

January 2018

# Fiscal Research Center

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## Georgia's Taxes

*A Summary of Major State and  
Local Government Taxes*

**Twenty-Fourth Edition**



# FOREWORD

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

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

- Tax Base
- Tax Rate
- Major Exemptions (if any)
- Revenue Production
- Section References to the Official Code of Georgia Annotated
- Administrative Responsibilities
- Who Remits Tax
- Payment Dates
- Special Provisions (if any)
- History of Major Changes
- Comparisons with Other States

The first edition of Georgia's Taxes, which was published in 1996, was originally written by Jack Morton and Richard Hawkins, with later contributions from David Sjoquist, Director of the center from 1996 to 2011, and others. The handbook has been updated in recent years by the current editor with assistance from a succession of graduate research associates, including Bethel Habte for this year's edition.

This edition reflects the cumulative work of all of these contributors. The Fiscal Research Center is very appreciative of their assistance and work over the years.

*Robert Buschman, Ph.D., Senior Research Associate  
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KEY: FRC = Fiscal Research Center. ICPP = International Center for Public  
Policy. AYSPS = Andrew Young School of Policy Studies.

# GEORGIA'S TAXES

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*A Summary of Major State and Local Government Taxes*

**Twenty-Fourth Edition**

January 2018

*Robert D. Buschman, Ph.D., Editor*

Fiscal Research Center  
Andrew Young School of Policy Studies  
Georgia State University

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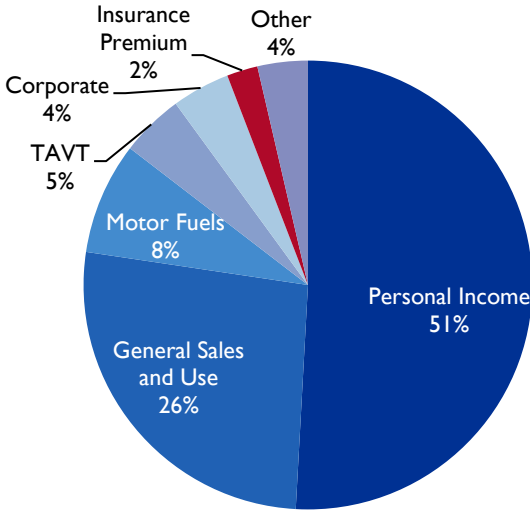
\* Includes both state and local taxes

\*\* Local tax only

## STATE & LOCAL REVENUE SOURCES

### State General Fund Tax Collections

Fiscal Year Ending June 30, 2017



	FY 2017 COLLECTIONS (IN MILLIONS)	SHARE (IN PERCENT)
Personal Income	\$10,978	50.9%
General Sales and Use	\$5,716	26.5%
Corporate Income and License	\$903	4.2%
Motor Fuels	\$1,741	8.1%
Insurance Premium	\$480	2.2%
Motor Vehicle License	\$368	1.7%
Tobacco	\$221	1.0%
Alcoholic Beverage	\$193	0.9%
Property	\$0	0.0%
Title Ad Valorem	\$979	4.5%
<b>Grand Total</b>	<b>\$21,580</b>	<b>100.0%</b>

Source: State Accounting Office. Selected Summary Financial Information, Fiscal year ended June 30, 2017

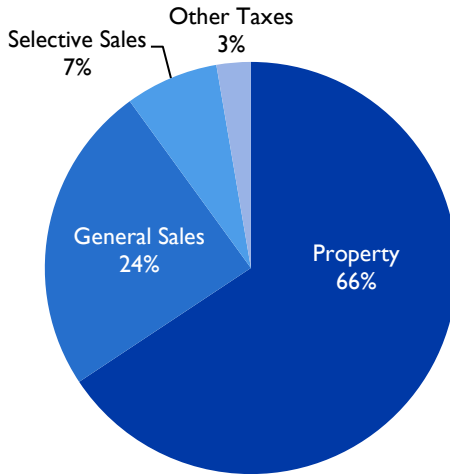
NOTE: Revenue data are rounded and may not add to the total.



## REVENUE & EXPENDITURE OVERVIEW

### Local Tax Revenue Collections

Fiscal Year Ending June 30, 2015



Revenue Source	FY 2015 COLLECTIONS (IN MILLIONS)	SHARE (IN PERCENT)
Property	\$10,627	65.7%
General Sales	\$3,934	24.3%
Alcoholic Beverages	\$141	0.9%
Public Utilities	\$344	2.1%
Other Selective Sales	\$698	4.3%
Other Taxes	\$435	2.7%
Grand Total	\$16,179	100.0%

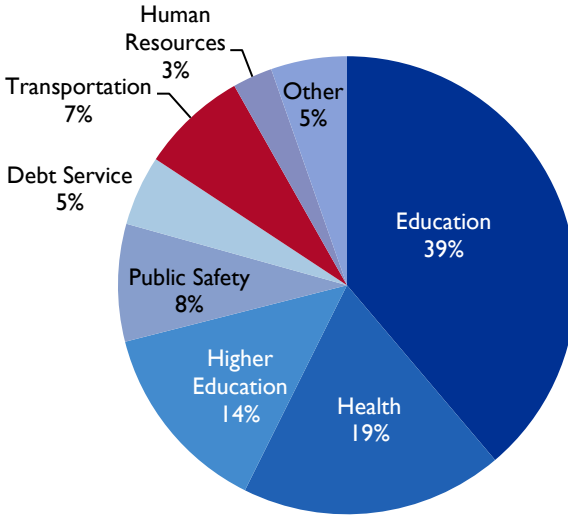
Source: U.S. Census Bureau. *State and Local Government Finances*, data available via Internet

NOTE: Revenue data are rounded and may not add to the total.

## STATE & LOCAL EXPENDITURES

### State Net Appropriations

Fiscal Year Ending June 30, 2017



DEPARTMENTAL TYPE	FY 2017 NET APPROPRIATIONS (IN MILLIONS)	SHARE (IN PERCENT)
Education	\$9,441	38.8%
Health	\$4,511	18.5%
Higher Education	\$3,329	13.7%
Public Safety	\$2,018	8.3%
Debt Service	\$1,205	5.0%
Transportation	\$1,833	7.5%
Human Resources	\$684	2.8%
Other <sup>1</sup>	\$1,307	5.4%
<b>Grand Total</b>	<b>\$24,328</b>	<b>100.0%</b>

Source: State Accounting Office. 2017 Report of Georgia Revenues and Reserves

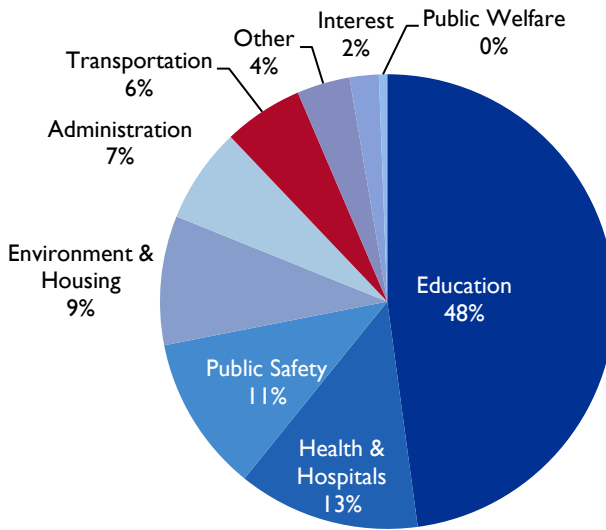
<sup>1</sup> Includes administrative, natural resources, commercial services and regulation agencies, labor, economic development, workers' compensation, and veterans' services

NOTE: Data are rounded and may not add to the total.

## REVENUE & EXPENDITURE OVERVIEW

### Local Direct General Expenditures

Fiscal Year Ending June 30, 2015



FUNCTION	FY 2015 EXPENDITURES (IN MILLIONS)	SHARE (IN PERCENT)
Education	\$18,488	47.9%
Health & Hospitals	\$4,993	13.0%
Public Safety	\$4,283	11.1%
Environment & Housing	\$3,541	9.2%
Administration (incl. judicial)	\$2,617	6.8%
Transportation	\$2,184	5.7%
Other	\$1,455	3.8%
Interest on Debt	\$796	2.1%
Public Welfare	\$230	0.6%
<b>Grand Total</b>	<b>\$38,547</b>	<b>100.0%</b>

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

NOTE: Data are rounded and may not add to the total.

# CORPORATE INCOME TAX

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## 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*

#### ADD

- Non-GA state & local bond interest
- Non-GA state & local income or net profits tax
- Expense attributed to exempt income
- Net operating loss on federal return
- Federal deduction for income attributable to domestic production activities (IRC Sec. 199)
- Deductions involving bonus depreciation
- Intangible expenses and related costs
- Other

#### SUBTRACT

- Interest on U.S. obligations reduced by direct and indirect interest expense
- Exception to intangible expenses and related interest cost
- Other

= *Net Business Income*

#### SUBTRACT

- Income allocated everywhere

## INCOME TAXES

### = *Business Income Subject to Apportionment*

*Multiplied by Georgia Ratio (Formula Based)*

### = *Net Business Income Apportioned to Georgia*

#### ADD

- Net Income allocated to Georgia

#### SUBTRACT

- NOL apportioned to Georgia

### = *Georgia Taxable Income*

*Multiplied by TAX RATE (6%) minus CREDITS*

### = *Georgia Tax Liability*

## Apportionment Ratio

- 1) The standard apportionment ratio had been a three-factor formula (on property, payroll and gross receipts). This formula has been phased out, in favor of gross receipts apportionment, for most multistate corporations.

Effective for tax year 2008 and beyond, apportionment is based solely on the gross receipts ratio (receipts in Georgia versus total receipts everywhere) factor.

- 2) For corporations whose net income is derived principally from transporting passengers or cargo in flight, the apportionment is based on different factors (specifically share of air miles, tons handled and originating miles in Georgia).

## Major Credits

Some of the more significant tax credits include:

- 1) Job Tax Credits: This credit is based on the Georgia county in which the jobs are created and are aimed at specific industries. Georgia's counties are divided into four tiers of progressively less developed areas. The credit is per job and per year, up to five years, but the employer must create more jobs in more developed areas in order to be eligible for the credit. For example, two or more jobs in the least developed areas (Tier I)

generate a credit of \$3,500, while an employer must create 25 or more jobs in the most developed counties in order to receive a credit of \$750. The average wage of the new job created must exceed the average wage of the county in the state with the lowest average wage.

Separate credits are available for firms creating at least 50 quality jobs with specific definitions of quality, for firms creating jobs in certain new facilities, and for firms creating jobs in a revitalization zone.

- 2) **Investment Tax Credit:** This credit is for qualified investment property purchased or acquired for use in construction or expansion of manufacturing or telecommunication facilities. Subject to specific conditions and limitations, the allowable credit ranges from 1 percent to 5 percent of the cost of such qualified property, with higher credit amounts and lower threshold investment requirements in Georgia's less developed areas. A related credit applies to qualifying recycling and pollution control property investments.

An optional investment tax credit is available with a higher credit (in terms of percentage of investment), but is subject to a larger minimum investment.

- 3) Credits have also been established for certain education, retraining, health insurance, child care, and transportation expenditures by employers for the benefit of employees.
- 4) Other corporate income tax credits include ones for purchases of certain alternative-fuel and low-emission vehicles; qualified low-income housing, historic rehabilitation, revitalization zone, and rural agribusiness investments; select research activities; certain port activities; select film, video and music production activities; qualified contributions to student scholarship and rural hospital organizations; investments in qualified seed-capital and public education innovation funds, and in certain Georgia-headquartered small businesses; and land conservation and the use of wood residuals in a qualified biomass facility.

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$732,324
2014	\$884,832
2015	\$937,213
2016	\$913,252
2017	\$902,879

### 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 whose net income allocated and apportioned to Georgia is expected to exceed \$25,000 for the tax year. Estimate payments are due on the 15th of the fourth, sixth, ninth, and 12th months of the taxable year of the corporation.

### 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 percent. (Originally the tax was levied at one-third of the federal tax rate.)

1937 The rate was increased to 5½ percent.

1949 The rate was temporarily increased to 7½ percent (restored to 5½ percent in 1951).

- 1964 The rate was changed to 5 percent.
- 1969 The present rate of 6 percent was adopted.
- 1995 Double weighting of gross receipts apportionment was adopted.
- 2005 Legislation was enacted phasing out the traditional three-factor income apportionment formula and transitioning toward gross-receipt (sales) apportionment to be fully effective in 2008.

**Sections of the Official Code of Georgia Annotated**

Chapter 7 of Title 48

*Comparison of Selected State Corporate Income Taxes, Jan. 1, 2017*

STATE	TOP BRACKET BEGINS	NUMBER OF BRACKETS	RATE (IN PERCENT)
Alabama	\$0	1	6.5%
Florida	\$0	1	5.5% <sup>1</sup>
Georgia	\$0	1	6%
Kentucky	\$100,001	3	4% to 6%
Mississippi	\$10,001	3	3% to 5%
N. Carolina	\$0	1	3%
S. Carolina	\$0	1	5%
Tennessee	\$0	1	6.5%
Virginia	\$0	1	6%

Source: Federation of Tax Administrators

<sup>1</sup> Alternative Minimum Tax may apply instead.



## INCOME TAXES

### *Selected State Corporate Income Tax Apportionment Formulas, Jan. 1, 2017*

STATE	APPORTIONMENT FORMULA
Alabama	Double Weighted Sales
Florida	Double Weighted Sales
Georgia	Sales
Kentucky	Double Weighted Sales
Mississippi <sup>1</sup>	Sales/Other
N. Carolina <sup>2</sup>	Quadruple Weighted Sales
S. Carolina	Sales
Tennessee	Triple Weighted Sales
Virginia	Double Weighted Sales/Sales

Source: Federation of Tax Administrators

<sup>1</sup> Different apportionment formulas apply to specific types of businesses.

<sup>2</sup> North Carolina is phasing in a single sales factor for manufacturing businesses through Jan. 1, 2018.

NOTE: Many states use three factors to apportion corporate income to the state: sales, property and payroll. "Double Weighted Sales" means that the location of property and payroll is less important.

### *Comparison of Corporate Income Tax Reliance, for Selected State Governments, 2015*

STATE	PER CAPITA REVENUE	PERCENT OF TOTAL STATE TAX REVENUE
Alabama	\$110	5.5%
Florida	\$109	6.0%
Georgia	\$98	5.1%
Kentucky	\$170	6.5%
Mississippi	\$179	6.8%
N. Carolina	\$133	5.3%
S. Carolina	\$77	3.9%
Tennessee	\$212	11.0%
Virginia	\$98	4.0%
United States	\$152	5.3%

Source: U.S. Census Bureau. *State Government Finances*, data available via the Internet

# PERSONAL INCOME TAX

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## 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 Adjusted Gross Income (AGI)*

#### ADD

- Interest on non-GA municipal & state bonds
- Lump sum distributions
- Other

#### SUBTRACT

- Retirement income (up to cap)
- Social Security benefits (taxable part)
- Railroad Retirement (taxable part)
- Interest on U.S. obligations
- Other

= *AGI as Defined by Georgia*

#### SUBTRACT

- Georgia standard deduction OR Georgia itemized deductions
- Georgia personal and dependent exemptions

= *Georgia Taxable Income*

## INCOME TAXES

Apply tax rates as follows:

----- SINGLE -----		MARRIED FILING JOINT AND HEAD OF HH		MARRIED FILING ---- SEPARATE ----	
RATE	TAXABLE	RATE	TAXABLE	RATE	TAXABLE
1%	<\$750	1%	<\$1,000	1%	<\$500
2%	\$750-2,250	2%	\$1,000-3,000	2%	\$500-1,500
3%	\$2,250-3,750	3%	\$3,000-5,000	3%	\$1,500-2,500
4%	\$3,750-5,250	4%	\$5,000-7,000	4%	\$2,500-3,500
5%	\$5,250-7,000	5%	\$7,000-10,000	5%	\$3,500-5,000
6%	>\$7,000	6%	>\$10,000	6%	>\$5,000

= *Tax Before Credits*

*Subtract credits*

= *Georgia Tax Liability*

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$8,772,227
2014	\$8,965,572
2015	\$9,678,524
2016	\$10,439,534
2017	\$10,977,730

### Responsible for Administration

State Revenue Commissioner

### 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 nonresident 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 Jan. 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 and Sept. 15 of the current year and on or before Jan. 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.

## Major Exemptions, Deductions and Exclusions

Personal exemptions are as follows: \$7,400 for married filing jointly taxpayers, \$3,700 for married filing separately, \$2,700 for other filers, and \$3,000 for each dependent.

Deductions include the sum of all itemized deductions allowed on the federal tax return or, if the standard deduction was utilized on 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. Additional deductions of \$1,300 for taxpayers 65 and older (\$2,600 if the spouse is also at least 65 and a joint return is filed), and \$1,300 if the taxpayer is blind (\$2,600 if the spouse is also blind and a joint return is filed) are also allowed.

Taxpayers age 62-64 may exclude up to \$35,000 of retirement income each (including up to \$4,000 of earned income) and for taxpayers age 65 and over, up to \$65,000 each.

Social Security and Railroad Retirement benefits, the qualifying disability income of disabled veterans, and certain insurance benefits

## INCOME TAXES

of firefighters are also excludable to the extent they are taxable for federal purposes.

Contributions to the Georgia Higher Education Savings Plan are deductible up to \$2,000 per beneficiary (\$4,000 for joint filers) and qualified withdrawals are not subject to income tax.

Military pay received by a member of the National Guard or Reserve while stationed in a combat zone is not subject to Georgia income tax.

Premiums paid on high deductible health plans (other than for employer-based plans) may also be deducted.

A deduction is allowed for up to \$10,000 of unreimbursed travel expenses and lost wages resulting from a taxpayer's donation of certain organs or tissues for transplant during the year.

### Major Tax Credits

A nonrefundable low-income tax credit is available to taxpayers with federal 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 a maximum credit of \$26 per dependent, including the taxpayer and, if a joint return, the spouse. 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.

A resident individual who earns income in another state that imposes an income tax on such income may apportion his total income to Georgia and credit against his Georgia liability the tax paid to the other state, but not more than the amount that would be payable to Georgia upon a like amount of income.

A tax credit not exceeding \$500 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 for child and dependent care expenses in the amount of 30 percent of the like federal credit.

A credit for “qualified life insurance coverage” premiums paid by residents who are members of the National Guard or Air National Guard, and who are on active military duty for at least 90 consecutive days.

Additional credits are allowed for certain driver education expenses, the adoption of a foster child, purchase or retrofit of a handicap accessible single-family home, qualified donations to student scholarship and rural hospital organizations, disaster assistance, and for other purposes.

Note that non-corporate businesses are also eligible for the income tax credits listed under the Corporate Income Tax section.

### **Chronology of Significant Changes**

- 1929 The tax was first levied at one-third of the federal rate of income taxation.
- 1931 A separate rate structure for Georgia was established. Rates for individual taxation ranged from 1 percent to 5 percent, with the maximum rate beginning at \$20,000 income.
- 1937 The bracket structure was established and remains, with minor modifications, in place today.
- 1971 The current practice was established of conforming the Georgia structure to the federal structure at the point of federal adjusted gross income.
- 1981 A retirement income exclusion of \$2,000 was established, and the standard deduction increased.
- 1989 The retirement income exclusion increased to \$8,000 for 1989 and \$10,000 for 1990.
- 1994 The retirement income exclusion increased to \$11,000 for 1994 and \$12,000 for 1995.
- 1994 The dependent exemption increased to \$2,000 for 1994 and \$2,500 for 1995.
- 1998 The retirement income exclusion increased to \$13,000.

## INCOME TAXES

- 1998 Personal exemption amounts increased to \$5,400 for joint returns and \$2,700 for others, and the dependent exemption increased to \$2,700.
- 2000 The retirement income exclusion amount increased to \$13,500 for tax year 2000 and to \$14,000 for years beginning on or after Jan. 1, 2001.
- 2001 The Georgia Higher Education Savings Plan was authorized to provide for saving 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 The retirement income exclusion increased to \$14,500 for tax year 2002 and to \$15,000 beginning with tax year 2003.
- 2003 The dependent exemption increased to \$3,000.
- 2004 The retirement income exclusion increased to \$25,000 for tax year 2006, \$30,000 for tax year 2007, and \$35,000 for tax year 2008.
- 2010 The retirement income exclusion increased for filers age 65 or older to \$65,000 for tax year 2012, \$100,000 for tax year 2013, \$150,000 for tax year 2014, \$200,000 for tax year 2015, and unlimited for tax year 2016 and beyond.
- 2012 The personal exemption amounts for married filing jointly returns increased to \$7,400 from \$5,400 and for married filing separately returns to \$3,700 from \$2,700.
- 2012 The retirement income exclusion limit for taxpayers age 65 or over was frozen at \$65,000 for tax year 2012 and thereafter.
- 2014 A state constitutional amendment passed by referendum capping the top marginal tax rate at the 6 percent rate in effect on Jan. 1, 2015.

## Sections of the Official Code of Georgia Annotated

### Chapter 7 of Title 48

**Selected State Income Taxes, Comparison of Lowest and Highest Tax Bracket for Single Taxpayers, Jan. 1, 2017**

-----TAXABLE INCOME <sup>1</sup> -----			
STATE	LOWEST BRACKET CAP	HIGHEST BRACKET THRESHOLD	RATE
Alabama	\$500	\$3,001	2%-5%
Florida		No Income Tax	
Georgia	\$750	\$7,001	1%-6%
Kentucky	\$3,000	\$75,001	2%-6%
Mississippi	\$5,000	\$10,001	3%-5%
N. Carolina		Flat Rate	5.499%
S. Carolina	\$2,930	\$14,650	0%-7%
Tennessee <sup>2</sup>		Limited Income Tax	
Virginia	\$3,000	\$17,001	2%-5.75%

Source: Federation of Tax Administrators; data available via the Internet

<sup>1</sup> After applicable deductions and exemptions.

<sup>2</sup> Tennessee income tax applies only to interest and dividend income, currently at a rate of 4% for 2017, but this tax is being phased out at a rate of one percentage point per year through 2021.

**Personal Income Tax Reliance, State and Local Governments, 2015**

STATE	PER CAPITA REVENUE	PERCENT OF TOTAL TAX REVENUE
Alabama	\$710	22.6%
Florida	\$0	0.0%
Georgia	\$949	27.0%
Kentucky	\$1,215	32.1%
Mississippi	\$597	16.2%
N. Carolina	\$1,116	29.4%
S. Carolina	\$764	22.3%
Tennessee	\$46	1.4%
Virginia	\$1,423	31.9%
United States	\$1,146	23.5%

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



## STATE SALES AND USE TAX

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### Tax Base

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

### Tax Rate

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

### Major Exemptions

Food and food ingredients sold to an individual consumer for off-premises human consumption (excludes some items and local taxes still apply)

Prescription drugs, eyeglasses, prosthetics and durable medical equipment

Energy; machinery, equipment, and repair and replacement parts therefor; industrial materials that become a component part of a finished product; and consumable supplies used in manufacturing

Energy, machinery and equipment, and production inputs used in agriculture

Air and water pollution control, and water conservation machinery and equipment

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

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

Sales to governments, government agencies, certain hospital authorities, and the University System of Georgia

Beginning March 1, 2013, all motor vehicle sales and leases, excluding rentals for 31 days or less

Motor fuel when used for highway purposes

Natural gas used in the production of electricity subsequently sold

Certain primary material handling equipment used 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

Materials used in the construction or expansion of certain qualified arts facilities or in the construction of a competitive project of regional significance, as determined by the Department of Economic Development

Sales of tickets to certain major sporting events, and certain fine arts performances and exhibits

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$5,277,211
2014	\$5,125,502
2015	\$5,390,353
2016	\$5,480,196
2017	\$5,715,918

### 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.

Businesses with less than \$200 per month tax liability for six consecutive months are entitled to file quarterly returns rather than

## GENERAL SALES AND USE TAXES

monthly returns. Quarterly returns are due by the 20th day of the month following the end of each calendar quarter.

### Disposition of Revenue

The dealer collecting the tax at retail retains a vendor's commission of 3 percent of the first \$3,000 of the total amount of sales and use tax reported, and a commission of 1/2 of 1 percent of that portion exceeding \$3,000. The net revenues from the tax, after vendor compensation, are general fund revenues.

### Chronology of Significant Changes

- 1951 Sales tax was first enacted at a rate of 3 percent. Major exemptions in the original act included industrial materials that 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 an 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 percent was enacted.
- 1985 The authority for county governments to levy a 1 percent local option sales tax for roads, bridges and certain specified capital improvements was added.
- 1989 The state rate was increased to 4 percent.
- 1996 The authority for local school systems to levy a 1 percent 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 by October 1, 1998.
- 2002 Sales tax holidays were authorized; the holiday was subsequently reauthorized each year until 2011.
- 2004 Legislation authorizing adoption of the Interstate Streamlined Sales and Use Tax Agreement was enacted.

## GENERAL SALES AND USE TAXES

- 2004 Legislation was enacted providing for a 2 percent cap on local sales taxes with exceptions for certain levies for education, for MARTA, and for water or sewer capital outlay projects.
- 2005 State agencies were prohibited from entering into contracts for goods or services exceeding \$100,000 with a nongovernmental vendor who fails or refuses to collect Georgia sales tax on sales delivered into Georgia.
- 2010 Sales tax holidays were not authorized for 2011.
- 2010 Legislation was enacted to improve conformity with the Interstate Streamlined Sales and Use Tax Agreement, including removing the sales tax exemption for food from local sales taxes adopted after 1996.
- 2010 Legislation was enacted to allow a regional special tax district to levy a 1 percent local option sales tax for transportation infrastructure subject to voter approval through regional referenda.
- 2012 Sales tax holidays were reauthorized for 2012 and 2013. They were subsequently reauthorized for 2014-16.
- 2012 The sales tax on motor vehicles was eliminated effective March 1, 2012, and replaced with new title fee.
- 2012 Exemptions for energy used in manufacturing and agriculture were adopted. The manufacturing exemption was to be phased in over four years and fully effective beginning Jan. 1, 2016.
- 2015 An exemption for certain jet fuel purchases from state tax was repealed and an exemption for highway use motor fuel became effective July 1, 2015
- 2016 Exemptions were adopted for tickets to certain major sporting events, for purchases by certain local fire districts, and for purchases by qualified job training organizations.
- 2017 Exemptions were adopted for renovation/expansion of certain arts facilities, for tickets to certain arts performances and exhibits, for certain purchases for boat repairs, and within a qualified enterprise zone.

## GENERAL SALES AND USE TAXES

### Selected State Sales Tax Rates,<sup>1</sup> Jan. 1, 2017

STATE	RATE (IN PERCENT)	-----EXEMPTIONS-----	
		FOOD	PRESCRIPTION DRUGS
Alabama	4%	N	Y
Florida	6%	Y	Y
Georgia	4%	Y	Y
Kentucky	6%	Y	Y
Mississippi	7%	N	Y
N. Carolina	4.75%	Y	Y
S. Carolina	6%	Y	Y
Tennessee	7%	Y <sup>2</sup>	Y
Virginia <sup>3</sup>	4.3%	Y <sup>2</sup>	Y

Source: Federation of Tax Administrators, data available via the Internet

<sup>1</sup> Local sales taxes not included; <sup>2</sup> Partial state exemption; <sup>3</sup> Excludes statewide 1 percent tax levied by local governments

### Comparison of General Sales Tax Reliance, State and Local Governments, 2015

STATE	PER CAPITA REVENUE	PERCENT OF TOTAL TAX REVENUE
Alabama	\$939	29.9%
Florida	\$1,159	34.2%
Georgia	\$901	25.6%
Kentucky	\$738	19.5%
Mississippi	\$1,145	31.2%
N. Carolina	\$942	24.9%
S. Carolina	\$825	24.1%
Tennessee	\$1,331	40.7%
Virginia	\$610	13.7%
United States	\$1,147	23.5%

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

## Sections of the Official Code of Georgia Annotated

### Chapter 8 of Title 48

## LOCAL SALES AND USE TAXES

### Tax Base

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

### Major Exemptions

Generally, the same exemptions and exclusions apply to local sales taxes as apply to the state tax. One exception to that rule relates to the exemption for food purchased for off-premises, human consumption. This exemption is not provided with respect to local sales taxes.

Additional exemptions that apply to particular, but not all, local sales taxes are noted in the section for the particular tax. Likewise, any exceptions to the applicability of exemptions to a particular local sales tax are also noted.

### *Local Sales and Use Taxes Adopted by Type and Distribution of Total Rates by County*

TYPE	-----NUMBER OF COUNTIES-----		
	10/30/1995	1/1/2006	10/1/2017
Local Option	150	156	154
Special Purpose Option	123	151	155
Educational	0	149	158
Transportation	0	0	48
MARTA	2	2	4
Homestead	0	2	2
Other Local Option	1	1	3*
<hr/>			
Total Tax Rate (incl. State 4%)			
8%	0	0	46
7%	0	141	109
6%	120	18	3
5%	37	0	0
4%	2	0	0

Source: Georgia Department of Revenue, data available via the Internet

\*Includes city of Atlanta 1 percent Municipal Sales Tax (MOST) enacted in 2005

## **GENERAL SALES AND USE TAXES**

### **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.

## Local Option Sales Tax (LOST)

---

### Tax Rate

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

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$1,347,874
2014	\$1,317,665
2015	\$1,374,889
2016	\$1,377,602
2017	\$1,389,207

NOTE: Amounts reflect disbursements to local governments during the state fiscal year.

### Disposition of Revenue

Revenue collections, less 1 percent retained by the state treasury for administrative costs incurred, are distributed within the county from which they were collected to the county and municipalities according to agreed-upon distribution formulae.

### Chronology of Significant Changes

- 1975 The tax was authorized for counties and municipalities.
- 1979 The tax was reconstituted in this present form after the original statute was declared invalid.
- 1996 Local sales taxes adopted after Oct. 1, 1996 included an exemption for food purchased for off-premises human consumption.
- 2011 The exemption for food for local option sales taxes adopted after Oct. 1, 1996 was removed effective Jan. 1, 2011 as part of legislation to bring the state into compliance with the Interstate Streamlined Sales and Use Tax Agreement.



## **GENERAL SALES AND USE TAXES**

### **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

## Special Purpose Local Option Sales Tax (SPLOST)

---

### Tax Rate

1 percent rate. The tax is levied by county governing authorities after referendum approval but only for specified periods of time and only for specified purposes.

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$1,179,046
2014	\$1,126,532
2015	\$1,178,384
2016	\$1,182,578
2017	\$1,200,038

NOTE: Amounts reflect disbursements to local governments during the state fiscal year.

### Disposition of Revenue

Revenue collections, less 1 percent retained by the state treasury for administrative costs incurred, are distributed to the county governing authority levying the tax.

### Chronology of Significant Changes

- 1985 Authorization for the tax was enacted. Subsequent amendments have expanded the types of capital outlay projects that qualify the county to levy the tax.
- 2004 Provision was made for the revenue to be used by municipalities.

### Special Provisions

The tax may be levied only after referendum approval. At any time, only one 1 percent special purpose local option sales tax levy may be in existence in any county.

The tax is levied for a period of time, normally not to exceed five years. Under certain conditions, the maximum period can be longer.

## **GENERAL SALES AND USE TAXES**

The revenue may be used for transportation and certain other capital projects, and for the retirement of general obligation debt.

The county government may enter into an intergovernmental agreement with municipalities regarding the use of the revenue. If the county does not have such an agreement, then special provisions apply for the allocation of the revenue to the county and municipalities. These provisions provide that the county gets an initial allocation of the expected revenue. This allocation is to fund all specified county-wide capital projects falling under a list of project types specified in the law. If no such projects are proposed, then an allocation of up to 20 percent of the expected revenue can be reserved for other county-wide capital projects. The remainder of the revenue is then allocated between the county and the municipalities based on their share of the county population.

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.

### **Sections of the Official Code of Georgia Annotated**

Sections 110 through 121 of Chapter 8 of Title 48

## Sales Tax for Educational Purposes (ESPLOST)

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### Tax Rate

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

### Additional Exemptions or Exceptions

The state sales tax exemption for energy used in manufacturing under O.C.G.A. §48-8-3.2 does not apply to ESPLOST unless such manufacturing facility is designated a competitive project of regional significance under paragraph (93) of O.C.G.A. §48-8-3.

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$1,591,144
2014	\$1,559,540
2015	\$1,632,247
2016	\$1,654,794
2017	\$1,685,675

NOTE: Amounts reflect disbursements to local governments during the state fiscal year.

### Disposition of Revenue

Revenue collections, less 1 percent retained by the state treasury for administrative costs incurred, are distributed to the local boards of education levying the tax.

### Chronology of Significant Changes

1996 Authorization for the tax was 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 five years.

## **GENERAL SALES AND USE TAXES**

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

## Metropolitan Atlanta Rapid Transit Authority Tax (MARTA)

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### Tax Rate

Up to a 1 ½ percent rate. The tax is levied only in the area comprising the Metropolitan Atlanta Rapid Transit Authority (MARTA).

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$340,626
2014	\$345,746
2015	\$372,414
2016	\$410,359
2017	\$430,178

NOTE: Amounts reflect disbursements to local governments during the state fiscal year.

### Disposition of Revenue

Proceeds, less 1 percent of collections retained by the state treasury for administrative costs incurred, are distributed to MARTA for construction and operations.

### Chronology of Significant Changes

- 1965 Metropolitan Atlanta Rapid Transit Authority was created.
- 1971 A 1 percent sales tax was authorized.
- 1990 The 1 percent sales tax was extended to 2032.
- 2014 Clayton County voted to levy the tax effective March 1, 2015.
- 2015 Tax extended to 2057 at 1 percent and ½ percent thereafter
- 2016 City of Atlanta authorized to increase the rate by up to ½ percent; the increase was approved by voter referendum.

### Sections of the Official Code of Georgia Annotated

Georgia laws 1965, P. 2243, as amended

## Homestead Option Sales Tax (HOST)

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### Tax Rate

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

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$120,337
2014	\$119,131
2015	\$123,969
2016	\$124,227
2017	\$127,435

NOTE: Amounts reflect disbursements to local governments during the state fiscal year.

### Disposition of Revenue

Revenue collections, less 1 percent retained by the state treasury for administrative costs, distributed to the county governing authority levying tax. The county must utilize at least 80 percent of the proceeds to provide for a homestead exemption from county ad valorem tax. The balance may be used for capital outlay projects.

### Chronology of Significant Changes

1995 Authorization for the tax was enacted.

2011 The law was changed to apply tax to food purchased for off-premises human consumption to bring the state into compliance with the Interstate Streamlined Sales and Use Tax Agreement.

### Special Provisions

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

### Sections of the Official Code of Georgia Annotated

Sections 100 through 109 of Chapter 8 of Title 48

## Special District Transportation Sales and Use Tax (TSPLOST)

---

### Tax Rate

Up to 1 percent. The tax is levied by three of 12 special transportation districts representing regions of the state corresponding to the 12 regional commissions provided for in Code Section 50-8-4.

### Additional Exemptions or Exceptions

In addition to the exemptions applicable to other local sales and use taxes, the TSPLOST does not apply to the sale or use of fuel used for off-road heavy-duty, farm, or agricultural equipment, or locomotives; qualifying sale or use of jet fuel; and the sale or use of motor fuel for use in motor vehicles on the public highways or for public mass transit.

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$53,983
2014	\$134,318
2015	\$140,390
2016	\$142,579
2017	\$139,947

NOTE: Amounts reflect disbursements to local governments during the state fiscal year.

### Special Provisions

The tax may be levied only after referendum approval by voters in the special district within which the tax is to apply. Upon such approval, the tax is levied for a period of 10 years.

### Disposition of Revenue

Proceeds of the tax are distributed into a trust fund maintained by the State Financing and Investment Commission on behalf of the special district imposing the tax.



## **Chronology of Significant Changes**

- 2010 Enabling legislation was passed into law. TSPLOST was to be effective Jan. 1, 2013, subject to passage in each special district of an authorizing referendum.
- 2012 Referenda were held in each of the 12 special districts in July 2012 and passed in three of the 12 districts.
- 2015 The TSPLOST may be levied at a rate of less than 1 percent, in increments of 0.05 percent. At least 30 percent of TSPLOST revenue must be expended on projects included in the statewide strategic transportation plan as defined in paragraph (6) of subsection (a) of O.C.G.A. §32-2-22.

## **Sections of the Official Code of Georgia Annotated**

Sections 240 through 256 of Chapter 8 of Title 48

# ALCOHOLIC BEVERAGE TAXES (STATE AND LOCAL)

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## Tax Base

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

## State Tax Rates

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

## Local Tax Rates

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 percent 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 15½ gallons, with proportional rates for other sized containers.

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

## SELECTIVE SALES/EXCISE TAXES

### Major Exemptions

Malt beverages and wine with less than ½ of 1 percent alcohol by volume.

### State Revenue Production (in thousands)

FISCAL YEAR	MALT BEVERAGES	WINE	DIST. SPIRITS	STATE TOTAL
2013	\$85,626	\$35,852	\$59,307	\$180,786
2014	\$85,618	\$35,754	\$60,504	\$181,875
2015	\$87,350	\$37,022	\$60,001	\$184,374
2016	\$88,083	\$38,898	\$63,556	\$190,536
2017	\$88,530	\$39,935	\$64,973	\$193,438

### Local Revenue Production (in thousands)

FISCAL YEAR	LOCAL TOTAL
2012	\$130,263
2013	\$134,225
2014	\$134,573
2015	\$140,556

### Responsible for Administration

State Revenue Commissioner for the state excise tax, the county or municipal governing authority for the local option excise tax

### Who Remits Tax

Distributors of alcoholic beverages

### Payment Dates

State sales and excise tax reports must be filed, and remittances made, by the 15th day of the calendar month following the month of sale by the distributor. Local reporting and payment provisions are established by local government levying the tax.

### Sections of the Official Code of Georgia Annotated

Chapters 4, 5, and 6 of Title 3

## CONSUMER FIREWORKS TAX

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### Tax Base

Excise tax on the retail sale of consumer fireworks

### Tax Rate

5 percent of gross receipts

### Major Exemptions

None

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2016	\$928
2017	\$1,240

### Responsible for Administration

State Revenue Commissioner

### Who Remits Tax

Retail vendors

### Payment Dates

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

### Disposition of Revenue

The net revenues from the tax, after vendor compensation on the same basis as the state sales and use tax, are general fund revenues.

### Chronology of Significant Changes

2015 The tax was enacted effective July 1, 2015.

### Sections of the Official Code of Georgia Annotated

Article 7 of Chapter 13 of Title 48

## STATE HOTEL-MOTEL TAX

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### Tax Base

Excise tax on the rental or lease of a hotel or motel room

### Tax Rate

\$5.00 per room per calendar day rented or leased

### Major Exemptions

Rental of rooms in an establishment with fewer than five hotel rooms under common ownership.

Extended stay rentals of more than 30 consecutive days, for the 31st and subsequent days.

Federal government and foreign diplomats.

Student housing and special care facilities.

Complimentary accommodations.

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2016	\$150,672
2017	\$171,920

### Special Provisions

If amounts collected from this tax are ever not appropriated exclusively for transportation purposes, the amount of the tax will be reduced by 50 percent after the first fiscal year of such non-appropriation and will be repealed after the second fiscal year of non-appropriation.

### Responsible for Administration

State Revenue Commissioner

### Who Remits Tax

The entity providing the lodging remits the tax, net of vendor compensation on the same basis as the state sales and use tax.

## **Payment Dates**

Reporting and payment by the 20th day of the month following the month of collection.

## **Disposition of Revenue**

It is the intention of the General Assembly, subject to appropriations, that net collections shall be made available and used exclusively for transportation purposes in this state.

## **Chronology of Significant Changes**

2015 The tax was enacted effective July 1, 2015.

## **Sections of the Official Code of Georgia Annotated**

Section 50.3 of Article 3 of Chapter 13 of Title 48

## LOCAL HOTEL-MOTEL TAXES

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### 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 percent; however, counties and municipalities may exceed this rate in varying amounts when the rate above 3 percent is used for certain specified purposes generally related to tourism and trade show purposes. As of Aug. 1, 2014, 262 local jurisdictions levied a hotel-motel tax, with rates ranging from 3 percent to 8 percent.

### Revenue Production

Reported tax collections in FY 2012, the latest year available, totaled approximately \$249.9 million.

### 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 the local government levying the tax.

## Disposition of Revenue

The stated intent of the 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 percent maximum rate are subject to specific additional restrictions concerning the expenditure of at least a part of the proceeds of the tax.

Local governments imposing the tax are required to file a Hotel/Motel Tax Report annually with the Georgia Department of Community Affairs detailing the amount of revenue collected and the amounts expended for various purposes.

## Chronology of Significant Changes

1975 Authorization for levying the tax was 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



## INSURANCE PREMIUM TAX (STATE AND LOCAL)

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### Tax Base

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

### Tax Rate

State tax is levied at 2¼ percent of gross direct premiums. This rate is reduced to 1¼ percent for companies having at least 25 percent of total assets, as defined, located in Georgia. The rate is reduced to ½ of 1 percent for companies with at least 75 percent of their assets in Georgia.

A county tax on life insurance companies at a rate of 1 percent of gross direct premiums is imposed by state law; municipalities are authorized to impose rates up to 1 percent. Counties and municipalities are authorized to levy rates up to 2½ percent on other than life insurance companies.

### Major Exemptions

Premiums for high deductible health plans are exempt from the state tax and, until Jan. 1, 2015, were also exempt from the local tax, at which time the local exemption expired.

### Revenue Production (in thousands)

FISCAL YEAR	LOCAL	STATE
2013	\$452,990	\$325,601
2014	\$470,056	\$372,122
2015	\$494,617	\$419,653
2016	\$529,499	\$428,700
2017	\$568,075	\$480,154

### Responsible for Administration

Office of the Commissioner of Insurance

## **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, Sept. 20 and Dec. 20.

## **Disposition of Revenue**

State tax is remitted to the general fund. Local taxes are collected by the Commissioner of Insurance and remitted to local governments.

County governments are required to segregate insurance premium tax revenues received from other county funds, to be utilized solely for certain specified services to unincorporated areas of the county or, to the extent not used for such purposes, to reduce the property tax levy in unincorporated areas of the county.

## **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 26.3 cents per gallon of motor fuels other than diesel fuel and at a rate 29.4 cents per gallon of diesel fuel as of Jan. 1, 2017. Beginning July 1, 2016, excise tax rates are adjusted annually by the percentage increase or decrease in i) the Consumer Price Index (CPI) and ii) the average fuel economy of new vehicles registered in the state in the previous year, relative to the year before, with the adjustment taking effect Jan. 1 of the following year. CPI adjustments cease after July 1, 2018.

### Major Exemptions

Bulk sales to a duly licensed distributor or for export from Georgia

Sales to the U.S. government

Sales of compressed petroleum gas or special fuel to consumers who have no highway use of the fuel and do not resell the fuel

Sales directly to ultimate consumers for heating purposes only

Sales of aviation gasoline to a duly licensed aviation gasoline dealer, except for 1 cent per gallon of the tax

### Revenue Production (in thousands)

FISCAL YEAR	MOTOR FUEL EXCISE AND MOTOR CARRIER MILEAGE TAX	3% PREPAID STATE SALES TAX
2013	\$453,439	\$547,187
2014	\$437,638	\$568,856
2015	\$461,582	\$564,237
2016	\$1,604,962	\$50,066
2017	\$1,740,507	\$456

## Responsible for Administration

State Revenue Commissioner

## Who Remits Tax

Dealers who distribute motor fuels in Georgia

## Payment Dates

Distributors remit the motor fuel tax by the 20th day of the month following the month of activity. Distributors with minimal activity may be permitted to report and remit quarterly or annually.

## Disposition of Revenue

Revenue generated is allocated by the state 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.
- 1952 Constitution amended again to reinstate earmarking of the motor fuel tax for highway purposes and require 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 7½ cents per gallon.
- 1989 The 3 percentage point portion of the state sales tax levied on the sale of motor fuels was converted to the “second motor fuel tax” and was earmarked for highway purposes.
- 2015 The excise tax rate was increased from 7½ cents per gallon to 26 cents (29 cents for diesel) to be adjusted annually; the second motor fuel tax and sales tax on motor fuels was repealed; local sales taxes were limited when the fuel price exceeds \$3.00 per gallon.

## SELECTIVE SALES/EXCISE TAXES

### *Selected Gasoline Tax Rates,<sup>1</sup> Nov. 1, 2017*

STATE	RATE (CENTS PER GALLON)
Alabama	20.91
Florida	40.80
Georgia	31.09
Kentucky	26.00
Mississippi	18.79
N. Carolina	34.55
S. Carolina	18.75
Tennessee	25.40
Virginia	22.40

Source: American Petroleum Institute

<sup>1</sup> Includes local taxes, if applicable

### *Comparison of Motor Fuel Tax Reliance State and Local Governments, 2015*

STATE	PER CAPITA REVENUE	PERCENT OF TOTAL TAX REVENUE
Alabama	\$131	4.2%
Florida	\$156	4.6%
Georgia	\$101	2.9%
Kentucky	\$192	5.1%
Mississippi	\$145	4.0%
N. Carolina	\$192	5.1%
S. Carolina	\$112	3.3%
Tennessee	\$130	4.0%
Virginia	\$98	2.2%
United States	\$137	2.8%

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

## **Sections of the Official Code of Georgia Annotated**

### Chapter 9 of Title 48

# MOTOR VEHICLE TITLE AD VALOREM TAX (TAVT)

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## Tax Base

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

## Tax Rate

Combined state and local tax rates of 6.5 percent for 2013, 6.75 percent for 2014, and 7 percent for 2015. After 2015, the rate is variable and can go as high as 9 percent, but only if addition revenue is required to meet local government revenue targets as defined by the law.

## Major Exemptions

Exemptions include vehicle titles issued to disabled veterans, to correct or replace an existing title, to record liens, to a dealer for resale or when the vehicle is used for a limited time as a loaner vehicle. Reduced TAVT rates are available for transfers between related family members, rental vehicles, vehicles manufactured between 1963 and 1985, salvage vehicles and donated vehicles.

## Revenue Production (in thousands)

FISCAL YEAR	LOCAL	STATE	TOTAL
2013	\$160,908	\$206,511	\$367,419
2014	\$611,234	\$758,219	\$1,369,453
2015	\$702,037	\$845,813	\$1,547,850
2016	\$740,507	\$962,769	\$1,703,276
2017	\$761,080	\$999,970	\$1,761,050

Source: Fiscal Research Center estimates

## SELECTIVE SALES/EXCISE TAXES

### Responsible for Administration

Collected by the county tax offices and then remitted to the state, less a 1 percent administration fee.

### Who Remits Tax

Owners or dealers of motor vehicles

### Payment Dates

Payment of the TAVT is to be made at the time of, and along with, the application for title. Vehicles registered by individuals relocating to Georgia are allowed to pay the TAVT over a 12-month period in two equal installments.

### Disposition of Revenue

Taxes collected, net of the 1 percent administration fee, are split between the state government and the local government where the vehicle is registered according to the following percentages (shares are subject to adjustment based on collections beginning in 2016):

TAX YEAR	LOCAL	STATE
2013	43%	57%
2014	45%	55%
2015	45%	55%
2016	46.5%	53.5%
2017	56%	44%
2018	60%	40%
2019	64%	36%
2020	66%	34%
2021	70%	30%
After 2021	72%	28%

### Chronology of Significant Changes

2012 The TAVT was passed into law, effective March 1, 2013, to replace the state and local sales taxes then applicable to dealer sales as well as the annual ad valorem property tax on motor vehicles. Vehicles purchased between Dec. 1, 2012 and Feb. 28, 2013 are able, for a limited time, to opt-in to the TAVT system.

## SELECTIVE SALES/EXCISE TAXES

- 2013 The opt-in period for existing vehicle owners was extended to Feb. 28, 2014. Fair market value of new vehicles was clarified. The use tax on leased vehicles was eliminated. The definition of qualified rental vehicle was clarified, and the TAVT rate on such vehicles was reduced to 1.25 percent, split evenly between the state and local governments. Seller financed transactions for “Buy Here, Pay Here” dealers became eligible for a reduced tax rate of 2.5 percentage points less than the ordinary TAVT rate.
- 2017 Taxation of leased vehicles was revised; TATV is to be calculated on the sum of lease payments over the term rather than on fair market value.

### **Sections of the Official Code of Georgia Annotated**

Section I of Chapter 5C of Title 48



## TOBACCO PRODUCT TAX

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### 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 37 cents per pack of 20 cigarettes and a pro rata rate for other sized packages.

Little cigars, weighing not more than three pounds per are taxed at a rate of 2.5 mills each (\$2.50 per 1,000).

All other cigars are taxed at 23 percent of the wholesale cost price, exclusive of any trade, cash, other discounts, or any promotion, advertising, display or other similar allowances.

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$211,618
2014	\$216,640
2015	\$215,055
2016	\$219,870
2017	\$220,774

### 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. The distributor purchases tax stamps from the commissioner and affixes them to tobacco products distributed.

### Payment Dates

Product stamps are prepaid as needed.

## Chronology of Significant Changes

2003 Tax rates were increased, and smokeless tobacco was added to the tax base.

### *Selected State Cigarette Tax Rates, Jan. 1, 2017*

STATE	RATE (CENTS PER PACK)
Alabama	67.5 <sup>1</sup>
Florida	133.9 <sup>2</sup>
Georgia	37.0
Kentucky	60.0
Mississippi	68.0
N. Carolina	45.0
S. Carolina	57.0
Tennessee	62.0 <sup>1,3</sup>
Virginia	30.0 <sup>1</sup>

Source: Federation of Tax Administrators, data available via the Internet

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

<sup>2</sup> Includes a surcharge of \$1 per pack

<sup>3</sup> Does not include dealer fees

## Sections of the Official Code of Georgia Annotated

Chapter 11 of Title 48

## TANGIBLE REAL AND PERSONAL PROPERTY TAXES (STATE & LOCAL)

*NOTE: The state tax on real and personal property was phased out over the five-year period beginning 2012. After Dec. 31, 2015, only local property taxes apply.*

### Tax Base

Taxable value (assessed value) of tangible property is 40 percent 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 (county-wide 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 was uniform at  $\frac{1}{4}$  of 1 mill (0.00025), but was phased out by 2016.

Local county 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.

### Revenue Production (in thousands)

FISCAL YEAR	LOCAL	STATE	TOTAL
2011	\$10,272,434	\$76,704	\$10,349,138
2012	\$10,291,396	\$68,951	\$10,360,347
2013	\$10,038,994	\$53,492	\$10,092,486
2014	\$10,191,876	\$38,857	\$10,230,733
2015	\$10,627,232	\$26,799	\$10,654,031

Sources: U.S. Census Bureau, Government Finance Statistics, and Georgia State Accounting Office

## Major Exemptions

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

Place of worship and religious burial

Institutions of purely public charity. Income can be derived from the property so long as the income is used exclusively for the charity's operation.

Property of nonprofit hospitals used in connection with their operation when the hospital has no stockholders, and no income or profit is distributed to benefit 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 that 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 a 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 that 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. Additional exemptions are provided for disabled homeowners, and for non-remarried spouses

## PROPERTY TAXES

of peace officers or firefighters killed in the line of duty, and surviving spouses of disabled veterans. 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 that 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 local governments have provided for homestead exemption amounts that exceed the general exemptions outlined here.

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 are exempt up to \$7,500 in fair market value.

Farm tractors, combines and other farm equipment (excepting motor vehicles) that are owned by or held under a lease purchase agreement and directly used in the production of agricultural products by family-owned qualified farms are exempt.

Motor vehicles purchased after Feb. 28, 2013, will no longer be subject to state or local property taxes.

### 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 not previously reported. Once the initial return is filed, the taxpayer is deemed to have returned the same property at the same value as was finally determined for the preceding year if the taxpayer 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 that began the preceding Jan. 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 Dec. 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.

### **Disposition of Revenue**

The tax is collected locally and revenue is utilized by the local government that 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 The tax equalization statute was enacted, providing for uniform assessments in all counties.
- 1937 Intangible property became a separate class of property for tax purposes. The homestead exemption of \$2,000 was instituted.
- 1965 The State Revenue Commissioner was required by a court decision to exercise his authority and responsibility to ensure that assessments for all counties were equalized.
- 1968 The current assessment level of 40 percent of fair market value was established by statute.
- 1972 Counties required to employ a minimum number of staff appraisers depending upon the number of parcels of real property in the county; state salary grant fund created to assist counties in meeting requirement. Initial and continuous training for local assessor and appraisers was funded and required.

## PROPERTY TAXES

- 1972 County boards of equalization were created to hear and adjudicate property tax assessment appeals. Minimum training requirements were established.
- 1972 State board of equalization created to hear and adjudicate property tax appeals of railroad and utility companies who return property to the State Revenue Commissioner.
- 1983 Preferential assessment at 30 percent of fair market value rather than 40 percent was authorized for certain agricultural properties under a 10-year covenant to maintain the property in its qualified use.
- 1988 The State Revenue Commissioner's authority and responsibility to examine local tax digests for equalization purposes was broadened to include responsibility for measuring the 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, was 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.
- 1999 The Homeowners Tax Relief Grant (HTRG) legislation passed to provide property tax relief in the form of a homestead exemption for state, county and school district property taxes. Counties and school districts are reimbursed by the state for the reduction in assessed value through the annual appropriations bill.
- 2000 The Comprehensive Taxpayer Bill of Rights legislation was enacted, providing for increased notice through advertisement and public hearings when local governments levy ad valorem tax rates that result in significantly increased revenue from the preceding year.

- 2000 The “fair market value” standard of valuation for property tax purposes was changed as it relates to the valuation of motor vehicles. Beginning Jan. 1, 2002, the valuation of motor vehicles for property tax purposes shall be based on wholesale value.
- 2002 The HTRG was extended to city property taxes.
- 2005 Property tax executions are to be issued against owners of record on the date that the taxes became delinquent.
- 2008 A new class of property — forest land conservation value property — was created. This property is taxed at its current use value if the owner signs a 15-year covenant to maintain the property in its current use. The state is required by the constitution to reimburse the local government of a portion of the lost tax revenue due to this provision, where the portion depends upon the magnitude of the lost revenue.
- 2009 The assessed values for all classes of property were frozen for 2009 and 2010.
- 2009 Tax assessors are required to consider foreclosures and sales of bank-owned properties acquired through foreclosures in determining fair market value.
- 2009 The FY 2010 appropriations bill ended the state reimbursement to local governments for the HTRG.
- 2010 A five-year phase out of the state quarter mill was approved to start in 2012.
- 2010 Comprehensive changes to the property tax code were made, including property value notification requirements, a new appeals process, and changes to valuation procedures.
- 2012 State and local property taxes on motor vehicles purchased after Feb. 28, 2013 were eliminated and replaced with a new title ad valorem tax.



## PROPERTY TAXES

### *Comparison of Property Tax Reliance, State and Local Governments, 2015*

STATE	PER CAPITA REVENUE	PERCENT OF TOTAL TAX REVENUE
Alabama	\$540	17.2%
Florida	\$1,212	35.7%
Georgia	\$1,127	32.0%
Kentucky	\$781	20.7%
Mississippi	\$973	26.5%
N. Carolina	\$953	25.1%
S. Carolina	\$1,130	33.0%
Tennessee	\$863	26.4%
Virginia	\$1,523	34.1%
United States	\$1,521	31.1%

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

### *Distribution of Georgia County Millage Rates (Selected years)*

RATE	-----NUMBER OF COUNTIES-----				
	1994	2004	2013	2015	2017
<17.5 Mills	14	3	4	2	3
17.5-20.0	13	13	2	6	5
20.0-22.5	27	20	19	3	2
22.5-25.0	32	31	19	20	19
25.0-27.5	32	23	32	27	22
27.5-30.0	15	26	38	37	36
30.0-32.5	8	23	23	32	38
32.5-35.0	7	10	18	18	18
35.0-40.0	8	7	11	10	11
>40 Mills	3	3	3	4	4

Source: Georgia Department of Revenue

NOTE: Rates include county school and county unincorporated area maintenance and operation, and bond millages plus special district millages.

## **Sections of the Official Code of Georgia Annotated**

Chapter 5 of Title 48

# STANDING TIMBER AD VALOREM TAX

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## Tax Base

The value of standing timber at the 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)

Not available; included as part of property tax revenue

## 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. The seller remits the tax to the 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 Harvest: 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. (The purchaser must remit the tax not later than five days after receipt from the seller.)

Unit Price Sales: Reports are filed within 45 days after the end of the calendar quarter during which the timber is harvested.

## **PROPERTY TAXES**

Quarterly tax bills are issued by the tax commissioner, and the 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 the tax is payable within 30 days of receipt of the bill.

### **Disposition of Revenue**

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

### **Chronology of Significant Changes**

1991 After a change in the Georgia 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

## CORPORATE NET WORTH TAX

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### Tax Base

The tax is imposed on the net worth of the corporation. Net worth of foreign corporations subject to 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 \$125 for corporations having \$100,000-150,000 in taxable net worth to a tax of \$5,000 for corporations with a taxable net worth of more than \$22 million.

### Major Exemptions

Corporations with taxable net worth not exceeding \$100,000

Corporations not organized for pecuniary gain or profit

Insurance companies, which are separately taxed

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$46,304
2014	\$40,002
2015	\$46,462
2016	\$44,325
2017	\$45,106

### Responsible for Administration

State Revenue Commissioner

### Who Remits Tax

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

## **OTHER TAXES**

### **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.

### **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.
- 2017 Corporations with a net worth of \$100,000 or less were exempted from the tax.

### **Sections of the Official Code of Georgia Annotated**

Chapter 13 of Title 48, especially Code Sections 48-13-70 through 48-13-79

## ESTATE TAX

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NOTE: PERMANENTLY REPEALED, EFFECTIVE JULY 1, 2014

### 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, prior to repeal, was equal to amounts allowable as a credit for state death taxes under the federal Internal Revenue Code. Federal credit was phased out beginning in 2002.

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE*
2013	(\$15,352)
2014	\$0
2015	\$0
2016	(\$414)
2017	\$0

\* Reported revenues are related to settlements of estates of pre-2005 decedents.

### Responsible for Administration

State Revenue Commissioner

### Chronology of Significant Changes

- 1926 The estate tax was designed to “piggy-back” on federal returns and was levied as an amount equal to the state tax credit allowed for federal tax purposes.
- 2005 Law amended to state that Georgia tax shall not apply to any estate with a date of death occurring in a year the U.S. Internal Revenue Code does not allow a state tax credit.
- 2014 The estate tax was permanently repealed.

### Sections of the Official Code of Georgia Annotated

Chapter 12 of Title 48

## FINANCIAL INSTITUTIONS BUSINESS OCCUPATION TAX

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### Tax Base

Adjusted gross receipts of the institution

### Tax Rate

State tax is levied at a rate of 0.25 percent.

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

### Major Exclusions

Amount equal to the interest paid on liabilities

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

Amount equal to the gross income taxed by another state

Amount equal to the income derived from a domestic international banking facility

### Revenue Production (in thousands)

FISCAL YEAR	REVENUE
2013	\$18,627
2014	\$18,972
2015	\$16,862
2016	\$23,425
2017	\$23,856

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## Responsible for Administration

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

## 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 years.

## Disposition of Revenue

The general funds of state and local governments

## 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 a 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



## REAL ESTATE TRANSFER TAX

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### 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

Not available

### Responsible for Administration

Clerks of Superior Court collect the tax as a prerequisite to the filing of the warranty deed transferring the property. Now, the tax is retained by the clerks and remitted to the local government entities within the county according to the millage rates levied by each such local government entity.

### 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 government 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

## RECORDING, DOCUMENTARY TAX

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### Tax Base

Real estate security deeds securing long-term notes (more than three years)

### Tax Rate

\$1.50 for each \$500 or fraction of the face amount of the note secured by the real estate. The maximum amount of tax due and payable with respect to any single instrument is \$25,000.

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

### Responsible for Administration

County tax commissioners collect the tax as a prerequisite to the filing of the security deed. (In counties with populations of 50,000 or more, 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

### Payment Dates

The 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 The maximum amount of tax was 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

### About the Fiscal Research Center

Established in 1995, the Fiscal Research Center (FRC) provides nonpartisan research, technical assistance and education in the evaluation and design of state tax and economic policy. FRC's responsibilities include developing estimates for tax-related fiscal notes, writing the Georgia State Tax Expenditure Budget, supporting the state's economist, and conducting policy and academic research on a variety of topics associated with state tax policy issues. For more information on the Fiscal Research Center or to request additional copies of this publication, call 404-413-0249 or visit our website at [frc.gsu.edu](http://frc.gsu.edu).

### About the Editor

Robert Buschman is a Senior Research Associate with the Fiscal Research Center. He is the Center's key contact for fiscal notes. His research interests include corporate and personal taxation, public expenditures, macroeconomic policy, history of economic thought, and economic history. Prior to joining the Andrew Young School, Bob worked for several years in corporate banking and corporate financial management. Bob holds a BA in Economics from Duke University, an MBA in Finance from the Goizueta Business School at Emory University, and a MA and PhD in Economics from the Andrew Young School of Policy Studies at Georgia State University.

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