes a value of less than \$1 million			

**1.1.019**      Exclusion of income attributable to the discharge of certain student loan debt and NHSC and certain state educational loan repayments

Federal Statute      IRC Section 108(f)

**Description:** This section provides that in certain instances, student loan cancellation and student loan repayment assistance may be excluded from gross income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**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 Statute      IRC Section 104(a)(1)-(5)

**Description:** Employees are not taxed on the value of insurance contributions for workers' compensation medical benefits made on their behalf by employers, or on the medical benefits or reimbursements they actually receive. Workers' compensation benefits to employees in cases of work-related injury and to survivors in cases of work-related death, are not taxable. Damages paid, through either a court award or a settlement, to compensate for physical injury and sickness are not included in income of the recipient.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	69	68	68

(m) Denotes a value of less than \$1 million

**1.1.021**      Exclusion for special benefits for disabled coal miners

Federal Statute      IRC Section 104(a)(1)

**Description:** Cash and medical benefits to coal mine workers or their survivors for total disability or death resulting from coal workers' pneumoconiosis (black lung disease) paid under the Black Lung Benefits Act generally are not taxable.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.1.022**      Exclusion of untaxed Social Security and railroad retirement benefits

Federal Statute      IRC Section 86

**Description:** In general, Social Security and Railroad retirement benefits are not subject to tax.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	175	199	223

(m) Denotes a value of less than \$1 million

**1.1.023**      Exclusion of Medicare benefits

Federal Statute      Rev. Rul. 70-341, IRC Section 139A, Section 112 and 134

**Description:** The employer's share of the payroll tax is excluded from an employee's taxable income. Transfers from the general fund of the U.S Treasury to pay for the cost of covered services are excluded from the taxable income of enrollees. Transfers from the general fund of the U.S. Treasury and state governments to pay for the cost of the drug benefit not covered by premiums are excluded from the taxable income of enrollees. Employers who choose to receive subsidy payments are allowed to exclude them from their taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	360	405	443

(m) Denotes a value of less than \$1 million

**1.1.024**      Exclusion of certain foster care payments

Federal Statute      IRC Section 131

**Description:** Qualified payments are excluded from the foster care provider's gross income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

**1.1.025**      Exclusion of cash public assistance benefits

Federal Statute      IRC Section 61

**Description:** Cash benefits provided on a needs basis by the Federal Government are not included in taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	37	43	45

(m) Denotes a value of less than \$1 million

**1.1.026**      Exclusion of scholarship and fellowship income

Federal Statute      IRC Section 117

**Description:** Scholarships and fellowships can be excluded from the gross income of students and their families provided: (1) the students are pursuing degrees and (2) the amounts are used for tuition and fees required for enrollment or for books, supplies, fees, and equipment required for courses at a qualified institution. Amounts used for room, board and incidental expenses are not excluded from gross income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	14	15	16

(m) Denotes a value of less than \$1 million

**1.1.027**     Exclusion for earnings of Coverdell education savings accounts and interest on educational savings bonds

Federal Statute     IRC Section 530

**Description:** Contributions to a Coverdell Education Savings Account are not deductible but the earnings grow on a tax deferred basis.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

**1.1.028**     Exclusion of earnings of qualified tuition programs (including prepaid tuition programs and savings account programs)

Federal Statute     IRC Section 529

**Description:** Contributions to qualified tuition programs are not deductible at the federal level but earnings accumulate on a tax-deferred basis.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	4	5	6

(m) Denotes a value of less than \$1 million

**1.1.029**     Exclusion for certain agricultural cost-sharing payments

Federal Statute     IRC Section 126

**Description:** Grants made for the purpose of conserving soil and water resources or protecting the environment are excluded from the recipient's taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.1.030**     Exclusion of discharge of indebtedness for certain farmers

Federal Statute     Sections 108 and 1070(b)(4)

**Description:** The provision allows farmers who are solvent to treat the income arising from the cancellation of certain indebtedness as if they were insolvent taxpayers. Under this provision, income that would normally be subject to tax would be excluded from tax under qualifying conditions.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.1.031**     Exclusion of interest on state and local government private activity bonds

Federal Statute     Various

**Description:** Interest earned on qualified private activity bonds is tax exempt.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.1.032**      Exclusion of capital gains from sale of principle residences

Federal Statute      IRC Section 121

**Description:** A taxpayer may exclude from federal income tax up to \$250,000 of capital gain (\$500,000 in the case of married taxpayers filing joint returns) from the sale or exchange of their principal residence.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	163	189	204

(m) Denotes a value of less than \$1 million

**1.1.033**      Exclusion of capital gains at death

Federal Statute      IRC Sections 1001,1002,1014,1015,1023,1040,1221, and 1222

**Description:** A capital gain tax is not imposed on the increased value of an asset when ownership of the property is transferred as a result of the death of the owner.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	167	187	225

(m) Denotes a value of less than \$1 million

**1.1.034**      Exclusion of capital gains on gifts

Federal Statute      IRC Sections 1001,1002,1014,1015,1023,1040,1221, and 1222

**Description:** A capital gain tax is not imposed on the increased value of an asset when ownership of the property is transferred as a gift during the owner's lifetime.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	37	58	28

(m) Denotes a value of less than \$1 million

**1.1.035**      Exemption from imputed interest rules

Federal Statute      IRC Sections 163(e), 483, 1274, and 1274A

**Description:** Debt instruments for amounts not exceeding an inflation adjusted maximum, given in exchange for real property, may not have imputed to them an interest rate greater than 9 percent.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

**1.1.036**      Exclusion of combat pay

Federal Statute      IRC Section 112

**Description:** Compensation received by active members of the Armed Forces is excluded from gross income for any month the service member served in a combat zone or was hospitalized as a result of an injury or illness incurred while serving in a combat zone.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	18	19	20

(m) Denotes a value of less than \$1 million

**1.1.037**      Exclusion of energy conservation subsidies provided by public utilities

Federal Statute      IRC Section 136

**Description:** In general, this provision allows customers to deduct from their gross income the value of any subsidy provided by a public utility for the purchase or installation of any energy conservation measure.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.1.038**      Exclusion from income attributable to the discharge of principal residence acquisition indebtedness

Federal Statute      IRC Section 108

**Description:** Taxpayers who are insolvent or in bankruptcy may exclude canceled mortgage debt income from gross income. In addition, discharged qualified residential debt is excluded from gross income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	5	3	(m)

(m) Denotes a value of less than \$1 million

**1.1.039**      Exclusion of gain for certain small business stock

Federal Statute      IRC Sections 1202 and 303

**Description:** This provision allows non-corporate taxpayers to exclude from gross income 50 percent of any gain from the sale or exchange of qualified small business stock issued after August 10, 1993. When a shareholder in a closely held business dies there is no reported gain or loss on the partial redemption of stock.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	3

(m) Denotes a value of less than \$1 million

**1.1.040**      Exclusion of interest on public purpose State and local government bonds

Federal Statute      IRC Sections 103, 141 and 146

**Description:** Interest income of qualifying governmental bonds is excluded from taxable income (expenditure estimate has been adjusted to reflect GA law that only interest on GA bonds is excluded from income).



	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2
(m) Denotes a value of less than \$1 million			

**1.1.041**     Exclusion of income earned by voluntary employees' beneficiary associations

Federal Statute     IRC Sections 501(a) and 501(c)(9)

**Description:** Provided certain requirements are met, the income earned by a voluntary employee beneficiary association (VEBA) is exempt from federal income taxes.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	22	24	26
(m) Denotes a value of less than \$1 million			

**1.1.042**     Exclusion of survivor annuities paid to families of public safety officers killed in the line of duty

Federal Statute     IRC Section 101(h)

**Description:** The surviving spouse of a public safety officer killed in the line of duty can exclude from gross income a survivor annuity payment under a governmental pension plan.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**1.1.043**     Exclusion of disaster mitigation payments

Federal Statute     IRC Section 139

**Description:** Payments made for disaster mitigation under the Robert T. Stafford Disaster Relief and Emergency Insurance Act or the National Flood Insurance Act are excluded from income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

## 1.2 Federal Deductions

### 1.2.001    Accelerated depreciation (MACRS)

Federal Statute    IRC Sections 167 and 168

**Description:** Under the Modified Accelerated Cost Recovery System (MACRS) the cost of tangible depreciation property of certain energy property is allowed a shorter depreciation period. Taxpayers are allowed to deduct the costs of new rental housing and buildings other than rental housing and equipment to be depreciated on an accelerated schedule.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	46	44	42

(m) Denotes a value of less than \$1 million

### 1.2.002    Deduction for expenditures on energy-efficient commercial building property

Federal Statute    IRC Section 179D

**Description:** This provision provides a formula-based tax deduction for all or part of the cost of energy-efficient commercial building property placed in service after 12/31/2005 and before 1/1/2014.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

### 1.2.003    Deduction of exploration and development costs of nonfuel minerals. (Includes excess of depletion over cost depletion, nonfuel minerals)

Federal Statute    IRC Sections 263, 291, 616-617,56,1254

**Description:** Firms engaged in mining are permitted to expense certain exploration and development costs.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 1.2.004    Amortization of business startup costs

Federal Statute    IRC Section 195

**Description:** This provision allows a business taxpayer to deduct up to \$10,000 in qualified start-up expenditures.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	11	10	9

(m) Denotes a value of less than \$1 million

### 1.2.005    Expensing of research and development costs in lieu of R&D tax credit

Federal Statute    IRC Section 174

**Description:** This provision allows a business taxpayer to deduct certain research expenditures that are paid or incurred in connection with the taxpayer's trade or business.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.2.006**      Expensing of magazine circulation expenditures

Federal Statute      IRC Section 173

**Description:** In general, current federal tax law allows publishers of newspapers, magazines, and other periodicals to deduct their expenditures to maintain, establish, or increase circulation in the year in which they are made.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.2.007**      Deductions for oil and gas exploration and development costs

Federal Statute      IRC Sections 611, 612,613,613A and 291; 263(c), 616-617, 57(a)(2), 59(e) and 1254

**Description:** Firms that extract oil, gas or other minerals are permitted a deduction to recover their capital investment in a mineral reserve, which depreciates due to the physical and economic depletion or exhaustion as the mineral is recovered. Firms engaged in the exploration and development of oil, gas or geothermal properties have the option of expensing certain intangible drilling and development costs.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.2.008**      Special treatment for expenses related to timber production

Federal Statute      IRC Sections 194, 263A(c)(5)

**Description:** This provision allows expensing of production costs of growing timber. Taxpayers are also allowed different depreciation practices for qualified reforestation expenses.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

**1.2.009**      Expensing under IRC section 179 of depreciable business property

Federal Statute      IRC Section 179

**Description:** Within certain limits, a taxpayer may elect to deduct as a current expense the cost of qualifying property in the tax year when it is placed in service.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	24	14	-6
(m) Denotes a value of less than \$1 million			

**1.2.010**     Exceptions for publicly traded partnership with qualified income derived from certain energy-related activities

Federal Statute     IRC Section 7704

**Description:** This code section allows publicly traded partnerships to be treated as a corporation for the purposes of the federal income tax under most situations.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

**1.2.011**     Treatment of income from exploration and mining as qualified income for publicly traded partnerships

Federal Statute     IRC Section 7704

**Description:** This code section allows publicly traded partnerships to be treated as a corporation for the purposes of the federal income tax under most situations.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

**1.2.012**     Various agricultural expense provisions

Federal Statute     IRC Sections 175, 180, 1231

**Description:** Taxpayers in the business of farming may choose to expense costs associated with soil and water conservation, soil conditioning and the costs associated with raising dairy and breeding cattle.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**1.2.013**     Community and regional development incentives

Federal Statute     IRC Sections 38(b), 39(d), 45A, 280C(a), 1391-1397D

**Description:** Communities designated as empowerment zones and renewable communities are eligible for special development incentives.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**1.2.014**     Expensing to remove architectural and transportation barriers to the handicapped and elderly

Federal Statute     IRC Section 190

**Description:** This provision allows taxpayers to deduct up to \$15,000 of expenses incurred in a single year for removing physical barriers to handicap or elderly individuals in qualified facilities or public transportation vehicles owned or leased by the taxpayer.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.2.015**     Inventory methods and valuation, including last in first out, lower of cost or market, specific identification for homogenous products

Federal Statute     IRC Sections 475, 491-492

**Description:** This provision allows taxpayers to use alternative inventory systems to determine cost of goods sold.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	5	5	5

(m) Denotes a value of less than \$1 million

**1.2.017**     Health Savings Accounts

Federal Statute     IRC Section 223

**Description:** This provision allows taxpayers to deduct their health savings account contributions from their gross income in determining their taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	7	9	11

(m) Denotes a value of less than \$1 million

**1.2.018**     Deduction for property taxes on real property

Federal Statute     IRC Section 164

**Description:** Taxpayers may claim an itemized deduction for property taxes paid on owner-occupied residences.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	94	98	123

(m) Denotes a value of less than \$1 million

**1.2.019**     Deduction for nonbusiness state and local government income taxes, sales taxes and property taxes

Federal Statute     IRC Section 164

**Description:** State and local income, sales and personal property taxes paid by individuals are deductible from adjusted gross income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	215	239	295
(m) Denotes a value of less than \$1 million			

**1.2.020**     Deduction for mortgage interest on owner-occupied residences

Federal Statute     IRC Section 163(h)

**Description:** A taxpayer may claim an itemized deduction for "qualified residence interest" which includes interest paid on a mortgage secured by a principal residence and a second residence.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	531	555	604
(m) Denotes a value of less than \$1 million			

**1.2.021**     Deduction for charitable contributions (includes deductions for health, education, and other than health and education)

Federal Statute     IRC Sections 170 and 642(c)

**Description:** Subject to certain limitations, charitable contributions may be deducted by individuals.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	352	394	416
(m) Denotes a value of less than \$1 million			

**1.2.022**     Deduction for casualty and theft losses

Federal Statute     IRC Sections 165(c)(3), 165(e), 165(h)-165(k)

**Description:** An individual may claim an itemized deduction for unreimbursed personal casualty or theft losses up to a specified limit.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3
(m) Denotes a value of less than \$1 million			

**1.2.023**     Deduction for overnight expenses for National Guard and Reserve members

Federal Statute     IRC Sections 162(p) and 62(a)(2)(E)

**Description:** An above-the-line deduction is available for unreimbursed overnight travel, meals, and lodging expenses of National Guard and Reserve members.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

**1.2.024**     Deduction for premiums for qualified mortgage insurance

Federal Statute     IRC Section 163(h)

**Description:** Qualified mortgage insurance premiums paid with respect to a qualified residence can be treated as tax deductible residence interest.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	(m)	0
(m) Denotes a value of less than \$1 million			

**1.2.025**      Deduction for interest on student loans

Federal Statute      IRC Section 221

**Description:** Taxpayers may deduct interest paid on qualified education loans in determining their adjusted gross income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	6	5	3
(m) Denotes a value of less than \$1 million			

**1.2.026**      Deduction for higher education expenses

Federal Statute      IRC Section 222

**Description:** Taxpayers may deduct qualified tuition and related expenses for postsecondary education from their adjusted gross income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	1	0
(m) Denotes a value of less than \$1 million			

**1.2.027**      Deduction for teacher classroom expenses

Federal Statute      IRC Section 62

**Description:** An eligible employee of a public or private elementary or secondary school may claim a deduction for certain unreimbursed expenses.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**1.2.028**      Deduction for health insurance premiums and long-term care insurance premiums by the self-employed

Federal Statute      IRC Section 161(l)

**Description:** Generally, a self-employed individual may deduct the entire amount paid for health insurance or long term care insurance.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	21	25	27
(m) Denotes a value of less than \$1 million			

**1.2.029**     Deduction for medical expenses and long term care expenses

Federal Statute     IRC Section 213

**Description:** Most medical expenses that are paid by an individual but not reimbursed by an employer or insurance company may be deducted from taxable income to the extent they exceed 7.5 percent of adjusted gross income.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	69	84	100
(m) Denotes a value of less than \$1 million			

**1.2.030**     Deduction for IRAs, includes traditional IRAs and Roth IRAs.

Federal Statute     IRC Sections 219 and 408

**Description:** Individuals participating in a traditional or Roth IRA are allowed to deduct contributions in the case of traditional IRAs and distributions in the case of Roth IRAs. Both exemptions are phased out for higher income individuals.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	60	80	101
(m) Denotes a value of less than \$1 million			



## 1.3 Special Federal Conformity Provisions

### 1.3.001    Like-kind exchanges

Federal Statute    IRC Section 1031

**Description:** When business or investment property is exchanged for property of a "like kind" no gain or loss is recognized on the exchange and therefore no tax is paid at the time of the exchange.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	4	5

(m) Denotes a value of less than \$1 million

### 1.3.002    Special rules for magazine, paperback book, and record returns

Federal Statute    IRC Section 458

**Description:** Publishers and distributors of magazines, paperbacks, and records may elect to exclude from gross income for a tax year, the income from the sale of goods that are returned after the close of the tax year.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 1.3.003    5 year carryback for net operating losses attributable to farming

Federal Statute    IRC Section 172

**Description:** Current law provides a 5 year carryback period for losses related to farming. The normal carryback period for losses is two years.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

### 1.3.004    Special rules for mining reclamation reserves

Federal Statute    IRC Section 468

**Description:** Electing taxpayers may deduct the current value equivalent of certain estimated future reclamation and closing costs for mining and solid waste disposal sites.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 1.3.005    Cash accounting, other than agriculture

Federal Statute    IRC Sections 446 and 448

**Description:** The cash method of accounting may be used by any business taxpayer that is not a tax shelter and falls into at least one of three specified categories.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	8	8	8
(m) Denotes a value of less than \$1 million			

**1.3.006**      Deferral of gain on non-dealer installment sales

Federal Statute      IRC Sections 453 and 453A(b)

**Description:** Some taxpayers are allowed to report some sales using the installment method of accounting in which the gross profit from the sale is prorated over the years during which the payments are received.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	10	12
(m) Denotes a value of less than \$1 million			

**1.3.007**      Completed contract rules

Federal Statute      IRC Section 460

**Description:** Some taxpayers with construction or manufacturing contracts extending for more than one tax year are allowed to report some or all of the profit on the contracts under special accounting rules rather than the normal rules of tax accounting.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**1.3.008**      Special treatment of employee stock ownership plans (ESOPs)

Federal Statute      IRC Sections 401(a)(28), 404(a)(9), 404(k),  
415(c)(6), 1042, 497(e)(7), 4978, 4979A, 422-423

**Description:** Employer contributions may be deducted as a business expense. In addition, some contributions are subject to less restrictive limits than contributions to other employee benefit plans. Tax on qualified employee stock purchase plans are not taxed when granted or excised. Tax is deferred until stock is sold.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3
(m) Denotes a value of less than \$1 million			

**1.3.009**      Income averaging for farmers and fishermen

Federal Statute      IRC Section 1301

**Description:** Beginning with tax years after 1997, taxpayers have the option to calculate their current year income tax by averaging over a prior 3 year period, all or a portion of their income from farming and or fishing.

State Fiscal Years (\$ in Millions)

State Tax Expenditure

(m) Denotes a value of less than \$1 million

<u>2012</u>	<u>2013</u>	<u>2014</u>
(m)	(m)	(m)

## 1.4 Georgia Exemptions

### 1.4.001 Personal Exemption

State 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	For distributional analysis see Table 3 in the appendix

**Description:** For tax years 2012 a before 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. For tax years after 2012 the personal exemption for joint filers will be \$7,400 and will be \$3,700 for married taxpayers filing separate return.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	867	937	1,035

(m) Denotes a value of less than \$1 million

### 1.4.002 Retirement Income

State 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	For distributional analysis see Table 4 in the appendix. This estimate differs from earlier reports due to a change in methodology.

**Description:** Between 2008 and prior to 2012, a maximum of \$35,000 of retirement income from any source was 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.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	603	662	697

(m) Denotes a value of less than \$1 million

### 1.4.003 Exclusion of Federally Taxable Social Security Benefits

State 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:** Social Security and tier 1 railroad retirement benefits are excluded from state taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	129	135	140

(m) Denotes a value of less than \$1 million

**1.4.004** Georgia Higher Education Savings Plan Contributions

State 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 For distributional analysis see Table 5 in the appendix; this estimate differs from earlier reports due to a change in methodology.

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

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

State 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 For distributional analysis see Table 6 in the appendix

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	7	5	6

(m) Denotes a value of less than \$1 million

**1.4.007** Organ donation expenses

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.4.008** Aged 65/Blind Deduction

State 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 For distributional analysis see Table 7 in the appendix

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	6	6	7

(m) Denotes a value of less than \$1 million

**1.4.010** Premiums for high deductible health plans

State 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

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	7

(m) Denotes a value of less than \$1 million

## 1.5 Georgia Deductions

### **1.5.001** Standard Deduction

State 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 For distributional analysis see Table 8 in the appendix

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	174	176	178

(m) Denotes a value of less than \$1 million



## 1.6 Georgia Credits

### 1.6.001 Rural Physician's Credit

State Statute	§48-7-29
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996
Data Source	DOR Data for 2010
Estimate Reliability	Class B
Data Reliability	Class B

Note

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

### 1.6.002 Disabled person's home purchase or retrofit credit

State Statute	§48-7-29.1
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1999
Data Source	DOR Data for 2010
Estimate Reliability	Class B
Data Reliability	Class B

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.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 1.6.003 Driver Education Credit

State Statute	§48-7-29.5
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001
Data Source	DOR Data for 2010
Estimate Reliability	Class B
Data Reliability	Class B

Note

**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)

	2012	2013	2014
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

**1.6.004**    Disaster Assistance Credit

State Statute	§48-7-29.4
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2000
Data Source	DOR Data for 2010
Estimate Reliability	Class B
Data Reliability	Class B

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)

	2012	2013	2014
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**1.6.005**    Qualified Caregiving Expense Credit

State Statute	§48-7-29.2
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1999
Data Source	DOR Data for 2010
Estimate Reliability	Class B
Data Reliability	Class B

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)

	2012	2013	2014
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

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

State Statute	§48-7-29.9
Year Enacted	2005
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	DOR Data for 2010 & 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

**1.6.007** Child and Dependent Care Credit

State Statute §48-7-29.10  
 Year Enacted 2006  
 Year Effective Taxable years beginning on or after January 1, 2006  
 Data Source DOR Data for 2010  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	34	34	35

(m) Denotes a value of less than \$1 million

**1.6.008** Adoption of Foster Child Credit

State Statute §48-7-29.15  
 Year Enacted 2008  
 Year Effective Tax years beginning on or after January 1, 2008  
 Data Source DOR Data for 2010  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	3	4

(m) Denotes a value of less than \$1 million

**1.6.009** Low-Income Credit

State Statute	§48-7A -3
Year Enacted	1991
Year Effective	Taxable years beginning on or after January 1, 1992
Data Source	DOR Data for 2010
Estimate Reliability	Class B
Data Reliability	Class B

Note

**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. For tax years beginning on January 1, 2010 and after, the credit is nonrefundable

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	7	7	7

(m) Denotes a value of less than \$1 million

**1.6.010** Credit for taxes paid to another state

State Statute	§48-7-28
Year Enacted	1931
Year Effective	1931
Data Source	DOR Data for 2010
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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	174	179	185

(m) 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.

<b>Expenditure</b>	<b>Statute</b>	<b>Corresponding Corporate Credit</b>
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	Alternative 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 Credit (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 equipment 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**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
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 Georgia
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 AGI for certain Georgia 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 FY2011 were \$613 million or 4.0 percent of total state tax revenues. Approximately 203,000 corporate returns were processed for FY2011. 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 mentioned in the introduction to this report, the value of tax expenditures may differ from the value of revenue estimates provided in fiscal notes because fiscal notes incorporate 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.

## 2.1 Federal Corporate Exclusions

### 2.1.001    Exemption from imputed interest rules

Federal Statute    IRC Sections 163(e), 483, 1274, and 1274(A)

**Description:** Debt instruments for amounts not exceeding an inflation adjusted maximum, given in exchange for real property, may not have imputed to them an interest rate greater than 9 percent.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.1.002    Exclusion of interest on state and local government private activity bonds

Federal Statute    IRC Section 103,141,142 and 146

**Description:** Interest earned on qualified private activity bonds is tax exempt.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.1.003    Exclusion of contributions in aid of construction for water and sewer utilities

Federal Statute    IRC Section 118(c)

**Description:** Qualifying contributions in aid of construction received by regulated water and sewage disposal utilities are not included in the utilities' gross income under certain conditions.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.1.004    Exclusion of earnings of certain environmental settlement funds

Federal Statute    IRC Section 468B

**Description:** Under certain conditions, an environmental settlement fund will be exempt from tax.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.1.005    Exclusion for certain agricultural cost-sharing payments

Federal Statute    IRC Section 126

**Description:** Grants made for the purpose of conserving soil and water resources or protecting the environment are excluded from the recipient's gross income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million



**2.1.006**     Exclusion of gain or loss on sale or exchange for brownfield property

Federal Statute     IRC Section 512 and 514

**Description:** Qualifying brownfield property that is acquired from an unrelated party, subject to remediation, and sold to another unrelated party is exempt from unrelated business income tax.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.1.007**     Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare

Federal Statute     Rev. Rul. 70-341, IRC Section 139A, Section 112 and 134

**Description:** Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare, retiree dependents enrolled in Medicare, and exclusion of certain subsidies to employers who maintain prescription drug plans for Medicare enrollees.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	(m)

(m) Denotes a value of less than \$1 million

**2.1.008**     Exclusion of disaster mitigation payments

Federal Statute     IRC Section 139

**Description:** Payments made for disaster mitigation under the Robert T. Stafford Disaster Relief and Emergency Insurance Act or the National Flood Insurance Act are excluded from income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.1.009**     Exclusion of interest on public purpose state and local government bonds

Federal Statute     IRC Sections 103, 141 and 146

**Description:** Interest income of qualifying governmental bonds is excluded from taxable income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**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 Statute     IRC Sections 861-863, 865, 953-954, 864

**Description:** These provisions provide certain exceptions to the general treatment of foreign sourced income.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	63	58	57

(m) Denotes a value of less than \$1 million

## 2.2 Federal Corporate Deductions

### 2.2.001    Accelerated depreciation (MACRS)

Federal Statute    Various

**Description:** Includes - 5 year MACRS for certain energy property, 10 year MACRS for smart electric distribution, 15 year MACRS for certain electric transmission property, 15 year MACRS for natural gas distribution; depreciation of rental housing, buildings other than rental housing, and equipment in excess of alternative depreciation system

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	29	30	31

(m) Denotes a value of less than \$1 million

### 2.2.002    Deduction for expenditures on energy-efficient commercial building property

Federal Statute    IRC Section 179D

**Description:** This provision provides a formula-based tax deduction for all or part of the cost of energy-efficient commercial building property placed in service after 12/31/2005 and before 1/1/2014.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.2.003    Deduction of exploration and development costs of nonfuel minerals

Federal Statute    IRC Sections 263, 291, 616-617,56,1254

**Description:** Firms engaged in mining are permitted to expense certain exploration and development costs.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.2.004    Amortization of business startup costs

Federal Statute    IRC Section 195

**Description:** This provision allows a business taxpayer to deduct up to \$10,000 in qualified start-up expenditures.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.2.005    Expensing of research and development costs in lieu of R&D tax credit

Federal Statute    IRC Section 174

**Description:** This provision allows a business taxpayer to deduct certain research expenditures that are paid or incurred in connection with the taxpayer's trade or business.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	5	6	7
(m) Denotes a value of less than \$1 million			

**2.2.006**     Expensing of magazine circulation expenditures

Federal Statute     IRC Section 173

**Description:** In general, current federal tax law allows publishers of newspapers, magazines, and other periodicals to deduct their expenditures to maintain, establish, or increase circulation in the year in which they are made.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**2.2.007**     Deductions for oil and gas exploration and development costs

Federal Statute     IRC Sections 611, 612,613,613A and 291; 263(c), 616-617, 57(a)(2), 59(e) and 1254

**Description:** Firms that extract oil, gas or other minerals are permitted a deduction to recover their capital investment in a mineral reserve, which depreciates due to the physical and economic depletion or exhaustion as the mineral is recovered. Firms engaged in the exploration and development of oil, gas or geothermal properties have the option of expensing certain intangible drilling and development costs.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**2.2.008**     Special treatment for expenses related to timber production

Federal Statute     IRC Sections 194, 263A(c)(5)

**Description:** This provision allows expensing of production costs of growing timber. Taxpayers are also allowed different depreciation practices for qualified reforestation expenses.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3
(m) Denotes a value of less than \$1 million			

**2.2.009**     Deduction for charitable contributions (includes deductions for health, education, and other than health and education)

Federal Statute     IRC Sections 170 and 642(c)

**Description:** Subject to certain limitations, charitable contributions may be deducted by individuals.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	12	12	12
(m) Denotes a value of less than \$1 million			

**2.2.011**     Expensing under IRC section 179 of depreciable business property

Federal Statute     IRC Section 179

**Description:** Within certain limits, a taxpayer may elect to deduct as a current expense the cost of qualifying property in the tax year when it is placed in service.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	(m)	(-m)
(m) Denotes a value of less than \$1 million			

**2.2.012**     Amortization of air pollution control facilities

Federal Statute     IRC Section 169(d)(5)

**Description:** This provision allows plants placed in service after 1/1/1976 the option of amortizing investments in pollution control equipment for coal-fired electric generation plants.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

**2.2.013**     Election to expense 50 percent of qualified property used to refine liquid fuels

Federal Statute     IRC Section 179C and 168

**Description:** Taxpayers may elect to expense 50 percent of the cost of qualified refinery property used to process liquid fuel from crude oil and other qualified fuels.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**2.2.014**     Various agricultural expensing provisions

Federal Statute     IRC Section 175, 180, 1231

**Description:** Taxpayers in the business of farming may choose to expense costs associated with soil and water conservation, soil conditioning and the costs associated with raising dairy and breeding cattle.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**2.2.015**     Community and regional development incentives

Federal Statute     IRC Sections 38(b), 39(d), 45A, 280C(a), 1391-1397D

**Description:** Communities designated as empowerment zones and renewable communities are eligible for special development incentives.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.2.016** Expensing to remove architectural and transportation barriers to the handicapped and elderly

Federal Statute IRC Section 190

**Description:** This provision allows taxpayers to deduct up to \$15,000 of expenses incurred in a single year for removing physical barriers to handicap or elderly individuals in qualified facilities or public transportation vehicles owned or leased by the taxpayer.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.2.017** Inventory methods and valuation

Federal Statute IRC Section 475, 491-492

**Description:** This provision allows taxpayers to use alternative inventory systems to determine cost of goods sold.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	14	15	15

(m) Denotes a value of less than \$1 million

## 2.3 Special Federal Corporate Conformity Provisions

### 2.3.001    Like-kind exchanges

Federal Statute    IRC Section 1031

**Description:** When business or investment property is exchanged for property of a "like kind" no gain or loss is recognized on the exchange and therefore no tax is paid at the time of the exchange.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	4	4	5

(m) Denotes a value of less than \$1 million

### 2.3.002    Special rules for magazine, paperback book, and record returns

Federal Statute    IRC Section 458

**Description:** Publishers and distributors of magazines, paperbacks, and records may elect to exclude from gross income for a tax year, the income from the sale of goods that are returned after the close of the tax year.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.3.003    5 year carryback for net operating losses attributable to farming

Federal Statute    IRC Section 172

**Description:** Current law provides a 5 year carryback period for losses related to farming. The normal carryback period for losses is two years.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.3.004    Special rules for mining reclamation reserves

Federal Statute    IRC Section 468

**Description:** Electing taxpayers may deduct the current value equivalent of certain estimated future reclamation and closing costs for mining and solid waste disposal sites.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### 2.3.005    Cash accounting, other than agriculture

Federal Statute    IRC Sections 446 and 448

**Description:** The cash method of accounting may be used by any business taxpayer that is not a tax shelter and falls into at least one of three specified categories.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**2.3.006**      Deferral of gain on non-dealer installment sales

Federal Statute      IRC Sections 453 and 453A(b)

**Description:** Some taxpayers are allowed to report some sales using the installment method of accounting in which the gross profit from the sale is prorated over the years during which the payments are received.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	11	15	15
(m) Denotes a value of less than \$1 million			

**2.3.007**      Completed contract rules

Federal Statute      IRC Section 460

**Description:** Some taxpayers with construction or manufacturing contracts extending for more than one tax year are allowed to report some or all of the profit on the contracts under special accounting rules rather than the normal rules of tax accounting.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	3	3
(m) Denotes a value of less than \$1 million			

**2.3.008**      Special treatment of employee stock ownership plans (ESOPs)

Federal Statute      IRC Sections 401(a)(28), 404(a)(9), 404(k),  
415(c)(6), 1042, 497(e)(7), 4978, 4979A, 422-423

**Description:** ESOPs are provided with special tax treatment. Employer contributions may be deducted as a business expense. In addition, some contributions are subject to less restrictive limits than contributions to other employee benefit plans. Tax on qualified employee stock purchase plans are not taxed when granted or excised. Tax is deferred until stock is sold.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	-1	-1	-1
(m) Denotes a value of less than \$1 million			

**2.3.009**      Deferral of capital construction costs of shipping companies

Federal Statute      IRC Section 7518

**Description:** U.S. operators of vessels in foreign, Great Lakes, or noncontiguous domestic trade, or in U.S. fisheries, may establish a capital construction fund into which they may make certain tax deductible deposits. In addition, the earnings on the deposits are tax deferred.



State Fiscal Years (\$ in Millions)

State Tax Expenditure

(m) Denotes a value of less than \$1 million

<u>2012</u>	<u>2013</u>	<u>2014</u>
(m)	(m)	(m)

## 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 a single 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. At least 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.

**Corporate apportionment expenditures for which an estimate is not  
currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
2.4.001	§48-7-31	Single factor apportionment
2.4.002	Not applicable	Throwback Rule
2.4.003	§48-7-31(d)(2)(A)(i) & Georgia Revenue Rules & Regulations 560-7-7-.03(5)(c)1	Corporate receipts sourcing

## 2.5 Georgia Deductions

### **Corporate income tax deductions for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
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 Georgia Credits

### 2.6.001    Employer’s Job Tax Credit

State 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 2010
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate includes tax credit for expanding business (2.6.030) and the new facilities job credit (2.6.003); this estimate differs from earlier reports due to newly available data.

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	39	44	48

(m) Denotes a value of less than \$1 million

### 2.6.002    Quality Jobs Tax Credit

State Statute	§48-7-40.17
Year Enacted	2009
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOR Data for 2010
Estimate Reliability	Class B
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; and pays at or above 110 percent of the average wage of the county in which it is located.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	4	5

(m) Denotes a value of less than \$1 million

**2.6.003**     New Facilities Jobs Credit

State 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                DOR Data for 2010  
Estimate Reliability     Class A  
Data Reliability         Class A  
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 4,500 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)

2012     2013     2014

State Tax Expenditure                             Included in 2.6.001  
(m) Denotes a value of less than \$1 million

**2.6.005**     Manufacturer’s Investment Tax Credit

State 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 2010  
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)

2012     2013     2014

State Tax Expenditure                             7             8             9  
(m) Denotes a value of less than \$1 million

**2.6.006**     Optional Investment Tax Credit

State 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 2010  
 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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

**2.6.007** Port Activity Tax Credit

State 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 2010  
 Estimate Reliability Class A  
 Data Reliability Class A

Note Estimate combined with 2.6.008

**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 taxable 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	7	7	7

(m) Denotes a value of less than \$1 million

**2.6.008** Alternative Port Activity Tax Credit

State Statute §48-7-40.15A  
 Year Enacted 2009  
 Year Effective 2009  
 Data Source DOR Data for 2010

Estimate Reliability      Class A  
 Data Reliability          Class A  
 Note                              Estimate combined with 2.6.007

**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)

2012      2013      2014

Included in 2.6.007

State Tax Expenditure

(m) Denotes a value of less than \$1 million

**2.6.009**

Film Tax Credit

State Statute                      §48-7-40.26  
 Year Enacted                      2005  
 Year Effective                      Taxable years beginning on or after January 1, 2005  
 Data Source                        DOR Data for 2010  
 Estimate Reliability              Class B  
 Data Reliability                    Class A  
 Note                                  This estimate differs from earlier reports due to newly available data.

**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)

2012      2013      2014

65              75              86

State Tax Expenditure

(m) Denotes a value of less than \$1 million

**2.6.010**

Research Tax Credit

State Statute                      §48-7-40.12  
 Year Enacted                      1997  
 Year Effective                      Taxable years beginning on or after January 1, 1998  
 Data Source                        DOR Data for 2010  
 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	8	10	13

(m) Denotes a value of less than \$1 million

**2.6.011** Seed-Capital Fund Credit

State 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 2010
Estimate Reliability	Class A
Data Reliability	Class A

Note

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.6.012** Qualified Health Insurance Expense Credit

State Statute	§48-7-29.13
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOR Data for 2010, America's Health Insurance Plan, Center for Policy and Research
Estimate Reliability	Class A
Data Reliability	Class A

Note

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.6.013**      Teleworking Credit (expired 12/31/2011)

State Statute	§48-7-29.11
Year Enacted	2006
Year Effective	July 1, 2007
Data Source	DOR Data for 2010
Estimate Reliability	Class A
Data Reliability	Class A
Note	This credit expired 12/31/2011

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	0	0

(m) Denotes a value of less than \$1 million

**2.6.014**      Qualified Transportation Credit

State Statute	§48-7-29.3
Year Enacted	1999
Year Effective	Taxable years beginning on or after January 1, 2001
Data Source	DOR Data for 2010
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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.6.015**      Business Enterprise Vehicle Credit

State Statute	§48-7-40.22
Year Enacted	2001
Year Effective	Taxable years beginning on or after January 1, 2002.
Data Source	Georgia Regional Transportation Authority
Estimate Reliability	Class C
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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) 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

State 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 2010
Estimate Reliability	Class A
Data Reliability	Class A
Note	

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	8	9	10

(m) Denotes a value of less than \$1 million

**2.6.017**     Low Income Housing Credit

State Statute	§48-7-29.6
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	DOR Data for 2010
Estimate Reliability	Class B
Data Reliability	Class A
Note	

**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. A 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	33	36	39

(m) Denotes a value of less than \$1 million

**2.6.018** Historic Rehabilitation Credit

State Statute	§48-7-29.8
Year Enacted	2002
Year Effective	Taxable years beginning on or after January 1, 2004
Data Source	DOR Data for 2010 and U.S. Joint Committee on Taxation
Estimate Reliability	Class B
Data Reliability	Class A

Note

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.6.019** Diesel Particulate Emission Reduction Technology Equipment Credit

State Statute	§48-7-40.19
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	Officials from the Georgia Air Protection Branch of the Georgia Department of Natural Resources
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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

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

State Statute	§48-7-40.16
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Year Enacted 1998  
 Year Effective Taxable years beginning on or after January 1, 1998  
 Data Source DOR Data for 2010, U.S. Energy Information Administration, and U.S. Department of Energy

Estimate Reliability Class B  
 Data Reliability Class A

Note

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	4	4

(m) Denotes a value of less than \$1 million

**2.6.021** Land Conservation Credit

State Statute §48-7-29.12  
 Year Enacted 2006  
 Year Effective Taxable years beginning on or after January 1, 2006  
 Data Source DOR Data for 2010

Estimate Reliability Class A  
 Data Reliability Class A

Note

**Description:** This is 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	19	30	34

(m) Denotes a value of less than \$1 million

**2.6.022** Clean Energy Property & Wood Residuals Credit

State Statute §48-7-29.14  
 Year Enacted 2008  
 Year Effective July 1, 2008  
 Data Source DOR Data for 2012

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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	3	3

(m) Denotes a value of less than \$1 million

**2.6.023**     Employer’s Credit for Basic Skills Education

State Statute	§48-7-41
Year Enacted	1991
Year Effective	1991
Data Source	DOR Data for 2010
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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**2.6.024**     Employer’s Credit for Approved Employee Retraining

State 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 2010
Estimate Reliability	Class B
Data Reliability	Class B

Note  
This estimate differs from earlier reports due to newly available 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 allowable for those providing support or training on such software.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	19	25	29

(m) Denotes a value of less than \$1 million

**2.6.025** Qualified Education Expense Credit

State Statute	§48-7-29.16
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	DOR Data for 2010
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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	51	52	53

(m) Denotes a value of less than \$1 million

**2.6.026** Qualified Investor's Tax Credit

State 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

**Description:** This credit provides a 35% tax credit for amounts invested in certain Georgia headquartered small businesses. The credit is available for investments made in 2011, 2012 and 2013 but the credit cannot be claimed until FY2014 at the earliest.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	0	0	7

(m) Denotes a value of less than \$1 million

**2.6.027** Energy or Water Efficient Equipment Credit

State 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

**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. The credit is only available for those tax years in which federal funds are made available to the state for this purpose.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	0	0	0

(m) Denotes a value of less than \$1 million

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

State Statute §48-7-40.21

Year Enacted

Year Effective Latest modifications are applicable to tax years beginning on or after January 1, 2008

Data Source

Estimate Reliability Not Applicable

Data Reliability

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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	Included in 2.6.001		

(m) 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 \$31 million in FY2011. 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**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
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 FY2011 the sales and use tax generated \$5.1 billion and accounted for approximately 33 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 on 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.

### **4.00300** Federal retailer’s excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel

State Statute	§48-8-3(3)
Year Enacted	1951
Year Effective	1951
Data Source	U.S. Energy Information Administration
Estimate Reliability	Class C
Data Reliability	Class A

Note

**Description:** Federal retailer’s excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	6	6	6
Local Tax Expenditure	4	4	4

(m) Denotes a value of less than \$1 million

**4.00500**    Sales of transportation furnished by an approved and authorized urban transit system

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	Included in 4.00400		
Local Tax Expenditure			

(m) Denotes a value of less than \$1 million

**4.00600**    Sales to any Hospital Authority created by Georgia law

State 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                      Estimate combined with 4.00700

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

State Fiscal Years (\$ in Millions)

2012    2013    2014

Included in 4.00700

State Tax Expenditure

Local Tax Expenditure

(m) Denotes a value of less than \$1 million

**4.00610**    Sales to any Housing Authority created by Georgia law

State Statute                    §48-8-3(6.1)  
 Year Enacted                    1999  
 Year Effective                    1999  
 Data Source                      Georgia 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)

2012    2013    2014

State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(m) 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

State Statute                    §48-8-3(6.2)  
 Year Enacted                    2002  
 Year Effective                    2002  
 Data Source                      Georgia 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)

2012    2013    2014

State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**4.00630**    Sales to any agricultural commission created by the Department of Agriculture

State Statute                    §48-8-3(6.3)  
 Year Enacted                    2002  
 Year Effective                    2002  
 Data Source                      Georgia Department of Agriculture and the Georgia

Office of Planning and Budget

Estimate Reliability Class C  
 Data Reliability Class C

Note

**Description:** Sales to any agricultural commission created by the Department of Agriculture

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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.

State 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 Estimate combined with 4.00600; this estimate differs from earlier reports due to newly available data.

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	82	85	87
Local Tax Expenditure	62	63	65

(m) 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.

State 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 state revenue commissioner

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

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

State 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 an exemption determination letter from the state revenue commissioner.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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.

State 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	This estimate differs from earlier reports due to newly available data.

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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	29	30	31
Local Tax Expenditure	20	20	21

(m) Denotes a value of less than \$1 million

**4.01000**    Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school

State Statute	§48-8-3(10)
Year Enacted	1968

Year Effective 1968  
 Data Source The National Center for Education Statistics and the Georgia Department of Education  
 Estimate Reliability Class C  
 Data Reliability Class C  
 Note

**Description:** Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

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

State Statute §48-8-3(12)  
 Year Enacted 1953  
 Year Effective 1953  
 Data Source Georgia School Nutrition Association and the Georgia Department of Education  
 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	8	8	8
Local Tax Expenditure	6	6	6

(m) Denotes a value of less than \$1 million

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

State Statute §48-8-3(13)  
 Year Enacted 1967  
 Year Effective 1967  
 Data Source Georgia School Nutrition Association and the National Center of Education Statistics  
 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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.

State 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:** Sales of any religious paper in this state when the paper is owned and operated by religious institutions or denominations and no part of the net profit from the operation of the institution or denomination inures to the benefit of any private person. When the number of days upon which the fundraising activity occurs does not exceed 30 in any calendar year.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million



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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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

State 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

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	23	23	23
Local Tax Expenditure	16	16	16

(m) Denotes a value of less than \$1 million

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

State Statute §48-8-3(20)  
Year Enacted 1966  
Year Effective 1966  
Data Source The Bureau of Labor Statistics Consumer Expenditure Survey  
Estimate Reliability Class C  
Data Reliability Class C  
Note

**Description:** The sale of water delivered to consumers through water mains, lines, or pipes

State Fiscal Years (\$ in Millions)

2012   2013   2014

State Tax Expenditure      See expenditure estimate for  
 Local Tax Expenditure      Residential Utilities Service (4.50009)  
 (m) Denotes a value of less than \$1 million

**4.02200**      Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made

State Statute                      §48-8-3(22)  
 Year Enacted                      1951  
 Year Effective                      1951  
 Data Source                        US Economic Census  
 Estimate Reliability              Class C  
 Data Reliability                  Class C

Note

**Description:** Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made

State Fiscal Years (\$ in Millions)

2012   2013   2014

State Tax Expenditure      See expenditure estimate for  
 Local Tax Expenditure      services (4.50003, 4.50010, 4.50011)  
 (m) Denotes a value of less than \$1 million

**4.02300**      Repair services when a separate charge is made to the customer

State Statute                      §48-8-3(23)  
 Year Enacted                      1951  
 Year Effective                      1951  
 Data Source                        US Economic Census  
 Estimate Reliability              Class C  
 Data Reliability                  Class C

Note

**Description:** Repair services when a separate charge is made to the customer.

State Fiscal Years (\$ in Millions)

2012   2013   2014

State Tax Expenditure      See expenditure estimates for  
 Local Tax Expenditure      Services (4.50003, 4.50010, 4.50011)  
 (m) 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 (expires January 1, 2013)

State 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

**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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	150	80	0
Local Tax Expenditure	104	56	0

(m) 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 (expires January 1, 2013)

State 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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	(m)	0
Local Tax Expenditure	(m)	(m)	0

(m) Denotes a value of less than \$1 million

**4.02700** Sales of sugar for use as food to honey bee producers (expires January 1, 2013)

State Statute §48-8-3(27) Reserved  
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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	0
Local Tax Expenditure	(m)	(m)	0

(m) Denotes a value of less than \$1 million

**4.02800** Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes (expires January 1, 2013)

State 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

**Description:** Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	1	0
Local Tax Expenditure	1	(m)	0

(m) Denotes a value of less than \$1 million

**4.02900** Sale of certain types of agricultural machinery (expires January 1, 2013)

State 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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	33	17	0
Local Tax Expenditure	23	12	0

(m) 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 (expires January 1, 2013)

State 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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	12	6	0
Local Tax Expenditure	8	4	0

(m) 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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

State Statute	§§48-8-3(33.1); 48-9-3
Year Enacted	2011
Year Effective	2011
Data Source	Fiscal Note for HB 386 LC 34 3474S
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from previous versions due to new information

**Description:** Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport. At the local level this exemption only applies to the special purpose local option sales tax.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	20	21	22
Local Tax Expenditure	5	5	5

**4.03400** Certain machinery used in the manufacturing of tangible personal property (expires January 1, 2013)

State 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

**Description:** Certain machinery used in the manufacturing of tangible personal property (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	175	90	0
Local Tax Expenditure	121	62	0

(m) Denotes a value of less than \$1 million

**4.03410** Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities

State Statute §48-8-3(34.1)  
Year Enacted 1994  
Year Effective 1994  
Data Source 2004 Economic Development Report  
Estimate Reliability Class C  
Data Reliability Class C

Note

**Description:** Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3
Local Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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 (expired 6/30/2012)

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

Note

**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 (expired 6/30/2012)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	0	0
Local Tax Expenditure	1	0	0

(m) 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3
Local Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

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

State 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  
 Note

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	44	40	34
Local Tax Expenditure	31	27	23

(m) 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

**4.04600** Sales of tangible personal property or taxable services to nonprofit blood banks

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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

State Statute	§48-8-3(47)
Year Enacted	1984

Year Effective 1985  
 Data Source State Health Expenditures from the Centers for Medicare and Medicaid Services  
 Estimate Reliability Class B  
 Data Reliability Class B  
 Note Estimate combined with 4.05400 and 4.07200

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	388	405	423
Local Tax Expenditure	268	280	292

(m) Denotes a value of less than \$1 million

**4.04800** Sales of crab bait to licensed commercial fishermen

State Statute §48-8-3(48)  
 Year Enacted 1985  
 Year Effective 1985  
 Data Source Georgia Department of Natural Resources and the US Economic Census  
 Estimate Reliability Class C  
 Data Reliability Class C  
 Note

**Description:** Sales of crab bait to licensed commercial fisherman

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**4.04900** Liquefied gases and other fuels used in poultry or pullet houses or structures (expires January 1, 2013)

State 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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	2	0
Local Tax Expenditure	2	1	0

(m) 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	19	20	22
Local Tax Expenditure	13	14	15

(m) Denotes a value of less than \$1 million

**4.05100** Sales of oxygen when prescribed by a licensed physician

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	5	5	5
Local Tax Expenditure	3	3	4

(m) Denotes a value of less than \$1 million

**4.05200** Sale or use of hearing aids

State Statute	§48-8-3(52)
Year Enacted	1986
Year Effective	1986
Data Source	Fiscal Note for LC 25 4850/2007 and the Kaiser Foundation

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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

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

State 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

**Description:** Sales tax is not applied on items purchased using food stamps or WIC coupons.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	123	117	111
Local Tax Expenditure	92	88	83

(m) 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

State 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 Included in 4.04700

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	Included in 4.04700		
Local Tax Expenditure	Included in 4.04700		

(m) Denotes a value of less than \$1 million

**4.05500** Sale of Georgia lottery tickets

State 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

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	160	165	171
Local Tax Expenditure	110	114	118

(m) Denotes a value of less than \$1 million

**4.05600** Sales by any qualified nonprofit parent teacher organization

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**4.05700** Food purchased for off premises consumption

State Statute 48-8-3(57)  
 Year Enacted 1996  
 Year Effective 1998  
 Data Source U.S. Consumer Expenditure Survey  
 Estimate Reliability Class B  
 Data Reliability Class B

Note

**Description:** Exemption applies to food items consumed at home, including meat, poultry, bread, milk, candy, canned soft drinks. It does not apply to alcoholic beverages, tobacco, immediate consumption items, vitamins, minerals, and items sold from vending machines. This exemption does not apply to the local option sales tax but does not apply to special purpose and educational option sales taxes levied at the local level.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	432	472	509
Local Tax Expenditure			

(m) 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

State Statute            §48-8-3(59)  
Year Enacted            1996  
Year Effective            1996  
Data Source              The American Community Survey, IRS 990 Form data,  
and 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

(m) 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

**4.06300**    Funeral merchandise when paid with funds from the Georgia Crime Victims' Emergency fund

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) 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 (expires January 1, 2013)

State 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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	20	15	0
Local Tax Expenditure	14	7	0

(m) Denotes a value of less than \$1 million

**4.06500** Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen

State Statute	§48-8-3(65)
Year Enacted	NA
Year Effective	NA
Data Source	The Georgia Department of Natural Resources and the U.S. Economic Census
Estimate Reliability	Class C
Data Reliability	Class C

Note

**Description:** Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

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

State 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

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	37	36	36
Local Tax Expenditure	25	25	25

(m) 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

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

State 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)

2012    2013    2014

Included in 4.04700

State Tax Expenditure

Local Tax Expenditure

(m) Denotes a value of less than \$1 million

**4.07300**    Sales of certain production equipment to film producers and film production companies (expires January 1, 2013)

State 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 (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

2012    2013    2014

State Tax Expenditure	10	5	0
Local Tax Expenditure	7	4	0

(m) Denotes a value of less than \$1 million

**4.07500**    Sales tax holiday for back to school items (expires August 10, 2013)

State Statute            § 48-8-3(75)  
 Year Enacted            2012  
 Year Effective            2013  
 Data Source              Fiscal Note for HB 1053 LC 34 3342  
 Estimate Reliability    Class A  
 Data Reliability        NA

Note                      Sales tax holidays for school supplies have been utilized beginning in 2002

**Description:** Commencing at 12:01 A.M. on August 10, 2012, and concluding at 12:00 Midnight on August 11, 2012; and Commencing at 12:01 A.M. on August 9, 2013, and concluding at 12:00 Midnight on August 10, 2013. The sale of articles of clothing and footwear; the single purchase of certain personal computers including non-recreational software; and purchases of general school supplies to be utilized in the classroom.

State Fiscal Years (\$ in Millions)

2012    2013    2014

State Tax Expenditure	0	39	41
Local Tax Expenditure	0	27	29

(m) Denotes a value of less than \$1 million

**4.07700** Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale (expires January 1, 2013)

State Statute §48-8-3(77)  
Year Enacted 2003  
Year Effective 2003  
Data Source US Census of Agriculture  
Estimate Reliability Class A  
Data Reliability Class A

Note

**Description:** Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale (expires January 1, 2013)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	(m)	0
Local Tax Expenditure	(m)	(m)	0

(m) 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 (expired 9/1/2011)

State 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.

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	0	0	0
Local Tax Expenditure	0	0	0

(m) 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

State 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  
 Note

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

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	5	4	4
Local Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

**4.08200** Sales tax holiday for water and energy efficient purchases (expires October 6, 2013)

State Statute § 48-8-3(82)  
 Year Enacted 2012  
 Year Effective 2013  
 Data Source Fiscal Note for HB 1053 LC 34 3342  
 Estimate Reliability Class B  
 Data Reliability Class B  
 Note Sales tax holidays for energy efficient products have been utilized beginning in 2005

**Description:** Commencing at 12:01 A.M. on October 5, 2012, and concluding at 12:00 Midnight on October 7, 2012; and Commencing at 12:01 A.M. on October 4, 2013, and concluding at 12:00 Midnight on October 6, 2013. Purchase of energy efficient products or water efficient products with a sales price of \$1,500.00 or less per product purchased for noncommercial home or personal use.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	0	(m)	(m)
Local Tax Expenditure	0	(m)	(m)

(m) Denotes a value of less than \$1 million

**4.08300** Sale of biomass materials used to produce electricity or steam or used to produce electricity and steam intended for sale

State Statute §48-8-3(83)  
 Year Enacted 2006  
 Year Effective 2006  
 Data Source Fiscal Note for HB 1018/2009 LC 18 4936 and the U.S. Energy Information Administration  
 Estimate Reliability Class B  
 Data Reliability Class A  
 Note

**Description:** The sale or use of biomass material, including pellets or other fuels derived from compressed, chipped, or shredded biomass material, utilized in the production of energy, including without limitation, the production of electricity and/or steam.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**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)

State Statute	§48-8-3(86)
Year Enacted	2009
Year Effective	2009
Data Source	Fiscal Note for HB 116/2009 LC 18 7776
Estimate Reliability	Class C
Data Reliability	Class C
Note	Exemption extended from 2011 to 2013 in 2011

**Description:** For the period commencing on July 1, 2007 and ending on June 30, 2013, the sale or use of engines, parts, equipment, and other tangible personal property used in the maintenance or repair of aircraft when such engines, parts, equipment, and other tangible personal property are installed on such aircraft that is being repaired or maintained in this state so long as such aircraft is not registered in this state

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	7	7	0
Local Tax Expenditure	5	5	0

(m) 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 (expires 7/30/2015)

State 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

**Description:** Sales of tangible personal property used in the construction of a qualified civil rights museum (expires 7/30/2015)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

(m) Denotes a value of less than \$1 million

## 4.5 Sales and Use Tax for Services

### 4.50000    Admissions and Amusements

**Description:** 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.

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	102	104	109
Local Tax Expenditure	76	79	82

(m) Denotes a value of less than \$1 million

### 4.50001    Agricultural Services

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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	106	109	114
Local Tax Expenditure	79	82	86

(m) Denotes a value of less than \$1 million

### 4.50002    Automotive Services

**Description:** 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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	83	85	89
Local Tax Expenditure	62	64	67

(m) Denotes a value of less than \$1 million

### 4.50003    Business Services

**Description:** 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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	493	506	530
Local Tax Expenditure	369	379	398

(m) Denotes a value of less than \$1 million

#### **4.50004**    Computer and Online Services

**Description:** 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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	202	207	217
Local Tax Expenditure	152	156	163

(m) Denotes a value of less than \$1 million

#### **4.50005**    Construction Labor

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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1,542	1,584	1,660
Local Tax Expenditure	1,157	1,188	1,245

(m) Denotes a value of less than \$1 million

#### **4.50006**    Fabrication, Installation, and Repair Services

**Description:** 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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	167	171	179
Local Tax Expenditure	125	128	134

(m) Denotes a value of less than \$1 million

#### **4.50007**    Finance, Insurance, and Real Estate

**Description:** 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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	355	364	382
Local Tax Expenditure	266	273	286

(m) Denotes a value of less than \$1 million

**4.50008**     **Industrial and Mining Services**

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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	7	7	7
Local Tax Expenditure	5	5	6

(m) Denotes a value of less than \$1 million

**4.50009**     **Residential Utility Service**

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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	106	108	113
Local Tax Expenditure	79	81	85

(m) Denotes a value of less than \$1 million

**4.50010**     **Personal Services**

**Description:** 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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	153	157	165
Local Tax Expenditure	115	118	124

(m) Denotes a value of less than \$1 million

**4.50011**     **Professional Services**

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

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1,218	1,251	1,311
Local Tax Expenditure	914	938	983

(m) Denotes a value of less than \$1 million

**4.50012**      Storage

**Description:** 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)

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	46	48	50
Local Tax Expenditure	35	36	37

(m) Denotes a value of less than \$1 million

**4.50013**      Transportation Services

**Description:** Intrastate courier service

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million



## 4.7 Vendor Compensation

### 4.70000 Compensation of dealers for reporting and paying tax

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	53	56	58
Local Tax Expenditure			

(m) Denotes a value of less than \$1 million

## 4.9 Casual Sales

### 4.90000 Sales tax exemption for casual sales

State Statute	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	Sales of all motor vehicle will be exempt from state and local sales tax beginning March 1st, 2013. Provision listed as 4.30000 in previous reports.

**Description:** Purchases of motor vehicles, boats, planes and other tangible goods sold by persons not in the business of selling such items are not subject to sales tax.

State Fiscal Years (\$ in Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	151	125	2
Local Tax Expenditure	105	87	1

(m) Denotes a value of less than \$1 million

## **Sales and use tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
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.
4.00900	§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.
4.01100	§48-8-3(11)	Sales of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute
4.01600	§48-8-3(16)	The sale or use of Holy Bibles; testaments, and similar books commonly recognized as being Holy Scripture regardless of by or to whom sold
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
4.02400	§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
4.03430	§48-8-3(34.3)	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery (expires January 1, 2013)
4.03500	§48-8-3(35)	Certain materials used in industrial packaging (expires January 1, 2013)
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 (expiring January 1, 2013)
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.
4.06000	§48-8-3(60)	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100,000 or less
4.06100	§48-8-3(61)	Advertising inserts that are used in newspapers for resale
4.06600	§48-8-3(66)	Sales of gold, silver, or platinum bullion

## **Sales and use tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
4.06700	§48-8-3(67)	Sales of coins or currency
4.06800	§48-8-3(68)	Sales of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million
4.06900	§48-8-3(69)	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less
4.07900	§48-8-3(79)	Ice used to chill poultry or vegetables during processing or shipment (expires January 1, 2013)
4.09000	§48-8-3(90)	The sale of electricity to a manufacturer located in this state used directly in the manufacture of a product (expires January 1, 2013)
4.09100	§48-8-3(91)	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave.
4.09200	§ 48-8-3(92)	Sales to an organization defined by the Internal Revenue Service as an instrumentality of the states relating to the holding of an annual meeting in this state for the period commencing July 1, 2012, and ending on December 31, 2013.
4.09300	§ 48-8-3(93)	Sales of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until June 30, 2014.
4.09400	§ 48-8-3(94)	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale.
4.3.20000	§ 48-8-3.2	Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing
4.3.30000	§ 48-8-3.3	Sales and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment

## 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 FY2011, revenues from this tax equaled \$361 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

### 5.00200    Insurance premium tax credits

State Statute                    §33-8-4.1; §33-1-18; §48-7-29.14(b)(1)  
 Year Enacted                    1960  
 Year Effective                    2009, 2002, 2008  
 Data Source                      Office of Insurance and Safety Fire Commissioner  
 Estimate Reliability            Class A  
 Data Reliability                 Class A

Note

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	77	79	81

(m) Denotes a value of less than \$1 million

### 5.00300    Exemption for premiums of high deductible health plans

State 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

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

**5.00400** Exemption for insurance companies that only insure places of worship

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**5.00500** Insurance abatements

State 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

**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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	133	137	141

(m) Denotes a value of less than \$1 million

**5.00600**    Special deductions for life insurance companies

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	114	118	120

(m) Denotes a value of less than \$1 million

## 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. The second tax is a 3 percent tax on the retail sales price of motor fuel. This tax is commonly referred to 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 FY2011 proceeds from the combined motor fuel tax equaled \$933 million.

### **6.00100** Motor fuel tax refunds for agricultural purposes

State Statute §48-9-10  
 Year Enacted 1978  
 Year Effective 1978  
 Data Source DOR Statistical Report for 2010  
 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	20	20	20

(m) Denotes a value of less than \$1 million

### **6.00200** Sales to mass transit vehicles

State 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 Estimate combined with 6.00300

**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. This provision expires 6/30/2015

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3
(m) Denotes a value of less than \$1 million			

**6.00300**    Sales to campus transportation vehicles

State Statute            §48-9-3  
Year Enacted            2010  
Year Effective            2010  
Data Source              Estimate included in 6.00200  
Estimate Reliability    Class B  
Data Reliability        Class A  
Note

**Description:** Sales to campus transportation vehicles

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	Included in 6.00200		
(m) Denotes a value of less than \$1 million			

**6.00400**    Motor fuel tax exemption for aviation fuel

State Statute            §48-9-3  
Year Enacted            1978  
Year Effective            1978  
Data Source              DOR Statistical Report for 2010  
Estimate Reliability    Class A  
Data Reliability        Class A  
Note

**Description:** Exemption for aviation fuel

	State Fiscal Years (\$ in Millions)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**6.00500**    Motor fuel tax vendor compensation

State Statute            §48-9-3,14  
Year Enacted            1992  
Year Effective            1992  
Data Source              DOR Statistical Report for 2010  
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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	5	5	5
(m) Denotes a value of less than \$1 million			



## 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 \$162 million in FY2011. The proceeds of the tax are deposited into the state general fund.

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

State Statute	§§3-5-61, 3-6-70
Year Enacted	1977
Year Effective	1977
Data Source	American Association of Homebrewers 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### **7.00400** Sales to and use by religious organizations for sacramental purposes

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

**Alcoholic beverages tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
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 FY2011 the tax totaled \$229 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

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

### **Cigar and cigarette excise tax expenditures for which an estimate is 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 FY2011 equaled \$27 million. The proceeds of the tax are deposited into the state general fund.

### **9.00100** Deduction for interest paid

State 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

### **Financial institutions tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
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

State Statute	§48-5A-2
Year Enacted	2008
Year Effective	2008
Data Source	Office of Planning and Budget
Estimate Reliability	Class A
Data Reliability	Class A

Note

**Description** Grants made available by the Georgia 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>2012</u>	<u>2013</u>	<u>2014</u>
State Tax Expenditure	14	17	21

(m) Denotes a value of less than \$1 million

## 11. Title Fee for Motor Vehicles

Beginning on March 1, 2013 motor vehicles titled in Georgia will be subject to a title fee. This legislation was passed in the 2012 session of the General Assembly. As part of this legislation, sales tax on the sale of motor vehicles will be eliminated for purchases occurring on or after March 1, 2013. The title fee rate in CY2013 will be 6.5% and will increase to 6.75% in CY2014 and to 7% in CY2015. It is estimated that this fee will generate \$264 million to the state general fund in FY2013.

### **Title fee tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
11.001	§48-5C-1(d)(1)(A)	Exemption for a vehicle when transferred between immediate family members as a result of the death of an immediate family member
11.002	§48-5C-1(3)(7)(A)	Exemption for 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 his or her disability

## Appendix of Tables

**Table 1: Summary of expired and expiring tax expenditures**

<b>Expenditure</b>	<b>Summary</b>	<b>Tax</b>	<b>Expiration Date</b>
2.6.013	Teleworking Credit	Corporate Income Tax	12/31/2011
2.6.031	Cigarette export tax credit	Corporate Income Tax	6/30/2010
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.	Sales and Use Tax	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	Sales and Use Tax	6/30/2010
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	1/1/2013
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	1/1/2013
4.02700	Sales of sugar for use as food to honey bee producers	Sales and Use Tax	1/1/2013
4.02800	Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes	Sales and Use Tax	1/1/2013
4.02900	Sale of certain types of agricultural machinery	Sales and Use Tax	1/1/2013
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	1/1/2013
4.03400	Certain machinery used in the manufacturing of tangible personal property	Sales and Use Tax	1/1/2013
4.03430	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery	Sales and Use Tax	1/1/2013
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	Sales and Use Tax	6/30/2012
4.03500	Certain materials used in industrial packaging	Sales and Use Tax	1/1/2013
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	1/1/2013
4.04900	Liquefied gases and other fuels used in poultry or pullet houses or structures	Sales and Use Tax	1/1/2013
4.04910	Liquefied petroleum gas or other fuel used in a structure where swine are raised	Sales and Use Tax	6/30/2010
4.05710	Sales of food and beverages to a qualified food bank	Sales and Use Tax	6/30/2010
4.05720	Exemption for persons donating prepared food and beverages to a qualified nonprofit agency to be used for hunger relief	Sales and Use Tax	6/30/2011
4.05730	Exemption for prepared food and beverages that are donated following a natural disaster and used for disaster relief	Sales and Use Tax	6/30/2011
4.05800	Graduated exemption for the sale of overhead materials used in government contracts	Sales and Use Tax	1/1/2011

**Table 1: Summary of expired and expiring tax expenditures**

<b>Expenditure</b>	<b>Summary</b>	<b>Tax</b>	<b>Expiration Date</b>
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	1/1/2013
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	Sales and Use Tax	12/31/2010
4.07300	Sales of certain production equipment to film producers and film production companies	Sales and Use Tax	1/1/2013
4.07400	Sale or use of digital broadcast equipment sold to, leased to, or used by a federally licensed commercial or public radio or television broadcast station, a cable network, or a cable distributor	Sales and Use Tax	11/1/2008
4.07500	Sales tax holiday for back to school items	Sales and Use Tax	8/10/2013
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	1/1/2013
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	Sales and Use Tax	9/1/2011
4.07900	Ice used to chill poultry or vegetables during processing or shipment	Sales and Use Tax	1/1/2013
4.08200	Sales tax holiday for water and energy efficient purchases	Sales and Use Tax	10/6/2013
4.08600	Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft	Sales and Use Tax	6/30/2013
4.08700	Sales of tangible personal property used to renovate or expand a zoological institution	Sales and Use Tax	6/30/2011
4.08800	Sales of tangible personal property used in the construction of a qualified civil rights museum	Sales and Use Tax	7/30/2015
4.08900	The sale of an airplane flight simulation training device	Sales and Use Tax	6/30/2011
4.09000	The sale of electricity to a manufacturer located in this state used directly in the manufacture of a product	Sales and Use Tax	1/1/2013
4.09200	Sales to an organization defined by the Internal Revenue Service as an instrumentality of the states relating to the holding of an annual meeting in this state	Sales and Use Tax	12/31/2013
4.09300	Sales of tangible personal property used for and in the construction of a competitive project of regional significance	Sales and Use Tax	6/30/2014
6.00200	Sales to mass transit vehicles	Motor Fuel Tax	6/30/2015



**Table 2: Sales and use tax expenditures by type**

Expenditure	Summary	\$ in Millions		
		State FY2012	State FY2013	State FY2014
<b>Sales Tax Exemption for a Specific Item<sup>6</sup></b>				
4.00300	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel	4	4	4
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	6	6	6
4.00500	Sales of transportation furnished by an approved and authorized urban transit system	Included in 4.00400		
4.01200	School lunches sold and served to pupils and employees of public schools	8	8	8
4.01300	School lunches sold and served to pupils and employees of approved private schools	(m)	(m)	(m)
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	(m)	(m)	(m)
4.01600	The sale or use of Holy Bibles; testaments, and similar books commonly recognized as being Holy Scripture regardless of by or to whom sold	Estimate not available at this time		
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Estimate not available at this time		
4.02000	Water delivered through water mains, lines, or pipes.	See expenditure estimate for Residential Utilities (4.5009)		
4.02200	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made	See expenditure estimates for services (4.50003, 4.50010, 4.50011)		
4.02300	Repair services when a separate charge is made to the customer	See expenditure estimates for Services (4.50003, 4.50010, 4.50011)		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	Estimate not available at this time		
4.03300	Common or Common and Contract Carriers	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 (expiring January 1, 2013)	Estimate not available at this time		
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 furnishes, leases, or rents the property has paid sales or use tax on the property	Estimate not available at this time		
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	2	2	2
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	388	405	423
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	19	20	22
4.05100	Sales of oxygen when prescribed by a licensed physician	5	5	5

<sup>6</sup> Sales tax exemptions which are defined primarily by the item being purchased and not defined, or only generally defined, by the seller or purchaser.

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>\$ in Millions</b>		
		<b>State FY2012</b>	<b>State FY2013</b>	<b>State FY2014</b>
4.05200	Sale or use of hearing aids	4	4	4
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	Included in 4.04700		
4.05500	Sale of Georgia lottery tickets	160	165	171
4.05700	Food purchased for off premises consumption	432	472	509
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	4	4	4
4.06600	Sales of gold, silver, or platinum bullion	Estimate not available at this time		
4.06700	Sales of coins or currency	Estimate not available at this time		
4.07500	Sales tax holiday for back to school items (expires August 10, 2013)	0	39	41
4.08200	Sales tax holiday for water and energy efficient purchases (expires October 6, 2013)	0	(m)	(m)
4.09100	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave.	Estimate not available at this time		
<b>Sales Tax Exemption for a Specific Purchaser<sup>7</sup></b>				
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Estimate not available at this time		
4.00600	Sales to any Hospital Authority created by Georgia law	Included in 4.00700		
4.00610	Sales to any Housing Authority created by Georgia law	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	(m)	(m)	(m)
4.00630	Sales to any agricultural commission created by the Department of Agriculture	(m)	(m)	(m)
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.	82	85	87
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.	2	2	2
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	(m)	(m)	(m)
4.00800	Sales of tangible personal property and services to the University System of Georgia and its educational units.	29	30	31
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.	Estimate not available at this time		

<sup>7</sup> Sales tax exemptions which are defined primarily by the purchaser and not defined, or only generally defined, by the seller or the item being purchased.

**Table 2: Sales and use tax expenditures by type**

		\$ in Millions		
Expenditure	Summary	State FY2012	State FY2013	State FY2014
4.01000	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	2	2	2
4.01100	Sales of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute	Estimate not available at this time		
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	23	23	23
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	Estimate not available at this time		
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	Estimate not available at this time		
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institute, child-placing agency, or maternity home	1	1	1
4.04600	Sales of tangible personal property or taxable services to nonprofit blood banks	(m)	(m)	(m)
4.07100	Sales to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	(m)	(m)	(m)
4.08800	Sales of tangible personal property used in the construction of a qualified civil rights museum (expires 7/30/2015)	(m)	(m)	(m)
4.09200	Sales to an organization defined by the Internal Revenue Service as an instrumentality of the states relating to the holding of an annual meeting in this state for the period commencing July 1, 2012, and ending on December 31, 2013.	Estimate not available at this time		
4.09300	Sales of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until June 30, 2014.	Estimate not available at this time		
4.3.20000	Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing	Estimate not available at this time		
4.3.30000	Sales and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment	Estimate not available at this time		
<b>Sales Tax Exemption for a Specific Seller<sup>8</sup></b>				
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.	Estimate not available at this time		
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year.	(m)	(m)	(m)
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H center	(m)	(m)	(m)

<sup>8</sup> Sales tax exemptions which are defined primarily by the seller and not defined, or only generally defined, by the purchaser or the item being purchased.

**Table 2: Sales and use tax expenditures by type**

		\$ in Millions		
Expenditure	Summary	State FY2012	State FY2013	State FY2014
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	3	3	3
4.05600	Sales by any qualified nonprofit parent teacher organization	(m)	(m)	(m)
4.05900	Sales of eligible food and beverages for on or off-premises consumption by any Girl or Boy Scout council	1	1	1
4.90000	Sales tax exemption for casual sales	151	125	2
<b>Sales Tax Exemption for a Specific Purchaser of a Specific Item<sup>9</sup></b>				
4.01400	Sales of art and other artifacts for display or exhibition to museums	(m)	(m)	(m)
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 (expires January 1, 2013)	150	80	0
4.02600	Sale of machinery used exclusively for irrigation of crops to persons primarily engaged in producing farm crops for sale (expires January 1, 2013)	1	(m)	0
4.02700	Sales of sugar for use as food to honey bee producers (expires January 1, 2013)	(m)	(m)	0
4.02800	Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes (expires January 1, 2013)	2	1	0
4.02900	Sale of certain types of agricultural machinery (expires January 1, 2013)	33	17	0
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 (expires January 1, 2013)	12	6	0
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	(m)	(m)	(m)
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia	Estimate not available at this time		
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	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	20	21	22
4.03400	Certain machinery used in the manufacturing of tangible personal property (expires January 1, 2013)	175	90	0
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	3	3	3
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	(m)	(m)	(m)
4.03430	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery (expires January 1, 2013)	Estimate not available at this time		

<sup>9</sup> Sales tax exemptions which are specifically defined by the purchaser as well as the item being purchased.

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>\$ in Millions</b>		
		<b>State FY2012</b>	<b>State FY2013</b>	<b>State FY2014</b>
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 (expired 6/30/2012)	2	0	0
4.03500	Certain materials used in industrial packaging (expires January 1, 2013)	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	Estimate not available at this time		
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.	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 (expiring January 1, 2013)	Estimate not available at this time		
4.03910	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property	Estimate not available at this time		
4.04000	Sale of major components or repair parts installed in military aircraft, vehicles, or missiles	44	40	34
4.04400	Sales of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state.	Estimate not available at this time		
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia.	Estimate not available at this time		
4.04800	Sales of crab bait to licensed commercial fishermen	(m)	(m)	(m)
4.04900	Liquefied gases and other fuels used in poultry or pullet houses or structures (expires January 1, 2013)	3	2	0
4.05300	Transactions where food stamps or WIC coupons are used as the method of payment	123	117	111
4.06000	Sales of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less	Estimate not available at this time		
4.06100	Advertising inserts that are used in newspapers for resale	Estimate not available at this time		
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims' Emergency fund	(m)	(m)	(m)
4.06400	Sales of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation (expires January 1, 2013)	20	15	0
4.06500	Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	(m)	(m)	(m)
4.06800	Sales of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million	Estimate not available at this time		
4.06900	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less	Estimate not available at this time		
4.07000	Sales of natural gas used directly in the manufacture of electricity	37	36	36
4.07200	Sales of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals	Included in 4.04700		
4.07300	Sales of certain production equipment to film producers and film production companies (expires January 1, 2013)	10	5	0

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>\$ in Millions</b>		
		<b>State FY2012</b>	<b>State FY2013</b>	<b>State FY2014</b>
4.07700	Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale (expires January 1, 2013)	1	(m)	0
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)	0	0	0
4.07900	Ice used to chill poultry or vegetables during processing or shipment (expires January 1, 2013)	Estimate not available at this time		
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	5	4	4
4.08300	Sale of biomass materials used to produce electricity or steam or used to produce electricity and steam intended for sale	(m)	(m)	(m)
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)	7	7	0
4.09000	The sale of electricity to a manufacturer located in this state used directly in the manufacture of a product (expires January 1, 2013)	Estimate not available at this time		
4.09400	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale.	Estimate not available at this time		

### Tables 3-8: Distributional tables of selected provisions

Tables 3 through 8 provide information on the distribution across Georgia AGI for several exemptions and deductions from the state individual income tax. Due to a lack of data and for reasons of confidentiality, these tables cannot be produced for other provisions. The data used to produce the tables is from the state individual income tax files for 2009. It has not been adjusted for inflation to represent 2012 levels nor does it reflect any legislative changes that may have occurred since 2009. Column 1 of each table provides the categories of Georgia AGI. Column 2 provides the number of returns for each AGI category. Column 3 gives the average value of the tax exemption or deduction taken by filers in each AGI category. Column 4 provides the total value of the deduction or exemption associated with each AGI category and column 5 provides the percent of the total value of the deduction or exemption that falls into that AGI category.

**Table 3: Total Personal Exemptions**

Georgia AGI 2009-	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	295,116	\$4,126	\$1,217,682,300	5%
0<GA AGI≤\$25,000	1,542,815	\$5,168	\$7,973,630,700	35%
\$25,000<GA AGI≤\$50,000	843,332	\$6,072	\$5,120,517,900	23%
\$50,000<GA AGI≤\$100,000	677,437	\$7,127	\$4,827,912,300	22%
\$100,000<GA AGI≤\$500,000	378,534	\$8,497	\$3,216,232,800	14%
\$500,000<GA AGI≤\$1,000,000	11,357	\$9,120	\$103,574,700	1%
GA AGI>\$1,000,000	4,659	\$8,643	\$40,266,900	0%
Total	3,753,250		\$22,499,817,600	

Based on full year resident filers only.

**Table 4: Retirement Exemption**

Georgia AGI 2009-	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	228,105	\$17,198	\$3,922,887,959	32%
0<GA AGI≤\$25,000	185,229	\$21,613	\$4,003,372,675	32%
\$25,000<GA AGI≤\$50,000	80,362	\$22,257	\$1,788,616,068	15%
\$50,000<GA AGI≤\$100,000	62,830	\$23,490	\$1,475,874,349	12%
\$100,000<GA AGI≤\$500,000	35,495	\$28,832	\$1,023,374,139	8%
\$500,000<GA AGI≤\$1,000,000	1,828	\$41,618	\$76,077,138	1%
GA AGI>\$1,000,000	1,010	\$47,400	\$47,873,855	0%
Total	594,859		\$12,338,076,184	

Based on full year resident filers only.

**Table 5: Georgia Higher Education Savings Deduction**

Georgia AGI 2009-	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	325	\$1,763	\$572,994	1%
0<GA AGI≤\$25,000	1,296	\$1,565	\$2,028,719	4%
\$25,000<GA AGI≤\$50,000	1,795	\$1,536	\$2,757,321	6%
\$50,000<GA AGI≤\$100,000	6,124	\$1,619	\$9,915,027	21%
\$100,000<GA AGI≤\$500,000	12,964	\$2,393	\$31,026,993	64%
\$500,000<GA AGI≤\$1,000,000	436	\$3,770	\$1,643,624	3%
GA AGI>\$1,000,000	114	\$3,748	\$427,227	1%
Total	23,054		\$48,371,905	

Based on full year resident filers only..

**Table 6: Interest on U.S. Obligations**

Georgia AGI - 2009	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	9,618	\$3,431	\$32,995,796	23%
0<GA AGI≤\$25,000	13,028	\$1,932	\$25,167,208	18%
\$25,000<GA AGI≤\$50,000	8,511	\$1,841	\$15,671,382	11%
\$50,000<GA AGI≤\$100,000	13,059	\$1,493	\$19,495,979	14%
\$100,000<GA AGI≤\$500,000	15,105	\$1,859	\$28,074,843	20%
\$500,000<GA AGI≤\$1,000,000	1,431	\$5,139	\$7,354,111	5%
GA AGI>\$1,000,000	1,004	\$12,795	\$12,846,486	9%
Total	61,756		\$141,605,805	

Based on full year resident filers only.

**Table 7: Blind and Age 65 Deduction**

Georgia AGI 2009-	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	167,180	\$1,778	\$297,258,700	55%
0<GA AGI≤\$25,000	99,988	\$1,784	\$178,426,314	33%
\$25,000<GA AGI≤\$50,000	25,453	\$1,763	\$44,862,300	8%
\$50,000<GA AGI≤\$100,000	10,536	\$1,777	\$18,718,400	3%
\$100,000<GA AGI≤\$500,000	1,687	\$1,923	\$3,244,800	1%
\$500,000<GA AGI≤\$1,000,000	17	\$1,835	\$31,200	0%
GA AGI>\$1,000,000	8	\$2,113	\$16,900	0%
Total	304869		\$542,558,614	

Based on full year resident filers only.



**Table 8: Standard Deduction**

Georgia AGI 2009-	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	218,227	\$2,548	\$556,112,300	10%
0<GA AGI≤\$25,000	1,363,969	\$2,386	\$3,254,271,100	58%
\$25,000<GA AGI≤\$50,000	500,859	\$2,514	\$1,259,233,439	22%
\$50,000<GA AGI≤\$100,000	182,849	\$2,771	\$506,763,225	9%
\$100,000<GA AGI≤\$500,000	17,966	\$2,939	\$52,803,951	1%
\$500,000<GA AGI≤\$1,000,000	62	\$2,732	\$169,400	0%
GA AGI>\$1,000,000	17	\$2,441	\$41,500	0%
Total	2,283,949		\$5,629,394,915	

Based on full year resident filers only.