



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

December 10, 2018

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

Ladies and Gentlemen:

I am pleased to submit to you the Georgia Tax Expenditure Report for FY 2020 prepared by Georgia State University on behalf of the Department of Audits and Accounts. This report was prepared for inclusion in the Governor's Budget Report as required by Georgia Code §45-12-75. A copy of this report will be made available to the public on the Governor's Office of Planning and Budget's website and is also filed as a permanent record with the State Auditor.

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

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

Respectfully Submitted,

Greg S. Griffin
State Auditor

Georgia Tax Expenditure Report for FY 2020

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

December 2018

Funding for this project was provided by the Georgia Department of Audits and Accounts. We would like to thank the Georgia Department of Revenue and the Georgia Office of Insurance and Safety Fire Commissioner for their contributions to the preparation of this report. Lastly, we would like to thank the Georgia Department of Audits and Accounts for their comments and recommendations. All estimates presented in this report are the work of the Fiscal Research Center. We are solely responsible for its contents.

Table of Contents

| | |
|---|-----|
| Introduction..... | 3 |
| 1. Individual Income Tax | 57 |
| 1.1 Federal Exclusions | 59 |
| 1.2 Federal Deductions | 67 |
| 1.3 Special Federal Conformity Provisions | 72 |
| 1.4 Georgia Exemptions..... | 75 |
| 1.5 Georgia Deductions | 79 |
| 1.6 Georgia Credits | 80 |
| 2. Corporate Income Tax | 100 |
| 2.1 Federal Corporate Exclusions | 101 |
| 2.2 Federal Corporate Deductions | 103 |
| 2.3 Special Federal Corporate Conformity Provisions | 107 |
| 2.4 Corporate Apportionment | 110 |
| 2.5 Georgia Deductions | 112 |
| 2.6 Georgia Credits | 113 |
| 3. Corporate Net Worth Tax | 130 |
| 4. Sales and Use Tax | 131 |
| 4.5 Sales and Use Tax for Services..... | 159 |
| 4.7 Vendor Compensation | 162 |
| 4.9 Casual Sales | 163 |
| 5. Insurance Premium Tax | 166 |
| 6. Motor Fuel Tax | 170 |
| 7. Alcoholic Beverage Tax | 171 |
| 8. Tobacco Products Excise Tax | 173 |
| 9. Financial Institutions Special State Occupation Tax | 174 |
| 10. Special Assessment of Forest Land Conservation Use Property | 175 |
| 11. Alternative Ad Valorem Tax on Motor Vehicles..... | 176 |
| 12. Special Excise Tax on Consumer Fireworks | 183 |
| 13. State Hotel-Motel Tax..... | 184 |
| Appendix of Tables..... | 185 |
| Tables 3-9: Distributional tables of selected provisions | 195 |

Introduction

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

Like direct government expenditures, tax expenditures are an allocation of government revenue that are intended to achieve a particular policy outcome or 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 Annotated. 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 is 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 individual 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 particular provision by itself, without consideration of potential interactions with other provisions. 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) 2016. 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.

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

Local Government Effects

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

Consistency with prior estimates

The current report, FY 2020, presents estimates for FY 2018-FY 2020. The report for FY 2019 provided estimates for FY 2017-FY 2019. 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 2020 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 2018, FY 2019, and FY 2020 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. 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 2018 | State FY 2019 | State FY 2020 |
|--|---|-------------------------------|---------------------|---------------|---------------|---------------|
| Federal Income Tax Provisions¹ | | | | | | |
| 1.1.001 | Exclusion of employee meals and lodging | Federal Individual Income Tax | Exclusion | 20 | 20 | 21 |
| 1.1.002 | Exclusion of housing allowances for ministers | Federal Individual Income Tax | Exclusion | 5 | 5 | 4 |
| 1.1.003 | Exclusion of employer-provided child care | Federal Individual Income Tax | Exclusion | 15 | 14 | 14 |
| 1.1.004 | Exclusion of employee awards | Federal Individual Income Tax | Exclusion | 3 | 3 | 3 |
| 1.1.005 | Exclusion of employer contributions and earnings to pension plans includes Keoghs, defined benefit and defined contribution plans | Federal Individual Income Tax | Exclusion | 1,450 | 1,523 | 1,596 |
| 1.1.006 | Exclusion of employer contributions for health care, health insurance premiums and long-term care insurance premiums | Federal Individual Income Tax | Exclusion | 1,004 | 1,064 | 1,160 |
| 1.1.007 | Exclusion of employer-paid accident and disability premiums | Federal Individual Income Tax | Exclusion | 29 | 29 | 30 |

¹ These are Internal Revenue Code provisions (IRC) 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 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 1.1.008 | Exclusion of employer contributions for premiums on group long-term life insurance | Federal Individual Income Tax | Exclusion | 24 | 24 | 25 |
| 1.1.009 | Exclusion of employer-paid transportation benefits and employer-provided transit and vanpool benefits | Federal Individual Income Tax | Exclusion | 36 | 37 | 38 |
| 1.1.010 | Exclusion of benefits provided through cafeteria plans | Federal Individual Income Tax | Exclusion | 210 | 229 | 246 |
| 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 | 8 | 8 | 8 |
| 1.1.013 | Exclusion of miscellaneous fringe benefits | Federal Individual Income Tax | Exclusion | 47 | 48 | 50 |
| 1.1.014 | Exclusion of foreign earned income (including housing and salary) | Federal Individual Income Tax | Exclusion | 44 | 45 | 48 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 1.1.015 | Exclusion of certain allowances for federal employees abroad | Federal Individual Income Tax | Exclusion | 7 | 8 | 8 |
| 1.1.016 | Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits) | Federal Individual Income Tax | Exclusion | 53 | 53 | 55 |
| 1.1.017 | Exclusion of medical care and Tricare medical insurance for military dependents, retirees, and retiree dependents | Federal Individual Income Tax | Exclusion | 33 | 30 | 32 |
| 1.1.018 | Exclusion of veterans' benefits (includes veterans disability compensation, pensions, and readjustment benefits) | Federal Individual Income Tax | Exclusion | 66 | 61 | 63 |
| 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 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 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 | 50 | 51 |
| 1.1.021 | Exclusion of special benefits for disabled coal miners | Federal Individual Income Tax | Exclusion | (m) | (m) | (m) |
| 1.1.022 | Exclusion of untaxed Social Security and railroad retirement benefits | Federal Individual Income Tax | Exclusion | 192 | 187 | 192 |
| 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 | 15 | 16 | 17 |
| 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 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 1.1.028 | Exclusion of earnings of qualified tuition programs (including prepaid tuition programs and savings account programs) | Federal Individual Income Tax | Exclusion | 5 | 8 | 9 |
| 1.1.029 | Exclusion for certain agricultural cost-sharing payments | Federal Individual Income Tax | Exclusion | (m) | (m) | (m) |
| 1.1.030 | Exclusion of cancellation of indebtedness income for 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) |
| 1.1.032 | Exclusion of capital gains on sales of principal residences | Federal Individual Income Tax | Exclusion | 249 | 259 | 268 |
| 1.1.033 | Exclusion of capital gains at death | Federal Individual Income Tax | Exclusion | 144 | 156 | 160 |
| 1.1.034 | Carryover basis of capital gains on gifts | Federal Individual Income Tax | Exclusion | 3 | 4 | 7 |
| 1.1.035 | Permanent Exemption from imputed interest rules | Federal Individual Income Tax | Exclusion | 3 | 3 | 3 |
| 1.1.036 | Exclusion of combat pay | Federal Individual Income Tax | Exclusion | 14 | 10 | 9 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 1.1.037 | Exclusion of energy conservation subsidies provided by public utilities | Federal Individual Income Tax | Exclusion | (m) | (m) | (m) |
| 1.1.040 | Exclusion of interest on public purpose state and local government bonds | Federal Individual Income Tax | Exclusion | 1 | 1 | 1 |
| 1.1.041 | Exclusion of income earned by voluntary employees' beneficiary associations | Federal Individual Income Tax | Exclusion | 11 | 10 | 10 |
| 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 | 23 | 20 | 17 |
| 1.2.003 | Expensing of exploration and development costs: nonfuel minerals | Federal Individual Income Tax | Deduction | (m) | (m) | (m) |
| 1.2.004 | Amortization of business startup costs | Federal Individual Income Tax | Deduction | (m) | 1 | 1 |
| 1.2.005 | Expensing of research and experimental expenses | Federal Individual Income Tax | Deduction | (m) | 0 | 0 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 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 | 69 | 63 | 48 |
| 1.2.010 | Exceptions for publicly traded partnerships with qualified income derived from certain energy-related activities | Federal Individual Income Tax | Deduction | 2 | 1 | 2 |
| 1.2.011 | Treatment of income from exploration and mining of natural resources as qualifying income under the publicly traded partnerships rules | Federal Individual Income Tax | Deduction | (m) | 0 | 0 |
| 1.2.012 | Various agricultural expensing provisions | Federal Individual Income Tax | Deduction | 1 | 1 | 1 |
| 1.2.013 | Community and regional development incentives | Federal Individual Income Tax | Deduction | (m) | (m) | (m) |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 1.2.014 | Expensing to remove architectural and transportation barriers to the handicapped and elderly | Federal Individual Income Tax | Deduction | (m) | (m) | 0 |
| 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 | 31 | 35 | 37 |
| 1.2.018 | Deduction of property taxes on real property | Federal Individual Income Tax | Deduction | 269 | 129 | 98 |
| 1.2.020 | Deduction of mortgage interest on owner-occupied residences | Federal Individual Income Tax | Deduction | 293 | 196 | 194 |
| 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 | 501 | 430 | 391 |
| 1.2.022 | Deduction of casualty and theft losses | Federal Individual Income Tax | Deduction | 2 | 1 | 1 |
| 1.2.023 | Deduction of overnight expenses for National Guard | Federal Individual Income Tax | Deduction | 1 | 1 | 1 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------------------|----------------------------|----------------------|----------------------|----------------------|
| | and Reserve members | | | | | |
| 1.2.025 | Deduction of interest on student loans | Federal Individual Income Tax | Deduction | 12 | 12 | 12 |
| 1.2.028 | Deduction of health insurance premiums and long-term care insurance premiums by the self-employed | Federal Individual Income Tax | Deduction | 33 | 38 | 42 |
| 1.2.029 | Deduction of medical and dental expenses and long-term care expenses | Federal Individual Income Tax | Deduction | 62 | 47 | 45 |
| 1.2.030 | Net exclusion of pension contributions and earnings: traditional and Roth IRAs | Federal Individual Income Tax | Deduction | 137 | 139 | 146 |
| 1.2.031 | Limit on NOL deduction ² | Federal Individual Income Tax | Deduction | -1 | -1 | -1 |
| 1.3.001 | Deferral of gain on like-kind exchanges | Federal Individual Income Tax | Deferral | 27 | 28 | 28 |
| 1.3.002 | Special rules for magazine, paperback book, and record returns | Federal Individual Income Tax | Special Rule | (m) | (m) | (m) |
| 1.3.003 | Two-year carryback for net operating losses attributable to farming | Federal Individual Income Tax | Special Rule | (m) | (m) | (m) |

² 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 2018 | State FY 2019 | State FY 2020 |
|-------------|--|-------------------------------|---------------------|---------------|---------------|---------------|
| 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 | 24 | 28 | 22 |
| 1.3.006 | Deferral of gain on non-dealer installment sales | Federal Individual Income Tax | Special Rule | 5 | 5 | 5 |
| 1.3.007 | Completed contract rules | Federal Individual Income Tax | Special Rule | 2 | 3 | 3 |
| 1.3.008 | Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans) | Federal Individual Income Tax | Deferral | 8 | 8 | 9 |
| 1.3.009 | Income averaging for farmers and fishermen | Federal Individual Income Tax | Special Rule | 1 | 1 | 1 |
| 1.3.010 | Qualified opportunity zones | Federal Individual Income Tax | Special Rule | 3 | 5 | 5 |

Georgia Individual Income Tax Provisions

| | | | | | | |
|---------|---|-----------------------------|-----------|-------|-------|-------|
| 1.4.001 | Personal Exemption | State Individual Income Tax | Exemption | 1,047 | 1,060 | 1,073 |
| 1.4.002 | Retirement Income | State Individual Income Tax | Exemption | 901 | 956 | 998 |
| 1.4.003 | Exclusion of federally taxable Social Security benefits | State Individual Income Tax | Exemption | 190 | 198 | 205 |
| 1.4.004 | Georgia Higher Education Savings Plan Contributions | State Individual Income Tax | Exemption | 10 | 12 | 14 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-----------------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 1.4.005 | Interest on U.S. obligations | State Individual Income Tax | Exemption | 15 | 19 | 21 |
| 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 | 7 | 7 | 8 |
| 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 | 6 | 6 | 6 |
| 1.4.011 | Exclusion of qualified insurance benefits for firefighters | State Individual Income Tax | Exemption | Estimate not available at this time | | |
| 1.4.012 | Individual retirement account, Keogh, SEP and Sub-S plan withdrawals where tax has been paid to Georgia because of the difference between Georgia and Federal law for tax years 1981 through 1986. | State Individual Income Tax | Exemption | Estimate not available at this time | | |
| 1.4.013 | Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986. | State Individual Income Tax | Exemption | Estimate not available at this time | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-----------------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 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 | | |
| 1.4.021 | Exclusion of Military Survivor Benefit | State Individual Income Tax | Exemption | 1 | 5 | 5 |
| 1.5.001 | Standard Deduction | State Individual Income Tax | Deduction | 288 | 589 | 773 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-----------------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 1.5.002 | Deduction of qualified insurance premiums for former firefighters | State Individual Income Tax | Deduction | Estimate not available at this time | | |
| 1.5.003 | Deduction for Community-Based Faculty Physicians | State Individual Income Tax | Deduction | (m) | (m) | (m) |
| 1.6.001 | Rural Physician Credit | State Individual Income Tax | Credit | 1 | 1 | 1 |
| 1.6.002 | Disabled person's home purchase or retrofit credit | State Individual Income Tax | Credit | (m) | (m) | (m) |
| 1.6.003 | Driver Education Credit | State Individual Income Tax | Credit | 1 | 1 | 0 |
| 1.6.004 | Disaster Assistance Credit | State Individual Income Tax | Credit | (m) | 2 | 3 |
| 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 | (m) | (m) | (m) |
| 1.6.007 | Child and Dependent Care Credit | State Individual Income Tax | Credit | 39 | 41 | 42 |
| 1.6.008 | Adoption of Foster Child Credit | State Individual Income Tax | Credit | 5 | 5 | 5 |
| 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 | 288 | 306 | 324 |
| 1.6.012 | Georgia Job Tax Credit | Total State Credit | Credit | 115 | 117 | 119 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|--------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 1.6.013 | Quality Jobs Tax Credit | Total State Credit | Credit | 77 | 77 | 79 |
| 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 | 28 | 29 | 30 |
| 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 | 8 | 8 | 9 |
| 1.6.019 | Alternate Port Activity Tax Credit | Total State Credit | Credit | Estimate combined with 1.6.018 | | |
| 1.6.020 | Film Tax Credit | Total State Credit | Credit | 392 | 431 | 474 |
| 1.6.021 | Research Tax Credit | Total State Credit | Credit | 75 | 80 | 84 |
| 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) | 0 |
| 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 | Total State Credit | Credit | 24 | 24 | 25 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|--------------------|----------------------------|----------------------|----------------------|----------------------|
| | child care property | | | | | |
| 1.6.028 | Low-Income Housing Credit | Total State Credit | Credit | 249 | 262 | 277 |
| 1.6.029 | Historic Rehabilitation Credit | Total State Credit | Credit | 23 | 17 | 18 |
| 1.6.030 | Diesel Particulate Emission Reduction Technology Equipment Credit | Total State Credit | Credit | 0 | 0 | 0 |
| 1.6.031 | Low/Zero-Emission Vehicle Charger Credit | Total State Credit | Credit | (m) | (m) | (m) |
| 1.6.032 | Land Conservation Credit | Total State Credit | Credit | 7 | 6 | 6 |
| 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) | (m) |
| 1.6.035 | Employer's Credit for Approved Employee Retraining | Total State Credit | Credit | 52 | 56 | 61 |
| 1.6.036 | Qualified Education Expense Credit | Total State Credit | Credit | 52 | 58 | 76 |
| 1.6.037 | Qualified Investor Tax Credit | Total State Credit | Credit | (m) | 1 | 1 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|--------------------|----------------------------|--------------------------------|----------------------|----------------------|
| 1.6.038 | Energy-efficient or water-efficient equipment credit | Total State Credit | Credit | 0 | 0 | 0 |
| 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 | (m) | (m) | 0 |
| 1.6.043 | Bank Tax Credit | Total State Credit | Credit | 33 | 31 | 32 |
| 1.6.044 | Employer tax credit for hiring qualified parolees | Total State Credit | Credit | 0 | 3 | 3 |
| 1.6.045 | Income Tax Credit for Contributions to Rural Health Care Organizations | Total State Credit | Credit | 7 | 54 | 54 |
| 1.6.046 | Revitalization Zone Tax Credit | Total State Credit | Credit | 0 | 1 | 2 |
| 1.6.047 | Georgia Musical Investment Tax Credit | Total State Credit | Credit | 1 | 4 | 11 |
| 1.6.048 | Public Education Innovation Fund Tax Credit | Total State Credit | Credit | 0 | 5 | 5 |
| 1.6.049 | Agribusiness Tax Credit | Total State Credit | Credit | 0 | 0 | 2 |
| 1.6.050 | Railroad Track Maintenance Tax Credit | Total State Credit | Credit | 0 | 0 | 2 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------|---|--------------------|---------------------|---------------|---------------|---------------|
| 1.6.051 | Reforestation credit for losses incurred on commercial timberland due to hurricane damage | Total State Credit | Credit | 0 | 0 | 80 |

Federal Corporate Income Tax Provisions

| | | | | | | |
|---------|---|------------------------------|-----------|-----|-----|-----|
| 2.1.001 | Permanent exemption from imputed interest rules | 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) |
| 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) |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 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 | 252 | 212 | 220 |
| 2.1.011 | Exclusion of employee meals and lodging | Federal Corporate Income Tax | Deduction | -2 | -3 | -3 |
| 2.2.001 | Accelerated depreciation (MACRS) | Federal Corporate Income Tax | Deduction | 3 | 3 | 2 |
| 2.2.002 | Deduction of expenditures on energy-efficient commercial building property | Federal Corporate Income Tax | Deduction | (m) | (m) | 0 |
| 2.2.003 | Expensing of exploration and development costs: 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 experimental expenses | Federal Corporate Income Tax | Deduction | 3 | 2 | 2 |
| 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 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 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 | 3 |
| 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 | 20 | 20 | 21 |
| 2.2.011 | Expensing under IRC section 179 of depreciable business property | Federal Corporate Income Tax | Deduction | 24 | 21 | 16 |
| 2.2.012 | Amortization of air pollution control facilities | Federal Corporate Income Tax | Deduction | 2 | 1 | 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) | 0 |
| 2.2.017 | Inventory methods and valuation | Federal Corporate Income Tax | Deduction | 3 | 3 | 3 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 2.2.018 | Limits on deductible compensation and disallowance of deduction for excess parachute payments | Federal Corporate Income Tax | Exemption | -5 | -5 | -6 |
| 2.2.019 | Deduction for foreign-derived intangible income | Federal Corporate Income Tax | Deduction | 8 | 15 | 20 |
| 2.2.020 | Limitation on deduction of FDIC premium | Federal Corporate Income Tax | Deduction | -2 | -4 | -5 |
| 2.2.021 | Limitation on NOL deduction | Federal Corporate Income Tax | Deduction | -5 | -3 | -3 |
| 2.3.001 | Deferral of gain on like-kind exchanges | Federal Corporate Income Tax | Deferral | 11 | 5 | 6 |
| 2.3.002 | Special rules for magazine, paperback book, and record returns | Federal Corporate Income Tax | Special Rule | (m) | (m) | (m) |
| 2.3.003 | Two-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 | 3 | 4 | 3 |
| 2.3.006 | Deferral of gain on non-dealer installment sales | Federal Corporate Income Tax | Special Rule | 11 | 9 | 9 |
| 2.3.007 | Completed contract rules | Federal Corporate Income Tax | Special Rule | 3 | 3 | 3 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------|--|------------------------------|---------------------|---------------|---------------|---------------|
| 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) |
| 2.3.010 | Qualified opportunity zones | Federal Corporate Income Tax | Special Rule | 3 | 5 | 5 |

Georgia Corporate Income Tax Provisions

| | | | | | | |
|---------|--|----------------------|---------------|-------------------------------------|-----|-----|
| 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 | Exclusion of global intangible low-taxed income (GILTI) | Corporate Income Tax | Exclusion | 8 | 15 | 20 |
| 2.6.001 | Georgia Job Tax Credit | Total State Credit | Credit | 115 | 117 | 119 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|--------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 2.6.002 | Quality Jobs Tax Credit | Total State Credit | Credit | 77 | 77 | 79 |
| 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 | 28 | 29 | 30 |
| 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 | 8 | 8 | 9 |
| 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 | 392 | 431 | 474 |
| 2.6.010 | Research Tax Credit | Total State Credit | Credit | 75 | 80 | 84 |
| 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) | 0 |
| 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 | 24 | 24 | 25 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|--------------------|----------------------------|----------------------|----------------------|----------------------|
| 2.6.017 | Low-Income Housing Credit | Total State Credit | Credit | 249 | 262 | 277 |
| 2.6.018 | Historic Rehabilitation Credit | Total State Credit | Credit | 23 | 17 | 18 |
| 2.6.019 | Diesel Particulate Emission Reduction Technology Equipment Credit | Total State Credit | Credit | 0 | 0 | 0 |
| 2.6.020 | Low - and Zero-emission Vehicle Charger Credit | Total State Credit | Credit | (m) | (m) | (m) |
| 2.6.021 | Land Conservation Credit | Total State Credit | Credit | 7 | 6 | 6 |
| 2.6.022 | Clean Energy Property and Wood Residuals Credit | Total State Credit | Credit | 1 | (m) | 0 |
| 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) | (m) |
| 2.6.024 | Employer's Credit for Approved Employee Retraining | Total State Credit | Credit | 52 | 56 | 61 |
| 2.6.025 | Qualified Education Expense Credit | Total State Credit | Credit | 52 | 58 | 76 |
| 2.6.026 | Qualified Investor Tax Credit | Total State Credit | Credit | (m) | 1 | 1 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|--------------------|----------------------------|--------------------------------|----------------------|----------------------|
| 2.6.027 | Energy-Efficient or Water-Efficient Equipment Credit | Total State Credit | Credit | 0 | 0 | 0 |
| 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 | (m) | (m) | 0 |
| 2.6.032 | Bank Tax Credit | Total State Credit | Credit | 33 | 31 | 32 |
| 2.6.033 | Employer tax credit for hiring qualified parolees | Total State Credit | Credit | 1 | 3 | 3 |
| 2.6.034 | Income Tax Credit for Contributions to Rural Health Care Organizations | Total State Credit | Credit | 7 | 54 | 54 |
| 2.6.035 | Revitalization Zone Tax Credit | Total State Credit | Credit | 0 | 1 | 2 |
| 2.6.036 | Georgia Musical Investment Tax Credit | Total State Credit | Credit | 1 | 4 | 11 |
| 2.6.037 | Public Education Innovation Fund Tax Credit | Total State Credit | Credit | 0 | 5 | 5 |
| 2.6.038 | Agribusiness Tax Credit | Total State Credit | Credit | 0 | 0 | 2 |
| 2.6.039 | Railroad Track Maintenance Tax Credit | Total State Credit | Credit | 0 | 0 | 2 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------------|---|--------------------|---------------------|-------------------------------------|---------------|---------------|
| 2.6.040 | Reforestation credit for losses incurred on commercial timberland due to hurricane damage | Total State Credit | Credit | 0 | 0 | 80 |
| 3.001 | Exemption for nonprofit corporations | Net Worth Tax | Exemption | Estimate not available at this time | | |
| 3.002 | Exemption for insurance companies separately taxed | Net Worth Tax | Exemption | Estimate not available at this time | | |
| 3.003 | Exemption for corporations with net worth of \$100,000 or less | Net Worth Tax | Exemption | 1 | 5 | 5 |
| Sales and Use Tax | | | | | | |
| 4.00100 | Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments | Sales and Use Tax | Exemption | Estimate not available at this time | | |
| 4.00200 | Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system | Sales and Use Tax | Exemption | Estimate not available at this time | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------|---|-------------------|---------------------|-------------------------------------|---------------|---------------|
| 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 | 8 | 8 | 8 |
| 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, or operating a coliseum and related facilities | Sales and Use Tax | Exemption | (m) | (m) | (m) |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------|----------------------------|----------------------|----------------------|----------------------|
| 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 | 111 | 117 | 124 |
| 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 | 0 |
| 4.00710 | Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities | Sales and Use Tax | Exemption | 1 | 1 | 1 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------|----------------------------|--------------------------------|----------------------|----------------------|
| 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 | 0 |
| 4.00800 | Sales of tangible personal property and services to the University System of Georgia and its educational units | Sales and Use Tax | Exemption | 45 | 47 | 50 |
| 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 combined with 4.00800 | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------|----------------------------|----------------------|----------------------|----------------------|
| 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 | 6 | 7 | 7 |
| 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 | 6 | 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 | 1 | 1 | 1 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 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 | Sales and Use Tax | Exemption | (m) | (m) | (m) |
| 4.01510 | Sales of pipe organs or steeple bells to any church qualifying as a nonprofit | Sales and Use Tax | Exemption | (m) | (m) | (m) |
| 4.01700 | Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce | Sales and Use Tax | Exemption | 4 | 4 | 4 |
| 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 | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------|--|-------------------|---------------------|--|---------------|---------------|
| 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 | 66 | 69 | 76 |
| 4.02100 | Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business | Sales and Use Tax | Exemption | Estimate not available at this time | | |
| 4.02200 | Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made | Sales and Use Tax | Exemption | See expenditure estimates for services (4.50003, 4.50010, 4.50011) | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------|--|-------------------|---------------------|--|---------------|---------------|
| 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 | 7 | 7 | 7 |
| 4.02500 | Fares of for-hire vehicles | 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 and specially adapted the 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 | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------|--|-------------------|---------------------|-------------------------------------|---------------|---------------|
| 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 | | |
| 4.03410 | 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 | (m) | (m) | (m) |
| 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) |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 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 military aircraft, vehicles, or missiles | Sales and Use Tax | Exemption | 36 | 34 | 40 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 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 | 28 | 29 | 31 |
| 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 | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Exemption | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------|--------------------------|-------------------------------------|----------------------|----------------------|
| 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 | (m) | (m) | (m) |
| 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 | Sales and Use Tax | Exemption | 447 | 478 | 509 |
| 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 | 25 | 27 | 28 |
| 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 | 6 | 6 | 6 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------|----------------------------|----------------------|----------------------|----------------------|
| 4.05300 | Transactions where food stamps or WIC coupons are used as the method of payment | Sales and Use Tax | Exemption | 91 | 82 | 73 |
| 4.05400 | Sale or use of any durable medical equipment or prosthetic device prescribed by a physician | Sales and Use Tax | Exemption | 36 | 38 | 41 |
| 4.05500 | Sale of Georgia lottery tickets | Sales and Use Tax | Exemption | 175 | 180 | 186 |
| 4.05600 | Sale by any qualified nonprofit parent-teacher organization | Sales and Use Tax | Exemption | (m) | (m) | (m) |
| 4.05700 | Food purchased for off-premises consumption | Sales and Use Tax | Exemption | 596 | 618 | 635 |
| 4.05710 | Sales of food and beverages to a qualified food bank (expires June 30, 2021) | Sales and Use Tax | Exemption | 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 | Sales and Use Tax | Exemption | 3 | 3 | 3 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 4.05730 | Exemption for 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 | 3 | 3 | 3 |
| 4.06300 | Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund | Sales and Use Tax | Exemption | (m) | (m) | (m) |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 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 | 2 | 2 | 2 |
| 4.06700 | Sale of coins or currency | Sales and Use Tax | Exemption | 1 | 1 | 1 |
| 4.06800 | Sale of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million | Sales and Use Tax | Exemption | Estimate not available at this time | | |
| 4.06810 | High-Tech Data Center Equipment Exemption | Sales and Use Tax | Exemption | 0 | 8 | 15 |
| 4.06900 | Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less | Sales and Use Tax | Exemption | Estimate Combined with 4.06000 | | |
| 4.07000 | Sale of natural gas used directly in the manufacture of electricity | Sales and Use Tax | Exemption | 54 | 63 | 73 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------|----------------------------|----------------------|----------------------|----------------------|
| 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 prescribed mobility enhancing equipment | Sales and Use Tax | Exemption | 1 | 1 | 1 |
| 4.07600 | Exemption for personal property used in the renovation or expansion of an aquarium | Sales and Use Tax | Exemption | 1 | 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 |
| 4.08300 | Sale of biomass materials used to produce electricity or steam intended for sale | Sales and Use Tax | Exemption | 1 | 1 | 2 |
| 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 | 17 | 17 | 17 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 4.08700 | Sales of tangible personal property used to renovate or expand a zoological institution | 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, 2019 | Sales and Use Tax | Exemption | 9 | 9 | 4 |
| 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 Combined with 4.3.3 | | |
| 4.09700 | Sales of admission to a nonrecurring major sporting event | Sales and Use Tax | Exemption | 3 | 1 | 3 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|-------------------|----------------------------|----------------------|----------------------|----------------------|
| 4.09800 | Sales of tangible personal property and services to a qualified job training organization | Sales and Use Tax | Exemption | 1 | 1 | 1 |
| 4.09900 | Exemption for expenses related to the renovation or expansion of qualified theatres | Sales and Use Tax | Exemption | (m) | (m) | 0 |
| 4.10000 | Exemption for sales of tickets to a qualified fine arts performance or exhibition | Sales and Use Tax | Exemption | 4 | 4 | 4 |
| 4.10100 | The sale of certain written material by a nonprofit | Sales and Use Tax | Exemption | 0 | 7 | 8 |
| 4.10200 | Partial exemption for qualified manufactured homes | Sales and Use Tax | Exemption | 0 | 3 | 3 |
| 4.10300 | Exemption for construction materials used in construction of an automobile museum | Sales and Use Tax | Exemption | 0 | (m) | (m) |
| 4.3.2 | Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing | Sales and Use Tax | Exemption | 3,297 | 3,443 | 3,618 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|--------------------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 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 | 138 | 144 | 151 |
| 4.3.4 | Exemption for qualified boat repairs | Sales and Use Tax | Exemption | (m) | (m) | (m) |
| 4.3.5 | Exemption for the sale and use of jet fuel | Sales and Use Tax | Exemption | 0 | 48 | 0 |
| 4.3.6 | Exemption for sales within an enterprise zone | Sales and Use Tax | Exemption | Estimate not available at this time | | |
| 4.50000 | Admissions and Amusements | Sales and Use Tax for Services | Exemption | 173 | 181 | 191 |
| 4.50001 | Agricultural Services | Sales and Use Tax for Services | Exemption | 175 | 183 | 192 |
| 4.50002 | Automotive Services | Sales and Use Tax for Services | Exemption | 148 | 155 | 162 |
| 4.50003 | Business Services | Sales and Use Tax for Services | Exemption | 553 | 577 | 607 |
| 4.50004 | Computer and Online Services | Sales and Use Tax for Services | Exemption | 710 | 741 | 779 |
| 4.50005 | Construction Labor | Sales and Use Tax for Services | Exemption | 1,572 | 1,641 | 1,725 |
| 4.50006 | Fabrication, Installation, and Repair Services | Sales and Use Tax for Services | Exemption | 245 | 256 | 269 |
| 4.50007 | Finance, Insurance, and Real Estate | Sales and Use Tax for Services | Exemption | 1,251 | 1,306 | 1,373 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|------------------------------|--|--------------------------------|----------------------------|----------------------|----------------------|----------------------|
| 4.50008 | Industrial and Mining Services | Sales and Use Tax for Services | Exemption | 11 | 12 | 12 |
| 4.50009 | Residential Utility Service | Sales and Use Tax for Services | Exemption | 20 | 20 | 21 |
| 4.50010 | Personal Services | Sales and Use Tax for Services | Exemption | 308 | 321 | 338 |
| 4.50011 | Professional Services | Sales and Use Tax for Services | Exemption | 2,207 | 2,305 | 2,422 |
| 4.50012 | Storage | Sales and Use Tax for Services | Exemption | 80 | 83 | 87 |
| 4.50013 | Transportation Services | Sales and Use Tax for Services | Exemption | (m) | (m) | (m) |
| 4.70000 | Compensation of dealers for reporting and paying tax | Sales and Use Tax | Exemption | 70 | 73 | 77 |
| 4.90000 | Sales tax exemption for casual sales | Sales and Use Tax | Exemption | 2 | 2 | 2 |
| Insurance Premium Tax | | | | | | |
| 5.00100 | Deduction of retaliatory taxes paid to other states | Insurance Premium Tax | Deduction | 2 | 2 | 2 |
| 5.00200 | Insurance premium tax credits - Georgia Job Tax Credit | Total State Credit | Credit | 115 | 117 | 119 |
| 5.00300 | Exemption for premiums of high-deductible health plans | Insurance Premium Tax | Exemption | 6 | 6 | 7 |
| 5.00400 | Exemption for insurance companies that only insure places of worship | Insurance Premium Tax | Exemption | (m) | (m) | (m) |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------------------------|---|------------------------|----------------------------|-------------------------------------|----------------------|----------------------|
| 5.00500 | Insurance abatements | Insurance Premium Tax | Rate Reduction | 186 | 192 | 196 |
| 5.00600 | Special deductions for life insurance companies | Insurance Premium Tax | Deduction | 179 | 185 | 189 |
| 5.00700 | Insurance premium tax credit - Low Income Housing Credit | Total State Credit | Credit | 249 | 262 | 277 |
| 5.00800 | Insurance Premium Tax Exemption for multiple employer self-insured health plans | Insurance Premium Tax | Exemption | 0 | 0 | 0 |
| Motor Fuel Tax | | | | | | |
| 6.00400 | Motor fuel tax exemption for aviation fuel | Motor Fuel Tax | Exemption | 2 | 2 | 2 |
| 6.00500 | Motor fuel tax vendor compensation | Motor Fuel Tax | Exemption | 17 | 18 | 18 |
| Alcoholic Beverage Tax | | | | | | |
| 7.00100 | Sales to persons outside the state for resale or consumption outside the state | Alcoholic Beverage Tax | Exemption | Estimate not available at this time | | |
| 7.00200 | Sales to stores or canteens 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 | (m) | (m) | (m) |
| 7.00400 | Sales to and use by religious organizations for sacramental purposes | Alcoholic Beverage Tax | Exemption | (m) | (m) | (m) |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--|--|---|---------------------|-------------------------------------|---------------|---------------|
| 7.00500 | Exemption for ethyl alcohol used for certain purposes | Alcoholic Beverage Tax | Exemption | Estimate not available at this time | | |
| 7.00600 | Malt beverages containing less than one-half of 0.5 percent alcohol by volume | Alcoholic Beverage Tax | Exemption | 1 | 1 | 1 |
| Tobacco Products Excise Tax | | | | | | |
| 8.00100 | Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home | Cigar and Cigarette Excise Tax | Exemption | (m) | (m) | (m) |
| 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 | | |
| Financial Institutions Special State Occupation Tax | | | | | | |
| 9.00100 | Deduction for interest paid | Financial Institutions Business License Tax | Deduction | 3 | 4 | 5 |
| 9.00200 | Deductions for income from authorized activities of a domestic international banking facility | Financial Institutions Business License Tax | Deduction | Estimate not available at this time | | |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|-------------|--|---|---------------------|-------------------------------------|---------------|---------------|
| 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 | | |

Special Assessment of Forest Land Conservation Use Property

| | | | | | | |
|----------|---|-------------|--------|----|----|----|
| 10.00000 | Special assessment of forest land conservation use property | State Grant | Credit | 73 | 40 | 43 |
|----------|---|-------------|--------|----|----|----|

Alternative Ad Valorem Tax on Motor Vehicles

| | | | | | | |
|--------|---|-----------|----------------|-----|-----|-----|
| 11.001 | Reduced rate for related family transfers | Title Fee | Rate Reduction | 11 | 11 | 9 |
| 11.002 | Disabled veteran exemption | Title Fee | Exemption | (m) | (m) | (m) |
| 11.003 | Reduced rate for rental vehicles | Title Fee | Rate Reduction | 64 | 61 | 54 |
| 11.004 | Reduced rate for vehicles manufactured in years before 1985 | Title Fee | Rate Reduction | (m) | (m) | (m) |
| 11.005 | Reduced rate for salvage vehicles | Title Fee | Rate Reduction | 30 | 28 | 24 |
| 11.006 | Dealer loaner vehicle exemption | Title Fee | Deferral | 4 | 4 | 4 |
| 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 | Rate Reduction | -3 | -6 | -4 |
| 11.009 | Trade-in exemption (including rebates and cash discounts) | Title Fee | Exemption | 194 | 174 | 154 |

Summary of State Tax Expenditures

| Expenditure | Summary | Tax | Type of Expenditure | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|---|------------|----------------------------|----------------------|----------------------|----------------------|
| 11.010 | Special assessment for used vehicles | Title Fee | Special Rule | 14 | 11 | 10 |
| 11.011 | Special assessment for new vehicles | Title Fee | Special Rule | -35 | -32 | -28 |
| 11.012 | Buy here pay here transactions | Title Fee | Rate Reduction | 8 | 8 | 7 |
| 11.013 | Exemption from TAVT for leased vehicles qualifying for Manufacturing Headquarters | Title Fee | Exemption | 2 | 2 | 2 |
| 11.014 | Treatment of Leased Vehicles | Title Fee | Special Rule | 14 | 24 | 19 |
| 11.015 | Treatment of vehicles involved in divorce settlement or business reorganization | Title Fee | Rate Reduction | 0 | 0 | 1 |
| 11.016 | Treatment of non-IRP Buses | Title Fee | Deferral | 0 | (m) | (m) |

Special Excise Tax on Consumer Fireworks

State Hotel-Motel Tax

1. Individual Income Tax

The individual income tax was first levied in Georgia in 1929 at a rate equal to one-third the federal rate of income taxation. The rate structure effective January 1, 2019 includes six brackets ranging from 1 percent to 5.75 percent, prior to which the rate structure had a top rate of 6 percent and had remained unchanged since 1955 when the 7 percent rate on taxable incomes over \$20,000 was eliminated. The threshold for each bracket depends on the filing status of the taxpayer, i.e. single, head of household, and married filing separate or joint.

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, the latter of which was increased effective January 1, 2018 from \$3,000 to \$6,000 for married filers and from \$2,300 to \$4,600 for single and head of household filers. In addition, for tax year 2012 and before, filers were allowed a personal exemption of \$5,400 for joint filers, \$2,700 for other filers, and \$3,000 for each dependent. For tax years after 2012, the personal exemption for married filers was increased to \$7,400 for joint filers and \$3,700 each if filing separately.

The tax is administered by the Georgia DOR. Individual income tax collections equaled \$11.0 billion in FY 2017 and accounted for 50.7 percent of Georgia's revenues from taxation. In CY 2017, 4.5 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 General Fund.

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. 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 individual income tax credit provisions. Forecasting the value of the revenue loss stemming from the use of these credits is problematic because of the presence of extensive carryforwards in the case of some credits. Because of past credit carryforwards, taxpayers may claim credits on current or future year tax returns that were created in prior years. In some cases, the credit may have expired such that taxpayers are no longer able to create new credits, but the revenue loss to the state continues for several years until all carryforward liabilities have been exhausted. 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.

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 values of the Georgia estimates are highly sensitive to the assumptions made concerning the appropriate tax rate for a given expenditure provision and the allocation factor that is used to determine the amount of federal activity associated with Georgia. The estimates associated with the federal conformity provisions are based on current law as it existed on February 9, 2018; any changes to provisions that may occur because of federal legislative action after that date 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*, prepared by the Congressional Research Service for the U.S. Senate Committee on the Budget, December 2016.

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 20 | 20 | 21 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 5 | 5 | 4 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 15 | 14 | 14 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 3 | 3 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1,450 | 1,523 | 1,596 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1,004 | 1,064 | 1,160 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 29 | 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 24 | 24 | 25 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 36 | 37 | 38 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 210 | 229 | 246 |

(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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 8 | 8 | 8 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 47 | 48 | 50 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 44 | 45 | 48 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 7 | 8 | 8 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

| | | | |
|-----------------------|----|----|----|
| State Tax Expenditure | 53 | 53 | 55 |
|-----------------------|----|----|----|

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

1.1.017 Exclusion of medical care and Tricare medical insurance for military dependents, retirees, and retiree dependents

Federal Statute IRC Section 112 and 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>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

| | | | |
|-----------------------|----|----|----|
| State Tax Expenditure | 33 | 30 | 32 |
|-----------------------|----|----|----|

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

| | | | |
|-----------------------|----|----|----|
| State Tax Expenditure | 66 | 61 | 63 |
|-----------------------|----|----|----|

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

| | | | |
|-----------------------|---|---|---|
| State Tax Expenditure | 1 | 1 | 1 |
|-----------------------|---|---|---|

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 51 | 50 | 51 |
| (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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 192 | 187 | 192 |
| (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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 15 | 16 | 17 |
| (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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 5 | 8 | 9 |
| (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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| (m) Denotes a value of less than \$1 million | | | |

1.1.030 Exclusion of cancellation of indebtedness income for 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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| (m) Denotes a value of less than \$1 million | | | |

1.1.032 Exclusion of capital gains on sales 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 249 | 259 | 268 |
| (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: Capital gains 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 144 | 156 | 160 |

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

1.1.034

Carryover basis of capital gains on gifts

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

Description: Capital gains 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 3 | 4 | 7 |

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

1.1.035

Permanent 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 3 | 3 | 3 |

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

1.1.036

Exclusion of combat pay

Federal Statute IRC Section 112

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

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 14 | 10 | 9 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | (m) |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 1 | 1 | 1 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 11 | 10 | 10 |

(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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 23 | 20 | 17 |

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

1.2.003 Expensing of exploration and development costs: 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

1.2.004 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | 1 | 1 |

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

1.2.005 Expensing of research and experimental expenses

Federal Statute IRC Section 174 and 59(e)

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | 0 | 0 |

(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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 69 | 63 | 48 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 2 | 1 | 2 |

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

1.2.011 Treatment of income from exploration and mining of natural resources as qualifying income under the publicly traded partnerships rules

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | 0 | 0 |

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

1.2.012 Various agricultural expensing provisions

Federal Statute IRC Sections 162, 175, 180, 446, 448, 461, 464

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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 1 | 1 | 1 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | (m) |

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

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

Federal Statute IRC Section 190

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

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | 0 |

(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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 31 | 35 | 37 |

(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. The deduction for property and state income or sales taxes in total cannot exceed \$10,000.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 269 | 129 | 98 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 293 | 196 | 194 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 501 | 430 | 391 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 2 | 1 | 1 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 1 | 1 | 1 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 12 | 12 | 12 |
| (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 162(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 33 | 38 | 42 |
| (m) Denotes a value of less than \$1 million | | | |

1.2.029 Deduction of medical and dental 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 10 percent of adjusted gross income.

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 62 | 47 | 45 |
| (m) Denotes a value of less than \$1 million | | | |

1.2.030 Net exclusion of pension contributions and earnings: traditional 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 137 | 139 | 146 |
| (m) Denotes a value of less than \$1 million | | | |

1.2.031 Limit on NOL deduction

Federal Statute Pub. L. No. 115-63

Description: The deduction for net operating losses is limited to 80 percent of taxable income.

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | -1 | -1 | -1 |
| (m) Denotes a value of less than \$1 million | | | |

1.3 Special Federal Conformity Provisions

1.3.001 Deferral of gain on 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 27 | 28 | 28 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

1.3.003 Two-year carryback for net operating losses attributable to farming

Federal Statute IRC Section 172

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

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

1.3.004 Special rules for mining reclamation reserves

Federal Statute IRC Section 468 and 1274

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

1.3.005 Cash accounting for certain businesses

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. These are farming businesses, qualified personal service corporations, and entities that meet a gross receipts test.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 24 | 28 | 22 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 5 | 5 | 5 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 2 | 3 | 3 |

(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), 512(e), 1042, 4975(d)(3), 4978, 4979A

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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 8 | 8 | 9 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 1 | 1 | 1 |

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

1.3.010 Qualified opportunity zones

Federal Statute PL 115-97; IRS 1400Z-1

Description: The inclusion in gross income of capital gains reinvested in a qualified opportunity fund may be temporarily deferred and 15 percent of capital gains reinvested may be excluded if the investment is held for seven years. Capital gains from the sale or exchange of an investment in the qualified opportunity fund held for at least 10 years are excluded from gross income.

A qualified opportunity fund is an investment vehicle organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property that holds at least 90 percent of its assets in qualified opportunity zone property. Qualified opportunity zone property includes any qualified opportunity zone stock, any qualified opportunity zone partnership interest, and any qualified opportunity zone business property. Certain low-income community population census tracts may be designated as qualified opportunity zones by the chief executive officer of the State (which includes the District of Columbia).

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 5 | 5 |

(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 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1,047 | 1,060 | 1,073 |

(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 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 901 | 956 | 998 |

(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 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 190 | 198 | 205 |

(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 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The contribution limits were increased from \$2,000 to \$4,000 effective January 1, 2016. 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 \$4,000 per qualified plan beneficiary.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 10 | 12 | 14 |

(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 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 15 | 19 | 21 |

(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, 2015 |
| Estimate Reliability | Class B |
| Data Reliability | Class A |
| Note | |

Description: Certain unreimbursed expenses associated with the donation of organs in accordance with the National Organ Procurement Act are deductible from federal adjusted gross income up to a maximum value of \$10,000.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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 2016
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 7 | 7 | 8 |

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

1.4.010 Premiums for high-deductible health plans

Statute §48-7-27
 Year Enacted 2008
 Year Effective Taxable years beginning on or after January 1, 2009
 Data Source DOR data as of 2016
 Estimate Reliability Class B
 Data Reliability Class A
 Note

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

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 6 | 6 | 6 |

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

1.4.021 Exclusion of Military Survivor Benefit

Statute §48-7-27(5)
 Year Enacted 2018
 Year Effective 2018
 Data Source Fiscal Note for HB 749 (2018)
 Estimate Reliability Class A
 Data Reliability Class B
 Note

Description: Income received by a surviving family member based on the service record of a deceased service member is exempt from state income tax.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 5 | 5 |

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

Georgia individual income tax expenditures for which an estimate is not currently available

| Expenditure | Statute | Summary |
|--------------------|----------------|--|
| 1.4.006 | §48-7-27 | Certain military income |
| 1.4.009 | §48-7-27 | Certain dependent's unearned income |
| 1.4.011 | §48-7-27 | Exclusion of qualified insurance benefits for firefighters |
| 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 |

1.5 Georgia Deductions

1.5.001 Standard Deduction

Statute §48-7-27
 Year Enacted 1971
 Year Effective 1971
 Data Source DOR data for 2016, Fiscal Note for HB 918 (2018)
 Estimate Reliability Class A
 Data Reliability Class A
 Note For distributional analysis see Table 8 in Appendix. The allowable standard deduction amounts were increased effective January 1, 2018.

Description: Taxpayers who do not itemize expenses on their federal return are allowed a standard deduction of \$4,600 for single and head of household filers, \$6,000 for married joint filers, and \$3,000 for married separate filers.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 288 | 589 | 773 |

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

1.5.003 Deduction for Community-Based Faculty Physicians

Statute §48-7-27
 Year Enacted 2014
 Year Effective 2014
 Data Source DOR data for 2016, Fiscal Note for HB 922 (2014)
 Estimate Reliability Class A
 Data Reliability Class A
 Note

Description: Deduction for community-based faculty physicians for core medical clerkships, physician assistant core clerkships, or nurse practitioner core clerkship.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

Georgia individual income tax credit expenditures for which an estimate is not currently available

| Expenditure | Statute | Summary |
|-------------|----------|---|
| 1.5.002 | §48-7-27 | Deduction of qualified insurance premiums for former firefighters |

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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 1 |

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

1.6.002 Disabled person's home purchase or retrofit credit

| | |
|----------------------|---|
| Statute | §48-7-29.1 |
| Year Enacted | 1998 |
| Year Effective | Taxable years beginning on or after January 1, 1999 |
| Data Source | DOR data as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</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 as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |

Note

This credit will expire on December 31, 2018

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 0 |

(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 as of 2016, FEMA Disasters database
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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | 2 | 3 |

(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 as of 2016
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>2018</u> | <u>2019</u> | <u>2020</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 as of 2016
Estimate Reliability Class A
Data Reliability Class A
Note

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

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| (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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 39 | 41 | 42 |
| (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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 5 | 5 | 5 |
| (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 as of 2016 |
| 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 or after January 1, 2010, the credit is nonrefundable.

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 288 | 306 | 324 |
| (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 as of 2016 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. In 2018 the qualifying areas were expanded to include counties with military bases and industrial parks that are owned and operated by a government entity. |

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. It also provides a tax credit for business enterprises designated as operating in less-developed areas. These include areas with ten or more contiguous census tracts with higher than 15 percent poverty and counties with both a military base and a government owned and operated industrial park.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 14 | 15 | 15 |
| Corporate Income Tax Expenditure | 93 | 94 | 95 |
| Insurance Premium Tax Expenditure | <u>8</u> | <u>9</u> | <u>9</u> |
| State Tax Expenditure | 115 | 117 | 119 |

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

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 as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | This provision was modified to allow consideration of jobs in disregarded entities for purposes of qualifying for the credit. This statute was modified in 2017 allowing taxpayers to establish subsequent job creation periods for a qualified project. The same estimate is provided in the corporate income tax section see 2.6.002 |

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; 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 1 | 1 | 1 |
| Corporate Income Tax Expenditure | <u>75</u> | <u>76</u> | <u>78</u> |
| State Tax Expenditure | 77 | 77 | 79 |

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

1.6.014 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 as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the corporate income tax section see 2.6.003 |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | Estimate combined with | | |
| (m) Denotes a value of less than \$1 million | 1.6.012 | | |

1.6.016 **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 as of 2016 |
| Estimate Reliability | Class B |
| Data Reliability | Class A |
| Note | The same estimate is provided in the corporate income tax section see 2.6.005 |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 2 | 3 | 3 |
| Corporate Income Tax Expenditure | <u>25</u> | <u>26</u> | <u>28</u> |
| State Tax Expenditure | 28 | 29 | 30 |

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

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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>1</u> | <u>1</u> | <u>1</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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| | (m) | (m) | (m) |
| Income Tax Expenditure | | | |
| Corporate Income Tax Expenditure | 8 | 8 | 9 |
| State Tax Expenditure | 8 | 8 | 9 |

(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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | Estimate combined with | | |
| | 1.6.018 | | |

(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 Fiscal Note for HB 199 LC 34 5124S (2017)
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.

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 2017 modifications to this statute, the 2019 sunset for the qualified interactive entertainment production company tax credit has been eliminated.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 250 | 275 | 303 |
| Corporate Income Tax Expenditure | 142 | 156 | 172 |
| State Tax Expenditure | 392 | 431 | 474 |

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

1.6.021

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 as of 2016
Estimate Reliability Class A
Data Reliability Class A
Note The same estimate is provided in the corporate income tax section see 2.6.010

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 4 | 4 | 4 |
| Corporate Income Tax Expenditure | 72 | 76 | 80 |
| State Tax Expenditure | 75 | 80 | 84 |

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

1.6.022

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 as of 2016
 Estimate Reliability Class A
 Data Reliability Class A
 Note The same estimate is provided in the corporate income tax section see 2.6.011

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>(m)</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 as of 2016
 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: Employers earn a tax credit based on 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>(m)</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 as of 2016
 Estimate Reliability Class A
 Data Reliability Class A
 Note The same estimate is provided in the corporate income tax section see 2.6.014. This credit will expire on December 31, 2018.

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

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | 0 |
| Corporate Income Tax Expenditure | (m) | (m) | 0 |
| State Tax Expenditure | (m) | (m) | 0 |

(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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | (m) | (m) | (m) |
| 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 as of 2016 |
| 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 income tax credit based on expenses related to providing or sponsoring child care for their employees' children

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 9 | 9 | 9 |
| Corporate Income Tax Expenditure | 16 | 16 | 16 |
| State Tax Expenditure | 24 | 24 | 25 |

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

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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 85 | 90 | 95 |
| Corporate Income Tax Expenditure | 36 | 38 | 40 |
| Insurance Premium Tax Expenditure | <u>128</u> | <u>134</u> | <u>141</u> |
| State Tax Expenditure | 249 | 262 | 277 |

(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 as of 2016 and Fiscal Note for HB 308 (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 is provided based on expenses related to 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 19 | 14 | 15 |
| Corporate Income Tax Expenditure | 3 | 2 | 2 |
| State Tax Expenditure | 23 | 17 | 18 |

(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 as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the corporate income tax section see 2.6.019. This credit will expire on December 31, 2018. |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 0 | 0 | 0 |
| Corporate Income Tax Expenditure | 0 | 0 | 0 |
| Insurance Premium Tax Expenditure | <u>0</u> | <u>0</u> | <u>0</u> |
| State Tax Expenditure | 0 | 0 | 0 |

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

1.6.031 Low/Zero-Emission 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 as of 2016
 Estimate Reliability Class A
 Data Reliability Class A
 Note

The same estimate is provided in the corporate income tax 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>(m)</u> |
| State Tax Expenditure | (m) | (m) | (m) |

(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 as of 2016
 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 O.C.G.A. 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, 2021.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|----------|----------|
| | 2018 | 2019 | 2020 |
| Income Tax Expenditure | 4 | 4 | 4 |
| Corporate Income Tax Expenditure | <u>2</u> | <u>2</u> | <u>2</u> |
| State Tax Expenditure | 7 | 6 | 6 |

(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 | DOR data for 2016 |
| Estimate Reliability | Class B |
| 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. This credit expires December 31, 2019.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|------------|------------|
| | 2018 | 2019 | 2020 |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>(m)</u> |
| State Tax Expenditure | (m) | (m) | (m) |

(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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 18 | 20 | 21 |
| Corporate Income Tax Expenditure | 34 | 37 | 40 |
| State Tax Expenditure | 52 | 56 | 61 |

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

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 as of 2016 |
| 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. Annual cap increased to \$100 million effective January 1, 2019.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 42 | 47 | 62 |
| Corporate Income Tax Expenditure | 10 | 11 | 14 |
| State Tax Expenditure | 52 | 58 | 76 |

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

1.6.037 Qualified Investor Tax Credit

| | |
|----------------------|---|
| Statute | §48-7-40.30 |
| Year Enacted | 2010 |
| Year Effective | January 1, 2011; legislation modified in 2013 and 2016 |
| Data Source | DOR data as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | 1 | 1 |
| Corporate Income Tax Expenditure | 0 | 0 | 0 |
| State Tax Expenditure | (m) | 1 | 1 |

(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 as of 2016
 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. Given federal funding, state revenue effect is zero.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 0 | 0 | 0 |
| Corporate Income Tax Expenditure | <u>0</u> | <u>0</u> | <u>0</u> |
| 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 as of 2016
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | Estimate combined with | | |
| (m) Denotes a value of less than \$1 million | 1.6.013 | | |

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 HB 404 (2012)
 Estimate Reliability Class B
 Data Reliability Class B
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 0 | 0 | 0 |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>0</u> |
| State Tax Expenditure | (m) | (m) | 0 |

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

1.6.043

Bank Tax Credit

| | |
|----------------------|---|
| Statute | §48-7-29.7 |
| Year Enacted | 2000 |
| Year Effective | 2001 |
| Data Source | DOR data as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the corporate income tax section 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 2 | 2 | 2 |
| Corporate Income Tax Expenditure | <u>31</u> | <u>29</u> | <u>30</u> |
| State Tax Expenditure | 33 | 31 | 32 |

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

1.6.044

Employer tax credit for hiring qualified parolees

| | |
|----------------------|--|
| Statute | §48-7-40.31 |
| Year Enacted | 2016 |
| Year Effective | 2016 |
| Data Source | Fiscal Note for HB 828 (2016) |
| Estimate Reliability | Class B |
| Data Reliability | Class A |
| Note | The same estimate is provided in the corporate income tax section, see 2.6.033 |

Description: For the period beginning on or after January 1, 2017, and before January 1, 2020, an employer that employs a qualified parolee in a full-time job for at least 40 weeks during a 12-month period shall be eligible for an income tax credit in the amount of \$2,500 per year for each qualified parolee.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>1</u> | <u>3</u> | <u>3</u> |
| State Tax Expenditure | 0 | 3 | 3 |

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

1.6.045

Income Tax Credit for Contributions to Rural Health Care Organizations

| | |
|----------------|-------------|
| Statute | §48-7-29.20 |
| Year Enacted | 2016 |
| Year Effective | 2017 |

Data Source DOR data for 2017
 Estimate Reliability Class B
 Data Reliability Class B
 Note This statute was modified in 2017 and 2018 to increase taxpayer limitations and the credit rate, modify the aggregate state cap, and extend the expiration. The same estimate is provided in the corporate income tax section, see 2.6.034

Description: An individual taxpayer shall be allowed an income tax credit equal to a maximum of \$5,000 for an individual filing a single return or \$10,000 for joint returns. A corporation or other entity shall be allowed an income tax credit equal to a maximum of 75 percent of the corporation's income tax liability. Aggregate amount of credits cannot exceed \$60 million in any year. The provision expires December 31, 2021.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 5 | 44 | 44 |
| Corporate Income Tax Expenditure | <u>1</u> | <u>10</u> | <u>10</u> |
| State Tax Expenditure | 7 | 54 | 54 |

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

1.6.046 Revitalization Zone Tax Credit

Statute §48-7-40.32
 Year Enacted 2017
 Year Effective Taxable years beginning on or after January 1, 2018.
 Data Source Fiscal Note for LC 34 4996 (2017)
 Estimate Reliability Class C
 Data Reliability Class C
 Note The same estimate is provided in the corporate income tax section see 2.6.035

Description: An income tax credit to promote the revitalization of vacant rural Georgia downtowns. The statute includes three credits. The first allows certified entities to claim an annual tax credit for five consecutive years of \$2,000 per qualified employee but not to exceed \$40,000 per taxable year for any taxpayer. The second provides for a credit equal to 25 percent of the purchase price of qualified property up to an amount equal to \$125,000 per project. The third provides for a tax credit of 30 percent of qualified rehabilitation expenses but not to exceed \$150,000 per project.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 1 | 2 |

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

1.6.047 Georgia Musical Investment Tax Credit

Statute §48-7-40.33
 Year Enacted 2017
 Year Effective Taxable years beginning on or after January 1, 2018.
 Data Source Fiscal Note for HB 155 LC 43 0546S (2017)
 Estimate Reliability Class C
 Data Reliability Class B
 Note The same estimate is provided in the corporate income tax section see 2.6.036

1.6.050 Railroad Track Maintenance Tax Credit

| | |
|----------------------|---|
| Statute | §48-7-40.34 |
| Year Enacted | 2018 |
| Year Effective | 2019 |
| Data Source | Fiscal Note for HB 735 LC 0771ER (2018) |
| Estimate Reliability | Class A |
| Data Reliability | Class B |
| Note | The same estimate is provided in the corporate income Tax section see 2.6.039 |

Description: Income tax credit for maintenance expenditures related to railroad track owned or leased by Class III railroads. The credit equals 50 percent of railroad track maintenance expenditures, subject to a maximum credit of \$3,500 per track mile per year. In addition to Class III railroads, persons transporting property using a Class III railroad’s facilities or persons furnishing railroad-related property or services to a Class III railroad are eligible for the credit with respect to maintenance of their assigned track miles. This credit expires December 30, 2023.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 0 | 2 |

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

1.6.051 Reforestation credit for losses incurred on commercial timberland due to hurricane damage

| | |
|----------------------|---|
| Statute | §48-7-40.36 |
| Year Enacted | 2018 |
| Year Effective | 2018 |
| Data Source | Fiscal Note for LC 43 1038-EC (2019) |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the corporate income tax see section 2.6.040 |

Description: Provides for a credit for casualty losses incurred on commercial timberland due to damage attributed to Hurricane Michael in the fall of 2018, subject to replanting requirements as described below. The amount of the credit is equal to 100 percent of the casualty loss deduction reported on the taxpayer’s federal return, provided that the credit amount does not exceed \$400 per acre. Taxpayers must seek preapproval for the credit on or before December 31, 2019. Taxpayers are eligible to claim the credit in the taxable year in which the taxpayer replants 90 percent of the timber lost in the hurricane. All tax credits must be claimed by December 31, 2024. Credits can be sold once prior to January 1, 2024. Credits claimed are nonrefundable, but can be carried forward for up to 10 years. The total amount of credits preapproved may not exceed \$200 million.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 0 | 80 |

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

**Georgia individual income tax credit expenditures for which an estimate is
not currently available**

| Expenditure | Statute | Summary |
|--------------------|----------------|--|
| 1.6.015 | §48-7-40.25 | New Manufacturing Facilities Property Credit |

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 rate was 6 percent from 1969 through 2018, but was reduced to 5.75 percent effective for tax years beginning on or after January 1, 2019. The Georgia corporate income tax is a flat rate tax, with a single rate applying to all Georgia taxable income of the corporation.

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. 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. In some cases, the credit may have expired such that taxpayers are no longer able to create new credits, but the revenue loss to the state continues for several years until all carryforward liabilities have been exhausted. 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.

The tax is administered by the Georgia DOR. Corporate tax collections for FY 2017 were \$903 million or 4.2 percent of total state tax revenues. Approximately 265 thousand corporate returns were filed in CY 2016. All revenue collected from this tax is deposited into the State General Fund.

2.1 Federal Corporate Exclusions

2.1.001 Permanent 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>2018</u> | <u>2019</u> | <u>2020</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), (d)

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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 252 | 212 | 220 |

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

2.1.011 Exclusion of employee meals and lodging

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

Description: Only 50 percent of expenses for meals provided on or near business premises for the convenience of the employer or as a de minimis fringe is allowed as a deduction.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | -2 | -3 | -3 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 3 | 3 | 2 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | 0 |

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

2.2.003 Expensing of exploration and development costs: 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>2018</u> | <u>2019</u> | <u>2020</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 \$5,000 in qualified start-up expenditures.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | (m) |

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

2.2.005 Expensing of research and experimental expenses

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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 3 | 2 | 2 |

(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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 3 | 3 | 3 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 20 | 20 | 21 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 24 | 21 | 16 |

(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)

2018 2019 2020

State Tax Expenditure

2 1 1

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

2.2.014 Various agricultural expensing provisions

Federal Statute IRC Section 162, 175, 180, 446, 448, 461, 464

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)

2018 2019 2020

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)

2018 2019 2020

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)

2018 2019 2020

State Tax Expenditure

(m) (m) 0

(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)

2018 2019 2020

State Tax Expenditure

3 3 3

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | -5 | -5 | -6 |

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

2.2.019 Deduction for foreign-derived intangible income

Federal Statute P.L. 115-97, Sec. 250(a)

Description: A domestic corporation is allowed a deduction equal to 37.5% of foreign-derived intangible income.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 8 | 15 | 20 |

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

2.2.020 Limitation on deduction of FDIC premium

Federal Statute Pub. L. No. 115-97

Description: The deduction for the applicable percentage of any Federal Deposit Insurance Corporation (“FDIC”) premium paid or incurred by the taxpayer is disallowed. For taxpayers with total consolidated assets of \$50 billion or more, the applicable percentage is 100 percent. Otherwise, the applicable percentage is the ratio of the excess of total consolidated assets (as of the close of the taxable year) over \$10 billion to \$40 billion. The provision does not apply to taxpayers with total consolidated assets (as of the close of the taxable year) that do not exceed \$10 billion.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | -2 | -4 | -5 |

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

2.2.021 Limitation on NOL deduction

Federal Statute Pub. L. No. 115-63

Description: The deduction for net operating losses is limited to 80 percent of taxable income.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | -5 | -3 | -3 |

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

2.3 Special Federal Corporate Conformity Provisions

2.3.001 Deferral of gain on 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 11 | 5 | 6 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

2.3.003 Two-year carryback for net operating losses attributable to farming

Federal Statute IRC Section 172

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

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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 and 1274

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

2.3.005 Cash accounting for certain businesses

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. These are farming businesses, qualified personal service corporations, and entities that meet a gross receipts test.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 4 | 3 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 11 | 9 | 9 |
| (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>2018</u> | <u>2019</u> | <u>2020</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), 512(e), 1042, 497(e)(7), 4975(d)(3), 4978, 4979A

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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| (m) Denotes a value of less than \$1 million | | | |

2.3.010 Qualified opportunity zones

Federal Statute PL 115-97; IRS 1400Z-1

Description: A qualified opportunity fund is an investment vehicle organized as a corporation or a partnership for the purpose of investing in qualified

opportunity zone property that holds at least 90 percent of its assets in qualified opportunity zone property. Qualified opportunity zone property includes any qualified opportunity zone stock, any qualified opportunity zone partnership interest, and any qualified opportunity zone business property. Certain low-income community population census tracts may be designated as qualified opportunity zones by the chief executive officer of the State (which includes the District of Columbia).

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 5 | 5 |
| (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 “throw-out 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 throw-out 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 between the states on how to define a “market” for the purpose of implementing this rule but, in general, it means that services will be taxed based on the state in which the customer receives the benefit. The rule is meant to apply a consistent destination-based treatment to services when compared to tangible goods.

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

| Expenditure | Statute | Summary |
|--------------------|----------------|-----------------------------|
| 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

2.5.003 Deduction of global intangible low-taxed income (GILTI)

| | |
|----------------------|--|
| Statute | §48-7-21 |
| Year Enacted | 2018 |
| Year Effective | 2018 |
| Data Source | Joint Committee on Taxation and the Bureau of Labor Statistics |
| Estimate Reliability | Class B |
| Data Reliability | Class B |

Note

Description: Global intangible low-taxed income is defined for the purpose of federal taxation in Section 951A of the Internal Revenue Code of 1986 as excess returns realized by U.S. shareholders from controlled foreign corporations in low-tax areas outside of the United States. GILTI is includable in federal taxable income net of a 50% deduction in TY 2018-25 and a 37.5% deduction thereafter. Georgia does not tax any portion of GILTI.

State Fiscal Years (\$ in Millions)

| | | | |
|-----------------------|-------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 8 | 15 | 20 |

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

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 |

2.6 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 as of 2016 and Office of Insurance and Safety Fire Commissioner |
| 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 1.6.012 and 5.00200. In 2018 the qualifying areas were expanded to include counties with military bases and industrial parks that are owned and operated by a government entity. |

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. It also provides a tax credit for business enterprises designated as operating in less-developed areas. These include areas with ten or more contiguous census tracts with higher than 15 percent poverty and counties with both a military base and a government owned and operated industrial park.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 14 | 15 | 15 |
| Corporate Income Tax Expenditure | 93 | 94 | 95 |
| Insurance Premium Tax Expenditure | <u>8</u> | <u>9</u> | <u>9</u> |
| State Tax Expenditure | 115 | 117 | 119 |

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

2.6.002 Quality Jobs Tax Credit

| | |
|----------------------|--|
| Statute | §48-7-40.17 |
| Year Enacted | 2009 |
| Year Effective | Taxable years beginning on or after January 1, 2009 |
| Data Source | DOR data as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | This statute was modified in 2017 allowing taxpayers to establish subsequent job creation periods for a qualified project. The same estimate is provided in the income tax section see 1.6.013. Estimate of this provision is higher than in previous reports because new data is available. |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 1 | 1 | 1 |
| Corporate Income Tax Expenditure | <u>75</u> | <u>76</u> | <u>78</u> |
| State Tax Expenditure | 77 | 77 | 79 |

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

2.6.003 New Facilities Jobs Credit

Statute §48-7-40.24
 Year Enacted 2003
 Year Effective Latest modifications are effective for taxable years beginning on or after January 1, 2009
 Data Source DOR data as of 2016
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | Estimate combined with | | |
| (m) Denotes a value of less than \$1 million | 2.6.001 | | |

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 as of 2016
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 2 | 3 | 3 |
| Corporate Income Tax Expenditure | <u>25</u> | <u>26</u> | <u>28</u> |
| State Tax Expenditure | 28 | 29 | 30 |

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

2.6.006 Optional Investment Tax Credit

| | |
|----------------------|---|
| Statute | §§48-7-40.7, 48-7-40.8, and 48-7-40.9 |
| Year Enacted | 1995 |
| Year Effective | Taxable years beginning on or after January 1, 1996. |
| Data Source | DOR data as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the income tax section 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>1</u> | <u>1</u> | <u>1</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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | 8 | 8 | 9 |
| State Tax Expenditure | 8 | 8 | 9 |

(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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | Estimate combined with | | |
| (m) Denotes a value of less than \$1 million | 2.6.007 | | |

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 | Fiscal Note for HB 199 LC 34 5124S (2017) |
| 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 2017 modifications to this statute, the 2019 sunset for the qualified interactive entertainment production company tax credit has been eliminated.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 250 | 275 | 303 |
| Corporate Income Tax Expenditure | 142 | 156 | 172 |
| State Tax Expenditure | 392 | 431 | 474 |

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

2.6.010 Research Tax Credit

| | |
|----------------------|---|
| Statute | §48-7-40.12 |
| Year Enacted | 1997 |
| Year Effective | Taxable years beginning on or after January 1, 1998 |
| Data Source | DOR data as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 4 | 4 | 4 |
| Corporate Income Tax Expenditure | 72 | 76 | 80 |
| State Tax Expenditure | 75 | 80 | 84 |

(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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | (m) | (m) | (m) |
| 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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>(m)</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 as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the income tax section see 1.6.025. This credit will expire on December 31, 2018. |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | 0 |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>0</u> |
| State Tax Expenditure | (m) | (m) | 0 |

(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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | (m) | (m) | (m) |
| 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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 9 | 9 | 9 |
| Corporate Income Tax Expenditure | 16 | 16 | 16 |
| State Tax Expenditure | 24 | 24 | 25 |

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

2.6.017 Low-Income Housing Credit

| | |
|----------------------|--|
| Statute | §48-7-29.6 |
| Year Enacted | 2000 |
| Year Effective | Taxable years beginning on or after January 1, 2001. |
| Data Source | DOR data as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 85 | 90 | 95 |
| Corporate Income Tax Expenditure | 36 | 38 | 40 |
| Insurance Premium Tax Expenditure | 128 | 134 | 141 |
| State Tax Expenditure | 249 | 262 | 277 |

(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 as of 2016 and Fiscal Note for HB 308 (2015) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | The same estimate is provided in the income tax section see 1.6.029. This credit was modified in 2015 to allow unused credits to be assigned or sold to other taxpayers. |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 19 | 14 | 15 |
| Corporate Income Tax Expenditure | <u>3</u> | <u>2</u> | <u>2</u> |
| State Tax Expenditure | 23 | 17 | 18 |

(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 as of 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the income tax section see 1.6.030. This credit will expire on December 31, 2018. |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 0 | 0 | 0 |
| Corporate Income Tax Expenditure | <u>0</u> | <u>0</u> | <u>0</u> |
| State Tax Expenditure | 0 | 0 | 0 |

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

2.6.020 Low - and Zero-emission 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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>(m)</u> |
| State Tax Expenditure | (m) | (m) | (m) |

(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 as of 2016
 Estimate Reliability Class A
 Data Reliability Class A
 Note This statute was modified in 2017 to allow conservation property to be used for solar generation of energy and conversion. 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 O.C.G.A. 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 4 | 4 | 4 |
| Corporate Income Tax Expenditure | <u>2</u> | <u>2</u> | <u>2</u> |
| State Tax Expenditure | 7 | 6 | 6 |

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

2.6.022 Clean Energy Property and Wood Residuals Credit

Statute §48-7-29.14
 Year Enacted 2008
 Year Effective July 1, 2008
 Data Source DOR data as of 2016
 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 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | 0 |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>0</u> |
| State Tax Expenditure | 1 | (m) | 0 |

(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 HB 63 (2015)
 Estimate Reliability Class B
 Data Reliability Class A
 Note The same estimate is provided in the individual 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. This credit expires December 31, 2019.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | <u>(m)</u> | <u>(m)</u> | <u>(m)</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

2.6.024 Employer’s Credit for Approved Employee Retraining

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 as of 2016
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 18 | 20 | 21 |
| Corporate Income Tax Expenditure | 34 | 37 | 40 |
| State Tax Expenditure | 52 | 56 | 61 |

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

2.6.025 Qualified Education Expense Credit

| | |
|----------------------|---|
| Statute | §48-7-29.16 |
| Year Enacted | 2008 |
| Year Effective | Taxable years beginning on or after January 1, 2008 |
| Data Source | DOR data as of 2016 |
| 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. Annual cap increased to \$100 million effective January 1, 2019.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 42 | 47 | 62 |
| Corporate Income Tax Expenditure | 10 | 11 | 14 |
| State Tax Expenditure | 52 | 58 | 76 |

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

2.6.026 Qualified Investor Tax Credit

| | |
|----------------------|---|
| Statute | §48-7-40.30 |
| Year Enacted | 2010 |
| Year Effective | January 1, 2011; legislation modified in 2013 |
| Data Source | DOR data as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | 1 | 1 |
| Corporate Income Tax Expenditure | 0 | 0 | 0 |
| State Tax Expenditure | (m) | 1 | 1 |

(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 as of 2016 |
| 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. Given federal funding, state revenue effect is zero.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 0 | 0 | 0 |
| Corporate Income 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 as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | Estimate combined with 2.6.002 | | |

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

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 HB 404 (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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 0 | 0 | 0 |
| Corporate Income Tax Expenditure | (m) | (m) | 0 |
| State Tax Expenditure | (m) | (m) | 0 |

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

2.6.032 Bank Tax Credit

| | |
|----------------------|---|
| Statute | §48-7-29.7 |
| Year Enacted | 2000 |
| Year Effective | 2001 |
| Data Source | DOR data as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 2 | 2 | 2 |
| Corporate Income Tax Expenditure | 31 | 29 | 30 |
| State Tax Expenditure | 33 | 31 | 32 |

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

2.6.033 Employer tax credit for hiring qualified parolees

| | |
|----------------------|--|
| Statute | §48-7-40.31 |
| Year Enacted | 2016 |
| Year Effective | 2016 |
| Data Source | Fiscal Note for HB 828 (2016) |
| Estimate Reliability | Class B |
| Data Reliability | Class A |
| Note | The same estimate is provided in the corporate income tax section, see 1.6.044 |

Description: For the period beginning on or after January 1, 2017, and before January 1, 2020, an employer that employs a qualified parolee in a full-time job for at least 40 weeks during a 12 month period shall be eligible for an income tax credit in the amount of \$2,500.00 per year for each qualified parolee.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | (m) | (m) | (m) |
| Corporate Income Tax Expenditure | 1 | 3 | 3 |
| State Tax Expenditure | 1 | 3 | 3 |

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

2.6.034 Income Tax Credit for Contributions to Rural Health Care Organizations

| | |
|--------------|-------------|
| Statute | §48-7-29.20 |
| Year Enacted | 2016 |

Year Effective 2017
 Data Source Fiscal Note for LC 28 7806ER (2016)
 Estimate Reliability Class B
 Data Reliability Class B
 Note This statute was modified in 2017 and 2018 to increase taxpayer limitations and the credit rate, modify the aggregate state cap, and extend the expiration. The same estimate is provided in the corporate income tax section, see 1.6.045

Description: An individual taxpayer shall be allowed an income tax credit equal to a maximum of \$5,000 for an individual filing a single return or \$10,000 for joint returns. A corporation or other entity shall be allowed an income tax credit equal to a maximum of 75 percent of the corporation's income tax liability. Aggregate amount of credits cannot exceed \$60 million in any year. The provision expires December 31, 2021.

| | State Fiscal Years (\$ in Millions) | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 5 | 44 | 44 |
| Corporate Income Tax Expenditure | <u>1</u> | <u>10</u> | <u>10</u> |
| State Tax Expenditure | 7 | 54 | 54 |

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

2.6.035 Revitalization Zone Tax Credit

Statute §48-7-40.32
 Year Enacted 2017
 Year Effective Taxable years beginning on or after January 1, 2018.
 Data Source Fiscal Note for LC 34 4996 (2017)
 Estimate Reliability Class C
 Data Reliability Class C
 Note The same estimate is provided in the personal income section see 1.6.046

Description: An income tax credit to promote the revitalization of vacant rural Georgia downtowns. The statute includes three credits. The first allows certified entities to claim an annual tax credit for five consecutive years of \$2,000 per qualified employee but not to exceed \$40,000 per taxable year for any taxpayer. The second provides for a credit equal to 25 percent of the purchase price of qualified property up to an amount equal to \$125,000 per project. The third provides for a tax credit of 30 percent of qualified rehabilitation expenses but not to exceed \$150,000 per project.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 1 | 2 |

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

2.6.036 Georgia Musical Investment Tax Credit

Statute §48-7-40.33
 Year Enacted 2017
 Year Effective Taxable years beginning on or after January 1, 2018
 Data Source Fiscal Note for HB 155 LC 43 0546S (2017)
 Estimate Reliability Class C
 Data Reliability Class B
 Note The same estimate is provided in the personal income tax

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 0 | 2 |
| (m) Denotes a value of less than \$1 million | | | |

2.6.039

Railroad Track Maintenance Tax Credit

| | |
|----------------------|--|
| Statute | §48-7-40.34 |
| Year Enacted | 2018 |
| Year Effective | 2019 |
| Data Source | Fiscal Note for HB 735 LC 0771ER (2018) |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the personal income tax section see 1.6.050 |

Description: Income tax credit for maintenance expenditures related to railroad track owned or leased by Class III railroads. The credit equals 50 percent of railroad track maintenance expenditures, subject to a maximum credit of \$3,500 per track mile per year. In addition to Class III railroads, persons transporting property using a Class III railroad’s facilities or persons furnishing railroad-related property or services to a Class III railroad are also eligible for the credit with respect to maintenance of their assigned track miles. This credit expires December 30, 2023.

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 0 | 2 |
| (m) Denotes a value of less than \$1 million | | | |

2.6.040

Reforestation credit for losses incurred on commercial timberland due to hurricane damage

| | |
|----------------------|--|
| Statute | §48-7-40.36 |
| Year Enacted | 2018 |
| Year Effective | 2018 |
| Data Source | Fiscal Note for LC 43 1038-EC (2019) |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | The same estimate is provided in the personal income tax see section 1.6.051 |

Description: Provides for a credit for casualty losses incurred on commercial timberland due to damage attributed to Hurricane Michael in the fall of 2018, subject to replanting requirements as described below. The amount of the credit is equal to 100 percent of the casualty loss deduction reported on the taxpayer’s federal return, provided that the credit amount does not exceed \$400 per acre. Taxpayers must seek preapproval for the credit on or before December 31, 2019. Taxpayers are eligible to claim the credit in the taxable year in which the taxpayer replants 90 percent of the timber lost in the hurricane. All tax credits must be claimed by December 31, 2024. Credits can be sold once prior to January 1, 2024. Credits claimed are nonrefundable, but can be carried forward for up to 10 years. The total amount of credits preapproved may not exceed \$200 million.

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 0 | 80 |
| (m) Denotes a value of less than \$1 million | | | |

**Georgia corporate tax credit expenditures for which an estimate is not
currently available**

| Expenditure | Statute | Summary |
|--------------------|----------------|--|
| 2.6.004 | §48-7-40.25 | New Manufacturing Facilities Property Credit |

3. Corporate Net Worth Tax

Georgia imposes a tax on the net worth of corporations doing business or owning property in the state. 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. The tax is graduated based upon the taxable net worth of the corporation.

The tax is administered by the Georgia DOR. Revenues from this tax totaled \$45 million in FY 2017. All revenues from this tax are deposited into the State General Fund.

3.003 Exemption for corporations with net worth of \$100,000 or less

| | |
|----------------------|---|
| Statute | §48-13-71 |
| Year Enacted | 2017 |
| Year Effective | Tax years beginning on or after January 1, 2018 |
| Data Source | Fiscal Note SB 133 LC 40 1296 (2017) |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | |

Description: The statute increases the threshold net worth value with regards to the Net Worth tax. Corporations with net worth equal to \$100,000 or less are exempted from the net worth tax.

| | | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | State Fiscal Years (\$ in Millions) | | |
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 5 | 5 |

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

Corporate net worth tax expenditures for which an estimate is not currently available

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

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. 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 an assortment of local option sales taxes. In most counties, the local sales taxes imposed 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) with tax rates of 1 percent for each. Fifty-five counties and the city of Atlanta have also implemented a sales tax dedicated to transportation purposes (T-SPLOST) as of July 2018, with tax rates of 1 percent except for Atlanta and Fulton County outside of Atlanta where the T-SPLOST rates are 1.4 and 0.75 percent respectively. In addition, Atlanta levies another 1 percent sales tax to cover expenses related to sewer repairs, two counties levy a 1 percent Homestead Option Sales Tax (HOST), and three counties and the city of Atlanta levy sales taxes dedicated to funding the Metropolitan Atlanta Rapid Transit Authority (MARTA), with rates of 1 percent except in Atlanta where the rate is 1.5 percent.

In general, the local tax base is consistent with the state sales tax base, which is defined to include mainly tangible personal property. The major exception is food for home consumption, which is included in the local sales tax base, but is exempted from the state tax. Services, with a few exceptions, are generally excluded from both the state and the local tax base. This report provides estimates of some services that are implicitly exempt from the sales tax by virtue of not being tangible personal property. Lastly, this report categorizes each sales tax expenditure by type to allow the reader to distinguish between tax expenditures, such as those for business inputs, that are provided for reasons of reducing economic distortions from those provided on the basis of more societal reasons.

The tax is administered by the Georgia DOR. The sales tax is remitted to the Georgia DOR by the retailer and the use tax is remitted by the consumer in cases where the retailer does not collect and remit sales tax. In FY 2017, the state sales and use tax generated \$5.7 billion in state revenues and accounted for approximately 26.5 percent of total state tax revenues. All proceeds from the state sales and use tax, net of vendor compensation, are deposited into the State General Fund.

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

| | |
|----------------------|--------------------------------|
| Statute | §48-8-3(4) |
| Year Enacted | 1968 |
| Year Effective | 1968 |
| Data Source | 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 8 | 8 | 8 |
| Local Tax Expenditure | 6 | 6 | 6 |

(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>2018</u> <u>2019</u> <u>2020</u> |
| State Tax Expenditure | Estimate combined with |
| Local Tax Expenditure | 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 Centers for Medicaid and Medicare Services |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | Estimate combined with 4.00700 |
| Description: | Sales to any hospital authority created by Article 4 of Chapter 7 of O.C.G.A. Title 31 |
| | State Fiscal Years (\$ in Millions) |
| | <u>2018</u> <u>2019</u> <u>2020</u> |
| State Tax Expenditure | Estimate combined with |
| Local Tax Expenditure | 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 Chapter3 of O.C.G.A. Title |

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 2 | 2 | 2 |
| Local Tax Expenditure | 2 | 2 | 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

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

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

| | |
|----------------------|--|
| 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>2018</u> | <u>2019</u> | <u>2020</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 | Georgia Office of Planning and Budget, and Centers for Medicaid and Medicare Services |
| 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 non-profit nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function and used exclusively by the facility

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 111 | 117 | 124 |
| Local Tax Expenditure | 83 | 88 | 93 |

(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 LC 34 4527 (2015)
 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, 2019.

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 0 |
| Local Tax Expenditure | 1 | 1 | 0 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 1 |
| 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>2018</u> | <u>2019</u> | <u>2020</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 LC 34 4527 (2015)
 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, 2019.

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 and when the item sold is used exclusively for general treatment function.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 1 | 1 | 0 |
| Local Tax Expenditure | 1 | 1 | 0 |

(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 Estimate combined with 4.00900

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

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 45 | 47 | 50 |
| Local Tax Expenditure | 33 | 35 | 37 |

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

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

Statute §48-8-3(9)
 Year Enacted 1966
 Year Effective 1966
 Data Source University System of Georgia Annual Financial Report
 Estimate Reliability Class C
 Data Reliability Class C
 Note Estimate combined with 4.00800

Description: Sales of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia whose credits are accepted by the University System of Georgia.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|------------------------|-------------|-------------|
| State Tax Expenditure | Estimate combined with | | |
| Local Tax Expenditure | 4.00800 | | |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 6 | 7 | 7 |
| Local Tax Expenditure | 4 | 5 | 5 |

(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 Fiscal Note for HB 445 LC 34 4571S (2015)
 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>2018</u> | <u>2019</u> | <u>2020</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: Food, food ingredients, and prepared food sold and served to pupils and employees of public schools.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 7 | 6 | 6 |
| Local Tax Expenditure | 5 | 5 | 5 |

(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: Food, food ingredients, and prepared food sold and served to pupils and employees of approved private elementary and secondary schools.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 1 |
| 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. Exempt sales must occur during a fundraising activity with a duration that does not exceed 30 days in any calendar year.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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 and 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 4 | 4 | 4 |
| Local Tax Expenditure | 3 | 3 | 3 |

(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 U.S. 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)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 66 | 69 | 76 |
| Local Tax Expenditure | 50 | 52 | 55 |

(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 U.S. Census Bureau 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)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|--------------------------------------|-------------|-------------|
| State Tax Expenditure | See expenditure estimates for | | |
| State 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 U.S. 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) | | |
|-----------------------|--------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | See expenditure estimates for | | |
| State Tax Expenditure | Services (4.50003, 4.50010, 4.50011) | | |

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

4.02400 Rental of videotape or film to persons charging admission to view the tape or film

Statute §48-8-3(24)
 Year Enacted 1989
 Year Effective 1989
 Data Source U.S. Economic Census and Nash Information Services Box Office Data
 Estimate Reliability Class C
 Data Reliability Class C
 Note

Description: Rental of videotape or film to persons charging admission to view the tape or film.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 7 | 7 | 7 |
| Local Tax Expenditure | 5 | 5 | 5 |

(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 and specially adapted the vehicle

Statute §48-8-3(30)
 Year Enacted 1972
 Year Effective 1972
 Data Source The Department of Veteran Affairs
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

(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 Fiscal Note for HB 933 LC 40 0540 (2014)
 Estimate Reliability Class B

Data Reliability Class A
Note

Description: Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts or components in a remanufacturing facility.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

(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 (2015)
Estimate Reliability Class A
Data Reliability Class A
Note

Description: Machinery and equipment or any repair or replacement component used in a facility for the primary purpose of reducing or eliminating air and water pollution.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</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 Fiscal Note for HB 445 LC 34 4571S (2015)
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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 36 | 34 | 40 |
| Local Tax Expenditure | 25 | 23 | 28 |

(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 O.C.G.A. §49-5-3; a child-placing agency as defined in paragraph (2) of O.C.G.A. §49-5-3, or maternity home as defined in paragraph (14) of O.C.G.A. §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. Also includes sales from certain Fundraising activities (limited to 30 days per year)

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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 Georgia Lottery Commission Annual Report
Estimate Reliability Class C
Data Reliability Class B
Note This estimate differs from previous reports due to new data.

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 28 | 29 | 31 |
| Local Tax Expenditure | 21 | 22 | 23 |

(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 This estimate differs from previous reports due to new data.

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

(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. Note: This exemption does not include over-the-counter drugs, drugs sold for animal use, or non-prescription eyeglasses.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 447 | 478 | 509 |
| Local Tax Expenditure | 332 | 355 | 378 |

(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>2018</u> | <u>2019</u> | <u>2020</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 previous years 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 25 | 27 | 28 |
| Local Tax Expenditure | 17 | 18 | 19 |

(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 | The Medical Expenditure Panel Survey and The Department of Health and Human Services |
| 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>2018</u> | <u>2019</u> | <u>2020</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 | Medical Expenditure Panel Survey and Healthy Hearing Review |
| Estimate Reliability | Class A |
| Data Reliability | Class B |

Note

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

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 6 | 6 | 6 |
| Local Tax Expenditure | 4 | 5 | 5 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 91 | 82 | 73 |
| Local Tax Expenditure | 68 | 61 | 55 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 36 | 38 | 41 |
| Local Tax Expenditure | 27 | 28 | 30 |

(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 O.C.G.A Chapter 27 of Title 50.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 175 | 180 | 186 |
| Local Tax Expenditure | 129 | 133 | 137 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

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

4.05700 Food purchased for off-premises consumption

| | |
|----------------------|----------------------------------|
| 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 and food ingredients, which means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. It does not apply to alcoholic beverages, tobacco, immediate consumption items, vitamins, and minerals. It does not apply to the local option sales taxes or items used primarily for medical or hygiene purposes (cough drops, breath strips, over the counter medication, etc.).

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 596 | 618 | 635 |
| 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, 2021)

| | |
|----------------------|---|
| Statute | §48-8-3(57.1) |
| Year Enacted | 2006 |
| Year Effective | 2006 |
| Data Source | Fiscal Note for HB 763 LC 430293S (2014) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | Exemption was first established in 2006 and expired June 30, 2010. Current exemption applies for sales between July 1, 2014 and June 30, 2021 |

Description: Sales of food and beverages to a qualified food bank (expires June 30, 2021)

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 1 |
| Local Tax Expenditure | 1 | 1 | 1 |

(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 763 LC 43 0191S (2015) |
| 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: The use of food and food ingredients that are donated to a qualified nonprofit agency and that are used for hunger relief purposes. "Qualified nonprofit agency" means any entity that is tax exempt under section 501(c)(3) of the Internal Revenue Code and that provides hunger relief. Does not include drugs or over-the-counter drugs.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 3 | 3 |
| Local Tax Expenditure | 2 | 2 | 2 |

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

4.05730 Exemption for 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 Fiscal Note for HB 445 LC 34 4571S (2015)
 Estimate Reliability Class C
 Data Reliability Class B
 Note This provision is scheduled to expire on June 30, 2020
Description: Exemption for food and food ingredients that are donated following a natural disaster and used for disaster relief and does not apply to any donated over the counter drugs.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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 in connection with fundraising activities.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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 Fiscal Note for HB 445 LC 34 4571S (2015)
 Estimate Reliability Class C
 Data Reliability Class C
 Note Estimate combined with 4.06700

Description: Sales of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less when incorporated into telecommunications manufacturing facility.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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. Note: This exemption does not apply to sales from a nursery or other places where plants are sold.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 3 | 3 |
| Local Tax Expenditure | 2 | 2 | 2 |

(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 O.C.G.A §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>2018</u> | <u>2019</u> | <u>2020</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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

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

4.06600 Sale of gold, silver, or platinum bullion

| | |
|----------------------|------------------------------|
| Statute | §48-8-3(66) |
| Year Enacted | 2000 |
| Year Effective | 2000 |
| Data Source | U.S. Mint 2014 annual report |
| Estimate Reliability | Class C |
| Data Reliability | Class C |
| Note | |

Description: Sale of gold, silver, or platinum bullion.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 2 | 2 | 2 |
| Local Tax Expenditure | 1 | 1 | 1 |

(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 | Professional Numismatists Guild |
| Estimate Reliability | Class C |
| Data Reliability | Class C |
| Note | |

Description: Sale of coins or currency.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 1 |
| Local Tax Expenditure | 1 | 1 | 1 |

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

4.06810 High-Tech Data Center Equipment Exemption

| | |
|----------------------|---|
| Statute | § 48-8-3(68.1) |
| Year Enacted | 2018 |
| Year Effective | 2018 |
| Data Source | Fiscal Note for HB 696 LC 43 0923S (2018) |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | |

Description: Exemption for high-technology data center equipment, subject to a minimum investment threshold of \$250 million over ten years, and certain other structural infrastructural/systems requirements

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 8 | 15 |
| Local Tax Expenditure | 0 | 6 | 11 |

(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 Fiscal Note for HB 445 LC 34 4571S (2015)
Estimate Reliability Class C
Data Reliability Class C
Note Estimate Combined with 4.06000

Description: Sales of machinery, equipment, and material incorporated and used in construction or operation of a clean room of Class 100 or less when the clean room is used directly in the manufacture of tangible personal property.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | | | |
| Local Tax Expenditure | | | |

Estimate Combined with
4.06000

(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 or artificial gas used directly in the manufacture of electricity which is subsequently sold.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 54 | 63 | 73 |
| State 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

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

4.08300 Sale of biomass materials 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 LC 18 4936 (2009) 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 2 |
| 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 LC 40 0540 (2014)
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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 17 | 17 | 17 |
| Local Tax Expenditure | 13 | 13 | 13 |

(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 LC 40 0827 (2015)
Estimate Reliability Class C
Data Reliability Class C
Note

Description: Sales of tangible personal property used to renovate or expand a non-profit zoological institution located in this state that charges for admission, exhibits, and cares for a collection consisting primarily of animals other than fish,

and has received accreditation from the association of zoos and aquariums, and is owned or operated by an organization that is tax exempt under section 501(c)(3) of the Internal Revenue Code. Exemption cannot exceed \$350,000 per institution and the exemption expires June 30, 2018.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | 0 | 0 |
| Local Tax Expenditure | 0 | 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, 2019

| | |
|----------------------|---|
| Statute | § 48-8-3(93) |
| Year Enacted | 2012 |
| Year Effective | 2012 |
| Data Source | Fiscal Note for HB 958 LC 34 4112-EC (2014) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |

Note

Description: For the period commencing January 1, 2012, until June 30, 2019, sales of tangible personal property used for and in the construction of a competitive project of regional significance. The exemption applies 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 9 | 9 | 4 |
| Local Tax Expenditure | 7 | 7 | 3 |

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

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

| | |
|----------------------|-----------------------------|
| Statute | § 48-8-3(94) |
| Year Enacted | 2014 |
| Year Effective | 2014 |
| Data Source | Bureau of Economic Analysis |
| Estimate Reliability | Class B |
| Data Reliability | Class B |

Note

Estimate Combined with 4.3.3

Description: The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale. To qualify for the packaging exemption, the items shall be used solely for packaging and shall not be purchased for reuse. The packaging exemption shall not include materials purchased at a retail establishment for consumer use.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | Estimate Combined with | | |
| Local Tax Expenditure | 4.3.3 | | |

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

4.09700 Sales of admission to a nonrecurring major sporting event

| | |
|----------------------|--|
| Statute | §48-8-3(97) |
| Year Enacted | 2016 |
| Year Effective | 2017 |
| Data Source | Fiscal Note for HB 951 LC 34 4805 (2016) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |

Description: Sales of admissions to nonrecurring major sporting events in this state that are expected to generate over \$50 million in the host locality.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 1 | 3 |
| Local Tax Expenditure | 3 | 1 | 3 |

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

4.09800 Sales of tangible personal property and services to a qualified job training organization

| | |
|----------------------|---|
| Statute | §48-8-3(98) |
| Year Enacted | 2016 |
| Year Effective | 2016 |
| Data Source | Fiscal Note for HB 924 LC 34 4906S (2016) |
| Estimate Reliability | Class A |
| Data Reliability | Class A |

Description: Sales of tangible personal property and services to a qualified job training organization located in this state when such organization is tax exempt under 501(c)(3).

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 1 |
| Local Tax Expenditure | 0 | 0 | 0 |

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

4.09900 Exemption for expenses related to the renovation or expansion of qualified theatres

| | |
|----------------------|---|
| Statute | §48-8-3(99) |
| Year Enacted | 2017 |
| Year Effective | Transactions occurring on or after July 1, 2017 |
| Data Source | Fiscal Note HB 265 LC 34 5180S (2017) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |

Note Provision expires December 30, 2018

Description: A sales tax exemption for qualified expenditures for tangible property used for or in the renovation or expansion of a qualified theatre.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | 0 |
| Local Tax Expenditure | (m) | (m) | 0 |

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

4.10000 Exemption for sales of tickets to a qualified fine arts performance or exhibition

| | |
|----------------------|---|
| Statute | §48-8-3(100) |
| Year Enacted | 2017 |
| Year Effective | Transactions occurring on or after April 25, 2017 |
| Data Source | Fiscal Note HB 265 LC 34 5180S (2017) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | Provision expires June 30, 2020 |

Description: A sales tax exemption sales of tickets, fees, or charges for admission to a qualified fine arts performance or exhibition.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 4 | 4 | 4 |
| Local Tax Expenditure | 5 | 5 | 5 |

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

4.10100 The sale of certain written material by a nonprofit

| | |
|----------------------|--------------------------------------|
| Statute | §48-8-3(101) |
| Year Enacted | 2018 |
| Year Effective | 2018 |
| Data Source | Fiscal Note HB 217 (2018) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | This exemption expires July 1, 2021. |

Description: The sale or use of noncommercial written materials or mailings by an organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, if the organization is located in this state and provides such materials to charity supporters for educational, charitable, religious, or fundraising purposes. This exemption shall apply from July 1, 2018 until July 1, 2021.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 7 | 8 |
| Local Tax Expenditure | 0 | 6 | 6 |

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

4.10200 Partial exemption for qualified manufactured homes

| | |
|----------------------|---------------------------------------|
| Statute | §48-8-3(102) |
| Year Enacted | 2018 |
| Year Effective | 2018 |
| Data Source | Fiscal Note HB 871 LC 43 0891S (2018) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | |

Description: A partial exemption from state sales and use tax for qualified manufactured homes equal to 50 percent of the sale price of such homes. Qualified

manufactured homes are those that are to be converted, and actually converted within 30 days of sale, to real property in the state pursuant to O.C.G.A. §8-2-183.1. The proposed exemption does not apply to any local sales or use tax in the state.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 3 | 3 |
| Local Tax Expenditure | 0 | 0 | 0 |

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

4.10300 Exemption for construction materials used in construction of an automobile museum

| | |
|----------------------|---|
| Statute | § 48-8-3(103) |
| Year Enacted | 2018 |
| Year Effective | 2018 |
| Data Source | Fiscal Note for HB 793 (2018) |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | This provision expires December 31, 2020. |

Description: The sale or use of tangible personal property used for the construction of a museum that is owned by an entity that is incorporated in this state as a nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The museum must celebrate as its primary mission the diverse heritage of automobiles. This exemption shall apply from July 1, 2018, until December 31, 2020 and the aggregate state and local sales and use tax refunded pursuant to this paragraph shall not exceed \$960,000.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | (m) | (m) |
| Local Tax Expenditure | 0 | (m) | (m) |

(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 | Bureau of Economic Analysis |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | Modified in 2017 to include maintenance and replacement parts for certain machinery or equipment, stationary or in transit, used to mix, agitate, and transport freshly mixed concrete in a plastic and unhardened state. Estimate combined with 4.09400 |

Description: Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3,297 | 3,443 | 3,618 |
| Local Tax Expenditure | 2,274 | 2,375 | 2,496 |

(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 National Agricultural Statistical Service
 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 138 | 144 | 151 |
| Local Tax Expenditure | 95 | 99 | 104 |

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

4.3.4 Exemption for qualified boat repairs

Statute §48-8-3.4
 Year Enacted 2017
 Year Effective Transactions occurring on or after July 1, 2017
 Data Source Fiscal Note HB 125 LC 34 5201S/AM 43 0065ER (2017)
 Estimate Reliability Class B
 Data Reliability Class B

Note

The provision expires on June 30, 2025

Description: A sales tax exemption for certain tangible property used in the repair, retrofit, or maintenance of boats. The exemption cannot exceed \$35,000 for any single repair, retrofit, or maintenance event.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

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

4.3.5 Exemption for the sale and use of jet fuel

Statute §48-8-3.5
 Year Enacted 2018
 Year Effective 2018
 Data Source Fiscal Note for HB 5EX 43 1050S (2019)
 Estimate Reliability Class B
 Data Reliability Class B

Note

Description: The collection of sales tax on jet fuel from December 1, 2018 through June 30, 2019 is exempt from the sales and use tax.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 0 | 48 | 0 |
| Local Tax Expenditure | 0 | 0 | 0 |

(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, 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 173 | 181 | 191 |
| Local Tax Expenditure | 130 | 136 | 143 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 175 | 183 | 192 |
| Local Tax Expenditure | 131 | 137 | 144 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 148 | 155 | 162 |
| Local Tax Expenditure | 111 | 116 | 122 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 553 | 577 | 607 |
| Local Tax Expenditure | 415 | 433 | 455 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 710 | 741 | 779 |
| Local Tax Expenditure | 532 | 556 | 584 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 1,572 | 1,641 | 1,725 |
| Local Tax Expenditure | 1,179 | 1,231 | 1,294 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 245 | 256 | 269 |
| Local Tax Expenditure | 184 | 192 | 201 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 1,251 | 1,306 | 1,373 |
| Local Tax Expenditure | 938 | 980 | 1,030 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 11 | 12 | 12 |
| Local Tax Expenditure | 8 | 9 | 9 |

(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.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 20 | 20 | 21 |
| Local Tax Expenditure | 15 | 15 | 16 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 308 | 321 | 338 |
| Local Tax Expenditure | 231 | 241 | 253 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 2,207 | 2,305 | 2,422 |
| Local Tax Expenditure | 1,656 | 1,729 | 1,817 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 80 | 83 | 87 |
| Local Tax Expenditure | 60 | 62 | 66 |

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

4.50013 Transportation Services

Description: Intrastate courier service.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | (m) | (m) | (m) |
| Local Tax Expenditure | (m) | (m) | (m) |

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

4.7 Vendor Compensation

4.70000 Compensation of dealers for reporting and paying tax

| | |
|----------------------|---------------------|
| Statute | §48-8-50 |
| Year Enacted | 1964 |
| Year Effective | 1964 |
| Data Source | DOR data as of 2016 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 70 | 73 | 77 |
| Local Tax Expenditure | | | |

(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 2015 |
| 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>2018</u> | <u>2019</u> | <u>2020</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

| Expenditure | Expenditure | Expenditure |
|--------------------|--------------------|--|
| 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 |
| 4.01800 | §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 |
| 4.02500 | §48-8-3(25) | Fares of for-hire vehicles |
| 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 |

Sales and Use Tax expenditures for which an estimate is not currently available

| Expenditure | Expenditure | Expenditure |
|--------------------|--------------------|---|
| 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 |
| 4.06800 | §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 |
| 4.3.6 | §36-88-3(8.1) | Exemption for sales within an enterprise zone |

5. Insurance Premium Tax

The premium tax is imposed upon gross direct premiums received by insurers doing business in the state to insure persons, property, or risks in Georgia. The state tax rate is imposed at a rate of 2.25 percent of gross direct premiums, though the rate is reduced to 1.25 percent for insurers holding at least 25 percent of their total assets, exclusive of direct obligations of the United States, in specified classes of Georgia assets. For insurers holding 75 percent of such total assets in Georgia, the rate is reduced further to 0.5 percent.

Counties levy a tax at 1 percent on gross direct premiums of life insurance companies for policies covering persons residing in unincorporated areas of the county, except that the county tax shall not apply to life insurers that qualify for the abatement of the state tax for firms with 75 percent Georgia assets. Municipalities may levy a tax of up to 1 percent on life policies covering persons residing in the given municipality. Counties and municipalities may levy rates of up to 2.5 percent on gross direct premiums for policies other than life insurance policies.

This tax is administered by the State Insurance Commissioner. In FY 2017, state revenues from this tax equaled \$480 million and local revenues equaled \$568 million. The state proceeds from 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 2 | 2 | 2 |

(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; §48-7-29.6 |
| Year Enacted | 1960 |
| Year Effective | 2000 |
| Data Source | DOR data as of 2016 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. In 2018 the qualifying areas were expanded to |

include counties with military bases and industrial parks that are owned and operated by a government entity.

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. It also provides a tax credit for businesses enterprises designated as operating in less-developed areas. These include areas with ten or more contiguous census tracts with higher than 15 percent poverty and counties with both a military base and a government owned and operated industrial park..

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 14 | 15 | 15 |
| Corporate Income Tax Expenditure | 93 | 94 | 95 |
| Insurance Premium Tax Expenditure | <u>8</u> | <u>9</u> | <u>9</u> |
| State Tax Expenditure | 115 | 117 | 119 |

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

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 6 | 6 | 7 |

(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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Income Tax Expenditure | 85 | 90 | 95 |
| Corporate Income Tax Expenditure | 36 | 38 | 40 |
| Insurance Premium Tax Expenditure | 128 | 134 | 141 |
| State Tax Expenditure | 249 | 262 | 277 |

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

5.00800 Insurance Premium Tax Exemption for multiple employer self-insured health plans

| | |
|----------------------|--|
| Statute | §33-50-3 |
| Year Enacted | 2016 |
| Year Effective | 2016 |
| Data Source | Office of Insurance and Safety Fire Commissioner |
| Estimate Reliability | Class A |
| Data Reliability | Class A |

Note

Description: Multiple employer self-insured health plans are exempt from the state insurance premium tax on the plan's net premiums.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | 0 | 0 |

(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 state tax on motor fuels other than diesel fuel and aviation gasoline is, as of January 1, 2018, 26.8 cents per gallon. The state tax on diesel fuel is 30.0 cents per gallon and the tax on aviation gasoline is 1 cent per gallon. Tax rates are adjusted annually for inflation and for the change in average fuel economy of new vehicles registered in the state in the prior year from the year before. 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 and revenues generated from this tax are allocated by the state constitution to the Georgia Department of Transportation for highway purposes. State motor fuel tax revenues for FY 2017 totaled \$1.74 billion.

6.00400 Motor fuel tax exemption for aviation fuel

| | |
|----------------------|-----------------------------------|
| Statute | §48-9-3 |
| Year Enacted | 1978 |
| Year Effective | 1978 |
| Data Source | Fiscal Note for LC 34 4757 (2016) |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | |

Description: Exemption for aviation fuel.

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 2 | 2 | 2 |
| (m) Denotes a value of less than \$1 million | | | |

6.00500 Motor fuel tax vendor compensation

| | |
|----------------------|--|
| Statute | §48-9-8(b) |
| Year Enacted | 1992 |
| Year Effective | 1992 |
| Data Source | Office of Planning and Budget Data for FY 2016 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | |

Description: Motor fuel dealers are allowed to retain 1 percent of total amounts collected as reimbursement for the cost of collection.

| | State Fiscal Years (\$ in Millions) | | |
|--|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 17 | 18 | 18 |
| (m) Denotes a value of less than \$1 million | | | |

7. Alcoholic Beverage Tax

This state and local tax is imposed on alcoholic beverages including malt beverages, wine, and distilled spirits. Malt beverages sold in bulk containers (tap or draft beer) are taxed at a state rate of \$10 per container up to 31 gallons with a proportionate tax on fractional parts of 31 gallons for larger containers. For bottled and canned malt beverages, the state tax rate is 4 ½ cents per 12 ounces and proportionate rates on fractional parts of 12 ounces for other sizes. Table wines are taxed at a state rate of 11 cents per liter and an additional state import tax of 29 cents per liter is imposed on table wines produced outside of Georgia and imported into the state, in both cases with proportionate rates for fractional parts of a liter. A state excise tax of 27 cents per liter and an additional state import tax of 40 cents per liter is imposed on dessert wines, with proportionate rates for fractional parts of a liter. A state excise tax of 50 cents per liter is imposed on distilled spirits while alcohol (defined to mean ethyl alcohol greater than 190 proof intended for use as a beverage, including grain alcohol and spirits of wine) is subject to a state tax of 70 cents per liter, in both cases with the tax applied proportionately on fractions of a liter. Distilled spirits and alcohol imported to Georgia from outside the state are also subject to an additional state import tax of 50 cents and 70 cents per liter, respectively.

A uniform local government beer tax is levied at 5 cents per 12 ounces for bottled and canned malt beverages with proportionate rates for sizes other than 12 ounces. The rate for bulk (tap or draft) malt beverages is \$6 per container for containers up to 15 ½ gallons with proportionate rates for larger containers. Counties and municipalities may levy excise tax on wine at rates that do not exceed 22 cents per liter. Counties and municipalities may levy excise taxes on distilled spirits sold by the package at rates that do not exceed 22 cents per liter or proportionate rates for other size containers. Counties and municipalities may also levy excise taxes at rates up to 3 percent of the price charged for mixed drinks.

The state portion of the tax is administered by the Georgia DOR. Proceeds from the state tax are deposited into the State General Fund. In FY 2017, state collections equaled \$193 million. Local collections for FY 2015³ equaled \$141 million.

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.

³ Latest data available.

State Fiscal Years (\$ in Millions)

| | | | |
|-----------------------|-------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

7.00400 Sales to and use by religious organizations for sacramental purposes

| | |
|----------------------|--|
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

7.00600 Malt beverages containing less than one-half of 0.5 percent alcohol by volume

| | |
|----------------------|--|
| Statute | §3-5-90 |
| Year Enacted | 1987 |
| Year Effective | 1987 |
| Data Source | U.S. Economic Census and the American Beer Institute |
| Estimate Reliability | Class B |
| Data Reliability | Class B |
| Note | |

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

State Fiscal Years (\$ in Millions)

| | | | |
|-----------------------|-------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 1 | 1 | 1 |

(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 |
| 7.00500 | §§3-5-61, 3-6-70 | Exemption for ethyl alcohol used for certain purposes |

8. Tobacco Products Excise Tax

This tax is levied upon the sale, receipt, purchase, possession, consumption, handling, distribution, or use of tobacco, cigars, and cigarettes in Georgia. The tax is imposed at a rate of 37 cents per pack of 20 cigarettes and a like rate, 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 2017, the tax totaled \$221 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | (m) | (m) | (m) |

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

Tobacco Products 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 2017 equaled \$24 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 3 | 4 | 5 |

(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 DOR |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | |

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

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 73 | 40 | 43 |

(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 tax, referred to as the TAVT or Motor Vehicle Title Fee. 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 tax base is the fair market value, at the time of titling, of new and used motor vehicles registered and titled in the state, including casual sales, dealer sales, leased vehicles, rental and salvage vehicles, and vehicles being brought into the state by people relocating to Georgia. For dealer sales, the tax base is reduced by the value of the purchaser's trade-in vehicle, if any. For dealer sales of new vehicles, the tax base is also reduced by the amounts of dealer rebates and cash discounts, if any.

Fair market value for new vehicles other than leased vehicles is equal to the greater of the retail selling price and the average of the current fair market value and the wholesale value as determined by the Georgia DOR. The fair market value for used vehicles other than leased vehicles is equal to the average of the current fair market value and the wholesale value as determined by the Georgia DOR. In the case of leased vehicles, fair market value means the total of the base lease payments plus any down payments.

The title fee rate in CY 2013 was 6.5 percent, 6.75 percent in CY 2014, and 7 percent thereafter. The revenue from the tax is shared between the state and local governments at a specified annual rate. The state (local) share of the tax prior to July 1, 2019, are determined by a schedule provided by law, beginning at 57 (43) percent for CY 2013 and 55 (45) percent for CYs 2014-15. For years after CY 2015, state and local shares were subject to adjustment should the local government receipts in the immediately preceding year exceed (fall short of) the target collection amount, as defined in the law, by more than 1 percent. The local share percentage is reset to the level that, had that share percentage been in effect the prior year, the local share would have equaled the target collection amount. As a result of such adjustments, the state (local) shares for CY 2018 were adjusted to equal 48.42 (51.58) percent. Beginning July 1, 2019, the state and local shares will be 35 percent and 65 percent, respectively.

The tax is administered by the Georgia DOR but collected at the local level. All proceeds from the state portion of the TAVT are deposited into the State General Fund. The TAVT generated \$1.0 billion in state receipts for FY 2017 and \$761 million for local governments.

| | |
|----------------|--|
| 11.001 | <u>Reduced rate for related family transfers</u> |
| Statute | §48-5C-1(d)(1)-(2) |
| Year Enacted | 2012 |
| Year Effective | 2013 |
| Data Source | DOR data |

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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 11 | 11 | 9 |
| Local Tax Expenditure | 10 | 13 | 15 |

(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
 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>2018</u> | <u>2019</u> | <u>2020</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
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 64 | 61 | 54 |
| Local Tax Expenditure | 60 | 77 | 90 |

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

11.004 Reduced rate for vehicles manufactured in years before 1985

Statute §48-5C-1(d)(17)
 Year Enacted 2012
 Year Effective 2013
 Data Source DOR data

Estimate Reliability Class B
 Data Reliability Class B
 Note Modified in 2018 to change the treatment of kit and pre-1963 cars.

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. This provision allows kit cars to be valued at the greater of: the retail selling price of the kit; the average of the current fair market value; or the current wholesale value of the motor vehicle. Vehicles with a model year prior to 1963, for which a conditional title has been obtained, are allowed to opt into the TAVT system upon payment of a state TAVT payment equal to 0.5 percent of the fair market value of the vehicle and a local TAVT payment equal to 0.5 percent of the fair market value of the vehicle.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</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
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 30 | 28 | 24 |
| Local Tax Expenditure | 39 | 48 | 56 |

(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
 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>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 4 | 4 | 4 |
| Local Tax Expenditure | 4 | 6 | 6 |

(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
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>2018</u> | <u>2019</u> | <u>2020</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
Estimate Reliability Class B
Data Reliability Class B

Note

In 2017 the treatment of out-of-state vehicles changed from 12 percent of fair market value paid in two equal installments over two years to 3 percent of fair market value due upon registration.

Description: Vehicles registered by individuals moving from out-of-state are allowed to pay reduced title fee rate of three percent.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | -3 | -6 | -4 |
| Local Tax Expenditure | 2 | -2 | 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
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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 194 | 174 | 154 |
| Local Tax Expenditure | 184 | 215 | 251 |

(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 |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 14 | 11 | 10 |
| Local Tax Expenditure | 11 | 13 | 15 |

(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 |
| Estimate Reliability | Class C |
| 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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | -35 | -32 | -28 |
| Local Tax Expenditure | -34 | -39 | -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 |
| Estimate Reliability | Class A |
| Data Reliability | Class A |
| Note | |

Description: Seller financed used car transactions are subject to a title fee rate that is two and a half percentage points below the standard title fee rate.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 8 | 8 | 7 |
| Local Tax Expenditure | 8 | 10 | 11 |

(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
 Estimate Reliability Class B
 Data Reliability Class B

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>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 2 | 2 | 2 |
| Local Tax Expenditure | 2 | 2 | 3 |

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

11.014 Treatment of Leased Vehicles

Statute §48-5C-1(a)(1)(E)
 Year Enacted 2017
 Year Effective 2018
 Data Source DOR data
 Estimate Reliability Class A
 Data Reliability Class A

Note

Description: The TAVT is levied only on the base payments under the lease agreement.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 14 | 24 | 19 |
| Local Tax Expenditure | 15 | 30 | 30 |

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

11.015 Treatment of vehicles involved in divorce settlement or business reorganization

Statute §48-5C-1(d)(18), §48-5C-1(d)(15)
 Year Enacted 2018
 Year Effective 2018
 Data Source Fiscal Note for HB 329 LC 28 8929S (2018)
 Estimate Reliability Class A
 Data Reliability Class A

Note

Description: Vehicles transferred because of a divorce decree are subject to a reduced state TAVT rate of 0.5 percent of vehicle fair market value and a reduced local TAVT rate of 0.5 percent of vehicle fair market value. The transfer of a title made as a result of a business reorganization is exempt from the title fee.

State Fiscal Years (\$ in Millions)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------|-------------|-------------|-------------|
| State Tax Expenditure | 0 | 0 | 1 |
| Local Tax Expenditure | 0 | 0 | 2 |

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

11.016 Treatment of non-IRP Buses

Statute §48-5C-1(d)(7.1)
 Year Enacted 2018
 Year Effective 2018
 Data Source Fiscal Note for HB 329 LC 28 8929S (2018)

Estimate Reliability Class A
Data Reliability Class A
Note

Description: In the case of for-hire charter buses and motor coaches which seat at least 15 passengers or more, the legislation allows the TAVT to be paid over a 12-month period in two equal installments.

| | State Fiscal Years (\$ in Millions) | | |
|-----------------------|-------------------------------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| State Tax Expenditure | 0 | (m) | (m) |
| Local Tax Expenditure | 0 | (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 on gross receipts of the retail sale of fireworks in addition to any state and local taxes otherwise imposed by law. This provision became effective for fiscal years beginning on July 1, 2015. The tax is administered by the Georgia DOR and the proceeds from this excise tax are deposited into the State General Fund. The consumer fireworks tax generated \$1.24 million in state receipts for FY 2017.

13. State Hotel-Motel Tax

An excise tax of \$5.00 per day is levied on each room rented or leased. This provision became effective on July 1, 2015. The tax is administered by the Georgia DOR. Although collections from this tax are deposited in to the State General Fund, they must be appropriated exclusively for transportation purposes. The state hotel-motel tax generated \$172 million in state receipts for FY 2017.

Appendix of Tables

Table 1: Summary of Expired Provisions

| Expenditure | Summary | Tax | Expiration Date |
|---------------------|--|-----------------------------|------------------------|
| 1.6.024/ 2.6.013 | Teleworking Credit | State Individual Income Tax | 12/31/2011 |
| 1.6.033 | Clean Energy Property and Wood Residuals Credit | Total State Credit | 12/31/2014 |
| 1.6.039 | Tax credit for water conservation facilities and qualified water conservation investment property | Total State Credit | 12/31/2016 |
| 1.6.040 | Tax credit for shift from groundwater usage | Total State Credit | 12/31/2016 |
| 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 | 12/31/2012 |
| 4.02700 | Sales of sugar for use as food to honey bee producers | Sales and Use Tax | 12/31/2012 |
| 4.02800 | Sale of cattle, hogs, sheep, horses, poultry, or bees when sold for breeding purposes | Sales and Use Tax | 12/31/2012 |
| 4.02900 | Sale of certain types of agricultural machinery | Sales and Use Tax | 12/31/2012 |
| 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 | 12/31/2012 |
| 4.03400 | Certain machinery used in the manufacturing of tangible personal property | Sales and Use Tax | 12/31/2012 |
| 4.03430 | The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery | Sales and Use Tax | 12/31/2012 |
| 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 processing of ethanol, biodiesel, butanol or their by-products | Sales and Use Tax | 6/30/2012 |
| 4.03500 | Certain materials used in industrial packaging | Sales and Use Tax | 12/31/2012 |
| 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 |

Table 1: Summary of Expired Provisions

| Expenditure | Summary | Tax | Expiration Date |
|--------------------|--|----------------------|------------------------|
| 4.04900 | Liquefied gases and other fuels used in poultry or pullet houses or structures | Sales and Use Tax | 12/31/2012 |
| 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 | 12/31/2012 |
| 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 |
| 4.07700 | Liquefied gases and other fuels used in structures where plants, floral products, seedlings, and nursery stock are grown for sale | Sales and Use Tax | 12/31/2012 |
| 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 | 12/31/2012 |
| 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 |
| 6.00100 | Motor fuel tax refunds for agricultural purposes | Motor Fuel Tax | 6/30/2015 |
| 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 |
| 2.6.028 | Tax credit for water-conservation facilities and qualified water-conservation investment property | Total State Credit | 12/31/2016 |
| 2.6.029 | Tax credit for shift from groundwater usage | Total State Credit | 12/31/2016 |
| 2.6.033 | Employer tax credit for hiring qualified parolees | Corporate Income Tax | 6/30/2010 |

Table 1: Summary of Expired Provisions

| Expenditure | Summary | Tax | Expiration Date |
|--------------------|--|------------------------------|------------------------|
| 2.1.007 | Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare | Federal Corporate Income Tax | 1/1/2015 |
| 2.2.013 | Election to expense 50 percent of qualified property used to refine liquid fuels | Federal Corporate Income Tax | 1/1/2015 |
| 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 | 12/31/2012 |
| 4.07500 | Sales tax holiday for back to school items | Sales and Use Tax | 7/31/2016 |
| 4.08200 | Sales tax holiday for water-efficient and energy-efficient purchases | Sales and Use Tax | 10/2/2016 |
| 4.01600 | The sale or use of Holy Bibles; testaments, and similar books commonly recognized as being Holy Scripture regardless of by or to whom sold | Sales and Use Tax | 2/6/2006 |
| 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 |
| 4.09200 | 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 |
| 6.00600 | Motor fuel tax exemption for public school buses | Motor Fuel Tax | 6/30/2015 |
| 1.6.042 | Tax credit for purchase of alternative fuel heavy-duty or medium-duty vehicle | Total State Credit | 6/30/2017 |
| 4.09600 | Exemption for sales or use of construction materials used for or in the construction of buildings at a private college | Sales and Use Tax | 6/30/2016 |
| 2.6.031 | Tax credit for purchases of alternative fuel heavy-duty or medium-duty vehicle | Total State Credit | 6/30/2017 |
| 4.08000 | Materials used to construct an eligible corporate attraction dedicated to history or products of corporation. | Sales and Use Tax | 12/31/2007 |
| 4.08400 | Tangible personal property used for construction of National Infantry Museum and Heritage Park. | Sales and Use Tax | 6/30/2008 |
| 4.08500 | Sale of tangible personal property sold to "qualified job training organization." | Sales and Use Tax | 6/30/2010 |

Table 2: Sales and use tax expenditures by type

| Expenditure | Summary | State FY 2018 | State FY 2019 | State FY 2020 |
|---|--|-------------------------------------|--------------------------|--------------------------|
| Sales Tax Exemption for a Business Input⁴ | | | | |
| 4.01700 | Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce | 4 | 4 | 4 |
| 4.02500 | Fares of for-hire vehicles | Estimate not available at this time | | |
| 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 | (m) | (m) | (m) |
| 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 | Estimate Combined with 4.06000 | | |
| 4.07000 | Sale of natural gas used directly in the manufacture of electricity | 54 | 63 | 73 |
| 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 intended for sale | 1 | 1 | 2 |
| 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 Combined with 4.3.3 | | |

⁴ Sales tax exemptions which are defined primarily as an exemption for a profit making business.

Table 2: Sales and use tax expenditures by type

| Expenditure | Summary | State FY 2018 | State FY 2019 | State FY 2020 |
|--|--|--|--------------------------|--------------------------|
| 4.3.2 | Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing | 3,297 | 3,443 | 3,618 |
| 4.3.3 | Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment | 138 | 144 | 151 |
| 4.3.4 | Exemption for qualified boat repairs | (m) | (m) | (m) |
| Sales Tax Exemption for a Specific Item⁵ | | | | |
| 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 | 8 | 8 | 8 |
| 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 | 6 | 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 | 66 | 69 | 76 |
| 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 | 7 | 7 | 7 |
| 4.03300 | Common or common and contract carriers | Estimate not available at this time | | |

⁵ 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

| Expenditure | Summary | State FY 2018 | State FY 2019 | State FY 2020 |
|--------------------|--|-------------------------------------|--------------------------|--------------------------|
| 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 | 28 | 29 | 31 |
| 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 | 447 | 478 | 509 |
| 4.05000 | Sales of insulin syringes and blood glucose level measuring strips dispensed without a prescription | 25 | 27 | 28 |
| 4.05100 | Sale of oxygen when prescribed by a licensed physician | (m) | (m) | (m) |
| 4.05200 | Sale or use of hearing aids | 6 | 6 | 6 |
| 4.05400 | Sale or use of any durable medical equipment or prosthetic device prescribed by a physician | 36 | 38 | 41 |
| 4.05500 | Sale of Georgia lottery tickets | 175 | 180 | 186 |
| 4.05700 | Food purchased for off-premises consumption | 596 | 618 | 635 |
| 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 | 3 | 3 | 3 |
| 4.06600 | Sale of gold, silver, or platinum bullion | 2 | 2 | 2 |
| 4.06700 | Sale of coins or currency | 1 | 1 | 1 |
| 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 | | |
| 4.10000 | Exemption for sales of tickets to a qualified fine arts performance or exhibition | 4 | 4 | 4 |
| 4.10200 | Partial exemption for qualified manufactured homes | 0 | 3 | 3 |
| 4.3.5 | Exemption for the sale and use of jet fuel | 0 | 48 | 0 |
| 4.90000 | Sales tax exemption for casual sales | 2 | 2 | 2 |

Sales Tax Exemption for a Specific Purchaser⁶

| | | | | |
|---------|--|-------------------------------------|-----|-----|
| 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 | (m) | (m) | (m) |
| 4.00630 | Sales to any agricultural commission created by the Department of Agriculture | (m) | (m) | (m) |
| 4.00700 | Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function | 111 | 117 | 124 |
| 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 | 0 |
| 4.00710 | Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities | 1 | 1 | 1 |
| 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 | 0 |
| 4.00800 | Sales of tangible personal property and services to the University System of Georgia and its educational units | 45 | 47 | 50 |
| 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 combined with 4.00800 | | |
| 4.01000 | Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school | 6 | 7 | 7 |

⁶ 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.

| | | | | |
|---------|--|-------------------------------------|-----|-----|
| 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 | 36 | 34 | 40 |
| 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 | (m) | (m) | (m) |
| 4.06810 | High-Tech Data Center Equipment Exemption | 0 | 8 | 15 |
| 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 | 1 | 1 | 1 |
| 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, 2019 | 9 | 9 | 4 |
| 4.09700 | Sales of admission to a nonrecurring major sporting event | 3 | 1 | 3 |
| 4.09800 | Sales of tangible personal property and services to a qualified job training organization | 1 | 1 | 1 |
| 4.10300 | Exemption for construction materials used in construction of an automobile museum | 0 | (m) | (m) |

Sales Tax Exemption for a Specific Purchaser of a Specific Item⁷

| | | | | |
|---------|--|-------------------------------------|-----|-----|
| 4.01400 | Sales of art and other artifacts for display or exhibition to museums | 1 | 1 | 1 |
| 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 and specially adapted the vehicle | (m) | (m) | (m) |
| 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 | | |
| 4.04400 | 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 | 91 | 82 | 73 |
| 4.05710 | Sales of food and beverages to a qualified food bank (expires June 30, 2021) | 1 | 1 | 1 |
| 4.06300 | Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund | (m) | (m) | (m) |
| 4.07200 | Sale of prescribed mobility enhancing equipment | 1 | 1 | 1 |
| 4.08600 | Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft | 17 | 17 | 17 |
| 4.09900 | Exemption for expenses related to the renovation or expansion of qualified theatres | (m) | (m) | 0 |
| 4.10100 | The sale of certain written material by a nonprofit | 0 | 7 | 8 |

Sales Tax Exemption for a Specific Seller⁸

| | | | | |
|---------|--|-------------------------------------|-----|-----|
| 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) |

⁷ Sales tax exemptions which are specifically defined by the purchaser as well as the item being purchased.

⁸ 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.

| | | | | |
|---------|---|-------------------------------------|-----|-----|
| 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 | (m) | (m) | (m) |
| 4.05720 | Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes | 3 | 3 | 3 |
| 4.05730 | Exemption for food and food ingredients that are donated following a natural disaster and used for disaster relief | (m) | (m) | (m) |
| 4.05900 | Sale of eligible food and beverages by any Girl or Boy Scout council | 1 | 1 | 1 |
| 4.3.6 | Exemption for sales within an enterprise zone | Estimate not available at this time | | |
| 4.70000 | Compensation of dealers for reporting and paying tax | 70 | 73 | 77 |

Tables 3-9: Distributional tables of selected provisions

Tables 3 through 9 provide information on the distribution across Georgia AGI for selected exemptions and deductions from the state personal income tax. The data used to produce the tables is from the state personal income tax files for 2016. It has not been adjusted for inflation nor does it reflect any legislative changes that may have occurred since 2016. 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

| | Number of Returns | Average Value | Total | Percent of Total Dollars |
|---------------------------------|-------------------|---------------|------------------|--------------------------|
| GA AGI ≤ 0 | 335,184 | \$4,944 | \$1,657,189,000 | 6.2% |
| 0 <GA AGI ≤ \$25,000 | 1,498,899 | \$5,367 | \$8,044,160,400 | 30.1% |
| \$25,000 <GA AGI ≤ \$50,000 | 902,265 | \$6,621 | \$5,974,264,000 | 22.3% |
| \$50,000 <GA AGI ≤ \$100,000 | 724,800 | \$7,774 | \$5,634,734,700 | 21.1% |
| \$100,000 <GA AGI ≤ \$500,000 | 518,463 | \$9,885 | \$5,125,233,900 | 19.2% |
| \$500,000 <GA AGI ≤ \$1,000,000 | 19,851 | \$10,654 | \$211,495,900 | 0.8% |
| GA AGI >\$1,000,000 | 8,849 | \$10,357 | \$91,649,600 | 0.3% |
| Total | 4,008,311 | \$6,671 | \$26,738,727,500 | 100.0% |

The percent of total column may not sum to 100 percent due to rounding.

Table 4: Retirement Income Exclusion

| | Number of Returns | Average Value | Total | Percent of Total Dollars |
|---------------------------------|-------------------|---------------|------------------|--------------------------|
| GA AGI ≤ 0 | 343,736 | \$27,465 | \$9,440,781,343 | 43.2% |
| 0 <GA AGI ≤ \$25,000 | 189,944 | \$26,353 | \$5,005,531,982 | 22.9% |
| \$25,000 <GA AGI ≤ \$50,000 | 93,884 | \$25,463 | \$2,390,550,610 | 10.9% |
| \$50,000 <GA AGI ≤ \$100,000 | 86,653 | \$27,247 | \$2,360,990,729 | 10.8% |
| \$100,000 <GA AGI ≤ \$500,000 | 63,074 | \$36,201 | \$2,283,318,951 | 10.5% |
| \$500,000 <GA AGI ≤ \$1,000,000 | 3,653 | \$58,799 | \$214,793,715 | 1.0% |
| GA AGI >\$1,000,000 | 2,119 | \$68,902 | \$146,003,981 | 0.7% |
| Total | 783,063 | \$27,893 | \$21,841,971,311 | 100.0% |

The percent of total column may not sum to 100 percent due to rounding.

Table 5: Georgia Higher Education Savings Plan Deduction

| | Number of Returns | Average Value | Total | Percent of Total Dollars |
|---------------------------------|-------------------|---------------|---------------|--------------------------|
| GA AGI ≤ 0 | 1,930 | \$3,181 | \$6,138,718 | 4.2% |
| 0 <GA AGI ≤ \$25,000 | 1,728 | \$2,657 | \$4,591,122 | 3.1% |
| \$25,000 <GA AGI ≤ \$50,000 | 2,119 | \$2,412 | \$5,111,878 | 3.5% |
| \$50,000 <GA AGI ≤ \$100,000 | 6,403 | \$2,245 | \$14,374,055 | 9.8% |
| \$100,000 <GA AGI ≤ \$500,000 | 27,132 | \$3,742 | \$101,519,103 | 69.5% |
| \$500,000 <GA AGI ≤ \$1,000,000 | 1,641 | \$6,273 | \$10,294,801 | 7.1% |
| GA AGI >\$1,000,000 | 521 | \$7,601 | \$3,960,235 | 2.7% |
| Total | 41,474 | \$3,520 | \$145,989,912 | 100.0% |

The percent of total column may not sum to 100 percent due to rounding.

Table 6: Interest on U.S. Obligations

| | Number of Returns | Average Value | Total | Percent of Total Dollars |
|---------------------------------|-------------------|---------------|---------------|--------------------------|
| GA AGI ≤ 0 | 20,462 | \$24,421 | \$499,698,617 | 88.3% |
| 0 <GA AGI ≤ \$25,000 | 6,552 | \$2,277 | \$14,922,145 | 2.6% |
| \$25,000 <GA AGI ≤ \$50,000 | 4,027 | \$2,312 | \$9,312,357 | 1.6% |
| \$50,000 <GA AGI ≤ \$100,000 | 6,043 | \$2,013 | \$12,164,279 | 2.1% |
| \$100,000 <GA AGI ≤ \$500,000 | 11,066 | \$1,796 | \$19,874,208 | 3.5% |
| \$500,000 <GA AGI ≤ \$1,000,000 | 1,483 | \$2,220 | \$3,292,008 | 0.6% |
| GA AGI >\$1,000,000 | 1,162 | \$5,688 | \$6,609,063 | 1.2% |
| Total | 50,795 | \$11,140 | \$565,872,677 | 100.0% |

The percent of total column may not sum to 100 percent due to rounding.

Table 7: Blind and Age 65 Deductions

| | Number of Returns | Average Value | Total | Percent of Total Dollars |
|---------------------------------|-------------------|---------------|---------------|--------------------------|
| GA AGI ≤ 0 | 197,592 | \$1,838 | \$363,174,500 | 56.9% |
| 0 <GA AGI ≤ \$25,000 | 99,786 | \$1,774 | \$176,979,400 | 27.7% |
| \$25,000 <GA AGI ≤ \$50,000 | 33,497 | \$1,727 | \$57,840,900 | 9.1% |
| \$50,000 <GA AGI ≤ \$100,000 | 18,430 | \$1,739 | \$32,058,000 | 5.0% |
| \$100,000 <GA AGI ≤ \$500,000 | 4,097 | \$1,837 | \$7,527,000 | 1.2% |
| \$500,000 <GA AGI ≤ \$1,000,000 | 96 | \$1,869 | \$179,400 | 0.0% |
| GA AGI >\$1,000,000 | 59 | \$1,939 | \$114,400 | 0.0% |
| Total | 353,557 | \$1,804 | \$637,873,600 | 100.0% |

The percent of total column may not sum to 100 percent due to rounding.

Table 8: Standard Deduction

| | Number of Returns | Average Value | Total | Percent of Total Dollars |
|---------------------------------|-------------------|---------------|-----------------|--------------------------|
| GA AGI ≤ 0 | 239,363 | \$2,578 | \$616,969,000 | 9.6% |
| 0 <GA AGI ≤ \$25,000 | 1,364,148 | \$2,373 | \$3,236,961,400 | 50.4% |
| \$25,000 <GA AGI ≤ \$50,000 | 645,848 | \$2,475 | \$1,598,254,800 | 24.9% |
| \$50,000 <GA AGI ≤ \$100,000 | 307,058 | \$2,695 | \$827,423,000 | 12.9% |
| \$100,000 <GA AGI ≤ \$500,000 | 50,066 | \$2,894 | \$144,911,200 | 2.3% |
| \$500,000 <GA AGI ≤ \$1,000,000 | 288 | \$2,756 | \$793,700 | 0.0% |
| GA AGI > \$1,000,000 | 202 | \$2,846 | \$574,900 | 0.0% |
| Total | 2,606,973 | \$2,465 | \$6,425,888,000 | 100.0% |

The percent of total column may not sum to 100 percent due to rounding.

Table 9: Federally Taxable Social Security Benefits

| | Number of Returns | Average Value | Total | Percent of Total Dollars |
|---------------------------------|-------------------|---------------|-----------------|--------------------------|
| GA AGI ≤ 0 | 220,653 | \$13,166 | \$2,905,115,722 | 38.1% |
| 0 <GA AGI ≤ \$25,000 | 114,032 | \$13,418 | \$1,530,093,678 | 20.1% |
| \$25,000 <GA AGI ≤ \$50,000 | 78,989 | \$15,112 | \$1,193,684,440 | 15.7% |
| \$50,000 <GA AGI ≤ \$100,000 | 62,138 | \$18,559 | \$1,153,195,699 | 15.1% |
| \$100,000 <GA AGI ≤ \$500,000 | 34,871 | \$21,840 | \$761,595,224 | 10.0% |
| \$500,000 <GA AGI ≤ \$1,000,000 | 1,952 | \$26,583 | \$51,889,170 | 0.7% |
| GA AGI > \$1,000,000 | 1,113 | \$28,500 | \$31,720,055 | 0.4% |
| Total | 513,748 | \$14,846 | \$7,627,293,988 | 100.0% |

The percent of total column may not sum to 100 percent due to rounding.