

# Georgia Tax Expenditure Report for FY 2017

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## **Introduction**

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

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

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

## **Tax Expenditure Report**

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

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

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 government expenditures. The benefits of tax expenditure provisions are usually targeted to higher income taxpayers compared to direct expenditure programs, so that the absence of tax expenditures in the overall analysis may lead to the conclusion that government resources are targeted toward less affluent taxpayers. In addition, not all tax expenditure programs have a direct budgetary counterpart, thus without a tax expenditure report, these provisions and their distributional effects escape notice.

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

## **Identifying Tax Expenditures**

In most cases, identifying a tax expenditure is straightforward. Tax expenditures are deviations or special exceptions from the generally defined tax base, sometimes referred to as the normal tax base or the reference tax base. However, there may be disagreement as to what constitutes the normal or reference tax base. Even at the federal level, the list of tax expenditure items included by the Administration differs from the list estimated by Congress because each works from a different definition of the standard tax base. The appropriate norm against which tax expenditures are defined is somewhat subjective and may, in some cases, be driven by the intent of the policy underlying the legislation. For example, one would not consider the difference between the current top income tax rate of 6 percent and the tax rate of 1 percent a tax expenditure.

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

cases, we do not include the provision as a tax expenditure. It is also important to note that tax expenditures are not computed for revenue that is due but not collected.

There are instances when it is unclear whether a given tax provision should be listed as a tax expenditure. This is because it is unclear what constitutes the general rule, and therefore, it is sometimes difficult to determine which provisions are exceptions to that rule. Consider the personal income tax exemption. Individuals are allowed to exclude an amount of income for each taxpayer included on the return but this exemption of income is not considered a tax expenditure by all states. Another example is the provision allowing for the use of a single-factor apportionment formula in allocating income earned by corporations operating in more than one state. Because the general rule of the single-factor apportionment formula has been established at the state level, only deviations from that rule would be listed as a tax expenditure. Alternatively, if one considers the status-quo method of apportionment to be the equally weighted three-factor apportionment formula, any deviation from that rule, such as the double-weighted three-factor or single-factor apportionment formula, would be reported as a tax expenditure. This sort of problematic classification of tax expenditures also applies to the taxation of services under the state sales tax. Because state legislation refers to the purchase of tangible goods, the exclusion of services from the base may not be seen as a deviation from the general rule. On the other hand, if it is really the intent of the general rule to tax all consumption, then the exclusions provided to the consumption of services should be listed as a tax expenditure. In this report we attempt to incorporate as comprehensive a definition as possible.

Defining a tax expenditure in the case of the sales tax requires particular discussion. Because there is no federal sales tax, there is no list of federal sales tax expenditures to use as a starting point. For this report, we use the state tax statute as the basis for identifying sales tax expenditures. Therefore, if an exemption specifically exists in the state statute, it is listed as a sales tax expenditure. This has the advantage of being a very straightforward and non-subjective rule to apply. As a second advantage, this method provides a comprehensive list of all statutory exemptions allowing for comparison between provisions affecting taxpayers and industries.

This rule has the disadvantage of identifying many sales tax provisions as tax expenditures that would not be identified as tax expenditures under the rule of good tax policy. This is particularly true in the case of business inputs. There are several business inputs, such as the exemption for energy used in manufacturing, that are listed in this report as tax expenditures but are not activities that should be included in the tax base, if the base were defined using the best economic principles. When business inputs are included in the sales tax base, those inputs are taxed and the tax is included in the price when the input is sold to the next stage of production. The more these inputs are taxed at the intermediate stages of production, the more the tax is imbedded in the price of the item. This embedded tax distorts prices and influences economic decisions. Therefore, it is important to understand that while some business exemptions are listed as tax expenditures in this report, policymakers may find it helpful to distinguish the

business inputs from tax expenditures that are provided for more societal reasons, such as the tax exemption for public school lunches or for the sale of food for off-premises consumption. To aid policy makers, this report identifies sales tax expenditure provisions that are considered business inputs.

### **Tax Expenditures vs. Revenue Estimates**

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

### **Data Sources and Reliability of Estimates**

To the extent possible, data from the Georgia Department of Revenue (DOR) is used to estimate the expenditures included in this report. Unfortunately, the required information is not always collected or available. When it is not, other data sources, such as information from the U.S. Census Bureau, the U.S. Bureau of Economic Analysis, or the U.S. Bureau of Labor Statistics, are used. Every effort is made to provide reliable, well supported estimates of the provisions. Because of the time lag in processing income tax returns, the most recent data available from the Georgia DOR was calendar year (CY) 2013. Therefore, even in cases in which the Georgia DOR data is used as the primary data source, the tax expenditures presented in this report are estimates.

Two subjective measures of reliability are provided in this report: the estimate reliability and the data reliability. The reliability of both the estimate and data are categorized into three classes: A,

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

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

### **Local Government Effects**

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

## **Consistency with prior estimates**

The current report, FY 2017, presents estimates for FY 2015-FY 2017. The report for FY 2016 provided estimates for FY 2014-FY 2016. In most cases the estimates between the current and past reports are consistent, with the latest report continuing the same trend in the value of the estimates that was established in earlier reports. On the other hand, there are some cases in which the estimate presented in the FY 2017 report differs significantly from that presented in the past reports. This usually occurs because new information has become available or because a new forecast of economic activity is relied upon to predict future values. The updated estimates are included in the current report and any major inconsistency with prior reports is noted in the discussion relating to the expenditure.

## **Outline of the Report**

The report continues with a summary table containing a title of each tax expenditure provision, the tax base it is associated with, the type of expenditure and the estimated value for FY 2015, FY 2016, and FY 2017 for all tax expenditures identified in the report. Provisions that are assigned a positive value denote an expenditure that is estimated to reduce state or local revenues. Provisions assigned a value of “(m)” denote a tax expenditure that is estimated to reduce state revenues by less than \$1 million. Provisions assigned a negative value denote a positive tax expenditure that is estimated to increase state revenues. Provisions assigned a value of “(-m)” denote a tax expenditure that is estimated to increase state revenues by less than \$1 million.

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

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

credit provisions which can be taken against multiple taxes, the expenditure value associated with each tax is presented along with the total expenditure value for all taxes. Note that for these credits this same information is repeated in each tax section of this report. The report concludes with an appendix that includes tables listing recently expired provisions, sales and use tax expenditures by type, and distributional analysis for a selected number of income tax provisions.

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
<b>Federal Income Tax Provisions<sup>1</sup></b>						
1.1.001	Exclusion of employee meals and lodging	Federal Individual Income Tax	Exclusion	14	15	15
1.1.002	Exclusion of housing allowances for ministers	Federal Individual Income Tax	Exclusion	6	6	6
1.1.003	Exclusion of employer-provided child care	Federal Individual Income Tax	Exclusion	16	17	17
1.1.004	Exclusion of employee awards	Federal Individual Income Tax	Exclusion	2	2	2
1.1.005	Exclusion of employer contributions and earnings to pension plans includes Keoghs, defined benefit and defined contribution plans	Federal Individual Income Tax	Exclusion	779	1,006	1,164
1.1.006	Exclusion of employer contributions for health care, health insurance premiums and long-term care insurance premiums	Federal Individual Income Tax	Exclusion	1,003	1,010	1,040
1.1.007	Exclusion of employer-paid accident and disability premiums	Federal Individual Income Tax	Exclusion	28	29	30
1.1.008	Exclusion of employer contributions for premiums on group long-term life insurance	Federal Individual Income Tax	Exclusion	22	22	23
1.1.009	Exclusion of employer-paid transportation benefits and employer-provided transit and vanpool benefits	Federal Individual Income Tax	Exclusion	30	31	32
1.1.010	Exclusion of benefits provided through cafeteria plans	Federal Individual Income Tax	Exclusion	210	216	223

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

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.1.011	Exclusion of employer-provided adoption assistance	Federal Individual Income Tax	Exclusion	1	1	1
1.1.012	Exclusion of employer-provided education benefits (including education assistance and tuition reduction benefits)	Federal Individual Income Tax	Exclusion	9	9	9
1.1.013	Exclusion of miscellaneous fringe benefits	Federal Individual Income Tax	Exclusion	45	46	47
1.1.014	Exclusion of foreign earned income (including housing and salary)	Federal Individual Income Tax	Exclusion	44	44	46
1.1.015	Exclusion of certain allowances for federal employees abroad	Federal Individual Income Tax	Exclusion	11	12	12
1.1.016	Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits)	Federal Individual Income Tax	Exclusion	59	61	64
1.1.017	Medical care and Tricare Medical Insurance for military dependents and retirees	Federal Individual Income Tax	Exclusion	25	26	27
1.1.018	Exclusion of veterans' benefits (includes veterans disability compensation, pensions, and readjustment benefits)	Federal Individual Income Tax	Exclusion	58	62	64
1.1.019	Exclusion of income attributable to the discharge of certain student loan debt and National Health Service Corp and certain state educational loan repayments	Federal Individual Income Tax	Exclusion	1	1	1

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.1.020	Exclusion of workers' compensation benefits (includes disability and survivor benefits and medical benefits, and exclusion of damages on account of personal physical injuries or physical sickness)	Federal Individual Income Tax	Exclusion	51	51	52
1.1.021	Exclusion of special benefits for disabled coal miners <sup>2</sup>	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.022	Exclusion of untaxed Social Security and railroad retirement benefits	Federal Individual Income Tax	Exclusion	239	248	261
1.1.024	Exclusion of certain foster care payments	Federal Individual Income Tax	Exclusion	2	2	2
1.1.026	Exclusion of scholarship and fellowship income	Federal Individual Income Tax	Exclusion	14	15	16
1.1.027	Exclusion of earnings of Coverdell education savings accounts and interest on educational savings bonds	Federal Individual Income Tax	Exclusion	1	1	1
1.1.028	Exclusion of earnings of qualified tuition programs (including prepaid tuition programs and savings account programs)	Federal Individual Income Tax	Exclusion	4	5	7
1.1.029	Exclusion for certain agricultural cost-sharing payments	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.030	Exclusion of discharge of indebtedness for certain farmers	Federal Individual Income Tax	Exclusion	1	1	1
1.1.031	Exclusion of interest on state and local government private activity bonds	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)

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

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.1.032	Exclusion of capital gains from sale of principal residences	Federal Individual Income Tax	Exclusion	191	212	234
1.1.033	Exclusion of capital gains at death	Federal Individual Income Tax	Exclusion	130	133	136
1.1.034	Exclusion of capital gains on gifts	Federal Individual Income Tax	Exclusion	-9	21	43
1.1.035	Exemption from imputed interest rules	Federal Individual Income Tax	Exclusion	2	3	3
1.1.036	Exclusion of combat pay	Federal Individual Income Tax	Exclusion	22	23	24
1.1.037	Exclusion of energy conservation subsidies provided by public utilities	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.039	Exclusion of gain for certain small business stock	Federal Individual Income Tax	Exclusion	4	4	4
1.1.040	Exclusion of interest on public purpose state and local government bonds	Federal Individual Income Tax	Exclusion	1	1	2
1.1.041	Exclusion of income earned by voluntary employees' beneficiary associations	Federal Individual Income Tax	Exclusion	22	22	23
1.1.042	Exclusion of survivor annuities paid to families of public safety officers killed in the line of duty	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.043	Exclusion of disaster mitigation payments	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.2.001	Accelerated depreciation (MACRS)	Federal Individual Income Tax	Deduction	31	32	31
1.2.002	Deduction of expenditures on energy-efficient commercial building property	Federal Individual Income Tax	Deduction	1	1	1

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.2.003	Deduction of exploration and development costs of nonfuel minerals, includes excess of depreciation over cost depletion, nonfuel minerals	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.004	Amortization of business startup costs	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.005	Expensing of research and development costs in lieu of the Research and Development tax credit	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.006	Expensing of magazine circulation expenditures	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.007	Deductions of oil and gas exploration and development costs	Federal Individual Income Tax	Deduction	0	0	0
1.2.008	Special treatment for expenses related to timber production	Federal Individual Income Tax	Deduction	2	2	2
1.2.009	Expensing under IRC section 179 of depreciable business property	Federal Individual Income Tax	Deduction	63	54	23
1.2.010	Exceptions for publicly traded partnerships with qualified income derived from certain energy-related activities	Federal Individual Income Tax	Deduction	7	7	7
1.2.011	Treatment of income from exploration and mining as qualified income for publicly traded partnerships	Federal Individual Income Tax	Deduction	1	1	1
1.2.012	Various agricultural expensing provisions	Federal Individual Income Tax	Deduction	3	3	3
1.2.013	Community and regional development incentives	Federal Individual Income Tax	Deduction	1	1	1

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.2.014	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.015	Inventory methods and valuation, (including last-in first-out, lower of cost or market, specific identification for homogenous products)	Federal Individual Income Tax	Deduction	2	2	2
1.2.017	Health Savings Accounts	Federal Individual Income Tax	Deduction	5	6	7
1.2.018	Deduction of property taxes on real property	Federal Individual Income Tax	Deduction	145	152	162
1.2.019	Deduction of nonbusiness state and local government income taxes, sales taxes and property taxes	Federal Individual Income Tax	Deduction	366	390	409
1.2.020	Deduction of mortgage interest on owner-occupied residences	Federal Individual Income Tax	Deduction	493	529	576
1.2.021	Deduction of charitable contributions (includes deductions for health, education, and for purposes other than health and education)	Federal Individual Income Tax	Deduction	403	417	430
1.2.022	Deduction of casualty and theft losses	Federal Individual Income Tax	Deduction	3	3	3
1.2.023	Deduction of overnight expenses for National Guard and Reserve members	Federal Individual Income Tax	Deduction	1	1	1
1.2.024	Deduction of premiums for qualified mortgage insurance	Federal Individual Income Tax	Deduction	1	0	0
1.2.025	Deduction of interest on student loans	Federal Individual Income Tax	Deduction	10	11	12

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.2.026	Deduction of higher education expenses	Federal Individual Income Tax	Deduction	1	0	0
1.2.027	Deduction of teacher classroom expenses	Federal Individual Income Tax	Deduction	(m)	0	0
1.2.028	Deduction of health insurance premiums and long-term care insurance premiums by the self-employed	Federal Individual Income Tax	Deduction	28	27	27
1.2.029	Deduction of medical expenses and long-term care expenses	Federal Individual Income Tax	Deduction	61	65	69
1.2.030	Deduction of IRA contributions (includes traditional IRAs and Roth IRAs)	Federal Individual Income Tax	Deduction	127	129	118
1.3.001	Like-kind exchanges	Federal Individual Income Tax	Deferral	23	24	24
1.3.002	Special rules for magazine, paperback book, and record returns	Federal Individual Income Tax	Special Rule	(m)	(m)	(m)
1.3.003	Five-year carryback for net operating losses attributable to farming	Federal Individual Income Tax	Special Rule	1	1	1
1.3.004	Special rules for mining reclamation reserves	Federal Individual Income Tax	Special Rule	(m)	(m)	(m)
1.3.005	Cash accounting, other than agriculture	Federal Individual Income Tax	Special Rule	12	12	13
1.3.006	Deferral of gain on non-dealer installment sales	Federal Individual Income Tax	Special Rule	9	7	6
1.3.007	Completed contract rules	Federal Individual Income Tax	Special Rule	1	1	1
1.3.008	Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on	Federal Individual Income Tax	Deferral	2	2	2

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	certain employee stock plans)					
1.3.009	Income averaging for farmers and fishermen	Federal Individual Income Tax	Special Rule	(m)	1	1
<b>Georgia Individual Income Tax Provisions</b>						
1.4.001	Personal Exemption	State Individual Income Tax	Exemption	1,006	1,018	1,031
1.4.002	Retirement Income	State Individual Income Tax	Exemption	851	898	942
1.4.003	Exclusion of federally taxable Social Security benefits	State Individual Income Tax	Exemption	151	158	165
1.4.004	Georgia Higher Education Savings Plan Contributions	State Individual Income Tax	Exemption	5	6	7
1.4.005	Interest on U.S. obligations	State Individual Income Tax	Exemption	7	6	7
1.4.006	Certain military income	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.007	Organ donation expenses	State Individual Income Tax	Exemption	(m)	(m)	(m)
1.4.008	Aged 65/Blind deduction	State Individual Income Tax	Exemption	6	6	6
1.4.009	Certain dependent's unearned income	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.010	Premiums for high-deductible health plans	State Individual Income Tax	Exemption	2	2	2
1.4.011	Salaries and wages reduced from Federal taxable income because of the Federal Jobs Tax Credit	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.012	Individual retirement account, Keogh, SEP and Sub-S plan withdrawals where tax has been paid to	State Individual Income Tax	Exemption	Estimate not available at this time		

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	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	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.014	Income from any fund, program or system which is exempted by federal law or treaty.	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.015	Certain income in which the Sub-S election is not recognized by Georgia or another state in order to avoid double taxation	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.016	Adjustment for certain teachers retired from the Teachers Retirement System of Georgia	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.017	Amount claimed by certain employers in food and beverage establishments	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.018	Adjustment of certain payments to minority subcontractors	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.019	Adjustments to federal AGI for certain Georgia resident partners	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.020	Exemption for certain disaster relief firms	State Individual Income Tax	Exemption	Estimate not available at this time		
1.5.001	Standard Deduction	State Individual Income Tax	Deduction	189	199	209
1.6.001	Rural Physician Credit	State Individual Income Tax	Credit	1	1	2

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.6.002	Disabled person's home purchase or retrofit credit	State Individual Income Tax	Credit	(m)	(m)	(m)
1.6.003	Driver Education Credit	State Individual Income Tax	Credit	(m)	(m)	(m)
1.6.004	Disaster Assistance Credit	State Individual Income Tax	Credit	(m)	(m)	(m)
1.6.005	Qualified Caregiving Expense Credit	State Individual Income Tax	Credit	(m)	(m)	(m)
1.6.006	Tax credit for life insurance for Georgia National Guard and Air National Guard	State Individual Income Tax	Credit	1	1	1
1.6.007	Child and Dependent Care Credit	State Individual Income Tax	Credit	35	36	36
1.6.008	Adoption of Foster Child Credit	State Individual Income Tax	Credit	3	3	3
1.6.009	Low-Income Credit	State Individual Income Tax	Credit	8	9	9
1.6.010	Credit for taxes paid to another state	State Individual Income Tax	Credit	235	254	275
1.6.012	Georgia Job Tax Credit	Total State Credit	Credit	70	71	73
1.6.013	Quality Jobs Tax Credit	Total State Credit	Credit	30	35	38
1.6.014	New Facilities Jobs Credit	Total State Credit	Credit	Estimate combined with 1.6.012		
1.6.015	New Manufacturing Facilities Property Credit	Total State Credit	Credit	Estimate not available at this time		
1.6.016	Manufacturer's Investment Tax Credit	Total State Credit	Credit	15	15	16
1.6.017	Optional Investment Tax Credit	Total State Credit	Credit	1	1	1
1.6.018	Port Activity Tax Credit	Total State Credit	Credit	6	6	6
1.6.019	Alternate Port Activity Tax Credit	Total State Credit	Credit	Estimate combined with 1.6.018		

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.6.020	Film Tax Credit	Total State Credit	Credit	243	272	308
1.6.021	Research Tax Credit	Total State Credit	Credit	34	22	23
1.6.022	Seed-Capital Fund Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.023	Qualified Health Insurance Expense Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.025	Qualified Transportation Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.026	Business Enterprise Vehicle Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.027	Employer's credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property	Total State Credit	Credit	10	10	10
1.6.028	Low-Income Housing Credit	Total State Credit	Credit	190	203	218
1.6.029	Historic Rehabilitation Credit	Total State Credit	Credit	2	2	32
1.6.030	Diesel Particulate Emission Reduction Technology Equipment Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.031	Low- & Zero-emission Vehicle Credit & Electric Vehicle Charger Credit	Total State Credit	Credit	36	28	3
1.6.032	Land Conservation Credit	Total State Credit	Credit	24	35	15
1.6.033	Clean Energy Property & Wood Residuals Credit	Total State Credit	Credit	2	2	1
1.6.034	Georgia Employer GED Tax Credit (previously known as the Employer's Credit for Basic Skills Education)	Total State Credit	Credit	(m)	(m)	1
1.6.035	Employer's Credit for Approved Employee Retraining	Total State Credit	Credit	31	32	33

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
1.6.036	Qualified Education Expense Credit	Total State Credit	Credit	45	45	45
1.6.037	Qualified Investor Tax Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.038	Energy-efficient or water-efficient equipment credit	Total State Credit	Credit	0	0	0
1.6.039	Tax credit for water conservation facilities and qualified water conservation investment property	Total State Credit	Credit	Estimate not available at this time		
1.6.040	Tax credit for shift from groundwater usage	Total State Credit	Credit	Estimate not available at this time		
1.6.041	Tax credit for existing business enterprises undergoing qualified business expansion	Total State Credit	Credit	Estimate combined with 1.6.013		
1.6.042	Tax credit for purchase of alternative fuel heavy-duty or medium-duty vehicle	Total State Credit	Credit	0	1	2
1.6.043	Bank Tax Credit	Total State Credit	Credit	10	11	11
<b>Federal Corporate Income Tax Provisions</b>						
2.1.001	Exemption from imputed interest rules	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.002	Exclusion of interest on state and local government private activity bonds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.003	Exclusion of contributions in aid of construction for water and sewer utilities	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.004	Exclusion of earnings of certain environmental settlement funds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.005	Exclusion of certain agricultural cost-sharing payments	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
2.1.006	Exclusion of gain or loss on sale or exchange for brownfield property	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.008	Exclusion of disaster mitigation payments	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.009	Exclusion of interest on public purpose state and local government bonds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.010	Various foreign provisions including inventory property sales source rule exception, interest expense allocation, deferral of active income of controlled foreign corporations, deferral of active financing income	Federal Corporate Income Tax	Exclusion	273	300	317
2.2.001	Accelerated depreciation (MACRS)	Federal Corporate Income Tax	Deduction	5	5	5
2.2.002	Deduction of expenditures on energy-efficient commercial building property	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.003	Deduction of exploration and development costs of nonfuel minerals	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.004	Amortization of business start-up costs	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.005	Expensing of research and development costs in lieu of the R&D tax credit	Federal Corporate Income Tax	Deduction	7	8	8
2.2.006	Expensing of magazine circulation expenditures	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
2.2.007	Deductions of oil and gas exploration and development costs	Federal Corporate Income Tax	Deduction	0	0	0
2.2.008	Special treatment of expenses related to timber production	Federal Corporate Income Tax	Deduction	3	3	4
2.2.009	Deduction of charitable contributions (includes deductions for health, education, and for purposes other than health and education)	Federal Corporate Income Tax	Deduction	14	15	15
2.2.011	Expensing under IRC section 179 of depreciable business property	Federal Corporate Income Tax	Deduction	3	(m)	(m)
2.2.012	Amortization of air pollution control facilities	Federal Corporate Income Tax	Deduction	2	2	1
2.2.014	Various agricultural expensing provisions	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.015	Community and regional development incentives	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.016	Expensing to remove architectural and transportation barriers to the handicapped and elderly	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.017	Inventory methods and valuation	Federal Corporate Income Tax	Deduction	5	5	5
2.2.018	Limits on deductible compensation and disallowance of deduction for excess parachute payments <sup>3</sup>	Federal Corporate Income Tax	Exemption	-3	-3	-3
2.3.001	Like-kind exchanges	Federal Corporate Income Tax	Deferral	22	21	22
2.3.002	Special rules for magazine, paperback	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)

<sup>3</sup> Negative values denote a tax expenditure that is estimated to increase state revenues.

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	book, and record returns					
2.3.003	Five-year carryback for net operating losses attributable to farming	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.004	Special rules for mining reclamation reserves	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.005	Cash accounting, other than agriculture	Federal Corporate Income Tax	Special Rule	1	1	1
2.3.006	Deferral of gain on non-dealer installment sales	Federal Corporate Income Tax	Special Rule	14	13	13
2.3.007	Completed contract rules	Federal Corporate Income Tax	Special Rule	3	3	3
2.3.008	Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans)	Federal Corporate Income Tax	Deferral	(m)	(m)	(m)
2.3.009	Deferral of capital construction costs of shipping companies	Federal Corporate Income Tax	Deferral	(m)	(m)	(m)
<b>Georgia Corporate Income Tax Provisions</b>						
2.4.001	Single-Factor Apportionment	Corporate Income Tax	Apportionment	Estimate not available at this time		
2.4.002	Throwback Rule	Corporate Income Tax	Apportionment	Estimate not available at this time		
2.4.003	Corporate Receipts Sourcing	Corporate Income Tax	Apportionment	Estimate not available at this time		
2.5.001	Interest on obligations of United States	Corporate Income Tax	Deduction	Estimate not available at this time		
2.5.002	Exception to intangible expenses and related interest cost	Corporate Income Tax	Deduction	Estimate not available at this time		
2.5.003	Exemption for certain disaster relief firms	Corporate Income Tax	Exemption	Estimate not available at this time		
2.6.001	Georgia Job Tax Credit	Total State Credit	Credit	70	71	73
2.6.002	Quality Jobs Tax Credit	Total State Credit	Credit	30	35	38

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
2.6.003	New Facilities Jobs Credit	Total State Credit	Credit	Estimate combined with 2.6.001		
2.6.004	New Manufacturing Facilities Property Credit	Total State Credit	Credit	Estimate not available at this time		
2.6.005	Manufacturer's Investment Tax Credit	Total State Credit	Credit	15	15	16
2.6.006	Optional Investment Tax Credit	Total State Credit	Credit	1	1	1
2.6.007	Port Activity Tax Credit	Total State Credit	Credit	6	6	6
2.6.008	Alternative Port Activity Tax Credit	Total State Credit	Credit	Estimate combined with 2.6.007		
2.6.009	Film Tax Credit	Total State Credit	Credit	243	272	308
2.6.010	Research Tax Credit	Total State Credit	Credit	34	22	23
2.6.011	Seed-Capital Fund Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.012	Qualified Health Insurance Expense Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.014	Qualified Transportation Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.015	Business Enterprise Vehicle Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.016	Employer's Credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property	Total State Credit	Credit	10	10	10
2.6.017	Low-Income Housing Credit	Total State Credit	Credit	190	203	218
2.6.018	Historic Rehabilitation Credit	Total State Credit	Credit	2	2	32
2.6.019	Diesel Particulate Emission Reduction Technology Equipment Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.020	Low- & Zero-emission Vehicle Credit & Electric Vehicle Charger Credit	Total State Credit	Credit	36	28	3

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
2.6.021	Land Conservation Credit	Total State Credit	Credit	24	35	15
2.6.022	Clean Energy Property & Wood Residuals Credit	Total State Credit	Credit	2	2	1
2.6.023	Georgia Employer GED Tax Credit (previously known as the Employer's Credit for Basic Skills Education)	Total State Credit	Credit	(m)	(m)	1
2.6.024	Employer's Credit for Approved Employee Retraining	Total State Credit	Credit	31	32	33
2.6.025	Qualified Education Expense Credit	Total State Credit	Credit	45	45	45
2.6.026	Qualified Investor's Tax Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.027	Energy-Efficient or Water-Efficient Equipment Credit	Total State Credit	Credit	0	0	0
2.6.028	Tax credit for water-conservation facilities and qualified water-conservation investment property	Total State Credit	Credit	Estimate not available at this time		
2.6.029	Tax credit for shift from groundwater usage	Total State Credit	Credit	Estimate not available at this time		
2.6.030	Tax credit for existing business enterprises undergoing qualified business expansion	Total State Credit	Credit	Estimate combined with 2.6.002		
2.6.031	Tax credit for purchases of alternative fuel heavy-duty or medium-duty vehicle	Total State Credit	Credit	0	1	2
2.6.032	Bank Tax Credit	Total State Credit	Credit	10	11	11
<b>Corporate Net Worth Tax</b>						
3.001	Exemption for nonprofit corporations	Net Worth Tax	Exemption	Estimate not available at this time		
3.002	Exemptions from the Net Worth Tax	Net Worth Tax	Exemption	Estimate not available at this time		

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
<b>Sales and Use Tax</b>						
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Sales and Use Tax	Exemption	Estimate not available at this time		
4.00200	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system	Sales and Use Tax	Exemption	Estimate not available at this time		
4.00300	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel	Sales and Use Tax	Exemption	Estimate not available at this time		
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	Sales and Use Tax	Exemption	9	9	10
4.00500	Sales of transportation furnished by an approved and authorized urban transit system	Sales and Use Tax	Exemption	Estimate Combined With 4.00400		
4.00600	Sales to any Hospital Authority created by Georgia law	Sales and Use Tax	Exemption	Estimate Combined with 4.00700		
4.00610	Sales to any Housing Authority created by Georgia law	Sales and Use Tax	Exemption	2	2	2
4.00620	Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning,	Sales and Use Tax	Exemption	2	2	2

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	or operating a coliseum and related facilities					
4.00630	Sales to any agricultural commission created by the Department of Agriculture	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.00700	Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function	Sales and Use Tax	Exemption	93	97	101
4.00705	Sales of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act	Sales and Use Tax	Exemption	1	1	1
4.00710	Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities	Sales and Use Tax	Exemption	2	2	2
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.00730	Sales of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level	Sales and Use Tax	Exemption	1	1	1
4.00800	Sales of tangible personal property and	Sales and Use Tax	Exemption	35	36	37

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	services to the University System of Georgia and its educational units					
4.00900	Sale of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia in which the credits are accepted by the University System of Georgia	Sales and Use Tax	Exemption	Estimate not available at this time		
4.01000	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	Sales and Use Tax	Exemption	2	2	2
4.01100	Sale of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01200	School lunches sold and served to pupils and employees of public schools	Sales and Use Tax	Exemption	7	7	6
4.01300	School lunches sold and served to pupils and employees of approved private schools	Sales and Use Tax	Exemption	1	1	1
4.01400	Sales of art and other artifacts for display or exhibition to museums	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01500	Specific fundraising sales by any religious	Sales and Use Tax	Exemption	(m)	(m)	(m)

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	institution lasting no more than 30 days in a calendar year and sales of religious paper when the paper is owned and operated by the religious institution					
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	Sales and Use Tax	Exemption	24	21	18
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Sales and Use Tax	Exemption	Estimate not available at this time		
4.01900	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident	Sales and Use Tax	Exemption	Estimate not available at this time		
4.02000	Water delivered through water mains, lines, or pipes	Sales and Use Tax	Exemption	See expenditure estimate for Residential Utilities (4.5009)		
4.02100	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business	Sales and Use Tax	Exemption	Estimate not available at this time		

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
4.02200	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made	Sales and Use Tax	Exemption	See expenditure estimates for services (4.50003, 4.50010, 4.50011)		
4.02300	Repair services when a separate charge is made to the customer	Sales and Use Tax	Exemption	See expenditure estimates for Services (4.50003, 4.50010, 4.50011)		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03000	Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase the specially adapted vehicle	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03300	Common or common and contract carriers	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03310	Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport	Sales and Use Tax	Exemption	21	0	0

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	Sales and Use Tax	Exemption	1	1	1
4.03600	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H center	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	Sales and Use Tax	Exemption	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 and Use Tax	Exemption	Estimate not available at this time		
4.04000	Sale of major components or repair parts installed in	Sales and Use Tax	Exemption	31	31	24

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	military aircraft, vehicles, or missiles					
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institution, child-placing agency, or maternity home	Sales and Use Tax	Exemption	1	1	1
4.04200	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property	Sales and Use Tax	Exemption	Estimate not available at this time		
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	Sales and Use Tax	Exemption	3	3	3
4.04400	Sale of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state	Sales and Use Tax	Exemption	Estimate not available at this time		
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia	Sales and Use Tax	Exemption	Estimate not available at this time		
4.04600	Sale of tangible personal property or taxable services to nonprofit blood banks	Sales and Use Tax	Exemption	1	1	1
4.04700	Sale of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain	Sales and Use Tax	Exemption	430	452	475

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	controlled substances or dangerous drugs					
4.04800	Sale of crab bait to licensed commercial fishermen	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.05000	Sales of insulin syringes and blood glucose level measuring strips dispensed without a prescription	Sales and Use Tax	Exemption	21	22	23
4.05100	Sale of oxygen when prescribed by a licensed physician	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.05200	Sale or use of hearing aids	Sales and Use Tax	Exemption	4	4	4
4.05300	Transactions where food stamps or WIC coupons are used as the method of payment of payment	Sales and Use Tax	Exemption	114	113	113
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	Sales and Use Tax	Exemption	39	41	42
4.05500	Sale of Georgia lottery tickets	Sales and Use Tax	Exemption	163	166	169
4.05600	Sale by any qualified nonprofit parent-teacher organization	Sales and Use Tax	Exemption	1	1	1
4.05700	Food purchased for off-premises consumption	Sales and Use Tax	Exemption	469	486	499
4.05710	Sales of food and beverages to a qualified food bank (expires June 30, 2016)	Sales and Use Tax	Exemption	3	3	0
4.05720	Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes	Sales and Use Tax	Exemption	1	1	1

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
4.05730	Exemption for prepared food and food ingredients that are donated following a natural disaster and used for disaster relief	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.05900	Sale of eligible food and beverages by any Girl or Boy Scout council	Sales and Use Tax	Exemption	1	1	1
4.06000	Sale of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.06100	Advertising inserts that are used in newspapers for resale	Sales and Use Tax	Exemption	Estimate not available at this time		
4.06200	Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer	Sales and Use Tax	Exemption	2	2	2
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims' Emergency Fund	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.06500	Sale of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.06600	Sale of gold, silver, or platinum bullion	Sales and Use Tax	Exemption	Estimate not available at this time		
4.06700	Sale of coins or currency	Sales and Use Tax	Exemption	4	4	4
4.06800	Sale of certain computer equipment when the total qualifying purchases by a high technology	Sales and Use Tax	Exemption	Estimate not available at this time		

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	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	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.07000	Sale of natural gas used directly in the manufacture of electricity	Sales and Use Tax	Exemption	54	54	51
4.07100	Sale to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.07200	Sale of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.07500	Sales tax holiday for back to school items (expired August 1, 2015)	Sales and Use Tax	Exemption	40	42	0
4.07600	Exemption for personal property used in the renovation or expansion of an aquarium	Sales and Use Tax	Exemption	0	1	1
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	Sales and Use Tax	Exemption	4	4	4
4.08200	Sales tax holiday for water-efficient and energy-efficient purchases (expired October 4, 2015)	Sales and Use Tax	Exemption	1	1	0
4.08300	Sale of biomass materials used to produce electricity or steam or used to	Sales and Use Tax	Exemption	(m)	1	1

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	produce electricity or steam intended for sale					
4.08600	Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft	Sales and Use Tax	Exemption	20	20	20
4.08700	Sales of tangible personal property used to renovate or expand a zoological institution (expires June 30, 2018)	Sales and Use Tax	Exemption	0	0	(m)
4.08800	Sale of tangible personal property used in the construction of a qualified civil rights museum (expired July 30, 2015)	Sales and Use Tax	Exemption	(m)	0	0
4.09100	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave	Sales and Use Tax	Exemption	Estimate not available at this time		
4.09300	Sale of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until June 30, 2016	Sales and Use Tax	Exemption	21	21	0
4.09400	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale	Sales and Use Tax	Exemption	Estimate not available at this time		
4.09600	Exemption for sales or use of construction	Sales and Use Tax	Exemption	0	(m)	0

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	materials used for or in the construction of buildings at a private college					
4.3.2	Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing	Sales and Use Tax	Exemption	3,374	3,481	3,579
4.3.3	Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment	Sales and Use Tax	Exemption	178	183	187
4.50000	Admissions and Amusements	Sales and Use Tax for Services	Exemption	157	159	165
4.50001	Agricultural Services	Sales and Use Tax for Services	Exemption	145	147	153
4.50002	Automotive Services	Sales and Use Tax for Services	Exemption	132	134	130
4.50003	Business Services	Sales and Use Tax for Services	Exemption	664	673	698
4.50004	Computer and Online Services	Sales and Use Tax for Services	Exemption	358	362	376
4.50005	Construction Labor	Sales and Use Tax for Services	Exemption	1,485	1,504	1,559
4.50006	Fabrication, Installation, and Repair Services	Sales and Use Tax for Services	Exemption	220	222	231
4.50007	Finance, Insurance, and Real Estate	Sales and Use Tax for Services	Exemption	1,021	1,034	1,072
4.50008	Industrial and Mining Services	Sales and Use Tax for Services	Exemption	10	11	11

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
4.50009	Residential Utility Service	Sales and Use Tax for Services	Exemption	81	82	85
4.50010	Personal Services	Sales and Use Tax for Services	Exemption	277	281	291
4.50011	Professional Services	Sales and Use Tax for Services	Exemption	1,949	1,974	2,046
4.50012	Storage	Sales and Use Tax for Services	Exemption	69	70	72
4.50013	Transportation Services	Sales and Use Tax for Services	Exemption	(m)	(m)	(m)
4.70000	Compensation of dealers for reporting and collecting tax	Sales and Use Tax	Exemption	60	60	63
4.90000	Sales tax exemption for casual sales	Sales and Use Tax	Exemption	2	2	2
<b>Insurance Premium Tax</b>						
5.00100	Deduction of retaliatory taxes paid to other states	Insurance Premium Tax	Deduction	(m)	(m)	(m)
5.00200	Insurance premium tax credits - Georgia Job Tax Credit	Total State Credit	Credit	70	71	73
5.00300	Exemption for premiums of high-deductible health plans	Insurance Premium Tax	Exemption	6	8	8
5.00400	Exemption for insurance companies that only insure places of worship	Insurance Premium Tax	Exemption	(m)	(m)	(m)
5.00500	Insurance abatements	Insurance Premium Tax	Rate Reduction	135	138	141
5.00600	Special deductions for life insurance companies	Insurance Premium Tax	Deduction	141	144	147
5.00700	Insurance premium tax credit – Low-Income Housing Credit	Total State Credit	Credit	190	203	218

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
<b>Motor Fuel Tax</b>						
6.00100	Motor fuel tax refunds for agricultural purposes	Motor Fuel Tax	Exemption	Estimate not available at this time		
6.00200	Sale of fuel to mass transit vehicles	Motor Fuel Tax	Exemption	2	0	0
6.00300	Sale of fuel to campus transportation vehicles	Motor Fuel Tax	Exemption	Estimate included in 6.00200		
6.00400	Motor fuel tax exemption for aviation fuel	Motor Fuel Tax	Exemption	(m)	1	1
6.00500	Motor fuel tax vendor compensation	Motor Fuel Tax	Exemption	7	9	12
6.00600	Motor fuel tax exemption for public school buses	Motor Fuel Tax	Exemption	5	0	0
<b>Alcoholic Beverage Tax</b>						
7.00100	Sales to persons outside the state for resale or consumption outside the state	Alcoholic Beverage Tax	Exemption	Estimate not available at this time		
7.00200	Sales to stores or canteens in U.S. military reservations	Alcoholic Beverage Tax	Exemption	Estimate not available at this time		
7.00300	200 gallons annually of homebrew per household	Alcoholic Beverage Tax	Exemption	1	1	1
7.00400	Sales to and use by religious organizations for sacramental purposes	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
7.00500	Exemption for ethyl alcohol used for certain purposes	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
7.00600	Malt beverages containing less than one-half of 0.5 percent alcohol by volume	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
<b>Cigar and Cigarette Excise Tax</b>						
8.00100	Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the	Cigar and Cigarette Excise Tax	Exemption	(m)	(m)	(m)

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
	Georgia War Veterans Nursing Home					
8.00200	De minimis amount brought into the state by one person	Cigar and Cigarette Excise Tax	Exemption	Estimate not available at this time		
8.00300	Cigars and cigarettes stored in a public warehouse	Cigar and Cigarette Excise Tax	Exemption	Estimate not available at this time		
8.00400	Certain cigars and cigarettes held by licensed dealers	Cigar and Cigarette Excise Tax	Exemption	Estimate not available at this time		
<b>Financial Institutions Special State Occupation Tax</b>						
9.00100	Deduction for interest paid	Financial Institutions Business License Tax	Deduction	2	2	2
9.00200	Deductions for income from authorized activities of a domestic international banking facility	Financial Institutions Business License Tax	Deduction	Estimate not available at this time		
9.00300	Deduction for income from banking business with persons or entities outside the U.S.	Financial Institutions Business License Tax	Deduction	Estimate not available at this time		
<b>Special Assessment of Forest Land Conservation Use Property</b>						
10.00000	Special assessment of forest land conservation use property	State Grant	Credit	29	35	35
<b>Alternative Ad Valorem Tax on Motor Vehicles</b>						
11.001	Reduced rate for related family transfers	Title Fee	Rate Reduction	5	6	5
11.002	Disabled veteran exemption	Title Fee	Exemption	(m)	(m)	(m)
11.003	Reduced rate for rental vehicles	Title Fee	Rate Reduction	56	65	57
11.004	Reduced rate for vehicles manufactured in years 1963 through 1985	Title Fee	Rate Reduction	(m)	(m)	(m)
11.005	Reduced rate for salvage vehicles	Title Fee	Rate Reduction	23	28	25

## Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State FY 2015	State FY 2016	State FY 2017
11.006	Dealer loaner vehicle exemption	Title Fee	Exemption	7	5	3
11.007	Reduced rate for donated vehicles	Title Fee	Rate Reduction	(m)	(m)	(m)
11.008	Extended payment period for out-of-state vehicles	Title Fee	Exemption	5	2	-2
11.009	Trade-in exemption (including rebates and cash discounts)	Title Fee	Exemption	338	345	303
11.010	Special assessment for used vehicles	Title Fee	Exemption	20	21	18
11.011	Special assessment for new vehicles	Title Fee	Exemption	-46	-56	-49
11.012	Buy here pay here transactions	Title Fee	Rate Reduction	3	6	6
11.013	Exemption from TAVT for leased vehicles qualifying for Manufacturing Headquarters	Title Fee	Exemption	(m)	(m)	(m)

## 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 six brackets, ranging from 1 percent to 6 percent, has remained largely unchanged since 1955. 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 \$9.0 billion in FY 2014 and accounted for 50 percent of Georgia's revenues from taxation. In CY 2014, 4.3 million individual state returns were filed. 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's General Fund.

The initial base of the Georgia individual income tax is the taxpayer's federal adjusted gross income (AGI). Several adjustments are made to this starting point to arrive at the version of AGI adopted by Georgia. After computing the Georgia version of AGI, taxpayers deduct an amount representing either the value of their Georgia itemized deductions or the Georgia standard deduction. In addition, for tax year 2012 and before, filers were allowed a personal exemption of \$5,400 for joint filers and \$2,700 for other filers and \$3,000 for each dependent. For tax years after 2012, the personal exemption for joint filers is \$7,400 and is \$3,700 for married taxpayers filing a separate return.

The Tax Expenditure Report includes the expenditures associated with both state and federal tax provisions. Because the Georgia individual income tax is based on the federal system, expenditures that are present at the federal level have revenue implications at the state level. For example, changes to itemized deductions by the federal government have repercussions on state tax revenues. The value of the expenditure as it relates to state taxes paid by those filing a Georgia return is presented in section 1.1 on federal exclusions. In some cases, Georgia might not adopt a federal provision. In that case, the expenditure is not listed because there is no loss of revenue to the state. In general, the value of the federal tax expenditure to the state of Georgia is determined by allocating a portion of the federal tax base associated with the expenditure estimate as estimated by the Joint Committee on Taxation for the U.S. Congress. The data and estimate reliability for the conformity provisions are considered class A. In some cases though, the value of the Georgia estimates are highly sensitive to the assumptions made concerning the appropriate tax rate for a given expenditure provision and the allocation factor that is used to determine the amount of federal activity associated with Georgia. Therefore, any changes to provisions that may occur because of federal legislative action that occurred after that period are not reflected in the estimates.

The explanations of the federal conformity provisions are taken from *Tax Expenditures: Compendium of Background Material in Individual Provisions*, published by the Committee on the Budget, United States Senate and prepared by the Congressional Research Service, December 2012.

## 1.1 Federal Exclusions

### 1.1.001      Exclusion of employee meals and lodging

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	14	15	15

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

### 1.1.002      Exclusion of housing allowances for ministers

Federal Statute    IRC Section 107 and 265

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	6	6	6

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

### 1.1.003      Exclusion of employer-provided child care

Federal Statute    IRC Section 129

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	16	17	17

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

### 1.1.004      Exclusion of employee awards

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2

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

### 1.1.005      Exclusion of employer contributions and earnings to pension plans includes Keoghs, defined benefit and defined contribution plans

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	779	1,006	1,164

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

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

Federal Statute    IRC Sections 105,106, and 125

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1,003	1,010	1,040

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

**1.1.007**      Exclusion of employer-paid accident and disability premiums

Federal Statute    IRC Sections 105 and 106

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	28	29	30

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

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

Federal Statute    IRC Section 79

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	22	22	23

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

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

Federal Statute    IRC Section 132(f)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	30	31	32

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

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

Federal Statute    IRC Section 125

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	210	216	223

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

**1.1.011**      Exclusion of employer-provided adoption assistance

Federal Statute    IRC Section 137

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 117(d) and Section 127

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	9	9	9
(m) Denotes a value of less than \$1 million			

**1.1.013**      Exclusion of miscellaneous fringe benefits

Federal Statute    IRC Section 132 and 117(D)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	45	46	47
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 911

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	44	44	46
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 912

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	11	12	12
(m) Denotes a value of less than \$1 million			

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

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

**Description:** Military personnel are provided with a variety of in-kind benefits (or cash

payments in lieu of such benefits) that are not taxed. In addition, certain members of the armed forces are eligible for tax exclusion of disability pay.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
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State Tax Expenditure	59	61	64
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(m) Denotes a value of less than \$1 million

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

Federal Statute    IRC Section 134

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
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State Tax Expenditure	25	26	27
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(m) Denotes a value of less than \$1 million

**1.1.018**      Exclusion of veterans' benefits (includes veterans disability compensation, pensions, and readjustment benefits)

Federal Statute    38 U.S.C. Section 5301

**Description:** All benefits administered by the U.S. Department of Veterans Affairs are exempt from income.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
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State Tax Expenditure	58	62	64
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(m) Denotes a value of less than \$1 million

**1.1.019**      Exclusion of income attributable to the discharge of certain student loan debt and National Health Service Corp and certain state educational loan repayments

Federal Statute    IRC Section 108(f)

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
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State Tax Expenditure	1	1	1
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(m) Denotes a value of less than \$1 million

**1.1.020**      Exclusion of workers' compensation benefits (includes disability and survivor benefits and medical benefits, and exclusion of damages on account of personal physical injuries or physical sickness)

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
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State Tax Expenditure	51	51	52
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(m) Denotes a value of less than \$1 million

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

Federal Statute    IRC Section 104(a)(1)

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 86

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	239	248	261

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

**1.1.024**      Exclusion of certain foster care payments

Federal Statute    IRC Section 131

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2

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

**1.1.026**      Exclusion of scholarship and fellowship income

Federal Statute    IRC Section 117

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	14	15	16

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

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

Federal Statute    IRC Section 530

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1

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

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

Federal Statute    IRC Section 529

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	4	5	7

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

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

Federal Statute    IRC Section 126

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1

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

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

Federal Statute    Various

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 121

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	191	212	234

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

**1.1.033**      Exclusion of capital gains at death

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

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

owner.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	130	133	136

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

**1.1.034**      Exclusion of capital gains on gifts

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	-9	21	43

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

**1.1.035**      Exemption from imputed interest rules

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	3	3

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

**1.1.036**      Exclusion of combat pay

Federal Statute    IRC Section 112

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	22	23	24

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

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

Federal Statute    IRC Section 136

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Sections 1202 and 303

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

stock.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	4	4	4
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Sections 103, 141 and 146

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	2
(m) Denotes a value of less than \$1 million			

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	22	22	23
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 101(h)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**1.1.043**      Exclusion of disaster mitigation payments

Federal Statute    IRC Section 139

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

## 1.2 Federal Deductions

### 1.2.001      Accelerated depreciation (MACRS)

Federal Statute    IRC Sections 167 and 168

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	31	32	31

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

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

Federal Statute    IRC Section 179D

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1

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

### 1.2.003      Deduction of exploration and development costs of nonfuel minerals, includes excess of depreciation over cost depletion, nonfuel minerals

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.2.004      Amortization of business startup costs

Federal Statute    IRC Section 195

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.2.005      Expensing of research and development costs in lieu of the Research and Development tax credit

Federal Statute    IRC Section 174

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.2.006**      Expensing of magazine circulation expenditures

Federal Statute    IRC Section 173

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	0	0	0

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2

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

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

Federal Statute    IRC Section 179

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	63	54	23

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

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

Federal Statute    IRC Section 7704

**Description:** This code section allows publicly traded partnerships to be treated as a

corporation for the purposes of the federal income tax under most situations.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	7	7	7
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 7704

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

**1.2.012**      Various agricultural expensing provisions

Federal Statute    IRC Sections 175, 180, 1231

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	3	3
(m) Denotes a value of less than \$1 million			

**1.2.013**      Community and regional development incentives

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 190

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Sections 475, 491-492

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
(m) Denotes a value of less than \$1 million			

**1.2.017**      Health Savings Accounts

Federal Statute    IRC Section 223

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	5	6	7
(m) Denotes a value of less than \$1 million			

**1.2.018**      Deduction of property taxes on real property

Federal Statute    IRC Section 164

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	145	152	162
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 164

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	366	390	409
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Section 163(h)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	493	529	576
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Sections 170 and 642(c)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	403	417	430

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

**1.2.022**      Deduction of casualty and theft losses

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	3	3

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1

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

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

Federal Statute    IRC Section 163(h)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	0	0

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

**1.2.025**      Deduction of interest on student loans

Federal Statute    IRC Section 221

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	10	11	12

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

**1.2.026**      Deduction of higher education expenses

Federal Statute    IRC Section 222

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	0	0

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

**1.2.027**      Deduction of teacher classroom expenses

Federal Statute    IRC Section 62

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	0	0

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

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

Federal Statute    IRC Section 161(l)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	28	27	27

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

**1.2.029**      Deduction of medical expenses and long-term care expenses

Federal Statute    IRC Section 213

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	61	65	69

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

**1.2.030**      Deduction of IRA contributions (includes traditional IRAs and Roth IRAs)

Federal Statute    Section 219 and 408 and 408A

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	127	129	118

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

## 1.3 Special Federal Conformity Provisions

### 1.3.001 Like-kind exchanges

Federal Statute IRC Section 1031

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	23	24	24

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

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

Federal Statute IRC Section 458

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.3.003 Five-year carryback for net operating losses attributable to farming

Federal Statute IRC Section 172

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1

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

### 1.3.004 Special rules for mining reclamation reserves

Federal Statute IRC Section 468

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.3.005 Cash accounting, other than agriculture

Federal Statute IRC Sections 446 and 448

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	12	12	13

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

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

Federal Statute IRC Sections 453 and 453A(b)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	9	7	6
(m) Denotes a value of less than \$1 million			

**1.3.007**      Completed contract rules

Federal Statute    IRC Section 460

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

**1.3.008**      Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans)

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
(m) Denotes a value of less than \$1 million			

**1.3.009**      Income averaging for farmers and fishermen

Federal Statute    IRC Section 1301

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	1	1
(m) Denotes a value of less than \$1 million			

## 1.4 Georgia Exemptions

### 1.4.001    Personal Exemption

Statute	§48-7-26
Year Enacted	1987
Year Effective	1987
Data Source	DOR data for 2013
Estimate Reliability	Class A
Data Reliability	Class A
Note	For distributional analysis see Table 3 in Appendix

**Description:** For tax years 2012 and after, the personal exemption is \$7,400 for married filing joint, \$3,700 for married filing separately, and \$2,700 for all other filers. In addition, \$3,000 is excluded from income for each dependent claimed on the tax return.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1,006	1,018	1,031

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

### 1.4.002    Retirement Income

Statute	§48-7-27
Year Enacted	1971
Year Effective	1971
Data Source	DOR data for 2009
Estimate Reliability	Class A
Data Reliability	Class A
Note	For distributional analysis see Table 4 in Appendix

**Description:** For tax years beginning in 2012, individuals age 65 and above may exclude a maximum of \$65,000 of retirement income. This income exclusion may include a maximum of \$4,000 of earned income.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	851	898	942

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

### 1.4.003    Exclusion of federally taxable Social Security benefits

Statute	§48-7-27
Year Enacted	1971
Year Effective	1971
Data Source	DOR data for 2013
Estimate Reliability	Class A
Data Reliability	Class A
Note	

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	151	158	165

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

**1.4.004**      Georgia Higher Education Savings Plan Contributions

Statute                      §48-7-27  
Year Enacted              NA  
Year Effective              Taxable years beginning on or after January 1, 2002  
Data Source                DOR data for 2013  
Estimate Reliability      Class A  
Data Reliability            Class A  
Note                         For distributional analysis see Table 5 in Appendix

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	5	6	7

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

**1.4.005**      Interest on U.S. obligations

Statute                      §48-7-27  
Year Enacted              1971  
Year Effective              1971  
Data Source                DOR data for 2013  
Estimate Reliability      Class A  
Data Reliability            Class A  
Note                         For distributional analysis see Table 6 in Appendix

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	7	6	7

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

**1.4.007**      Organ donation expenses

Statute                      §48-7-27  
Year Enacted              1981  
Year Effective              Taxable years beginning on or after January 1, 2005  
Data Source                United Network for Organ Sharing, 2014  
Estimate Reliability      Class B  
Data Reliability            Class B  
Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.4.008**      Aged 65/Blind deduction

Statute                      §48-7-27  
Year Enacted              1971  
Year Effective              1971  
Data Source                DOR data for 2013

Estimate Reliability Class A  
 Data Reliability Class A  
 Note For distributional analysis see Table 7 in Appendix  
**Description:** Taxpayers aged 65 or older are allowed an annual deduction from income of \$1,300 per taxpayer. Taxpayers who are blind are allowed an annual deduction from income of \$1,300 per taxpayer.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	6	6	6

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

**1.4.010** Premiums for high-deductible health plans

Statute §48-7-27  
 Year Enacted 1981  
 Year Effective Taxable years beginning on or after January 1, 2008  
 Data Source Kaiser-Health Research and Educational Trust and America's Health Insurance Plan, Center for Policy and Research  
 Estimate Reliability Class C  
 Data Reliability Class A

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2

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

## 1.5 Georgia Deductions

### 1.5.001     Standard Deduction

Statute	§48-7-27
Year Enacted	1971
Year Effective	1971
Data Source	DOR data for 2013
Estimate Reliability	Class A
Data Reliability	Class A
Note	For distributional analysis see Table 8 in Appendix

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	189	199	209

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

## 1.6 Georgia Credits

### 1.6.001 Rural Physician Credit

Statute	§48-7-29
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	2

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

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

Statute	§48-7-29.1
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1999
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A

Note

**Description:** This credit provides a \$500 credit for the purchase of a new single-family home containing accessibility features or for the retrofit of an existing home.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.6.003 Driver Education Credit

Statute	§48-7-29.5
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.6.004 Disaster Assistance Credit

Statute	§48-7-29.4
Year Enacted	2000

Year Effective Taxable years beginning on or after January 1, 2000  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.6.005** Qualified Caregiving Expense Credit

Statute §48-7-29.2  
 Year Enacted 1998  
 Year Effective Taxable years beginning on or after January 1, 1999  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.6.006** Tax credit for life insurance for Georgia National Guard and Air National Guard

Statute §48-7-29.9  
 Year Enacted 2005  
 Year Effective Taxable years beginning on or after January 1, 2005  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1

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

**1.6.007****Child and Dependent Care Credit**

Statute	§48-7-29.10
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A

Note

**Description:** This credit is equal to 30 percent of the federal credit claimed for qualified expenses related to the care of children and dependents.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	35	36	36

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

**1.6.008****Adoption of Foster Child Credit**

Statute	§48-7-29.15
Year Enacted	2008
Year Effective	Tax years beginning on or after January 1, 2008
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A

Note

**Description:** This credit 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 and applies to adoptions occurring in taxable years beginning on or after January 1, 2008.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	3	3

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

**1.6.009****Low-Income Credit**

Statute	§48-7A -3
Year Enacted	1991
Year Effective	Taxable years beginning on or after January 1, 1992
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A

Note

**Description:** This credit provides a tax credit to low-income individuals. The credit is based on the taxpayer's AGI. The maximum value of the credit is \$26 per dependent. For tax years beginning on January 1, 2010 and after, the credit is nonrefundable.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	8	9	9

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

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

Statute	§48-7-28
Year Enacted	1931

Year Effective 1931  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	235	254	275

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

**1.6.012**      Georgia Job Tax Credit

Statute §48-7-40 and §48-7-40.1  
 Year Enacted §48-7-40: 1989; §48-7-40.1: 1993  
 Year Effective §48-7-40: Taxable years beginning on or after January 1, 1990; §48-7-40.1: Taxable years beginning on or after January 1, 1994  
 Data Source DOR data for 2015 and Office of Insurance and Safety Fire Commissioner  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note The same estimate is provided in the corporate income tax section and the insurance premium tax section, see 2.6.001 and 5.00200

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	8	8	8
Corporate Income Tax Expenditure	60	62	62
Insurance Premium Tax Expenditure	<u>2</u>	<u>2</u>	<u>3</u>
State Tax Expenditure	70	71	73

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**1.6.013**      Quality Jobs Tax Credit

Statute §48-7-40.17  
 Year Enacted 2009  
 Year Effective Taxable years beginning on or after January 1, 2009  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note The same estimate is provided in the corporate income tax section, see 2.6.002



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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	13	14	14
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	15	15	16

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**1.6.017**      **Optional Investment Tax Credit**

Statute	§§48-7-40.7, 48-7-40.8, and 48-7-40.9
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996.
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.006

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	1	1	1
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	1	1	1

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

**1.6.018**      **Port Activity Tax Credit**

Statute	§48-7-40.15
Year Enacted	1998
Year Effective	Latest modifications apply to taxable years beginning on or after January 1, 2010
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.007

**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 percent over their 1997 base year port traffic, or by more

than 10 percent over 75 net tons, five containers or 10 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. For taxable years beginning on or after January 1, 2010, the increase is based on a comparison of the previous 12-month period to the second preceding 12-month period.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	6	6	6
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	6	6	6

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

**1.6.019**      Alternate Port Activity Tax Credit

Statute	§48-7-40.15A
Year Enacted	2009
Year Effective	2009
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.008

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	Estimate included		
Corporate Income Tax Expenditure	in 1.6.018		
Insurance Premium Tax Expenditure			
State Tax Expenditure			

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

**1.6.020**      Film Tax Credit

Statute	§48-7-40.26
Year Enacted	2005
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.009. Tax credit provisions applicable to qualified interactive entertainment production companies were modified in 2015.



	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.6.023 Qualified Health Insurance Expense Credit

Statute	§48-7-29.13
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.012

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 1.6.025 Qualified Transportation Credit

Statute	§48-7-29.3
Year Enacted	1999
Year Effective	Taxable years beginning on or after January 1, 2001
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.014

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.6.026****Business Enterprise Vehicle Credit**

Statute	§48-7-40.22
Year Enacted	2001
Year Effective	Taxable years beginning on or after January 1, 2002.
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.015

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.6.027****Employer's credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property**

Statute	§48-7-40.6
Year Enacted	1994 & 1999
Year Effective	Credit for cost of operation: taxable years beginning on or after January 1, 1994; Credit for Cost of Qualified Child Care Property: taxable years beginning on or after January 1, 2000.
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.016

**Description:** Employer's Credit for Providing or Sponsoring Child Care for Employees.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	3	3	4
Corporate Income Tax Expenditure	7	7	7
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	10	10	10

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**1.6.028****Low-Income Housing Credit**

Statute	§48-7-29.6
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A

Note The same estimate is provided in the corporate income tax section and the insurance premium tax section, see 2.6.017 and 5.00700

**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.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	60	64	69
Corporate Income Tax Expenditure	25	27	29
Insurance Premium Tax Expenditure	<u>105</u>	<u>112</u>	<u>120</u>
State Tax Expenditure	190	203	218

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

**1.6.029** Historic Rehabilitation Credit

Statute §48-7-29.8  
 Year Enacted 2002  
 Year Effective Taxable years beginning on or after January 1, 2004  
 Data Source DOR data for 2015 and Fiscal Note for H.B. 308 for 2015  
 Estimate Reliability Class B  
 Data Reliability Class B  
 Note The same estimate is provided in the corporate income tax section, see 2.6.018

**Description:** A credit for the certified rehabilitation of a certified structure or historic home. Standards set by the Georgia Department of Natural Resources must be met. This credit was modified in 2015 to allow unused credits to be assigned or sold to other taxpayers.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	2	2	28
Corporate Income Tax Expenditure	0	0	4
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	2	2	32

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

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

Statute §48-7-40.19  
 Year Enacted 2000  
 Year Effective Taxable years beginning on or after January 1, 2001.  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note The same estimate is provided in the corporate income tax section, see 2.6.019

**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 heat, air conditioning, light, or communications for the driver's compartment of a commercial motor vehicle parked at a truck stop, depot, or other facility, the use of which results in the engine being turned off with a corresponding reduction of

particulate emissions from such vehicle's diesel engine.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	0	0	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.6.031** Low- & Zero-emission Vehicle Credit & Electric Vehicle Charger Credit

Statute	§48-7-40.16
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.020. This credit has been repealed for all vehicle purchases or leases occurring on or after July 1, 2015. The credit for electric vehicle chargers and conversions remain applicable.

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	36	28	3
Corporate Income Tax Expenditure	(m)	(m)	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	36	28	3

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

**1.6.032** Land Conservation Credit

Statute	§48-7-29.12
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOR data for 2015
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.021

**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. This credit was modified in 2015 such that the aggregate value of credits awarded under this provision cannot exceed \$30 million per year and no new credit applications will be accepted after December 31, 2016.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	24	34	15
Corporate Income Tax Expenditure	1	1	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	24	35	15

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**1.6.033** Clean Energy Property and Wood Residuals Credit

Statute	§48-7-29.14
Year Enacted	2008
Year Effective	July 1, 2008
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.022

**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. The clean energy property tax credit expired on December 31, 2014. For the purposes of the Wood Residuals tax credit, wood residuals include urban wood waste, land clearing residues, and pellets, but not wood from a U.S. national forest.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	1	1	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	2	2	1

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

**1.6.034** Georgia Employer GED Tax Credit (previously known as the Employer's Credit for Basic Skills Education)

Statute	§48-7-41
Year Enacted	2015
Year Effective	2015
Data Source	Fiscal Note for H.B. 63 for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.023. The 2015 provision replaces the previous provision. The 2015 provision is capped at \$1 million in aggregate credits annually.

**Description:** Allows an employer a tax credit against their income tax liability for the employer incurred expenses associated with GED attainment of employees.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	1
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	1

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

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

Statute	§48-7-40.5
Year Enacted	1994
Year Effective	Latest modifications are effective for taxable years beginning on or after January 1, 2009
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.024

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	12	13	13
Corporate Income Tax Expenditure	18	19	20
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	31	32	33

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**1.6.036**      Qualified Education Expense Credit

Statute	§48-7-29.16
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.025

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	34	33	33
Corporate Income Tax Expenditure	11	11	11
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	45	45	45

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**1.6.037**      Qualified Investor Tax Credit

Statute	§48-7-40.30
Year Enacted	2010
Year Effective	January 1, 2011; legislation modified in 2013
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.026

**Description:** This credit provides a 35 percent tax credit for amounts invested in certain Georgia-headquartered small businesses. The credit was modified in 2015 and is now available for qualified investments made in years 2011-2018. The aggregate value of credits awarded under this provision cannot exceed \$5 million per year.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	0	0	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

**1.6.038**      Energy-efficient or water-efficient equipment credit

Statute	§48-7-40.29
Year Enacted	2010
Year Effective	January 1 of the year following the year in which federal funds for this program are made available and received by the state
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.027

**Description:** This tax credit applies to taxpayers who purchase energy-efficient and water conservation equipment. The value of the credit is equal to 25 percent of the cost of the qualified equipment or \$2,500, whichever is less. The credit is only available for those tax years in which federal funds are made available to the state for this purpose.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	0	0	0
Corporate Income Tax Expenditure	0	0	0
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	0	0	0

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

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

Statute	§48-7-40.21
Year Enacted	2001
Year Effective	Latest modifications are applicable to tax years beginning on or after January 1, 2008
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.030

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure		Estimate included	
Corporate Income Tax Expenditure		in 1.6.013	
Insurance Premium Tax Expenditure			
State Tax Expenditure			

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

**1.6.042** Tax credit for purchase of alternative fuel heavy-duty or medium-duty vehicle

Statute	§48-7-29.18
Year Enacted	2014
Year Effective	Taxable years beginning on or after 2015
Data Source	Fiscal Note for H.B. 404 for 2012
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.031

**Description:** Provides a tax credit for the purchase of an alternative fuel heavy-duty vehicle not to exceed \$20,000 or \$12,000 in the case of an alternative fuel medium-duty vehicle. The aggregate value of the credit is limited to \$2.5 million in each fiscal year beginning with fiscal year 2016 and ending with fiscal year 2017. The credit is applicable to purchases made on or after July 1, 2015 and before July 30, 2017.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	0	(m)	(m)
Corporate Income Tax Expenditure	0	1	1
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	0	1	2

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**1.6.043**

**Bank Tax Credit**

Statute	§48-7-29.7
Year Enacted	2000
Year Effective	2001
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.032

**Description:** Depository financial institutions are allowed a credit against their state income tax liability equal to the sum of the amount of business licenses taxes paid to local governments and any special state occupation tax paid to the state.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	9	10	10
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	10	11	11

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

### **Income tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
1.4.006	§48-7-27	Certain military income
1.4.009	§48-7-27	Certain dependent's unearned income
1.4.011	§48-7-27	Salaries and wages reduced from Federal taxable income because of the Federal Jobs Tax Credit
1.4.012	§48-7-27	Individual retirement account, Keogh, SEP and Sub-S plan withdrawals where tax has been paid to Georgia because of the difference between Georgia and Federal law for tax years 1981 through 1986
1.4.013	§48-7-27	Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986
1.4.014	§48-7-27	Income from any fund, program or system which is exempted by federal law or treaty
1.4.015	§48-7-27	Certain income in which the Sub-S election is not recognized by Georgia or another state in order to avoid double taxation
1.4.016	§48-7-27	Adjustment for certain teachers retired from the Teachers Retirement System of Georgia
1.4.017	§48-7-27	Amount claimed by certain employers in food and beverage establishments
1.4.018	§48-7-27	Adjustment of certain payments to minority subcontractors
1.4.019	§48-7-27	Adjustments to federal AGI for certain Georgia resident partners
1.4.020	§48-2-100	Exemption for certain disaster relief firms
1.6.015	§48-7-40.25	New Manufacturing Facilities Property Credit
1.6.039	§48-7-40.10	Tax credit for water conservation facilities and qualified water conservation investment property
1.6.040	§48-7-40.11	Tax credit for shift from groundwater usage

## 2. Corporate Income Tax

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

Corporate tax collections for FY 2014 were \$885 million or 5 percent of total state tax revenues. Approximately 274,000 corporate returns were filed for CY 2014. All revenue collected from this tax is deposited into the State General Fund.

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

It is important to keep in mind that tax expenditure estimates may differ from revenue estimates presented in fiscal notes. Estimates included in fiscal notes incorporate behavioral effects that are not considered when estimating tax expenditure provisions. Whereas the purpose of a tax expenditure estimate is to convey the cost that would be necessary if the item were offered as a direct budgetary expenditure instead of a reduction in the tax liability.

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

## 2.1 Federal Corporate Exclusions

### 2.1.001      Exemption from imputed interest rules

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 103,141,142 and 146

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 118(c)

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 468B

**Description:** Under certain conditions environmental settlement funds are exempt from tax.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 126

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 512 and 514

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

unrelated business income tax.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**2.1.008**      Exclusion of disaster mitigation payments

Federal Statute    IRC Section 139

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

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

Federal Statute    IRC Sections 103, 141 and 146

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**2.1.010**      Various foreign provisions including inventory property sales source rule exception, interest expense allocation, deferral of active income of controlled foreign corporations, deferral of active financing income

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	273	300	317
(m) Denotes a value of less than \$1 million			

## 2.2 Federal Corporate Deductions

### 2.2.001 Accelerated depreciation (MACRS)

Federal Statute IRC Sections 167 and 168

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	5	5	5

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

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

Federal Statute IRC Section 179D

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 2.2.004 Amortization of business start-up costs

Federal Statute IRC Section 195

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute IRC Section 174 and 59e

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	7	8	8

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

**2.2.006**      Expensing of magazine circulation expenditures

Federal Statute    IRC Section 173

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	0	0	0

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

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

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	3	4

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

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

Federal Statute    IRC Sections 170 and 642(c)

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	14	15	15

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

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

Federal Statute    IRC Section 179

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	(m)	(m)

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

**2.2.012**      Amortization of air pollution control facilities

Federal Statute    IRC Section 169(d)(5)

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	1

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

**2.2.014**      Various agricultural expensing provisions

Federal Statute    IRC Section 175, 180, 1231

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

**2.2.015**      Community and regional development incentives

Federal Statute    IRC Sections 38(b), 39(d), 45A, 280C(a), 1391-1397D and 1400F,H,I and J

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute    IRC Section 190

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

**2.2.017**      Inventory methods and valuation

Federal Statute    IRC Section 475, 491-492

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	5	5	5

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

**2.2.018**      Limits on deductible compensation and disallowance of deduction for excess parachute payments

Federal Statute    IRC Sections 280G, 4999, and 162(m)

**Description:** Excess parachute payments are not allowable deductions against the corporate income tax. In the case of publicly held corporations, only executive compensation of \$1 million or less is deductible against the corporate income tax.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	-3	-3	-3

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

## 2.3 Special Federal Corporate Conformity Provisions

### 2.3.001 Like-kind exchanges

Federal Statute IRC Section 1031

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	22	21	22

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

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

Federal Statute IRC Section 458

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 2.3.003 Five-year carryback for net operating losses attributable to farming

Federal Statute IRC Section 172

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 2.3.004 Special rules for mining reclamation reserves

Federal Statute IRC Section 468

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### 2.3.005 Cash accounting, other than agriculture

Federal Statute IRC Sections 446 and 448

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1

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

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

Federal Statute IRC Sections 453 and 453A(b)

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	14	13	13

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

**2.3.007** Completed contract rules

Federal Statute IRC Section 460

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	3	3

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

**2.3.008** Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans)

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

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

Federal Statute IRC Section 7518

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

## 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 traditional formula of corporate apportionment and result in a benefit to some taxpayers. No estimate of the value of these expenditures is available at this time.

### 2.4.001 Single-Factor Apportionment

Corporate income earned in Georgia is apportioned using a single-factor apportionment formula. 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 three-factor formula, the firm applies a weight of 33.33 percent to each ratio. The single-factor formula benefits firms that have manufacturing presence in one state but significant sales outside of the state. Firms that are located and operate in a single state are not affected by the apportionment formula.

### 2.4.002 Throwback Rule

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

### 2.4.003 Corporate Receipts Sourcing

Georgia is among 16 states that apportions multistate corporate income based only on gross receipts, (i.e. a 100-percent 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 among the states on how to define a “market” for the purpose of implementing this rule but, in general, it means that services will be taxed based on the state in which the customer receives the benefit. The rule is meant to apply a consistent destination-based treatment to services when compared to tangible goods.

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

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
2.4.001	N/A	Single-factor Apportionment
2.4.002	N/A	Throwback Rule
2.4.003	N/A	Corporate Receipts Sourcing

## 2.5 Georgia Deductions

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

Expenditure	Statute	Summary
2.5.001	§48-7-21	Interest on obligations of United States
2.5.002	§48-7-21	Exception to intangible expenses and related interest cost
2.5.003	§48-2-100	Exemption for certain disaster relief firms

## 2.6 Georgia Credits

### 2.6.001 Georgia Job Tax Credit

Statute	§48-7-40 and §48-7-40.1
Year Enacted	§48-7-40: 1989; §48-7-40.1: 1993
Year Effective	§48-7-40: Taxable years beginning on or after January 1, 1990; §48-7-40.1: Taxable years beginning on or after January 1, 1994.
Data Source	DOR data for 2015 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate includes the tax credit for expanding business (2.6.030) and the new facilities job credit (2.6.003). The same estimate is provided in the income tax section and the insurance premium tax section, see 1.6.012 and 5.00200

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	8	8	8
Corporate Income Tax Expenditure	60	62	62
Insurance Premium Tax Expenditure	<u>2</u>	<u>2</u>	<u>3</u>
State Tax Expenditure	70	71	73

(m) Denotes a value of less than \$1 million; may not sum due to rounding

### 2.6.002 Quality Jobs Tax Credit

Statute	§48-7-40.17
Year Enacted	2009
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.013.

**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 has 30 hours a week of regular work; a job that is not already located in Georgia; and pays at or above 110 percent of the average wage of the county in which it is located.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	1
Corporate Income Tax Expenditure	30	34	37
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	30	35	38

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**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	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.014

**Description:** For business enterprises that first qualified in a taxable year beginning before January 1, 2009, \$450 million in qualified investment property must be purchased for the project within a six-year period. The manufacturer must also create at a minimum 1,800 new jobs within a six-year period and can receive credit for up to a maximum of 4,500 jobs. For business enterprises that 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)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	Estimate included		
Corporate Income Tax Expenditure	in 2.6.001		
Insurance Premium Tax Expenditure			
State Tax Expenditure			

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

**2.6.005**      Manufacturer's Investment Tax Credit

Statute	§§48-7-40.2, 48-7-40.3, and 48-7-40.4
Year Enacted	1994
Year Effective	Taxable years beginning on or after January 1, 1994
Data Source	DOR data for 2015
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.016

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	13	14	14
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	15	15	16

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**2.6.006** Optional Investment Tax Credit

Statute	§§48-7-40.7, 48-7-40.8, and 48-7-40.9
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996.
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.017

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	1	1	1
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	1	1	1

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

**2.6.007** Port Activity Tax Credit

Statute	§48-7-40.15
Year Enacted	1998
Year Effective	Latest modifications apply to taxable years beginning on or after January 1, 2010
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate combined with 2.6.008. The same estimate is provided in the income tax section, see 1.6.018.

**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 percent over their 1997 base year port traffic, or by more than 10 percent over 75 net tons, five containers or 10 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. For taxable years beginning on or after January 1, 2010, the increase is based on a

comparison of the previous 12-month period to the second preceding 12-month period.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	6	6	6
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	6	6	6

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

**2.6.008**      Alternative Port Activity Tax Credit

Statute	§48-7-40.15A
Year Enacted	2009
Year Effective	2009
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate combined with 2.6.007. The same estimate is provided in the income tax section, see 1.6.019.

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure			
Corporate Income Tax Expenditure			Estimate included in 2.6.007
Insurance Premium Tax Expenditure			
State Tax Expenditure			

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

**2.6.009**      Film Tax Credit

Statute	§48-7-40.26
Year Enacted	2005
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.020. Tax credit provisions applicable to qualified interactive entertainment production companies were modified in 2015.

**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 provisions relating to the tax

credits awarded to interactive entertainment companies. Under the 2015 modifications to this provision, interactive entertainment companies are eligible to claim this credit for tax years before January 1, 2019.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	148	166	187
Corporate Income Tax Expenditure	95	107	121
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	243	272	308

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**2.6.010**      **Research Tax Credit**

Statute	§48-7-40.12
Year Enacted	1997
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.021

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	33	21	22
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	34	22	23

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

**2.6.011**      **Seed-Capital Fund Credit**

Statute	§48-7-40.27 & 40.28
Year Enacted	2008
Year Effective	Applicable to investments made on or after July 1, 2008
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.022

**Description:** This provides a tax credit for certain qualified investments made on or after July 1, 2008 in a research fund, the purpose of which is to provide early-stage financing for businesses formed as a result of research conducted in Georgia's research universities.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

#### 2.6.012 Qualified Health Insurance Expense Credit

Statute	§48-7-29.13
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.023

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

#### 2.6.014 Qualified Transportation Credit

Statute	§48-7-29.3
Year Enacted	1999
Year Effective	Taxable years beginning on or after January 1, 2001
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.025

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

**2.6.015**      **Business Enterprise Vehicle Credit**

Statute	§48-7-40.22
Year Enacted	2001
Year Effective	Taxable years beginning on or after January 1, 2002.
Data Source	DOR data for 2015
Estimate Reliability	Class C
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.026

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	(m)	(m)	(m)

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

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

Statute	§48-7-40.6
Year Enacted	1994 & 1999
Year Effective	Credit for cost of operation: taxable years beginning on or after January 1, 1994; Credit for Cost of Qualified Child Care Property: taxable years beginning on or after January 1, 2000.
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.027

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	3	3	4
Corporate Income Tax Expenditure	7	7	7
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	10	10	10

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**2.6.017**      **Low-Income Housing Credit**

Statute	§48-7-29.6
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	DOR data for 2015

Estimate Reliability Class A  
 Data Reliability Class A  
 Note The same estimate is provided in the income tax section and the insurance premium tax section, see 1.6.028 and 5.00700

**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.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	60	64	69
Corporate Income Tax Expenditure	25	27	29
Insurance Premium Tax Expenditure	<u>105</u>	<u>112</u>	<u>120</u>
State Tax Expenditure	190	203	218

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

**2.6.018** Historic Rehabilitation Credit

Statute §48-7-29.8  
 Year Enacted 2002  
 Year Effective Taxable years beginning on or after January 1, 2004  
 Data Source DOR data for 2015 and Fiscal Note for H.B. 308 for 2015  
 Estimate Reliability Class B  
 Data Reliability Class B  
 Note The same estimate is provided in the income tax section, see 1.6.029.

**Description:** A credit for the certified rehabilitation of a certified structure or historic home. Standards set by the Georgia Department of Natural Resources must be met. This credit was modified in 2015 to allow unused credits to be assigned or sold to other taxpayers.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	2	2	28
Corporate Income Tax Expenditure	0	0	4
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	2	2	32

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

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

Statute §48-7-40.19  
 Year Enacted 2000  
 Year Effective Taxable years beginning on or after January 1, 2001.  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note The same estimate is provided in the income tax section, see 1.6.030

**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, or communications for the driver's compartment of a commercial motor vehicle parked at a truck stop, depot, or other facility, the use of which

results in the engine being turned off with a corresponding reduction of particulate emissions from such vehicle's diesel engine.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	0	0	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	(m)

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

**2.6.020** Low- & Zero-emission Vehicle Credit & Electric Vehicle Charger Credit

Statute	§48-7-40.16
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.031. This credit has been repealed for all vehicle purchases or leases occurring on or after July 1, 2015.

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	36	28	3
Corporate Income Tax Expenditure	(m)	(m)	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	36	28	3

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

**2.6.021** Land Conservation Credit

Statute	§48-7-29.12
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.032

**Description:** This is an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of Title 36. This credit was modified in 2015 such that the aggregate value of credits awarded under this provision cannot exceed \$30 million per year and no new credit applications will be accepted after December 31, 2016.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	24	34	15
Corporate Income Tax Expenditure	1	1	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	24	35	15

(m) Denotes a value of less than \$1 million; may not sum due to rounding

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

Statute	§48-7-29.14
Year Enacted	2008
Year Effective	July 1, 2008
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.033

**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. The clean property tax credit expired on December 31, 2014. For the purposes of the wood residuals tax credit, wood residuals include urban wood waste, land clearing residues, and pellets, but not wood from a U.S. national forest.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	1	1	0
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	2	2	1

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

**2.6.023** Georgia Employer GED Tax Credit (previously known as the Employer's Credit for Basic Skills Education)

Statute	§48-7-41
Year Enacted	2015
Year Effective	2015
Data Source	Fiscal Note for H.B. 63 for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.034. The 2015 provision replaces the previous provision. The 2015 provision is capped at \$1 million in aggregate credits annually.

**Description:** Allows an employer a tax credit against their income tax liability for the employer incurred expenses associated with GED attainment of employees.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	1
Corporate Income Tax Expenditure	(m)	(m)	(m)
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	(m)	(m)	1

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

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

Statute	§48-7-40.5
Year Enacted	1994
Year Effective	Latest modifications are effective for taxable years beginning on or after January 1, 2009
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.035

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	12	13	13
Corporate Income Tax Expenditure	18	19	20
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	31	32	33

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**2.6.025** Qualified Education Expense Credit

Statute	§48-7-29.16
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.036

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	34	33	33
Corporate Income Tax Expenditure	11	11	11
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	45	45	45

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**2.6.026**      **Qualified Investor's Tax Credit**

Statute	§48-7-40.30
Year Enacted	2010
Year Effective	January 1, 2011; legislation modified in 2013
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.037

**Description:** This credit provides a 35 percent tax credit for amounts invested in certain Georgia headquartered small businesses. The credit was modified in 2015 and is now available for qualified investments made in years 2011-2018. The aggregate value of credits awarded under this provision cannot exceed \$5 million per year.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	0	0	0
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	(m)	(m)	(m)

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

**2.6.027**      **Energy-Efficient or Water-Efficient Equipment Credit**

Statute	§48-7-40.29
Year Enacted	2010
Year Effective	January 1 of the year following the year in which federal funds for this program are made available and received by the state
Data Source	DOR data for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.038

**Description:** This tax credit applies to taxpayers who purchase energy-efficient and water-conservation equipment. The value of the credit is equal to 25 percent of the cost of the qualified equipment or \$2,500, whichever is less. The credit is only available for those tax years in which federal funds are made available to the state for this purpose.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	0	0	0
Corporate Income Tax Expenditure	0	0	0
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	0	0	0

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

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

Statute	§48-7-40.21
Year Enacted	2001
Year Effective	Latest modifications are applicable to tax years beginning on or after January 1, 2008

Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note The same estimate is provided in the income tax section, see 1.6.041

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure			
Corporate Income Tax Expenditure			
Insurance Premium Tax Expenditure			
State Tax Expenditure			
(m) Denotes a value of less than \$1 million			

Estimate included in Provision 2.6.002.

**2.6.031** Tax credit for purchases of alternative fuel heavy-duty or medium-duty vehicle

Statute §48-7-29.18  
 Year Enacted 2014  
 Year Effective Taxable year beginning on or after 2015  
 Data Source Fiscal Note for H.B. 404 for 2012  
 Estimate Reliability Class B  
 Data Reliability Class A  
 Note The same estimate is provided in the individual income tax section, see 1.6.042

**Description:** Provides a tax credit for the purchase of an alternative fuel heavy-duty vehicle not to exceed \$20,000 or \$12,000 in the case of an alternative fuel medium-duty vehicle. The aggregate value of the credit is limited to \$2.5 million in each fiscal year beginning with fiscal year 2016 and ending with fiscal year 2017. The credit is applicable to purchases made on or after July 1, 2015 and before July 30, 2017.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	0	(m)	(m)
Corporate Income Tax Expenditure	0	1	1
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	0	1	2
(m) Denotes a value of less than \$1 million; may not sum due to rounding			

**2.6.032** Bank Tax Credit

Statute §48-7-29.7  
 Year Enacted 2000  
 Year Effective 2001  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note The same estimate is provided in the income tax section, see 1.6.043

**Description:** Depository financial institutions are allowed a credit against their state income tax liability equal to the sum of the amount of business licenses taxes paid to local governments and any special state occupation tax paid to the state.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	9	10	10
Insurance Premium Tax Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
State Tax Expenditure	10	11	11

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

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

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

### 3. Corporate Net Worth Tax

Georgia imposes a tax on the net worth of corporations. The net worth of foreign corporations subject to the Georgia tax is based upon the ratio of assets in Georgia and gross receipts in Georgia to total assets and gross receipts. Revenues from this tax totaled \$40 million in FY 2014. All revenues from this tax are deposited into the State General Fund.

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

#### **Corporate net worth tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
3.001	§48-13-72	Exemption for nonprofit corporations
3.002	§48-13-72	Exemptions from the Net Worth Tax

## 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 FY 2014 the state sales and use tax generated \$5.1 billion and accounted for approximately 29 percent of state tax revenues. All proceeds from the state sales and use tax net of the vendor commission are deposited into the State General Fund.

The sales tax base consists of retail sales, leases, rentals, use or consumption of tangible personal property. In addition to the state sales tax, local governments are authorized to impose a 1 to 3 percent sales tax with a few exceptions. The local sales taxes in most counties consist of a combination of a Local Option Sales Tax (LOST), Special Purpose Local Option Sales Tax (SPLOST) and/or an Educational Special Purpose Local Option Sales Tax (E-SPLOST). In addition, Atlanta also levies another 1 percent sales tax to cover expenses related to sewer repairs and two counties levy a Homestead Option Sales Tax (HOST). Lastly, 46 counties implemented a 1 percent Transportation Sales Tax (TSPLOST) beginning January 1, 2013.

In general, the local tax base is consistent with the state sales tax base; the major exception being food for home consumption which is included in the local sales tax base, but not in the state base. The sales tax is remitted to the Georgia DOR by the retailer. The use tax is remitted by the consumer in cases where the retailer does not collect and remit sales tax.

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

Lastly, this report identifies each sales tax expenditure used as a business input. This designation allows the reader to distinguish between tax expenditures that are provided for reasons of reducing economic distortions and those provided on the basis of more societal reasons, while still providing a comprehensive list of all statutory exemptions.

<b>4.00400</b>	<u>Sales of transportation furnished by a county or municipal public transit system or public transit authorities</u>
Statute	§48-8-3(4)
Year Enacted	1968
Year Effective	1968
Data Source	National Transit Database

Estimate Reliability Class B  
 Data Reliability Class A  
 Note Estimate Combined with 4.00500

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	9	9	10
Local Tax Expenditure	6	6	7

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

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

Statute §48-8-3(5)  
 Year Enacted 1970  
 Year Effective 1970  
 Data Source National Transit Database  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note Estimate Combined With 4.00400

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	Estimate Combined		
Local Tax Expenditure	with 4.00400		

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

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

Statute §48-8-3(6)  
 Year Enacted 1976  
 Year Effective 1976  
 Data Source Georgia Office of Planning and Budget and IRS Form 990 Data  
 Estimate Reliability Class B  
 Data Reliability Class B  
 Note Estimate Combined with 4.00700

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	Estimate Combined		
Local Tax Expenditure	with 4.00700		

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

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

Statute §48-8-3(6.1)  
 Year Enacted 1999  
 Year Effective 1999  
 Data Source Georgia Department of Community Affairs and the

American Community Survey  
 Estimate Reliability Class C  
 Data Reliability Class A  
 Note

**Description:** Sales to any housing authority created by Article 1 of Chapter 3 of Title 8.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	2

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

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

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

Statute §48-8-3(6.3)  
 Year Enacted 2002  
 Year Effective 2002  
 Data Source Georgia Department of Agriculture and the Georgia Office of Planning and Budget  
 Estimate Reliability Class C  
 Data Reliability Class C  
 Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute §48-8-3(7)  
 Year Enacted 1971  
 Year Effective 1971

Data Source DOR data for 2009 and IRS Form 990 data  
 Estimate Reliability Class B  
 Data Reliability Class B  
 Note Estimate Combined with 4.00600

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	93	97	101
Local Tax Expenditure	70	73	76

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

**4.00705** Sales of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act

Statute §48-8-3(7.05)  
 Year Enacted 2015  
 Year Effective 2015  
 Data Source Fiscal Note for HB 426/2015 LC 34 4527  
 Estimate Reliability Class C  
 Data Reliability Class B  
 Note This exemption was eliminated in 2010 and reinstated in 2015. This provision is scheduled to expire on June 30, 2018.

**Description:** Sales of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	(m)	(m)	1

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

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

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

**Description:** Sales of tangible personal property and services to a nonprofit organization, the primary function of which is the provision of services to persons with intellectual disabilities, when such organization is a tax exempt organization under the Internal Revenue Code and obtains an exemption determination letter from the State Revenue Commissioner.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

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

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

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

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**4.00730**     Sales of tangible property and services 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             2015  
Year Effective            2015  
Data Source              Fiscal Note for HB 426/2015 LC 34 4527  
Estimate Reliability     Class C  
Data Reliability         Class C

Note

This exemption was eliminated in 2010 and reinstated in 2015. This provision is scheduled to expire on June 30, 2018.

**Description:** Sales of tangible personal property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

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

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

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

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	35	36	37
Local Tax Expenditure	24	25	26

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

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

Statute	§48-8-3(10)
Year Enacted	1968
Year Effective	1968
Data Source	The National Center for Education Statistics and the Georgia Department of Education
Estimate Reliability	Class C
Data Reliability	Class C
Note	

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

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

**4.01100**     Sale of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute

Statute	§48-8-3(11)
Year Enacted	1968
Year Effective	1968
Data Source	Comprehensive Bill for HB 445/2015 LC 34 4571S
Estimate Reliability	Class A
Data Reliability	Class A
Note	

**Description:** Sales of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute which: (A) Is tax exempt under Section 501(c)(3) of the Internal Revenue Code; (B) Furnishes at least 50 percent of its programs through universities and other institutions of higher education in support of their educational programs; (C) Is paid for by government funds of a foreign country; and (D) Is an instrumentality, agency, department, or branch of a foreign government operating through a permanent location in this state.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute	§48-8-3(12)
Year Enacted	1953
Year Effective	1953

Data Source Georgia School Nutrition Association and the Georgia Department of Education

Estimate Reliability Class B

Data Reliability Class B

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	7	7	6
Local Tax Expenditure	5	5	4

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

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

Statute §48-8-3(13)

Year Enacted 1967

Year Effective 1967

Data Source Georgia School Nutrition Association and the National Center of Education Statistics

Estimate Reliability Class B

Data Reliability Class B

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute §48-8-3(14)

Year Enacted 1973

Year Effective 1973

Data Source U.S. Economic Census and IRS Form 990 data

Estimate Reliability Class C

Data Reliability Class B

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**4.01500** Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year and sales of religious paper when the paper is owned and operated by the religious institution

Statute §48-8-3(15B)

Year Enacted 1953  
 Year Effective 1953  
 Data Source The National Center for Charitable Statistics  
 Estimate Reliability Class C  
 Data Reliability Class B

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

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

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute §48-8-3(17)  
 Year Enacted 1951  
 Year Effective 1951  
 Data Source U.S. Energy Information Administration, U.S. Department of Energy  
 Estimate Reliability Class B  
 Data Reliability Class A

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	24	21	18
Local Tax Expenditure	16	14	13

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

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

Statute §48-8-3(20)

Year Enacted	1966
Year Effective	1966
Data Source	The Bureau of Labor Statistics Consumer Expenditure Survey
Estimate Reliability	Class C
Data Reliability	Class C

Note

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

State Fiscal Years (\$ in Millions)

2015    2016    2017

State Tax Expenditure                      See estimate for Residential

Local Tax Expenditure                      Utilities Service (4.5009)

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

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

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

Note

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

State Fiscal Years (\$ in Millions)

2015    2016    2017

State Tax Expenditure                      See expenditure estimates for

Local Tax Expenditure                      services (4.50003, 4.50010, 4.50011)

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

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

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

Note

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

State Fiscal Years (\$ in Millions)

2015    2016    2017

State Tax Expenditure                      See expenditure estimates for

Local Tax Expenditure                      Services (4.50003, 4.50010, 4.50011)

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

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

Statute	§48-8-3(30)
Year Enacted	1972
Year Effective	1972

Data Source The American Community Survey and Fiscal Note for HB 259/2011 LC 5481

Estimate Reliability Class B

Data Reliability Class B

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute §§48-8-3(33.1); 48-9-3

Year Enacted 2011

Year Effective 2011

Data Source Fiscal Note for HB 386 LC 34 3474S

Estimate Reliability Class A

Data Reliability Class A

Note Exemption has been eliminated as of June 30, 2015.

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	21	0	0
Local Tax Expenditure	0	0	0

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

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

Statute §48-8-3(34.2)

Year Enacted 1996

Year Effective 1996

Data Source U.S. Economic Census and The Federal Trade Commission

Estimate Reliability Class B

Data Reliability Class A

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

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

**4.03600** Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution

Statute §48-8-3(36)

Year Enacted 1972  
 Year Effective 1972  
 Data Source Fiscal Note for HB 445 LC 40 4571S  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

**Description:** Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute §48-8-3(38)  
 Year Enacted 1976  
 Year Effective 1976  
 Data Source Comprehensive Bill for HB 445/2015 LC 34 4571S  
 Estimate Reliability Class C  
 Data Reliability Class C

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

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

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	2	2	2

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

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

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

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	31	31	24
Local Tax Expenditure	22	21	16

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

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

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

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

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

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

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

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	3	3
Local Tax Expenditure	2	2	2

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

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

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

Statute	§48-8-3(47)
Year Enacted	1984
Year Effective	1985
Data Source	State Health Expenditures from the Centers for Medicare and Medicaid Services
Estimate Reliability	Class B
Data Reliability	Class B
Note	

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	430	452	475
Local Tax Expenditure	297	312	328

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

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

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

Data Reliability Class C  
 Note

**Description:** Sale of crab bait to licensed commercial fisherman.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**4.05000**     Sales of insulin syringes and blood glucose level measuring strips dispensed without a prescription

Statute §48-8-3(50)  
 Year Enacted 1986  
 Year Effective 1986  
 Data Source The Centers for Disease Control and Prevention and the Medical Expenditures Panel Survey  
 Estimate Reliability Class C  
 Data Reliability Class C  
 Note This estimate differs from the previous years report due to new data

**Description:** Sale of blood measuring devices, monitoring equipment, or insulin delivery systems used exclusively by diabetics; insulin, insulin syringes and blood glucose monitoring strips when dispensed without a prescription.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	21	22	23
Local Tax Expenditure	15	15	16

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

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

Statute §48-8-3(51)  
 Year Enacted 1986  
 Year Effective 1986  
 Data Source U.S. Economic Census and the Medical Expenditure Panel Survey  
 Estimate Reliability Class C  
 Data Reliability Class A  
 Note

**Description:** Sale of oxygen when prescribed by a licensed physician.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**4.05200**     Sale or use of hearing aids

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

Data Reliability Class B  
Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

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

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

Statute §48-8-3(53)  
Year Enacted 1986  
Year Effective 1987  
Data Source U.S. Food and Nutrition Service and the U.S. Department of Agriculture  
Estimate Reliability Class B  
Data Reliability Class A  
Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	114	113	113
Local Tax Expenditure	86	84	84

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	39	41	42
Local Tax Expenditure	27	28	29

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

**4.05500** Sale of Georgia lottery tickets

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	163	166	169
Local Tax Expenditure	112	113	117

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

**4.05600**     Sale by any qualified nonprofit parent-teacher organization

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

**Description:** Sale by any qualified nonprofit parent-teacher organization.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	(m)	(m)	(m)

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

**4.05700**     Food purchased for off-premises consumption

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	469	486	499
Local Tax Expenditure	0	0	0

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

**4.05710**     Sales of food and beverages to a qualified food bank (expires June 30, 2016)

Statute	§48-8-3(57.1)
Year Enacted	2006
Year Effective	2006
Data Source	Fiscal Note for HB 389/2014 LC 34 4513-EC
Estimate Reliability	Class B
Data Reliability	Class B
Note	Exemption was established in 2006 and expired June 30, 2010. Current exemption applies for sales between July 1, 2014 and June 30, 2016

**Description:** Sales of food and beverages to a qualified food bank.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	3	0
Local Tax Expenditure	2	2	0

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

**4.05720**      Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes

Statute	§48-8-3(57.2)
Year Enacted	2015
Year Effective	2015
Data Source	Fiscal Note for HB 389/2015 LC 34 4513-ER
Estimate Reliability	Class A
Data Reliability	Class A
Note	This exemption was eliminated in 2011 and reinstated in 2015. This provision is scheduled to expire on June 30, 2020.

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

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

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

Statute	§48-8-3(57.3)
Year Enacted	2015
Year Effective	2015
Data Source	Comprehensive Bill for HB 445/2015 LC 34 4571S
Estimate Reliability	Class C
Data Reliability	Class B
Note	This provision is scheduled to expire on June 30, 2020

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**4.05900**      Sale of eligible food and beverages by any Girl or Boy Scout council

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

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

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

Statute	§48-8-3(60)
Year Enacted	2000
Year Effective	2001
Data Source	Comprehensive Bill for HB 445/2015 LC 34 4571S
Estimate Reliability	Class C
Data Reliability	Class C
Note	

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

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

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

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

Note

**Description:** The sale or use of funeral merchandise, outer burial containers, and cemetery markers as defined in Code Section 43-18-1, which are purchased with funds received from the Georgia Crime Victims' Emergency Fund under Chapter 15 of Title 17.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

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

Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**4.06700**     Sale of coins or currency

Statute	§48-8-3(67)
Year Enacted	2000
Year Effective	2000
Data Source	US Mint annual report 2014
Estimate Reliability	Class C
Data Reliability	Class C

Note

**Description:** Sale of coins or currency.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	2	2	2

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

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

Statute	§48-8-3(69)
Year Enacted	2000
Year Effective	2001
Data Source	Comprehensive Bill for HB 445/2015 LC 34 4571S
Estimate Reliability	Class C
Data Reliability	Class C

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute	§48-8-3(70)
Year Enacted	1999
Year Effective	2000
Data Source	U.S. Energy Information Administration
Estimate Reliability	Class B
Data Reliability	Class A

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	54	54	51
Local Tax Expenditure	0	0	0

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

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

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

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

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

Statute	§48-8-3(72)
Year Enacted	1999
Year Effective	2000
Data Source	State Health Expenditures from the Centers for Medicare and Medicaid Services and the Medical Expenditure Panel Survey
Estimate Reliability	Class B
Data Reliability	Class B

Note

**Description:** Sale of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**4.07500**     Sales tax holiday for back to school items (expired August 1, 2015)

Statute                             § 48-8-3(75)  
Year Enacted                     2012  
Year Effective                    2013  
Data Source                      Fiscal Note for HB 958/2014 LC 34 4112-EC  
Estimate Reliability            Class A  
Data Reliability                 Class A  
Note                                 Sales tax holidays for school supplies have been utilized beginning in 2002

**Description:** Commencing at 12:01 A.M. on August 1, 2014, and concluding at 12:00 Midnight on August 2, 2014; and Commencing at 12:01 A.M. on July 31, 2015, and concluding at 12:00 Midnight on August 1, 2015. The sale of articles of clothing and footwear; the single purchase of certain personal computers including non-recreational software; and purchases of general school supplies to be utilized in the classroom.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	40	42	0
Local Tax Expenditure	30	31	0

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

**4.07600**     Exemption for personal property used in the renovation or expansion of an aquarium

Statute                             48-8-3(76)  
Year Enacted  
Year Effective  
Data Source                      Fiscal Note for HB 238/2015 LC 28 7425  
Estimate Reliability            Class A  
Data Reliability                 Class A  
Note

**Description:** The subject bill provides an exemption from the state sales tax of tangible personal property used for the renovation and expansion of an aquarium owned or operated by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. This bill amends a similar 2003-2007 exemption in Code Section 48-8-3(76) that applied only to sales of tangible personal property used for construction of an aquarium, rather than its renovation or expansion.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	0	1	1
Local Tax Expenditure	0	(m)	(m)

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

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

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

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

**4.08200**     Sales tax holiday for water-efficient and energy-efficient purchases (expired October 4, 2015)

Statute                             § 48-8-3(82)  
Year Enacted                     2012  
Year Effective                    2013  
Data Source                      Fiscal Note for HB 958/2014 LC 34 4112-EC  
Estimate Reliability             Class B  
Data Reliability                 Class B  
Note                                 Sales tax holidays for energy-efficient products have been utilized beginning in 2005

**Description:** Commencing at 12:01 A.M. on October 3, 2014, and concluding at 12:00 Midnight on October 5, 2014; and Commencing at 12:01 A.M. on October 2, 2015, and concluding at 12:00 Midnight on October 4, 2015. Purchase of energy-efficient products or water-efficient products with a sales price of \$1,500 or less per product purchased for noncommercial home or personal use.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	0
Local Tax Expenditure	1	1	0

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

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	1	1
Local Tax Expenditure	1	1	1

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

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

Statute                             §48-8-3(86)  
 Year Enacted                     2009  
 Year Effective                    2009  
 Data Source                      Fiscal Note for HB 933/2014 LC 40 0540  
 Estimate Reliability             Class C  
 Data Reliability                 Class C

Note

**Description:** The sale or use of engines, parts, equipment, and other tangible personal property used in the maintenance or repair of aircraft when such engines, parts, equipment, and other tangible personal property are installed on such aircraft that is being repaired or maintained in this state so long as such aircraft is not registered in this State.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	20	20	20
Local Tax Expenditure	15	15	15

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

**4.08700**     Sales of tangible personal property used to renovate or expand a zoological institution (expires June 30, 2018)

Statute                             §48-8-3(87)  
 Year Enacted                     2009  
 Year Effective                    2009  
 Data Source                      Fiscal Note for HB 428/2015 LC 40 0827  
 Estimate Reliability             Class C  
 Data Reliability                 Class C

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	0	0	(m)
Local Tax Expenditure	0	0	(m)

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

**4.08800**     Sale of tangible personal property used in the construction of a qualified civil rights museum (expired July 30, 2015)

Statute                             §48-8-3(88)  
 Year Enacted                     2009  
 Year Effective                    2009

Data Source Fiscal Note for HB 364/2009 LC 18 7942  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	0	0
Local Tax Expenditure	(m)	0	0

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

**4.09300** Sale of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until June 30, 2016

Statute § 48-8-3(93)  
 Year Enacted 2012  
 Year Effective 2012  
 Data Source Fiscal Note for HB 958/2014 LC 34 4112-EC  
 Estimate Reliability Class B  
 Data Reliability Class B  
 Note

**Description:** For the period commencing January 1, 2012, until June 30, 2016, sales of tangible personal property used for and in the construction of a competitive project of regional significance. (B) The exemption provided in subparagraph (A) of this paragraph shall apply to purchases made during the entire time of construction of the competitive project of regional significance so long as such project meets the definition of a "competitive project of regional significance" within the period commencing January 1, 2012, until June 30, 2016.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	21	21	0
Local Tax Expenditure	15	15	0

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

**4.09600** Exemption for sales or use of construction materials used for or in the construction of buildings at a private college

Statute §48-8-3(96)  
 Year Enacted 2015  
 Year Effective 2015  
 Data Source Not Applicable  
 Estimate Reliability Class A  
 Data Reliability Class A  
 Note Provision is effective for purchases made on or after July 1, 2015 and before July 1, 2016 and is limited in value to \$350,000.

**Description:** Allows an exemption for sales or use of construction materials used for or in the construction of buildings at a private college.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	0	(m)	0
Local Tax Expenditure	0	(m)	0

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

**4.3.2**      Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing

Statute                      § 48-8-3.2  
Year Enacted              2012  
Year Effective              2013  
Data Source                Fiscal Note for HB 386S LC 34 3477S  
Estimate Reliability      Class A  
Data Reliability          Class A  
Note

**Description:** Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3,374	3,481	3,579
Local Tax Expenditure	2,352	2,410	2,469

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

**4.3.3**      Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment

Statute                      § 48-8-3.3  
Year Enacted              2012  
Year Effective              2013  
Data Source                Fiscal Note for HB 386S LC 34 3477S  
Estimate Reliability      Class B  
Data Reliability          Class A  
Note

**Description:** Sale to, or use by, a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	178	183	187
Local Tax Expenditure	123	126	130

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

## 4.5 Sales and Use Tax for Services

### 4.50000      Admissions and Amusements

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	157	159	165
Local Tax Expenditure	118	119	123

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

### 4.50001      Agricultural Services

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	145	147	153
Local Tax Expenditure	109	110	114

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

### 4.50002      Automotive Services

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	132	134	130
Local Tax Expenditure	99	100	104

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

### 4.50003      Business Services

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	664	673	698
Local Tax Expenditure	498	505	523

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

### 4.50004      Computer and Online Services

**Description:** Online data processing services; downloaded software, books, music, movies and video content, other electronic goods; internet service

providers – dial-up; internet service providers – DSL or other broadband; mainframe computer access and processing service; information services; software – custom programs and professional services.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	358	362	376
Local Tax Expenditure	268	272	282

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

**4.50005**      Construction Labor

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1,485	1,504	1,559
Local Tax Expenditure	1,114	1,128	1,170

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

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	220	222	231
Local Tax Expenditure	165	167	173

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

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

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1,021	1,034	1,072
Local Tax Expenditure	765	775	804

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

**4.50008**      Industrial and Mining Services

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	10	11	11
Local Tax Expenditure	8	8	8

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

**4.50009**      Residential Utility Service

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	81	82	85
Local Tax Expenditure	61	62	64

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

**4.50010**      Personal Services

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	277	281	291
Local Tax Expenditure	208	211	218

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

**4.50011**      Professional Services

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1,949	1,974	2,046
Local Tax Expenditure	1,462	1,480	1,535

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

**4.50012**      Storage

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	69	70	72
Local Tax Expenditure	52	52	54

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

**4.50013**      Transportation Services

**Description:** Intrastate courier service.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

## 4.7 Vendor Compensation

### **4.70000**    Compensation of dealers for reporting and collecting tax

Statute	§48-8-50
Year Enacted	1964
Year Effective	1964
Data Source	DOR Statistical Report for 2012
Estimate Reliability	Class A
Data Reliability	Class A

Note

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	60	60	63

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

## 4.9 Casual Sales

### 4.90000    Sales tax exemption for casual sales

Statute	DOR administrative rule
Year Enacted	NA
Year Effective	NA
Data Source	DOR data for 2013
Estimate Reliability	Class B
Data Reliability	Class A
Note	Sales of all motor vehicles will be exempt from state and local sales tax beginning March 1st, 2013 but taxed under the Alternative Ad Valorem Tax on Motor Vehicles, see section 11 of the report. Provision listed as 4.30000 in reports prior to FY 2014.

**Description:** Purchases of boats, planes and other tangible goods sold by persons not in the business of selling such items are not subject to sales tax. (Prior to the implementation of the Alternative Ad Valorem Tax on Motor Vehicles this estimate included casual sale of motor vehicles.)

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

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

**Sales and use tax expenditures for which an estimate is not currently available**

<b>Expenditure</b>	<b>Statute</b>	<b>Summary</b>
4.00100	§48-8-3(1)	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments
4.00200	§48-8-3(2)	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system
4.00300	§48-8-3(3)	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel
4.00900	§48-8-3(9)	Sale of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia in which the credits are accepted by the University System of Georgia
4.01800	§48-8-3(18)	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation
4.01900	§48-8-3(19)	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident
4.02100	§48-8-3(21)	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business
4.02400	§48-8-3(24)	Rental of videotape or film to persons charging admission to view the tape or film
4.03100	§48-8-3(31)	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia
4.03200	§48-8-3(32)	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia
4.03300	§48-8-3(33)	Common or common and contract carriers
4.03410	§48-8-3(34.1)	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities
4.03610	§48-8-3(36.1)	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility
4.03910	§48-8-3(39.1)	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property
4.04200	§48-8-3(42)	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property
4.04400	§48-8-3(44)	Sale of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state
4.04500	§48-8-3(45)	The sale or use of paper stock when used to print catalogs for distribution outside Georgia
4.06100	§48-8-3(61)	Advertising inserts that are used in newspapers for resale
4.06600	§48-8-3(66)	Sale of gold, silver, or platinum bullion

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4.06800	§48-8-3(68)	Sale of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million
4.09100	§48-8-3(91)	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave
4.09400	§ 48-8-3(94)	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale

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## 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. Counties levy a 1 percent on gross direct premiums. Municipalities may levy a tax of up to 1 percent and counties and municipalities may levy rates of up to 2.5 percent on insurance premiums for policies other than life insurance policies. In FY 2014, state revenues from this tax equaled \$372 million and local revenues equaled \$470 million. This tax is administered by the State Insurance Commissioner. The state proceeds of the tax are deposited into the State General Fund.

### **5.00100**     Deduction of retaliatory taxes paid to other states

Statute	§33-8-7
Year Enacted	1960
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	Not applicable at the local level

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### **5.00200**     Insurance premium tax credits - Georgia Job Tax Credit

Statute	§33-8-4.1; §33-1-18; §48-7-29.14(b)(1)
Year Enacted	1960
Year Effective	2009, 2002, 2008
Data Source	DOR data for 2015 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the individual income tax section and the corporate tax section, see 1.6.012 and 2.6.001

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	8	8	8
Corporate Income Tax Expenditure	60	62	62
Insurance Premium Tax Expenditure	<u>2</u>	<u>2</u>	<u>3</u>
State Tax Expenditure	70	71	73

(m) Denotes a value of less than \$1 million; may not sum due to rounding

**5.00300**      Exemption for premiums of high-deductible health plans

Statute	§33-8-4
Year Enacted	2008
Year Effective	2009
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A

Note                                      The local exemption expired on December 31, 2014.

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	6	8	8

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

**5.00400**      Exemption for insurance companies that only insure places of worship

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

Note                                      Not applicable at the local level

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

**5.00500**      Insurance abatements

Statute	§33-8-5
Year Enacted	1996
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A

Note                                      Not applicable at the local level

**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 is greater than 75 percent, the rate is reduced to 0.50 percent.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	135	138	141
(m) Denotes a value of less than \$1 million			

**5.00600**      Special deductions for life insurance companies

Statute	§§33-8-4, 33-8-8, 33-8-8.1
Year Enacted	1981
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	Not applicable at the local level

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	141	144	147
(m) Denotes a value of less than \$1 million			

**5.00700**      Insurance premium tax credit – Low-Income Housing Credit

Statute	§33-8-4.1; §33-1-18; §48-7-29.14(b)(1)
Year Enacted	1960
Year Effective	2009, 2002, 2008
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the individual income tax section and the corporate income tax section, see 1.6.028 and 2.6.017

**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.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Income Tax Expenditure	60	64	69
Corporate Income Tax Expenditure	25	27	29
Insurance Premium Tax Expenditure	<u>105</u>	<u>112</u>	<u>120</u>
State Tax Expenditure	190	203	218
(m) Denotes a value of less than \$1 million			

## 6. Motor Fuel Tax

The tax on motor fuels was substantially modified in 2015. Under the new law, the tax on motor fuels other than diesel fuel is 26 cents per gallon. The tax on diesel fuel is 29 cents per gallon. 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 Georgia DOR.

### **6.00200**     Sale of fuel to mass transit vehicles

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

**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 expired June 30, 2015.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	0	0
(m) Denotes a value of less than \$1 million			

### **6.00300**     Sale of fuel to campus transportation vehicles

Statute	§48-9-3
Year Enacted	2010
Year Effective	2010
Data Source	Estimate included in 6.00200
Estimate Reliability	Class B
Data Reliability	Class A
Note	This exemption expired June 30, 2015

**Description:** Sale of fuel to campus transportation vehicles.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	Estimate included in 6.00200		
(m) Denotes a value of less than \$1 million			

### **6.00400**     Motor fuel tax exemption for aviation fuel

Statute	§48-9-3
Year Enacted	1978
Year Effective	1978
Data Source	DOR Statistical Report for 2010
Estimate Reliability	Class A
Data Reliability	Class A
Note	

**Description:** Exemption for aviation fuel.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	1	1

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

**6.00500** Motor fuel tax vendor compensation

Statute	§48-9-3,14; see also §48-8-50(3) & (4)
Year Enacted	1992
Year Effective	1992
Data Source	Fiscal Note for HB 170 LC 34 4630S
Estimate Reliability	Class A
Data Reliability	Class A
Note	

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

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	7	9	12

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

**6.00600** Motor fuel tax exemption for public school buses

Statute	§48-9-3
Year Enacted	2013
Year Effective	2014
Data Source	Fiscal Note for HB 211 LC 33 4918
Estimate Reliability	Class B
Data Reliability	Class A
Note	

**Description:** Sale of motor fuel to public school systems for the exclusive purpose of the school system operating school buses when the motor fuel is purchased by the school system is exempt from motor fuel tax. This provision expired June 30, 2015.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	5	0	0

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

**Motor fuel tax expenditures for which an estimate is not currently available**

Expenditure	Statute	Summary
6.00100	§48-9-10	Motor fuel tax refunds for agricultural purposes

## 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 four and one-half 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.

### **7.00300**     200 gallons annually of homebrew per household

Statute	§§3-5-61, 3-6-70
Year Enacted	1977
Year Effective	1977
Data Source	American Homebrewers' Association
Estimate Reliability	Class B
Data Reliability	Class C
Note	

**Description:** Allows an exemption for up to 200 gallons annually of homebrew per household.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	1	1	1
(m) Denotes a value of less than \$1 million			

### **7.00400**     Sales to and use by religious organizations for sacramental purposes

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

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

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

Note

**Description:** An exemption is allowed for purchases of ethyl alcohol intended for use or used for the following purposes: scientific, chemical, mechanical, industrial, medicinal, and culinary.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**7.00600**     **Malt beverages containing less than 0.5 percent alcohol by volume**

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

Note

**Description:** Malt beverages which contain less than 0.5 percent alcohol by volume shall not be subject to any tax levied under this title or any tax levied pursuant to authority granted by this title.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

**Alcoholic beverages tax expenditures for which an estimate is not currently available**

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

## 8. Cigar and Cigarette Excise Tax

This 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 three pounds per thousand are taxed at a rate of 2.5 mills each (\$2.50 per 1000). All other cigars are taxed at 23 percent of the wholesale cost price, exclusive of any trade, cash, of other discounts or any promotion, advertising, display or other similar allowances. Loose or smokeless tobacco is taxed at a rate of 10 percent of the wholesale cost price. The tax is administered by the Georgia DOR. In FY 2014 the tax totaled \$217 million. The proceeds of the tax are deposited into the State General Fund.

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

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)

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

### Cigar and cigarette excise tax expenditures for which an estimate is not currently available

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

## 9. Financial Institutions Special State Occupation Tax

This is a special state occupation tax imposed on the adjusted gross receipts of each depository financial institution that does business or owns property in the state. The state tax rate is levied at a rate of 0.25 percent. In addition to the state tax, counties and municipalities may levy a rate not to exceed 0.25 percent of gross receipts. Any amount paid under the special state occupation tax by a financial institution reduces the institution's state income tax liability by an equal amount. The tax is administered by the Georgia DOR. The revenues from this tax in FY 2014 equaled \$19 million. The proceeds of the tax are deposited into the State General Fund.

### **9.00100**     Deduction for interest paid

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

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	2	2	2

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

### **Financial institutions tax expenditures for which an estimate is not currently available**

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

## 10. Special Assessment of Forest Land Conservation Use Property

Real property devoted to qualified conservation use is assessed at 40 percent of its current use value. This tax treatment is designed to reduce the property tax burden on landowners in an effort to discourage the conversion of land to residential or commercial use. The property must be maintained in a qualifying conservation use for a period of 10 years. Because the state offsets the loss of local government property tax revenue stemming from this exemption, this exemption represents a reduction in state tax revenues.

### **10.00000** Special assessment of forest land conservation use property

Statute	§48-5A-2
Year Enacted	2008
Year Effective	2008
Data Source	Office of Planning and Budget; and the Georgia Department of Revenue
Estimate Reliability	Class B
Data Reliability	Class A
Note	

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

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	29	35	35

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

## 11. Alternative Ad Valorem Tax on Motor Vehicles

As of March 1, 2013 motor vehicles titled in Georgia are subject to a title ad valorem fee, otherwise referred to as the Motor Vehicle Title Fee. Vehicles purchased on or after January 1, 2012 and before March 1, 2013 may opt-into the title fee system. This legislation was passed in the 2012 session of the General Assembly and was substantially amended in the 2013 session. As part of the legislation, sales and use tax on the sale of motor vehicles was eliminated for purchases or leases occurring on or after March 1, 2013. The title fee rate in CY 2013 was 6.5 percent and increased to 6.75 percent in CY 2014 and to 7 percent in CY 2015. This fee generated \$758 million to the State General Fund in FY 2014 and \$611 million in local government receipts.

### 11.001      Reduced rate for related family transfers

Statute                      §48-5C-1(d)(1)-(2)  
 Year Enacted              2012  
 Year Effective              2013  
 Data Source                DOR data for 2015  
 Estimate Reliability      Class A  
 Data Reliability          Class A

Note

**Description:** A reduced rate of 0.25 percent applies to transfers for a vehicle transferred between immediate family members or a transfer occurring as a result of the death of an immediate family member.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	5	6	5
Local Tax Expenditure	4	4	5

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

### 11.002      Disabled veteran exemption

Statute                      §48-5C-1(d)(7)  
 Year Enacted              2012  
 Year Effective              2013  
 Data Source                DOR data for 2015  
 Estimate Reliability      Class A  
 Data Reliability          Class A

Note

**Description:** Exemption from the title fee of the sale of a vehicle to a service-connected disabled veteran when the veteran received a grant from the U.S. Department of Veterans Affairs to purchase and specifically adapt the vehicle to his or her disability.

State Fiscal Years (\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**11.003**      Reduced rate for rental vehicles

Statute                      §48-5C-1(d)(11)(A)  
Year Enacted              2012  
Year Effective              2013  
Data Source                DOR data for 2015  
Estimate Reliability      Class A  
Data Reliability          Class A

Note

**Description:** Rental vehicles are subject to a reduced state title fee rate of 0.625 percent of the fair market value and a local title fee rate of 0.625 percent of the fair market value.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	56	65	57
Local Tax Expenditure	44	47	51

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

**11.004**      Reduced rate for vehicles manufactured in years 1963 through 1985

Statute                      §48-5C-1(d)(17)  
Year Enacted              2012  
Year Effective              2013  
Data Source                DOR data for 2015  
Estimate Reliability      Class B  
Data Reliability          Class B

Note

**Description:** Vehicles manufactured in years 1963 through 1985 are subject to a reduced state title fee rate of 0.5 percent and reduced local title fee rate of 0.5 percent of the fair market value of the vehicle.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**11.005**      Reduced rate for salvage vehicles

Statute                      §48-5C-1(b)(2)  
Year Enacted              2012  
Year Effective              2013  
Data Source                DOR data for 2015  
Estimate Reliability      Class A  
Data Reliability          Class A

Note

**Description:** Salvage vehicles are subject to a state title fee rate of 1 percent and are not subject to the local title fee.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	23	28	25
Local Tax Expenditure	26	29	32

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

**11.006**      Dealer loaner vehicle exemption

Statute                      §48-5C-1(d)(12)  
Year Enacted              2012  
Year Effective              2013  
Data Source                DOR data for 2015  
Estimate Reliability      Class B  
Data Reliability          Class A

Note

**Description:** Dealer loaner vehicles are exempt from the state and local title fee for a period of 366 days.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	7	5	3
Local Tax Expenditure	6	4	2

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

**11.007**      Reduced rate for donated vehicles

Statute                      §48-5C-1(d)(13)  
Year Enacted              2012  
Year Effective              2013  
Data Source                DOR data for 2015  
Estimate Reliability      Class A  
Data Reliability          Class A

Note

**Description:** Vehicles donated to nonprofit organizations for the purpose of being transferred to another person are subject to a reduced state title fee rate of 1 percent of the fair market value of the vehicle. No local title fee applies.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

**11.008**      Extended payment period for out-of-state vehicles

Statute                      §48-5C-1(d)(3)  
Year Enacted              2012  
Year Effective              2013  
Data Source                DOR data for 2015  
Estimate Reliability      Class B  
Data Reliability          Class B

Note

**Description:** Vehicles registered by individuals moving from out of state are allowed to pay the title fee in two equal installments over a 12-month period.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	5	2	-2
Local Tax Expenditure	4	0	0

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

**11.009**      Trade-in exemption (including rebates and cash discounts)

Statute                      §48-5C-1(a)(1)  
Year Enacted              2012

Year Effective 2013  
 Data Source DOR data for 2015  
 Estimate Reliability Class A  
 Data Reliability Class A

Note

**Description:** Both the state and local title fee is imposed on the fair market value of a vehicle net of the trade-in value of another motor vehicle, rebates or cash discounts.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	338	345	303
Local Tax Expenditure	283	266	290

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

**11.010**      Special assessment for used vehicles

Statute §48-5C-1(a)(1)(C)  
 Year Enacted 2012  
 Year Effective 2013  
 Data Source DOR data for 2015  
 Estimate Reliability Class B  
 Data Reliability Class C

Note

**Description:** Under certain conditions, used vehicles may be valued based on bill of sale, odometer reading, and values from alternative pricing guides.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	20	21	18
Local Tax Expenditure	16	16	17

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

**11.011**      Special assessment for new vehicles

Statute §48-5C-1(a)(1)(D)  
 Year Enacted 2012  
 Year Effective 2013  
 Data Source DOR data for 2015  
 Estimate Reliability Class B  
 Data Reliability Class B

Note

**Description:** The title fee is applied to the greater of the retail selling price or the average of the current fair market value and the current wholesale value.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	-46	-56	-49
Local Tax Expenditure	-41	-42	-46

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

**11.012**      Buy here pay here transactions

Statute §48-5C-1(b)(1)(B)(xv)  
 Year Enacted 2013  
 Year Effective 2014  
 Data Source DOR data for 2015  
 Estimate Reliability Class A

Data Reliability Class A  
Note

**Description:** Seller financed used car transactions are subject to a title fee rate that is 2.5 percentage points below the standard title fee rate.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	3	6	6
Local Tax Expenditure	3	4	3

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

**11.013** Exemption from TAVT for leased vehicles qualifying for Manufacturing Headquarters

Statute §48-5C-1  
Year Enacted 2015  
Year Effective 2015  
Data Source DOR data for 2015  
Estimate Reliability Class A  
Data Reliability Class A

Note

**Description:** Creates the plate category of “Manufacturing HQ” and included in the rights and qualifications of that plate is an exemption from the TAVT.

	State Fiscal Years (\$ in Millions)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

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

## **12. Special Excise Tax on Consumer Fireworks**

An excise tax of 5 percent is levied in addition to any state and local taxes imposed by law. The proceeds from this excise tax are deposited into the State General Fund. This provision became effective for fiscal years beginning on July 1, 2015. At this time, there are no exemptions allowed against this provision.

## Appendix of Tables

**Table 1: Summary of expired provisions**

<b>Expenditure</b>	<b>Summary</b>	<b>Tax</b>	<b>Expiration Date</b>
1.6.024	Teleworking Credit	State Individual Income Tax	12/31/2011
1.6.031	Low- & Zero-Emission Vehicle Credit & Electric Vehicle Charger Credit	Total State Credit	6/30/2015
1.6.033	Clean Energy Property and Wood Residuals Credit	Total State Credit	12/31/2014
2.6.013	Teleworking Credit	Corporate Income Tax	12/31/2011
2.6.033	Cigarette export tax credit	Corporate Income Tax	6/30/2010
4.02500	Sale of seed, fertilizer, fungicide, and certain other agricultural chemicals to farmers, and feed for livestock, fish, or poultry purchased by persons engaged in animal husbandry	Sales and Use Tax	1/1/2013
4.02600	Sale of machinery used exclusively for irrigation of crops to persons primarily engaged in producing farm crops for sale	Sales and Use Tax	1/1/2013
4.02700	Sales of sugar for use as food to honey bee producers	Sales and Use Tax	1/1/2013
4.02800	Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes	Sales and Use Tax	1/1/2013
4.02900	Sale of certain types of agricultural machinery	Sales and Use Tax	1/1/2013
4.02910	Off-road equipment and related attachments used exclusively in site preparation, planting, cultivating, or harvesting of timber by persons primarily engaged in growing or harvesting timber	Sales and Use Tax	1/1/2013
4.03310	Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport	Sales and Use Tax	1/1/2013
4.03400	Certain machinery used in the manufacturing of tangible personal property	Sales and Use Tax	1/1/2013
4.03430	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery	Sales and Use Tax	1/1/2013
4.03440	Sale of tangible personal property to or used in or for the construction of a new alternative fuel facility primarily dedicated to the production and	Sales and Use Tax	6/30/2012

	processing of ethanol, biodiesel, butanol or their by-products		
4.03500	Certain materials used in industrial packaging	Sales and Use Tax	1/1/2013
4.03700	Machinery and equipment used in combating air and water pollution and any industrial material used in a burning or recycling process	Sales and Use Tax	12/31/2012
4.04900	Liquefied gases and other fuels used in poultry or pullet houses or structures	Sales and Use Tax	1/1/2013
4.04910	Liquefied petroleum gas or other fuel used in a structure where swine are raised	Sales and Use Tax	6/30/2010
4.05800	Graduated exemption for the sale of overhead materials used in government contracts	Sales and Use Tax	1/1/2011
4.06400	Sale of electricity or fuels used exclusively for the operation of an irrigation system on a farm for crop irrigation	Sales and Use Tax	1/1/2013
4.07010	Partial exemption for certain sales of natural or artificial gas, fuel oil, propane, petroleum coke and coal used directly or indirectly in the manufacture or processing of tangible personal property primarily for resale	Sales and Use Tax	12/31/2010
4.07300	Sale of certain production equipment to film producers and film production companies	Sales and Use Tax	1/1/2013
4.07400	Sale or use of digital broadcast equipment sold to, leased to, or used by a federally licensed commercial or public radio or television broadcast station, a cable network, or a cable distributor	Sales and Use Tax	11/1/2008
4.07500	Sales tax holiday for back to school items	Sales and Use Tax	8/1/2015
4.07700	Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale	Sales and Use Tax	1/1/2013
4.07800	Materials used to construct a new symphony hall costing in excess of \$200 million that is owned and operated by a nonprofit organization	Sales and Use Tax	9/1/2011
4.07900	Ice used to chill poultry or vegetables during processing or shipment	Sales and Use Tax	1/1/2013
4.08200	Sales tax holiday for water-efficient and energy-efficient purchases	Sales and Use Tax	10/4/2015
4.08800	Sale of tangible personal property used in the construction of a qualified civil rights museum	Sales and Use Tax	7/30/2015
4.08900	The sale of an airplane flight simulation training device.	Sales and Use Tax	6/30/2011
4.09000	The sale of electricity to a manufacturer located in this state used directly in the manufacture of a product.	Sales and Use Tax	1/1/2013

4.09200	Sale to an organization defined by the Internal Revenue Service as an instrumentality of the states relating to the holding of an annual meeting in this state for the period commencing July 1, 2012, and ending on December 31, 2013	Sales and Use Tax	12/31/2013
6.00200	Sale of fuel to mass transit vehicles	Motor Fuel Tax	6/30/2015
6.00300	Sale of fuel to campus transportation vehicles	Motor Fuel Tax	6/30/2015
6.00600	Motor fuel tax exemption for public school buses	Motor Fuel Tax	6/30/2015

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
<b>Sales Tax Exemption for a Business Input<sup>4</sup></b>				
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	24	21	18
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	Estimate not available at this time		
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	1	1	1
4.03910	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property	Estimate not available at this time		
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia.	Estimate not available at this time		
4.04800	Sale of crab bait to licensed commercial fishermen	(m)	(m)	(m)
4.06000	Sale of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less	(m)	(m)	(m)
4.06500	Sale of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	(m)	(m)	(m)
4.06800	Sale of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million	Estimate not available at this time		
4.06900	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less	(m)	(m)	(m)
4.07000	Sale of natural gas used directly in the manufacture of electricity	54	54	51
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	4	4	4
4.08300	Sale of biomass materials used to produce electricity or steam or used to produce electricity or steam intended for sale	(m)	1	1

<sup>4</sup> Sales tax exemptions which are defined primarily as an exemption for a profit making business.

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
4.09400	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale	Estimate not available at this time		
4.3.2	Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing	3,374	3,481	3,579
4.3.3	Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment	178	183	187
<b>Sales Tax Exemption for a Specific Item<sup>5</sup></b>				
4.00300	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel	Estimate not available at this time		
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	9	9	10
4.00500	Sales of transportation furnished by an approved and authorized urban transit system	Estimate Combined With 4.00400		
4.01200	School lunches sold and served to pupils and employees of public schools	7	7	6
4.01300	School lunches sold and served to pupils and employees of approved private schools	1	1	1
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Estimate not available at this time		
4.02000	Water delivered through water mains, lines, or pipes	See expenditure estimate for Residential Utilities (4.5009)		
4.02200	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made	See expenditure estimates for services (4.50003, 4.50010, 4.50011)		
4.02300	Repair services when a separate charge is made to the customer	See expenditure estimates for Services (4.50003, 4.50010, 4.50011)		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	Estimate not available at this time		

<sup>5</sup> Sales tax exemptions which are defined primarily by the item being purchased and not defined, or only generally defined, by the seller or purchaser.

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
4.03300	Common or common and contract carriers	Estimate not available at this time		
4.04200	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property	Estimate not available at this time		
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	3	3	3
4.04700	Sale of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain controlled substances or dangerous drugs	430	452	475
4.05000	Sales of insulin syringes and blood glucose level measuring strips dispensed without a prescription	21	22	23
4.05100	Sale of oxygen when prescribed by a licensed physician	(m)	(m)	(m)
4.05200	Sale or use of hearing aids	4	4	4
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	39	41	42
4.05500	Sale of Georgia lottery tickets	163	166	169
4.05700	Food purchased for off-premises consumption	469	486	499
4.05730	Exemption for prepared food and food ingredients that are donated following a natural disaster and used for disaster relief	(m)	(m)	(m)
4.06100	Advertising inserts that are used in newspapers for resale	Estimate not available at this time		
4.06200	Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer	2	2	2
4.06600	Sale of gold, silver, or platinum bullion	Estimate not available at this time		
4.06700	Sale of coins or currency	4	4	4
4.07500	Sales tax holiday for back to school items (expired August 1, 2015)	40	42	0

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
4.08200	Sales tax holiday for water-efficient and energy-efficient purchases (expired October 4, 2015)	1	1	0
4.09100	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave.	Estimate not available at this time		
<b>Sales Tax Exemption for a Specific Purchaser<sup>6</sup></b>				
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Estimate not available at this time		
4.00600	Sales to any Hospital Authority created by Georgia law	Estimate Combined with 4.00700		
4.00610	Sales to any Housing Authority created by Georgia law	2	2	2
4.00620	Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities	2	2	2
4.00630	Sales to any agricultural commission created by the Department of Agriculture	(m)	(m)	(m)
4.00700	Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function.	93	97	101
4.00705	Sales of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act	1	1	1
4.00710	Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities	2	2	2
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	(m)	(m)	(m)
4.00730	Sales of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level	1	1	1

<sup>6</sup> Sales tax exemptions which are defined primarily by the purchaser and not defined, or only generally defined, by the seller or the item being purchased.

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
4.00800	Sales of tangible personal property and services to the University System of Georgia and its educational units	35	36	37
4.00900	Sale of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia in which the credits are accepted by the University System of Georgia	Estimate not available at this time		
4.01000	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	2	2	2
4.01100	Sale of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute	(m)	(m)	(m)
4.01900	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident	Estimate not available at this time		
4.02100	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business	Estimate not available at this time		
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia	Estimate not available at this time		
4.03600	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution	(m)	(m)	(m)
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.	Estimate not available at this time		
4.04000	Sale of major components or repair parts installed in military aircraft, vehicles, or missiles	31	31	24

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institution, child-placing agency, or maternity home	1	1	1
4.04600	Sale of tangible personal property or taxable services to nonprofit blood banks	1	1	1
4.05720	Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes	1	1	1
4.07100	Sale to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	(m)	(m)	(m)
4.07600	Exemption for personal property used in the renovation or expansion of an aquarium	0	1	1
4.08700	Sales of tangible personal property used to renovate or expand a zoological institution (expires June 30, 2018)	0	0	(m)
4.08800	Sale of tangible personal property used in the construction of a qualified civil rights museum (expired July 30, 2015)	(m)	0	0
4.09300	Sale of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until June 30, 2016	21	21	0
4.09600	Exemption for sales or use of construction materials used for or in the construction of buildings at a private college	0	(m)	0
<b>Sales Tax Exemption for a Specific Purchaser of a Specific Item<sup>7</sup></b>				
4.01400	Sales of art and other artifacts for display or exhibition to museums	(m)	(m)	(m)
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	(m)	(m)	(m)
4.03000	Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase the specially adapted vehicle	(m)	(m)	(m)

<sup>7</sup> Sales tax exemptions which are specifically defined by the purchaser as well as the item being purchased.

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	Estimate not available at this time		
4.03310	Partial sales tax exemption for jet fuel sold to or used by a qualifying airline at a qualifying airport	21	0	0
4.04400	Sale of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state.	Estimate not available at this time		
4.05300	Transactions where food stamps or WIC coupons are used as the method of payment of payment	114	113	113
4.05710	Sales of food and beverages to a qualified food bank (expires June 30, 2016)	3	3	0
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims' Emergency Fund	(m)	(m)	(m)
4.07200	Sale of wheelchairs and attachments for wheelchairs when sold to permanently disabled individuals	(m)	(m)	(m)
4.08600	Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft	20	20	20
<b>Sales Tax Exemption for a Specific Seller<sup>8</sup></b>				
4.00200	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system.	Estimate not available at this time		
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year and sales of religious paper when the paper is owned and operated by the religious institution	(m)	(m)	(m)
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H center	(m)	(m)	(m)

<sup>8</sup> Sales tax exemptions which are defined primarily by the seller and not defined, or only generally defined, by the purchaser of the item being purchased.

**Table 2: Sales and use tax expenditures by type**

<b>Expenditure</b>	<b>Summary</b>	<b>State FY 2015</b>	<b>State FY 2016</b>	<b>State FY 2017</b>
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	2	2	2
4.05600	Sale by any qualified nonprofit parent-teacher organization	1	1	1
4.05900	Sale of eligible food and beverages by any Girl or Boy Scout council	1	1	1
4.90000	Sales tax exemption for casual sales	2	2	2

**Tables 3-8: Distributional tables of selected provisions**

Tables 3 through 8 provide information on the distribution across Georgia AGI for several exemptions and deductions from the state individual income tax. Due to a lack of data and for reasons of confidentiality, these tables cannot be produced for other provisions. The data used to produce the tables is from the state individual income tax files for 2013. It has not been adjusted for inflation nor does it reflect any legislative changes that may have occurred since 2013. Column 1 of each table provides the categories of Georgia AGI. Column 2 (Number of Returns) provides the number of returns for each AGI category. Column 3 (Average Value) gives the average value of the tax exemption or deduction taken by filers in each AGI category. Column 4 (Total) provides the total value of the deduction or exemption associated with each AGI category and column 5 (Percent of Total) provides the percent of the total value of the deduction or exemption that falls into that AGI category.

**Table 3: Total Personal Exemptions**

Georgia AGI - 2013	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	723,603	\$2,303	\$1,666,155,600	6.2%
0<GA AGI≤\$25,000	1,520,747	\$5,959	\$9,062,065,500	33.6%
\$25,000<GA AGI≤\$50,000	850,976	\$7,150	\$6,084,295,200	22.6%
\$50,000<GA AGI≤\$100,000	672,806	\$8,237	\$5,542,007,800	20.6%
\$100,000<GA AGI≤\$500,000	431,789	\$10,093	\$4,358,030,200	16.2%
\$500,000<GA AGI≤\$1,000,000	14,824	\$10,892	\$161,468,200	0.6%
GA AGI>\$1,000,000	6,380	\$10,568	\$67,423,000	0.3%
Total	4,221,125		\$26,941,445,500	

The percent of total column may not sum to 100 percent due to rounding.

**Table 4: Retirement Exemptions**

Georgia AGI - 2013	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	328,689	\$28,148	\$9,251,812,016	47.1%
0<GA AGI≤\$25,000	172,829	\$25,572	\$4,419,548,971	22.5%
\$25,000<GA AGI≤\$50,000	83,532	\$24,946	\$2,083,754,494	10.6%
\$50,000<GA AGI≤\$100,000	72,165	\$26,947	\$1,944,642,102	9.9%
\$100,000<GA AGI≤\$500,000	47,084	\$36,277	\$1,708,071,273	8.7%
\$500,000<GA AGI≤\$1,000,000	2,578	\$58,894	\$151,827,834	0.8%
GA AGI>\$1,000,000	1,378	\$71,473	\$98,489,328	0.5%
Total	708,255		\$19,658,146,018	

The percent of total column may not sum to 100 percent due to rounding.

**Table 5: Georgia Higher Education Savings Deduction**

Georgia AGI - 2013	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	1,607	\$2,171	\$3,488,491	4.2%
0<GA AGI≤\$25,000	1,583	\$1,784	\$2,824,253	3.4%
\$25,000<GA AGI≤\$50,000	2,044	\$1,705	\$3,485,905	4.2%
\$50,000<GA AGI≤\$100,000	6,375	\$1,807	\$11,521,493	14.0%
\$100,000<GA AGI≤\$500,000	20,329	\$2,747	\$55,852,124	67.9%
\$500,000<GA AGI≤\$1,000,000	950	\$4,088	\$3,883,948	4.7%
GA AGI>\$1,000,000	275	\$4,313	\$1,186,123	1.4%
<b>Total</b>	<b>33,163</b>		<b>\$82,242,337</b>	

The percent of total column may not sum to 100 percent due to rounding.

**Table 6: Interest on U.S. Obligations**

Georgia AGI - 2013	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	20,121	\$12,756	\$256,669,261	81.6%
0<GA AGI≤\$25,000	8,068	\$1,526	\$12,309,046	3.9%
\$25,000<GA AGI≤\$50,000	5,043	\$1,546	\$7,797,225	2.5%
\$50,000<GA AGI≤\$100,000	7,573	\$1,572	\$11,903,909	3.8%
\$100,000<GA AGI≤\$500,000	10,725	\$1,544	\$16,563,077	5.3%
\$500,000<GA AGI≤\$1,000,000	1,183	\$2,313	\$2,736,535	0.9%
GA AGI>\$1,000,000	1,020	\$6,482	\$6,611,464	2.1%
<b>Total</b>	<b>53,733</b>		<b>\$314,590,517</b>	

The percent of total column may not sum to 100 percent due to rounding.

**Table 7: Blind and Age 65 Deduction**

Georgia AGI - 2013	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	184,464	\$1,843	\$340,005,900	59.6%
0<GA AGI≤\$25,000	88,254	\$1,766	\$155,838,800	27.3%
\$25,000<GA AGI≤\$50,000	27,276	\$1,704	\$46,481,500	8.2%
\$50,000<GA AGI≤\$100,000	13,434	\$1,719	\$23,093,200	4.1%
\$100,000<GA AGI≤\$500,000	2,496	\$1,823	\$4,550,000	0.8%
\$500,000<GA AGI≤\$1,000,000	50	\$2,158	\$107,900	0.0%
GA AGI>\$1,000,000	38	\$1,916	\$72,800	0.0%
<b>Total</b>	<b>316,012</b>		<b>\$570,150,100</b>	

The percent of total column may not sum to 100 percent due to rounding.

**Table 8: Standard Deduction**

Georgia AGI - 2013	Number of Returns	Average Value	Total	Percent of Total
GA AGI≤0	229,619	\$2,581	\$592,539,400	9.7%
0<GA AGI≤\$25,000	1,379,011	\$2,381	\$3,283,680,200	53.9%
\$25,000<GA AGI≤\$50,000	577,070	\$2,506	\$1,445,880,500	23.7%
\$50,000<GA AGI≤\$100,000	247,797	\$2,739	\$678,835,600	11.1%
\$100,000<GA AGI≤\$500,000	32,681	\$2,910	\$95,095,500	1.6%
\$500,000<GA AGI≤\$1,000,000	168	\$2,790	\$468,800	0.0%
GA AGI>\$1,000,000	119	\$2,863	\$340,700	0.0%
Total	2,466,465		\$6,096,840,700	

The percent of total column may not sum to 100 percent due to rounding.