

House Bill 342 (AS PASSED HOUSE AND SENATE)

By: Representatives Efstoration of the 104<sup>th</sup>, Powell of the 171<sup>st</sup>, Rhodes of the 120<sup>th</sup>, and Rogers of the 10<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

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

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

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

11 "(8.1) 'Sales and use tax' means sales and use taxes applicable to sales transactions within  
12 the boundaries of an area designated as an enterprise zone pursuant to subsection (g) of  
13 Code Section 36-88-6, not to include:

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

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

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

23 **SECTION 2.**

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

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

- 28 (1) The enterprise zone property tax exemption provided in Code Section 36-88-8; and  
29 (2) The occupational tax, regulatory fee, and business inspection fee abatement or  
30 reduction provided in Code Section 36-88-9; and  
31 (3) For enterprise zones created pursuant to subsection (g) of Code Section 36-88-6, the  
32 sales and use tax exemption provided in such subsection pursuant to the authority granted  
33 by Article IX, Section II, Paragraph VII(c) of the Constitution of Georgia."

34 **SECTION 3.**

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

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

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

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

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

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

59 (3) Any variation in the sales price of goods and services within any redevelopment  
60 project used to qualify an area for designation as an enterprise zone under this subsection

61 attributable to lease arrangements between a retailer and the owner of the project shall be  
 62 a permitted practice under Parts 1 and 2 of Article 15 of Chapter 1 of Title 10.  
 63 (4) By resolution or ordinance, the local governing body designating and creating an  
 64 enterprise zone under this subsection may assess and collect annual enterprise zone  
 65 infrastructure fees from each retailer operating within the boundaries of the project in an  
 66 amount not to exceed, in aggregate, the amount of sales and use tax on transactions of  
 67 such retailer exempted under paragraph (2) of this subsection, which fees may be pledged  
 68 by such local governing body, directly or indirectly, as security for revenue bonds issued  
 69 for development or infrastructure within the enterprise zone.  
 70 (5) This subsection shall not apply to projects involving or related to casino gambling."

71 **SECTION 4.**

72 Said chapter is further amended by revising paragraph (1) of subsection (a) of Code Section  
 73 36-88-8, relating to tax exemptions for enterprise zones, as follows:

74 "(a)(1) The governing body of a local government or governments creating an enterprise  
 75 zone other than an enterprise zone under subsection (g) of Code Section 36-88-6, shall  
 76 include in the creating ordinance a provision to exempt qualifying business and service  
 77 enterprises from state, county, and municipal ad valorem taxes that would otherwise be  
 78 levied on the qualifying business and service enterprises not to exceed the following  
 79 schedule:  
 80 (A) One hundred percent of the property taxes shall be exempt for the first five years;  
 81 (B) Eighty percent of the property taxes shall be exempt for the next two years;  
 82 (C) Sixty percent of the property taxes shall be exempt for the next year;  
 83 (D) Forty percent of the property taxes shall be exempt for the next year; and  
 84 (E) Twenty percent of the property taxes shall be exempt for the ~~last~~ tenth year."

85 **SECTION 5.**

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

88 "36-88-10.

89 An area designated as an enterprise zone shall remain in existence for ten years from the  
 90 first day of the calendar year immediately following its designation as an enterprise zone;  
 91 provided, however, that an area designated as an enterprise zone under subsection (g) of  
 92 Code Section 36-88-6 shall remain in existence for 30 years from such day or until the  
 93 redevelopment project required in subparagraph (g)(1)(B) of Code Section 36-88-6 is  
 94 complete and any revenue bonds issued under paragraph (4) of subsection (g) of Code  
 95 Section 36-88-6 are retired, whichever first occurs. Municipal and county governments

96 may enter into agreements with qualifying business or service enterprises in designated  
97 enterprise zones to provide for modification or termination of the tax and fee exemptions  
98 and abatements. Property tax incentives available to a qualified business or service  
99 enterprise in an enterprise zone shall remain in effect for the full ten-year period  
100 established by Code Section 36-88-8, regardless of the termination of the designation of  
101 the enterprise zone."

102 **SECTION 6.**

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