

The Senate Committee on Finance offered the following substitute to HB 504:

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 31-8-9.1 of the Official Code of Georgia Annotated, relating to
2 eligibility to receive tax credits, so as to revise a definition; to amend Code Section
3 48-7-29.20 of the Official Code of Georgia Annotated, relating to tax credits for
4 contributions to rural hospital organizations, so as to expand the definition of "rural hospital
5 organizations"; to revise the manner of preapproving and allocating certain contributions; to
6 extend the sunset provision; to amend Code Section 48-7-29.21 of the Official Code of
7 Georgia Annotated, relating to tax credits for qualified education donations for the purpose
8 of awarding grants to public schools, so as to provide for a sunset date; to amend an Act
9 relating to education and to revenue and taxation to authorize the Public Education
10 Innovation Fund Foundation to receive private donations to be used for grants to public
11 schools; to provide for grant criteria; to provide for an income tax credit for qualified
12 education donations; to provide for conditions and limitations; to provide for powers, duties,
13 and authority of the state revenue commissioner with respect to such donations, approved
14 April 27, 2017 (Ga L. 2017, p. 100), so as to repeal a sunset provision; to provide for related
15 matters; to provide for effective dates and applicability; to repeal conflicting laws; and for
16 other purposes.

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

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PART I
SECTION 1-1.

20 Code Section 31-8-9.1 of the Official Code of Georgia Annotated, relating to eligibility to
21 receive tax credits, is amended by revising paragraph (3) of subsection (a) as follows:

22 "(3) 'Rural hospital organization' means an acute care hospital or rural freestanding
23 emergency department licensed by the department pursuant to Article 1 of Chapter 7 of
24 this title that:

25 (A) ~~Has its primary campus~~ ~~Provides inpatient hospital services at a facility located in~~
26 a rural county or is a critical access hospital;

27 (B) Participates in both Medicaid and medicare and accepts both Medicaid and
28 medicare patients;

29 (C) Provides health care services to indigent patients;

30 (D) Has at least 10 percent of its annual net revenue categorized as indigent care,
31 charity care, or bad debt;

32 (E) Annually files IRS Form 990, Return of Organization Exempt From Income Tax,
33 with the department, or for any hospital not required to file IRS Form 990, the
34 department will provide a form that collects the same information to be submitted to the
35 department on an annual basis;

36 (F) Is operated by a county or municipal authority pursuant to Article 4 of Chapter 7
37 of this title or is designated as a tax-exempt organization under Section 501(c)(3) of the
38 Internal Revenue Code;

39 (G) Is current with all audits and reports required by law; and

40 (H) Has a three-year average patient margin, as a percent of expense, less than one
41 standard deviation above the state-wide three-year average of organizations defined in
42 subparagraphs (A) through (G) of this paragraph, as calculated by the department. For
43 purposes of this subparagraph, the term 'patient margin' means gross patient revenues

44 less contractual adjustments, bad debt, indigent and charity care, other uncompensated
45 care, and total expenses.”

46 **SECTION 1-2.**

47 Code Section 48-7-29.20 of the Official Code of Georgia Annotated, relating to tax credits
48 for contributions to rural hospital organizations, is amended by revising subsections (e) and
49 (k) as follows:

50 “(e)(1) In no event shall the aggregate amount of tax credits allowed under this Code
51 section exceed \$75 million per taxable year.

52 (2)(A) No more than \$4 million of the aggregate limit established by paragraph (1) of
53 this subsection shall be contributed to any individual rural hospital organization in any
54 taxable year. From January 1 to June 30 each taxable year, the commissioner shall only
55 preapprove contributions submitted by individual taxpayers in an amount not to exceed
56 \$2 million, and from corporate donors in an amount not to exceed \$2 million. From
57 July 1 to December 31 each taxable year, subject to the aggregate limit in paragraph (1)
58 of this subsection and the individual rural hospital organization limit in this paragraph,
59 the commissioner shall approve contributions submitted by individual taxpayers and
60 corporations or other entities.

61 (B) In the event an individual or corporate donor desires to make a contribution to an
62 individual rural hospital organization that has received the maximum amount of
63 contributions for that ~~taxable~~ year, the Department of Community Health shall provide
64 the individual or corporate donor with a list, ranked in order of financial need, as
65 determined by the Department of Community Health, of rural hospital organizations
66 still eligible to receive contributions for the ~~taxable~~ year.

67 (C) In the event an individual or corporate donor desires to make a contribution to an
68 individual rural hospital organization that would cause such rural hospital organization
69 to exceed its maximum amount of contributions for that year, the commissioner shall

70 not deny such desired contribution, but shall approve the proportional amount of the
71 desired contribution up to the rural hospital organization's maximum allowed amount;
72 any remainder shall be attributed as provided for in subparagraph (D) of this paragraph.

73 ~~(C)~~(D) In the event that an individual or corporate donor desires to make a contribution
74 to an unspecified or undesignated rural hospital organization, either directly to the
75 department or through a third party that participates in soliciting, administering, or
76 managing donations, such donation shall be attributed to the rural hospital organization
77 ranked with the highest financial need that has not yet received the maximum amount
78 of contributions for that taxable year, regardless of whether a third party has a
79 contractual relationship or agreement with such rural hospital organization.

80 ~~(D)~~(E) Any third party that participates in soliciting, advertising, or managing
81 donations shall provide the complete list of rural hospital organizations eligible to
82 receive the tax credit provided pursuant to this Code section including their ranking in
83 order of financial need as determined by the Department of Community Health
84 pursuant to Code Section 31-8-9.1, to any potential donor regardless of whether a third
85 party has a contractual relationship or agreement with such rural hospital organization.

86 (3) For purposes of paragraphs (1) and (2) of this subsection, a rural hospital
87 organization shall notify a potential donor of the requirements of this Code section.
88 Before making a contribution to a rural hospital organization, the taxpayer shall
89 electronically notify the department, in a manner specified by the department, of the total
90 amount of contribution that the taxpayer intends to make to the rural hospital
91 organization. The commissioner shall preapprove or deny the requested amount or a
92 portion of such amount, if applicable pursuant to subparagraph (C) of paragraph (2) of
93 this subsection, within 30 days after receiving the request from the taxpayer and shall
94 provide written notice to the taxpayer and rural hospital organization of such preapproval
95 or denial which shall not require any signed release or notarized approval by the taxpayer.
96 ~~In order to receive a tax credit under this Code section, the taxpayer shall make the~~

97 ~~contribution to the rural hospital organization within 180 days after receiving notice from~~
98 ~~the department that the requested amount was preapproved. In order to receive a tax~~
99 ~~credit under this Code section, a taxpayer preapproved by the department on or before~~
100 ~~September 30 shall make the contribution to the rural hospital organization within 180~~
101 ~~days after receiving notice of preapproval from the department, but not later than October~~
102 ~~31. A taxpayer preapproved by the department after September 30 shall make the~~
103 ~~contribution to the rural hospital organization on or before December 31.~~ If the taxpayer
104 does not comply with this paragraph, the commissioner shall not include this preapproved
105 contribution amount when calculating the limits prescribed in paragraphs (1) and (2) of
106 this subsection.

107 (4)(A) Preapproval of contributions by the commissioner shall be based solely on the
108 availability of tax credits subject to the aggregate total limit established under
109 paragraph (1) of this subsection and the individual rural hospital organization limit
110 established under paragraph (2) of this subsection.

111 (B) Any taxpayer preapproved by the department pursuant to this subsection shall
112 retain their approval in the event the credit percentage in this Code section is modified
113 for the year in which the taxpayer was preapproved.

114 (C) Upon the rural hospital organization's confirmation of receipt of donations that
115 have been preapproved by the department, any taxpayer preapproved by the department
116 pursuant to subsection (c) of this Code section shall receive the full benefit of the
117 income tax credit established by this Code section even though the rural hospital
118 organization to which the taxpayer made a donation does not properly comply with the
119 reports or filings required by this Code section.

120 (5) Notwithstanding any laws to the contrary, the department shall not take any adverse
121 action against donors to rural hospital organizations if the commissioner preapproved a
122 donation for a tax credit prior to the date the rural hospital organization is removed from
123 the Department of Community Health list pursuant to Code Section 31-8-9.1, and all such

124 donations shall remain as preapproved tax credits subject only to the donor's compliance
125 with paragraph (3) of this subsection."
126 "(k) This Code section shall stand automatically repealed on December 31, ~~2024~~ 2026."

127 **PART II**
128 **SECTION 2-1.**

129 Code Section 48-7-29.21 of the Official Code of Georgia Annotated, relating to tax credits
130 for qualified education donations for the purpose of awarding grants to public schools, is
131 amended by revising paragraph (1) of subsection (f) and by adding a new subsection to read
132 as follows:

133 "(f)(1) In no event shall the aggregate amount of tax credits allowed under this Code
134 section exceed \$5 million per tax year."
135 "(j) This Code section shall stand repealed and reserved on December 31, 2026."

136 **SECTION 2-2.**

137 An Act relating to education and to revenue and taxation to authorize the Public Education
138 Innovation Fund Foundation to receive private donations to be used for grants to public
139 schools; to provide for grant criteria; to provide for an income tax credit for qualified
140 education donations; to provide for conditions and limitations; to provide for powers, duties,
141 and authority of the state revenue commissioner with respect to such donations, approved
142 April 27, 2017 (Ga L. 2017, p. 100), is amended by repealing Section 3.

143

PART III

144

SECTION 3-1.

145 (a) This Act shall become effective on July 1, 2023; provided, however, that Part I and
146 Section 2-1 of this Act shall become effective on January 1, 2024.

147 (b) This Act shall be applicable to taxable years beginning on or after January 1, 2024.

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SECTION 3-2.

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