

The Senate Committee on Finance offered the following substitute  
to HB 342:

A BILL TO BE ENTITLED  
AN ACT

To amend Chapter 88 of Title 36 of the Official Code of Georgia Annotated, relating to enterprise zones, so as to provide that certain urban redevelopment zones may be designated as enterprise zones; to provide for certain tax exemptions in such enterprise zones; to provide for issuance of revenue bonds; to provide for procedures, conditions, and limitations; to provide for related matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

Chapter 88 of Title 36 of the Official Code of Georgia Annotated, relating to enterprise zones, is amended by adding a new paragraph to Code Section 36-88-3, relating to definitions relative to enterprise zones, as follows:

“(8.1) 'Sales and use tax' means sales and use taxes applicable to sales transactions within the boundaries of an area designated as an enterprise zone pursuant to subsection (g) of Code Section 36-88-6, not to include:

(A) A sales and use tax for educational purposes exempted from such limitation under Article VIII, Section VI, Paragraph IV of the Constitution;

(B) Any tax levied for purposes of a metropolitan area system of public transportation, as authorized by the amendment to the Constitution set out at Georgia Laws, 1964, page 1008; the continuation of such amendment under Article XI, Section I, Paragraph IV(d) of the Constitution; and the laws enacted pursuant to such constitutional amendment; or

(C) Any tax levied for purposes of water and sewer projects pursuant to Article 4 or 5A of Chapter 8 of Title 48.”

**SECTION 2.**

Said chapter is further amended by revising subsection (a) of Code Section 36-88-4, relating to available incentives, qualifying businesses, and exemptions, as follows:

"(a) The following incentives are available to qualifying business and service enterprises to encourage revitalization within enterprise zones:

(1) The enterprise zone property tax exemption provided in Code Section 36-88-8; ~~and~~

(2) The occupational tax, regulatory fee, and business inspection fee abatement or reduction provided in Code Section 36-88-9; and

(3) For enterprise zones created pursuant to subsection (g) of Code Section 36-88-6, the sales and use tax exemption provided in such subsection pursuant to the authority granted by Article IX, Section II, Paragraph VII(c) of the Constitution of Georgia."

**SECTION 3.**

Said chapter is further amended by revising subsection (a) and adding a new subsection to Code Section 36-88-6, relating to criteria for enterprise zone, as follows:

"(a) In order to be designated as an enterprise zone, a nominated area shall meet at least three of the five criteria specified in subsections (b), (c), (d), (e), and (f), or the criteria specified in subsection (g) of this Code section. In determining whether an area suffers from poverty, unemployment, or general distress, the governing body shall use data from the most current United States decennial census and from other information published by the United States Bureau of the Census, the Federal Bureau of Labor Statistics, and the Georgia Department of Labor. In determining whether an area suffers from underdevelopment, the governing body shall use the data specified in subsection (e) of this Code section. The data shall be comparable in point or period of time and methodology employed."

"(g)(1) A nominated area under this subsection shall:

(A) Be included in an urban redevelopment area as defined by paragraph (23) of Code Section 36-61-2; and

(B) Contain within its borders the site for a redevelopment project having a minimum of \$400 million in capital investment for the redevelopment of an area certified by the commissioner to have been chronically underdeveloped for a period of 20 years or more.

(2) Any nominated area meeting the criteria in paragraph (1) of this subsection may be designated as an enterprise zone. Any redevelopment project used to qualify an area for designation as an enterprise zone under this subsection shall, upon approval of such designation, qualify for an exemption of any sales and use tax levied within the boundaries of such project.

(3) Any variation in the sales price of goods and services within any redevelopment project used to qualify an area for designation as an enterprise zone under this subsection attributable to lease arrangements between a retailer and the owner of the project shall be a permitted practice under Parts 1 and 2 of Article 15 of Chapter 1 of Title 10.

(4) By resolution or ordinance, the local governing body designating and creating an enterprise zone under this subsection may assess and collect annual enterprise zone infrastructure fees from each retailer operating within the boundaries of the project in an amount not to exceed, in aggregate, the amount of sales and use tax on transactions of such retailer exempted under paragraph (2) of this subsection, which fees may be pledged by such local governing body, directly or indirectly, as security for revenue bonds issued for development or infrastructure within the enterprise zone.

(5) This subsection shall not apply to projects involving or related to casino gambling."

#### SECTION 4.

Said chapter is further amended by revising paragraph (1) of subsection (a) of Code Section 36-88-8, relating to tax exemptions for enterprise zones, as follows:

"(a)(1) The governing body of a local government or governments creating an enterprise zone other than an enterprise zone under subsection (g) of Code Section 36-88-6, shall include in the creating ordinance a provision to exempt qualifying business and service enterprises from state, county, and municipal ad valorem taxes that would otherwise be levied on the qualifying business and service enterprises not to exceed the following schedule:

- (A) One hundred percent of the property taxes shall be exempt for the first five years;
- (B) Eighty percent of the property taxes shall be exempt for the next two years;
- (C) Sixty percent of the property taxes shall be exempt for the next year;
- (D) Forty percent of the property taxes shall be exempt for the next year; and
- (E) Twenty percent of the property taxes shall be exempt for the ~~last~~ tenth year."

#### SECTION 5.

Said chapter is further amended by revising Code Section 36-88-10, relating to time limitations on enterprise zone, as follows:

"36-88-10.

An area designated as an enterprise zone shall remain in existence for ten years from the first day of the calendar year immediately following its designation as an enterprise zone; provided, however, that an area designated as an enterprise zone under subsection (g) of Code Section 36-88-6 shall remain in existence for 30 years from such day or until the redevelopment project required in subparagraph (g)(1)(B) of Code Section 36-88-6 is

complete and any revenue bonds issued under paragraph (4) of subsection (g) of Code Section 36-88-6 are retired, whichever first occurs. Municipal and county governments may enter into agreements with qualifying business or service enterprises in designated enterprise zones to provide for modification or termination of the tax and fee exemptions and abatements. Property tax incentives available to a qualified business or service enterprise in an enterprise zone shall remain in effect for the full ten-year period established by Code Section 36-88-8, regardless of the termination of the designation of the enterprise zone."

#### **SECTION 6.**

This Act shall become effective on July 1, 2017.

#### **SECTION 7.**

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