

# GEORGIA'S TAXES

A SUMMARY OF MAJOR STATE AND LOCAL  
GOVERNMENT TAXES

**Ninth Edition**

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Fiscal Research Program  
Andrew Young School of Policy Studies

January 2003

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## GEORGIA'S TAXES

This annual publication is designed to give a quick overview of state and local taxes in Georgia, and comparisons with other states.

When available, the brief summary for each tax includes the following information:

Tax Base

Tax Rate

Major Exemptions (if any)

Revenue Production

Sections of the Georgia Annotated Code

Responsible for Administration

Who Remits Tax

Payment Dates

Special Provisions (if any)

History of Major Changes

Comparisons With Other States

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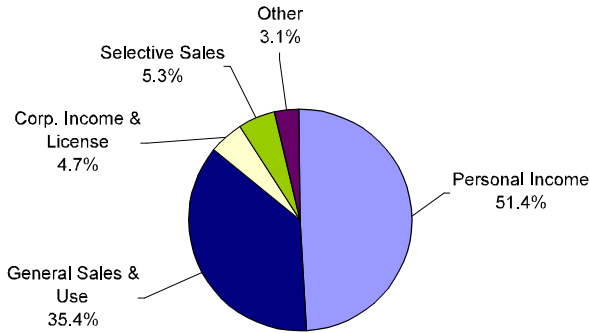
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## REVENUE SOURCES

### SELECTED STATE REVENUE COLLECTIONS Fiscal Year Ending June 30, 2002



<u>Revenue Source</u>	F.Y. 2002 Collections (in millions)	<u>Share</u>
Personal Income	\$6,714.2	51.4%
General Sales and Use <sup>1</sup>	4,620.9	35.4
Corp. Income and License	607.5	4.7
Estate	123.0	0.9
Property	58.4	0.4
<u>Selective Sales</u>		
Motor Fuels/Motor Carrier	468.4	
Cigar and Cigarette	83.5	
Liquor	37.9	
Beer	84.3	
Wine	20.9	
Total Selective Sales	695.0	5.3
<u>Other Taxes and Fees</u>	<u>238.4</u>	<u>1.8</u>
<u>GRAND TOTAL</u>	<u>\$13,752.40</u>	<u>100.0%</u>

Source: Georgia Department of Revenue, 2002 Statistical Report. Georgia Department of Audits.

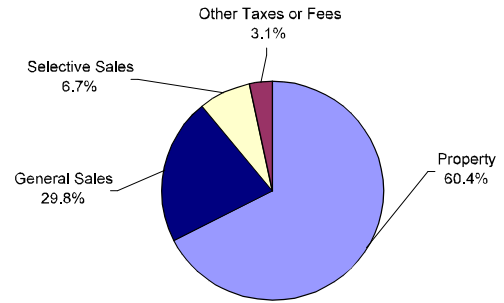
Note: Revenue data is rounded and may not add to the total. Includes motor vehicle fees that are now handled by the Georgia Department of Motor Vehicle Safety.

<sup>1</sup>Includes sales tax on motor fuels which is designated as a motor fuel tax.

Total excludes \$18,845 in receipts from IRP registrations received but distributed to other states. Total includes \$25,832 for IRP registrations collected by other states due and paid to Georgia.

## REVENUE SOURCES

### LOCAL TAX REVENUE COLLECTIONS

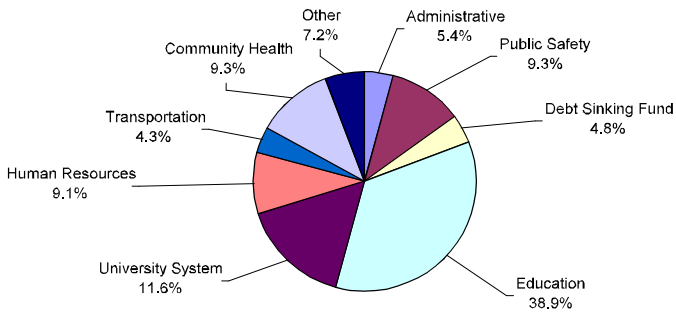


<u>Revenue Source</u>	FY 2000 Collections (in millions)	<u>Share</u>
Property	\$5,883.5	60.4%
General Sales	2,901.1	29.8
<u>Selective Sales</u>		
Alcoholic Beverage	106.1	
Public Utilities	182.3	
Other	362.5	
Total	651.0	6.7
<u>Other Taxes</u>	<u>306.6</u>	<u>3.1</u>
<u>GRAND TOTAL</u>	<u>\$9,742.3</u>	<u>100.0%</u>

Source: U.S. Bureau of the Census. *State and Local Government Finances*, data available by Internet.

## EXPENDITURES

### STATE EXPENDITURES Fiscal Year Ending June 30, 2001



Departmental Type	FY 1998 Actual (in millions)	Share
Administrative <sup>1</sup>	\$841.3	5.4%
Community Health	1,443.6	9.3
Debt Sinking Fund	739.9	4.8
Education	6,002.9	38.9
Human Resources	1,409.5	9.1
Labor	55.0	0.4
Natural Resources <sup>2</sup>	238.0	1.5
Other Education <sup>3</sup>	668.1	4.3
Public Safety <sup>4</sup>	1,437.0	9.3
Retirement Systems	16.2	0.1
Commercial Services and Regulators <sup>5</sup>	97.2	0.6
Transportation	664.0	4.3
University System	1,794.0	11.6
Veterans Service	22.6	0.1
<u>Worker's Compensation</u>	<u>12.1</u>	<u>0.1</u>
<u>Total State Funds</u>	<u>\$15,441.1</u>	<u>100.0%</u>

Source: State of Georgia, *Budget Report Fiscal Year 2002*.

<sup>1</sup>Administrative Services, Audits, Community Affairs, General Assembly, Governor's Office, Real Estate, Judicial, Law, Revenue, Secretary of State.

<sup>2</sup>Agriculture, Forestry, Natural Resources, Soil and Water Conservation.

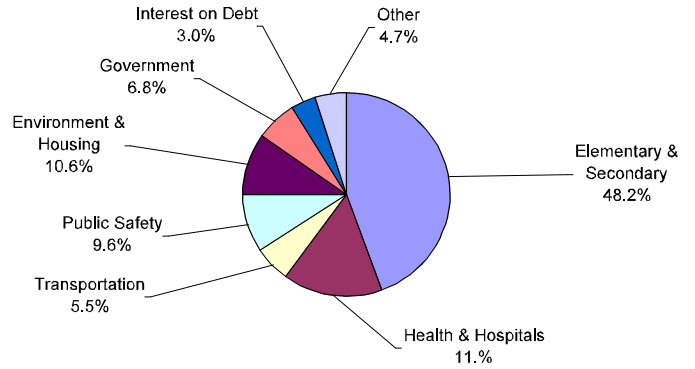
<sup>3</sup>Adult Education and Student Finance.

<sup>4</sup>Bureau of Investigations, Corrections, Juvenile Justice, Defense, Pardons and Paroles, and Public Safety.

<sup>5</sup>Banking and Finance, Industry Trade and Tourism, Insurance Commissioner and Public Service Commission.

## EXPENDITURES

### LOCAL DIRECT GENERAL EXPENDITURES



Function	FY 2000 Expenditures (in millions)	Share
Elementary and Secondary	\$10,594.9	48.2%
Public Welfare	98.5	0.4
Health and Hospitals	2,542.6	11.5
Transportation	1,227.1	5.5
Public Safety	2,128.4	9.6
Environment and Housing	2,344.6	10.6
Government	1,510.5	6.8
Interest on General Debt	669.4	3.0
<u>Other</u>	<u>951.7</u>	<u>4.3</u>
<u>GRAND TOTAL</u>	<u>\$22,165.7</u>	<u>100.0%</u>

Source: U.S. Bureau of the Census. *State and Local Government Finances*, data available by Internet.

## ALCOHOLIC BEVERAGE TAXES

### TAX BASE:

Alcoholic beverages including malt beverages, wine, and distilled spirits.

### TAX RATE:

Malt Beverages: \$10 per container up to 31 gallons and proportionate tax on fractional parts of 31 gallons for draft malt beverages. 4½ cents per 12 ounces for bottles and cans with proportionate rates on fractional parts of other sizes.

Wine: Excise tax of 11 cents per liter and an import tax of 29 cents per liter on table wines with proportional rates for fractional parts of a liter. An excise tax of 27 cents per liter and an import tax of 40 cents per liter for dessert wines with proportional rates for fractional parts of a liter.

Distilled Spirits: An excise tax of 50 cents per liter and an import tax of 70 cents per liter.

### REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Malt Beverage</u>	<u>Wine</u>	<u>Dist. Spirits</u>
1998	\$74,782	\$17,481	\$34,633
1999	79,629	18,185	35,294
2000	82,405	20,395	36,801
2001	82,257	20,368	37,348
2002	84,297	20,896	37,895

### RESPONSIBLE FOR ADMINISTRATION:

State Revenue Commissioner.

### WHO REMITS TAX:

Distributors of the alcoholic beverage.

### PAYMENT DATES:

The 10th day of the calendar month following the month of distribution.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED: Chapters 4, 5, and 6 of Title 3.

## CIGAR AND CIGARETTE EXCISE TAX

### TAX BASE:

The tax is imposed upon the sale, receipt, purchase, possession, consumption, handling, distribution, or use of cigars and cigarettes in Georgia.

### TAX RATE:

Cigarettes are taxed at a rate of 12 cents per pack of 20 cigarettes and a like, pro rata rate for other sized packages.

Little cigars, weighing not more than 3 pounds per thousand are taxed at a rate of two mills each (\$2 per 1000).

All other cigars are taxed at 13% of the wholesale cost price, exclusive of any trade, cash, or other discounts or any promotion, advertising, display, or other similar allowances.

### REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$86,621
1999	92,045
2000	88,124
2001	87,118
2002	83,502

### RESPONSIBLE FOR ADMINISTRATION:

State Revenue Commissioner.

### WHO REMITS TAX:

The seller or distributor collects the tax from the purchaser or consumer and remits the tax to the Commissioner. Distributor purchases tax stamps from the Commissioner and affixes them to tobacco products distributed.

### PAYMENTS DATES:

Product stamps are pre-paid as needed.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED: Chapter 11 of Title 48.

## CIGAR AND CIGARETTE EXCISE TAX

### SELECTED STATE CIGARETTE TAX RATES, July 1, 2002

<u>State</u>	<u>Rate</u> <u>(cents per pack)</u>
Alabama	16.5 <sup>1</sup>
Florida	33.9
Georgia	12.0
Kentucky	3.0 <sup>2</sup>
Mississippi	18.0
N. Carolina	5.0
S. Carolina	7.0
Tennessee	13.0 <sup>1,2</sup>
Virginia	2.5 <sup>1</sup>

Source: Federation of Tax Administrators, unpublished data available by Internet.

<sup>1</sup>Local taxes are not included.

<sup>2</sup>Does not include dealer fees.

## CORPORATE FRANCHISE (NET WORTH) TAX

### TAX BASE:

The tax is imposed on the net worth of the corporation. 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.

### TAX RATE:

The tax is graduated based upon the taxable net worth of the corporation with a tax liability of \$10 for corporations having \$10,000 or less in taxable net worth to a tax of \$5,000 for corporations with taxable net worth of more than \$22 million.

### MAJOR EXEMPTIONS:

Corporations not organized for pecuniary gain or profit.

Insurance companies which are separately taxed.

### REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$24,014
1999	25,389
2000	33,317
2001	20,372
2002	29,346

### RESPONSIBLE FOR ADMINISTRATION:

State Revenue Commissioner.

### WHO REMITS TAX:

All corporations having taxable net worth in Georgia as defined by Georgia law.

### PAYMENT DATES:

The return and payment of the tax are due on the 15th day of the third calendar month following the beginning of the corporation's taxable period. The return is filed as a part of the corporate income tax return.

**CORPORATE FRANCHISE (NET WORTH) TAX**

DISPOSITION OF REVENUE:

General fund

CHRONOLOGY OF SIGNIFICANT CHANGES:

1931 The tax was first levied.

1976 Return and payment procedures were changed to authorize the Commissioner to combine the corporate franchise tax return and payment with the state income tax return.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED: Chapter 13 of Title 48, specifically Code Sections 48-13-70 through 48-13-79.

**CORPORATE INCOME TAX**

TAX BASE:

The corporation's taxable income from property owned or from business done in Georgia, which consists of taxable income as defined for federal income tax purposes with specific adjustments provided by Georgia law and as allocated and apportioned to Georgia as provided by Georgia law.

**FEDERAL TAXABLE INCOME**

<i>Add</i>		<i>Subtract</i>
Non-Ga. state & local bond interest		Interest on U.S. Obligations
Non-Ga. state & local income tax		Other
Expense attributed to exempt income		
NOL on federal return		
Other		

**= NET BUSINESS INCOME**

*Subtract*  
Income Allocated Elsewhere

**= BUSINESS INCOME SUBJECT TO APPORTIONMENT**

*Times* Georgia Ratio (Formula Based)

**= NET BUSINESS INCOME APPORTIONED TO GEORGIA**

<i>Add</i>		<i>Subtract</i>
Net income allocated to Georgia		NOL allocated to Georgia

**= GEORGIA TAXABLE INCOME**

*Times* TAX RATE (6%) *Minus* CREDITS

**= GEORGIA TAX LIABILITY**



## CORPORATE INCOME TAX

### APPORTIONMENT RATIO:

The standard apportionment ratio is a three factor formula consisting of:

1. For corporations whose net business income is derived principally from the manufacture, production, or sale of tangible personal property:

The ratio of real and tangible personal property owned in Georgia versus all real and tangible property owned everywhere. This factor is given 25% weight.

The ratio of the corporation's payroll in Georgia versus the total of the corporation's payroll everywhere. This factor is given 25% weight.

The ratio of the gross receipts of the corporation from business done in Georgia versus total gross receipts everywhere. This factor is given 50% weight.

2. For corporations whose net business income is derived principally from business other than the manufacture, production, or sale of tangible personal property or from the sale or holding of intangible property:

The ratio of real and tangible personal property owned in Georgia versus all real and tangible personal property owned everywhere. This factor is given 25% weight.

The ratio of the corporation's payroll in Georgia versus the total of the corporation's payroll everywhere. This factor is given 25% weight.

The ratio of the gross receipts from business done in Georgia versus the total gross receipts from business done everywhere. This factor is given 50% weight.

3. For corporations whose net business income is derived principally from transporting passengers or cargo in revenue flight:

The ratio of revenue air miles by aircraft type flown in Georgia versus the total of all revenue air miles by aircraft type flown everywhere. This factor is given 25% weight.

## CORPORATE INCOME TAX

The ratio of revenue tons handled in Georgia versus the total of all revenue tons handled everywhere. This factor is given 25% weight.

The ratio of originating revenues by aircraft type attributable to Georgia versus the total of originating revenues by aircraft type everywhere. This factor is given 50% weight.

4. Certain credit card data processing and related service companies are authorized to utilize a single factor of gross receipts for the purpose of apportioning income to Georgia.

### CREDITS:

The more significant types of income tax credits authorized include:

1. Job Tax Credit - The job tax credit, which has existed for several years for certain business entities creating new jobs in Georgia, has been extensively revised and both qualification standards and credit amounts have been expanded. For tax years beginning on or after January 1, 2001, the following general structure is in place:

(a) Georgia's counties are divided into 4 tiers of progressively less developed areas determined by certain defined economic measurements. Census tracts within a county also qualify as less developed areas.

(b) Income tax credit amounts have been increased to \$750.00 annually for each new qualified job created in tier 4 counties to \$3500.00 annually for each such job created in tier 1 counties.

(c) The threshold number of new jobs which must be created range from 5 in tier 1 counties to 25 in tier 4 counties.

(d) In tier 1 counties business entities may take authorized and unused credits against the withholding tax withheld from employees that would otherwise be due the State but only after first applying the credit against the income tax for the business for the particular tax year.

(e) A new job tax credit, in lieu of other job tax credits, is authorized for certain business entities establishing or

CORPORATE INCOME TAX

relocating headquarters into Georgia. This credit is equal to either \$2500.00 for each job or \$5,000.00 per job depending on the average wage of the new job. This credit may also be taken against withholding tax otherwise due the state after first applying the credit against the income tax of the business. This credit is available each year for five years provided qualifying thresholds are maintained.

(f) To qualify for the job tax credits, the average wage of the new jobs created must exceed the average wage of the county which has the lowest average wage among all counties.

2. Investment Tax Credit - A credit against income tax otherwise due is authorized for qualified investment property purchased or acquired for use in construction or expansion of manufacturing or manufacturing support facilities. Subject to specific conditions and limitations, the allowable credit ranges from 1% to 5% of the cost of such qualified property with the higher credit amounts and the lower threshold investment requirements applying in Georgia's less developed areas. The range of credits is 3% to 8% for qualifying recycling and pollution control property investments.

3. Water Conservation Facilities Credit - Credits are allowed for taxpayers who participate in qualified water conservation investment in Georgia. The investment must meet minimum standards and the credits range from 5% to 10% depending upon the size of the investment in such qualified property. The credit cannot exceed 50% of the taxpayer's tax liability for the year and the credit can be carried forward for ten years. Similar credits are provided for taxpayers investing in qualified property designed to reduce ground water usage.

4. Business Enterprise Tax Credit - Credits are allowed for certain types of business enterprises consisting of manufacturing, warehousing, processing, telecommunications, tourism, and research and development businesses. The credit is authorized for those qualified business enterprises whose Georgia net taxable income for the tax year exceeds by 20% or more the net taxable income for preceding tax year for at least 3 consecutive tax years. The allowable credit for the tax year is the excess over 20% of the percentage growth. The credit cannot exceed 50% of the tax liability for the year and the credit cannot be carried forward or backward. The credit is not

CORPORATE INCOME TAX

available for business entities whose total income tax liability exceeds \$1.5 million.

5. An expanded tax credit for employers who either provide or sponsor qualified child care for employees has been enacted. A cost of operation tax credit is authorized for employers who either provide child care on their own premises or who contract with third parties to provide the care. The credit is equal to 75% of the cost of operation for the employer less any amount paid by the employees to the employer for the child care. In addition, a cost of property tax credit is authorized for employers who construct or purchase qualified child care property. The credit is equal to 100% of the cost of such qualified property and the credit may be taken over a ten year period by the employer.

6. Other tax credits include credits for employers who provide approved retaining programs, and for employers who provide qualified basic education skill training for employees.

REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$749,443
1999	800,407
2000	667,321
2001	690,328
2002	564,982

RESPONSIBLE FOR ADMINISTRATION:

State Revenue Commissioner

WHO REMITS TAX:

Every domestic corporation and every foreign corporation with taxable income in Georgia.

PAYMENT DATES:

Annual tax returns are due on or before the 15th day of March for calendar year corporations and on or before the 15th day of the third month following the close of the fiscal year for fiscal year corporations.

Estimated payments are required for those corporations where the net income allocated and apportioned to Georgia is expected to exceed \$25,000 for the tax year. Estimated payments are due on the 15th day of the fourth, sixth, ninth, and twelfth months of the taxable year of the corporation.

## CORPORATE INCOME TAX

### DISPOSITION OF REVENUE:

General fund.

### CHRONOLOGY OF SIGNIFICANT CHANGES:

- 1929 The corporate income tax was first levied in Georgia.
- 1931 The tax rate was set at 4% (originally the tax was levied at one-third of the federal tax rate).
- 1937 Rate was increased to 5½%.
- 1949 Rate temporarily increased to 7½%.
- 1951 Rate decreased to 5½%.
- 1964 Rate changed to 5%.
- 1969 Present rate of 6% adopted.
- 1995 Double weighting of gross receipts apportionment adopted.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA  
ANNOTATED: Chapter 7 of Title 48.

### SELECTED STATE CORPORATE INCOME TAX COMPARISON TAX BRACKETS, January 1, 2002

<u>State</u>	<u>Lowest Bracket</u>	<u>Number of Brackets</u>	<u>Rate (Percent)</u>
Alabama	\$0	1	6.5
Florida	5,000	1	5.5
Georgia	0	1	6.0
Kentucky	25,000	5	4.0 to 8.25
Mississippi	5,000	3	3.0 to 5.0
N. Carolina	0	1	6.9
S. Carolina	0	1	5.0
Tennessee	0	1	6.0
Virginia	0	1	6.0

Source: Federation of Tax Administrators, unpublished data available by Internet.

## CORPORATE INCOME TAX

### SELECTED STATE CORPORATE INCOME TAX APPORTIONMENT FORMULAS, January 1, 2002

<u>State</u>	<u>Apportionment Formula</u>
Alabama*	3 Factor
Florida*	Double Weighted Sales
Georgia	Double Weighted Sales
Kentucky*	Double Weighted Sales
Mississippi	3 Factor
North Carolina	Double Weighted Sales
South Carolina	Double Weighted Sales
Tennessee*	Double Weighted Sales
Virginia	Double Weighted Sales

Source: Federation of Tax Administrators, unpublished data available by Internet.

\*State has adopted substantial portions of the Uniform Division of Income for Tax Purposes Act.

Note: "3 Factor" means income is apportioned to the state according to equal weights on sales, property and payroll. "Double weighted sales" means the location of property and payroll is less important.

## CORPORATE INCOME TAX

### COMPARISON OF CORPORATE INCOME TAX RELIANCE, FOR SELECTED STATE GOVERNMENTS<sup>1</sup>, 2001

<u>State</u>	<u>Per Capita Revenue</u>	<u>Percent of Total State Tax Revenue</u>
Alabama	\$ 39	2.7
Florida	97	6.4
Georgia	82	4.8
Kentucky	89	4.6
Mississippi	74	4.4
N. Carolina	88	4.6
S. Carolina	47	3.1
Tennessee	117	8.6
Virginia	51	2.8
United States	112	5.7

Source: U.S. Bureau of the Census. *State Government Tax Collections*; available by Internet.

<sup>1</sup>Data for local governments are not available. State data includes net income taxes on special kinds of corporations (e.g., financial institutions).

## ESTATE TAX

### TAX BASE:

The value of the estate of residents of the State as required to be reported for federal tax purposes.

### TAX RATE:

The Georgia estate tax is an amount equal to the amount allowable as a credit for state death taxes under the Internal Revenue Code. The credit is a progressive schedule on the estate's value over \$60,000.

### REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$84,809
1999	111,192
2000	148,255
2001	126,114
2002	123,034

### RESPONSIBLE FOR ADMINISTRATION:

State Revenue Commissioner.

### WHO REMITS TAX:

The personal representative of the taxable estate of the decedent.

### PAYMENT DATES:

A duplicate copy of the federal estate tax return is filed and it is due not later than the date on which the federal return is filed. Payment of the Georgia estate tax is due on or before the date the duplicate return is filed.

### DISPOSITION OF REVENUE:

General Fund

### CHRONOLOGY OF SIGNIFICANT CHANGES:

1926 Georgia restructured its estate tax to "piggy-back" the federal return and levied the tax as an amount equal to the state death tax credit allowed for federal tax purposes.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA  
ANNOTATED: Chapter 12 of Title 48.

**FINANCIAL INSTITUTIONS BUSINESS  
LICENSE TAX (STATE AND LOCAL)**

**TAX BASE:**

Adjusted gross receipts of the institution.

**TAX RATE:**

Counties and municipalities may levy a rate not to exceed 0.25% of gross receipts. A minimum tax of \$1,000 is authorized.

A state occupation tax is also levied at a rate of 0.25%.

**MAJOR EXCLUSIONS:**

Amount equal to interest paid on liabilities.

Amount equal to income arising from banking business outside United States.

Amount equal to gross income taxed by another state.

Amount equal to income derived from domestic international banking facility.

**STATE REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$11,305
1999	12,516
2000	10,674
2001	9,350
2002	13,152

**RESPONSIBLE FOR ADMINISTRATION:**

County tax commissioners and municipal collectors collect the local business license taxes. The State Revenue Commissioner collects the state occupation tax.

**WHO REMITS TAX:**

Depository financial institutions.

**PAYMENT DATES:**

Returns with remittance are due on or before March 1 reporting gross receipts for the preceding calendar year.

**DISPOSITION OF REVENUE:**

The general funds of state and local governments.

**FINANCIAL INSTITUTIONS BUSINESS  
LICENSE TAX (STATE AND LOCAL)**

**SPECIAL PROVISIONS:**

Local business license taxes and the state occupation tax are credited dollar for dollar against the corporate income tax liability of the institution.

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

1983 Authorization for local governments to levy the tax was enacted and the state occupation tax was levied.

(Note: These taxes were authorized and levied as replacement for the bank share method of taxation previously in place).

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED:** Sections 90 through 98 of Chapter 6 of Title 48.

## INSURANCE PREMIUM TAXES

### TAX BASE:

Premiums on persons, property or risks in Georgia written by insurance companies conducting business in Georgia.

### TAX RATE:

2¼% of gross direct premiums. This rate is reduced to 1¼% for companies having at least 25% of total assets, as defined, located in Georgia. The rate is reduced to ½% for companies with at least 75% of their assets in Georgia.

### REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Revenue</u>
1997	\$221,728
1998	211,000
1999	230,462
2000	256,956
2001	N/A

### RESPONSIBLE FOR ADMINISTRATION:

State Insurance Commissioner.

### WHO REMITS TAX:

Foreign and domestic insurance companies doing business in Georgia.

### PAYMENT DATES:

Return is due on or before March 1 reflecting previous calendar year liability. Taxes are paid quarterly on or before March 20, June 20, September 20, and December 20.

### DISPOSITION OF REVENUE:

General fund.

### SPECIAL PROVISIONS:

Insurance companies are exempt from Georgia's corporate income tax with the premium tax being its substitute.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED: Chapter 8 of Title 33.

## MOTOR FUEL TAX

### TAX BASE:

The tax is imposed on any source of energy that can be used for propulsion of motor vehicles on the public highways, including, but not limited to: gasoline, fuel oils, compressed petroleum gas, and special fuels.

### TAX RATE:

The tax is levied at a rate of 7½ cents per gallon of motor fuel. In addition, the revenue generated by 3% of the regular state sales tax 4% rate that is levied on the sale of motor fuel is designated as the "second motor fuel tax". The other 1% of the regular state sales tax levied on the sale of motor fuel is general fund revenue.

### MAJOR EXEMPTIONS:

- Bulk sales to a duly licensed distributor.
- Sales of motor fuel for export from Georgia.
- Sales to U.S. government.
- Sales to consumers who have no highway use of the fuel and does not resell the fuel.
- Sales directly to ultimate consumers to be used for heating purposes only.

### REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Revenue</u>
1997	\$417,671 (7½ cents) \$163,292 (3% sales)
1998	410,167 (7½ cents) 146,042 (3% sales)
1999	411,391 (7½ cents) 139,675 (3% sales)
2000	448,318 (7½ cents) 192,340 (3% sales)
2001	456,741 (7½ cents) 228,943 (3% sales)
2002	462,164 (7½ cents) 194,727 (3% sales)

### RESPONSIBLE FOR ADMINISTRATION:

State Revenue Commissioner

## MOTOR FUEL TAX

### WHO REMITS TAX:

Dealers who distribute motor fuels in Georgia remit the regular motor fuel tax. Retail vendors remit the "second motor fuel tax."

### PAYMENT DATES:

Distributors remit the motor fuel tax by the 20th day of the month following the month of activity. The Commissioner is authorized to provide by regulation for distributors with minimal activity to report and remit on a quarterly or annual basis. Retail vendors remit according to general sales tax payment schedules.

### DISPOSITION OF REVENUE:

An amount equal to the amount of revenue generated by the motor fuel tax, including the "second motor fuel" tax is allocated by Constitution to the Department of Transportation for highway purposes.

### CHRONOLOGY OF SIGNIFICANT CHANGES:

- 1921 The motor fuel tax was levied for the first time in Georgia.
- 1937 The tax was earmarked for highway purposes.
- 1945 The 1945 Constitution ended the earmarking provision previously enacted.
- 1952 The Constitution was again amended to re-instate the earmarking of the motor fuel tax for highway purposes and required the General Assembly to make the aggregate of the fixed appropriations for highway purposes an amount not less than the total motor fuel taxes received for the immediately preceding year.
- 1971 The tax rate was increased to its present 7½ cent rate.
- 1989 The 3% sales tax levied on the sale of motor fuels was converted to the "second motor fuel tax" and is thus earmarked for highway purposes.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA: Chapter 9 of Title 48.

## MOTOR FUEL TAX

### SELECTED STATE GASOLINE TAX RATES, January 1, 2002

<u>State</u>	<u>Rate (cents per gallon)</u>
Alabama <sup>2</sup>	18.0
Florida <sup>2</sup>	13.9
Georgia <sup>1,2</sup>	11.4
Kentucky	16.4
Mississippi	18.4
N. Carolina	24.25
S. Carolina	16.0
Tennessee <sup>2</sup>	21.4
Virginia <sup>2</sup>	17.5

Source: Federation of Tax Administrators, unpublished data available by Internet.

<sup>1</sup>Estimated from the specific tax (7½ cents per gallon) and the 3% second motor fuel tax does not include the 1% state tax on motor fuel.

<sup>2</sup>Additional local taxes may apply.

### COMPARISON OF MOTOR FUEL TAX RELIANCE, STATE AND LOCAL GOVERNMENTS, 1999-2000

<u>State</u>	<u>Per Capita Revenue</u>	<u>Percent of Total Tax Revenue</u>
Alabama	\$124	5.9
Florida	135	5.1
Georgia	77	2.7
Kentucky	109	4.3
Mississippi	150	6.8
N. Carolina	133	5.0
S. Carolina	92	3.9
Tennessee	139	6.3
Virginia	115	3.9
United States	110	3.5

Source: U.S. Bureau of the Census. *State and Local Government Finances*, available by Internet.

**PERSONAL INCOME TAX**

**TAX BASE:**

The amount reported as Federal Adjusted Gross Income to the U.S. Internal Revenue Service plus or minus specific adjustments as provided by Georgia law.

**FEDERAL AGI**

<p><i>Add</i></p> <ul style="list-style-type: none"> <li>! interest on non-Georgia municipal &amp; state bonds</li> <li>! lump sum distributions</li> <li>! other</li> </ul>	<p><i>Subtract</i></p> <ul style="list-style-type: none"> <li>! retirement income</li> <li>! social security benefits (taxable part)</li> <li>! railroad retirement (taxable part)</li> <li>! interest on U. S. obligations</li> <li>! other</li> </ul>
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**= GEORGIA AGI**

*Subtract*  
Georgia standard deduction OR federal itemized deduction  
Georgia exemptions

**= GEORGIA TAXABLE INCOME**

*Apply tax rates as follows:*

<u>Singles</u>		<u>Married Filing Separate</u>		<u>Joint, HH</u>	
<u>Rate</u>	<u>Taxable</u>	<u>Rate</u>	<u>Taxable</u>	<u>Rate</u>	<u>Taxable</u>
1%	<\$750	1%	<\$500	1%	<\$1,000
2%	750-2,250	2%	500-1,500	2%	1,000-3,000
3%	250-3,750	3%	1,500-2,500	3%	3,000-5,000
4%	3,750-5,250	4%	2,500-3,500	4%	5,000-7,000
5%	5,250-7,000	5%	3,500-5,000	5%	7,000-10,000
6%	>7,000	6%	>5,000	6%	>10,000

**= TAX BEFORE CREDITS**

*Subtract credits*

**= GEORGIA TAX LIABILITY**

**PERSONAL INCOME TAX**

**REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$5,333,762
1999	5,700,758
2000	6,634,428
2001	6,922,895
2002	6,714,191

**RESPONSIBLE FOR ADMINISTRATION:**

State Revenue Commissioner

**MAJOR EXCLUSIONS:**

Retirement income from any source not to exceed \$14,500 (effective for tax years beginning on or after January 1, 2002 and \$15,000 for tax years beginning on or after January 1, 2003). Lesser amounts for prior years.

The portion of Social Security benefits on Railroad Retirement benefit, taxable for federal purposes is excluded from Georgia taxation.

Personal exemption amount of \$5,400 for married joint filers, \$2,700 for other filers, and \$2,700 for each dependent.

The sum of all itemized deductions used on the federal tax return, or if the standard deduction was utilized for the federal tax return, a standard deduction amount of \$2,300 for single taxpayers and heads of household, \$1,500 for married taxpayers filing separate returns, or \$3,000 for married taxpayers filing joint returns. An additional deduction of \$1,300 is allowed for taxpayers 65 and older (\$2,600 if the spouse is also at least 65 and a joint return is filed), and a further deduction in the amount of \$1,300 if the taxpayer is blind (\$2,600 if the spouse is also blind and a joint return is filed).

Qualified contributions to the Georgia Higher Education Savings Plan are deductible. The total annual contribution for each beneficiary cannot exceed \$8,000 nor can the total for each beneficiary exceed \$120,000. The income tax deduction cannot exceed \$2,000 per year for each beneficiary. This deduction decreases by \$400 for each \$1,000 of FAGI above \$100,000 for joint filers and \$50,000 for single filers. Qualified withdrawals from the savings trust accounts thus created are not subject to income tax.



## PERSONAL INCOME TAX

### DISPOSITION OF REVENUE:

General fund.

### TAXPAYER:

Every individual who is a legal resident of Georgia or who resides in Georgia on a regular basis and every non-resident individual who regularly engages within Georgia in activities for financial gain (see statute for specific criteria).

### PAYMENT DATES:

For individuals, the annual return is due between January 1 and April 15. The return reconciles tax liability with amounts previously remitted by employers through withholding and quarterly estimated payments from the taxpayer.

Taxpayers who are required to file estimated returns pay estimated tax on or before April 15, June 15, September 15 of the current year and on or before January 15 of the following year.

Employers are required to withhold tax and remit withholding periodically. Employers whose total tax withheld or required to be withheld is \$200 or less per month shall remit payment on or before the last day of the month following the end of the calendar quarter. If the amount withheld or required to be withheld exceeds \$200 per month, the return and remittance is due on or before the 15th day of the following month.

### SPECIAL PROVISIONS:

A refundable tax credit is provided for low income taxpayers to provide tax relief with respect to their overall tax burden and especially the burden of sales taxation on food and other necessities. The credit is available to taxpayers with adjusted gross income of less than \$20,000. The credit amount is graduated based on adjusted gross income amounts up to the maximum \$20,000 with the maximum credit being \$26 for each dependent of the taxpayer (the taxpayer and spouse are each considered to be dependents where a joint return is filed). No person who receives a food stamp allotment for all or any part of a tax year is eligible for the credit for that tax year.

## PERSONAL INCOME TAX

A resident individual who has a taxable situs in another state or who earns income in another state which imposes an income tax on such activity or employment may apportion his total income to Georgia and credit against his Georgia liability the tax paid to the other state. In no case shall this credit exceed the tax which would be payable to Georgia upon a like amount of income.

A deduction for certain costs of health insurance premiums paid by a self-employed taxpayer is allowed.

A tax credit not exceed \$500 is allowed for the purchase of a new, single family home with handicapped accessibility features or a credit not to exceed \$125 where an existing home is retrofitted for handicapped accessibility.

A tax credit of \$2,500 is authorized for the purchase or lease of a low emission motor vehicle. A tax credit up to \$5,000 for the purchase or lease of each new vehicle which is classified as a "zero emission vehicle" is provided.

**PERSONAL INCOME TAX**

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

- 1929 Tax first levied at one third of the federal rate of income taxation.
- 1931 Separate rate structure for Georgia established. Rates for individual taxation ranged from 1% to 5% with the maximum rate beginning at \$20,000 income.
- 1937 Bracket structure established which remains, with minor modifications, in place today.
- 1971 Established current practice of conforming Georgia structure to federal structure at point of Federal Adjusted Gross Income.
- 1981 Retirement income exclusion of \$2,000 was established.
- 1981 Standard deduction increased.
- 1989 Retirement income exclusion increased to \$8,000 for 1989 and \$10,000 for 1990.
- 1994 Retirement income exclusion increased to \$11,000 for 1994 and \$12,000 for 1995.
- 1994 Dependent exemption increased to \$2,000 for 1994 and \$2,500 for 1995.
- 1998 Retirement income exclusion increased to \$13,000.
- 1998 Personal exemption amounts increased to \$5,400 for joint returns, \$2,700 for others, and dependent exemption increased to \$2,700.
- 2000 Retirement income exclusion amount increased to \$13,500 for tax year 2000 and to \$14,000 for years beginning on or after January 1, 2001.
- 2001 The Georgia Higher Education Savings Plan was authorized to provide for savings trust accounts for education purposes. Contributions to the account for qualified taxpayers are deductible and the withdrawal from savings trust accounts for qualified education purposes are not subject to taxation.
- 2002 Retirement income exclusion increased to \$14,500 for tax year 2002 and to \$15,000 beginning with tax year 2003.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED: Chapter 7 of Title 48.

**PERSONAL INCOME TAX**

**SELECTED STATE INCOME TAXES, COMPARISON OF LOWEST AND HIGHEST TAX BRACKET FOR SINGLE TAXPAYERS, January 1, 2002**

<u>State</u>	<u>Taxable Income</u>		<u>Rate (percent)</u>
	<u>Lowest: Amount under</u>	<u>Highest: Amount over</u>	
Alabama	\$500	\$3,000	2.0%-5.0%
Florida	No Income Tax		
Georgia	750	7,000	1.0-6.0
Kentucky	3,000	8,000	2.0-6.0
Mississippi	5,000	10,000	3.0-5.0
N. Carolina	12,750	120,000	6.0-8.25
S. Carolina	400	12,000	2.5-7.0
Tennessee	Limited Income Tax <sup>1</sup>		
Virginia	3,000	17,000	2.0-5.75

Source: Federation of Tax Administrators, unpublished data available by Internet.

<sup>1</sup>Interest and dividends are the only income sources taxed.

**COMPARISON OF STATE PERSONAL INCOME TAX RELIANCE, 2001**

<u>State</u>	<u>Per Capita Revenue</u>	<u>Percent of Total Tax Revenue</u>
Alabama	\$471	33.0
Florida	0	0.0
Georgia	826	48.2
Kentucky	652	33.8
Mississippi	362	21.8
N. Carolina	919	48.2
S. Carolina	524	34.6
Tennessee	35	2.5
Virginia	1005	55.2
United States	730	37.1

Source: U.S. Bureau of the Census. *State and Local Government Finances*, available by Internet.

**PROPERTY TAX - TANGIBLE REAL AND  
PERSONAL PROPERTY (STATE AND LOCAL)**

**TAX BASE:**

Taxable value (assessed value) of tangible property is 40% of fair market value as defined by Georgia law, except for certain agricultural and conservation use property.

**TAX RATE:**

Tax rates vary by taxing jurisdiction with taxes being levied by the county governing authority (countywide for general government purposes and in some counties within special tax districts within the county for specific purposes), by the local school district, by municipalities, and by the state. The state rate of taxation is uniform at ¼ of one mill (.00025).

Local school systems are limited to a property tax rate not to exceed 20 mills for maintenance and operating purposes unless, by local referendum, the maximum rate has been increased.

**ALL PROPERTY TAX REVENUE, GEORGIA STATE  
AND LOCAL GOVERNMENTS (in thousands):**

<u>Year</u>	<u>Local</u>	<u>State</u>	<u>Total</u>
1996	\$4,757,468	\$35,651	\$4,793,119
1997	4,908,319	38,155	4,946,474
1998	4,962,493	37,824	5,000,317
1999	5,379,241	43,575	5,422,816
2000	5,883,545	48,147	5,931,692

Source: U.S. Bureau of the Census. *Government Finances*: (various years), data available by Internet.

**MAJOR EXEMPTIONS:**

Public property except for certain property owned by a political subdivision which is located outside the territorial limits of the subdivision.

Places of worship and religious burial.

Institutions of purely public charity.

**PROPERTY TAX - TANGIBLE REAL AND  
PERSONAL PROPERTY (STATE AND LOCAL)**

Property of non-profit hospitals used in connection with their operation when the hospital has no stockholders, no income of profit distributed to benefit of any private person.

Buildings used as a college, incorporated academy, or other seminary of learning.

Farm products, for a period of one year after production, when the products remain in the hands of the producer.

Property which has been installed or constructed with the primary purpose of reducing or eliminating air or water pollution when the property is certified by the Department of Natural Resources.

The homestead of each person is exempt in an amount not to exceed \$2,000 in assessed value where the person owns and occupies such homestead as principal place of residence. This exemption applies to the levy for maintenance and operation of the county government, the school system, and for the state levy. Certain elderly taxpayers are entitled to increased exemptions. For example, persons 65 and older with net incomes, which do not exceed \$10,000 annually excluding income received from Social Security or from any other public or private retirement systems up to the maximum amount of Social Security benefits authorized for an individual and spouse, are entitled to an exemption of \$4,000 from all state and county ad valorem taxes. A similar exemption for school tax purposes is available to persons 62 and older in an amount up to \$10,000. The same net income qualification requirements exist for this exemption. In addition, a "floating" homestead exemption is available for persons 62 and older with household income not exceeding \$30,000. This exemption covers state and county ad valorem taxes (excluding school taxes) and it applies to the assessed value which exceeds the assessed value on the homestead for the year immediately preceding the year that the taxpayer first qualifies for this exemption (thus the exemption amount increases at the same rate that the assessed value of the homestead increases in future years). It should be noted that several counties have provided for homestead exemption amounts which exceed the general exemptions outlined here.

**PROPERTY TAX - TANGIBLE REAL AND  
PERSONAL PROPERTY (STATE AND LOCAL)**

A state grant program provides additional property tax relief to qualified homestead property owners. For tax year 2002, the fourth year of the program, state grants provide the equivalent of an additional \$8,000 in homestead exemption for county and school purposes. In addition, the homestead grant was extended to apply to municipal and special district taxes for tax years beginning January 1, 2002. The grant is shown as a credit on the individual tax bill and local government are reimbursed the total amount by the state. The stated objective of the grant program is to increase the grants until a homestead exemption of \$20,000 is achieved.

Tangible personal property used within the home, if not held for sale or other commercial use, is exempt. Tools and implements of trade and other personal property is exempt up to \$7,500.00 in fair market value.

**RESPONSIBLE FOR ADMINISTRATION:**

County boards of tax assessors are responsible for valuation and assessment; county tax commissioners and municipal authorities are responsible for collection of the tax; county and municipal governing authorities and local school systems levy the applicable millage rates; the State Revenue Commissioner has general oversight responsibility in equalization of assessments throughout the State.

**RETURN AND PAYMENT DATES:**

The taxpayer is required to file a return covering any property he has not previously reported. Once the initial return is filed, he is deemed to have returned the same property at the same value as was finally determined for the preceding year if he does not file a new return. The law now provides that the completion of the real estate transfer tax form can serve as the initial return of the taxpayer for the next succeeding tax year. General law provides that returns must be filed on or before April 1 for the tax year which began the preceding January 1. Applications for homestead exemption are also due on or before April 1. Some counties have provided by law for earlier return deadlines.

Taxes are due on or before December 20 unless the county has provided for earlier payment deadlines; however, the taxpayer must be given 60 days in which to pay the tax once the bill has been sent.

**PROPERTY TAX - TANGIBLE REAL AND  
PERSONAL PROPERTY (STATE AND LOCAL)**

**DISPOSITION OF REVENUE:**

The tax is collected locally and revenue is utilized by the local government which made the particular levy. The State tax is remitted to the State Revenue Commissioner and becomes part of the State general fund.

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

- 1913 Tax equalization statute enacted which provided for uniform assessments in all counties.
- 1937 Intangible property separated as separate class of property for tax purposes.
- 1937 Homestead exemption of \$2,000 instituted.
- 1962 State revolving loan fund created to assist counties in programs of tax mapping and property revaluation.
- 1965 State Revenue Commissioner required by court decision to exercise his authority and responsibility to insure that assessments for all counties were equalized.
- 1968 Current assessment level of 40% of fair market value established by statute.
- 1972 Counties required to employ minimum number of staff appraisers depending upon the number of parcels of real property in the county. A state salary grant fund was created to assist counties with the employment of minimum staff.
- 1972 Initial and continuous training for local assessors and appraisers was funded and required.
- 1972 County boards of equalization were created to hear and adjudicate property tax assessment appeals. Minimum training requirements were established.
- 1972 A State board of equalization was created to hear and adjudicate property tax appeals of railroad and utility companies who return property to the State Revenue Commissioner.

**PROPERTY TAX - TANGIBLE REAL AND  
PERSONAL PROPERTY (STATE AND LOCAL)**

- 1983 Preferential assessment at 30% of fair market value rather than 40% was authorized for certain agricultural properties under a 10 year covenant to maintain the property in its qualified use.
- 1988 State Revenue Commissioner's authority and responsibility to examine local tax digests for equalization purposes was broadened to include responsibility for measuring quality of assessments within the county property class.
- 1991 Certain qualified agricultural use property, environmentally sensitive property, and transitional residential property, under a 10 year covenant to maintain the property in its qualified state, is valued for tax purposes according to its current use rather than its fair market value.
- 1992 The statute relating to the State Revenue Commissioner's authority to equalize county digests was changed to provide for a systematic review of each county's digest only once every three years.
- 2000 Comprehensive Taxpayer Bill of Rights legislation enacted which provides for increased notice through advertisement and public hearings when local governments levy ad valorem tax rates which result in significantly increased revenue from the preceding year.
- 2000 The 'fair market value' standard of valuation for property tax purposes is changed as it relates to the valuation of motor vehicles. For tax year 2001, valuations are to be established based on 75% weight given to the wholesale value of the vehicle and 25% weight given to the retail value. For years beginning on and after January 1, 2002, the valuation of motor vehicles for property tax purposes shall be based on wholesale value.

**PROPERTY TAX - TANGIBLE REAL AND  
PERSONAL PROPERTY (STATE AND LOCAL)**

**COMPARISON OF PROPERTY TAX RELIANCE, STATE  
AND LOCAL GOVERNMENTS, 1999-2000**

<u>State</u>	<u>Per Capita Revenue</u>	<u>Percent of Total Tax Revenue</u>
Alabama	\$301	14.2
Florida	882	33.6
Georgia	725	25.5
Kentucky	426	16.9
Mississippi	514	23.2
N. Carolina	572	21.5
S. Carolina	668	28.1
Tennessee	507	23.2
Virginia	846	28.4
United States	885	28.6

Source: U.S. Bureau of the Census. *1997 Census of Governments*, data available by Internet.

**DISTRIBUTION OF GEORGIA COUNTY  
MILLAGE RATES (Selected Years)**

<u>Rate</u>	<u>Number of Counties</u>		
	<u>1994</u>	<u>2000</u>	<u>2001</u>
<15 Mills	4	3	2
15 - 17.5	10	3	3
17.5 - 20	13	15	14
20 - 22.5	27	27	30
22.5 - 25	32	27	25
25 - 27.5	32	37	30
27.5 - 30	15	19	30
30 - 32.5	8	13	19
32.5 - 35	7	8	10
35 - 37.5	4	3	3
37.5 - 40	4	3	2
>40	3	1	1

Source: Georgia Department of Revenue.

Note: These are rates for county and county school purposes.

## SALES AND USE TAXES

### TAX BASE:

Retail sales, rentals, leases, use or consumption of tangible personal property. Selected services are taxable.

### TAX RATE:

State rate of 4% (also see Local Option Sales Taxes for information regarding additional rates of sales taxation).

### MAJOR EXEMPTIONS:

Agricultural machinery (certain specified machinery) for use by farmer in production process.

Air and water pollution control machinery.

Industrial materials which become component part of finished product in manufacturing process.

Machinery for new and expanded industry.

Prescription drugs, eyeglasses, and prosthetic equipment.

Replacement machinery purchased for manufacturing plant located in the State.

Sales to governments.

Value of trade-ins on motor vehicle purchases.

Electricity used directly in the manufacturing process if the direct cost of such electricity exceeds 50% of the cost of all materials, including electricity, used directly in the product. The exemption is phased in as follows: calendar year 1995 - 20% of the direct cost of electricity is exempt; 1996 - 40% is exempt; 1997 - 60% is exempt; 1998 - 80% is exempt; and beginning January 1, 1999, 100% of the cost is exempt.

Certain primary material handling equipment used directly in handling and moving tangible personal property in a warehouse or distribution facility located in Georgia if such material handling equipment is a part of an expansion of an existing facility or the construction of a new facility worth \$5 million or more.

Machinery used directly in the remanufacture of aircraft engines or engine parts in a remanufacturing facility located in Georgia.

## SALES AND USE TAXES

The sale for off-premises human consumption or use of foods and beverages. The exemption is phased in as follows: Oct. 1, 1996 - Sept. 30, 1997 - 50% exemption; Oct. 1, 1997 - Sept. 30, 1998 - 75%; beginning Oct. 1, 1998 - 100%. Certain local option sales taxes will continue to be levied on eligible food that is otherwise exempt.

The sale or use of repair or replacement parts, machinery clothing molds, dies and tooling for equipment used directly in the manufacture of tangible personal property in a manufacturing plant presently existing in Georgia. The exemption is limited to that portion of the sales price of each such part, item mold, die or tool which does not exceed \$150,000.00 The exemption is phased in a the rate of 20% for calendar year 2001; 40% for calendar year 2002; 60% for calendar year 2003; 80% for calendar year 2004; and 100% for each succeeding calendar year.

The sale or lease of computer equipment at certain high technology facilities located in Georgia where the sale or lease fair market value exceeds \$15 million for any calendar year.

The sale of machinery, equipment and materials used in the construction or operation of a clean room of class 100 or less.

### REVENUE PRODUCTION (in thousands):

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$4,006,140
1999	4,479,223
2000	4,806,932
2001	5,139,314
2002	4,620,883

### RESPONSIBLE FOR ADMINISTRATION:

State Revenue Commissioner

### WHO REMITS TAX:

Retail vendors

### PAYMENT DATES:

Monthly returns (most retailers) with remittance are due by the 20th day of each month covering activity for the preceding calendar month.

## SALES AND USE TAXES

Businesses with less than \$200.00 per month tax liability for 6 consecutive months entitle dealer to file quarterly returns rather than monthly returns. Quarterly returns are due by the 20th day of the month following the end of each calendar quarter.

### DISPOSITION OF REVENUE:

A vendor's commission of 3% of the first \$3,000 of the total amount of sales and use tax reported on the return and a commission of one-half of 1% on that portion exceeding \$3,000 of the total sales and use tax reported on the return is retained by the dealer.

### CHRONOLOGY OF SIGNIFICANT CHANGES:

- 1951 Sales tax first enacted at rate of 3%. Major exemptions included in the original Act included industrial materials which become a part of the finished product being manufactured; fertilizer; and the sale of water through mains by municipalities.
- 1963 Exemptions for manufacturing machinery for new and expanding industry were added along with exemption for agricultural machinery used to till the soil.
- 1975 The current authorization for a local option sales tax by counties at a rate of 1% was enacted.
- 1985 The authority for county governments to levy a 1% local option sales tax for roads and bridges purposes and for certain, specified capital improvements was added.
- 1989 The State rate was increased to 4%.
- 1996 The authority for local school systems to levy a 1% local option sales tax under certain circumstances and for certain capital improvement purposes was approved.
- 1996 An exemption for food for off-premises human consumption was approved. The exemption was phased in and fully implemented October 1, 1998.
- 2002 Sales tax holidays were granted for two days during the Easter holiday period and two during the back-to-school shopping period. The exemption applied to qualified clothing, computers, computer equipment and school supplies. A continuation of the exemptions requires additional legislation.

All of the revenues from the tax are general fund revenues.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA  
ANNOTATED: Chapter 8 of Title 48.

## SALES AND USE TAXES

### SELECTED STATE SALES TAX RATES, January 1, 2002

<u>State</u>	<u>Rate (percent)</u>	<u>Exemptions</u>	
		<u>Food</u>	<u>Prescription Drugs</u>
Alabama <sup>1</sup>	4.0	N	Y
Florida <sup>1</sup>	6.0	Y	Y
Georgia <sup>1</sup>	4.0	Y	Y
Kentucky	6.0	Y	Y
Mississippi	7.0	N	Y
N. Carolina <sup>1</sup>	4.5	Y	Y
S. Carolina <sup>1</sup>	5.0	Y <sup>2</sup>	Y
Tennessee <sup>1</sup>	6.0	N	Y
Virginia <sup>1</sup>	4.5	Y <sup>2</sup>	Y

Source: Federation of Tax Administrators, unpublished available by Internet.

<sup>1</sup>Local sales taxes also exist.

<sup>2</sup>Partial state exemption.

### COMPARISON OF GENERAL SALES TAX RELIANCE, STATE AND LOCAL GOVERNMENTS, 1999-2000

<u>State</u>	<u>Per Capita Revenue</u>	<u>Percent of Total Tax Revenue</u>
Alabama	\$645	30.5
Florida	973	37.1
Georgia	920	32.4
Kentucky	537	21.3
Mississippi	820	37.0
N. Carolina	562	21.1
S. Carolina	638	26.8
Tennessee	1002	45.9
Virginia	454	15.2
United States	764	24.7

Source: U.S. Bureau of the Census. *State and Local Government Finances*, data available by Internet.

**ALCOHOLIC BEVERAGE TAX  
(LOCAL GOVERNMENT)**

**TAX BASE:**

First sale, use or final delivery of alcoholic beverages, including malt beverages, wine, and distilled spirits in Georgia.

**TAX RATE:**

**Distilled Spirits:** Counties and municipalities may levy excise taxes on distilled spirits at rates not to exceed 22 cents per liter or proportional rates for other size containers on distilled spirits sold by the package. Counties and municipalities may also levy excise taxes at rates up to 3% of the price charged for mixed drinks.

**Malt Beverages:** A uniform local government beer tax is levied at 5 cents per 12 ounces for bottled and canned malt beverages with proportional 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 other sized containers.

**Wine:** Counties and municipalities may levy excise tax at rates not to exceed 22 cents per liter.

**MAJOR EXEMPTIONS:**

Beverages with less than ½ of 1% alcohol content by volume.

**REVENUE PRODUCTION:** Not available.

**RESPONSIBLE FOR ADMINISTRATION:**

County and municipal governing authority.

**WHO REMITS TAX:**

Distributors of the beverage remit to local governments levying the tax.

**PAYMENTS DATES:**

Reporting and payment provisions are established by local government levying the tax.

**DISPOSITION OF REVENUE:**

Local government general fund.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA  
ANNOTATED: Chapters 4, 5, and 6 of Title 3.

**HOTEL-MOTEL TAX (LOCAL OPTION)**

**TAX BASE:**

Excise tax on the furnishing for value of rooms, lodgings and accommodations by legal entities required to be licensed by local governments.

**TAX RATE:**

The general rate authorized is up to 3%; however, counties and municipalities may exceed this rate in varying amounts when the rate above 3% is used for certain, specified purposes generally related to tourism and trade show purposes.

**REVENUE PRODUCTION:** Not available.

**MAJOR EXEMPTIONS AND EXCLUSIONS:**

Lodging furnished for use by Georgia state or local government officials or employees when traveling on official business.

Lodging for a period of more than 10 consecutive days.

Lodging furnished as meeting rooms.

**RESPONSIBLE FOR ADMINISTRATION:**

Governing authority of counties and municipalities.

**WHO REMITS TAX:**

Entity providing the lodging.

**PAYMENT DATES:**

Reporting and payment provisions are established by local government levying the tax.

**DISPOSITION OF REVENUE:**

Stated intent of statute authorizing the levy of the tax is that funds be made available for the purpose of promoting and developing conventions and tourism as well as for the provision of general local government services.

Local governments levying rates higher than the initial 3% maximum rate are subject to specific, additional restrictions concerning the expenditure of at least a part of the proceeds of the tax.



**HOTEL-MOTEL TAX (LOCAL OPTION)**

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

1975 Authorization for levying the tax enacted. Changes since the original authorization have generally dealt with authorization to increase the maximum rate for specific counties and municipalities, principally for the purpose of constructing and operating specific trade and convention facilities.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED: Sections 50 through 56 of Chapter 13 of Title 48.

**INTANGIBLE TAX -  
REAL ESTATE TRANSFER TAX**

**TAX BASE:**

The tax is levied on the value of the consideration or the fair market value of real estate when it is transferred.

**TAX RATE:**

\$1 for the first \$1,000 or fractional part and 10 cents for each \$100 or fractional part of the consideration or fair market value of the real estate.

**MAJOR EXEMPTIONS:**

Deeds or instruments given to secure a debt.

Deeds of gift.

Deeds where governmental entities or public authorities or nonprofit public corporations are a party to the transaction.

Leases.

Deeds issued in lieu of foreclosure if certain conditions are met.

Deeds issued in conjunction with a division of property among joint tenants if the only consideration is the division of the property.

**REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1997	\$28,554
1998	31,886
1999	38,833
2000	44,552
2001	45,055
2002	N/A

**RESPONSIBLE FOR ADMINISTRATION:**

Clerks of Superior Court collect the tax as a prerequisite to the filing of the security deed (in counties with 50,000 or less population, the Clerk of the Superior Court has the option of allowing the Tax Commissioner of the county to collect the tax). The State Revenue Commissioner is charged with the duty to make determinations as to the taxability of specific instruments presented for recording.

**INTANGIBLE TAX -  
REAL ESTATE TRANSFER TAX**

**WHO REMITS TAX:**

The person who executes the deed or the person for whose use or benefit the deed is executed.

**PAYMENT DATES:**

Payment of the tax is made in conjunction with the filing of the deed and it is a prerequisite to the filing of the instrument.

**DISPOSITION OF REVENUE:**

Local governments general fund.

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

1967 Georgia's real estate transfer tax was enacted to coincide with the repeal of the similar federal tax.

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED:** Sections 1 through 10 of Chapter 6 of Title 48.

**INTANGIBLE TAX -  
RECORDING, DOCUMENTARY**

**TAX BASE:**

Real estate security deeds securing long term notes (more than 3 years).

**TAX RATE:**

\$1.50 for each \$500 or fraction of the face amount of the note secured by the real estate.

**MAJOR EXEMPTIONS:**

Notes held by governmental entities.

Notes representing extensions, modifications, transfers or renewals for original indebtedness where the tax was paid on the original indebtedness.

Instruments which represent a refinancing by the original lender where the tax was paid on the original instrument (additional amount advanced as a part of the refinancing is taxable).

The maximum amount of tax due and payable with respect to any single instrument is \$25,000.

**RESPONSIBLE FOR ADMINISTRATION:**

County tax commissioners collect the tax as a prerequisite to the filing of the security deed (in counties with 50,000 or more population, the clerk of superior court collects the tax). The State Revenue Commissioner has responsibility for making determinations as to the taxability of instruments.

**WHO REMITS TAX:**

The person holding the real estate note and executing the security deed.

**INTANGIBLE TAX -  
RECORDING, DOCUMENTARY**

**PAYMENT DATES:**

Tax is paid at the time the deed to secure debt is presented for recording.

**DISPOSITION OF REVENUE:**

General fund of counties, school systems, and municipalities.

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

- 1953 Long-term notes were separated from regular intangible property taxation and taxed at the time of recording the security deed.
- 1977 Maximum amount of tax increased from \$10,000 to \$25,000.
- 1990 Incidence of tax changed from the long term note evidenced by the security deed to a tax on the security instrument.

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED:** Sections 60 through 77 of Chapter 6 of Title 48.

**INSURANCE PREMIUM TAX  
(LOCAL GOVERNMENT)**

**TAX BASE:**

Premiums on persons, property or risks in Georgia written by insurance companies doing business in Georgia.

**TAX RATE:**

Life insurance: For county governments a rate of 1% is imposed by State law. Municipalities are authorized to impose rates up to 1%.

Other than life insurance: Counties and municipalities are authorized to levy rates up to 2½%.

**RESPONSIBLE FOR ADMINISTRATION:**

State Insurance Commissioner.

**WHO REMITS TAX:**

Foreign, alien and domestic insurance companies doing business in Georgia.

**PAYMENT DATES:**

Returns and payments are made at the same time as a part of the State return.

**DISPOSITION OF REVENUE:**

State Insurance Commissioner collects and then remits revenue to local governments.

County governments are required to separate insurance premium tax revenues received and if revenues are not utilized for certain specified purposes, the property tax bills must reflect the amount of millage rate accounted for by the insurance premium tax proceeds.

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED:** Chapter 8 of Title 33.

**SALES AND USE TAX  
(LOCAL GOVERNMENT)**

**DISTRIBUTION OF LOCAL SALES AND USE TAXES**

<u>Type</u>	<u>Number of Counties</u>	
	<u>10/30/95</u>	<u>12/31/02</u>
Local Option	150	154
Special Purchase Option	123	136
MARTA	2	2
Educational	0	139
Homestead (DeKalb County)	0	2
Other (Towns County)	1	1
Total Tax Rate		
7%	0	118
6%	120	39
5%	37	2
4%	2	0

Source: Georgia Department of Revenue, data available by Internet.

**SALES AND USE TAX  
(LOCAL OPTION)**

**TAX BASE:**

Retail sales, rentals, leases, uses or consumption of tangible personal property. Selected services are taxable.

**TAX RATE:**

1% rate. The tax is levied by county governing authorities.

**MAJOR EXEMPTIONS:**

Generally the same exemptions and exclusions apply to the local option sales tax that apply to the State tax. One exception, however, relates to the exemption for food purchased for off-premises, human consumption. This exemption does not apply to local option sales taxes in effect prior to October 1, 1996. The exemption does apply to local option sales taxes becoming effective on or after October 1, 1996, but the exemption does not take effect until October 1, 1998.

**REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$755,287
1999	837,855
2000	907,189
2001	942,765
2002	857,291

**RESPONSIBLE FOR ADMINISTRATION:**

State Revenue Commissioner.

**WHO REMITS TAX:**

Retail vendors or consumers.

**PAYMENT DATES:**

Tax is reported and remitted according to the same schedule as is required for the State sales tax.

**DISPOSITION OF REVENUE:**

1% of collections by the State Revenue Commissioner are retained for administrative costs incurred and becomes part of the general fund.

**SALES AND USE TAX  
(LOCAL OPTION)**

The balance of collections by the State Revenue Commissioner distributed to counties and municipalities where the liability for the tax arose according to agreed upon distribution formulae.

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

- 1975 Tax authorized for counties and municipalities.
- 1979 Tax was reconstituted in its present form after original statute declared invalid.

**SPECIAL PROVISIONS:**

The tax may only be imposed or discontinued by county governments after referendum approval.

The tax may be levied only if the county governing authority and qualified municipalities within the county have agreed upon a formula for distributing the proceeds of the tax.

The tax was authorized as replacement revenue for the property tax and the property tax bill must reflect the amount of millage rate reduction equal to the net proceeds of the sales tax received by the political subdivision during the previous year.

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED:** Sections 80 through 95 of Chapter 8 of Title 48.

**SALES AND USE TAX  
(SPECIAL PURPOSE LOCAL OPTION)**

**TAX BASE:**

Retail sales, rentals, leases, uses or consumption of tangible personal property. Selected services are taxable.

**TAX RATE:**

1% rate. The tax is levied by county governing authorities after referendum approval but only for specified periods of time not to exceed 5 years and only for specified purposes (road and bridges or for certain capital outlay projects).

**MAJOR EXEMPTIONS:**

Generally the same exemptions and exclusions apply to the special purpose local option sales tax that apply to the State tax. One exception to that rule relates to the exemption of food purchased for off-premises, human consumption. The exemption is not provided with respect to the special purpose local option sales taxes.

**REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$653,240
1999	727,612
2000	728,997
2001	734,017
2002	663,021

**RESPONSIBLE FOR ADMINISTRATION:**

State Revenue Commissioner

**WHO REMITS TAX:**

Retail vendors or consumers.

**PAYMENT DATES:**

Tax is reported and remitted according to the same schedule as is required for the State sales tax.

**DISPOSITION OF REVENUE:**

1% of collections by the State Revenue Commissioner is retained for administrative costs incurred and become a part of the general fund.

**SALES AND USE TAX  
(SPECIAL PURPOSE LOCAL OPTION)**

The balance of the collections by the State Revenue Commissioner is distributed to county governing authority levying the tax.

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

1985 Authorization for the tax enacted. Subsequent amendments have expanded the types of capital outlay projects that qualify the county to levy the tax.

**SPECIAL PROVISIONS:**

The tax may be levied only after referendum approval.

The tax may be levied for a period of time not to exceed 5 years.

The ballot question for referendum approval must contain the purpose of the proposed levy, the maximum time that the tax will be levied, the maximum cost of the project being funded, and other information relating to any debt to be created as a part of the capital outlay project.

The levy of the tax ceases when the amount of proceeds from the tax equals the amount stated as the cost of the project in the referendum ballot or the stated period of time for levy of the tax expires, whichever comes first.

At any one time only one 1% special purpose local option sales tax levy may be in existence in any county.

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED:** Sections 110 through 121 of Chapter 8 of Title 48.

**SALES AND USE TAX  
(LOCAL OPTION SALES TAX -  
EDUCATIONAL PURPOSES)**

**TAX BASE:**

Retail sales, rentals, leases, uses or consumption of tangible personal property. Selected services are taxable.

**TAX RATE:**

1% rate. The tax is levied by local boards of education only for specified periods of time not to exceed five (5) years and only for specified capital outlay purposes.

**MAJOR EXEMPTIONS:**

The same exemptions and exclusions apply to the special purpose local option sales tax for educational purposes that apply to the State tax.

**REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$ 581,241
1999	891,363
2000	1,086,547
2001	1,192,415
2002	1,069,232

**RESPONSIBLE FOR ADMINISTRATION:**

State Revenue Commissioner

**WHO REMITS TAX:**

Retail vendors or consumers.

**PAYMENT DATES:**

Tax is reported and remitted according to the same schedule as is required for the State sales tax.

**DISPOSITION OF REVENUE:**

1% of collections remitted to State Revenue Commissioner is retained for administrative costs incurred by the Department and they become a part of the general fund. The balance of the collections are distributed to the local boards of education levying the tax.

**SALES AND USE TAX  
(LOCAL OPTION SALES TAX -  
EDUCATIONAL PURPOSES)**

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

1996 Authorization for the tax enacted.

**SPECIAL PROVISIONS:**

The tax may be levied only after referendum approval.

The tax may be levied for a period of time not to exceed 5 years.

The ballot question for referendum approval must contain the purpose of the proposed levy, the maximum time that the tax will be levied, etc.

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED:** Article VIII, Section VI, Paragraph IV, Georgia Constitution; Sections 140 through 142 of Chapter 8 of Title 48.

**SALES AND USE TAX  
(METROPOLITAN ATLANTA RAPID TRANSIT  
AUTHORITY)**

**TAX BASE:**

Retail sales, rentals, leases, uses or consumption of tangible personal property. Selected services are taxable.

**TAX RATE:**

1% levied only in the area comprising the Metropolitan Atlanta Rapid Transit Authority.

**MAJOR EXEMPTIONS:**

The same exemptions and exclusions apply to the special purpose local option sales tax that apply to the State tax.

**REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$258,652
1999	272,793
2000	295,796
2001	305,114
2002	264,530

**RESPONSIBLE FOR ADMINISTRATION:**

State Revenue Commissioner

**WHO REMITS TAX:**

Retail vendors file returns and remit tax as a part of the State sales tax return.

**PAYMENT DATES:**

Tax is reported and remitted according to the same schedule as is required for the State sales tax.

**DISPOSITION OF REVENUE:**

Proceeds used by Metropolitan Atlanta Rapid Transit Authority for construction and operation. 1% of collections by the State Revenue Commissioner are retained for administrative costs incurred and become a part of the general fund.

**SALES AND USE TAX  
(METROPOLITAN ATLANTA RAPID TRANSIT  
AUTHORITY)**

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

- 1965 Metropolitan Atlanta Rapid Transit Authority was created.
- 1971 1% sales tax authorized.
- 1990 1% sales tax extended to 2032; then rate is reduced to ½%.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA  
ANNOTATED: Georgia laws 1965, P. 2243, as amended.

**SALES AND USE TAX  
(LOCAL HOMESTEAD OPTION SALES TAX)**

**TAX BASE:**

Retail sales, rentals, uses or consumption of tangible personal property. Selected services are taxable.

**TAX RATE:**

1% rate. The tax is authorized for levy by county governing authorities only in those counties not levying the Local Option Sales Tax.

**MAJOR EXEMPTIONS:**

The same exemptions and exclusions apply to the homestead option sales tax that apply to the State tax.

**REVENUE PRODUCTION (in thousands):**

<u>Fiscal Year</u>	<u>Revenue</u>
1998	\$ 59,864
1999	80,172
2000	86,533
2001	87,221
2002	77,281

**WHO REMITS TAX:**

Retail vendors or consumers

**PAYMENT DATES:**

Tax is reported and remitted according to the same schedule as is required for the State sales tax.

**DISPOSITION OF REVENUE:**

The balance of the collections by the State Revenue Commissioner is distributed to the county governing authority levying the tax. The county must utilize at least 80% of the proceeds to provide for a homestead exemption from ad valorem tax levied for county purposes. The balance may be used for capital outlay projects.



**SALES AND USE TAX  
(LOCAL HOMESTEAD OPTION SALES TAX)**

**CHRONOLOGY OF SIGNIFICANT CHANGES:**

1995 Authorization for the tax enacted.

**SPECIAL PROVISIONS:**

The tax may be imposed or discontinued only after referendum approval.

**SECTIONS OF THE OFFICIAL CODE OF GEORGIA  
ANNOTATED: Sections 100 through 109 of Chapter 8 of Title 48.**

**STANDING TIMBER (AD VALOREM TAX)**

**TAX BASE:**

The value of standing timber at time of sale or harvest.

**TAX RATE:**

The timber is subject to a one time only ad valorem tax based upon the full fair market value of the timber at the normal ad valorem tax rate in effect at the time of the sale or harvest.

**REVENUE PRODUCTION (in millions):**

<u>Calendar Year</u>	<u>Revenue</u>
1995	\$16.5
1996	15.3
1998	15.2
1999	N/A
2000	18.0
2001	N/A

**RESPONSIBLE FOR ADMINISTRATION:**

County boards of tax assessors establish the value and county tax commissioners collect the tax due. The State Revenue Commissioner establishes unit values for use by local assessors in valuing timber harvested other than under bona fide purchases.

**WHO REMITS TAX:**

Lump Sum Sales - Tax is payable by the seller at the time of sale. Seller remits tax to purchaser who reports the value of the sale and pays the tax to the tax commissioner. Payment of the tax is a prerequisite to filing for record the instrument conveying the standing timber.

Unit Price Sales - Tax is payable by the seller to the tax commissioner.

Owner Harvests - Tax is payable by the landowner.

**PAYMENT DATES:**

Lump Sum Sales - Tax is payable at the time of sale as a prerequisite to filing the instrument conveying the timber (purchaser must remit the tax not later than 5 days after receipt from the seller).

## STANDING TIMBER (AD VALOREM TAX)

Unit Price Sales - Reports are filed within 45 days after the end of the calendar quarter during which the timber is harvested. Quarterly tax bills are issued by the tax commissioner and tax is payable within 30 days of receipt of the bill.

Owner Harvests - Reports are filed within 45 days after the end of the calendar quarter during which the timber is harvested. Quarterly tax bills are issued by the tax commissioner and tax is payable within 30 days of receipt of the bill.

### DISPOSITION OF REVENUE:

General fund of the county, county school system, and the any affected municipality.

### CHRONOLOGY OF SIGNIFICANT CHANGES:

1991 After a change in the Constitution authorizing this method of taxation, the one time only ad valorem tax was enacted.

SECTIONS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED: Section 7.5 of Chapter 5 of Title 48.

## ABOUT THE FISCAL RESEARCH PROGRAM

The Fiscal Research Program (FRP) is one of several prominent policy research centers and academic departments housed in the Andrew Young School of Policy Studies. The FRP, directed by Dr. David Sjoquist, provides research and technical assistance in the evaluation and design of state and local fiscal policy, including both tax and expenditure issues. For more information on the Fiscal Research Program, contact Jeanie Thomas at 404/651-0518.

## ADDITIONAL SOURCES

<u>Statistical Report</u>	Georgia Department of Revenue, Annual
<u>Budget Report</u>	Georgia Office of Planning and Budget, Annual
<u>Governmental Finances</u>	U.S. Bureau of the Census, Annual
<u>Facts and Figures on Governmental Finances</u>	Tax Foundation, Annual

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*Date this page generated to accompany file download: 2014-04-15*

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## Georgia's Taxes: A Summary of Major State and Local Government Taxes (Ninth Edition)

**Publisher(s):** Fiscal Research Center of the Andrew Young School of Policy Studies

**Author(s):** Richard Hawkins; Jack Morton

**Date Published:** 2003-01-01

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**Subject(s):** General