

House Bill 25

By: Representatives Thomas of the 65<sup>th</sup>, Buckner of the 137<sup>th</sup>, and Drenner of the 85<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,  
2 relating to imposition, rate, computation, and exemptions from income taxes, so as to provide  
3 for a tax credit for certain wooden toy manufacturers; to provide for definitions; to provide  
4 for conditions and limitations; to provide for rules, regulations, and forms; to provide for  
5 related matters; to provide for a short title; to provide for an effective date and applicability;  
6 to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 This Act shall be known and may be cited as the "Georgia Wooden Toy Act."

10 **SECTION 2.**

11 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to  
12 imposition, rate, computation, and exemptions from income taxes, is amended by adding a  
13 new Code section to read as follows:

14 "48-7-40.37.

15 (a) As used in this Code section, the term:

16 (1) 'Toy manufacturer' means an enterprise or organization, whether corporation,  
17 partnership, limited liability company, proprietorship, association, trust, business trust,  
18 real estate trust, or other form of organization, and its affiliates, which is registered and  
19 authorized to use the federal employment verification system known as 'E-Verify' or any  
20 successor federal employment verification system and is engaged in or carrying on the  
21 manufacture of toys in this state and derived at least 50 percent of its gross annual income  
22 from the sale of wooden toys in its current or preceding taxable year.

23 (2) 'Wooden toy' means a consumer good and any related packaging materials made  
24 solely from wood or wood-derived sources manufactured primarily for enjoyment by  
25 children.

26 (b) Each toy manufacturer that increases its expenditures incurred in this state for materials  
27 or labor used directly in the manufacture of wooden toys by at least 30 percent from its  
28 preceding taxable year shall be allowed a credit against the tax imposed by this article in  
29 the amount of 20 percent of the increase in such expenditures.

30 (c) In no event shall the credit provided by subsection (b) of this Code section for a taxable  
31 year exceed the toy manufacturer's income tax liability. Any unused portion of the credit  
32 provided by subsection (b) of this Code section shall be permitted to be carried forward and  
33 applied to the toy manufacturer's tax liability for the subsequent three years. The credit  
34 provided by subsection (b) of this Code section shall not be applied against the toy  
35 manufacturer's prior years' tax liabilities.

36 (d) The commissioner shall promulgate rules and regulations and forms necessary to  
37 implement and administer the provisions of this Code section."

38 **SECTION 3.**

39 This Act shall become effective on July 1, 2023, and shall be applicable to all taxable years  
40 beginning on or after January 1, 2024.

41

**SECTION 4.**

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