

The House Committee on Ways and Means offers the following substitute to SB 366:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 28 of the Official Code of Georgia Annotated, relating to the General  
2 Assembly, so as to revise provisions related to the adoption of general appropriations bills;  
3 to require the Governor's budget report to be provided to each member; to revise provisions  
4 for certain economic analyses; to revise the legislative review of taxation; to provide for  
5 annual meetings; to provide for related matters; to provide for a short title; to provide for an  
6 effective date; 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 "Tax Expenditures Transparency Act of  
10 2024."

11 **SECTION 2.**

12 Title 28 of the Official Code of Georgia Annotated, relating to the General Assembly, is  
13 amended by revising Code Section 28-5-4, relating to consideration of general appropriations  
14 bill, as follows:

S. B. 366 (SUB)

15 "28-5-4.

16 (a) The general appropriations bill shall be referred by the Speaker to the Appropriations  
17 Committee of the House of Representatives. In the event such bill is reported out of the  
18 Appropriations Committee as 'do pass by substitute' or 'do pass as amended,' neither the  
19 committee of the whole nor the House of Representatives shall consider the bill until at  
20 least 24 hours after the substitute or the amendments, as the case may be, have been printed  
21 and placed on the desk of each member.

22 (b) The general appropriations bill, upon its first reading in the Senate, shall be referred  
23 by the President of the Senate to the Appropriations Committee of the Senate. In the event  
24 such bill is reported out of the Appropriations Committee as 'do pass by substitute' or 'do  
25 pass as amended,' neither the committee of the whole nor the Senate shall consider the bill  
26 until at least 24 hours after the substitute or the amendments, as the case may be, have been  
27 printed and placed on the desk of each member.

28 (c) Upon receipt of the Governor's budget report as provided for in Code Section 45-12-75,  
29 the House Budget and Research Office and Senate Budget and Evaluation Office shall  
30 make available to each member of such office's respective chamber the Governor's budget  
31 report, including:

32 (1) A list of all then-existing revenue sources;

33 (2) The net amount of revenue expected to be generated by each such revenue source and  
34 available for appropriation by the General Assembly in the fiscal year; and

35 (3) A summary of the tax expenditure review provided to the General Assembly as part  
36 of the Governor's budget report pursuant to paragraph (8) of Code Section 45-12-75.

37 Such summary shall include, for each tax expenditure item, a brief description of the  
38 expenditure, the amount of tax revenue projected to be forgone in the fiscal year as a  
39 result of the expenditure, and a citation of the statutory or other legal authority for the  
40 expenditure."

41 **SECTION 3.**

42 Said title is further amended by revising Code Section 28-5-41.1, relating to economic  
 43 analysis of certain tax benefits of law or proposed law and analysis on performance and  
 44 outcomes of Code Section 33-1-25, as follows:

45 "28-5-41.1.

46 ~~(a) An economic analysis shall include, but not be limited to, a good faith estimate as a~~  
 47 ~~result of the law or proposed law, on an annual basis for five years thereafter, of the~~  
 48 ~~following, on both a direct and indirect basis:~~

49 (1) ~~Net change in state revenue;~~

50 (2) ~~Net change in state expenditures, which shall include, but not be limited to, costs of~~  
 51 ~~administering the bill;~~

52 (3) ~~Net change in economic activity; and~~

53 (4) ~~If applicable, any net change in public benefit.~~

54 ~~(b)(a)(1) Each year, the Department of Audits and Accounts shall cause the completion~~  
 55 ~~of at least 12 economic analyses pursuant to this Code section to be determined as~~  
 56 ~~follows:~~

57 (A) An analysis for any income tax credit or sales and use tax exemption that will  
 58 sunset or be repealed by operation of law within two years from July 1 of the year  
 59 during which the economic analyses are to be conducted and that have an expenditure  
 60 of more than \$20 million as reported in the most recent tax expenditure review, as  
 61 provided for in paragraph (8) of Code Section 45-12-75. If more than 12 such credits  
 62 or exemptions meet such criteria, then the first 12 that are set to sunset or be repealed  
 63 shall be selected in chronological order; and

64 (B) If the total number of analyses required by subparagraph (A) of this paragraph is  
 65 fewer than 12, On or before May 1 of each year, the chairperson of the House  
 66 Committee on Ways and Means and the chairperson of the Senate Finance Committee  
 67 may each request up to five one-half of the remaining number of economic analyses,

68 which requests shall be transmitted to the Department of Audits and Accounts by April  
69 15 of each year. In the event that the number of remaining economic analyses is an odd  
70 number, such number shall be increased by one, ensuring that each chairperson has an  
71 equal number of requests available.

72 (2) The Department of Audits and Accounts shall post on its public website the list of  
73 analyses to be conducted each year and provide a mechanism for intended beneficiaries  
74 or representatives to provide information that may be beneficial to the analyses. The  
75 Department of Audits and Accounts shall share such information with the independent  
76 auditors conducting the relevant analysis, and the Department of Audits and Accounts  
77 and such independent auditors may use such information in such analysis.

78 (3) The Department of Audits and Accounts shall contract with one or more independent  
79 auditors to complete all such analyses on or before ~~December 1~~ November 15 of the year  
80 in which such analysis was required or requested.

81 (4) Each such request economic analysis shall be limited to one existing provision of law  
82 or proposed law and shall specify one particular exemption, exclusion, or deduction from  
83 the base of a tax; credit against a tax; deferral of a tax; a rebate of taxes paid; tax  
84 abatement; or preferential tax rate to be analyzed.

85 (b) An economic analysis conducted pursuant to this Code section shall include the  
86 following:

87 (1) An analysis considering whether the provision is accomplishing its stated or implied  
88 purpose, intent, or goal;

89 (2) A good faith estimate, on an annual basis for the following five years, of the net  
90 changes to state revenue, state expenditures, and economic activity. When appropriate,  
91 the net changes shall include direct, indirect, and induced impacts;

92 (3) A comparison to similar provisions provided by other states;

93 (4) An assessment of the extent to which modifying or terminating the provision would  
94 affect the beneficiaries and the state economy;

- 95 (5) If possible, a description of the ancillary impacts of the business activity attributable  
 96 to the provision, which may include, but not be limited to, those on public safety,  
 97 education, and infrastructure; and
- 98 (6) Any recommendations for improving the state's return on investment from the  
 99 provision being studied.
- 100 (c) Copies of each completed economic analysis shall be provided to the House Budget  
 101 and Research Office and the Senate Budget and Evaluation Office.
- 102 (d) If a fiscal note is requested pursuant to Code Section 28-5-42 and a relevant economic  
 103 analysis has been conducted within one year of such request, the Office of Planning and  
 104 Budget may prepare a summary of such economic analysis and attach it with the requested  
 105 fiscal note.
- 106 ~~(e) An economic analysis shall be conducted on the performance and outcomes of Code~~  
 107 ~~Section 33-1-25, which shall be completed by December 1, 2021."~~

#### 108 SECTION 4.

109 Said title is further amended by revising Chapter 12, relating to legislative review of taxation,  
 110 as follows:

#### 111 "CHAPTER 12

112 28-12-1.

113 ~~On or before May 1, 2023, the House Ways and Means Committee and the Senate~~  
 114 ~~Committee on Finance shall jointly undertake a thorough review of any and all state tax~~  
 115 ~~credits, deductions, and exemptions. No later than December 1, 2023, said committees~~  
 116 ~~shall submit a report of their findings and recommendations to the presiding officers of~~  
 117 ~~their respective chambers. On or before January 31 of each year, the House Ways and~~  
 118 ~~Means Committee and the Senate Finance Committee shall meet to review all economic~~  
 119 ~~analyses completed pursuant to Code Section 28-5-41.1 in the prior year."~~

120 **SECTION 5.**

121 This Act shall become effective on January 1, 2025.

122 **SECTION 6.**

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