

# CAPITOL UPDATE

MARCH 2011

VOLUME III, ISSUE V

## Legislation To Follow

During the session, there are several bills and resolutions within both houses that TAG is following. The following pieces of legislation are among those that impact the technology industry in Georgia. We have highlighted a few of the items we are following in an effort to keep you apprised of changes that may impact your or your business. To see all of the bills that we are tracking, please [click here](#) for a full report.

### [SR68 - Science and Technology Strategic Initiative Joint Study Commission; create](#)

- This is TAG's marquee piece of legislation for 2011. SR68 is a resolution to create a joint study commission to review the assets and determine the objectives of technology job creation in Georgia. Comprised of public and private sector leaders that represent Georgia's technology interest, this commission would produce findings for the development of strategic plan for Georgia. It currently is in the Senate Rules Committee waiting for placement on the Senate Floor calendar. After many discussions with state legislators, we feel confident this resolution will pass the Senate and then move over the House for committee hearings.

You can stay engaged in this piece of legislation by sending your State Senator an email supporting SR 68. Follow this link, or visit [www.tagonline.org](http://www.tagonline.org) for more information on how to get involved.

### [HB175 - Online Clearinghouse Act; enact](#)

- HB175 would create the Online Clearinghouse Act, allowing schools to provide computer-based courses to students in other local area school systems. This bill was voted favorably out of the House Education Committee and is awaiting placement on the House Floor for a vote.

## Major Tax Changes Could Become Reality

HB 385 was introduced into the General Assembly early last week. This bill is the result of the recommendations made by the Special Council on Tax Reform and Fairness for Georgians. The council made a number of recommendations to the General Assembly regarding Georgia's current tax code and how it could be modified so that Georgia would be more competitive when looking to attract and retain companies. There was much discussion at the Gold Dome regarding this bill's implications, and TAG is still reviewing the bill.

Some of the changes in HB 385 that may impact the industry include:

- Reduce corporate and personal income taxes from 6% to 4% by 2014
- Eliminate franchise fees and place a 7% communications tax. A tax exemption for communication infrastructure will be allowed
- A new sales tax on "personal services" will be implemented. Some items include:
  - Digital downloads (books, music, etc.)
  - Labor (automotive)
  - Haircuts, Gym Memberships, etc.
- Sunset of current tax credits/exemptions. This includes items like:
  - Telework Tax Credit
  - Entertainment Tax Credit
  - Quality Jobs Tax Credit
- The Department of Economic Development would be given a lump sum of money to use for attracting and retaining companies
- Business Input credits would remain:
  - High-Tech Exemption (purchases over \$15 million)

We are working with TAG members to learn more about their thoughts, and welcome your input. To take the survey, and tell us how these tax changes would impact you and your business, please [click here](#).