House Bill 1437 (AS PASSED HOUSE AND SENATE)

By: Representatives Blackmon of the 146th, Jones of the 47th, McDonald of the 26th, England of the 116th, Williamson of the 115th, and others

A BILL TO BE ENTITLED

AN ACT

To amend Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income taxes, so as to revise the rates of taxation on income; to phase in such tax rate reductions over a period of time subject to certain annual determinations; to require the determination and reporting of certain information; to revise personal exemptions; to revise itemized deductions; to amend Title 28 of the Official Code of Georgia Annotated, relating to the General Assembly, so as to create the 2023 Special Council on Tax Reform and Fairness for Georgians and the Special Joint Committee on Georgia Revenue Structure; to state legislative findings and intent; to amend an Act approved March 2, 2018 (Ga. L. 2018, p. 8), which reduced the highest personal and corporate income tax rates, so as to repeal certain contingent provisions; to revise certain effective dates and applicability; to make conforming changes; to provide for related matters; to provide for a short title; to provide for effective dates and applicability; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

H. B. 1437
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PART I
SECTION 1-1.

This Act shall be known and may be cited as the "Tax Reduction and Reform Act of 2022."

PART II
SECTION 2-1.

Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income taxes, is amended by revising Code Section 48-7-20, relating to individual income tax rates, credit for withholding and other payments, and applicability to estates and trusts, as follows:

"48-7-20.
(a) A tax is imposed upon every resident of this state with respect to the Georgia taxable net income of the taxpayer as defined in Code Section 48-7-27. A tax is imposed upon every nonresident with respect to such nonresident's Georgia taxable net income not otherwise exempted which is received by the taxpayer from services performed, property owned, proceeds of any lottery prize awarded by the Georgia Lottery Corporation, or from business carried on in this state. Except as otherwise provided in this chapter, the tax imposed by this subsection shall be levied, collected, and paid annually.

(a.1)(1) On and after January 1, 2024, the tax imposed pursuant to subsection (a) of this Code section shall be at the rates provided in subsection (a.2) of this Code section for each respective tax year; provided, however, that the actual rates for a given year tax year shall be subject to delays as provided in this subsection.

(2) Each prospective change in the tax rates that would otherwise occur as provided in paragraphs (2) through (6) of subsection (a.2) of this Code section shall be delayed by one year for each year that any of the following are true as of December 1:
(A) The Governor's revenue estimate for the succeeding fiscal year is not at least 3 percent above the Governor's revenue estimate for the present fiscal year;
(B) The prior fiscal year's net revenue collection was not higher than each of the preceding five fiscal years' net tax revenue collection; or
(C) The Revenue Shortfall Reserve provided for in Code Section 45-12-93 does not contain a sum that exceeds the amount of the decrease in state revenue projected to occur as a result of the prospective reduction in the tax rates set to occur the following year.

(3) The Office of Planning and Budget shall make the determinations necessary to implement the provisions of paragraph (2) of this subsection and shall report its determinations by December 1 of each year to the department, the Speaker of the House of Representatives, the President of the Senate, and the chairpersons of the House Appropriations Committee, the House Ways and Means Committee, the Senate Appropriations Committee, and the Senate Finance Committee. This paragraph shall not be applicable after the final reduction in the rates occurs as provided in paragraph (6) of subsection (a.2) of this Code section.

(a.2) Subject to the provisions of subsection (a.1) of this Code section:
(1) For tax years beginning on or after January 1, 2024, the tax imposed pursuant to subsection (a) of this Code section shall be levied at the rate of 5.49 percent;
(2) For tax years beginning on or after January 1, 2025, the tax imposed pursuant to subsection (a) of this Code section shall be levied at the rate of 5.39 percent;
(3) For tax years beginning on or after January 1, 2026, the tax imposed pursuant to subsection (a) of this Code section shall be levied at the rate of 5.29 percent;
(4) For tax years beginning on or after January 1, 2027, the tax imposed pursuant to subsection (a) of this Code section shall be levied at the rate of 5.19 percent;
(5) For tax years beginning on or after January 1, 2028, the tax imposed pursuant to subsection (a) of this Code section shall be levied at the rate of 5.09 percent; and
(6) For tax years beginning on or after January 1, 2029, the tax imposed pursuant to subsection (a) of this Code section shall be levied at the rate of 4.99 percent.

(b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be computed in accordance with the following tables:

**SINGLE PERSON**

<table>
<thead>
<tr>
<th>If Georgia Taxable Net Income Is:</th>
<th>The Tax Is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $750.00</td>
<td>1%</td>
</tr>
<tr>
<td>Over $750.00 but not over $2,250.00</td>
<td>$7.50 plus 2% of amount over $750.00</td>
</tr>
<tr>
<td>Over $2,250.00 but not over $3,750.00</td>
<td>$37.50 plus 3% of amount over $2,250.00</td>
</tr>
<tr>
<td>Over $3,750.00 but not over $5,250.00</td>
<td>$82.50 plus 4% of amount over $3,750.00</td>
</tr>
<tr>
<td>Over $5,250.00 but not over $7,000.00</td>
<td>$142.50 plus 5% of amount over $5,250.00</td>
</tr>
<tr>
<td>Over $7,000.00</td>
<td>$230.00 plus 5.75% of amount over $7,000.00</td>
</tr>
</tbody>
</table>

**MARRIED PERSON FILING A SEPARATE RETURN**

<table>
<thead>
<tr>
<th>If Georgia Taxable Net Income Is:</th>
<th>The Tax Is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $500.00</td>
<td>1%</td>
</tr>
<tr>
<td>Over $500.00 but not over $1,500.00</td>
<td>$5.00 plus 2% of amount over $500.00</td>
</tr>
<tr>
<td>Net Income Range</td>
<td>Tax Calculation</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Over $1,500.00 but not over $2,500.00</td>
<td>$25.00 plus 3% of amount over $1,500.00</td>
</tr>
<tr>
<td>Over $2,500.00 but not over $3,500.00</td>
<td>$55.00 plus 4% of amount over $2,500.00</td>
</tr>
<tr>
<td>Over $3,500.00 but not over $5,000.00</td>
<td>$95.00 plus 5% of amount over $3,500.00</td>
</tr>
<tr>
<td>Over $5,000.00</td>
<td>$170.00 plus 5.75% of amount over $5,000.00</td>
</tr>
</tbody>
</table>

**HEAD OF HOUSEHOLD AND MARRIED PERSONS**

**FILING A JOINT RETURN**

<table>
<thead>
<tr>
<th>Net Income Range</th>
<th>Tax Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $1,000.00</td>
<td>1%</td>
</tr>
<tr>
<td>Over $1,000.00 but not over $3,000.00</td>
<td>$10.00 plus 2% of amount over $1,000.00</td>
</tr>
<tr>
<td>Over $3,000.00 but not over $5,000.00</td>
<td>$50.00 plus 3% of amount over $3,000.00</td>
</tr>
<tr>
<td>Over $5,000.00 but not over $7,000.00</td>
<td>$110.00 plus 4% of amount over $5,000.00</td>
</tr>
<tr>
<td>Over $7,000.00 but not over $10,000.00</td>
<td>$190.00 plus 5% of amount over $7,000.00</td>
</tr>
<tr>
<td>Over $10,000.00</td>
<td>$340.00 plus 5.75% of amount over $10,000.00</td>
</tr>
</tbody>
</table>
(2) To facilitate the computation of the tax by those taxpayers whose federal adjusted gross income together with the adjustments set out in Code Section 48-7-27 for use in arriving at Georgia taxable net income is less than $10,000.00, the commissioner may construct tax tables which may be used by the taxpayers at their option. The tax shown to be due by the tables shall be computed on the bases of the standard deduction and the tax rates specified in paragraph (1) of this subsection. Insofar as practicable, the tables shall produce a tax approximately equivalent to the tax imposed by paragraph (1) of this subsection.

(c) The amount deducted and withheld by an employer from the wages of an employee pursuant to Article 5 of this chapter, relating to current income tax payments, shall be allowed the employee as a credit against the tax imposed by this Code section. Amounts paid by an individual as estimated tax under Article 5 of this chapter shall constitute payments on account of the tax imposed by this Code section. The amount withheld or paid during any calendar year shall be allowed as a credit or payment for the taxable year beginning in the calendar year in which the amount is withheld or paid.

(d) The tax imposed by this Code section applies to the Georgia taxable net income of estates and trusts, which shall be computed in the same manner as in the case of a single individual. The tax shall be computed on the Georgia taxable net income and shall be paid by the fiduciary.”

SECTION 2-2.

Said chapter is further amended by revising subsection (b) of Code Section 48-7-26, relating to personal exemptions from income tax, as follows:

"(b)(1) An exemption of $7,400.00 shall be allowed as a deduction in computing Georgia taxable income of a taxpayer and spouse, but only if a joint return is filed. If a taxpayer and spouse file separate returns, $3,700.00 shall be allowed to each person as a deduction in computing Georgia taxable income."
(2) An exemption of $2,700.00 shall be allowed as a deduction in computing Georgia taxable income for all taxpayers other than taxpayers who qualify for the exemption provided for in paragraph (1) of this subsection.

(3) Commencing with the taxable year beginning January 1, 2003, an exemption of $3,000.00 for each dependent of a taxpayer shall be allowed as a deduction in computing Georgia taxable income of the taxpayer.

(b) Each taxpayer shall be allowed as a deduction in computing his or her Georgia taxable income a personal exemption in an amount as follows:

(1) For each married couple filing a joint return:
   (A) For taxable years beginning on or after January 1, 2024, $18,500.00;
   (B) For taxable years beginning on or after January 1, 2026, $20,000.00;
   (C) For taxable years beginning on or after January 1, 2028, $22,000.00; or
   (D) For taxable years beginning on or after January 1, 2030, $24,000.00;

(2) For each married taxpayer filing a separate return, one-half of the amount of the personal exemption allowed under paragraph (1) of this subsection for the given year;

(3) For each single taxpayer or head of household, $12,000.00; and

(4) For each dependent of a taxpayer, $3,000.00.”

SECTION 2-3.

Said chapter is further amended in subsection (a) of Code Section 48-7-27, relating to computation of state taxable net income, by adding a new paragraph and revising paragraph (1) and subparagraph (E) of paragraph (5) as follows:

“(1) The sum of all itemized nonbusiness deductions used in computing such taxpayer's federal taxable income or, if the taxpayer could not or did not itemize nonbusiness deductions, then a standard deduction as provided for in the following subparagraphs:
   (A) In the case of a single taxpayer or a head of household, $5,400.00;
(B) In the case of a married taxpayer filing a separate return, $3,550.00;
(C) In the case of a married couple filing a joint return, $7,100.00;
(D) An additional deduction of $1,300.00 for the taxpayer if the taxpayer has attained
the age of 65 before the close of the taxpayer's taxable year. An additional deduction
of $1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by
the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before
the close of the taxable year; and
(E) An additional deduction of $1,300.00 for the taxpayer if the taxpayer is blind at the
close of the taxable year. An additional deduction of $1,300.00 for the spouse of the
taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's
spouse and the spouse is blind at the close of the taxable year. For the purposes of this
subparagraph, the determination of whether the taxpayer or the spouse is blind shall be
made at the close of the taxable year except that, if either the taxpayer or the spouse
dies during the taxable year, the determination shall be made as of the time of the
death;

"(E)(i) For the purposes of this paragraph, retirement income shall include but not be
limited to income from military retirement, interest income, dividend income, net
income from rental property, capital gains income, income from royalties, income
from pensions and annuities, and no more than $4,000.00 of an individual's earned income. Earned income in excess of $4,000.00, including but not
limited to net business income earned by an individual from any trade or business
carried on by such individual, wages, salaries, tips, and other employer compensation,
shall not be regarded as retirement income. The receipt of earned income shall not
diminish any taxpayer's eligibility for the retirement income exclusions allowed by
this paragraph except to the extent of the express limitation provided in this division."
(ii) Any income received by a surviving family member that is based on the service record of a deceased veteran shall be excluded from Georgia taxable net income without regard to the age of the surviving family member.”

SECTION 2-4.

Said chapter is further amended in said Code section by revising paragraph (3) of subsection (b) as follows:

"(3) There shall be added to taxable income any amount income taxes imposed by any tax jurisdiction except the State of Georgia to the extent deducted pursuant to Section 164 of the Internal Revenue Code in determining federal taxable income that exceeds the following:

(A) For a single taxpayer, a taxpayer filing as head-of-household, or a married taxpayer filing jointly, $10,000.00; or

(B) For a married taxpayer filing separately, $5,000.00."

PART III

SECTION 3-1.

Title 28 of the Official Code of Georgia Annotated, relating to the General Assembly, is amended by adding a new chapter to read as follows:

"CHAPTER 12

28-12-1.

On or before May 1, 2023, the House Ways and Means Committee and the Senate Committee on Finance shall jointly undertake a thorough review of any and all state tax credits, deductions, and exemptions. No later than December 1, 2023, said committees
shall submit a report of their findings and recommendations to the presiding officers of
their respective chambers.’

PART IV

SECTION 4-1.

An Act approved March 2, 2018 (Ga. L. 2018, p. 8), which reduced the highest personal and
corporate income tax rates, is amended by repealing and reserving Sections 1-3 and 1-5 of
said Act and by revising Section 3-1 as follows:

"SECTION 3-1.

(a)(1) Section 1-1 of this Act shall become effective upon the approval of this Act by the
Governor or upon this Act becoming law without such approval and such section shall
be applicable to all taxable years beginning on or after January 1, 2017; provided,
however, that Code Section 48-1-2 as amended by Section 1-1 of this Act shall be
amended by revisions contained in Acts approved by the Governor or that became or
become law without such approval after March 2, 2018, and became or become
applicable to tax years beginning on or after January 1, 2017.

(2) Section 1-6 of this Act shall become effective upon the approval of this Act by the
Governor or upon this Act becoming law without such approval and such section shall
be applicable to all taxable years beginning on or after January 1, 2017; provided,
however, that the revisions to Code Section 48-7-21 made by Section 1-6 of this Act shall
be subject to the revisions made by Acts approved by the Governor or that became or
become law without such approval after March 2, 2018, and became or become
applicable to tax years beginning on or after January 1, 2017.

(3) Section 1-8 of this Act shall become effective upon the approval of this Act by the
Governor or upon this Act becoming law without such approval and such section shall
be applicable to all taxable years beginning on or after January 1, 2017; provided, however, that the revisions to Code Section 48-7-27 made by Section 1-8 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or became law without such approval after March 2, 2018, and became or became applicable to tax years beginning on or after January 1, 2017.

(b)(1) Section 1-2 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on January 1, 2019, and ending December 31, 2019; provided, however, that the revisions to Code Section 48-7-20 made by Section 1-2 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2020.

(2) Section 1-4 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on January 1, 2019, and ending December 31, 2019; provided, however, that the revisions to Code Section 48-7-21 made by Section 1-4 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2020.

(c) Reserved.

(d) Section 1-7 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval and shall be applicable to all taxable years beginning on January 1, 2018, and ending December 31, 2019; provided, however, that the revisions to Code Section 48-7-27 made by Section 1-7 of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2020.
(e) Section 1-9 of this Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval; provided, however, that:

(1) The revisions to subsection (c) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be applicable to tax credits that are assigned in taxable years beginning on or after January 1, 2018; provided, however, that such revisions shall be subject to the revisions made by Acts approved by the Governor or that became or became law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2018; and

(2) The revisions to subsection (g) of Code Section 48-7-42 contained in Section 1-9 of this Act shall be applicable to sales, mergers, acquisitions, or bankruptcies occurring in taxable years beginning on or after January 1, 2018; provided, however, that such revisions shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018, and became or become applicable to tax years beginning on or after January 1, 2018.

(f) Part II of this Act shall become effective July 1, 2018; provided, however, that the revisions to Code Section 48-5C-1 made by Part II of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018.

(g) Part III of this Act shall become effective upon its approval by the Governor or upon becoming law without such approval; provided, however, that Part III of this Act shall be subject to the revisions made by Acts approved by the Governor or that became or become law without such approval after March 2, 2018."
PART V

SECTION 5-1.

(a) This Act shall become effective upon the approval of this Act by the Governor or upon this Act becoming law without such approval; provided, however, that Part II of this Act shall become effective on January 1, 2024, and shall be applicable to all taxable years beginning on or after January 1, 2024.

(b) Tax, penalty, and interest liabilities and refund eligibility for prior taxable years shall not be affected by the passage of this Act and shall continue to be governed by the provisions of Title 48 of the Official Code of Georgia Annotated as they existed for such prior taxable years.

SECTION 5-2.

All laws and parts of laws in conflict with this Act are repealed.