



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156

Atlanta, Georgia 30334-8400

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

December 29, 2010

The Honorable Sonny Perdue, Governor
The Honorable Nathan Deal, Governor-elect
The Honorable Casey Cagle, Lieutenant Governor
The Honorable David Ralston, Speaker of the House
Members of the General Assembly

Ladies and Gentlemen:

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

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

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

Respectfully submitted,

Russell W. Hinton
State Auditor

RWH/ec

Mission Statement

The Department of Audits exists to provide decision-makers with credible management information to promote improvements in accountability and stewardship in state and local government.

GEORGIA TAX
EXPENDITURE REPORT
FOR
FY2012

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

December 2010

Funding for this project was provided by the Georgia Department of Audits and Accounts. We would like to thank John Foster, Pamela Goshay, and Beverly Bennett of the Georgia Department of Revenue for their contributions to the preparation of this report. We also benefited from the research assistance of Zackary Hawley and Andrew Stephenson of Georgia State University and Dr. William Smith of the University of West Georgia. Lastly, we would like to thank Leslie McGuire and Ed Blaha of the Georgia Department of Audits and Accounts for their comments and recommendations on this report. All estimates presented in this report are the work of the Fiscal Research Center. We are solely responsible for its contents.

Table of Contents

Introduction..... 4

Summary of State Tax Expenditures.....10

Expenditure Estimates

- 1. Personal Income Tax.....23
- 2. Corporate Income Tax.....35
- 3. Corporate Net Worth Tax.....54
- 4. Sales and Use Tax.....55
- 5. Insurance Premium Tax.....82
- 6. Motor Fuel Tax.....85
- 7. Alcoholic Beverages Tax.....88
- 8. Cigar and Cigarette Excise Tax.....89
- 9. Financial Institutions Business License Tax.....91
- 10. Land Conservation Credit.....92

Introduction

Tax expenditures are defined as provisions in the tax code that lead to the special treatment of a source of income or a certain type of expense. “Special” treatment refers to the tax provisions that deviate from some normal or standard tax structure. Because such treatment usually results in a reduction in tax liability for the taxpayer, these tax provisions are referred to as "expenditures" because they represent tax revenues that would have been otherwise generated if not for their special treatment in the tax code.

Like direct government expenditures, tax expenditures are an allocation of government resources that are intended to achieve a particular policy outcome or generate economic 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 if offered 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 tax systems such as 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 age 65 and older are allowed to exclude Social Security income from the calculation of 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 reduced federal tax rate on certain capital gains earnings or 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, they can be tracked over time in a fashion analogous to an annual 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 special treatment for some taxpayers relative to others. Tax expenditures represent an allocation of government resources in the same manner as direct expenditures. For example, the federal government encourages expenditures on education through direct expenditure programs, such as Pell grants and Stafford loans, and also allows a tax deduction for educational expenses borne by the taxpayer or paid by an employer. Both the direct expenditure and the tax expenditure represent an allocation of government resources toward education but only the direct expenditures are listed in an annual budget and subject to annual review.

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

Tax expenditures are not necessarily bad policy. However, not recognizing or monitoring the resources being allocated through the tax system is not good fiscal policy. In this regard, it is important to note that a 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 general, identifying a tax expenditure is fairly 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. Items treated as exceptions to the general rule or normal tax base are considered tax exemptions. 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 can differ from the list estimated by Congress because each works from a different definition of the standard tax base. The appropriate standard against which tax expenditures are defined is somewhat subjective and is, in some cases, driven by the intent of the policy underlying the legislation.

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 in the tax base 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 translate to the state tax base as well. In some cases, Georgia chooses not to adopt federal provisions, such as the Section 199 deduction for Domestic Production activities. In these cases, we do not include the provision as a tax expenditure. It is important to note that tax expenditures are not computed for revenue that is due but not collected, such as sales and use taxes due on internet sales.

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

equally weighted three-factor apportionment formula, any deviation from that rule, such as the double-weighted three factor or single-factor apportionment formula, would be reported as a tax expenditure. This sort of problematic classification of tax expenditures also applies to the taxation of services under the state sales tax. Because the 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 deductions or credits taken via the provision. Because 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 reduced. In addition, tax expenditure estimates do not incorporate behavioral effects that may occur due to the elimination of a provision. As another example, consider the revenue estimates presented in certain fiscal notes prepared for the General Assembly. For some types of tax credit provisions the revenue effect presented in the fiscal note is computed as the net effect of the cost of the credit reduced by any increase in income and sales taxes revenues due to increased employment and consumption. Note that the tax expenditure estimate for a tax credit does not include this offsetting revenue and therefore depicts a more expensive tax credit relative to that which might be shown in a fiscal note. Due to these factors, 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 Department of Revenue (DOR) is used to estimate the expenditures included in this report. Unfortunately, the required information is not always collected or available. When it is not, other data sources, such as information from the U.S. Census Bureau, the U.S. Bureau of Economic Analysis, or the U.S. Bureau of Labor Statistics, are used. Every effort is made to provide reliable, well supported estimates of the provisions. Because of the time lag in processing income tax returns, the most recent data available from the Department of Revenue is 2008. Therefore, even in cases where DOR data is used as the primary data source, the tax expenditures presented in this report are estimates.

The reliability of each estimate is categorized into three classes, A, B, and C. Class A estimates are considered the most reliable and are, in most cases, based on actual Georgia tax return data, as provided by the Georgia Department of Revenue. Class B estimates are based on information from a national dataset that has been modified to represent Georgia, such as the Internal Revenue Service Statistics of Income, the Consumer Expenditure Survey from the U.S. Bureau of Labor Statistics, or the American Community Survey from the U.S. Census Bureau. Class C estimates are based on information available from the internet or from proprietary data that may not fully represent the tax consequences in Georgia. Although Class B and C estimates are not based on actual Georgia tax return data, they are considered the best sources available at this time and are believed to provide reasonable estimates. For some items, no reliable information is available. In these cases, no estimate for the expenditure is provided.

Class of Estimate	Description of Estimate Reliability	Examples of Data Sources
Class A	Based on tax return data of Georgia taxpayers	Data from Department of Revenue
Class B	Based on national data which has been modified to represent Georgia	Consumer Expenditure Survey, Bureau of Economic Analysis, Census Bureau information
Class C	Represents best available information at this time	Information from industry surveys and reports, newspaper articles

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.

Comprehensiveness of the Report

Given the time available to prepare this report, we were unable to develop tax expenditure estimates for all special tax provisions. In future tax expenditure reports, estimates for these missing values will be included. In addition, consideration will be given to whether the list of tax expenditures contained in the current report represents the complete list used in subsequent reports. Lastly, in many cases the effective and enactment dates for the tax expenditure provisions are missing. Retrieving this information requires additional legal research that will be completed at a later date and included in subsequent editions of this report.

SUMMARY OF STATE TAX EXPENDITURES

				\$ in Millions		
Number	Expenditure Item	Tax	Type	FY2010	FY2011	FY2012
PERSONAL INCOME TAX EXPENDITURES						
1.4.001	Personal Exemption	Individual	Exemption	886	894	902
1.4.002	Retirement Income	Individual	Exemption	218	233	273
1.4.003	Social Security Income	Individual	Exemption	222	229	237
1.4.004	Georgia Higher Education Savings Plan contributions	Individual	Exemption	2	2	2
1.4.005	Interest on U.S. Obligations	Individual	Exemption	N/A	N/A	N/A
1.4.006	Certain military income	Individual	Exemption	N/A	N/A	N/A
1.4.007	Organ donation expenses	Individual	Exemption	(1)	(1)	(1)
1.4.008	Aged 65/Blind Deduction	Individual	Exemption	20	20	21
1.4.009	Certain dependent's unearned income	Individual	Exemption	N/A	N/A	N/A
1.4.010	Premiums for high deductible health plans	Individual	Exemption	1	1	2
1.4.011	Salaries and wages reduced from Federal taxable income because of the Federal Jobs Tax credit	Individual	Exemption	N/A	N/A	N/A
1.4.012	Certain IRAs, Keogh, SEP, and Sub-S plan withdrawals	Individual	Exemption	N/A	N/A	N/A
1.4.013	Depreciation because of differences in Georgia and Federal law between 1981 and 1986	Individual	Exemption	N/A	N/A	N/A
1.4.014	Income from any fund, program or system which is exempted by Federal law or treaty	Individual	Exemption	N/A	N/A	N/A
1.4.015	Certain income in which the Sub-S election is not recognized by Georgia or another state	Individual	Exemption	N/A	N/A	N/A
1.4.016	Adjustment for certain teachers retired from the Teacher's Retirement System of Georgia	Individual	Exemption	N/A	N/A	N/A
1.4.017	Amount claimed by employers in food and beverage establishments who took a credit instead of a deduction on the Federal return for FICA tax paid on employee cash tips	Individual	Exemption	N/A	N/A	N/A
1.4.018	An adjustment of 1-% of qualified payments to minority subcontractors or \$100,000, whichever is less, per taxable year by individuals, corporations, or partnerships that are party to state contracts	Individual	Exemption	N/A	N/A	N/A
1.4.019	Adjustments to Federal AGI for certain Georgia resident partners	Individual	Exemption	N/A	N/A	N/A
1.5.001	Standard Deduction	Individual	Deduction	232	234	236

SUMMARY OF STATE TAX EXPENDITURES

				\$ in Millions		
				FY2010	FY2011	FY2012
Number	Expenditure Item	Tax	Type			
1.6.001	Rural Physicians Credit	Individual	Credit	1	1	1
1.6.002	Disabled Person Home Purchase or Retrofit Credit	Individual	Credit	N/A	N/A	N/A
1.6.003	Driver Education Credit	Individual	Credit	1	1	1
1.6.004	Disaster Assistance Credit	Individual	Credit	4	4	4
1.6.005	Qualified Caregiving Expense Credit	Individual	Credit	N/A	N/A	N/A
1.6.006	Georgia National Guard/Air National Guard Credit	Individual	Credit	1	1	1
1.6.007	Child and Dependent Care Expense Credit	Individual	Credit	26	22	21
1.6.008	Adoption of Foster Child Credit	Individual	Credit	8	8	8
1.6.009	Low-Income Credit	Individual	Credit	13	13	14
1.6.010	Credit for Taxes Paid to Another State	Individual	Credit	N/A	N/A	N/A
1.6.011	Credit for Taxes Withheld and Estimated Tax Payments	Individual	Credit	N/A	N/A	N/A
1.6.012	Employer's Jobs Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.013	Quality Jobs Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.014	New Facilities Jobs Credit	Individual	Credit	See Corporate Credit Section		
1.6.015	New Manufacturing Facilities Property Credit	Individual	Credit	See Corporate Credit Section		
1.6.016	Manufacturer's Investment Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.017	Optional Investment Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.018	Port Activity Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.019	Alternate Port Activity Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.020	Film Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.021	Research Tax Credit	Individual	Credit	See Corporate Credit Section		
1.6.022	Seed-Capital Fund Credit	Individual	Credit	See Corporate Credit Section		
1.6.023	Qualified Health Insurance Expense Credit	Individual	Credit	See Corporate Credit Section		
1.6.024	Teleworking Credit	Individual	Credit	See Corporate Credit Section		
1.6.025	Qualified Transportation Credit	Individual	Credit	See Corporate Credit Section		
1.6.026	Business Enterprise Vehicle Credit	Individual	Credit	See Corporate Credit Section		
1.6.027	Employer's Credit for Providing or Sponsoring Child Care for Employees	Individual	Credit	See Corporate Credit Section		
1.6.028	Low Income Housing Credit	Individual	Credit	See Corporate Credit Section		
1.6.029	Historic Rehabilitation Credit	Individual	Credit	See Corporate Credit Section		
1.6.030	Diesel Particulate Emission Reduction Technology Equipment Credit	Individual	Credit	See Corporate Credit Section		

SUMMARY OF STATE TAX EXPENDITURES

SUMMARY OF STATE TAX EXPENDITURES				\$ in Millions		
Number	Expenditure Item	Tax	Type	FY2010	FY2011	FY2012
1.6.031	Low/Zero Emission Vehicle Credit & Electric Vehicle Charger Credit	Individual	Credit	See Corporate Credit Section		
1.6.032	Land Conservation Credit	Individual	Credit	See Corporate Credit Section		
1.6.033	Clean Energy Property Credit & Wood Residuals Credit	Individual	Credit	See Corporate Credit Section		
1.6.034	Employer's Credit for Basic Skills Education	Individual	Credit	See Corporate Credit Section		
1.6.035	Employer's Credit for Approved Employee Retraining	Individual	Credit	See Corporate Credit Section		
1.6.036	Qualified Education Expense Credit	Individual	Credit	See Corporate Credit Section		
1.6.037	Investor's Credit	Individual	Credit	See Corporate Credit Section		
1.6.038	Energy or Water Efficient equipment credit	Individual	Credit	See Corporate Credit Section		
1.6.039	Tax credit for water conservation facilities and qualified water conservation investment property	Individual	Credit	See Corporate Credit Section		
1.6.040	Tax credit for shift from ground-water usage	Individual	Credit	See Corporate Credit Section		
1.6.041	Tax credit for existing business enterprises undergoing qualified business expansion	Individual	Credit	See Corporate Credit Section		
1.6.042	Cigarette export tax credit	Individual	Credit	See Corporate Credit Section		
CORPORATE INCOME TAX EXPENDITURES						
2.4.001	Single-Factor apportionment	Corporate	Exemption	N/A	N/A	N/A
2.4.002	Throw-back sales	Corporate	Exemption	N/A	N/A	N/A
2.4.003	Market-based sourcing	Corporate	Exemption	N/A	N/A	N/A
2.5.001	Interest on obligations of United States	Corporate	Deduction	N/A	N/A	N/A
2.5.002	Exception to intangible expenses and related interest cost	Corporate	Deduction	N/A	N/A	N/A
2.6.001	Employer's Jobs Tax Credit	Corporate	Credit	9	9	9
2.6.002	Quality Jobs Tax Credit	Corporate	Credit	21	21	21
2.6.003	New Facilities Jobs Credit	Corporate	Credit	N/A	N/A	N/A
2.6.004	New Manufacturing Facilities Property Credit	Corporate	Credit	N/A	N/A	N/A
2.6.005	Manufacturer's Investment Tax Credit	Corporate	Credit	3	3	3
2.6.006	Optional Investment Tax Credit	Corporate	Credit	(1)	(1)	(1)
2.6.007	Port Activity Tax Credit	Corporate	Credit	(1)	(1)	(1)
2.6.008	Alternate Port Activity Tax Credit	Corporate	Credit	(1)	(1)	(1)
2.6.009	Film Tax Credit	Corporate	Credit	57	73	89
2.6.010	Research Tax Credit	Corporate	Credit	7	7	7

SUMMARY OF STATE TAX EXPENDITURES

				\$ in Millions		
				FY2010	FY2011	FY2012
Number	Expenditure Item	Tax	Type			
2.6.011	Seed-Capital Fund Credit	Corporate	Credit	3	3	3
2.6.012	Qualified Health Insurance Expense Credit	Corporate	Credit	12	14	16
2.6.013	Teleworking Credit	Corporate	Credit	2	2	0
2.6.014	Qualified Transportation Credit	Corporate	Credit	(1)	(1)	(1)
2.6.015	Business Enterprise Vehicle Credit	Corporate	Credit	(1)	(1)	(1)
2.6.016	Employer's Credit for Providing or Sponsoring Child Care for Employees	Corporate	Credit	2	2	2
2.6.017	Low Income Housing Credit	Corporate	Credit	2	2	2
2.6.018	Historic Rehabilitation Credit	Corporate	Credit	15	18	18
2.6.019	Diesel Particulate Emission Reduction Technology Equipment Credit	Corporate	Credit	(1)	(1)	(1)
2.6.020	Low/Zero Emission Vehicle Credit & Electric Vehicle Charger Credit	Corporate	Credit	3	5	12
2.6.021	Land Conservation Credit	Corporate	Credit	6	6	6
2.6.022	Clean Energy Property Credit & Wood Residuals Credit	Corporate	Credit	3	3	3
2.6.023	Employer's Credit for Basic Skills Education	Corporate	Credit	(1)	(1)	(1)
2.6.024	Employer's Credit for Approved Employee Retraining	Corporate	Credit	5	5	5
2.6.025	Qualified Education Expense Credit	Corporate	Credit	37	45	50
2.6.026	Investor's Credit	Corporate	Credit	0	0	0
2.6.027	Energy or Water Efficient equipment credit	Corporate	Credit	0	0	0
2.6.028	Tax credit for water conservation facilities and qualified water conservation investment property	Corporate	Credit	N/A	N/A	N/A
2.6.029	Tax credit for shift from ground-water usage	Corporate	Credit	N/A	N/A	N/A
2.6.030	Tax credit for existing business enterprises undergoing qualified business expansion	Corporate	Credit	2	2	3
2.6.031	Cigarette export tax credit	Corporate	Credit	0	0	0
CORPORATE NET WORTH TAX EXPENDITURES						
3.00100	Exemption for nonprofit corporations	Net Worth	Exemption	N/A	N/A	N/A
3.00200	Exemption for insurance companies	Net Worth	Exemption	N/A	N/A	N/A
SALES TAX EXPENDITURES						
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Sales Tax	Exemption	N/A	N/A	N/A

SUMMARY OF STATE TAX EXPENDITURES

SUMMARY OF STATE TAX EXPENDITURES				\$ in Millions		
Number	Expenditure Item	Tax	Type	FY2010	FY2011	FY2012
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 Tax	Exemption	N/A	N/A	N/A
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 Tax	Exemption	N/A	N/A	N/A
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	Sales Tax	Exemption	5	5	5
4.00500	Sales of transportation furnished by an approved and authorized Urban Transit System	Sales Tax	Exemption	Combined with estimate for 4.00400		
4.00600	Sales to any Hospital Authority created by Georgia Law	Sales Tax	Exemption	N/A	N/A	N/A
4.00610	Sales to any Housing Authority created by Georgia Law	Sales Tax	Exemption	N/A	N/A	N/A
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 Tax	Exemption	N/A	N/A	N/A
4.00630	Sales to any agricultural commission created by the Department of Agriculture	Sales Tax	Exemption	N/A	N/A	N/A
4.00700	Sales of tangible personal property and services used specifically in the treatment function by an approved nursing home, inpatient hospice, general hospital or mental hospital when qualifying as a nonprofit by the IRS.	Sales Tax	Exemption	N/A	N/A	N/A
4.00705	Sales of tangible personal property to a nonprofit health center established and receiving funds pursuant to the U.S. Public Health Service Act. (expired 6/30/2010)	Sales Tax	Exemption	(1)	0	0
4.00710	Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities.	Sales Tax	Exemption	N/A	N/A	N/A
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	Sales Tax	Exemption	N/A	N/A	N/A
4.00730	Sales of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200% of the poverty level (expired 6/30/2010)	Sales Tax	Exemption	(1)	0	0
4.00800	Sales of tangible personal property and services to the University System of Georgia and its educational units	Sales Tax	Exemption	50	52	55

SUMMARY OF STATE TAX EXPENDITURES

				\$ in Millions		
				FY2010	FY2011	FY2012
Number	Expenditure Item	Tax	Type			
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 of Georgia System.	Sales Tax	Exemption	N/A	N/A	N/A
4.01000	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	Sales Tax	Exemption	N/A	N/A	N/A
4.01100	Sales of tangible personal property and services to any nonprofit cultural institute that is an instrument of a foreign government operating in Georgia	Sales Tax	Exemption	N/A	N/A	N/A
4.01200	School lunches sold and served to pupils and employees of public schools	Sales Tax	Exemption	8	9	9
4.01300	School lunches sold and served to pupils and employees of approved private schools	Sales Tax	Exemption	2	2	2
4.01400	Sales of art and other artifacts for display or exhibition to museums	Sales Tax	Exemption	N/A	N/A	N/A
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year.	Sales Tax	Exemption	N/A	N/A	N/A
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	Sales Tax	Exemption	N/A	N/A	N/A
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	Sales Tax	Exemption	1	1	1
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Sales Tax	Exemption	N/A	N/A	N/A
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 Tax	Exemption	N/A	N/A	N/A
4.02000	Water delivered through water mains, lines, or pipes.	Sales Tax	Exemption	See estimates for 4.50000		
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 Tax	Exemption	N/A	N/A	N/A
4.02200	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made	Sales Tax	Exemption	See estimates for 4.50000		
4.02300	Repair services when a separate charge is made to the customer.	Sales Tax	Exemption	See estimates for 4.50000		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	Sales Tax	Exemption	N/A	N/A	N/A

SUMMARY OF STATE TAX EXPENDITURES

Number	Expenditure Item	Tax	Type	\$ in Millions		
				FY2010	FY2011	FY2012
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 Tax	Exemption	107	112	117
4.02600	Sale of machinery used exclusively for irrigation of crops to persons primarily engaged in producing farm crops for sale	Sales Tax	Exemption	1	1	1
4.02700	Sales of sugar for use as food to honey bee producers	Sales Tax	Exemption	N/A	N/A	N/A
4.02800	Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes	Sales Tax	Exemption	2	2	2
4.02900	Sale of certain types of agricultural machinery	Sales Tax	Exemption	9	10	10
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 Tax	Exemption	Combined with estimate for 4.02900		
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 Tax	Exemption	N/A	N/A	N/A
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia	Sales Tax	Exemption	N/A	N/A	N/A
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	Sales Tax	Exemption	N/A	N/A	N/A
4.03300	Common or Common and Contract Carriers	Sales Tax	Exemption	N/A	N/A	N/A
4.03310	Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport (expires 6/30/2011)	Sales Tax	Exemption	See expenditure estimate for 6.00700		
4.03400	Certain machinery used in the manufacturing of tangible personal property	Sales Tax	Exemption	138	145	152
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	Sales Tax	Exemption	N/A	N/A	N/A
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	Sales Tax	Exemption	(1)	(1)	(1)
4.03430	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery	Sales Tax	Exemption	N/A	N/A	N/A

SUMMARY OF STATE TAX EXPENDITURES

Number	Expenditure Item	Tax	Type	\$ in Millions		
				FY2010	FY2011	FY2012
4.03440	Sales of tangible personal property to or used in or for the construction of a new alternative fuel facility primarily dedicated to the production and processing of ethanol, biodiesel, butanol or their by-products (expires 6/30/2012)	Sales Tax	Exemption	N/A	N/A	N/A
4.03500	Certain materials used in industrial packaging	Sales Tax	Exemption	N/A	N/A	N/A
4.03600	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution	Sales Tax	Exemption	N/A	N/A	N/A
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.	Sales Tax	Exemption	N/A	N/A	N/A
4.03700	Machinery and equipment used in combating air and water pollution and any industrial material used in a burning or recycling process	Sales Tax	Exemption	N/A	N/A	N/A
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center	Sales Tax	Exemption	N/A	N/A	N/A
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	Sales Tax	Exemption	2	2	2
4.03910	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property	Sales Tax	Exemption	N/A	N/A	N/A
4.04000	Sale of major components or repair parts installed in military aircraft, vehicles, or missiles	Sales Tax	Exemption	N/A	N/A	N/A
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institute, child-placing agency, or maternity home	Sales Tax	Exemption	N/A	N/A	N/A
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 Tax	Exemption	N/A	N/A	N/A
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	Sales Tax	Exemption	1	1	1
4.04400	Sales of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state	Sales Tax	Exemption	N/A	N/A	N/A
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia	Sales Tax	Exemption	N/A	N/A	N/A
4.04600	Sales of tangible personal property or taxable services to nonprofit Blood	Sales Tax	Exemption	N/A	N/A	N/A

SUMMARY OF STATE TAX EXPENDITURES

SUMMARY OF STATE TAX EXPENDITURES				\$ in Millions		
Number	Expenditure Item	Tax	Type	FY2010	FY2011	FY2012
	Banks					
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 Tax	Exemption	318	334	351
4.04800	Sales of crab bait to licensed commercial fisherman	Sales Tax	Exemption	N/A	N/A	N/A
4.04900	Liquefied gases and other fuels used in poultry or pullet houses or structures	Sales Tax	Exemption	3	3	3
4.04910	Liquefied petroleum gas or other fuel used in a structure where swine are raised (expired 6/30/2010)	Sales Tax	Exemption	(1)	0	0
4.05000	Sales of blood measuring devices, monitoring equipment, or insulin delivery systems used exclusively by diabetics; insulin, insulin syringes and blood glucose monitoring strips	Sales Tax	Exemption	N/A	N/A	N/A
4.05100	Sales of oxygen when prescribed by a licensed physician	Sales Tax	Exemption	7	7	8
4.05200	Sale or use of hearing aids	Sales Tax	Exemption	N/A	N/A	N/A
4.05300	Transactions where food stamps or WIC coupons are used as the method of payment	Sales Tax	Exemption	109	109	104
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	Sales Tax	Exemption	32	33	35
4.05500	Sale of Georgia lottery tickets	Sales Tax	Exemption	132	138	145
4.05600	Sales by any qualified nonprofit parent teacher organization	Sales Tax	Exemption	N/A	N/A	N/A
4.05700	Sales of eligible food for off-premises consumption	Sales Tax	Exemption	440	463	494
4.05710	Sales of food and beverages to a qualified food bank (expired 6/30/2010)	Sales Tax	Exemption	(1)	0	0
4.05720	Exemption for persons donating prepared food and beverages to a qualified nonprofit agency to be used for hunger relief (expires 6/30/2011)	Sales Tax	Exemption	Combined with estimate for 4.05730		
4.05730	Exemption for prepared food and beverages that are donated following a natural disaster and used for disaster relief (expires 6/30/2011)	Sales Tax	Exemption	(1)	(1)	0
4.05800	Graduated exemption for the sale of overhead materials used in government contracts (repealed effective January 1, 2011)	Sales Tax	Exemption	15	(1)	0
4.05900	Sales of eligible food and beverages for on or off-premises consumption by any Girl or Boy Scout council	Sales Tax	Exemption	N/A	N/A	N/A
4.06000	Sales of certain machinery and equipment used to improve air quality in a	Sales Tax	Exemption	N/A	N/A	N/A

SUMMARY OF STATE TAX EXPENDITURES

Number	Expenditure Item	Tax	Type	\$ in Millions		
				FY2010	FY2011	FY2012
	clean room of Class 100,000 or less					
4.06100	Advertising inserts that are used in newspapers for resale	Sales Tax	Exemption	N/A	N/A	N/A
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 Tax	Exemption	N/A	N/A	N/A
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund	Sales Tax	Exemption	N/A	N/A	N/A
4.06400	Sales of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation	Sales Tax	Exemption	N/A	N/A	N/A
4.06500	Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fisherman	Sales Tax	Exemption	N/A	N/A	N/A
4.06600	Sales of gold, silver, or platinum bullion	Sales Tax	Exemption	N/A	N/A	N/A
4.06700	Sales of coins or currency	Sales Tax	Exemption	N/A	N/A	N/A
4.06800	Sales of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million	Sales Tax	Exemption	N/A	N/A	N/A
4.06900	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less	Sales Tax	Exemption	N/A	N/A	N/A
4.07000	Sales of natural gas used directly in the manufacture of electricity	Sales Tax	Exemption	28	29	31
4.07010	Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal used directly or indirectly in the manufacture or processing of tangible personal property primarily for resale (expired 12/31/2010)	Sales Tax	Exemption	4	2	0
4.07100	Sales to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	Sales Tax	Exemption	N/A	N/A	N/A
4.07200	Sales of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals	Sales Tax	Exemption	N/A	N/A	N/A
4.07300	Sales of certain production equipment to film producers and film production companies	Sales Tax	Exemption	N/A	N/A	N/A
4.07700	Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale	Sales Tax	Exemption	N/A	N/A	N/A

SUMMARY OF STATE TAX EXPENDITURES

				\$ in Millions		
				FY2010	FY2011	FY2012
Number	Expenditure Item	Tax	Type			
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 (expires 9/1/2011)	Sales Tax	Exemption	(1)	(1)	(1)
4.07900	Ice used to chill poultry or vegetables during processing or shipment	Sales Tax	Exemption	N/A	N/A	N/A
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	Sales Tax	Exemption	N/A	N/A	N/A
4.08300	Sale of biomass materials used to produce electricity or steam or used to produce electricity and steam intended for sale	Sales Tax	Exemption	N/A	N/A	N/A
4.08600	Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft (expires 6/30/2011)	Sales Tax	Exemption	7	7	0
4.08700	Sales of tangible personal property used to renovate or expand a zoological institution (expires 6/30/2011)	Sales Tax	Exemption	(1)	(1)	0
4.08800	Sales of tangible personal property used in the construction of a qualified civil rights museum (expires 7/30/2015)	Sales Tax	Exemption	1	1	(1)
4.08900	The sale of an airplane flight simulation training device (expires 6/30/2011)	Sales Tax	Exemption	(1)	1	0
4.30000	Exemption for casual sales	Sales Tax	Exemption	122	131	149
4.50000	Exemption for selected services (combined value)	Sales Tax	Exemption	4,072	4,270	4,484
4.70000	Vendor compensation	Sales Tax	Exemption	45	47	49
INSURANCE PREMIUM TAX EXPENDITURES						
5.00100	Deduction of retaliatory taxes paid to other states	Insurance	Deduction	3	4	4
5.00200	Insurance premium tax credits	Insurance	Credit	51	61	63
5.00300	Exemption for premiums of high deductible health plans	Insurance	Exemption	12	14	17
5.00400	Exemption for insurance companies that only insure places of worship	Insurance	Exemption	N/A	N/A	N/A
5.00500	Insurance abatements	Insurance	Rate Reduction	131	158	163
5.00600	Special deductions for Life Insurance companies	Insurance	Deduction	96	116	119
MOTOR FUELS TAX EXPENDITURES						
6.00100	Bulk sales to another licensed dealer	Motor Fuels	Exemption	N/A	N/A	N/A
6.00200	Sales to mass transit vehicles	Motor	Exemption	7	9	11

SUMMARY OF STATE TAX EXPENDITURES

				\$ in Millions		
				FY2010	FY2011	FY2012
Number	Expenditure Item	Tax	Type			
		Fuels				
6.00300	Sales to campus transportation vehicles	Motor Fuels	Exemption	Combined with estimate for 6.00200		
6.00400	Sales of fuels not sold by the gallon	Motor Fuels	Exemption	N/A	N/A	N/A
6.00500	Sales to a licensed dealer for export from Georgia	Motor Fuels	Exemption	N/A	N/A	N/A
6.00600	Sales to the United States government	Motor Fuels	Exemption	N/A	N/A	N/A
6.00700	Partial exemption for sales of aviation gasoline to a licensed aviation gasoline dealer	Motor Fuels	Exemption	24	23	22
6.00800	Bulk sales of compressed petroleum gas or special fuel to a duly licensed consumer distributor	Motor Fuels	Exemption	N/A	N/A	N/A
6.00900	Sales of fuel oils and other fuels sold to consumers for heating purposes only	Motor Fuels	Exemption	N/A	N/A	N/A
6.01000	Sales of dyed fuel oils to a consumer other than for highway use	Motor Fuels	Exemption	13	13	12
6.01100	Fuel oils, compressed petroleum gas or special fuel used by a licensed distributor for non-highway purposes	Motor Fuels	Exemption	N/A	N/A	N/A
ALCOHOLIC BEVERAGES TAX EXPENDITURES						
7.00100	Sales to persons outside the state for resale or consumption outside the state	Alcohol	Exemption	N/A	N/A	N/A
7.00200	Sales to stores or canteens in U.S. military reservations	Alcohol	Exemption	N/A	N/A	N/A
7.00300	Up to 200 gallons annually of home-brew per household	Alcohol	Exemption	N/A	N/A	N/A
7.00400	Sales to and use by religious organizations for sacramental purposes	Alcohol	Exemption	N/A	N/A	N/A
7.00500	Exemption for ethyl alcohol used for certain purposes	Alcohol	Exemption	N/A	N/A	N/A
7.00600	Malt beverages containing less than ½ of 1 percent of alcohol by volume	Alcohol	Exemption	N/A	N/A	N/A
TOBACCO TAX EXPENDITURES						
8.00100	Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home	Tobacco	Exemption	(1)	(1)	(1)
8.00200	Di minimus amount brought into the state by one person	Tobacco	Exemption	N/A	N/A	N/A

SUMMARY OF STATE TAX EXPENDITURES

				\$ in Millions		
Number	Expenditure Item	Tax	Type	FY2010	FY2011	FY2012
8.00300	Cigars and cigarettes stored in a public warehouse	Tobacco	Exemption	N/A	N/A	N/A
8.00400	Certain cigars and cigarettes held by licensed dealers	Tobacco	Exemption	N/A	N/A	N/A
FINANCIAL INSTITUTIONS TAX EXPENDITURES						
9.00100	Deductions for interest paid on all liabilities	Financial Inst.	Deduction	7	7	8
9.00200	Deductions for income from authorized activities of a domestic international banking facility	Financial Inst.	Deduction	N/A	N/A	N/A
9.00300	Deduction for income from banking business with persons or entities outside the U.S.	Financial Inst.	Deduction	N/A	N/A	N/A
SPECIAL ASSESSMENT OF FOREST LAND CONSERVATION USE PROPERTY						
10.00000	Special assessment of Forest Land Conservation Use Property	State Grant	Credit	0	11	11
(1) Denotes a value of less than \$1 million.; N/A means estimate is not available.						

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 \$8.8 billion in FY2008 and accounted for 50 percent of Georgia's revenues from taxation. In FY2008, 4.3 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 Georgia AGI. After computing Georgia AGI, taxpayers deduct an amount representing either the value of their Georgia itemized deductions or the Georgia standard deduction. In addition, filers are allowed a personal exemption of \$5,400 for joint filers and \$2,700 for other filers and \$3,000 for each dependent.

For purposes of this report we define individual tax expenditures as those expenditures that are in addition to those allowed at the federal level. That is, federal AGI is used as the comprehensive base and any deviations from that base are considered state individual income tax expenditures.

1.4 Income Exemptions

1.4.001 Personal Exemption

Statute:	§48-7-26
Year Enacted:	Information is not available at this time
Year Effective:	Information is not available at this time
Data Source:	Department of Revenue master file for 2005
Estimate Reliability:	Class A

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	886	894	902

1.4.002 Retirement Income

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: U.S. Census Bureau, American Community Survey, 2009
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$218	\$233	\$273

1.4.003 Social Security Income

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Internal Revenue Service, Statistics of Income
Estimate Reliability: Class A

Description: Social Security and tier 1 Railroad retirement benefits are excluded from state taxable income.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$222	\$229	\$237

1.4.004 Georgia Higher Education Savings Plan Contributions

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Georgia Office of the State Treasurer
Estimate Reliability: Class B

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)		
	2010	2011	2012
Expenditure Estimate	\$2	\$2	\$2

1.4.005 Interest on U.S. Obligations

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Not applicable
Estimate Reliability: Not applicable

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	This exemption is not tracked by DOR. No information is available at this time.		

1.4.006 Certain Military Income

Statute: §48-7-27
Year Enacted: Information is not available at this time 2010
Year Effective: Information is not available at this time
Data Source: Not applicable
Estimate Reliability: Not applicable

Description: Military income received by a member of the National Guard or any reserve component of the armed forces and only with respect to the income earned during the period covered by such military orders.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	This exemption is not tracked by DOR. No information is available at this time.		

1.4.007 Organ donation expenses

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: 2008 Annual Report for U.S. Transplant.org
Estimate Reliability: Class C

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)		
	2010	2011	2012
Expenditure Estimate	(1)	(1)	(1)

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

1.4.008 Aged 65/Blind Deduction

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Department of Revenue master file for 2005
Estimate Reliability: Class A

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)		
	2010	2011	2012
Expenditure Estimate	20	20	21

1.4.009 Certain dependent's unearned income

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Not applicable
Estimate Reliability: Not applicable

Description: Taxpayers are able to exclude unearned income of dependents that was included in the federal AGI of a parent's return.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	The value of this expenditure is not available at this time.		

1.4.010 Premiums for high deductible health plans

Statute: §48-7-27
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 977/2008 LC 37 0690S
Estimate Reliability: Class C

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$1	\$1	\$2

Other Income Tax Exemptions include:

- 1.4.011 Salaries and wages reduced from Federal taxable income because of the Federal Jobs Tax Credit
- 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.
- 1.4.013 Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986.

- 1.4.014 Income from any fund, program or system which is exempted by Federal law or treaty.
- 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.
- 1.4.016 Adjustment for teachers retired from the Teacher’s Retirement System of Georgia for contributions paid between July 1, 1987 and December 31, 1989 that were reported to and taxed by Georgia.
- 1.4.017 Amount claimed by employers in food and beverage establishments who took a credit instead of a deduction on the Federal return for FICA tax paid on employee cash tips.
- 1.4.018 An adjustment of 10% of qualified payments to minority subcontractors or \$100,000, whichever is less, per taxable year by individuals, corporations or partnerships that are party to state contracts.
- 1.4.019 Adjustments to Federal adjusted gross income for Georgia resident partners in a partnership or member(s) in a LLC where such entities income has been taxed at the entity for the portion of income on which the tax was actually paid.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	The values for these exemptions are not available at this time.		

1.5 Deductions from Income

1.5.001 Standard Deduction

Statute: §48-7-27

Year Enacted: 1981

Year Effective: CY1981

Data Source: Department of Revenue master file for 2005

Estimate Reliability: Class A

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	232	234	236

1.6 Income Tax Credits

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.

1.6.012	Employer's Jobs Tax Credit
1.6.013	Quality Jobs Tax Credit
1.6.014	New Facilities Jobs Credit
1.6.015	New Manufacturing Facilities Property Credit
1.6.016	Manufacturer's Investment Tax Credit
1.6.017	Optional Investment Tax Credit
1.6.018	Port Activity Tax Credit
1.6.019	Alternate Port Activity Tax Credit
1.6.020	Film Tax Credit
1.6.021	Research Tax Credit
1.6.022	Seed-Capital Fund Credit
1.6.023	Qualified Health Insurance Expense Credit
1.6.024	Teleworking Credit
1.6.025	Qualified Transportation Credit
1.6.026	Business Enterprise Vehicle Credit
1.6.027	Employer's Credit for Providing or Sponsoring Child Care for Employees & Employer's Credit for Purchasing Child Care Property
1.6.028	Low Income Housing Credit
1.6.029	Historic Rehabilitation Credit
1.6.030	Diesel Particulate Emission Reduction Technology Equipment Credit
1.6.031	Low/Zero Emission Vehicle Credit & Electric Vehicle Charger Credit
1.6.032	Land Conservation Credit
1.6.033	Clean Energy Property Credit & Wood Residuals Credit
1.6.034	Employer's Credit for Basic Skills Education
1.6.035	Employer's Credit for Approved Employee Retraining
1.6.036	Qualified Education Expense Credit
1.6.037	Investor's Credit
1.6.038	Energy or Water Efficient equipment credit
1.6.039	Tax credit for water conservation facilities and qualified water conservation investment property
1.6.040	Tax credit for shift from ground-water usage
1.6.041	Tax credit for existing business enterprises undergoing qualified business expansion
1.6.042	Cigarette export tax credit

The following credits from income are taken by personal taxpayers on the individual income tax return.

1.6.001 Rural Physician's Credit

Statute: §48-7-29

Year Enacted: 1995

Year Effective: Tax years prior to 2000

Data Source: U.S. Department of Health and Human Services, Health Resources and Services Administration, Area Resource File

Estimate Reliability: Class C

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$1	\$1	\$1

1.6.002 Disabled person home purchase or retrofit credit

Statute: §48-7-29.1

Year Enacted: 1998

Year Effective: Tax years prior to 2000

Data Source: Not applicable

Estimate Reliability: Not applicable

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	This credit is not tracked by DOR. No information not available at this time.		

1.6.003 Driver Education Credit

Statute: §48-7-29.5

Year Enacted: 2000

Year Effective: January 1, 2001

Data Source: Georgia Department of Driver Services

Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$1	\$1	\$1

1.6.004 Disaster Assistance Credit

Statute: §48-7-29.4
Year Enacted: 2000
Year Effective: April 17, 2000
Data Source: Federal Emergency Management Agency disaster press releases
Estimate Reliability: Class C

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$4	\$4	\$4

1.6.005 Qualified Caregiving Expense Credit

Statute: §48-7-29.2
Year Enacted: 1998
Year Effective: Tax years prior to 2000
Data Source: Not applicable
Estimate Reliability: Not applicable

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 tax income tax liability, whichever is less.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	This credit is not tracked by DOR. No information is available at this time.		

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

Statute: §48-7-29.9
Year Enacted: 2005
Year Effective: April 21, 2005
Data Source: Georgia Office of Defense Annual Report for 2009
Estimate Reliability: Class C

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$1	\$1	\$1

1.6.007 Child and Dependent Care Credit

Statute: §48-7-29.10
Year Enacted: 2006
Year Effective: April 6, 2006
Data Source: U.S. Congressional Joint Committee on Taxation, Tax Expenditure Report for 2010
Estimate Reliability: Class B

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)		
	2010	2011	2012
Expenditure Estimate	\$26	\$22	\$21

1.6.008 Adoption of Foster Child Credit

Statute: §48-7-29.15
Year Enacted: 2008
Year Effective: Tax years beginning on or after January 1, 2008
Data Source: U.S. Department of Health and Human Services, Administration for Children and Families
Estimate Reliability: Class B

Description: This expenditure 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.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	\$8	\$8	\$8

1.6.009 Low-Income Credit

Statute: §48-7A -3
Year Enacted: 1991
Year Effective: Tax years prior to 2000
Data Source: Department of Revenue master file for 2005
Estimate Reliability: Class A

Description: This expenditure provides a tax credit for low-income individuals. The maximum value of the credit is \$26 per taxpayer. For tax years beginning on January 1, 2010 and after, the credit is nonrefundable.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	13	13	14

1.6.010 Credit for taxes paid to another state

Statute: §48-7-28
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: N/A

Estimate Reliability: N/A

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)		
	2010	2011	2012
Expenditure Estimate	This credit is not tracked by DOR. No information is available at this time.		

1.6.011 Credit for taxes withheld and estimated tax payments

Statute: §48-7-20
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: N/A
Estimate Reliability: N/A

Description: Employees are allowed a credit for taxes withheld by their employer on their behalf and for estimated tax payments made during the tax year.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Expenditure Estimate	This credit is not tracked by DOR. No information is available at this time.		

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. All revenue collected from this tax is deposited into the state general fund.

Corporate tax collections for FY2008 were \$943 million or 5.4 percent of total state tax revenues. Approximately 239,000 corporate returns were processed by the Department of Revenue in FY2008.

The starting point for the construction of the tax base is the 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, these deductions are not allowed at the state level. In addition, firms operating in multiple states 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 national receipts.

It is important to note that in the case of several of the business tax credits, the revenue estimate that may have been provided in a past fiscal note will differ from the value of the tax expenditure presented in this report. This is because the fiscal note may include offsetting revenue streams. First, the fiscal note includes the cost of the credit. Second, it may include a revenue increase associated with new income and sales tax revenues stemming from increased employment due to the presence of the credit. The value presented in the fiscal note is the net value. The tax expenditure only presents the cost of the credit, without any potential offsets. This is because the purpose of the tax expenditure is to convey the cost that would be necessary if the item were offered as a direct budgetary expenditure instead of a reduction in tax liability. Credits in which the tax expenditure is likely to differ from the fiscal note are denoted in the information below.

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.

2.4.001 Single Factor Apportionment

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

2.4.002 Throwback Rule

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

2.4.003 Corporate Receipts Sourcing

Georgia is among 12 states that apportion multistate corporate income based only on gross receipts, ie. 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 they are performed. The rule is meant to apply a consistent destination-based treatment to services when compared to tangible goods.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate Only	The estimated value of these expenditures is not available at this time.		

2.5 Corporate Income deductions

2.5.001 and 2.5.002 Interest on obligations of the United States; Exception to intangible expenses and related interest cost

Statute: §48-7-21
Year Enacted: 1931
Year Effective: Information is not available at this time
Data Source: N/A
Estimate Reliability: N/A

Description: Corporations may deduct from taxable income interest and dividends on obligations of the United States. Furthermore, firms are allowed to deduct from income any exceptions relating to intangible expenses that are required to be added back to Federal taxable income.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate Only	The estimated value of these expenditures is not available at this time.		

2.6 Corporate Income Tax Credits

2.6.001 Employer's Job Tax Credit

Statute: §48-7-40 and §48-7-40.1
Year Enacted: 1/1/1990
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: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$9	\$9	\$9

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes.

2.6.002 Quality Jobs Tax Credit

Statute: §48-7-40.17
Year Enacted: 2000

Year Effective: Latest modifications are effective for taxable years beginning on or after January 1, 2009

Data Source: Fiscal note for HB 439/2009 LC 18 8116ER

Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	\$21	\$21	\$21

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes.

2.6.003 New Facilities Jobs Credit

Statute: §48-7-40.24

Year Enacted: 2003

Year Effective: Latest modifications are effective for taxable years beginning on or after January 1, 2009

Data Source: N/A

Estimate Reliability: N/A

Description: For business enterprises that first qualified in a taxable year beginning before January 1, 2009, \$450 million in qualified investment property must be purchased for the project within a six-year period. The manufacturer must also create at a minimum 1,800 new jobs within a six-year period and can receive credit for up to a maximum of 3,300 jobs.

For business enterprises who first qualify in a taxable year beginning on or after January 1, 2009, the business enterprise must meet the job creation requirement of 1,800 eligible full-time employees and either the qualified investment requirement of \$450 million in qualified investment property, or the payroll requirement of \$150 million in total annual Georgia W-2 reported payroll within the six-year period.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	This credit is not tracked by the Department of Revenue. No information on its value is available at this time.		

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes.

2.6.004 New Manufacturing Facilities Property Credit

Statute: §48-7-40.25
Year Enacted: 2003
Year Effective: Taxable years beginning on or after January 1, 2003
Data Source: N/A
Estimate Reliability: N/A

Description: This is an incentive for a manufacturer who has operated a manufacturing facility in this state for at least 3 years and who spends \$800 million on a new manufacturing facility in this state. There is also the requirement that the number of full-time employees equal or exceed 1,800.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	This credit is not tracked by the Department of Revenue. No information on its value is available at this time.		

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes.

2.6.005 Manufacturer's Investment Tax Credit

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

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)		
	2010	2011	2012
Corporate & Individual	\$3	\$3	\$3

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes.

2.6.006 Optional Investment Tax Credit

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

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)		
	2010	2011	2012
Corporate & Individual	(1)	(1)	(1)

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes. (1) Denotes a value of less than \$1 million.

2.6.007 Port Activity Tax Credit

Statute: §48-7-40.15
Year Enacted: 1998
Year Effective: Latest modifications apply to taxable years beginning on or after January 1, 1998
Data Source: Department of Revenue
Estimate Reliability: Class A

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 all taxable years beginning on or after January 1, 2010, base year port traffic is defined as the total amount of net tons, containers, or twenty-foot equivalent units (TEU's) of product actually imported into this state or exported out of this state by way of a waterborne ship or vehicle through a port facility during the second preceding 12 month period.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	(1)	(1)	(1)

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes. (1) Denotes a value of less than \$1 million.

2.6.008 Alternative Port Activity Tax Credit

Statute: §48-7-40.15A
Year Enacted: 2009
Year Effective: May 5, 2009
Data Source: Department of Revenue
Estimate Reliability: Class A

Description: An additional jobs tax 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)		
	2010	2011	2012
Corporate & Individual	(1)	(1)	(1)

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes. (1) Denotes a credit of less than \$1 million.

2.6.009 Film Tax Credit

Statute: §48-7-40.26
Year Enacted: 2005
Year Effective: Taxable years beginning on or after January 1, 2005
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$57	\$73	\$89

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes.

2.6.010 Research Tax Credit

Statute: §48-7-40.12
Year Enacted: 1997
Year Effective: Taxable years beginning on or after January 1, 1998.
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$7	\$7	\$7

2.6.011 Seed-Capital Fund

Statute: §48-7-40.27 & 40.28
Year Enacted: 2008
Year Effective: Applicable to investments made on or after July 1, 2008
Data Source: Fiscal note for HB 1196S/2008 LC 38 0573
Estimate Reliability: Class B

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)		
	2010	2011	2012
Corporate & Individual	\$3	\$3	\$3

2.6.012 Qualified Health Insurance Expense Credit

Statute: §48-7-29.13
Year Enacted: 1997
Year Effective: Latest modifications apply to taxable years beginning on or after January 1, 2009
Data Source: Fiscal note HB 977/2008 LC 37 0690S
Estimate Reliability: Class B

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)		
	2010	2011	2012
Corporate & Individual	\$12	\$14	\$16

2.6.013 Teleworking Credit

Statute: §48-7-29.11
Year Enacted: 2006
Year Effective: July 1, 2007
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$2	\$2	\$0

2.6.014 Qualified Transportation Credit

Statute: §48-7-29.3
Year Enacted: 1999
Year Effective: Taxable years beginning on or after January 1, 2001.
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	(1)	(1)	(1)

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

2.6.015 Business Enterprise Vehicle Credit

Statute: §48-7-40.22
Year Enacted: 2001
Year Effective: Taxable years beginning on or after January 1, 2002.
Data Source: Georgia Regional Transportation Authority
Estimate Reliability: Class C

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)		
	2010	2011	2012
Corporate & Individual	(1)	(1)	(1)

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

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

Statute: §48-7-40.6
Year Enacted: 1994 & 1999
Year Effective: Credit for cost of operation-Taxable years beginning on or after January 1, 1994; Credit for Cost of Qualified Child Care Property-Taxable years beginning on or after January 1, 2000.
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$2	\$2	\$2

2.6.017 Low Income Housing Credit

Statute: §48-7-29.6
Year Enacted: 2000
Year Effective: Taxable years beginning on or after January 1, 2001.
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$2	\$2	\$2

2.6.018 Historic Rehabilitation Credit

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

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	\$15	\$18	\$18

2.6.019 Diesel Particulate Emission Reduction Technology Equipment Credit

Statute: §48-7-40.19
Year Enacted: 2000
Year Effective: Taxable years beginning on or after January 1, 2001.
Data Source: Officials from the Georgia Air Protection Branch of the Georgia Department of Natural Resources
Estimate Reliability: Class B

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)		
	2010	2011	2012
Corporate & Individual	(1)	(1)	(1)

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

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

Statute: §48-7-40.16
Year Enacted: 1998
Year Effective: Taxable years beginning on or after January 1, 1998
Data Source: Energy Information Administration, U.S. Department of Energy
Estimate Reliability: Class C

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)		
	2010	2011	2012
Corporate & Individual	\$3	\$5	\$12

2.6.021 Land Conservation Credit

Statute: §48-7-29.12
Year Enacted: 2006
Year Effective: Taxable years beginning on or after January 1, 2006
Data Source: Department of Revenue
Estimate Reliability: Class A

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	\$6	\$6	\$6

2.6.022 Clean Energy Property and Wood Residuals Tax Credit

Statute: §48-7-29.14
Year Enacted: 2008
Year Effective: July 1, 2008
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$3	\$3	\$3

2.6.023 Employer's Credit for Basic Skills Education

Statute: §48-7-41
Year Enacted: 1991
Year Effective: 1991
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	(1)	(1)	(1)

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

2.6.024 Employer's Credit for Approved Employee Retraining

Statute: §48-7-40.5
Year Enacted: 1994
Year Effective: Latest modifications are effective for taxable years beginning on or after January 1, 2009
Data Source: Department of Revenue
Estimate Reliability: Class A

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)		
	2010	2011	2012
Corporate & Individual	\$5	\$5	\$5

2.6.025 Qualified Education Expense Credit

Statute: §48-7-29.16
Year Enacted: 2008
Year Effective: Taxable years beginning on or after January 1, 2008
Data Source: Department of Revenue
Estimate Reliability: Class A

Description: This provides a tax credit for certain expenditures 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)		
	2010	2011	2012
Corporate & Individual	\$37	\$45	\$50

2.6.026 Investor's Credit

Statute: §48-7-40.30
Year Enacted: 2010
Year Effective: January 1, 2011
Data Source: Fiscal note for HB 1001/2010 LC 18 8790
Estimate Reliability: Class C

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.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	\$0	\$0	\$0

2.6.027 Energy or Water Efficient Equipment Credit

Statute: §48-7-40.29
Year Enacted: 2010
Year Effective: January 1 of the year following the year in which federal funds for this program are made available
Data Source: Fiscal note HB 1069/2010 LC 21 0586
Estimate Reliability: Class A

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 equipment or \$2,500. 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)		
	2010	2011	2012
Corporate & Individual	\$0	\$0	\$0

2.6.028 Tax Credit for water conservation facilities and qualified water conservation investment property

Statute: §48-7-40.10
Year Enacted: 1996
Year Effective: Effective for tax years prior to 2000
Data Source: N/A
Estimate Reliability: N/A

Description: This credit applies to any taxpayer who financially participates in qualified water conservation investments in Georgia. The credit rate depends on the value of the investment and ranges from 5 percent for investments of at least \$1 million to 10 percent for investments between \$50,000 and \$500,000.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	This credit is not tracked by the Department of Revenue. No information on its value is available at this time.		

2.6.029 Tax credit for shift from ground-water usage

Statute: §48-7-40.11
Year Enacted: 1996
Year Effective: Effective for tax years prior to 2000
Data Source: N/A
Estimate Reliability: N/A

Description: This tax credit is available for any taxpayer who invests in facilities or equipment, the usage of which reduces ground water usage or utilizes a surface-water source. The value of the credit is equal to \$0.0001 per gallon of the total gallons of relinquished and transferred annual ground-water permit issued after July 1, 1996.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	This credit is not tracked by the Department of Revenue. No information on its value is available at this time.		

2.6.030 Tax credit for existing business enterprises undergoing qualified business expansion

Statute: §48-7-40.21
Year Enacted: Information is not available at this time
Year Effective: Latest modifications are applicable to tax years beginning on or after January 1, 2008
Data Source: Fiscal note for HB 1246/2008 LC 18 7154
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	\$2	\$2	\$3

*The value of the tax expenditure shown above may differ from revenue estimates provided in fiscal notes.

2.6.031 Cigarette export tax credit

Statute: §48-7-40.20
Year Enacted: 2000
Year Effective: Applies to tax years beginning January 1, 2000
Data Source: Department of Revenue
Estimate Reliability: Class A

Description: This credit applies to businesses engaged in manufacturing cigarettes for export.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
Corporate & Individual	\$0	\$0	\$0

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 equaled \$31 million in FY2009.

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.

3.001 and 3.002

Exemptions from the Net Worth Tax

Statute: §48-13-72
Year Enacted: 1932
Year Effective: Prior to 2000
Data Source: N/A
Estimate Reliability: N/A

Description: Nonprofit corporations and insurance companies are not subject to this tax.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	The value of this expenditure is not available at this time.		

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 FY2009 the sales and use tax generated \$5.3 billion and accounted for approximately 34 percent of state tax revenues. All proceeds from the sales and use tax net of the vendor commission are deposited into the state general fund.

The base consists of retail sales, leases, rentals, use or consumption of tangible personal property. Some selected services are taxed. 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 a Municipal Option sales tax (MOST) and a few counties levy a Homestead Option sales tax (HOST).

In general, these local taxes operate from the same sales tax base as the state sales tax; the major exception being food for home consumption which is usually 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 tax base 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, many 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.

4.0 Sales and Use Tax Exemptions

4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authority
Statute:	§48-8-3(4)
Year Enacted:	Information is not available at this time
Year Effective:	Information is not available at this time
Data Source:	MARTA Annual Report for 2009
Estimate Reliability:	Class B

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)		
	2010	2011	2012
State Tax Expenditure	\$5	\$5	\$5
Local Tax Expenditure	\$3	\$4	\$4

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

Statute: §48-8-3(5)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: see expenditure estimate for 4.00400
Estimate Reliability: see expenditure estimate for 4.00400

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	Combined with estimate for 4.00400		
Local Tax Expenditure	Combined with estimate for 4.00400		

4.00705 Sales of tangible personal property to a nonprofit health center

Statute: §48-8-3(7.05)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 1120/2010 LC 18 8833
Estimate Reliability: Class C

Description: Sales of tangible personal property to a nonprofit health center established and receiving funds pursuant to the U.S. Public Health Service Act. The provision does not apply to the local level. This provision expired 6/10/2010.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	\$0	\$0
Local Tax Expenditure	(1)	\$0	\$0

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

4.00730 Sales of tangible personal property to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level

Statute: §48-8-3(7.3)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 1241/2008 LC 18 7152
Estimate Reliability: Class C

Description: Sales of tangible personal property to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level. This provision expired 6/10/2010.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	\$0	\$0
Local Tax Expenditure	(1)	\$0	\$0

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

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

Statute: §48-8-3(8)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: University System of Georgia, Annual Financial Report for 2009
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$50	\$52	\$55
Local Tax Expenditure	\$38	\$39	\$41

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

Statute: §48-8-3(12)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Georgia School Nutrition Association
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$8	\$9	\$9
Local Tax Expenditure	\$6	\$7	\$7

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

Statute: §48-8-3(13)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Georgia School Nutrition Association
Estimate Reliability: Class B

Description: School lunches sold and served to pupils and employees of approved private elementary or secondary schools.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$2	\$2	\$2
Local Tax Expenditure	\$1	\$2	\$2

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

Statute: §48-8-3(17)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time

Data Source: U.S. Energy Information Administration, U.S. Department of Energy

Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$1	\$1	\$1
Local Tax Expenditure	\$1	\$1	\$1

4.02000 The sale of water delivered to consumers through water main, lines, or pipes

Statute: §48-8-3(20)

Year Enacted: Information is not available at this time

Year Effective: Information is not available at this time

Data Source: N/A

Estimate Reliability: N/A

Description: The sale of water delivered to consumers through water main, lines, or pipes.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	See expenditure estimate for Utility Service in section 4.5		
Local Tax Expenditure			

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

Statute: §48-8-3(25)

Year Enacted: Information is not available at this time

Year Effective: Information is not available at this time

Data Source: 2007 Census of Agriculture – State Data

Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$107	\$112	\$117
Local Tax Expenditure	\$80	\$84	\$88

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

Statute: §48-8-3(26)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: 2007 Census of Agriculture – State Data
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$1	\$1	\$1
Local Tax Expenditure	\$1	\$1	\$1

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

Statute: §48-8-3(28)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: 2007 Census of Agriculture – State Data
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$2	\$2	\$2
Local Tax Expenditure	\$1	\$1	\$1

4.02900 Sale of certain types of agricultural machinery

Statute: §48-8-3(29)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: 2007 Census of Agriculture – State Data
Estimate Reliability: Class B

Description: Sale of certain types of agricultural machinery including machinery and equipment used on a farm in the production of the following: poultry and eggs; breeding of livestock; the production, processing, and storage of fluid milk; production of livestock; crops for feed for poultry and livestock, tilling soil or in animal husbandry on a new or existing farm.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$9	\$10	\$10
Local Tax Expenditure	\$7	\$7	\$8

4.02910 Sale of certain off-road equipment

Statute: §48-8-3(29.1)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: 2007 Census of Agriculture – State Data
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	Estimate is included in estimate for		
Local Tax Expenditure	4.02900		

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

Statute: §§48-8-3(33.1); 48-9-3
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: see estimate for expenditure 6.00700
Estimate Reliability: see estimate for expenditure 6.00700

Description: From July 1, 2009 through June 30, 2011, the first 1.8% of the 4% state sales tax and the 1% Special Purpose Local Option Sales Tax on the sale or use of jet fuel sold to, or used by a qualifying airline at a qualifying airport with 750,000 or more takeoffs and landings in a calendar year (Hartsfield-Jackson Airport).

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure			
Local Tax Expenditure	See expenditure estimate for 6.00700		

4.03400 Certain machinery used in the manufacturing of tangible personal property

Statute: §48-8-3(34)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: U.S. Census Bureau – State Data
Estimate Reliability: Class B

Description: Machinery and equipment used to handle, move, or store tangible personal property in a new or expanded distribution or warehouse facility where the total purchase or expansion is \$5 million or more. To be eligible for this exemption, the distribution or warehouse facility may not have retail sales equal to or greater than 15 percent of the facility's total revenues.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$138	\$145	\$152
Local Tax Expenditure	\$104	\$109	\$114

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

Statute: §48-8-3(34.2)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: U.S. Economic Census
Estimate Reliability: Class B

Description: The sale or use of machinery or equipment, or both, which is used in the remanufacture of aircraft engines or aircraft engine parts or components in a remanufacturing facility located in this state.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

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

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

Statute: §48-8-3(39)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: News articles from Georgia Trend and Dayton Daily News
Estimate Reliability: Class C

Description: Sales by a public or private school with grades kindergarten through 12 of tangible personal property, concessions, and tickets for admission to school functions when the net proceeds benefit the school or its students.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$2	\$2	\$2
Local Tax Expenditure	\$1	\$1	\$1

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

Statute: §48-8-3(43)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: U.S. Census
Estimate Reliability: Class B

Description: Revenues from coin-operated amusement machines for which individual permits are required as provided for under Chapter 17 of Title 48.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$1	\$1	\$1
Local Tax Expenditure	\$1	\$1	\$1

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

Statute: §48-8-3(47)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: National Health Expenditures from the U.S. Census
Estimate Reliability: Class B

Description: Includes sale or use of drugs dispensable by prescription without charge to physicians or hospitals by pharmaceutical manufacturers or distributors, and the use of drugs, new animal drugs, and medical devices 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)		
	2010	2011	2012
State Tax Expenditure	\$318	\$334	\$351
Local Tax Expenditure	\$239	\$250	\$263

4.04900 Sales of liquefied petroleum gas or other fuel used in a structure in which broilers, pullets, or other poultry are raised

Statute: §48-8-3(49)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: 2007 Census of Agriculture – State Data
Estimate Reliability: Class B

Description: Sales of liquefied petroleum gas or other fuel used in a structure in which broilers, pullets, or other poultry are raised.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$3	\$3	\$3
Local Tax Expenditure	\$2	\$2	\$2

4.04910 Sales of liquefied petroleum gas or other fuel used in a structure in which swine are raised

Statute: §48-8-3(49.1)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note 2010 LC 18 0189
Estimate Reliability: Class B

Description: Sales of liquefied petroleum gas or other fuel used in a structure in which broilers, pullets, or other poultry are raised. This provision expired 6/30/2010.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	\$0	\$0
Local Tax Expenditure	(1)	\$0	\$0

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

4.05100 Sales of oxygen when prescribed by a licensed physician

Statute: §48-8-3(51)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: U.S. Economic Census
Estimate Reliability: Class B

Description: Sales of oxygen when prescribed by a licensed physician.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$7	\$7	\$8
Local Tax Expenditure	\$5	\$5	\$6

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

Statute: §48-8-3(53)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: U.S. Food and Nutrition Service, U.S. Department of Agriculture
Estimate Reliability: Class B

Description: Sales transactions for which food stamps or WIC coupons are used as the medium of exchange.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$109	\$109	\$104
Local Tax Expenditure	\$82	\$82	\$78

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

Statute: §48-8-3(54)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time

Data Source: U.S. Census, National Health Expenditures
Estimate Reliability: Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$32	\$33	\$35
Local Tax Expenditure	\$24	\$25	\$26

4.05500 Sale of Georgia lottery tickets

Statute: §48-8-3(55)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Bizjournals.com
Estimate Reliability: Class C

Description: The sale of lottery tickets authorized by Chapter 27 of Title 50 of the Georgia code.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$132	\$138	\$145
Local Tax Expenditure	\$99	\$104	\$109

4.05700 Food purchased for off-premises consumption

Statute: §48-8-3(57)
Year Enacted: 1996
Year Effective: October 1, 1998
Data Source: Bureau of Labor Statistics Consumer Expenditure Survey
Estimate Reliability: Class B

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 apply to special purpose and educational option sales taxes levied at the local level.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$440	\$463	\$494
Local Tax Expenditure	N/A	N/A	N/A

*This estimate excludes the value of food purchased with food stamps or WIC coupons.

4.05710 Sales of food and beverages to a qualified food bank

Statute: §48-8-3(57.1)
Year Enacted: Information is not available at this time
Year Effective: July 1, 2006
Data Source: Fiscal note for HB 359/2009 LC 14 9982
Estimate Reliability: Class C

Description: Sales of food and beverages to a qualified food bank. This provision expired 6/30/2010.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	\$0	\$0
Local Tax Expenditure	(1)	\$0	\$0

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

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

Statute: §48-8-3(57.2)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: see estimate for 4.05730
Estimate Reliability: see estimate for 4.05730

Description: Exemption for persons donating prepared food and beverages to a qualified nonprofit agency to be used for hunger relief. This provision expired 6/30/2011.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure			
Local Tax Expenditure	Estimate combined with 4.05730		

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

Statute: §48-8-3(57.3)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 358/2009 LC 14 9981
Estimate Reliability: Class C

Description: Exemption for prepared food and beverages that are donated following a natural disaster and used for disaster relief. Provision expires on 6/30/2011.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	(1)	\$0
Local Tax Expenditure	(1)	(1)	\$0

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

4.05800 Certain sales to or use by a government contractor of overhead materials in performance of a contract with the U.S. government.

Statute: §48-8-3(58)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 942/2010 LC 18 8689
Estimate Reliability: Class C

Description: Sales to or use by a government contractor of overhead materials in performance of a contract with the U.S. government to which the title passes immediately to the government under the terms of the contract. Provision repealed effective 1/1/2011.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$15	(1)	\$0
Local Tax Expenditure	\$10	(1)	\$0

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

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

Statute: §48-8-3(70)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: U.S. Energy Information Administration, U.S. Department of Energy
Estimate Reliability: Class B

Description: The sale of natural or artificial gas used directly in the production of electricity which is subsequently sold.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$28	\$29	\$31
Local Tax Expenditure	\$21	\$22	\$23

4.07010 Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal

Statute: §48-8-3(70.1)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 1008/2010 LC 33 3381
Estimate Reliability: Class B

Description: Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal used directly or indirectly in the manufacture or processing of tangible personal property primarily for resale. Provision expires 12/31/2010.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$4	\$2	\$0
Local Tax Expenditure	\$0	\$0	\$0

4.07800 Certain materials used to construct a new symphony hall

Statute: §48-8-3(78)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 395/2009 LC 28 4533
Estimate Reliability: Class C

Description: Materials used to construct a new symphony hall costing in excess of \$200 million that is owned and operated by a nonprofit organization. Provision expires 9/1/2011.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

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

4.08600 Sales of engine parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft

Statute: §48-8-3(86)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 116/2009 LC 18 7776
Estimate Reliability: Class B

Description: Sales of engine parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft. Provision expires 6/30/2011.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$7	\$7	\$0
Local Tax Expenditure	\$5	\$5	\$0

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

Statute: §48-8-3(87)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note 2009 LC 18 8044S
Estimate Reliability: Class C

Description: Sales of tangible personal property used to renovate or expand a zoological institution. Provision expires 6/30/2011.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	(1)	\$0
Local Tax Expenditure	(1)	(1)	\$0

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

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

Statute: §48-8-3(88)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for 2009 LC 18 7942
Estimate Reliability: Class C

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$1	\$1	(1)
Local Tax Expenditure	\$1	\$1	(1)

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

4.08900 Sale of airplane flight simulation training device

Statute: §48-8-3(89)
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Fiscal Note for HB 364/2009 LC 14 9960
Estimate Reliability: Class C

Description: Sale of airplane flight simulation training device. Provision expires 6/30/2011.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	\$1	\$0
Local Tax Expenditure	(1)	\$1	\$0

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

Additional Sales Tax exemptions

- 4.00100 Sales to Federal Government, State of Georgia or an county or municipality in Georgia or any agency of such governments
- 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.
- 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
- 4.00600 Sales to any Hospital Authority created by Georgia Law
- 4.00610 Sales to any Housing Authority created by Georgia Law
- 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
- 4.00630 Sales to any agricultural commission created by the Department of Agriculture
- 4.00700 Sales of tangible personal property and services used specifically in the treatment function by an approved nursing home, inpatient hospice, general hospital or mental hospital when qualifying as a nonprofit by the IRS.
- 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.
- 4.00720 Sales to Georgia Society of the Daughters of the American Revolution
- 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 of Georgia System.
- 4.01000 Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school
- 4.01100 Sales of tangible personal property and services to any nonprofit cultural institute that is an instrument of a foreign government operating in Georgia

- 4.01400 Sales of art and other artifacts for display or exhibition to museums
- 4.01500 Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year.
- 4.01510 Sales of pipe organs or steeple bells to any church qualifying as a nonprofit
- 4.01800 Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation
- 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
- 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
- 4.02400 Rental of videotape or film to persons charging admission to view the tape or film
- 4.02700 Sales of sugar for use as food to honey bee producers
- 4.03000 Vehicles purchased by service-connected disabled veterans when the US Dept. of Veterans Affairs supplies a grant to purchase the specially adapted vehicle
- 4.03100 Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia
- 4.03200 Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia
- 4.03300 Common or Common and Contract Carriers
- 4.03410 Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities
- 4.03430 The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery
- 4.03440 Sales of tangible personal property to or used in or for the construction of a new alternative fuel facility primarily dedicated to the production and processing of ethanol, biodiesel, butanol or their by-products (expires 6/30/2012)
- 4.03500 Certain materials used in industrial packaging
- 4.03600 Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution
- 4.03610 Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.
- 4.03700 Machinery and equipment used in combating air and water pollution and any industrial material used in a burning or recycling process
- 4.03800 Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center
- 4.03910 Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property
- 4.04000 Sale of major components or repair parts installed in military aircraft, vehicles, or missiles
- 4.04100 Sale of tangible personal property and services to a nonprofit child-caring institute, child-placing agency, or maternity home
- 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 (i.e. casual sales)
- 4.04400 Sales of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state
- 4.04500 The sale or use of paper stock when used to print catalogs for distribution outside Georgia

- 4.04600 Sales of tangible personal property or taxable services to nonprofit Blood Banks
- 4.04800 Sales of crab bait to licensed commercial fisherman
- 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
- 4.05200 Sales or use of hearing aids
- 4.05600 Sales by an qualified nonprofit parent teacher organization
- 4.05900 Sales of eligible food and beverages for on or off-premises consumption by any Girl or Boy Scout council
- 4.06000 Sales of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less
- 4.06100 Advertising inserts that are used in newspapers for resale
- 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
- 4.06300 Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund
- 4.06400 Sales of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation
- 4.06500 Sales of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fisherman
- 4.06600 Sales of gold, silver, or platinum bullion
- 4.06700 Sales of coins or currency
- 4.06800 Sales of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million
- 4.06900 Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less
- 4.07100 Sales to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries
- 4.07200 Sales of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals
- 4.07300 Sales of certain production equipment to film producers and film production companies
- 4.07700 Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale
- 4.07900 Ice used to chill poultry or vegetables during processing or shipment
- 4.08100 The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline
- 4.08300 Sale of biomass materials used to produce electricity or steam or used to produce electricity and steam intended for sale

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	No expenditure estimate is available for these items at this time.		
Local Tax Expenditure			

4.3 Casual Sales

4.30000 Sales tax exemption for casual sales

Statute: exempt via an Department of Revenue administrative rule
Year Enacted: Information not available at this time
Year Effective: Information not available at this time
Data Source: Georgia Department of Revenue
Estimate Reliability: Class B

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)		
	2010	2011	2012
State Tax Expenditure	\$122	\$131	\$149
Local Tax Expenditure	\$85	\$91	\$104

4.5 Exemption for certain services

In general the Georgia sales tax is levied on tangible purchases only. Listed below are selected services consumed by individuals and businesses. Under current law, these services are not subject to the sales tax. The value of these expenditures was estimated using data from the 2007 U.S. Economic Census for Georgia and the 2009 Consumer Expenditure Survey from the U.S. Bureau of Labor Statistics.

	Admission and Amusements		
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$107	\$112	\$118
Local Tax Expenditure	\$80	\$84	\$88

Admissions and Amusements include:

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

Agricultural Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$111	\$117	\$123
Local Tax Expenditure	\$84	\$88	\$92

Agricultural services include:

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

Automotive Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$87	\$92	\$96
Local Tax Expenditure	\$66	\$69	\$72

Automotive services include:

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

Business Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$516	\$541	\$569
Local Tax Expenditure	\$387	\$406	\$426

Business services include:

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

Computer and Online Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$213	\$224	\$235
Local Tax Expenditure	\$160	\$168	\$176

Computer and online services include:

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

Construction Labor			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$916	\$961	\$1,009
Local Tax Expenditure	\$687	\$721	\$757

Construction labor includes:

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

Fabrication, Installation, and Repair Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$175	\$184	\$193
Local Tax Expenditure	\$132	\$138	\$145

Fabrication, Installation, and Repair Services include:

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

Finance, Insurance, and Real Estate			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$374	\$392	\$412
Local Tax Expenditure	\$280	\$294	\$309

Finance, Insurance, and Real Estate include:

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

Industrial and Mining Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$7	\$8	\$8
Local Tax Expenditure	\$5	\$6	\$6

Industrial and Mining Services include:

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

Leases and Rentals			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$2	\$2	\$3
Local Tax Expenditure	\$2	\$2	\$2

Leases include:

Overnight trailer parks

Personal Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$161	\$169	\$177
Local Tax Expenditure	\$121	\$127	\$133

Personal services include:

Carpet and upholstery cleaning; swimming pool cleaning and maintenance; water softening and conditioning; shoe repair; garment services (altering and repairing); health clubs, tanning parlors, and reducing salons; laundry and dry cleaning services – coin operated; laundry and dry cleaning services – not coin operated; massage services

(includes dating services); tax return preparation; sports and recreation instruction; barber shops; beauty parlors; travel agent services

Professional Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$1,283	\$1,346	\$1,413
Local Tax Expenditure	\$962	\$1,009	\$1,060

Professional services include:

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

Storage			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$49	\$51	\$54
Local Tax Expenditure	\$37	\$38	\$40

Storage services include:

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

Transportation Services			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	(1)	(1)
Local Tax Expenditure	(1)	(1)	(1)

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

Transportation services include:

Intrastate courier service

Utility Service			
	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$69	\$72	\$76
Local Tax Expenditure	\$52	\$54	\$57

Utility service includes:

Interstate telephone and telegraph; water; sewer and refuse

4.7 Vendor Compensation

4.70000 Compensation of dealers for reporting and paying tax

Statute: §48-8-50

Year Enacted: Information not available at this time

Year Effective: Information not available at this time

Data Source: Georgia Department of Revenue Statistical Report for 2009

Estimate Reliability: Class B

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)		
	2010	2011	2012
State Tax Expenditure	\$45	\$47	\$49

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 2009, revenues from this tax equaled \$314 million. This tax is administered by the state Insurance Commissioner. The proceeds of the tax are deposited into the state general fund.

5.001 Deduction for retaliatory taxes paid to other states

Statute: §33-8-7
Year Enacted: 1960
Year Effective: Prior to 2000
Data Source: Fiscal Research Center Brief #214
Estimate Reliability: Class B

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)		
	2010	2011	2012
State Tax Expenditure	\$3	\$4	\$4

5.002 Insurance premium tax credits

Statute: §33-8-4.1
Year Enacted: 1960
Year Effective: Prior to 2000
Data Source: Fiscal Research Center Brief #214
Estimate Reliability: Class B

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 tax credits of this report.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$51	\$61	\$63

5.003 Exemption for premiums of high deductible health plans

Statute: §33-8-4
Year Enacted: 2008
Year Effective: 2009
Data Source: Fiscal Note for HB 977/2008 LC 37 0690S
Estimate Reliability: Class C

Description: Insurance companies are allowed to exempt from income 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)		
	2010	2011	2012
State Tax Expenditure	\$12	\$14	\$17

5.004 Exemption for companies that only insure places of worship

Statute: §33-8-13
Year Enacted: 1996
Year Effective: Prior to 2000
Data Source: N/A
Estimate Reliability: N/A

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	No estimate is available at this time.		

5.005 Insurance abatements

Statute: §33-8-5
Year Enacted: 1996
Year Effective: Prior to 2000
Data Source: Fiscal Research Center Brief #214
Estimate Reliability: Class B

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 0.75 percent.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$131	\$158	\$163

5.006 Special deductions for Life Insurance companies

Statute: §§33-8-4, 33-8-8, 33-8-8.1
Year Enacted: 1981
Year Effective: Prior to 2000
Data Source: Fiscal Research Center Brief #214
Estimate Reliability: Class B

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)		
	2010	2011	2012
State Tax Expenditure	\$96	\$116	\$119

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 FY2009 proceeds from the first motor fuel tax equaled \$461 million and proceeds from the second motor fuel tax equaled \$432 million.

6.00200 & 6.00300	Exemption for sales to mass transit and campus transportation vehicles
Statute:	§48-9-3
Year Enacted:	1978
Year Effective:	Latest modification 2010
Data Source:	Energy Information Administration, U.S. Dept. of Energy
Estimate Reliability:	Class B

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 on June 30, 2012.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$7	\$9	\$11

6.00700	Partial exemption for sales of aviation gasoline to a licensed aviation gasoline dealer
Statute:	§48-9-3
Year Enacted:	Information not available at this time
Year Effective:	Information not available at this time
Data Source:	2009 Annual Report of Hartsfield-Jackson Airport
Estimate Reliability:	Class B

Description: From July 1, 2009 through June 30, 2011, the first 1.8% of the 4% state sales tax and the 1% Special Purpose Local Option Sales Tax on the sale or use of jet fuel sold to, or used by a qualifying airline at a qualifying airport with 750,000 or more takeoffs and landings in a calendar year (Hartsfield-Jackson Airport).

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$24	\$23	\$22

6.01000 Sales of dyed fuel oils to a consumer other than for highway use

Statute: §48-9-3
Year Enacted: Information is not available at this time
Year Effective: Information is not available at this time
Data Source: Census of Agriculture, Energy Information Administration of the US Department of Energy
Estimate Reliability: Class B

Description: Sales of dyed fuel oils to a consumer for other than highway use is exempt from tax.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$13	\$13	\$12

Additional exemptions from the Motor Fuel tax include:

6.00100 Bulk sales to another licensed dealer
6.00400 Sales of fuels not sold by the gallon
6.00500 Sales to a licensed dealer for export from Georgia
6.00600 Sales to the United States government
6.00800 Bulk sales of compressed petroleum gas or special fuel to a duly licensed consumer distributor
6.00900 Sales of fuel oils and other fuels sold to consumers for heating purposes only
6.01100 Fuel oils, compressed petroleum gas or special fuel used by a licenses distributor for non highway purposes

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	The value of these expenditures is not available at this time.		

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 state Revenue Commissioner. All taxes on alcoholic beverages totaled \$169.7 million in 2009.

7.001-7.006 Exemptions from the alcohol beverage tax

Statute: §§3-5-61, 3-6-70
Year Enacted: 1977
Year Effective: 1977
Data Source: N/A
Estimate Reliability: N/A

Description: Exemptions from the alcohol beverage tax include: (i) Sales to persons outside the state for resale or consumption outside the state, (ii) Sales to stores or canteens in U.S. military reservations, (iii) Up to 200 gallons annually of home-brew per household, (iv) Sales to and use by religious organizations for sacramental purposes, (v) Exemption for ethyl alcohol used for certain purposes, (vi) Malt beverages containing less than ½ of one percent of alcohol by volume.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	Estimated values are not available at this time.		

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 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 collected by the state Revenue Commissioner. In FY2009 the tax brought in \$230.3 million.

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

Statute: §48-11-2
Year Enacted: 1955
Year Effective: Latest modifications - 2003
Data Source: Georgia Department of Veterans Service, 2009 Annual Report
Estimate Reliability: Class C

Description: Purchases made by patients of the Georgia War Veterans Home and the Georgia War Veterans Nursing Home are exempt from tax.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	(1)	(1)	(1)

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

8.002 – 8.004 Other exemptions from the tobacco tax

Statute: §48-11-3
Year Enacted: 1955
Year Effective: Latest modifications - 2003
Data Source: N/A
Estimate Reliability: N/A

Description: Other exemptions from the tobacco tax include: (i) Di minimus amount brought into the state by one person. (ii) Cigars and cigarettes stored in a public warehouse, and (iii) Certain cigars and cigarettes held by licensed dealers

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	Estimated value not available at this time.		

9. Financial Institutions Business License Tax

This tax is imposed on the adjusted gross receipts of the institution. 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 of gross receipts. A minimum tax of \$1,000 is authorized.

The tax is administered by the state Revenue Commissioner. The revenues from this tax in FY2009 equaled \$16.7 million.

9.001	Deduction for interest paid
Statute:	§48-6-95
Year Enacted:	1975
Year Effective:	Prior to 2000
Data Source:	FDIC – Statistics on Depository Institutions
Estimate Reliability:	Class B

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$7	\$7	\$8

9.002 & 9.003	Other Financial Institution tax deductions
Statute:	§48-6-95
Year Enacted:	1975
Year Effective:	Prior to 2000
Data Source:	N/A
Estimate Reliability:	N/A

Description: Financial institutions are also allowed to deduct income from authorized activities of a domestic international banking facility and to deduct income from banking business with persons or entities outside the U.S.

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	No information is available on the value of these expenditures		

10. Special Assessment of Forest Land Conservation Use Property

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

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

	State Fiscal Years (\$ in Millions)		
	2010	2011	2012
State Tax Expenditure	\$0	\$11	\$11