



# GEORGIA STATE SENATE SENATE RESEARCH OFFICE

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## THE FINAL REPORT OF THE SENATE STUDY COMMITTEE ON SPECIAL TAX EXEMPTION

### COMMITTEE MEMBERS

**Senator John Albers – Chair**  
District 56

**Senator Chuck Hufstetler**  
District 52

**Senator Jack Hill**  
District 4

**Senator Ellis Black**  
District 8

**Senator William Ligon**  
District 3

**Senator Mike Dugan**  
District 30

## COMMITTEE FOCUS, CREATION, AND DUTIES

The Senate Study Committee on Special Tax Exemption was created by Senate Resolution 222 to examine the costs and benefits of the State's income and sales tax exemptions, and make recommendations as deemed appropriate.

Senator John Albers of the 56<sup>th</sup> chaired the Committee. The other members included Senator Chuck Hufstetler of the 52<sup>nd</sup>, Senator Jack Hill of the 4<sup>th</sup>, Senator Ellis Black of the 8<sup>th</sup>, Senator William Ligon of the 3<sup>rd</sup>, and Senator Mike Dugan of the 30<sup>th</sup>.

The Committee held five meetings in total. The first meeting was held on July 18, 2017, at the State Capitol, where the Committee heard official testimony from the following: Commissioner Lynn Riley from the Department of Revenue, Chaaron Pearson from the Pew Charitable Trusts, and Dr. Laura Wheeler from the Fiscal Research Center at Georgia State University. This meeting included a discussion over the State's income tax credits, and a presentation from Ms. Pearson regarding tax incentive evaluation plans.

The second meeting was held on August 22, 2017, at the Library Technology Center at the University of North Georgia, where the Committee heard official testimony from the following: Josh Goodman from the Pew Charitable Trusts, Dr. Laura Wheeler from the Fiscal Research Center, and Dr. Robert Buschman from the Fiscal Research Center. This meeting included a review of the income tax credit evaluation schedule created by the Committee, a presentation from Mr. Goodman on how to create a tax incentive evaluation plan and a "sunrise process" for tax incentives, and an overview of the template to be used for reporting the results for tax incentive evaluations.

The third meeting was held on September 29, 2017, at the Westin Hotel in Savannah, Georgia, where the Committee heard official testimony from the following: Tom Cunningham from the Metro Atlanta Chamber, Christian Sottile from the American Institute of Architects and National Council of Architectural Registration Boards, and Lee Hughes from the Hughes Public Affairs. This meeting included an overview of the State economy, an overview of the Georgia historic preservation tax credit, and discussion over the proposed sunrise process and sales tax exemption evaluation schedule.

The fourth meeting was held on October 27, 2017, at the Kia Georgia Training Center in West Point, Georgia, where the Committee heard official testimony from the following: Stuart Countess from Kia Motors Manufacturing Georgia, Inc., Dr. Laura Wheeler from the Fiscal Research Center, and Justin Cook from the Senate Research Office. This meeting included further discussion over the proposed sales tax exemption evaluation schedule, the proposed sunrise process, the recommendations to be issued by the Committee, and the evaluations in progress.

The fifth and final meeting was held on November 14, 2017, at the State Capitol, where the Committee heard official testimony from the following: Dr. Laura Wheeler from the Fiscal Research Center, and Justin Cook from the Senate Research Office. This meeting included an overview by Dr. Wheeler on the findings by the Fiscal Research Center, in regards to the tax credits chosen for evaluation by the Committee.

## BACKGROUND

### Why tax incentives need evaluating

States use tax incentives to encourage companies and individuals to engage in activities that they would not or could not engage in otherwise. The goals for these incentives can vary. For instance, tax incentives can encourage businesses to grow, or even relocate into the state. Tax incentives can also be used to promote social programs, or encourage donations to charitable organizations.

However, tax incentives sometimes do not have the desired effect on the state. For example, a hypothetical tax incentive may encourage a particular industry in the state to create new jobs or expand their place of operation. In this hypothetical, businesses in this industry could begin hiring additional workers after the incentive is enacted, and do so for a number of years. Nonetheless, this expansion of this industry could be the result of the tax incentive, an upturn in the larger economy, or a combination of both factors. The expansion of the targeted industry may also cause the contraction of another industry in the state, and thus fail to generate new economic activity. Without an evaluation of the tax incentive, the state will be unable to determine if the incentive falls into any of these categories.

Just as importantly, the hypothetical tax incentive may be performing exactly as it was intended, but could operate more efficiently through changes in how it targets certain businesses or individuals. For instance, parts of the targeted industry may be performing better in one area of the state, but need additional assistance in other areas. As an alternative, businesses in the targeted industry may only need assistance for the first five years after its formation, and thereafter no longer require assistance. It could also be the case that the tax incentive is functioning perfectly, but additional funding would help the state capitalize on its success.

According to testimony taken from the Pew Charitable Trusts, ten states are currently leading the way in creating a framework for evaluating tax incentives.<sup>1</sup> Seventeen other states, plus the District of Columbia, have made progress in setting up such a process, but are still working on implementation.<sup>2</sup> The remaining states, including Georgia, have no evaluation plan in place. Many of the states with evaluation plans have already seen positive results from their efforts. For instance, Oregon was able to save hundreds of millions of dollars due to their evaluation process, while Alabama was able to restructure their historic rehabilitation tax credit so as to make the credit more efficient and effective.<sup>3</sup>

### How tax incentives are evaluated

The Committee heard testimony from representatives from the Pew Charitable Trusts (Pew) in regards to how other states evaluate their tax incentives. According to Pew, there are three steps to creating an effective evaluation process: Make a plan, Measure the impact, and Inform policy choices.

The first step, making a plan, requires creating a multi-year cycle where tax incentives are periodically evaluated for their effectiveness. Each state must decide what tax incentives they wish to evaluate. For instance, some states chose to evaluate all their tax incentives, while others only look at incentives geared towards economic development. These plans usually include clustering together related groups of tax incentives for analysis in the same year.

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<sup>1</sup> Leading states include Florida, Mississippi, Indiana, Oklahoma, Iowa, Nebraska, Minnesota, Maine, Maryland, and Washington.

<sup>2</sup> States that are "making progress" include Alaska, Hawaii, Oregon, Utah, Colorado, North Dakota, Texas, Louisiana, Missouri, Alabama, Tennessee, Wisconsin, Ohio, Virginia, New Hampshire, Rhode Island, and Connecticut, in addition to D.C.

<sup>3</sup> The historic rehabilitation tax credit provides a tax credit for expenses spent on rehabilitating historic structures. A similar tax credit exists in Georgia, and is also currently offered by the federal government.



Some states will also coordinate the sunset date for these incentives with the date of their evaluations, so that the incentives sunset shortly after their evaluation. This allows the legislature to make an informed decision when deciding to extend the sunset for the incentive.

The second step, measuring the impact of each incentive, requires a detailed look into the incentive's history, goals, economic and fiscal impact, and how the incentive is designed and administered. Evaluators must also consider both the tangible and intangible costs and benefits of the incentive. For instance, tax incentives could create new economic activity (and thus tax revenue), or they may produce savings by avoiding expenses elsewhere the state's budget. They may also have intangible benefits, such as improved quality of life for state residents.

The evaluation plan must designate who will perform the analysis for each tax incentive. For most states, this means enlisting the help of a government agency or an independent evaluation office. Additionally, this plan must give evaluators access to the data they need to complete each evaluation. Frequently, this requires coordination between the evaluators, the state's Department of Revenue, and the state's Department of Economic Development, in addition to soliciting additional information from taxpayers benefitting from the incentive as the case may require. However, as evaluators will have access to sensitive or confidential data, safeguards must be used to ensure that the data is secure and used only for its intended purpose in completing each evaluation.

Finally, for the third step, an effective evaluation plan must establish a process for communicating the evaluation results back to the Legislature. This can be done through creating new legislative committees, using existing committee structures, requiring the Governor to make recommendations after each evaluation, or using sunset dates on incentives to encourage their review. This will ensure that each evaluation will receive consideration, and will be acted upon appropriately.

## **COMMITTEE FINDINGS**

### **Committee Tax Expenditure Analysis**

The following six income tax credits were reviewed at the request of the Committee:

- 1) Historic Rehabilitation Credit;
- 2) Driver Education Credit;
- 3) Diesel Particulate Emission Reduction Technology Equipment Credit;
- 4) Qualified Transportation Credit;
- 5) Research Tax Credit; and
- 6) Film Tax Credit.

The reviews for these income tax credits can be found attached to this report. With the exception of the film tax credit, each review was completed by the Fiscal Research Center (FRC). The information for the film tax credit was provided by the Georgia Department of Economic Development. A brief summary of each review is included below, based on information provided during the Committee meetings. These reviews do not represent recommendations by FRC, but instead represent the statistics, background, and facts behind each tax credit, and a list of recommendations that could be considered if the tax credit is retained. These reviews follow the example set by other states, by evaluating each tax credit according to the following criteria: justification, effectiveness, efficiency, equity, return on investment, credit structure and administration, budgetary risk, local government impact, and opportunity costs.



#### Historic Rehabilitation Credit (O.C.G.A. § 48-7-29.8)

Description: This tax credit is equal to 25 percent of qualified rehabilitation expenditures, for rehabilitating structures certified by the National or Georgia Registers of Historic Places (after the proposed project undergoes a review process). An additional 5 percent is also given if the structure is a historic home in a low-income housing area. The per-project caps placed on this tax credit are as follows:

- 7) \$100,000 for each historic home;
- 8) \$5 million for any other structure (until December 31, 2021, when this amount is reduced to \$300,000); and
- 9) \$10 million if the rehabilitation project creates at least 200 jobs or \$5 million in annual payroll within two years of being placed into service (until December 31, 2021).

The aggregate cap for this credit is \$25 million, though this only applies to projects gaining more than \$300,000 in tax credits (with no aggregate cap for projects accruing \$300,000 or less in credits).

Items of consideration: This credit is seldom used in isolation, but is typically used with a combination of the Georgia Preferential Property Tax Assessment Program, the state and federal low-income housing tax credit, or the federal New Markets tax credit. However, because the credit is highly leveraged, a little can be spent to bring in a large amount of private investment. According to the State Historic Preservation Office of the Georgia Department of Natural Resources (and as computed by FRC), 86 percent of projects and 95 percent of expenditures took place within 10 counties in the state between 2008 and 2017.

#### Driver Education Credit (O.C.G.A. § 48-7-29.5)

Description: This credit is given to those whose dependents attend driver education through a private provider.<sup>4</sup> The credit is equal to the cost of the program, or \$150, whichever is less.

Items of consideration: Between 2011 and 2015, between \$40,000 and \$1.04 million has been utilized for this tax credit each year, with 872 claiming the credit in 2014 (using \$120,000 in tax credits). Approximately 61 percent of those claiming the tax credit had an adjusted gross income of \$100,000 or more.

Georgia also has a Driver Education Grant, which first started in 2016. This program gives \$500 to cover the cost of driver education, with priority going first to teens of public safety officers or military families killed in the line of duty, then teens from families with financial need. In Fiscal Year 2017, the program awarded \$2 million to 5,011 students.

Since the passage of Joshua's Law in 2005, all 16 year-olds applying for a driver's license must complete a driver education program.<sup>5</sup>

#### Diesel Particulate Emission Reduction Technology Equipment Credit (O.C.G.A. § 48-7-40.19)

Description: This credit is equal to ten percent of the cost of buying and installing diesel particulate emission reduction technology.<sup>6</sup> Unlike many other credits, unused portions of the credit cannot be carried forward to future years.

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<sup>4</sup> The dependent must be a minor.

<sup>5</sup> See Senate Bill 226 (2005)

<sup>6</sup> Diesel particulate emission reduction technology is defined as equipment that provides heat, air conditioning, light, and communications for the driver's compartment of any commercial motor vehicle while it is parked at a truck stop, depot, or other similar facility. The use of the technology should allow the vehicle's engine to be turned off while the equipment is in use.

Items of consideration: Zero credits have been claimed during the 2013, 2014, and 2015 tax years. However, there is no cap on how many credits can be claimed, potentially creating a risk to the state budget should the credit become popular in the future.

#### Qualified Transportation Credit (O.C.G.A. § 48-7-29.3)

Description: Employers can claim \$25 per employee annually, if the employee uses certain transportation benefits provided by the employer. This can include the employer subsidizing a car or van pool, transit passes, or employee parking. The benefit must be used for ten workdays per month.

Items of consideration: This credit piggybacks off of the federal counterpart. The program works in conjunction with several other programs designed to alleviate congestion and encourage carpooling or transit use, making it difficult to determine its exact effect. From 2011 to 2014, between \$8,129 and \$73,391 was claimed for this tax credit.

#### Research Tax Credit (O.C.G.A. § 48-7-40.12)

Description: A business can receive a tax credit equal to ten percent of their increase in qualified research expenses for research done in Georgia, compared to previous years.<sup>7</sup> This credit can only reduce the business' tax liability by 50 percent, though unused credits can be carried forward for ten years or be used against payroll withholding.<sup>8</sup>

Items of consideration: This credit is provided in coordination with the federal tax credit. At least two separate studies have found that the presence of a state research and development (R&D) tax credit is positively linked to having R&D activity in the state, though one of these studies found evidence that this may come at the cost of R&D activity in other states. This credit uses between \$13.8 million and \$67.7 million per tax year.

#### Film Tax Credit (O.C.G.A. § 48-7-40.26)

Description: Film companies that spend at least \$500,000 on the production of a film in Georgia receive a tax credit equal to 20 percent of their qualified expenditures. This increases to 30 percent if the finished product contains a qualified Georgia promotion. These credits can be transferred or sold to other parties.

Items of consideration: In 2007, the film industry's economic impact in Georgia was \$241 million. In 2008, House Bill 1100 was passed, which increased the tax credits available to film companies from 11 percent of their qualified expenditures, to 30 percent. By fiscal year 2017, the film industry's economy impact had grown to \$9.5 billion. The industry is also responsible for the creation of 92,000 jobs and \$4.6 billion in salary (when taking into account positions created indirectly by the film industry).<sup>9</sup>

#### Future Tax Expenditure Evaluations

The Committee has drafted a schedule for future evaluations of the State's income and sales tax expenditures, in order to facilitate the evaluation of all of Georgia's tax expenditures. This schedule is shown at the end of this section. It is the intention of the Committee that these and other potential tax

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<sup>7</sup> More specifically, this tax credit calculates the average ratio of qualified research expenses compared to gross receipts for the previous three years, and determines what the qualified research expenses for the business would be according to this ratio. (If the ratio is larger than 0.3, then the ratio is presumed to be 0.3). The business then receives a tax credit for ten percent of the amount of their expenses which exceed the amount given through this calculation.

<sup>8</sup> This credit only applies for businesses in manufacturing, warehouse and distribution, processing, telecommunications, broadcasting, tourism, and Research and Development industries. Retail businesses cannot take this credit.

<sup>9</sup> Information taken from "Georgia Film Industry – Overview & Current Climate August 2017," *Georgia Department of Economic Development*, which can be located in the Appendix of this report.



expenditures be evaluated on a repeating, rotating basis, so that each tax expenditure is evaluated approximately once every five years.

The Committee elected to use five years as a basis for how often these evaluations should be performed, after hearing testimony from the Department of Revenue stating that revenue information for each tax credit lags by three years. This is due to how corporations will frequently file for extensions in submitting their tax returns; DOR cannot compile complete revenue records until after these extended returns are processed.

The Committee also created a template to be used in evaluations conducted in future years. A copy of this template can be found attached to this report. This template is intended to ask comprehensive questions regarding the effectiveness of each tax incentive. This includes determining the Return on Investment (ROI) that the State receives through these incentives, the economic impact on State citizens, and how the expenditure is handled on an administrative level. These evaluations are intended to give a full view of the tax expenditure, and show both where the state is succeeding in its goals and where it can improve.

Income Tax Credit Review Schedule	
Credit/Exemption Name	Georgia Code Citation
<b>2018</b>	
Georgia Employer GED Tax Credit	O.C.G.A. § 48-7-41
Employer's Credit for Approved Employee Retraining	O.C.G.A. § 48-7-40.5
Georgia Job Tax Credit	O.C.G.A. § 48-7-40, -40.1
Low-Income Housing Credit	O.C.G.A. § 48-7-29.6
Business Enterprise Vehicle Credit	O.C.G.A. § 48-7-40.22
Bank Tax Credit	O.C.G.A. § 48-7-29.7
Clean Energy Property Credit	O.C.G.A. § 48-7-29.14
Qualified Caregiving Expense Credit	O.C.G.A. § 48-7-29.2
Rural Physician Credit	O.C.G.A. § 48-7-29
Purchase of eligible home in Georgia (that was listed for-sale on May 11, 2009)	O.C.G.A. § 48-7-29.17
<b>2019 (and beyond)</b>	
Employer's credit for providing childcare for employees	O.C.G.A. § 48-7-40.6
Employer's credit for purchasing childcare property	O.C.G.A. § 48-7-40.6
Optional Investment Tax Credit	O.C.G.A. § 48-7-40.7 through -40.9
Headquarters Tax Credit	O.C.G.A. § 48-7-40.17
Port Activity Tax Credit	O.C.G.A. § 48-7-40.15
Land Conservation Credit	O.C.G.A. § 48-7-29.12
Qualified Education Expense Credit	O.C.G.A. § 48-7-29.16
Seed Capital Fund Credit	O.C.G.A. § 48-7-40.27, -40.28
Qualified Health Insurance Expense Credit	O.C.G.A. § 48-7-29.13
Angel Investor Tax Credit	O.C.G.A. § 48-7-40.30
Qualified Interactive Entertainment Production Company Tax Credit	O.C.G.A. § 48-7-40.26
Disabled person's home purchase or retrofit credit	O.C.G.A. § 48-7-29.1
Child and Dependent Care Expenses Tax Credit	O.C.G.A. § 48-7-29.10
Disaster Assistance Credit	O.C.G.A. § 48-7-29.4
Adoption of Foster Child Credit	O.C.G.A. § 48-7-29.15
Low-Income Tax Credit	O.C.G.A. § 48-7A-3
Manufacturer's Investment Tax Credit	O.C.G.A. § 48-7-40.2 through -40.4
Alternative Port Activity Tax Credit	O.C.G.A. § 48-7-40.15A
Tax credit for life insurance for Georgia National Guard and Air National Guard	O.C.G.A. § 48-7-29.9



Sales Tax Exemption Review Schedule	
Description	Georgia Code Citation
<b>2018</b>	
Sales for materials used to renovate or expand a zoo	O.C.G.A. § 48-8-3(87)
Sales for materials used to renovate or expand an aquarium	O.C.G.A. § 48-8-3(76)
Sales to Georgia Society of the Daughters of the American Revolution	O.C.G.A. § 48-8-3(7.2)
Sales of art or artifacts to a museum, to be displayed	O.C.G.A. § 48-8-3(14)
Fundraising sales by religious institutions (lasting less than 30 days), or sales of religious paper by the institution	O.C.G.A. § 48-8-3(15)
Sales for materials used in construction of a "competitive project of regional significance"	O.C.G.A. § 48-8-3(93)
<b>2019</b>	
Sales of nonprescription insulin syringes and blood glucose level measuring strips	O.C.G.A. § 48-8-3(50)
Sales of pipe organs or steeple bells to any nonprofit church	O.C.G.A. § 48-8-3(15.1)
Rentals for videotapes or films, for those charging admission to view the film	O.C.G.A. § 48-8-3(24)
Sales of property of services by the Rock Eagle 4-H center	O.C.G.A. § 48-8-3(38)
Sales of admission to a nonrecurring major sporting event	O.C.G.A. § 48-8-3(97)
Sales of sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer	O.C.G.A. § 48-8-3(62)
<b>2020</b>	
Sales of food or beverages to food banks	O.C.G.A. § 48-8-3(57.1)
Prepared food/food ingredients donated to a nonprofit agency, and used for hunger relief	O.C.G.A. § 48-8-3(57.2)
Food/food ingredients used for disaster relief after a natural disaster	O.C.G.A. § 48-8-3(57.3)
Transactions using food stamps or WIC coupons	O.C.G.A. § 48-8-3(53)
Sales of food or beverages by a Girl or Boy Scout council	O.C.G.A. § 48-8-3(59)
<b>2021</b>	
Food purchased for off-premises consumption	O.C.G.A. § 48-8-3(57)
Certain sales by a public or private school of either property, concessions, or tickets for admission to school functions	O.C.G.A. § 48-8-3(39)
Sales by nonprofit parent-teacher organizations	O.C.G.A. § 48-8-3(56)
Sales by or to organizations which raise funds for public libraries to have books and materials, and conduct various programs	O.C.G.A. § 48-8-3(71)
Sales by or to organizations that provide services to those with intellectual disabilities	O.C.G.A. § 48-8-3(7.1)
<b>2022</b>	
Sales of prescription drugs, glasses, contact lenses, and prescription drugs	O.C.G.A. § 48-8-3(47)
Sales of oxygen when prescribed	O.C.G.A. § 48-8-3(51)
Sale or use of hearing aids	O.C.G.A. § 48-8-3(52)
Sale of medical equipment or prosthetic devices	O.C.G.A. § 48-8-3(54)
Sale to nonprofit volunteer health clinics primarily treating patients with incomes below 200 percent of the poverty level	O.C.G.A. § 48-8-3(7.3)
<b>2023</b>	
Sales of major components or repair parts for military aircraft, vehicles, or missiles	O.C.G.A. § 48-8-3(40)
Sale of machinery/equipment used to reduce or eliminate air or water pollution	O.C.G.A. § 48-8-3(36)
Sale of machinery/equipment used for water conservation in a water conservation facility	O.C.G.A. § 48-8-3(36.1)
Charges for transportation of property	O.C.G.A. § 48-8-3(18)
Sales for parts used in repairing an aircraft	O.C.G.A. § 48-8-3(86)
Sales of prescribed mobility enhanced equipment	O.C.G.A. § 48-8-3(72)
<b>2024</b>	
Sales to approved nursing homes, inpatient hospice, general hospital or mental hospitals, for property or services used for treatment	O.C.G.A. § 48-8-3(7)
Vehicles purchased by service-connected disabled veterans, when the U.S. Dept. of Veterans Affairs supplies a grant to purchase and adapt the vehicle	O.C.G.A. § 48-8-3(30)
Sales to nonprofit child-caring institutions, child-placing agencies, or maternity homes	O.C.G.A. § 48-8-3(41)
Sales to nonprofit blood banks	O.C.G.A. § 48-8-3(46)
Funeral merchandise, when paid for by the Georgia Crime Victims' Emergency Fund	O.C.G.A. § 48-8-3(63)
Sales to a qualified job training organization	O.C.G.A. § 48-8-3(98)

### **Proposed Sunrise Process**

The Committee also discussed the importance of conducting an economic analysis of proposed tax expenditures before they are passed by the General Assembly. This “sunrise” process would allow the General Assembly to understand the full economic effect of any legislation with tax expenditures before voting on it. In line with this desire, the Committee has prepared a draft sunrise form template to be filled out by the proponents of each new tax expenditure, which can also be found as an attachment to this report. This form will give the chance for the proponent of each new tax expenditure to explain the economic impact that it will have on the State. This form would also be completed by an independent third party, such as the Fiscal Research Center, so as to provide a complete and full view of the effects of the tax expenditure.

The Committee also discussed how if this sunrise process is adopted, it may be impossible to perform a full economic analysis of each proposed tax expenditure during the forty day Legislative Session. As a result, it might be necessary to change the structure in which tax expenditures are introduced and passed by the General Assembly, by requiring all new tax expenditures to be introduced in the first year of each biennial. This would allow the state to conduct a full economic analysis of each expenditure between the first and second year of the biennial, giving legislators time to review the analysis. The General Assembly would then be able to address the tax expenditure during the second year of the biennial.



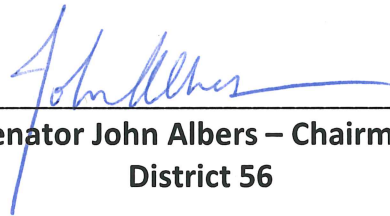
## RECOMMENDATIONS

- 1) The General Assembly should enact legislation so that existing tax credits, exemptions, and other tax expenditures are continually evaluated on an ongoing, rotating basis, so that each of the State's tax expenditures are evaluated once every five years.
- 2) Each evaluation should include an economic analysis of each tax expenditure, detailing the Return on Investment (ROI) which the State and its citizens receive through these programs. This analysis should include both tangible and intangible benefits and costs for each tax expenditure, and include other factors as necessary to provide a full view of the effectiveness of each program.
- 3) All tax expenditures should be set to expire, or "sunset," after approximately five years, so as to allow the Department of Revenue and other relevant agencies to receive sufficient data for an evaluation to be performed prior to its sunset date.
- 4) The General Assembly should also enact legislation requiring that any proposed tax expenditure must be evaluated through a "sunrise" process to determine its economic impact and potential ROI, before it is adopted by the General Assembly and enacted into law.
- 5) The study committee strongly considered a layover process for considerable bills in the second year of the biennial. However, it was decided that the matter should be analyzed and furthered vetted in 2018 for future consideration.
- 6) The Senate should also amend the Rules of the Georgia Senate, so as to give effect to the forgoing recommendations within its own body.
- 7) The General Assembly should sunset the Driver Education Tax Credit, as the credit is claimed by few taxpayers and does not target those that cannot afford driver education courses or otherwise need state assistance.
- 8) The General Assembly should sunset the Diesel Particulate Emission Reduction Technology Equipment Tax Credit, as the credit has not been claimed by any taxpayers in three years.
- 9) The General Assembly should sunset the Qualified Transportation Tax Credit, as the credit is not widely used and is too minimal a credit to influence taxpayer behavior or benefit Georgia citizens.
- 10) The General Assembly should continue the Research Tax Credit though it should receive continued evaluation, especially in light of pending changes to federal law.
- 11) The General Assembly should continue the Historic Rehabilitation Tax Credit though it should receive continued evaluation, especially in light of pending changes to the federal version of this tax credit.



Respectfully Submitted,

**THE SENATE STUDY COMMITTEE ON SPECIAL TAX EXEMPTION**



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**Senator John Albers – Chairman  
District 56**