

The House Committee on Ways and Means offers the following substitute to HB 67:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
2 taxation, so as to change certain provisions regarding income credit for food and necessities
3 and provide for an income tax credit for qualified food expenses; to provide for conditions
4 and limitations; to provide for powers, duties, and authority of the state revenue
5 commissioner with respect to the foregoing; to repeal the sales and use tax exemption for
6 eligible foods and beverages; to provide for an effective date and applicability; to repeal
7 conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
11 amended by revising Chapter 7A, relating to income tax credits for food and necessities, as
12 follows:

13 "CHAPTER 7A

14 48-7A-1.

15 ~~The General Assembly finds and determines that all residents of this state make~~
16 ~~contributions to the general fund of this state through their payment of the several state~~
17 ~~taxes, including, but not limited to, taxes on food and other items of necessity. The General~~
18 ~~Assembly further finds and declares that, because of the overall tax burden and particularly~~
19 ~~the tax burden on food and other items of necessity, it is both appropriate and advisable to~~
20 ~~afford tax relief to the low-income residents and the working poor. It is not practical,~~
21 ~~however, to provide tax relief targeted to these groups through the implementation of a~~
22 ~~specific measure of relief addressed to each of the several state taxes, and therefore it is~~
23 ~~necessary and proper to utilize the income tax procedures of this state as the mechanism~~
24 ~~for providing tax relief to low-income residents and the working poor with respect to their~~

25 ~~overall tax burden and particularly the burden of taxation on food and other items of~~
 26 ~~necessity.~~

27 ~~48-7A-2.~~

28 As used in this chapter, the term:

29 (1) 'Dependent' ~~'dependent'~~ means:

30 ~~(1)(A)~~ (A) The taxpayer;

31 ~~(2)(B)~~ (B) The spouse of the taxpayer; and

32 ~~(3)(C)~~ (C) A natural or legally adopted child of the taxpayer.

33 (2) 'Qualified food expense' shall be the dollar amounts of food expense per person in
 34 the taxpayer's family residing with the taxpayer, multiplied by 12 to obtain the annual
 35 expense, as is found on the most recent Internal Revenue Service National Standards
 36 chart for the current year.

37 ~~48-7A-3~~ 48-7A-2.

38 (a) Except as otherwise provided in subsection (e) of this Code section, each resident
 39 taxpayer who files an individual income tax return for a taxable year and who is not
 40 claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for
 41 federal or Georgia individual income tax purposes may claim a tax credit against the
 42 resident taxpayer's individual income tax liability for the taxable year for which the
 43 individual income tax return is being filed; provided that:

44 (1) A husband and wife filing a joint return shall each be deemed a dependent for
 45 purposes of such joint return;

46 (2) A husband and wife filing separate returns for a taxable year for which a joint return
 47 could have been filed by them shall claim only the tax credit to which they would have
 48 been entitled had a joint return been filed; and

49 (3) A resident individual who has no income or no income taxable under ~~this chapter~~
 50 Chapter 7 of this title and who is not claimed or is not otherwise eligible to be claimed
 51 as a dependent by a taxpayer for federal or Georgia individual income tax purposes may
 52 also claim a tax credit as set forth in this Code section.

53 ~~(b) Each taxpayer may claim a tax credit in the amount indicated for each adjusted gross~~
 54 ~~income bracket as shown in the schedule below multiplied by the number of dependents~~
 55 ~~which the taxpayer is entitled to claim. Each taxpayer 65 years of age or over may claim~~
 56 ~~double the tax credit.~~

TAX CREDIT SCHEDULE

<u>Adjusted Gross Income</u>	<u>Tax Credit</u>
Under \$6,000.00	\$ 26.00
6,000.00 but not more than 7,999.00	20.00
8,000.00 but not more than 9,999.00	14.00
10,000.00 but not more than 14,999.00	8.00
15,000.00 but not more than 19,999.00	5.00

(b) A taxpayer shall be allowed a credit against the tax imposed by Code Section 48-7-20 for qualified food expenses in an amount equal to 4 percent multiplied by 100 percent of food expense.

(c) The tax credit claimed by a resident taxpayer pursuant to this Code section shall be deductible from the resident taxpayer's individual income tax liability, if any, for the tax year in which it is properly claimed. In the event the tax credit claimed by a resident taxpayer exceeds the amount of income tax payment due from the resident taxpayer, the excess of the credit over payments due shall be ~~refunded to the resident taxpayer, provided that a tax credit properly claimed by a resident individual who has no income tax liability shall be paid to the resident individual; provided, further, that no~~ carried forward to apply to the taxpayer's succeeding years' tax liability. No refunds or payment on account of the tax credit allowed by this Code section shall be made for amounts less than \$1.00.

(d) All claims for a tax credit under this Code section, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with this subsection shall constitute a waiver of the right to claim the credit.

~~(e) Any individual who receives a food stamp allotment for all or any part of a taxable year shall not be entitled to claim a credit under this Code section for that taxable year.~~

~~(e.1)~~(e) Any individual incarcerated or confined in any city, county, municipal, state, or federal penal or correctional institution for all or any part of a taxable year shall not be entitled to claim a credit under this Code section for that taxable year.

(f) The commissioner shall be authorized by rule and regulation to provide for the proper administration of this Code section."

SECTION 2.

Said title is further amended in Code Section 48-8-3, relating to exemptions from sales and use tax, by repealing and reserving paragraph (57), as follows:

~~"(57)(A) The sale for off-premises human consumption or use of eligible foods and beverages, to the extent provided in subparagraph (B) of this paragraph.~~

92 ~~(B) A transaction described in subparagraph (A) of this paragraph shall be exempt~~
 93 ~~from sales and use tax only if occurring on or after October 1, 1996, and only to the~~
 94 ~~extent set forth in divisions (i) through (iii) of this subparagraph as follows:~~

95 ~~(i) For a transaction occurring during the period from October 1, 1996, through~~
 96 ~~September 30, 1997, to the extent of 50 percent of that amount on which, but for this~~
 97 ~~paragraph, sales and use tax would be levied or imposed;~~

98 ~~(ii) For a transaction occurring during the period from October 1, 1997, through~~
 99 ~~September 30, 1998, to the extent of 75 percent of that amount on which, but for this~~
 100 ~~paragraph, sales and use tax would be levied or imposed; and~~

101 ~~(iii) For a transaction occurring on or after October 1, 1998, to the extent of 100~~
 102 ~~percent of that amount on which, but for this paragraph, sales and use tax would be~~
 103 ~~levied or imposed.~~

104 ~~(C) For the purposes of this paragraph, 'eligible food and beverages' means any food~~
 105 ~~as defined in Section 3 of the federal Food Stamp Act of 1977 (P.L. 95-113), as~~
 106 ~~amended, 7 U.S.C.A. 2012(g), as such Act existed on January 1, 1996, except that~~
 107 ~~eligible food and beverages shall not include seeds or plants to grow food and shall not~~
 108 ~~include food or drink dispensed by or through vending machines or related operations.~~

109 ~~(D)(i) The exemption provided for in this paragraph shall not apply to any local sales~~
 110 ~~and use tax levied or imposed at any time by or pursuant to Article 3 of this chapter.~~

111 ~~(ii) Except as otherwise provided in division (i) of this subparagraph, the exemption~~
 112 ~~provided for in this paragraph shall not apply to any local sales and use tax which is~~
 113 ~~effective before October 1, 1996, notwithstanding any provisions to the contrary in~~
 114 ~~the law authorizing or imposing such tax.~~

115 ~~(iii) Except as otherwise provided in divisions (i) and (iv) of this subparagraph, the~~
 116 ~~exemption provided for in this paragraph shall apply with respect to any local sales~~
 117 ~~and use tax which becomes effective on or after October 1, 1996, but such exemption~~
 118 ~~shall apply only as to transactions occurring on or after October 1, 1998,~~
 119 ~~notwithstanding any provision to the contrary in the law authorizing or imposing such~~
 120 ~~tax.~~

121 ~~(iv) The exemption provided for in this paragraph shall apply to any local sales and~~
 122 ~~use tax levied or imposed at any time by or pursuant to Article 2A of this chapter.~~

123 ~~(v) For the purposes of this subparagraph, the term 'local sales and use tax' shall mean~~
 124 ~~any sales tax, use tax, or local sales and use tax which is levied and imposed in an~~
 125 ~~area consisting of less than the entire state, however authorized, including, but not~~
 126 ~~limited to, such taxes authorized by or pursuant to constitutional amendment, by or~~
 127 ~~pursuant to Section 25 of an Act approved March 10, 1965 (Ga. L. 1965, p. 2243), as~~
 128 ~~amended, the 'Metropolitan Atlanta Rapid Transit Authority Act of 1965', by or~~

129 ~~pursuant to Article 2 of this chapter; by or pursuant to Article 2A of this chapter; or~~
130 ~~by or pursuant to Article 3 of this chapter.~~
131 ~~(E) The commissioner shall adopt rules and regulations to carry out the provisions of~~
132 ~~this paragraph Reserved;"~~

133 **SECTION 3.**

134 This Act shall become effective on January 1, 2010, and Section 1 of this Act shall be
135 applicable to all taxable years beginning on or after January 1, 2010.

136 **SECTION 4.**

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