

A SUMMARY COMPARISON  
OF STATE TAXES  
IN SELECTED  
SOUTHEASTERN STATES



**University Research Center  
Mississippi State Institutions of Higher Learning  
3825 Ridgewood Road • Jackson, Mississippi**

**January 2010**

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## ALCOHOLIC BEVERAGE TAXES

### I. Excise Tax Rates on Alcoholic Beverages

#### A. Malt and beer (per gallon)

##### 1. State

Alabama	55.00¢
Arkansas	24.21¢
Georgia	4 1/2¢ per 12 oz., \$10.00 per barrel (31 gals.)
Louisiana	32.25¢
Mississippi**	42.68¢
South Carolina	76.80¢
Tennessee	13.84¢ and 17% of wholesale price.

##### 2. Local

Alabama*	52.00¢
Arkansas	none
Georgia	5¢ per 12 oz., \$12.00 per barrel (31 gals.)
Louisiana	5.00¢
Mississippi**	none
South Carolina	none
Tennessee	none

#### B. Wines

##### 1. State

Alabama*	\$1.44 per gallon table wine (sold at wholesale).
Arkansas	75¢ per gallon, except on light wines which are 25¢ per gallon. 5¢ per case.
Georgia	Foreign - 14% or less = 40¢ per liter Over 14% = 67¢ per liter  Domestic - 14% or less - 11¢ per liter Over 14% = 27¢ per liter
Louisiana	\$1.59 per gallon on sparkling wines.  11¢ per gallon still wines under 14% alcohol. 23¢ per gallon - still wines 14-24% alcohol.
Mississippi**	42.68¢ per gallon-light wine 5% alcohol or less by weight.  \$1.00 per gallon on sparkling wines and champagne.  35¢ per gallon all other wines.
South Carolina	90¢ per gallon - all wines.

## ALCOHOLIC BEVERAGE TAXES

### I. Excise Tax Rates on Alcoholic Beverages

#### B. (Wines/State Continued)

Tennessee \$1.21 per gallon.

#### 2. Local

Alabama\* 26.5¢ per gallon (sold at wholesale).

Arkansas none

Georgia Up to 22¢ per liter

Louisiana none

Mississippi\*\* none

South Carolina none

Tennessee none

#### C. Liquor

##### 1. State

Alabama\* 56% of cost plus mark-up.

Arkansas \$2.50 per gallon. 20¢ per case.

\$1.00 per gallon premixed liquor. 5¢ per case.

Georgia\*\*\*\* Foreign - Distilled Spirits = \$1.00 per liter  
Alcohol (180 proof) = \$1.40 per liter

Domestic - Distilled Spirits = \$.50 per liter  
Alcohol (180 proof) = \$.70 per liter

Louisiana \$2.50 per gallon.

Mississippi\*\* \$2.50 per gallon.

South Carolina \$2.72 per gallon.

Tennessee \$4.40 per gallon.

##### 2. Local

Alabama\* none

Arkansas none

Georgia Up to 22¢ per liter

Louisiana none

Mississippi\*\* none

South Carolina none

Tennessee none

## ALCOHOLIC BEVERAGE TAXES

### II. Additional State Excise Taxes

#### Alabama\*

Arkansas Additional 14% tax on sales of alcohol consumed in hotels, private clubs, etc.  
Additional 3% tax on the sale of liquor and wine. Additional 1% tax on the sale of beer.

Georgia Local; additional 3% local tax on the sale of distilled spirits/mixed drinks in some jurisdictions.

Louisiana none

Mississippi\*\* Native wine producers are subject to privilege tax for each location equal to \$10 per 10,000 gallons of wine produced.

South Carolina Additional taxes as follows: 18¢ per gallon on wine; \$1.81 case tax on liquor; \$3.55 additional case tax on liquor; 9% surtax on liquor.

Tennessee A 15% tax is imposed on the sales price of all alcoholic beverages (excluding beer and wine) sold for on-premises consumption.

A 15¢ per case additional tax on wholesale sales of liquor.

\*In Alabama, liquor and fortified wine are sold through Alcoholic Beverage Control stores, beer and table wine is sold through licensed wholesaler.

\*\*In Mississippi, all alcoholic beverages over 5% in weight are sold through private retailers.

\*\*\*Total tax on alcoholic liquors is \$4.92 per gallon.

## CORPORATE INCOME TAXES

### I. Rates

Alabama	Corporations are taxed at 6.5% of federal taxable income apportioned and allocated to the state.
Arkansas	Domestic and foreign: (1 <sup>st</sup> \$3,000-1%; 2 <sup>nd</sup> \$3,000-2%; next \$5,000-3%; next \$14,000-5%; next \$75,000-6%); over \$100,000-6.5%.
Georgia	Corporations are taxed at 6% of taxable net income.
Louisiana	Domestic and foreign, including real estate investment trusts: 1 <sup>st</sup> \$25,000-4%; next \$25,000-5%; next \$50,000-6%; above \$100,000-7%; over \$200,000-8%.
Mississippi	Domestic and foreign: 1 <sup>st</sup> \$5,000-3%; next \$5,000-4%; over \$10,000-5%.
South Carolina	Tax is imposed at the rate of 5% of the proportionate share of the business done by a corporation in South Carolina.
Tennessee*	Tax is imposed at the rate of 6.5% of net earnings on all corporations, joint stock associations, and business trusts organized for profit; state and national banks; limited liability entities, and savings and loan associations doing business in Tennessee.

### II. Exempt Organizations

Alabama With the exception of unrelated business taxable income determined in accordance with 26 U.S.C. § 512, the tax imposed by Section 440-18-31 shall not apply to the organizations referred to in 26 U.S.C. § 501 (a), and the following entities:

(1) Farmers and other mutual hail, cyclone, or fire insurance companies, mutual ditch or irrigation companies or like organizations of a purely local character, the income of which consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting expenses;

(2) Farmers, fruit growers, or like associations organized and operated as sales agents for the purpose of marketing the products of members and turning back the proceeds of sales, less the necessary selling expenses, on the basis of quantity of produce furnished by them;

(3) Federal land banks and national farm loan associations as provided in 12 U.S.C. § 2055;

(4) All national banks and national banking associations and all corporations engaged in the business of banking and of conducting a financial business employing moneyed capital coming into competition with the business of national banks during and for the periods during which such national banks and corporations are subject to an excise tax imposed by this state on or with respect to their respective incomes;

(5) Building and loan associations, substantially all the business of which is confined to making loans to members and insurance companies upon which the statutes of Alabama impose a tax upon their premium income; and

(6) Counties, municipalities, municipal corporations, political subdivisions of the state, Instrumentalities of counties, municipalities, municipal corporations, the State of Alabama, and corporations or associations owned solely by counties, municipalities or the State of Alabama.

(Acts 1935, No. 194, p. 256; Code 1940, T. 51, § 399; Acts 1985, No. 85-515, §14; Acts 1986, No. 86-375, p. 560; Act 99-664, 2<sup>nd</sup> Sp. Sess., p. 124, §1; Act 2000-702, p. 1425, §1.)

## CORPORATE INCOME TAXES

### II. Exempt Organizations (Continued)

Arkansas	<p>Fraternal benefit societies.</p> <p>Domestic life, disability, and foreign insurance companies.</p> <p>Nonprofit cemeteries or charitable corporations.</p> <p>Mutual insurance companies.</p> <p>Nonprofit labor and agricultural organizations.</p> <p>Nonprofit business or civic leagues.</p> <p>Cooperative marketing associations.</p> <p>Corporations, trusts and community chest, fund or foundation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for prevention of cruelty to children or animals.</p>
Georgia	<p>Organizations which are exempt from federal income tax.</p> <p>Insurance companies paying a tax on premium income.</p>
Louisiana	<p>Mutual savings banks, national banking organizations, and Louisiana bank corporations which pay a tax for their shareholders or whose shareholders pay a tax on their shares under other laws of Louisiana and building and loan associations.</p> <p>Organizations which are exempt from federal taxes.</p>
Mississippi	<p>Fraternal benefit societies.</p> <p>Nonprofit mutual savings banks, domestic or foreign.</p> <p>Nonprofit farm loan associations.</p> <p>Labor organizations.</p> <p>Chambers of commerce and civic leagues.</p> <p>Nonprofit religious, charitable, educational, or scientific organizations.</p> <p>Agricultural or horticultural associations.</p> <p>Farmer and fruit grower cooperatives.</p> <p>Nonprofit cooperative electric power associations.</p>
South Carolina	<p>Organizations which are exempt from federal income taxes.</p> <p>Pension, profit-sharing, stock bonus and annuity trusts established by employers for employees.</p> <p>Mutual casualty insurance, irrigation and telephone companies.</p> <p>Nonprofit water supply and/or sewage disposal corporations.</p> <p>Rural electric cooperatives.</p>

## CORPORATE INCOME TAXES

### II. Exempt Organizations (South Carolina Continued)

Banks.

Insurance companies.

Building and loan associations, savings and loan associations, and cooperative banks.

Effective June 14, 2008, a community development entity certified by the United State Department of the Treasury through the Community Development Financial Institution Fund as a company established to distribute allocations received as a part of the New Market Tax Credit Program is not subject to the corporate license fee and annual report provisions in Chapter 20 of Title 12. See Internal Revenue Code Section 45D for more information on the New Markets Tax Credit.

### Tennessee\*

Community industrial development organizations.

Corporations organized to erect, run, or operate a lodge.

Any regulated investment company or investment fund organized as a unit investment trust, taxable as a grantor trust having at least 75% of the value of its investments in any combination of bonds issued by the United States, the state of Tennessee, or the political subdivisions of the state. Insurance companies are subject to gross premium tax.

Limited liability companies or partnerships engaged in the business of farming which is defined as deriving 66.67% of gross receipts from farming or maintaining a residential farm. Also allows a family-owned, non-corporate entity to maintain its exemption from tax if it derives substantially all of its income from farming activities and passive investments.

Family Owned Noncorporate Entity (FONCE): new law in 2009 concerning rents and trusts (Public Chapter 530, Section 28) removes the term "rents" from the definition of "passive investment income" for purposes of the family owned noncorporate entity exemption and replaces it with the term "rents from residential property or farm property." "Residential property" includes any property leased or rented for residential purposes that includes not more than four residential units. Furthermore, the law clarifies that ownership units that are held in trust shall not be treated as owned by members of the family for purposes of the family owned noncorporate entity exemption, unless such units are property of a trust of a deceased individual who, while living, was member of the family. The effective date was July 1, 2009.

### III. Deductions Alabama

Refunds of state and local income taxes.

Federal income tax paid or accrued during the taxpayer's taxable year.

Interest income earned on obligations of the United States.

Interest income earned on obligations of the state of Alabama or its subdivisions or instrumentalities thereof to the extent included in gross income for the purposes of federal income taxation.

Interest income earned on obligations of the state of Alabama or its subdivisions or instrumentalities thereof to the extent included in gross income for the purposes of federal income taxation if such obligations were issued prior to December 31, 1994, to pay the cost of assets to which subsections (c) through (e) of Section 40-9B-7 apply.

## CORPORATE INCOME TAXES

### III. Deductions

#### (Alabama Continued)

The amount of any aid or assistance, whether in form of property, services or monies, provided to the State Industrial Development Authority pursuant to Section 41-10-44.8(d) in order to induce an approved company to undertake a major project within the state.

Expenses otherwise deductible that were not deducted on the federal income tax return as a result of an election to claim a credit for those expenses.

To the extent the taxpayer owns greater than 20 percent of the stock, by vote or value, of the distributing corporation the following deductions are allowed: (1) Amounts described in 26 U.S.C. Section 78; (2) Dividend income, including amounts described in 26 U.S.C. Section 951, from non-U.S. corporations to the same extent such dividend income would be deductible under 26 U.S.C. Section 243 if received from U.S. corporations; and (3) Dividends received from foreign sales corporations as defined in 26 U.S.C. Section 922.

The portion of total deductible interest expense classified as nonbusiness interest expense not deductible at arriving at apportioned income, but instead allocated to the situs of the related nonbusiness income producing assets, shall be based upon the ratio of the average cost of the corporation's nonbusiness assets to the average cost of the corporation's total assets.

The interest portion of rent paid under lease agreements entered into prior to January 1, 1995, relating to obligations issued by the State of Alabama or subdivisions or instrumentalities thereof, to the extent that such obligations were issued to pay the cost of assets to which subsections (c) through (e) Section 40-9B-7 apply.

The amount by which the depletion allowance specified in Section 40-18-16(b) exceeds the depletion allowance deducted in calculating federal taxable income.

Restrictions on the deductibility of certain intangible expenses and interest expenses with a related member.

(1) For purposes of computing its taxable income, a corporation shall add back otherwise deductible interest expenses and costs and intangible expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions, with one or more related members, except to the extent the corporation shows, upon request by the commissioner, that the corresponding item of income was in the same taxable year; a. Subject to a tax based on or measured by the related member's net income in Alabama or any other state of the U.S., or b. subject to a tax based on or measured by the related member's net income by a foreign nation which has in force an income tax treaty with the United States, if the recipient was a "resident" (as defined in the income tax treaty) of the foreign nation. For purposes of this section, "subject to a tax based on or measured by the related member's net income" means that the receipt of the payment by the recipient related member is reported and included in income for purposes of a tax on net income, and not offset or eliminated in a combined or consolidated return which includes the payor.

(2) The corporation shall make the adjustments required in subdivision (1) unless the corporation establishes that the adjustments are unreasonable, or the corporation and the Commissioner of Revenue agree in writing to the application or use of alternative adjustments and computations. Nothing in this section shall be construed to limit or negate the commissioner's authority to otherwise enter into agreements and compromises otherwise allowed by law.

## CORPORATE INCOME TAXES

### III. Deductions

#### (Alabama Continued)

(3) The adjustments required in subdivision (1) shall not apply to that portion of interest expenses and costs and intangible expenses and costs if the corporation can establish that the transaction giving rise to the interest expenses and costs or the intangible expenses and costs between the corporation and the related member did not have as a principal purpose the avoidance of any Alabama tax and the related member is not primarily engaged in the acquisition, use, licensing, maintenance, management, ownership, sale exchange, or any other disposition of intangible property, or in the financing of related entities. If the transaction giving rise to the interest expenses and costs or intangible expenses and costs, as the case may be, has a substantial business purpose and economic substance and contains terms and conditions comparable to a similar arm's length transaction between unrelated parties, the transaction will be presumed to not have as its principal purpose tax avoidance, subject to rebuttal by the Commissioner of the Department of Revenue.

(4) Nothing in this section shall require a corporation to add to its taxable income more than once any amount of interest expenses and costs or intangible expenses and costs that the corporation pays, accrues or incurs to a related member described in subdivision (1).

(5) Nothing in this section shall be construed to limit or negate the commissioner's authority to make adjustments under this chapter.

(6) This subsection shall not limit the deduction of the interest portion of rent paid under lease agreements described in subsection (a) (9).

(c) Except with regard to payments described in subsections (a)(4)b and (a)(9), nothing in this section shall be construed to allow any item to be deducted more than once or to allow a deduction for any item that is excluded from income or to allow any item to be included in the Alabama taxable income of more than one taxpayer.

(d) The following credits shall be allowed against the tax levied by Section 40-18-31:

(1) the amount provided to an approved company pursuant to Section 41-10-44.8(a)(1), subject however, to the limitations contained in Section 41-10-44.8(c); and  
(2) the amount provided in Section 41-10-44.9 to an approved company for a payment by such company into a tax increment fund.

(Acts 1935, No. 194, p. 256; Acts 1939, No. 399, p. 521; Code 1940, T. 51, §402; Acts 1945, No. 317, p. 510; Acts 1963, 2<sup>nd</sup> Ex Sess., No.

Small business health insurance premiums.

Net operating losses carried from prior periods.

#### Arkansas

Amount of oil/gas depletion allowance as allowed by IRC Section 613A as in effect on January 1, 2009.

Ordinary and necessary business expenses, as allowed by IRC Section 162.

Interest paid or accrued, as allowed by IRC Section 163.

Taxes except: estate and inheritance, special assessments tending to increase the value of property assessed, federal income tax and Arkansas income tax.

Allowances for reasonable depreciation and amortization as allowed by IRC Sections

## CORPORATE INCOME TAXES

### III. Deductions

#### (Arkansas Continued)

167, 168(a)-(j), 179, 179A and 197, as in effect on January 1, 2009.

Uninsured losses, disaster losses.

Charitable contributions as allowed by IRC Section 170 based on Arkansas taxable income and calculated on a separate corporation basis for consolidated filers.

Bad debts deemed worthless and charged off the books during the tax year.

50% of travel and entertainment expenses as allowed by IRC Section 274.

Capital losses in the year incurred.

Soil and water conservation expenses as allowed by IRC Section 175.

Start-up or organizational expenses capitalized and amortized over 60 months as allowed by IRC Sections 195 and 248.

Cost to improve access for handicapped and elderly people as allowed by IRC Section 190.

Costs incurred for the clean up of certain hazardous substances as allowed by IRC Section 198.

Dividends received from 80% or more owned subsidiaries.

Interest received from obligations of the United States; Interest received from obligations of the State of Arkansas or any political subdivision thereof.

A deduction for interest or intangible-related expenses paid to a related corporation will be allowed only if the related corporation is taxed on such income in Arkansas, another state or some foreign countries.

The interest or intangible related income must have been pursuant to an arm's length contract at an arms' length rate of interest and pursuant to a transaction not intended to avoid payment of Arkansas income tax. A deduction for expenses may be taken if a written agreement is entered into between the taxpayer and DFA authorizing the taxpayer to take the deduction or requiring use of an alternative method of income apportionment by the taxpayer. The related party recipient of interest or intangible related income must operate an active trade or business in the non-tax location, have a minimum of 50 full-time employees in the non-tax location, own real or tangible personal property with a FMV in excess of \$1,000,000 in the non-tax location and generate revenues from sources within the non-tax state in excess of \$1,000,000.

The dividends paid deduction is denied to a Real Estate Investment Trust (REIT) if 50% or more owned by a single taxpayer or related group of taxpayers.

#### Georgia

Ordinary and necessary business expenses as allowed by the Internal Revenue Code.

Other deductions as computed under provisions of Internal Revenue Code, when not in conflict with official code of Georgia.

Georgia income tax.

Georgia net operating loss.

## CORPORATE INCOME TAXES

### III. Deductions (Georgia Continued)

A corporation which is a party to state contracts may subtract from federal taxable income 10% of qualified payments to minority subcontractors or \$100,000, whichever is less, per taxable year. A list of certified minority subcontractors will be maintained by the Commission of Administrative Services.

Interest or dividends on obligations of the United States and its territories and possessions. (Must be reduced by direct and indirect interest expense).

Dividends received from sources outside the United States.

Salary and wage deductions eliminated on the federal return because the taxpayer took the federal jobs tax credit.

### Louisiana

Ordinary and necessary business expenses.

Effective for taxable years beginning after 12/31/05, a deduction is allowed for dividend and interest income. However, a corporation may elect to pay tax on interest income from a corporation which is controlled by the former through ownership of 50% or more of the voting stock of the later.

For periods beginning after 12/31/05 for corporation income tax purposes, in order for a REIT to be allowed a deduction for dividends paid to its owners, it must be a publicly traded REIT or one where 50% or less ownership is by a single entity that is a corporation subject to federal income tax and is not a REIT itself.

Federal income taxes; some stipulations apply.<sup>11/</sup>

Louisiana net operating loss.

Cost depletion on oil and gas wells per IRC or percentage depletion rate of 22%.

Intangible drilling and development costs.

Expenses disallowed by IRC Section 280 (C).

Other deductions as computed under provisions of Internal Revenue Code modified to delete: net operating loss deduction allowed by IRC Section 172; income taxes imposed by Louisiana; dividends received, deduction allowed by IRC Sections 243, 244, and 245.

Louisiana corporations and individuals are allowed a deduction for any funds received from a hurricane recovery entity if the income was required to be included on their federal income tax return.

### Mississippi

Ordinary and necessary business expenses.

Interest on business indebtedness. Except interest on indebtedness for purchase of tax free bonds.

Taxes other than state or federal income taxes, estate or inheritance taxes, gift taxes, gasoline taxes, sales and use taxes, cigar and cigarette taxes, and excise taxes unless incurred as a business expense.

Bad debts and business losses.

## CORPORATE INCOME TAXES

### III. Deductions

#### (Mississippi Continued)

Depletion and depreciation of business equipment.

Contributions made by corporations to nonprofit religious, scientific, charitable or educational organizations not exceeding 20% of the taxpayer's net income.

Contributions to a retirement plan or trust for employees to the extent that contribution is deductible for federal income tax purposes.

Amounts other than dividends paid on policy and annuity contracts.

Income generated by a new or expanded business enterprise in a "growth and prosperity area" (GAP Area) is exempt from income tax. A formula may be used to determine the income attributed to the GAP Area. The GAP Area income will reduce total Mississippi taxable income.

South Carolina Ordinary and necessary business expenses.

Rental of property used in the trade.

Interest on indebtedness.

Charitable contributions as allowed by the federal government.

Uninsured losses and bad debts.

Depreciation, depletion and obsolescence of business equipment.

Net income from an established business or property in another state, except personal services, mortgages, securities and deposits.

Dividends received, deductions allowed by IRC Sections 243, 244, and 245.

Tennessee\* Ordinary and necessary business expenses allowed by the IRS or state law.

Interest paid or accrued.

Depreciation cost, depletion and obsolescence allowances. Depreciation cost as calculated before passage of Title 1, Section 101, of the Job Creation and Worker Assistance Act of 2002. Permanently decoupled from federal accelerated depreciation for excise tax purposes, however, not decoupled from IRS Code Section 179 expense section.

Losses incurred for periods ended on or after 1/15/84 may be carried forward up to 15 years (7 for financial institutions filing combined returns).  
Charitable contributions.

Dividends earned by a parent corporation from a subsidiary if the parent owns 80% or more of the subsidiary's stock.

A deduction from net earnings for excise tax purposes equal to 75% of the amount donated to nonprofit organizations that are exempt from federal income taxation under § 501(c)(3)(4)(5) or (6) of the Internal Revenue Code. Donations must be monetary, and the organization must certify to the taxpayer making the donation that it was spent to purchase goods or services subject to sales and use tax and that sales and use tax was actually paid.

## CORPORATE INCOME TAXES

### III. Deductions

#### (Tennessee Continued)

Negligence penalty/intangible expense deductions and dividend received deductions. A new 2009 law sets a minimum penalty of \$10,000 for failing to disclose transactions involving an intangible expense deduction or a captive REIT dividend received deduction. The Commissioner is authorized to waive the penalty in certain circumstances. The effective date applies to any tax period beginning on or after January 1, 2009.

### IV. Credits

#### Alabama

Businesses in enterprise zones may be eligible for a 5 year tax credit as follows: 80% of the tax due the 1<sup>st</sup> year; 60% of tax due 2<sup>nd</sup> year; 40% the 3<sup>rd</sup> year; and 20% in the tax increment 4<sup>th</sup> and 5<sup>th</sup> years. The credit may not exceed \$2,500 per new permanent employee. This limit applies to any of the 3 enterprise zone credits.

Businesses, industries or manufacturers in enterprise zones may also qualify for the cost of training new employees of up to \$1,000 per employee.

A credit for new investments in Alabama by eligible enterprise zone businesses is allowed equal to 10% of the first \$10,000 invested, 5% of the next \$90,000 invested, and 2% of any remaining investment.

A tax credit of 20% of actual, unreimbursed costs of approved employer provided/ sponsored basic skills education programs, limited to the amount of the employer's annual income tax liability, is provided.

A taxpayer may enter the Alabama capital incentive program. Businesses in specific Standard Industrial Classification codes become eligible to qualify for an income tax credit based on income arising from a capital project. Certain employment and investment criteria must be met (e.g. min. of 2,000,000 and 20 new jobs or if a small business \$1,000,000, and 15 new jobs, or in a favored geographic area, \$500,000 and 5 jobs). Applicants must register with the department of revenue.

A producer of coal mined in Alabama may qualify for an income tax credit based on the increase of the current years production of coal over 1994 as a base year. If the corporation produced no coal in 1994 a base year must be established. Thereafter, the corporation may be eligible for the credit based on the increased production over the base year. The credit is \$1.00 per ton increased production.

Employer Education Credit: Sections 40-18-135 through 40-18-139 provide a tax credit to employers who provide approved basic skills education programs to Alabama resident employees. To qualify for the credit (1) the program must have written approval from the Alabama Department of Education, (2) the employees shall have been continuously employed for at least 16 weeks for at least 24 hours per week, and (3) the employer cannot receive or require reimbursement or any form of remuneration for any cost of education. The credit is 20 percent of the actual costs limited to the employer's income tax liability. A copy of the document of approval along with a detailed schedule (including actual costs incurred, employee employment period) computing the credit should be provided.

Income Tax Credit: Section 40-18-35 provides a credit for the income tax owed on the income generated by or arising out of the project. The credit cannot exceed the lesser of (1) tax due, or (2) the amount paid pursuant to the financing agreement in the year for which tax is due, corresponding to debt service on the project obligations. This incentive may be reduced or suspended by the Industrial Development Authority if the company fails to achieve the anticipated level of capital investment or employment. Attachments to support credit should include certificate/document of approval,

## CORPORATE INCOME TAXES

### IV. Credits Alabama

computation of income generated from project, support for amount paid, and computation of credit.

Capital Docks Credit: Sections 40-18-240 through 40-18-250 provide for a tax credit against Alabama income tax liability with respect to income generated by or arising out of a qualifying project undertaken by certain existing businesses and certain new businesses to be located in the state. Written approval by the Governor, Finance Director, and Alabama State Port Authority is required, and a written statement of intent must be filed with the Alabama Department of Revenue prior to the project being placed in service.

Entertainment Industry Incentive Act of 2009: Qualified Production Companies are entitled to a rebate for Production Expenditures. The rebate is equal to 25 percent (25%) of the State-Certified Production Expenditures excluding payroll paid to residents of Alabama plus 35 percent (35%) of all payroll paid to residents of Alabama for the State-Certified Production, provided the total Production Expenditures for a project equal or exceed at least five hundred thousand dollars (\$500,000) but do not exceed ten million dollars (\$10,000,000).

### Arkansas

The Advantage Arkansas Program provides a job creation income tax credit equal to between 1 percent and 4 percent of new permanent full-time employees' payroll for five years, depending on the tier of the county in which the business locates. Depending on the tier level, the eligible business must have a payroll for the new employees in excess of \$50,000 to \$125,000 annually. The credit begins in the year in which the new employees are hired. The tax credit may offset 50% of the business' tax liability in any one year. Any unused portion of the credit may be carried forward for 9 years after the year in which the credit was first earned.

ArkPlus investment tax incentives are negotiated by the Arkansas Department of Economic Development in highly competitive situations. The incentive provided by the ArkPlus program is a state income tax credit equal to 5 percent of the total amount of the new investment except technology based business may earn 2 percent to 8 percent based on the total amount invested. The amount of income tax credit taken during any tax year shall not exceed 50 percent of the annual Arkansas income tax liability resulting from the project. To utilize the ArkPlus program, business must sign a financial agreement prior to construction outlining the terms of the incentives and including the following: Businesses must invest a minimum of \$2 million to \$5 million in a plant construction or expansion project, depending upon the tier of the county in which the business locates; and businesses must have a payroll of at least \$800,000 to \$2 million for its new full-time permanent employees, depending upon the tier of the county in which the business locates, within 24 months of the date that the financial agreement is signed, and maintain the payroll requirements at the new project location for the duration of the incentive period. After July 31, 2007, existing employees may count as new employees if an eligible business may close or relocate outside Arkansas and at least 2 or 3 stated criteria are met.

Taxpayers are allowed a credit for donations or sales below cost of new machinery or equipment to a qualified educational institution. A credit is also allowed for taxpayers who have expenditures under a Qualified Research Program approved by the Arkansas Science and Technology Authority and the Department of Higher Education. Qualified Educational Institution means any public or private university, college, junior college, vocational school or, public elementary or secondary school located in the state of Arkansas.

The credit is equal to 33% of the donation, reduction in cost or research expenditures.

## CORPORATE INCOME TAXES

### IV. Credits

#### (Arkansas Continued)

The tax credit shall not exceed the total tax due and any unused credits may be carried forward for nine years, or until exhausted, whichever occurs first. Donations to a Research park Authority will receive a credit equal to 33% of the donation that may offset 50% of the income tax liability and unused credits carry forward nine years. Research and Development income tax credits for research and development were expanded effective July 31, 2007. The existing 33 percent income tax credit for taxpayers who pay for research performed at Arkansas universities remains. In addition, a 20 percent income tax credit was approved for eligible businesses performing in-house research. Targeted businesses may also earn transferable income tax credits equal to 33 percent of approved expenditures for in house research, for the first five years following the business' signing a financial incentive agreement.

An income tax credit equal to fifty percent (50%) of the cost of construction and installation or restoration of water impoundments or water control structures of twenty (20) acres-feet or more designed for the purpose of storing water to be used primarily for agricultural commercial, or industrial purposes. The amount of credit used for any taxable year may not exceed \$9,000 and may be carried over for maximum of 9 consecutive taxable years following the taxable year in which the credit originated.

There is also a tax credit equal to ten percent (10%) for projects outside critical groundwater areas, and fifty percent (50%) for projects within critical groundwater areas, of the cost incurred for the reduction of groundwater use by substitution of surface water for water used in industrial, commercial, agricultural or recreational purposes. The amount of credit used for any taxable year may not exceed \$9,000 and may be carried over for maximum of 2 consecutive taxable years following the taxable year in which the credit originated. Exception: credits earned from a project for industrial or commercial purposes that is located in critical groundwater areas may be used in an amount up to \$200,000. These credits may be carried over for a maximum of 4 consecutive taxable years.

Also available is a tax credit equal to ten percent (10%) of the project cost incurred for agricultural land leveling to conserve irrigation water. The amount of credit used for any taxable year may not exceed \$9,000 and may be carried over for maximum of 2 consecutive taxable years following the taxable year in which the credit originated.

An income tax credit is allowed equal to the project cost incurred in the development or restoration of private wetlands and riparian zones. The amount of credit used for any taxable year may not exceed \$5,000 and may be carried over for maximum of 9 consecutive taxable years following the taxable year in which the credit originated. The project must be maintained for a minimum life of 10 years after the project is completed.

A new conservation credit beginning on or after July 1, 2009 is allowed for donations of qualified wetland and riparian zone real estate to an eligible donee. The credit is equal to 50% of the fair market value of the property, not to exceed \$50,000, and is limited to \$5,000 per year. Any unused credit may be carried forward for nine years.

An income tax credit equal to thirty (30%) of the cost of waste reduction, reuse or recycling equipment, including the cost of installation of such machinery and equipment. To be eligible, the company must be engaged in the business of reducing, reusing, or recycling solid waste material for commercial purposes. The credit used for a taxable year may not exceed the individual or corporation income tax due. Any unused credit may be carried over for a maximum of three (3) consecutive years.

A person who purchases an equity interest in a capital development company between

## CORPORATE INCOME TAXES

### IV. Credits

#### (Arkansas Continued)

January 1, 2003 and July 1, 2007 is entitled to a credit against any state income tax liability or premium tax liability. The credit shall be equal to 33-1/3% of the actual purchase price paid for the equity interest. In any one tax year, the credit shall not exceed 50% of the net liability after all other credits and reductions have been calculated. Any excess credit may be carried forward for 8 succeeding tax years. In no event may the credit be allowed for any tax year ending after December 31, 2021.

A credit is allowed equal to 3.9% of the annual salary of personnel employed exclusively for providing child care services to the business's employees, or a \$5,000 income tax credit for the first tax year the business provides its employees with a child care facility. The credit is first available for use in the taxable year following the year the business makes payment of wages to child care workers. Any unused credit may be carried forward two (2) years. The Arkansas Department of Education must certify a facility as qualifying having any appropriate early childhood program.

A taxpayer who trains a youth apprentice in a registered youth apprenticeship program shall be entitled to a credit in the amount of \$2,000 or 10% of the wages earned by the youth apprentice, whichever is less. The credit used for a taxable year may not exceed the individual or corporate income tax otherwise due in the year the credit was earned. Any unused credit may be carried over for a maximum of two (2) consecutive taxable years.

An income tax credit for a tourism attraction project is allowed equal to 4 percent of the payroll of the new permanent employees. The tax credit shall be used for the taxable year in which the net new permanent employees were hired. If the entire credit cannot be used in the year earned, the remainder may be applied against the income tax for the succeeding nine (9) years or until the credit is entirely used, whichever occurs first.

Targeted Business credits are discretionary incentives for start-up companies in emerging sectors that are less than five years old, have an annual payroll between \$100,000 and \$1 million, and pay at least 150 percent of the county's or state's current average hourly wage. Emerging technology sectors include: Advanced materials and manufacturing systems; Agriculture, food and environmental sciences; Biotechnology, bioengineering and life sciences; Information technology; Transportation logistics; Bio-based products. Companies meeting these criteria are eligible for a transferable income tax credit equal to 10 percent of payroll for up to five years, a transferable income tax credit equal to 33 percent of eligible research and development costs, and sales and use tax refunds on building materials and necessary equipment.

Taxpayers may be provided financial assistance for upgrading the knowledge and skills of the existing workforce. The financial assistance can be in the form of grants or credits in an amount determined by the Arkansas Department of Economic Development.

Eligible companies that use state supported educational institutions for classroom training are eligible for either a grant or income tax credit, while a consortium can only receive a grant, for the lesser of ½ of the amount paid by the company to the educational institution, or the instructional hour rate (not to exceed \$80 per hour) times the number of instructional hours. If the company uses company employees or paid consultants to deliver the classroom training, the amount of assistance shall not be more than \$25 per instructional hour, which can only be in the form of an income tax credit.

There is an income tax credit for companies that pay or reimburse full-time employees, for the cost of tuition, books and fees for a program of undergraduate or postgraduate

## CORPORATE INCOME TAXES

### IV. Credits

#### (Arkansas Continued)

education from an accredited institution of post secondary education located in Arkansas. The credit is equal to 30% of the tuition paid or reimbursement, but cannot exceed 25% of the business' income tax liability in any year.

An income tax credit is allowed for taxpayers that contribute to the Public Roads Incentives Fund of the Arkansas Economic Development Commission. The credit is equal to 33% of the taxpayer's contribution. The credit may not exceed 50% of the taxpayer's income tax liability after all other credits and reductions in tax have been calculated. Any unused credit may be carried forward for 3 years.

An income tax credit of 30% of the total amount invested in affordable housing assistance activities is allowed for projects approved by the Arkansas Development Finance Authority. Any unused credit may be carried forward for 5 years.

An income tax credit equal to 20% of the federal low income housing tax credit is allowed. Any unused credit may be carried forward for 5 years.

A credit is allowed as recommended by the Arkansas Development Finance Authority up to \$10 million per fiscal year for the entire program, for qualified venture capital invested in Arkansas. The credit may offset income tax otherwise due and has a five year carry forward.

An income tax credit of \$2.00 per ton of coal mined, produced, or extracted on each ton of coal mined in Arkansas. An additional credit of \$3.00 per ton will be allowed for each ton of coal mined in Arkansas in excess of 50,000 tons in a tax year. The credit can only be earned if the coal is sold to an electric generation plant for less than \$40.00 per ton excluding freight charges. The credit expires 5 years following the tax year in which the credit was earned. A credit earned may be transferred by written agreement to an eligible transferee.

The Family Savings Initiative Act provides a tax credit equal to 50% of contributions to a designated fiduciary organization. The fiduciary will notify the Department of Human Services of the deposits and will issue a certificate to be attached to the tax return for the first year the credit is taken. The credit allowed is the lesser of the income tax due or \$25,000 per taxpayer. The total tax credit allowed for all taxpayers is \$100,000 per year. Any unused credit may be carried forward for the next 3 succeeding tax years or until exhausted, whichever occurs first.

An income tax credit is allowed in the amount of \$15.00 for each ton of rice straw in excess of 500 tons that is purchased by an Arkansas taxpayer who is the end user (person who purchases and uses the straw for processing, manufacturing, generating energy or producing ethanol). The amount of the credit is limited to 50% of the income tax due for the tax year. Unused credit may be carried forward for 10 consecutive tax years following the year in which the credit is earned.

A credit is allowed to a biodiesel supplier equal to 5% of the cost of facilities and equipment used directly in the wholesale or retail distribution of biodiesel fuel. The credit may be carried forward for a period not to exceed 3 years.

An income tax credit is available equal to 25% of an investment of at least \$25,000 in a geotourism-supporting business located in the Lower Mississippi river Delta. The maximum credit per taxpayer is \$25,000. The credit may offset the income tax liability, and unused credits may be carried forward for five years. The credit is available for investments made after July 31, 2007. No new credits may be established after the end of the 2011 tax year.

## CORPORATE INCOME TAXES

### IV. Credits

#### (Arkansas Continued)

Effective for tax years beginning on or after January 1, 2009, the credit may be transferred or sold to any taxpayer in the tourism business in Arkansas and the expiration date of the credit is extended until the end of 2016.

An income tax credit equal to up to 33-1/3% of an equity investment in a qualified early-stage or start-up business is available for investments made between 2007 and 2019. The credit may offset up to 50% of the income or premium tax liability and unused credits may be carried forward nine years. The credits or investments may be sold at any time. Investors must reduce their basis in the investment by the amount of the credit, thus increasing the amount of capital gain when the investment is sold.

A credit is allowed for qualified historic preservation expenditures equal to 25% of the first \$500,000 of qualified expenses for income producing property or \$100,000 of qualified expenses for non-income producing property. The holder of the credit may offset 100% of income or premium tax liability. The credit may be transferred or sold and unused credit may be carried forward for five tax years. The credit is available for tax years beginning on or after January 1, 2009 and ending on or before December 31, 2015.

#### Georgia

**101 - Employer's Credit for Basic Skills Education.** Businesses which provide or sponsor basic skills education that enhances reading, writing, or mathematical skills up to and including the 12<sup>th</sup> grade, or classes to receive a GED certificate, may receive a tax credit. The program is administered by the Department of Technical and Adult Education. This credit should be claimed on Form IT-BE. For more information, refer to O.C.G.A. §48-7.41.

**102 - Employer's Credit for Approved Employee Retraining.** The retraining tax credit allows employers to claim certain costs of retraining employees to use new equipment, new technology, or new operating systems. For tax years beginning on or after January 1, 2009, approved retraining shall not include any retraining on commercially, mass produced software packages for word processing, data base management, presentations, spreadsheets, e-mail, personal information management, or computer operating systems except a retraining tax credit shall be allowable for those providing support or training on such software. The credit is calculated at 50% of the direct costs of retraining full-time employees, up to \$500 per employee per approved retraining program per year. For tax years beginning on or after January 1, 2009, there is a cap of \$1,250 per year per full-time employee who has successfully completed more than one approved retraining program. The credit may be utilized up to 50% of the taxpayer's total state income tax liability for a tax year. For tax years beginning on or after January 1, 2009, the credit must be claimed within 1 year instead of the normal 3 year statute of limitation period. Credits claimed but not used may be carried forward for 10 years. For a copy of the Retraining Tax Credit Procedures Guide, contact the Department of Technical and Adult Education at 404-253-2800 or visit their website at: <http://www.dtae.org/econdev/retrain.html>. This credit should be claimed on Form IT-RC, with Program Completion forms signed by Department of Technical and Adult Education personnel attached. For more information, refer to O.C.G.A. §48-7-40.5.

**103 - Employer's Jobs Tax Credit** - This credit provides for a statewide job tax credit for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development industries, but does not include retail businesses, in counties recognized and designated as the 40 least developed counties.

CORPORATE INCOME TAXES

IV. Credits  
(Georgia Continued)

Tier Designation	County Rankings	New Jobs Created	Credit Amount
Tier 1	1 through 71	5 or more	\$3,500
Tier 2	72 through 106	10 or more	\$2,500
Tier 3	107 through 141	15 or more	\$1,250
Tier 4	142 through 159	25 or more	\$750

Credits similar to the credits available in Tier 1 counties are potentially available to companies in certain less developed census tracts in the metropolitan areas of the state. Note that average wages for the new jobs must be above the average wage of the county that has the lowest average wage of any county in the state. Also employers must make health insurance available to employees filling the new full-time jobs. Employers are not, however, required to pay all or part of the cost of such insurance unless this benefit is provided to existing employees. For taxpayers that initially claim this credit for any taxable year beginning before January 1, 2009, credits are allowed for new fulltime employee jobs for five years in years two through six after the creation of the jobs. In Tier 1 and Tier 2 counties, the total credit amount may offset up to 100% of a taxpayer's state income tax liability for a taxable year. In Tier 3 and Tier 4 counties, the total credit amount may offset up to 50% of a taxpayer's state income tax liability for a taxable year. In Tier 1 counties and less developed census tracts only, credits may also be taken against a company's income tax withholding. To claim the credit against withholding, a business must file Form IT-WH at least 30 days prior to filing the return on which the applicable jobs are claimed or 30 days prior to the date of the return if earlier. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. A credit claimed but not used in any taxable year may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established. The measurement of new full-time jobs and maintained jobs is based on average monthly employment. Georgia counties are re-ranked annually based on updated statistics. This credit should be claimed of form IT-CA. An additional \$500 per job is allowed for a business locating within a county that belongs to a Joint Development Authority per O.C.G.A. §36-62-5.1. An exiting business enterprise as defined in O.C.G.A. §48-7-40 qualifies for an additional \$500 credit for each new fulltime job provided all conditions are met. For taxpayers that create a new year one under DCA regulations for any taxable year beginning on or after January 1, 2009 the following changes apply:

1. The definition of a business enterprise now also includes a business or headquarters of a business that provides services for the elderly and persons with disabilities (only for the jobs credit provided pursuant to O.C.G.A. 48-7-40).
2. The credit may be claimed beginning with the year the job is created as opposed to the year after the job is created.
3. The credit may be claimed against withholding tax for a business enterprise engaged in a competitive project. (As certified by the Department of Economic Development) which is located in a tier 2, 3 or 4 county.
4. The additional \$500.00 tax credit for an existing business enterprise is allowed to be claimed in the year the job is created as opposed to the year after the job is created.
5. The additional new fulltime jobs created in the 4 years after the initial year shall be eligible for the credit.
6. The credit must be claimed within 1 year instead of the normal 3 year statute of limitation period. See the Job Tax Credit law (O.C.G.A. 48-7-40 and 48-7-40 and 49-7-40.1) and regulations for future information or refer to the Department of Community Affairs website at:

<https://www.dca.ga.gov/economic/TaxCredits/programs/taxcredit.asp>.

CORPORATE INCOME TAXES

IV. Credits  
(Georgia Continued)

**104 - Employer’s Credit for Purchasing Child Care Property.** Employers who purchase qualified child care property will receive a credit totaling 100% of the cost of such property. The credit is claimed at the rate of 10% a year for 10 years. Any tax liability for the tax year. Recapture provisions apply if the property is transferred or committed to a use other than child care within 14 years after the property is placed in service. This credit should be claimed on Form IT-CCC100. For more information, refer to O.C.G.A. §48-7-40.6.

**105 - Employer’s Credit for Providing or Sponsoring Child Care for Employees.** Employees who provide or sponsor child care for employees are eligible for a tax credit of up to 75% of the employers’ direct costs. The credit may not exceed 50% of the taxpayer’s total state income tax liability for the taxable year. Any credit claimed but not used in any taxable year may be carried forward for five years from the close of the taxable year in which the cost of the operation was incurred. This credit should be claimed on Form IT-CCC75. For more information, refer to O.C.G.A. §48-7-40.6.

**106 - Manufacturer’s Investment Tax Credit** - Based on the same Tier ranking as the Job Tax Credit Program. It allows a taxpayer that has operated an existing manufacturing or telecommunications facility in the state for the previous three years to obtain a credit against income tax liability. The credit is calculated on expenses directly related to manufacturing or telecommunications services. Taxpayers must apply (use Form IT-APP) and receive approval before claiming the credit on the appropriate tax return. A taxpayer may not claim the job tax credit or the optional investment tax credit when claiming the credit for the same project. Companies must invest a minimum of \$50,000 per project/location during the tax year in order to claim the job tax credit or the optional investment tax credit when claiming this credit for the same project. Companies must invest a minimum of \$50,000 per project/location during the tax year in order to claim the credit.

Tier Location	Tax Credit	Credit for Recycling, Pollution Control or Defense Conversion Activities
Tier 1	5%	8%
Tier 2	3%	5%
Tier 3 or 4	1%	3%

This credit should be claimed on Form IT-IC and accompanied by the approved Form IT-APP. For more information, refer to O.C.G.A. §48-7-40.2, 40.3, and 40.4.

**107 - Optional Investment Tax Credit** - Taxpayers qualifying for the investment tax credit with the following threshold criteria:

Designated Area	Minimum Investment	Tax Credit
Tier 1	\$5 Million	10%
Tier 2	\$10 Million	8%
Tier 3 or 4	\$20 Million	8%

Taxpayers must apply (use Form OIT-APP) and receive approval before they claim the credit on their returns. The credit may be claimed for 10 years, provided the qualifying property remains in service throughout that period. A taxpayer must choose either the

## CORPORATE INCOME TAXES

### IV. Credits (Georgia Continued)

regular or optional investment tax credit. Once this election is made, it is irrevocable. The optional investment tax credit is calculated based upon a three-year tax liability average. The annual credits are then determined using this base year average. The credit available to the taxpayer in any given year is the lesser of the following amounts: (1) 90% of the excess of the tax of the applicable year determined without regard to any credits over the base year average; or (2) The excess of the aggregate amount of the credit allowed over the sum of the amounts of credit already used in the years following the base year.

The credit must be claimed on Form IT-OIT. For more information, refer to O.C.G.A. §48-7-40.7., 40.8, and 40.9.

**108 - Qualified Transportation Credit** - This is a credit of \$25 per employee for any “qualified transportation fringe benefit” provided by an employer to an employee as described in Section 132(f) of the IRC of 1986. For more information, refer to O.C.G.A. §48-7-29.3.

**109 - Low Income Housing Credit** - This is a credit against Georgia income taxes for taxpayers owning developments, receiving the federal Low-Income Housing Tax Credit that are placed in service on or after January 1, 2001. Credit must be claimed on Form IT-HC and accompanied with Federal Form K\_1 from the providing entity and a schedule of the building allocation. For more information, refer to O.C.G.A. §48-7-29.6.

**110 - Diesel Particulate Emission Reduction Technology Equipment** - This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For more information, refer to O.C.G.A. §48-7-40.19.

**111 - Business Enterprise Vehicle Credit** - This credit is for a business enterprise for the purchase of a motor vehicle used exclusively to provide transportation for employees. In order to qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year. This credit cannot be claimed if the low and zero emission vehicle credit was claimed at the time the vehicle was purchased. For more information, refer to O.C.G.A. §48-7-40.22.

**112 - Research Tax Credit** - A tax credit is allowed for research expenses for research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, broadcasting or research and development industries. The credit shall be 10% of the additional research expense over the “base amount” provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986. For tax years beginning on or after January 1, 2009, the base amount calculation is based on Georgia gross receipts instead of Georgia taxable net income. (Note that for tax years beginning before January 1, 2009, the base amount must contain positive Georgia taxable net income for all years.) For taxable years beginning on or after January 1, 2009, the credit may be claimed against withholding tax in the first five years of a newly formed business enterprise’s operations in this state. The credit may not exceed 50% of the business’s Georgia net income tax liability after all other credits have been applied in any one year. Any unused credit may be carried forward 10 years. This credit should be claimed on Form IT-RD. For more information, refer to O.C.G.A. §48-7-40.12.

## CORPORATE INCOME TAXES

### IV. Credits (Georgia Continued)

**113 - Headquarters Tax Credit** - Companies establishing their headquarters or relocating their headquarters to Georgia prior to January 1, 2009 may be entitled to a tax credit if the following criteria are met: (1) At least fifty (50) headquarters jobs are created; and (2) within one year of the first hire, \$1 million is spent in construction, renovation, leasing, or other cost related to such establishment or reallocation. Headquarters is defined as the principal central administrative offices of a company or a subsidiary of the company. The credit is available for establishing new full-time jobs. To qualify, each job must pay a salary which is a stated percentage of the average county wage where the job is located: Tier 1 counties at least 100%; Tier 2 counties at least 105%; Tier 3 counties at least 110%; and Tier 4 counties at least 115%. The company has the ability to claim the credit in years one through five for jobs created in year one and may continue to claim newly created jobs through year seven and claim the credit on each of those jobs for five years. The credit is equal to \$2,500 annually per new full-time job meeting the wage requirement or \$5,000 if the average wage of all new qualifying fulltime jobs is 200% or more of the average county wage where new jobs are located. The credit may be used to offset 100 percent of the taxpayers Georgia income tax liability in the taxable year. Where the amount of such credit exceeds the taxpayer's tax liability in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly withholding tax. To claim the credit against withholding, a business must file Form IT-WH at least 30 days prior to filing the return on which the applicable jobs are claimed. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. This credit should be applied for and claimed on Form IT-HQ. For more information, refer to O.C.G.A. §48-7-40.17.

**114 - Port Activity Tax Credit** - For taxable years beginning before January 1, 2010, businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, broad-casting, tourism, or research and development that have increased shipments out of Georgia ports during the previous 12-month period by more than 10% over their 1997 base year port traffic, or by more than 10% over 75 net tons, five containers or ten 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. If not, the percentage increase in port traffic will be calculated using 75 net tons, five containers, or 10 TEU's as the base. Companies must meet Business Expansion and Support Act (BEST) criteria for the county in which they are located. The tax credit amounts are as follows for all Tiers: An additional job tax credit of \$1,250 per job; investment tax credit of 5%; or optional investment tax credit of 10%. Companies that create 400 or more new jobs, invest \$20 million or more in new and expanded facilities, and increase their port traffic by more than 20% above their base year port traffic may take both job tax credits and investment tax credits. The credit is claimed by filing the appropriate form for the applicable credit (job tax; Form IT-CA; investment tax; Form IT-IC or optional; Form IT-OIT) with the tax return and providing a statement with port numbers to verify the increase in port traffic. For more information, refer to O.C.G.A. §48-7-40.15. (1) "Base year port traffic" means the amount of imports and exports during the second preceding 12 month period. For example, if the taxpayer is trying to claim the credit for 2010, they would compare 2009 to 2008 and if the increase is more than 10% they would qualify. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. If not, the percentage increase in port traffic will be calculated using 75 net tons, five containers, or 10 TEU's as the base. (2) "Port traffic" means the amount of imports and exports.

**115 - Bank Tax Credit** - All financial institutions that conduct business or own property

## CORPORATE INCOME TAXES

### IV. Credits (Georgia Continued)

in Georgia are required to file a Georgia Financial Institutions Business Occupation Tax Return, Form 900. Effective on or after January 1, 2001, a depository financial institution with a Sub S election can pass through the credit to its shareholders on a pro rata basis. For more information, refer to O.C.G.A. §48-7-29.7.

**116 - Low Emission Vehicle Credit** - This is a credit, the lesser of 10% of the cost of the vehicle or \$2,500, for the purchase or lease of a new low emission vehicle. Also there is a credit for the conversion of a standard vehicle to a low emission vehicle which is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. Certification approved by the Environmental Protection Division of the department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable. A low emission vehicle is defined as an "alternative fuel" vehicle and does not include any gasoline powered vehicles (i.e. hybrid). A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.

**117 - Zero Emission Vehicle Credit** - This is a credit, the lesser of 20% of the cost of the vehicle or \$5,000, for the purchase or lease of a new zero emission vehicle. Also there is a credit for the conversion of standard vehicle to a zero emission vehicle which is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable. A zero emission vehicle is a motor vehicle which has zero tailpipe and evaporative emissions as defined under rules and regulations of the Board of Natural Resources and includes an electric vehicle whose drive train is powered solely by electricity, provided the electricity is not generated by an on-board combustion device. A "low-emission vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.

**118 - New Facilities Jobs Credit** - For business enterprises who first qualified in a taxable year beginning before January 1, 2009, \$450 million in qualified investment property must be purchased for the project within a six-year period. The manufacturer must also create at a minimum 1,800 new jobs within a six-year period and can receive credit for up to a maximum of 3,300 jobs. For business enterprises who first qualify in a taxable year beginning in or after January 1, 2009; (1) the definition of business enterprise is any enterprise or organization which is registered and authorized to use the federal employment verification system known as "E-Verify" or any successor federal employment verification system and is engaged in or carrying on any business activities within this state. Retail businesses are not included in the definition of a business enterprise; (2) the business enterprise must meet the job creation requirement and either the qualified investment requirement, \$450 million qualified investment property, or the payroll requirement, \$150 million in total annual Georgia W-2 reported payroll within the six-year period. After an affirmative review of their application by a panel, the business enterprise is rewarded with the new job tax credit. The credit is \$5,250 per job created. The credit offsets income tax liability and any excess credit may be used to offset withholding taxes. There is a 10-year carryforward of any unused tax credit. For more information, refer to O.C.G.A. §28-7-40.24.

**119 - Electric Vehicle Charger Credit** - This is a credit for a business enterprise for the purchase of an electric vehicle charger located in the State of Georgia. The credit allowed is the lesser of 10% of the cost of the charger or \$2,500. For more information, refer to O.C.G.A. §48-7-40.16.

**120 - New Manufacturing Facilities Property Credit** - This is an incentive for a

## CORPORATE INCOME TAXES

### IV. Credits (Georgia Continued)

manufacturer who has operated a manufacturing facility in this state for at least 3 years and who spends \$800 million on a new manufacturing facility in this state. There is also the requirement that the number of full-time employees equal or exceed 1,800. However, these do not have to be new jobs to Georgia. An application is filed which a panel must approve. The benefit awarded to a manufacturer is a credit against taxes equal to 6 percent of the cost of all qualified investment property purchased or acquired. The total credit allowed is \$50 million. The credit offsets income tax liability and any excess may be used to offset withholding taxes. There is a 15-year carry forward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.25.

**121 - Historic Rehabilitation Credit** - A credit will be available for the certified rehabilitation of a certified structure or historic home. Standards set by the Department of Natural Resources must be met. For taxable years beginning on or after January 1, 2009, a credit not to exceed \$100,000 for a historic home and \$300,000 for a certified structure will be available. This credit should be claimed on Form ITRHC. For more information, refer to O.C.G.A. 48-7-29.8 or the Department of Natural Resources website at : <http://hpd.dnr.state.ga.us>.

**122 - Film Tax Credit** - Production companies which have at least \$500,000 of qualified expenditures in a state certified production may claim this credit. Certification must be approved through the Georgia Department of Economic Development. The credit is equal to 20 percent of the base investment in the state, with an additional 10 percent for including a qualified Georgia promotion in the state certified production. There are special calculation provisions for production companies whose average annual total production expenditures in this state exceeded \$30 million for 2002, 2003 and 2004. This credit may be claimed against 100 percent of the production company's income tax liability, while any excess may be used to offset the production company's withholding taxes. To claim the credit against withholding, the production company must file Form IT-WH at least 30 days prior to filing the return on which the credit will be claimed or 30 days prior to the due date of the return if earlier. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the production company of the approved credit and when and how it may be claimed. The production company also has the option of selling the tax credit to a Georgia taxpayer. A credit claimed but not used in any taxable year may be carried forward for 5 years from the close of the taxable year in which the investment occurred. This credit should be claimed on Form IT-FC, along with certification from the Film Office of the Georgia Department of Economic Development. For more information, refer to O.C.G.A. §48-7-40.26.

**123 - Teleworking Credit** - Employers who permit their employees to telework will be allowed an income tax credit for expenses incurred up to \$1,200 per participating employee. The percentage of the credit for allowed expenditures ranges for 100%, 75% and 25% depending upon whether the business is located in a federal "nonattainment" area, and number of telework days per month required by the participating employees telework agreement. In addition, the employer will also be allowed a credit for conducting a telework assessment in the year of implementation for 100% of the cost of preparing the assessment, up to a maximum of \$20,000 per employer. However, such costs shall not be eligible for the credit if the employer has already deducted such expenses from income in any tax year. The aggregate maximum that can be claimed for this credit is \$2 million in 2008, \$2 million in 2009, \$2.5 million in 2010, and \$2.5 million in 2011. This credit is only available for calendar years 2008 through 2011 and became effective July 1, 2007. Costs incurred between July 1, 2007 and January 1, 2008 will be treated as being incurred on January 1, 2008. Taxpayer must request preapproval to claim this credit on Form IT-TW. For more information, refer to O.C.G.A. §48-7-29.11.

## CORPORATE INCOME TAXES

### IV. Credits (Georgia Continued)

**124 - Land Conservation Credit** - This provides for an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of Title 36. Property donated to increase building density levels or property that will be used, or is associated with the playing of golf shall not be eligible. Taxpayers will be able to claim a credit against their state income tax liability not exceeding 25 percent of the fair market value of the donated property, or 25 percent of the difference between the fair market value and the amount paid to the donor if the donation is effected by a sale of property for less than fair market value, up to maximum of credit of \$250,000 per individual, and \$500,000 per corporation, and \$1 million per partnership. However, the partners of the partnership are subject to the per individual and per corporation limits. The amount of the credit used in any one year may not exceed the taxpayer's income tax liability for that taxable year. Any unused portion of the credit may be carried forward for five succeeding years. The Department of Natural Resources will certify that such donated property is suitable for conservation purposes. A copy of this certificate must be filed with the taxpayer's tax return in order to claim the credit. This credit should be claimed on Form IT-CONSV. For more information, refer to O.C.G.A. §48-7-29.12.

**125 - Qualified Education Expense Credit** - This provides a tax credit for qualified educational expenses. A corporation is eligible for a credit amount that can equal up to 75% of its income tax liability. The credit is allowed on a first come, first serve basis. The aggregate amount of the tax credit allowed to all taxpayers cannot exceed \$50 million per tax year. The taxpayer must add back to Georgia taxable income that part or any federal charitable contribution deduction taken on a federal return for which a credit is allowed. Taxpayers must request preapproval to claim this credit on Form IT-QEE-TP1. For more information, refer to O.C.G.A. §48-7-29.16.

**126 - Seed-Capital Fund Credit** - This provides tax credits for certain qualified investments made on or after July 1, 2008. For more information, refer to O.C.G.A. §48-7-40.28.

**127 - Clean Energy Property Credit** - This provides a tax credit for the construction, purchase, or lease of clean energy property that is placed into service in Georgia between July 1, 2008 and December 31, 2012. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is \$2.5 million for calendar years 2008, 2009, 2010, 2011 and 2012. A person receiving a grant from GEFA under O.C.G.A. §50-23-21 shall not be eligible to claim this tax credit with respect to the same clean energy property. Taxpayers must request preapproval to claim these credits on Forms IT-CEP-AP. For more information, refer to O.C.G.A. §48-7-29.14.

**128 - Wood Residuals Credit** - This provides a tax credit for transporting or diverting wood residuals to a renewable biomass qualified facility on or after July 1, 2008. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is \$2.5 million for calendar years 2008, 2009, 2010, 2011, and 2012. Taxpayers must request preapproval to claim this credit on Form IT-WR-AP. For more information, refer to O.C.G.A. §48-7-29.14.

**129 - Qualified Health Insurance Expense Credit** - Effective for taxable years beginning on or after January 1, 2009, an employer (but only an employer who employs 50 or fewer persons either directly or whose compensation is reported on Form 1099) is allowed a tax credit for qualified health insurance expenses in the amount of \$250.00 for each employee enrolled for twelve consecutive months in a qualified health insurance plan. Qualified health insurance means a high deductible health plan as defined by Section 223 of the Internal Revenue Code. The qualified

## CORPORATE INCOME TAXES

### IV. Credits (Georgia Continued)

health insurance must be made available to all employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code. The total amount of the tax credit for a taxable year cannot exceed the employer's income tax liability. The qualified health insurance premium expense must equal at least \$250 annually.

**130 - Quality Jobs Credit** - For tax years beginning on or after January 1, 2009, a taxpayer creating at least 50 "new quality jobs" may be entitled to a credit provided certain conditions are met. A "new quality job" means a job that: (1) is located in this state; (2) has a regular work week of 30 hours or more; (3) is not a job that is or was already located in Georgia regardless of which taxpayer the individual performed services for; and (4) which pays at or above 110 percent of the average wage of the county in which it is located. The credit amount varies depending upon the pay of the new quality jobs. The credit must be claimed within 1 year instead of the normal 3 year statute of limitation period. The taxpayer may claim the credit in years one through five for new quality jobs created in year one and may continue to claim newly created new quality jobs through year seven and claim the credit on each of those new quality jobs for five years. The credit may be used to offset 100 percent of the taxpayers Georgia income tax liability in the taxable year. Where the amount of such credit exceeds the taxpayer's tax liability in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly withholding tax. To claim the credit against withholding, a taxpayer must file Form IT-WH at least 30 days prior to filing the return on which the applicable jobs are claimed or 30 days prior to the due date of the return if earlier. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. For more information, refer to O.C.G.A. §48-7-40.17.

**131 - Alternate Port Activity Tax Credit** - O.C.G.A. §48-7-40.15A provides an alternate port tax credit. The definitions of "base year port traffic" and "port traffic" include imports and exports of product. It allows the credit to any business enterprise located in a tier two or three county established pursuant to O.C.G.A. §48-7-40 and in a less developed area established pursuant to O.C.G.A. §48-7-40.1 and which qualifies and receives the tax credit under O.C.G.A. §48-7-40.1 and which: (1) consists of a distribution facility of greater than 650,000 square feet in operation in this state prior to December 31, 2008; (2) distributes product to retail stores owned by the same legal entity or its subsidiaries as such distribution facility; and (3) has a minimum of 8 retail stores in this state in the first year of operations. The business enterprise shall not be authorized to claim both this credit and the port credit provided in O.C.G.A. §48-7-40.15, unless such business enterprise has increased its port traffic of products during the previous twelve month period by more than 20 percent above its base year port traffic, and also has increased employment by 400 or more no sooner than January 1, 1998. The tax credit, in addition to the tax credit under O.C.G.A. §48-7-40, shall be limited to an amount not greater than 50 percent of the taxpayer's state income tax liability which is attributable to income derived from operations in this state for that taxable year. No credit may be claimed and allowed under this code section for any jobs created on or after January 1, 2015.

**NOTE: The credit type code numbers referenced above are subject to change from year to year. Please review the codes carefully to ensure you list the correct code number.**

For more details about credits and the latest forms, visit our website at:  
<http://www.dor.ga.gov/inctax/taxcredits.aspx>

## CORPORATE INCOME TAXES

### IV. Credits Louisiana

A taxpayer who establishes or expands a business enterprise in Louisiana is allowed a credit not to exceed 50% of the corporate income tax. The amount of credit is equal to \$100 per eligible new employee per taxable year, \$200 per eligible new economically disadvantaged employee per taxable year, or \$225 per new employee who is a resident of a neighborhood with an unemployment rate of 10% or more per taxable year. This credit is in lieu of the property tax exemption allowed to new manufacturing establishments or any property tax exemptions available to business or industry granted under the Louisiana Enterprise Zone Act.

Businesses engaged in providing neighborhood assistance, job training, education, community services or crime prevention in the state are allowed a credit of no more than 70% of the amount contributed for \$250,000. The total credit granted by Louisiana for approved programs may not exceed 1% of the total amount of corporate income tax as collected in the prior fiscal year.

A credit is allowed any corporation for donating or selling below cost tangible movable property to any public school, vo-tech, or higher education facility, private or parochial institution, community college, special school, museum, or any public library in Louisiana. The credit is computed at 40% of the property's value or, in cases of sales below cost, is the difference between the price received for the property and the taxpayer basis. The credit is limited to the total tax liability and is in lieu of charitable contributions or deductions.

A refundable tax credit is allowed against income and corporation franchise taxes for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers. Such credit shall be equal to 100% of inventory taxes paid on or after 7/1/96. Effective 8/15/05 the credit is available for ad valorem taxes paid on natural gas held, used or consumed in providing natural gas storage services or facilities.

A credit is allowed against income taxes for conversion of vehicles to "alternative fuel" usage. "Alternative fuel" includes compressed natural gas, liquefied natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels which meet or exceed federal clean air standards. The amount of the tax credit is 20% of the cost of the qualified clean burning motor vehicle fuel property. When the vehicle is purchased with qualified clean burning motor vehicle fuel properly installed by the manufacturer of such vehicle and the taxpayer is unable to or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of 20% of 10% of the cost of the motor vehicle or \$1,500. The amount of unused tax credit may be carried forward for 3 years.

A credit is allowed against income and corporation franchise taxes for employment of previously unemployed Louisiana residents. The credit is \$750 per employee hired in excess of 5% of the prior year's employment level.

A credit is allowed for the employment of certain first time drug offenders. Credit is \$200 per employee per year for a maximum of two years.

A credit is allowed against income and corporate franchise taxes for ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act Waters.

A refundable credit under the Quality Jobs Program Act is allowed for establishments that have a projected annual gross payroll for new direct jobs equal to or greater than \$1 million within three years of the anticipated date it will first qualify. Qualifying establishments must enter into a contract with the Department of Economic

## CORPORATE INCOME TAXES

### IV. Credits

#### Louisiana (Continued)

Development. Credits are allowed for up to 10 years. The credit is also available against franchise tax.

A tax credit is allowed against corporation income and franchise tax for qualified donations made to public elementary or secondary schools. The credit allowed is for 40% of the appraised value of the donation, not to exceed the taxpayer's total tax liability for the year. "Qualified donation" means a donation of immovable property purchased or otherwise acquired by a corporation and donated to a public school immediately adjacent or contiguous to the property. Effective July 1, 1998.

A tax credit is allowed against corporation and individual income taxes and corporation franchise taxes and for amount equal to 40% of the aggregate ad valorem tax paid by certain telephone companies to political subdivisions in Louisiana after December 31, 2000.

A transferable credit is allowed for investment in certain film productions certified by the Louisiana Film Commission. This credit, which is only available to taxpayers domiciled in Louisiana, is for 10 to 25 percent of an investor's investment in a film production after July 1, 2002, depending on the level of investment.

The investment credit and infrastructure credit on projects in excess of \$300,000 have been consolidated into one forty percent credit for all projects until January 1, 2009. Initial certification of state certified productions will be effective for a period of twelve months prior to and after the date of initial certification.

A transferable credit is allowed for the employment of Louisiana residents in connection with the productions of state certified production. Effective July 1, 2002.

A tax credit is allowed for the eligible costs and expenses incurred during rehabilitation of an owner occupied residential structure, owner occupied mixed use structure, or a historic structure located in a cultural products district. The credit is allowed against income and corporation franchise taxes. The credit is 25 percent of the costs and expenses per structure. Any unused credits may be carried over for five years. The maximum amount of tax credits allowed to be granted in any calendar year is \$10 million.

The amount of tax credits received by a taxpayer or affiliated entity cannot be more than \$5 million of credit for any number of structures rehabilitated within a particular downtown development or cultural product district.

A tax credit is allowed for investments in qualified low income community development entities (CDEs). Effective for tax years beginning on or after September 1, 2002, and is null and void on December 31, 2012. Unused credits can be carried over to succeeding years until used. Application must be made to the Department before claiming. Credits are allocated on a first-come, first-serve basis.

A tax credit is allowed for the state sales or use taxes paid on purchases of specialty apparel items from a Private Sector Prison Industry Enhancement (PIE) contractor. If the credit exceeds the liability, it is refunded.

A credit is allowed in the amount of 25% of certain expenses paid or incurred during the tax year by an employer to provide a program for employees who are potential or who actually become bone-marrow donors.

## CORPORATE INCOME TAXES

### IV. Credits

#### Louisiana (Continued)

A credit in an amount equal to the lesser of \$1,000 or ½ of the value of the donation is allowed for donations to assist qualified playgrounds in certain economically depressed areas. Because the credit did not appear in individual income tax instructions, the credit will be allowed for certain tax years between 1992 and 2001, if taken on an amended return by 12/31/08.

A credit (of \$250 per qualified employee) is allowed for employers who participate in basic skills training programs at an accredited school. The credit cannot exceed \$30,000 for any single business in a particular year.

Credit of 35% of cash invested in a Louisiana capital company certified by the Department of Economic Development.

A credit of 35% of the donation is granted for initial cash donations of \$200,000 or more made to the Dedicated Research Investment Fund and certified by the Board of Regents.

A credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds is allowed for economic development corporations.

Insurance companies are entitled to a credit against their income tax for any insurance premium taxes paid during the preceding 12 months. Insurance premium taxes are paid to the Insurance Commission.

Utilities are allowed to take an income tax credit in lieu of a deduction from gross income for income tax increases that result because of the denial of a proposed rate increase.

A credit is allowed for hiring, in full-time jobs, eligible re-entrants who have been convicted of a felony and who have successfully completed the Intensive Incarceration Program. The credit is \$150 per eligible re-entrant and is comprised of the current credit plus any carryover, not to exceed 50% of the tax liability. Taxpayers receiving incentive credits under Louisiana Quality Jobs Program are not eligible for this credit.

Any unused credits may be carried over for five years.

A research and development credit may be granted to qualifying taxpayers by the Department of Economic Development (DED).<sup>71</sup>

Technology commercialization credit. R.S. 51:2354.<sup>71</sup>

Atchafalaya Trace Heritage Area Development Zone tax credit. R.S. 25:1266.4.<sup>71</sup>  
Cane River Heritage Area tax credit. R.S. 47:6026.

University Research and Development Parks, 17:3389.<sup>71</sup>

Tax Equalization. R.S. 47:3202.<sup>71</sup>

Manufacturing Establishments. R.S. 47:305.<sup>71</sup>

Enterprise Zone Credit. R.S. 51:1787.<sup>71</sup>

If 35 percent of a company's employees are residents of an enterprise zone, not just an enterprise zone in the same parish as the business or an enterprise zone in a contiguous parish as that of the business, the business is eligible to receive a \$2,500

## CORPORATE INCOME TAXES

### IV. Credits

#### Louisiana (Continued)

enterprise zone credit. Employees eligible for the enterprise zone job credits must be United States citizens and domiciled in Louisiana or establish domicile in Louisiana within sixty days of their employment.

The taxpayer is allowed an option between a sales and use tax rebate and a refundable investment income tax credit equal to 1.5 percent of qualified expenditures. Qualified expenditures are defined as amounts classified as capital expenditures for federal income tax purposes plus exclusions from capitalization provided for an IRC 263(a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of manufacturing machinery and equipment to the extent the capitalized manufacturing machinery and equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of an existing building.

Quality Jobs Program. R.S. 51:2455.<sup>2/</sup>

A credit against state income tax is allowed for the investment made in a voluntary remedial investigation or action at a state certified brownfields site. Voluntary remedial investigation or action applications must be submitted to the Department of Economic Development and the Department of Environmental Quality and must include a statement of the projected economic development benefits to the community in which the proposed project is located. To claim the credit, a certification of completion must be remitted with the tax return. Taxpayers are allowed a credit of fifteen percent of the total investment made in a voluntary remedial investigation and a credit of fifty percent of the total investment made in a voluntary remediation action at a state certified site. The brownfields tax credit is transferable. No credit will be allowed for any expenditures for which a taxpayer receives a credit, rebate, or other tax incentive granted by the state under any other provision of law. Effective for all taxable periods beginning on or after January 1, 2005. No credit allowed after 12/31/09 but transferability provisions remain effective after 12/31/09 for credits authorized prior to 12/31/09.

A transferable credit is allowed against state income tax for investing in a state certified digital interactive media production in Louisiana. The tax credit is a percentage of investment in the production expended in the state. For multi-year productions the credit percentage decreases over time and after the sixth year is no longer available. A credit will not be allowed under this provision for any expenditure for which a credit was granted under the motion picture investor or employer tax credit. The purpose of the credit is to encourage development of a strong capital base for the production of digital interactive media. The Digital Interactive Media Producer Tax Credit may be carried forward for up to 10 years and also has a one-year carryback provision. The percentage of credit allowed is as follows: 1<sup>st</sup> and 2<sup>nd</sup> years following certification 20%; 3<sup>rd</sup> and 4<sup>th</sup> years following certification 15%; 5<sup>th</sup> and 6<sup>th</sup> years following certification 10%.

A credit is allowed against income and franchise taxes for the investment in a Louisiana Entrepreneurial Business as defined by R.S. 51:2303(5). The investor cannot be the principal owner, spouse or relative within the third degree of blood or marriage from the owner. The Louisiana Entrepreneurial Business must be located in Louisiana, must have received approval by the Department of Economic Development, must demonstrate that it will have more than 50 percent of its sales from outside Louisiana, and is not a business engaged primarily in retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services including venture capital funds. Expires December 31, 2009.

## CORPORATE INCOME TAXES

### IV. Credits

#### Louisiana (Continued)

A tax credit is allowed against income and franchise taxes to individuals or entities in a designated Urban Revitalization Zone designated by the Department of Economic Development. This credit is in lieu of any tax reductions under the Enterprise Zone Program. See footnote 7.

A refundable sound recording investor tax credit is allowed against income and franchise taxes. It is calculated as a percentage of the base investment in state-certified musical recording productions or infrastructure projects, and is earned at the time expenditures are certified by the Louisiana Department of Economic Development. The aggregate amount of credit certified for all investors during any calendar year shall not be allowed under this provision for any expenditure for which a credit was granted under the Motion Picture Investor Credit. The amount of credit allowed is based on the following investment levels: \$15,001 - \$150,000, 10%; \$150,001-\$1,000,000, 15%; \$1,000,001 or greater 20%.

The sound recording investor tax credit expires January 1, 2010.

An income and franchise tax credit is allowed for individuals and businesses that invest in a Louisiana Community Development Financial Institution (LDCFI). It provides that the LDCFI corporations will be exempt from corporation income and franchise taxes for five consecutive taxable periods. The investment credit is to be calculated as 75 percent of the investment. These credits are transferable and can be carried forward indefinitely. The total amount (tax revenues) that can be reduced in fiscal years 2006 and 2007 is \$5 million. Any unused allocation of credits from a previous year may be carried forward and granted in the next year. The program terminates on July 1, 2009, but provisions relevant to any granted tax credits continue to apply until July 1, 2012.

A tax credit is allowed for providing employee and dependent health insurance coverage when any contractor or subcontractor with a contract for the construction of a public work offers health insurance coverage and pays at least 75 percent of the total premium for the health insurance coverage for each full-time employee who elects to participate and pays at least 50 percent of the total premium for each dependent of the full-time employee who elects to participate. Contractors who participate are eligible for a five percent income tax credit on 40 percent of the amount of the contract received in a tax year, not to exceed \$3,000,000 per year. The credit is allowed against the income tax for the period in which the credit is earned.

The Mentor-Protege Tax Credit Program allows qualifying entities that fulfill the terms of a Mentor-Protege Agreement to earn a refundable tax credit on any Louisiana income or corporation franchise tax liability. Qualifying mentors must possess a favorable financial health, including profitability for at least two years; demonstrate its capability to provide managerial or technical skills transfer or capacity building; and meet the goals and objectives of the Mentor-Protege Agreement. Qualifying proteges must be certified active in the Small and Emerging Business Development Program or registered and approved in the Small Entrepreneurship Program by the Department of Economic Development and be willing to participate with a mentoring firm. The Mentor-Protege Tax Credit Program expires December 31, 2011.

A refundable credit against income and corporation franchise taxes is allowed for the cost paid by a taxpayer to acquire an eligible sugarcane trailer, to replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer. "Eligible sugarcane trailer" means a trailer that hauls sugarcane and meets the requirements of R.S. 32:387.7(B). Effective for costs of conversions or modifications of eligible sugarcane trailers paid during and after January 1, 2009.

## CORPORATE INCOME TAXES

### IV. Credits

#### Louisiana (Continued)

A refundable tax credit against individual and corporation income tax is allowed for the cost of purchase and installation of a wind energy system or solar energy system, or both., by a resident individual at their residence located in Louisiana or by the owner of a residential rental apartment project. The credit may be claimed if a resident individual purchases a new home with a system installed, a system is purchased and installed at an existing home, or a system is installed at a new or existing apartment project, and will be equal to fifty percent of the first \$25,000 of the purchase and installation cost of wind or solar energy systems purchased and installed on or after January 1, 2008. The credit may be used in addition to any federal tax credits earned for the same system, except that, a taxpayer may not receive any other state tax credit, exemption, exclusion, donation, or any other tax benefit for property for which a tax credit has been received under this section.

The Louisiana Community Economic Development Act authorizes a tax credit against income and corporation franchise tax for 25 percent of the money donated, contributed, or represented by a sale below cost by the taxpayer to a certified community development corporation or a certified community development financial institution. The credit must be approved by the Department of Economic Development and is limited to \$500,000 per year per individual or \$1 million per year per business and \$1 million total per individual and \$2 million total per business. The credit may be carried forward for five years. Effective from July 10, 2007 to August 15, 2010.

A child care provider tax credit is allowed against income or corporation franchise tax based upon the average monthly number of children who either participate in the Child Care Assistance Program administered by the Department of Social Services or who are foster children in the custody of the Department of Social Services and attending facilities operated by a child care provider, multiplied by an amount based upon the quality rating of the facility.

A business supported child care tax credit is allowed against income and franchise tax for a percentage of the eligible child care expenses supported by a business. The percentage allowed is based upon the quality rating of the child care facility the child attends. A credit is also allowed for payments by a business of fees and grants to child care resource and referral agencies, not to exceed \$5,000 per tax year.

The Technology and Commercialization Credit and Jobs Program is designed to deter university professors from taking their research and leaving the state. Individuals and businesses that invest in the commercialization of Louisiana technology in Louisiana and/or create new jobs earn a refundable tax credit against their Louisiana income and corporation franchise tax liability. The credits are earned and granted for a period of not less than five tax years. At least five new jobs, paying at least \$50,000 a year, must be created. This credit is administered by the Department of Economic Development.

A refundable credit against individual and corporation income and corporation franchise taxes is allowed for resident taxpayers engaged in the business of producing milk for sale. The credit will be allowed when the USDA Uniform Price drops below the announced production price established by the Department of Agriculture and Forestry any time during the calendar year. Qualified taxpayers are eligible for tax credits based on the production and sale of milk below the announced production price over a calendar year. The Department of Health and Hospitals must certify to the Department of Revenue, by January 31 of the following year, which milk producers are eligible to receive the credits. Any producer not certified by the Department of Health and Hospitals will not be entitled to the credits. The credits allowed for each milk

## CORPORATE INCOME TAXES

### IV. Credits

#### Louisiana (Continued)

producer may not exceed \$30,000 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$2.5 million per calendar year.

A nonrefundable apprenticeship tax credit is allowed against individual or corporation income tax or corporation franchise tax equal to one dollar for each hour of employment of each eligible apprentice, not to exceed one thousand hours for each eligible apprentice. An eligible apprentice means a person who has entered into a written apprenticeship agreement with an employer or an association of employers pursuant to a registered apprenticeship program or a person who is enrolled in a training program accredited by the National Center for Construction Education and Research that has no less than four levels of training and no less than 500 hours of instruction. Any unused credit may be carried forward for ten years.

A refundable income tax credit is allowed for musical or theatrical productions or musical or theatrical facility infrastructure projects. State certified infrastructure projects are capped at \$60 million per year with half of that amount reserved for projects in areas other than Jefferson and Orleans parishes. The infrastructure credit expires January 1, 2014. The credits are available for expenditures for production, infrastructure, and transportation expenses, employment of Louisiana students, and employment of Louisiana residents made on or after July 19, 2007. This credit is not allowed if the Motion Picture Investment Credit or the Sound Recording Credit has been granted.

#### Mississippi

A credit is allowed for increasing employment levels in certain types of business. For a credit to be allowed, the business must be primarily engaged in manufacturing, processing, warehousing, distribution, wholesaling, or research and development; or designated by rule and regulation by the Mississippi Development Authority as air transportation and maintenance facilities, final destination or resort hotels having a minimum of 150 guest rooms, recreational facilities that impact tourism, movie industry studios, telecommunications enterprises, data or information processing enterprises or computer software development enterprises or any technology intensive facility or enterprises. The total of the Jobs Tax Credit, the Headquarters Credit and the R & D Skills Credit, cannot exceed 50% of the total income tax due. The amount of the credit is determined by the classification of the county in which the qualified job is located. The 82 counties are divided into 3 groups or classifications: (1) Tier Three (Less Developed), 10 or more new jobs, 10% of payroll; (2) Tier Two (Moderately Developed), 15 or more new jobs 5% of payroll; or (3) Tier One (Developed), 20 or more new jobs, 2.5% of payroll. Effective July 1, 2005, the credit is 10% of qualified payroll in a Tier Three county, 5% in Tier Two and 2.5% in Tier One.

This job tax credit is earned by a permanent business enterprise and members of the affiliated group operating certain projects that create at least 3,000 new full-time jobs to integrated suppliers who create at least 20 full-time jobs located on the project site. The tax payer can select the date the credit commences, but it cannot be more than (5) five years after commercial production has begun. Permanent business enterprises and members of it's affiliated group operating the project are allowed a credit equal to five thousand dollars (\$5,000) annually for each net new full-time employee for a period of (20) twenty years. This credit can offset one hundred percent (100%) of the income tax due from the earnings of the project. This credit is in lieu of those provided for in Section 57-73-21. Integrated suppliers are allowed a credit equal to one thousand dollars (\$1,000) annually for each net new full-time employee for five (5) years.

For integrated suppliers, the \$1,000 annual credit has the same 50% limitations as the regular new jobs tax credits.

## CORPORATE INCOME TAXES

### IV. Credits

#### Mississippi (Continued)

A credit of \$500, \$1,000 or \$2,000 (dependent upon average annual wage) is allowed to any company establishing or transferring its national or regional headquarters from within or outside Mississippi for each net full-time employee. A minimum of 35 full-time jobs must be created.

A \$1,000 credit is allowed for each new full-time employee in any job requiring research and development skills.

An income tax credit is allowed to any employer providing dependent care for employees during the employee's work hours. The credit is based on 50% of the net cost to the employer of providing the dependent care. Additional eligible expenses include net costs assumed by the employer which increases the quality, availability and affordability of dependent care in the community used by employees during the employee's work hours. The credit can offset 100% of the income tax liability. Any excess credit will not be refunded, but can be carried forward for up to 5 years.

Credits are allowed for Rural Economic Development (RED). Credit earned is equal to the amount of bonding annual debt service. Any excess credit will not be refunded, but can be carried forward for up to 3 years. This credit can offset up to 80% of the income tax liability.

Ad valorem Inventory Tax Credit is allowed for manufacturing, distributors and wholesale or retail merchants for (the lesser of \$5,000 or the amount of income taxes due to the state of Mississippi) taxes paid on commodities, goods, wares, and merchandise held for resale. Credit must be claimed in the year which ad valorem taxes are paid.

A credit is allowed to financial institutions involved in certain mergers or acquisitions based upon increase in employment in Mississippi. The credit allowed is \$1,500 per new employee for the 1<sup>st</sup> year of employment and phased out over five years.

A Reforestation Tax Credit (RTC) is available based on the costs incurred for certain approved reforestation practices. The credit is equal to the lesser of 50% of the actual cost of approved practices or 50% of the average cost of approved practices as established by the Mississippi Forestry Commission, not to exceed the lesser of \$10,000 or the amount of income tax imposed upon the eligible owner. The lifetime maximum RTC is \$75,000. Unused credits may be carried over to succeeding years. Reforested acreage on which the eligible owner receives any state or federal cost share assistance funds to defray the cost of an approved reforestation practices is not eligible. The RTC is not available to private corporations which manufacture products or provide public utility services of any type or any subsidiary of such corporations.

Broadband Technology Credit - This is a tax credit for telecommunications enterprises making investments in equipment used in the deployment of broadband technologies. The credit applies to both income and franchise taxes and may offset 50% of the combined liabilities. The credit is a percentage of the cost of the investments incurred after June 30, 2003 and before July 1, 2020. The percentage applied is 5%, 10%, and 15% for Tier 1, Tier 2, and Tier 3 counties respectively. Enterprises qualifying for this credit are able to receive certain sales tax exemptions as well.

An income tax credit is allowed for certain taxpayers that utilize the port facilities at state, county and municipal ports equal to certain charges paid by the taxpayer on the import of cargo. In order to be eligible, a taxpayer must locate its United States headquarters in Mississippi on or after July 1, 2004, employ at least five permanent

## CORPORATE INCOME TAXES

### IV. Credits

#### Mississippi (Continued)

full-time employees who actually work at such headquarters and have a minimum capital investment of \$2,000,000 in Mississippi. The amount of the credit allowed shall be the total of the following charges on import of cargo paid by the corporation; (1) Receiving into the port; (2) Handling from a vessel; and (3) Wharfage. The amount of the credit shall not exceed 50% of the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to such taxpayers, except credit for tax payments made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding five years.

An income tax credit is allowed for a manufacturing enterprise that has operated in Mississippi for more than two years equal to a 5% of the enterprise's investment in buildings or equipment. The eligible investment must be at least \$1,000,000. The credit can only offset 50% of the income tax liability after all other credits have been utilized and has a carryforward of 5 years.

An income tax credit is allowed for any party that conducts remediation at a brownfield agreement site and incurs remediation costs for activities under Sections 49-35-1 through 49-35-25. The tax credit is equal to 25% of the remediation costs at the brownfield site. The annual credit cannot exceed the lesser of \$40,000 or the amount of the income tax due. Any unused credit may be carried forward for succeeding tax years with the maximum total credit of \$150,000.

An income tax credit is allowed for taxpayers who incur costs and expenses for the rehabilitation of eligible property which is a certified historic structure or a structure in a certified historic district. The credit is equal to twenty-five percent (25%) of total costs of qualified rehabilitation expenses incurred after January 1, 2006. The costs must exceed \$5,000 for an owner occupied dwelling and fifty percent (50%) of the total basis in the property for all other types of properties.

An income tax credit and an insurance premium tax credit are allowed for taxpayers making investments that qualify for federal income new markets tax credit as defined credits that may be allocated to all taxpayers in any one fiscal year can not exceed \$15,000,000 and is to be allocated by the Mississippi Development Authority.

#### South Carolina

Drip/Trickle Irrigation Systems Credit: For purchasing and installing conservation tillage equipment, drip/trickle irrigation system, or dual purpose combination truck and crane equipment. (Form TC-1)

Credit for State Contractors Subcontracting With Socially and Economically Disadvantaged Small Businesses: For state contractors that subcontract with socially and economically disadvantaged small businesses. (Form TC-2)

Water Resources Credit: For investing in the construction of water storage and control structures for soil and water conservation, wildlife management, agriculture and aquaculture purpose. (Form TC-3)

New Jobs Credit: For qualifying employers that create and maintain 10 or more full-time jobs. (Form TC-4)

Small Business Alternative Job Credit: For qualifying small businesses that create 2 or more full-time jobs. (Form TC-4SA)

Small Business Job Credit: For qualifying small businesses that create and maintain 2 or more full-time jobs. (Form TC-4SB)

## CORPORATE INCOME TAXES

### IV. Credits

#### South Carolina (Continued)

Scenic River Credit: For donating certain lands adjacent to designated rivers or sections of a river. (Form TC-5)

Infrastructure Credit: For construction or improvements of water lines, sewer lines and road projects eventually dedicated to public use or qualifying private entity. (Form TC-6)

Corporate Headquarter Credit: For qualifying costs related to establishing a corporate headquarters in South Carolina or expanding or adding to an existing headquarters. (Form TC-8)

Employer Child Care Credit: For employers that establish child care programs to benefit employees or donate to a non-profit corporation providing child care services to employees. (Form TC-9)

Base Closure Credit: For hiring employees who lost their jobs because of federal military installation closure or realignment. (Form TC-10)

Economic Impact Zone Credit: For placing qualifying property in service in an economic impact zone. (Form TC-11)

Family Independence Payments Credit: For employers hiring qualifying recipients of Family Independence Payments. (Form TC-12)

Additional Family Independence Payments Credit: For employers hiring qualified Family Independence Payment recipients in a distressed or least developed county. (Form TC-12A)

Community Development Credit: For investing amounts not claimed as charitable deductions in qualifying community development corporations or financial institutions. (Form TC-14)

Tax Credit for Recycling Property: For taxpayers constructing or operating a qualified recycling facility when investing in recycling property. (Form TC-17)

Research Expenses Credit: For taxpayers claiming a federal research expenses credit. (Form TC-18)

Qualified Conservation Contribution Credit: For donating a qualifying gift of land for conservation or a qualified conservation contribution of a real property interest. (Form TC-19)

Credit for Expenses Incurred Through Brownfield Voluntary Cleanup Program: For costs of voluntary cleanup activity by a nonresponsible party. (Form TC-20)

Certified Historic Structure Credit: For rehabilitation projects that qualify for the federal credit. (Form TC-21)

Textiles Rehabilitation Credit: For rehabilitating an abandoned textile manufacturing facility. (Form TC-23)

Commercials Credit: For production companies producing commercials in South Carolina (Form TC-24)

## CORPORATE INCOME TAXES

### IV. Credits

#### South Carolina (Continued)

Motion Pictures Credits After June 30, 2004: For investing in motion picture projects or motion picture production or post- production facilities in South Carolina. (Form TC-25)

Venture Capital Investment Credit: For lending money to the SC Venture Capital Authority. (Form TC-26)

SC Quality Forum Credit: For participating in quality programs of the SC Quality Forum. (Form TC-28)

Port Cargo Credit: For increasing usage by volume at state ports. (Form TC-30)

Retail Facilities Rehabilitation Credit: For revitalizing abandoned retail facilities. (Form TC-31)

Credit for Mercury Switch Disposal: For vehicle recycler or scrap recycling facility participating in End-of-Life Vehicle Solution (ELVS) Program for each mercury switch collected and admitted for disposal. (Form TC-33)

Corporate Tax Moratorium: For qualifying taxpayers that make a substantial investment and creates at least 100 new, full-time jobs, a 10 year, or in some cases, a 15 year moratorium on corporate income taxes. (Form TC-34)

Alternative Motor Vehicle Credit: Taxpayers with federal credit allowed under Internal Revenue Code 30B, will receive SC Credit. (Form TC-35)

Industry Partnership Fund Credit: For contributing to the SC Research Authority's Industry Partnership Fund. (Form TC-36)

Whole Effluent Toxicity Testing Credit: For a manufacturing facility incurring costs in complying with whole effluent toxicity testing. (Form TC-37)

Solar Energy or Small Hydropower System Credit: For installing a solar energy or small hydropower system in a South Carolina facility. (Form TC-38)

Ethanol or Biodiesel Production Credit: For producers of corn-based or non-corn-based ethanol or soy-based biodiesel. (Form TC-40)

Renewable Fuel Facility Credit: For constructing a renewable fuel production or distribution facility in South Carolina. (Form TC-41)

Apprenticeship Credit: For employing an apprentice. (Form TC-45)

Hydrogen Infrastructure Development Fund Tax Credit: For contributions to the South Carolina Hydrogen Infrastructure Development Fund. (Form TC-47)

Plug-In Hybrid Vehicle Credit: For in-state purchase or lease of a plug-in hybrid vehicle. (Form TC-48)

Cellulosic Ethanol or Algae-Derived Biodiesel Research and Development Credit: For qualified expenditures for research into and development of feedstocks and processes for cellulosic ethanol and for algae-derived biodiesel. (Form TC-49)

Biomass Resource Credit: For costs incurred by corporation for purchases and

## CORPORATE INCOME TAXES

### IV. Credits

#### South Carolina (Continued)

installation of equipment used to create power, etc. for commercial use. (Form TC-50)

Venison For Charity Credit: For processing deer meat for charity. (Form TC051)

Fire Sprinkler System Credit: 25% of costs of voluntarily installing a fire sprinkler system in a structure. (Form TC-52)

Energy Efficient Manufactured Home Credit: \$750 credit for new purchase of an Energy Star manufactured home. (Form TC-53)

Anhydrous Ammonia Additive Credit: Refundable credit for resident taxpayers engaged in the business of farming who use anhydrous ammonia for agricultural purposes. (Form I-333)

Milk Credit: Refundable credit for resident taxpayers engaged in the business of producing milk for sale. (Form I-334)

Job Development Credits: Credit that reduces withholding by quarter for a corporation located in South Carolina that creates an approved number of jobs and makes qualifying capital investment. A qualifying business must provide a benefits package including health care to the employees of the project. The job development credit is an amount that can be claimed to reduce the withholding liability for the quarter.

#### Tennessee\*

Excise tax credit equal to 1% of purchase price of industrial machinery subject to certain limitations. Definition of industrial machinery is very broad, includes (under certain circumstances) communications equipment, and warehousing equipment.

The job tax credit previously available for the franchise tax, is extended to the excise tax. The credit is increased from \$3,000 to \$4,500 for businesses located in economically distressed counties which are based on either high unemployment or low per capita income.

For the purpose of the jobs tax credit for franchise and excise taxes, the law allows an entity who makes an investment of over \$500,000,000 and creates no less than 1,000 jobs at a certain wage level to take a \$5,000 job tax credit for each job created and to exclude from its franchise tax minimum measure 2/3rds of the capital investment made to qualify for the credit.

A franchise and excise tax exemption is provided for limited liability partnerships whose partners or members have given up their limited liability protection.

Certain contributions to public or non-profit schools.

An affordable housing credit is available to promote the creation and preservation of affordable housing for low-income Tennesseans. Financial institutions will receive a credit against their franchise and excise tax liability equal to 5% of a qualified loan or qualified long-term investment made to an eligible housing entity, as defined in the statute. A qualified loan is a loan that is at least 2% below the prime rate, and a qualified long-term investment is an equity investment made for a period of at least five years. Financial institutions will receive a credit equal to 10% of a grant, contribution, or qualified low-rate loan made to an eligible housing entity. A qualified low-rate loan is a loan that is at least 4% below the prime rate.

The sunset provision applicable to the jobs tax credit is extended from January 1, 2011

## CORPORATE INCOME TAXES

### IV. Credits

#### Tennessee (Continued)

to January 1, 2016 (Tenn. Code Ann. § 67-4-2109(c)). Also the jobs tax credit is expanded to include new high-skill, high-wage jobs in high-technology areas, emerging occupations, or skilled manufacturing even if total net employment is not increased, if the taxpayer failed to meet the net increase requirement due to worker layoffs or reductions where such workers are certified by the U.S. Department of Labor's Division of Trade Adjustment Assistance as having been adversely affected by foreign trade so as to be eligible for assistance under the U. S. Trade Adjustment Assistance Reform Act of 2002. It allows taxpayers who qualify for the increased jobs tax credit in connection with an investment of \$500 million to receive the credit on an annual basis for each tax year, up to a maximum of 10 years, in which the jobs remain filled at wages equal to or greater than 150% of the state's average industrial wage.

Tennessee's economic development tax incentives were revised in 2007 to provide tiered levels of industrial machinery credit based on the level of Tennessee investment. The act establishes tiered criteria and benefits for the credit. If the taxpayer makes a required capital investment in excess of one billion dollars (\$1,000,000,000) during the investment period, the credit allowed equals ten percent (10%) of the purchase price of industrial machinery located in Tennessee and purchased in the process of making the required capital investment. If the taxpayer makes a required capital investment in excess of five hundred million dollars (\$500,000,000) during the investment period, the credit allowed equals seven percent (7%). If the taxpayer makes a required capital investment in excess of two hundred fifty million dollars (\$250,000,000) during the investment period, the credit allowed equals five percent (5%). If the taxpayer makes a capital investment in excess of one hundred million dollars (\$100,000,000) during the investment period, the credit allowed equals three percent (3%). The investment period cannot to exceed three (3) years from the filing of the business plan related to the required capital investment, during which the required capital investment must be made. The three-year period for making the required capital investment may be extended by the commissioner of economic and community development for a reasonable period, not to exceed two (2) years, for good cause shown.

A new franchise and excise tax credit was enacted for the employment of persons with disabilities who are receiving state services directly related to those disabilities. The credit is \$5,000 for each qualifying net new full-time job and \$2,000 for each qualifying net new part-time job. A full-time job must be permanent, provide at least 37 ½ hours of work per week for at least 12 consecutive months, and include minimal health care benefits. A part-time job must provide at least 10 hours of work per week for at least 12 consecutive months. The credit is available only to taxpayers who participate in an existing employment incentive program pursuant to which persons with disabilities are being served by certain state agencies listed in the act. To qualify for the credit, the taxpayer must file a plan with the Department of Revenue on or before the last day of the fiscal year in which the employment begins and the Department of Finance and Administration must certify the taxpayer's eligibility for the credit under the act.

A qualified headquarters facility relocation expense credit was created to provide a franchise and excise tax credit equal to the amount of qualified relocation expenses incurred by a taxpayer in connection with the establishment of a qualified headquarters facility. The credit is available if the taxpayer is both eligible for the sales and use tax headquarters facility credit and qualifies for the franchise and excise tax job credit in connection with a required capital investment in excess of \$1 billion. The total relocation expense credit allowed to a taxpayer cannot exceed \$50,000 multiplied by the number of headquarters staff employee positions relocated by the taxpayer to the qualified facility during the investment period. To the extent the amount of the credit exceeds the taxpayer's combined franchise tax and excise tax liability, the amount of

## CORPORATE INCOME TAXES

### IV. Credits

#### Tennessee (Continued)

such excess will be considered an overpayment of tax for which the taxpayer can receive a refund if requested within the applicable period of time. If the facility is not utilized as a headquarters facility for at least ten years, the taxpayer is subject to assessment of the total amount of the credit or refund taken, plus interest. If a headquarters staff employee position does not remain filled for at least five years, the taxpayer is subject to assessment of the credit or refund taken in connection with the relocation of that position, plus interest. Tennessee's economic development tax incentives were revised in 2007 by providing tiered levels of headquarters relocation credits based on the level of Tennessee job creation. The credit is equal to any qualified headquarters facility relocation expenses incurred by the taxpayer during the investment period for establishing a qualified headquarters facility, but is limited to a specified dollar amount (based on the number of jobs created) multiplied by the number of headquarters staff employee positions relocated by the taxpayer.

The job tax credit was modified in 2007 by establishing a credit for a qualified business enterprise that involves a required capital investment of ten million dollars (\$10,000,000) and the creation of at least one hundred (100) net new full-time headquarters staff employee jobs that pay at least 150% of Tennessee's average occupational wage. The credit allowed is five thousand dollars (\$5,000) for each net new full-time headquarters staff employee job created during the investment period. An additional credit is allowed on an annual basis for a period of three (3) years, beginning with the first tax year after the investment and job threshold criteria are met.

The additional credit equals five thousand dollars (\$5,000) for each job created during the investment period, greater than one hundred fifty percent (150%) of Tennessee's average occupational wage for the month of January of the year in which the credit is being taken. This annual credit may be used to offset up to one hundred percent (100%) of the taxpayer's franchise and excise tax liability for that year, but any unused annual credit will not be carried forward beyond the year in which the credit originated.

The job tax credit was modified in 2007 by providing that the Department of Economic and Community Development shall designate each county determined to be economically distressed as a tier one, tier two or tier three economically distressed county. Such designation shall be based on unemployment, per capita income and poverty levels. A list of counties designated by tiers will be published annually. A qualified business enterprise located in a tier one, two or three economically distressed county will receive a \$4,500 credit for each net new full-time employee job. A qualified business enterprise located in a tier two county will receive an additional annual credit of \$4,500 for each net new full-time employee job, and the annual credit shall be allowed for a period of five years, beginning with the first tax year after the initial job tax credit is created. The annual credit may be used to offset up to 100% of the franchise and excise tax liability, but it may not be carried forward beyond the year in which the credit originated.

A job tax credit is created in an amount to ten percent (10%) of a financial institution's contribution to the Tennessee Rural Opportunity Fund. The credit is allowed each year for a period of ten (10) years, beginning with the tax year in which the contribution is made. Any unused credit cannot be carried forward beyond the tax year in which the credit originated. The loaning of funds by the taxpayer to the Tennessee Rural Opportunity Fund shall constitute a contribution. However, if at the close of the tenth year of the period during which the credit is allowed, the taxpayer or its assignee has received repayment, or retains any right to repayment, of all or any portion of the amount contributed or any interest accrued thereon, the credit plus interest will be recaptured in the first tax year following the ten-year period during which the credit is

## CORPORATE INCOME TAXES

### IV. Credits

#### Tennessee (Continued)

allowed.

The job tax credit provisions were amended and simplified (by P.Ch. 530 of 2009). The credit remains substantially unchanged except that the amount of the credit is set at \$4,500 per job, regardless of the county in which the job is created, and the credit can offset up to 50 percent of total liability. Also, the minimum job requirement in connection with an investment of at least \$1 billion has been decreased from 1,000 to 500 industrial wage jobs. This applies to all business plans filed on or after 7/1/09.

A new law for 2008 authorizes the Commissioner of Revenue and the Commissioner of Economic and Community Development to allow a taxpayer that qualifies for the job tax credit under TCA §67-4-2109(c)(2)(I)(i), or (iii), to carry net operating losses forward beyond the initial 15-year authorized period, (or beyond if determined to be in the best interest of the state) provided that such an extension is determined to be in the best interests of the state.

The Commissioner of Economic and Community Development is authorized to extend, by up to four years, the period during which a qualified business enterprise must make the required capital investment in excess of one billion dollars in order to qualify for the job tax "super credit."

An enhanced job tax credit is allowed to an integrated supplier, which is an onsite company engaged solely in providing goods and services to a manufacturer that has qualified for the job tax credit in connection with a required capital investment in excess of \$1 billion dollars.

Qualified business enterprises located in tier-two or tier-three economically distressed counties are allowed additional time (three and five years, respectively) to create the minimum number of jobs necessary to receive the job tax credit.

With respect to the Job Tax Credit for newly created positions, the Commissioner of Revenue, with the approval of the Commissioner of Economic and Community Development, are authorized to approve a job tax credit where the newly created position existed in Tennessee less than ninety days prior to being filled by the taxpayer, provided that the allowance of the credit is determined to be in the best interests of the state.

New law in 2008 allows the job tax credit to be computed by a general partnership that establishes a qualified headquarters facility in Tennessee as defined under TCA §67-6-224. A partner that is subject to Tennessee franchise and excise tax and directly holds a first tier ownership interest in the general partnership is permitted to utilize a percentage of the credit equal to the percentage of its ownership interest. The effective date applies to any business plan filed with the Department of Revenue on or after January 1, 2008.

New law allows the qualified headquarters relocation expense credit to be computed by a general partnership that establishes a qualified headquarters facility in Tennessee as defined under TCA §67-6-224 and that qualifies for the job tax credit. A partner that is subject to Tennessee franchise and excise tax and directly holds a first tier ownership interest in the general partnership is permitted to utilize a percentage of the credit equal to the percentage of its ownership interest. The effective date applies to any business plan filed with the Department of Revenue on or after January 1, 2008.

## CORPORATE INCOME TAXES

### IV. Credits

#### Tennessee (Continued)

A green energy and carbon charge tax credit law in 2008 creates two tax credits for manufacturers that make a capital investment of over \$250 million in construction, expanding, or remodeling a facility that is engaged in manufacturing a product that is necessary for the production of green energy. Both credits are refundable to the extent that the credit amount exceeds the taxpayer's remaining liability. However, any refund of the green energy credit shall not exceed, for any one tax year, \$1.5 million for each \$250 million in cumulative capital investments made, and any remaining credit may be carried forward in perpetuity until it is claimed as a refund or used as a credit. The green energy credit will cease to be effective January 1, 2029. The Commissioner of Economic and Community Development is authorized to extend the period for making the required capital investment for up to two years.

Phase-Out of Deduction for Financial Institution Affiliated Groups - a new law eliminates, over a period of four years, the 25% deduction that has been allowed in computing net worth for financial institution affiliated group may deduct 20% of its securities classified as held to maturity or available for sale. For tax years beginning on or after January 1, 2009, the deduction is changed to 12.5%; for tax years beginning on or after January 1, 2010, the deduction is changed to 5%; for tax years beginning on or after January 1, 2011, the deduction is eliminated entirely.

Industrial Machinery Credit: Carryforward Period - (Public Chapter 530, Section 15) - A new law allows the industrial machinery credit earned by a taxpayer investing at least \$1 billion in the state to be carried forward until completely utilized. This applies to all business plans filed on or after 7/1/ 09.

Relocation Expense Credit - (Public Chapter 530, Sections 16-17)- A 2009 law increases the amount of relocation expense credit available to a headquarters facility that has created at least 500 net new full-time jobs and invested at least \$1 billion in the state. The credit is increased from \$50,000 to \$100,000 per job. This applies to all business plans filed on or after July 1, 2009.

Industrial Machinery Credit: Required Capital Investment Period - (Public Chapter 530, Section 23) Law passed in 2009 extends the \$1 billion investment period for purposes of the industrial machinery credit from a maximum of five years to a maximum of seven years and adds computer software to the definition of "required capital investment." This applies to all business plans filed on or after July 1, 2009.

Green Energy Tax Credit - (Public Chapter 530, Sections 26-27) - A 2009 law amended the green energy tax credit by allowing the credit to the green energy manufacturer itself as well as to separate companies that are integrated into the green energy manufacturer's operations at its project site. This applies to all business plans filed on or after July 1, 2009.

Relocation Expense Credit Recapture - (Public Chapter 530, Section 132) - A new law applied a prorated recapture provision to the headquarters relocation expense credit, if the facility is not utilized as a qualified headquarters facility for a period of at least 10 years. The effective date was June 25, 2009.

### V. Capital Gains

#### A. Taxed as normal income

Alabama	Yes
Arkansas	Yes
Georgia	Yes

## CORPORATE INCOME TAXES

### V. Capital Gains

#### A. Taxed as normal income (Continued)

Louisiana	Yes
Mississippi	Yes
South Carolina	Yes
Tennessee*	Yes

#### B. Exemptions, Exclusions, Credits

Alabama	None
Arkansas	None
Georgia	None
Louisiana	None
Mississippi	Capital gains are exempt on investments held for more than one year in financial institutions domiciled in Mississippi, domestic corporations, domestic limited partnerships or domestic limited liability companies. Provided, however, that any gain that would otherwise be excluded by this provision shall first be applied against, and reduced by, any losses determined from sales or transactions described by this provision if the losses were incurred in the year of the gain or within the 2 years preceding or subsequent to the gain.
South Carolina	None
Tennessee*	If the capital gain could be considered nonbusiness earnings and would not be directly allocated to Tennessee, the capital gains would be deducted from Federal net income in determining the income subject to the Tennessee excise tax.

\*The Tennessee state constitution prohibits income taxes levied by the state. Tennessee's "Corporate Excise Tax" does levy an excise tax on corporations for the privilege of doing business in the state.

CORPORATE INCOME TAXES  
TABLE OF SPECIAL FEATURES

State	Return Date Due		Period of Carryback and Carryforward	Federal Income Tax Deductible	Federal Income Used as State Tax Base	Allows Accelerated Cost Recovery System (ACRS)	Allows Federal Depletion
	Calendar	Fiscal					
Alabama	March 15	15 <sup>th</sup> , 3 <sup>rd</sup> month.	0 back, 15 forward.	Yes	Yes	Yes	Yes*
Arkansas <sup>9/</sup>	March 15	2 ½ months after close of fiscal year.	0 back, 5 forward.	No	No	Yes	Yes
Georgia	March 15	15 <sup>th</sup> , 3 <sup>rd</sup> month.	2 back, 20 <sup>10/</sup> forward.	No	Yes <sup>10/</sup>	Yes	Yes
Louisiana	April 15	15 <sup>th</sup> , 4 <sup>th</sup> month.	3 back, 15 forward.	Yes	Yes <sup>1/</sup> modified.	Yes	No <sup>2/</sup>
Mississippi	March 15 <sup>3/</sup>	15 <sup>th</sup> , 3 <sup>rd</sup> month.	2 back, 20 forward.	No	No	Yes <sup>4/</sup>	Yes <sup>5/</sup>
South Carolina	March 15	15 <sup>th</sup> , 3 <sup>rd</sup> month.	0 back, 20 forward.	No	Yes	Yes	Yes
Tennessee	March 15 <sup>6/</sup>	15 <sup>th</sup> , 3 <sup>rd</sup> month	0 back, 15 forward (7 forward for financial institutions filing combined returns).	No	Yes (with certain adjustments).	Yes	No

<sup>1/</sup>Does not apply to insurance companies. A "Subchapter S" corporation is treated and taxed as though filing as a "Subchapter C" corporation. However, an additional exclusion from income is allowed. The exclusion is computed by multiplying Louisiana new income by the ratio of shares owned by individuals filing Louisiana returns to total shares outstanding.

<sup>2/</sup> Deduction for oil and gas is greater of federal cost depletion or 22% of gross income from property, excluding rents or royalties paid.

<sup>3/</sup> Estimated taxes are paid in the fourth, sixth, ninth, and twelfth months.

<sup>4/</sup> Any "bonus depreciation" taken for federal tax purposes is added back to Mississippi taxable income.

<sup>5/</sup> Not to exceed cost basis.

<sup>6/</sup> Estimated taxes are paid on the fourth, sixth, ninth and thirteenth months.

<sup>7/</sup> Taxpayers interested in contracts associated with these credits should contact the Louisiana Department of Economic Development. For further explanation of these and other credits are available in Publication R-40058 "Credits, Exemptions, Exclusions, and Deductions for Individual and Corporation Income Tax, Corporation Franchise Tax, Inheritance Tax and Gift Tax." See our website [www.revenue.louisiana.gov](http://www.revenue.louisiana.gov) and look under Publications - Tax Manuals.

<sup>8/</sup> Cooperative Associations: September 15 (calendar year filers), 8 ½ months after closing date of tax year (fiscal year filers).

<sup>9/</sup> South Carolina did not adopt IRC Section 168 (k) for federal bonus depreciation.

<sup>10/</sup>Georgia currently has not adopted any federal changes that were enacted during 2009 including the American Recovery and Reinvestment Act of 2009, that was signed into Federal law on February 17, 2009.

I.R.C. Section 179 amount is \$133,000 for 2009 and the related phase out is \$530,000 for 2009.

Georgia has not adopted I.R.C. Section 168(k), except for 168(k)(2)(A)(I), 168(k)(2)(D)(I) (exceptions to the definition of qualified property), and I.R.C. Section 168(k)(2)(e) (special rules for qualified property).

CORPORATE INCOME TAXES  
TABLE OF SPECIAL FEATURES

Georgia has also not adopted the following: Section 199, I.R.C. Section 1400L, 1400N(d)(1), 168(m),168(n),168(k), 168(b)(3)(1), 168(e)(7), 168(e)(3)(B)(vii),1400N9(j), 1400N(k), 172 (b)(1)(j) and 172(j), 1400N(o), 1211, 1400N(f) and 1400N(k).

<sup>114</sup>Louisiana federal income tax deduction is not reduced by any federal disaster relief income tax credits.

\*Oil-gas 12% of gross income of property, exclude from gross income an amount equal to the rents of royalties paid or incurred by the taxpayer, limited to 50% of net income computed without allowance for depletion. In no case shall the exclusion be less than federal amount. In the case of leases, the exclusion should be equitably apportioned between both parties.

## FRANCHISE TAXES

### I. Basis

Alabama	Alabama does not levy any franchise taxes. Alabama has an annual privilege tax levied on every corporation, limited liability entity, and disregarded entity doing business in Alabama, or organized, incorporated, qualified, or registered under the laws of Alabama.
Arkansas	See (II. Rates), below.
Georgia	Domestic, domesticated foreign corporations, and other corporations doing business or owning property in this state - net worth including capital stock, treasury stock, paid-in surplus, and earned surplus.
Louisiana	Issued and outstanding capital stock, surplus, undivided profits, and borrowed capital. <sup>1/</sup> , <sup>2/</sup> , <sup>3/</sup>
Mississippi	<p>Value of the capital employed in Mississippi for the year, calendar or fiscal, preceding the date of filing the return, measured by the combined issued and outstanding capital stock, paid-in capital, surplus, and retained earnings.</p> <p>The value of capital employed by a new or expanded business enterprise in a "growth and prosperity area" (GAP Area) is exempt from franchise tax. A formula may be used to determine the capital employed in the GAP Area. This GAP Area capital will reduce the total Mississippi taxable capital subject to franchise tax.</p> <p>The "fee-in-lieu" may be negotiated by the MDA in which the fee will represent the franchise tax to be paid by the entity for capital employed in this state by the project. A formula may be used to determine the capital employed by the project. This capital as determined for the project will reduce the total Mississippi taxable capital subject to franchise tax.</p>
South Carolina	Dollars paid to the capital stock and paid in as surplus.
Tennessee	The higher of [A] issued and outstanding capital stock (excluding Treasury stock), surplus and undivided profit apportioned, except for carriers and insurers, to Tennessee according to (1) the value of property owned or rented and used in Tennessee by the taxpayer during the tax period compared to the entire value of property owned or rented and used by the taxpayer during the tax period, plus (2) the taxpayer's Tennessee payroll for the tax period compared to the taxpayer's total payroll for the tax period, and (3) sales in Tennessee divided by sales everywhere in the United States, or [B] the value of property owned or leased in Tennessee.

<sup>1/</sup>In the 2004 First Extraordinary Legislative Session, Act 2 was passed to reduce the amount of borrowed capital included in taxable capital until it is phased out as follows:

2005 income/2006 franchise tax return - 86 percent of total debt included,  
2006 income/2007 franchise tax return - 72 percent of total debt included,  
2007 income/2008 franchise tax return - 58 percent of total debt included,  
2008 income/2009 franchise tax return - 44 percent of total debt included,  
2009 income/2010 franchise tax return - 30 percent of total debt included,  
2010 income/2011 franchise tax return - 16 percent of total debt included,  
2011 income/2012 franchise tax return and after - no debt included.

<sup>2/</sup>Effective for tax years after 12/31/05, when debt to related parties exceeds the corporations capital stock and surplus and undivided profits, 50% of the excess must be included in the corporation's capital stock and surplus and individual profits.

<sup>3/</sup>For taxable periods beginning after August 28, 2005, a corporation that incurred extraordinary debt as a result of gubernatorially declared disaster of 2005 may elect to compute its borrowed capital on the basis of the calendar or fiscal year closing immediately prior to August 28, 2005, if (1) Fifty percent or more of the corporation's revenue derived in the state for the fiscal year closing immediately prior to August 28, 2005, was directly attributable to a Hurricane Katrina or Hurricane Rita Federal Emergency Management Agency Individual Assistance Area and, (2) Fifty percent or more of the corporation's property and assets in the state were situated or used in

## FRANCHISE TAXES

### I. Basis (Continued)

a Hurricane Katrina or Hurricane Rita Federal Emergency Management Agency Assistance Area on the date of the calendar or fiscal year closing immediately prior to August 28, 2005.

### II. Rates

Alabama Multiply Alabama net worth by tax rate.

<b>Federal Taxable Income of the Taxpayer</b>			
<b>More Than or Equal to</b>	<b>But Less Than</b>	<b>Tax Rate</b>	<b>Amount of tax per \$1,000 of taxable Alabama Net Worth</b>
--	\$ 1	.00025	\$ .25 per \$1,000
\$ 1	\$ 200,000	.00100	\$ 1.00 per \$1,000
\$ 200,000	\$ 500,000	.00125	\$ 1.25 per \$1,000
\$ 500,000	\$ 2,500,000	.00150	\$ 1.50 per \$1,000
\$ 2,500,000	--	.00175	\$ 1.75 per \$1,000

### Arkansas

Insurance companies having outstanding capital stock less than \$500,000, \$300; those having outstanding capital stocks greater than or equal to \$500,000, \$400.

Legal reserve mutual insurance corporations having assets less than \$100,000,000, \$300; those having assets greater than or equal to \$100,000,000, \$400.

Mutual assessment insurance corporations \$300.

Mortgage loan corporations, 0.3% of the proportion of the outstanding capital stock that its outstanding loans in Arkansas bear to loans in all states; minimum \$300.

Each corporation other than legal reserve mutual corporation, mutual assessment corporation or mortgage loan corporation, without authorized capital stock pays \$300.

All other corporations, 0.3% of the proportion of its outstanding capital stock that its real and tangible personal property in Arkansas bears to property in all states. Minimum \$150.

Liquidating corporations pay as stated above, or 0.3% of the value of their real and tangible personal property in Arkansas whichever is smaller. Minimum, \$150.

All limited liability companies pay \$150.

### Georgia

Georgia rates are graduated rates. Examples are as follows: Not exceeding \$10,000, \$10; \$100,001, \$125; \$500,001, \$300; over \$22 million, \$5,000.

Corporations organizing or qualifying for an initial tax period of less than 6 months are taxed at 50% of the tax imposed for an entire year.

### Louisiana

\$1.50 per \$1,000 on the first \$300,000 of taxable capital stock, surplus, undivided profits, and borrowed capital of each corporation; \$3 per \$1,000 on the rest.

## FRANCHISE TAXES

### II. Rates

#### Louisiana (Continued)

Minimum, \$10 per year.

Mississippi \$2.50 per \$1,000, or fraction thereof, of the value of the capital used, invested, or employed in Mississippi, minimum tax, \$25.

South Carolina \$15 plus one mill per dollar. Minimum tax, \$25.

Tennessee 25¢ per \$100 or major fraction thereof, of the issued and outstanding capital stock, surplus and undivided profits. Minimum tax is \$100.

Franchise tax base cannot be less than book value of real and tangible property owned or leased in Tennessee.

### III. Credits

#### Alabama

Alabama Enterprise Zone Credit.

#### Arkansas

#### Georgia

#### Louisiana

See discussion of credits under Corporate Income Taxes.

#### Mississippi

Bank Share Tax Credit- Any tax assessed and paid by a bank to any county, district or municipality on the assessed value of its intangibles pursuant to Sections 27-35-35 through 27-35-39 shall be a credit against the corporation franchise tax.

Broadband Technology Credit - This is a tax credit for telecommunications enterprises making investments in equipment used in the deployment of broadband technologies. The credit applies to both income and franchise taxes and may offset 50% of the combined liabilities. The credit is a percentage of the cost of the investments incurred after June 30, 2003 and before July 1, 2020. The percentage applied is 5%, 10% and 15% for Tier 1, Tier 2 & Tier 3 counties respectively. Enterprises qualifying for this credit are able to receive certain sales tax exemptions as well.

#### South Carolina

Infrastructure Credit: For construction or improvements of water lines, sewer lines and road projects eventually dedicated to public use or qualifying private entity. (Form TC-6)

Corporate Headquarter Credit: For qualifying costs related to establishing a corporate headquarters in South Carolina or expanding or adding to an existing headquarters. (Form TC-8)

Tax Credit for Recycling Property: For taxpayers constructing or operating a qualified recycling facility when investing in recycling property. (Form TC-17)

Research Expenses Credit: For taxpayers claiming a federal research expenses credit. (Form TC-18)

Qualified Conservation Contribution Credit: For donating a qualifying gift of land for conservation or a qualified conservation contribution of a real property interest. (Form TC-19)

Credit for Expenses Incurred Through Brownfield Voluntary Cleanup Program: For

## FRANCHISE TAXES

### III. Credits (Continued) South Carolina

costs of voluntary cleanup activity by a nonresponsible party. (Form TC-20)

Certified Historic Structure Credit: For rehabilitation projects that qualify for the federal credit. (Form TC-21)

Textiles Rehabilitation Credit: For rehabilitating an abandoned textile manufacturing facility. (Form TC-23)

Venture Capital Investment Credit: For lending money to see SC Venture Capital Authority. (Form TC-26)

Credit for Mercury Switch Disposal: For vehicle recycler or scrap recycling facility participating in End-of-Life Vehicle Solution (ELVS) Program for each mercury switch collected and admitted for disposal. (Form TC-33)

Industry Partnership Fund Credit: For contributing to the SC Research Authority's Industry Partnership Fund. (Form TC-36)

Hydrogen Infrastructure Development Fund Tax Credit: For contributions to the South Carolina Hydrogen Infrastructure Development Fund. (Form TC-47)

Infrastructure Credit for Utilities and Electric Cooperatives: For improvements to both public or private water and sewer systems; improvements to public or private electric, natural gas, and telecommunications systems, fixed transportation facilities including highway, road, rail, water, and air; shell buildings and the purchase of land for an office, business, commercial, or industrial park; and due diligence expenditures relating to environmental conditions.

### Tennessee

Credits are allowed against the franchise tax to the extent and as particular cases may be appropriate. These include credits for payments of the gross premiums tax, the Tennessee "Hall" income tax, the day care credit, the low income housing credit, and the jobs tax credit.

## GASOLINE AND MOTOR TAXES

### I. Total State Gasoline Tax Rate

Alabama	16¢
Arkansas	21.5¢ per gallon.
Georgia	7.5¢ per gallon <sup>1, 3/</sup>
Louisiana	20¢ per gallon.
Mississippi	18¢ per gallon.
South Carolina	16¢ per gallon.
Tennessee	20¢ per gallon.

#### A. County (additional)

Alabama	1¢-5¢ per gallon.
Arkansas	None
Georgia	0 - 3%
Louisiana	None
Mississippi	Only 3 counties: Harrison, Hancock and Jackson, 3¢ per gallon.
South Carolina	None
Tennessee	1¢ per gallon <sup>2/</sup> .

#### B. City (additional)

Alabama	1¢-6¢ per gallon.
Arkansas	None
Georgia	0% - 1%
Louisiana	None
Mississippi	None
South Carolina	None
Tennessee	1¢ per gallon <sup>2/</sup> .

### II. Diesel Fuel Tax Rates

Alabama	19¢ per gallon.
Arkansas	22.5¢ per gallon.
Georgia	7.5¢ per gallon <sup>1, 3/</sup> .
Louisiana	20¢ per gallon.
Mississippi	18¢ per gallon on undyed diesel fuel.

## GASOLINE AND MOTOR TAXES

### II. Diesel Fuel Tax Rates (Continued)

South Carolina 16¢ per gallon.

Tennessee 17¢ per gallon.

### III. Other Taxes

Alabama 6¢ per gallon lubricating oils tax.

3¢ per gallon for avgas and 1¢ per gallon for jet fuel. (effective 9/1/09).

Wholesale oil license - ½ of 1% of gross sales of illuminating, lubricating and fuel oils.

Inspection fees tax: 2¢ - gasoline, 2¢ - undyed diesel (when exempt the excise tax), 1¢ - kerosene, 15¢ - lubricating oils.

Arkansas Special motor fuels tax: 22.5¢ per gallon - distillate special fuels; 16.5¢ per gallon - liquified special fuels. Compressed natural gas (100 cubic feet = 1 gallon) 5¢ per gallon LPG - instate vehicles - annual flat fee -amount based on vehicle classification.

Georgia 7.5¢ - State Excise Tax on gasoline and any other energy source used by a motor vehicle in or upon the public highways (including CNG, LPG, or other special fuels.)<sup>1/3/</sup>

1¢ per gallon State Excise Tax on aviation gasoline.<sup>1/</sup>  
Must be a licensed aviation dealer.

Louisiana Special fuels tax (compressed natural gas, liquefied natural gas, and liquefied petroleum gas) -20¢ per gallon fuels sold, used, or consumed to operate motor vehicles for highway use.

Users of compressed natural gas, liquefied natural gass or liquefied petroleum gas have the option of paying 80 percent of the special fuels tax rate (16¢) or an annual flat rate, which is based on the vehicle's weight and the number of miles at an estimated fuel efficiency. The annual flat rate may not exceed \$150 for vehicles 10,000 pounds or less and is at least \$150 for vehicles over 10,000 pounds. School buses transporting Louisiana students pay one-half the annual flat rate or \$75.

Inspection fee tax - 4/32¢ per gallon on gasoline, kerosene, diesel and motor fuel.

Mississippi Annual privilege tax of \$195 on motor vehicles using compressed gas having weight classification under 10,000 pounds. On those over 10,000 pounds, 17¢ per gallon.

6.4¢ per gallon aviation gas.

18¢ per gallon gasoline excise tax.

5.75¢ per gallon tax on dyed diesel fuel.

5.25¢ per gallon special fuels used as aircraft fuel.

2¢ per quart lubricating oils tax.

South Carolina 1/2¢ per gallon environmental impact fee is paid to the Department of Health and Environmental Control.

## GASOLINE AND MOTOR TAXES

### III. Other Taxes

#### South Carolina (Continued)

1/4¢ per gallon - petroleum inspection fee is paid to the Commissioner of Agriculture.

16¢ per gallon - motor carrier road tax. (Credit is given for taxes paid.)

#### Tennessee

14¢ per gallon on kerosene.

14¢ per gallon on liquified gas used for propulsion of motor vehicles on the public highways of Tennessee.

Highway user tax for freight motor vehicles engaged in interstate commerce. (Credit is given for taxes paid.)

Special petroleum products tax (gasoline inspection fee) is 1.4¢ per gallon on gasoline, kerosene, diesel and certain other fuels.

Also, an export tax of 1/20 of 1¢ is levied on all fuels subject to the special petroleum products tax that are exported out of the state. If the special tax is already paid, then 19/20 th of the special tax may be credited on a monthly return, or on the alternative, refunded.

2¢ per quart tax on lubricating oils.

### IV. Exemption From General Sales Tax

Alabama	Yes
Arkansas	Yes
Georgia	Partial, 3% of 4%, still subject to local
Louisiana	Yes
Mississippi	Yes
South Carolina	Yes
Tennessee	Yes

### V. Exemptions, Refunds, and/or Credits

Alabama Credit is given to those paying the interstate carriers tax on gasoline and fuel.

Effective August 6, 2008, a refund of \$.11 per gallon is allowed on tax paid on gasoline and motor fuel used on the farm in farm machinery, tractors. A refund of \$.11 is also allowed for farmers that use gasoline and motor fuel for transporting biomass from the farm to a facility that generates electricity. The refund petition must be filed between January 1 and March 31 of each year for the previous year.

A refund of gasoline taxes except 1¢ per gallon is allowed on gasoline used in the static and fixed testing of engines.

A refund as specified by law for certain charitable organizations, water and fire protection authorities, gas districts and volunteer fire departments.

## GASOLINE AND MOTOR TAXES

### V. Exemptions, Refunds, and/or Credits

#### Alabama (Continued)

Exemptions for gasoline, motor fuel, and lubricating oil include: (1) interstate sales; (2) sales to U.S. government; (3) beginning 1989, sales on aircraft fuel to a certified or licensed air carrier with a hub in Alabama; (4) products sold for use by city or county boards of education; and (5) sales to Alabama Institute for Deaf and Blind, Dept. of Youth Services, school district and private and church schools offering K-12 education. (6) City, county, and local government for gasoline and motor fuel only (Class I and Class II municipalities are exempt from the lubricating oil); (7) partial exemption from gasoline and lube oil for ships and locomotives, off-road vehicles, and agricultural purposes; (8) "undyed" motor fuel sold for agricultural purposes, if no dyed fuel is available. With adequate record keeping, a 19¢ per gallon refund is allowed for "undyed" fuel used for off-road purposes.

Foreign Trade Zones exempt excise tax on jet fuel for international, all cargo flights, effective 10/1/02.

#### Arkansas

An exemption is allowed for losses due to fire, flood, etc.

Exemptions include: (1) sales of motor fuel by a licensed importer to a licensed first receiver. A first receiver cannot sell tax-free to another licensed first receiver; (2) sales for exported motor fuel; (3) fuel sold to the U.S. government; and (4) fuel sold as aircraft fuel.

#### Georgia

No tax is imposed on fuel that is sold in bulk to a licensed distributor or that is exported or sold to the U.S. government.

A refund of all but 1¢ per gallon for gasoline used in agricultural machinery or equipment and purchased in quantities of 25 gallons or more. 48-9-10(b)(1) 18 months.

No interest is paid on refunds.

A refund of 2% of the first 5.5¢ of tax allowed to cover evaporation losses of retailers. Foreign government officials are allowed a refund of all motor fuel taxes paid on motor fuels for official use.

An allowance of 1% of the first 5.5¢ per gallon of tax is granted to cover losses and expenses incurred in collecting tax. Diesel fuel taxes are exempt at a rate of 90% on tax paid on clear diesel fuel used exclusively in agricultural field use vehicles. 48-9-10(a). Dyed diesel fuel used for off-highway use is not subject to the state excise tax of 7.5¢ or State Prepaid Tax. However, dyed diesel used for off-highway use is subject to Georgia state and local sales and use tax. An allowance of 1% of the 7 ½ cents per gallon of tax granted to cover losses and expenses incurred in collecting the tax. Effective July 1, 2004, a vendors compensation of ½% of the total amount of Prepaid State Taxes paid on the distributor tax return is allowed as a deduction to arrive at the net Prepaid State Tax due. 48-8-50(b).

Every person who purchases clear diesel in quantities of 25 gallons or more and used for operating equipment used for non-highway purposes is eligible for a refund of 7-1/2 cents per gallon.

Effective May 5, 2009, credit card issuers registered with the IRS under Section 4101 of the Internal Revenue code may obtain a refund on sales and use tax resulting from sales of motor fuel for highway use that are made to a qualified governmental tax-exempt entity. Sales must be made by means of a credit card issued by a credit card issuer to the qualified governmental tax-exempt entity where the credit card issuer invoices and bills such qualified governmental tax-exempt entity net of the applicable taxes.

## GASOLINE AND MOTOR TAXES

### V. Exemptions, Refunds, and/or Credits Georgia (Continued)

Any motor fuel used exclusively for the irrigation of farm crops is exempt from any Georgia state and local sales and use tax. In certain instances, the taxpayer may be eligible for a refund of any state excise taxes paid.

#### Louisiana

Exemptions from the tax are: (1) gasoline or undyed diesel fuel exported; (2) dyed diesel fuel; (3) gasoline sold to the U.S. armed forces for use in ships or aviation; (4) aviation fuel; (5) bulk sales of 6,000 gallons or more of gasoline per transaction to the U.S. government for specified exclusive use by the U.S. government and not for resale at retail.

Until June 30, 2012, gasoline sold to a manufacturer which will use the gasoline in the manufacture of a premixed two-cycle engine fuel containing gasoline and oil sold in containers of one gallon or less. Such fuel shall be produced for off-road use.

Gasoline blend stocks or undyed kerosene as feedstock received by a licensed supplier or permissive supplier is exempt from the tax under the following conditions: (1) A bulk transfer in which both parties are a licensed supplier or permissive supplier; (2) A non-bulk removal from an Internal Revenue Service-approved terminal or refinery to another approved terminal or refinery in which both parties are a licensed supplier or permissive supplier; (3) A non-bulk removal from an Internal Revenue Service-approved terminal or refinery, not in connection with a sale, for purposes other than the production of motor fuel, and (4) The importation from a foreign country or another state, not in connection with a sale, for purposes other than the production of motor fuel.

Gasoline blend stock or undyed kerosene as feedstock received by a qualified purchaser from a licensed supplier or permissive supplier if the gasoline blend stock will be used for purposes other than producing gasoline or the undyed kerosene will be used as a feedstock for purposes other than as a motor fuel is exempt from the tax. To be a qualified purchaser, the purchaser must meet the following requirements: (1) The purchaser must have a certificate evidencing a federal 637 "K" Registration or 637 "S" Registration as an industrial user of gasoline on file with the licensed supplier or permissive supplier at the time of purchase or the purchaser must issue to the supplier or permissive supplier at the time of purchase the federal "Certificate of Person Buying Blendstocks For Use Other Than in the Production of Finished Gasoline" or the federal "Certificate of Registered Feedstock User"; and (2) The purchaser, when applicable, has provided a state sales tax resale certificate (LGST-9 or LGST-DP) attesting that the product will be used in further processing.

Refund is allowed for any gasoline blend stock not used by any person to produce gasoline when such person establishes that the ultimate use of the gasoline blend stock is not to produce gasoline.

Refund is allowed for undyed diesel fuel used for nontaxable purposes when dyed diesel is not available.

Refund is allowed for undyed diesel fuel used in any vehicle utilized by a licensed commercial fisherman in the administration of business associated with commercial fishing.

Refund is allowed for taxes paid on gasoline used in operating aircraft, operating or propelling any commercial fishing boat or vehicle used by a licensed fisherman in the administration of business associated with commercial fishing, and boats used to transport children to or from school.

A refund is allowed for gasoline used in farm tractors or farm machinery including stationary motors used in the actual tilling of the soil and production of crops.

## GASOLINE AND MOTOR TAXES

### V. Exemptions, Refunds, and/or Credits

#### Louisiana (Continued)

A refund of 3/4 of the tax paid is allowed to contract drivers of all privately owned school buses transporting students.

#### Mississippi

No gasoline tax is imposed on fuels sold to a manufacturer for blending or compounding which becomes a component part of a manufactured product or used as a raw material processing agent.

No special fuel tax is imposed on: (1) fuel delivered to a bonded warehouse for storage for the Department of Interior; (2) fuel sold for consumption in boats, ships, vessels, etc.; (3) fuels sold or delivered to be used in generating electricity; and (4) sold for use in fire box or furnace.

A refund or credit against the gasoline tax or special fuel tax is allowed for fuel lost or destroyed in quantities of 750 gallons or more.

The tax on gasoline other than aviation gasoline, purchased and used for nonhighway purposes is refunded except for 6.4¢ a gallon.

The federal government, Mississippi and political subdivisions are exempt from 5.4¢ of the portion of the gasoline excise tax which exceeds 9¢ per gallon.

#### South Carolina

Gasoline used in aircraft or in state-owned buses is exempt.

Distributor sales of kerosene are exempt.

Sales to the federal government, its agencies, or its instrumentalities are exempt.

Refund of tax paid on gasoline used in the manufacture of fuel oil or tractor oil.

Refund on gasoline used in tractors and farm equipment for farm operations.

Gasoline sold or dispensed for use in commercial shrimp boats is exempt.

#### Tennessee

Gasoline used in airplane or aircraft motors is exempt.

Gasoline purchased for governmental purposes is exempt if shipped in lots of at least 500 gallons, if used exclusively for governmental purposes, if purchased from a bonded dealer or distributor, and if stored by the governmental unit in storage facility owned by the unit. An exception to the minimum purchase requirement is in the case of a delivery to the governmental body through a customer controlled pump which has the capacity to identify and bill each authorized customer.

The tax paid on gasoline used for agricultural purposes is refunded except for 1¢ per gallon if the gasoline was purchased in quantities of 50 gallons or more.

A refund of all but 1¢ per gallon of tax is allowed on fuel used to supply an engine used for track refrigeration or cement mixing if the refund is \$50 or more in a semiannual period.

A refund is allowed for tax paid on fuel used to operate a motor vehicle and an auxiliary unit used for concrete mixing or for boom, pneumatic, or pump unloading, and mobile self-propelled rock drills.

A refund is allowed to a manufacturer of the gasoline tax paid on gasoline used in the manufacturing of pre-mixed engine fuel sold in small containers and not used in the propulsion of vehicles. In effect, such gasoline is now subject to the sales tax and not the gasoline tax.

## GASOLINE AND MOTOR TAXES

### V. Exemptions, Refunds, and/or Credits

#### Tennessee (Continued)

New law for 2008 suspends until July 1, 2009 the required increase in the Tennessee gasoline tax by an amount equal to any decrease in the corresponding federal tax.

1/ Georgia also imposes an addition Prepaid State Tax at a rate of either 3% or 4% of the average retail price of motor fuel (less state taxes) on motor fuel. The rates for the various fuel types are set on a semiannual basis unless the average retail price for any fuel type changes 25% or more during the semiannual period. If the average retail price changes by 25% or more during the semiannual period, the Georgia Department of Revenue will revise the rate(s) for those fuel types affected.

2/ Local governments in Tennessee are authorized to levy a 1¢ tax to finance a public transportation system. The tax has not received the required voter approval in any local district to date.

3/ Sales of motor fuel in Georgia are also subject to any locally imposed sales and use taxes, which range from 1% to 4%.

## INDIVIDUAL INCOME TAXES

### I. Taxpayers and Rates

#### A. Single persons

Alabama	First \$500-2% Next \$2,500-4% Over \$3,000-5%
Arkansas	\$0 - \$3,899 -1% \$3,900 - \$7,799 -2.5% minus \$58.49 \$7,800 - \$11,699 -3.5% minus \$136.48 \$11,700 - \$19,599 -4.5% minus \$253.47 \$19,600-\$32,599 -6.0% minus \$547.45 \$32,600 and over -7.0% minus \$873.44
Georgia	First \$750-1% Next \$1,500-2% Next \$1,500-3% Next \$1,500-4% Next \$1,750-5% Over \$7,000-6% * Estates and trusts are taxed at a rate of single persons.
Louisiana	First \$12,500-2% Next \$37,500-4% Over \$50,000-6%
Mississippi	First \$5,000-3% Next \$5,000-4% Over \$10,000-5%
South Carolina*	\$0 - \$2,740: 0% \$2,740 - \$5,480: 3% minus \$82 \$5,480 - \$8,220: 4% minus \$137 \$8,220 - \$10,960: 5% minus \$220 \$10,960 - \$13,700: 6% minus \$329 \$13,700 and over: 7% minus \$466

#### B. Heads of families, estates, and trust

Alabama	First \$500-2% Next \$2,500-4% Over \$3,000-5%
Arkansas	\$0 - \$3,899 -1% \$3,900 - \$7,799 -2.5% minus \$58.49 \$7,800 - \$11,699 -3.5% minus \$136.48 \$11,700 - \$19,599 -4.5% minus \$253.47 \$19,600-\$32,599 -6.0% minus \$547.45 \$32,600 and over -7.0% minus \$873.44
Georgia	First \$1,000-1% Next \$2,000-2% Next \$2,000-3% Next \$2,000-4% Next \$3,000-5% Over \$10,000-6% Only applicable to head of households.
Louisiana	First \$12,500-2% Next \$37,500-4% Over \$50,000-6%

## INDIVIDUAL INCOME TAXES

### I. Taxpayers and Rates

#### B. Heads of families, estates, and trust (Continued)

Mississippi	First \$5,000-3%
	Next \$5,000-4%
	Over \$10,000-5%
South Carolina*	\$0 - \$2,740: 0%
	\$2,740 - \$5,480: 3% minus \$82
	\$5,480 - \$8,220: 4% minus \$137
	\$8,220 - \$10,960: 5% minus \$220
	\$10,960 - \$13,700: 6% minus \$329
	\$13,700 and over: 7% minus \$466

#### C. Married persons filing separately

Alabama	First \$500-2%
	Next \$2,500-4%
	Over \$3,000-5%
Arkansas	\$0 - \$3,899 -1%
	\$3,900 - \$7,799 -2.5% minus \$58.49
	\$7,800 - \$11,699 -3.5% minus \$136.48
	\$11,700 - \$19,599 -4.5% minus \$253.47
	\$19,600-\$32,599 -6.0% minus \$547.45
	\$32,600 and over -7.0% minus \$873.44
Georgia	First \$500-1%
	Next \$1,000-2%
	Next \$1,000-3%
	Next \$1,000-4%
	Next \$1,500-5%
	Over \$5,000-6%
Louisiana	First \$12,500-2%
	Next \$37,500-4%
	Over \$50,000-6%
Mississippi	First \$5,000-3%
	Next \$5,000-4%
	Over \$10,000-5%
South Carolina*	\$0 - \$2,740: 0%
	\$2,740 - \$5,480: 3% minus \$82
	\$5,480 - \$8,220: 4% minus \$137
	\$8,220 - \$10,960: 5% minus \$220
	\$10,960 - \$13,700: 6% minus \$329
	\$13,700 and over: 7% minus \$466

#### D. Married persons filing jointly

Alabama	First \$1,000-2%
	Next \$5,000-4%
	Over \$6,000-5%
Arkansas	\$0 - \$3,899 -1%
	\$3,900 - \$7,799 -2.5% minus \$58.49
	\$7,800 - \$11,699 -3.5% minus \$136.48
	\$11,700 - \$19,599 -4.5% minus \$253.47
	\$19,600-\$32,599 -6.0% minus \$547.45

## INDIVIDUAL INCOME TAXES

### I. Taxpayers and Rates

#### D. Married persons filing jointly

##### Arkansas (Continued)

\$32,600 and over -7.0% minus \$873.44

Georgia            First \$1,000-1%  
                       Next \$2,000-2%  
                       Next \$2,000-3%  
                       Next \$2,000-4%  
                       Next \$3,000-5%  
                       Over \$10,000-6%

Louisiana        First \$25,000-2%  
                       Next \$75,000-4%  
                       Over \$100,000-6%

Mississippi      First \$5,000-3%  
                       Next \$5,000-4%  
                       Over \$10,000-5%

South Carolina\*    \$0 - \$2,740:        0%  
                           \$2,740 - \$5,480:    3% minus \$82  
                           \$5,480 - \$8,220:    4% minus \$137  
                           \$8,220 - \$10,960:   5% minus \$220  
                           \$10,960 - \$13,700: 6% minus \$329  
                           \$13,700 and over: 7% minus \$466

### II. Exemptions and Credits

#### A. Personal and family exemptions

##### 1. Single persons

Alabama            \$1,500  
 Arkansas          See "Credits, B"  
 Georgia            \$2,700  
 Louisiana          \$4,500  
 Mississippi       \$6,000  
 South Carolina\*   Same as Federal

##### 2. Married filing separately

Alabama            \$1,500  
 Arkansas  
 Mississippi       \$6,000  
 Georgia            \$2,700  
 Louisiana          \$6,000  
 South Carolina\*   Same as Federal

##### 3. Married filing jointly

Alabama            \$3,000  
 Arkansas  
 Georgia            \$5,400  
 Louisiana          \$9,000<sup>5f</sup>  
 Mississippi       \$12,000  
 South Carolina\*   Same as Federal

##### 4. Head of family

Alabama            \$3,000  
 Arkansas  
 Georgia            Not applicable

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### A. Personal and family exemptions

##### 4. Head of family (Continued)

Louisiana	Not applicable
Mississippi	\$8,000
South Carolina*	Same as Federal

##### 5. Head of household

Alabama	Not applicable
Arkansas	
Georgia	\$5,700 with one dependent.
Louisiana	\$9,000
Mississippi	Not applicable
South Carolina*	Same as Federal

##### 6. Each dependent

Alabama	Increased dependent exemptions for tax years beginning after December 31, 2006.
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For taxpayers with AGI equal to or less than \$20,000, the exemption for dependents is \$1,000.

For taxpayers with AGI in excess of \$20,000 and equal to or less than \$100,000, the exemption is \$500.

For taxpayers with AGI in excess of \$100,000, the exemption remains \$300.

Arkansas	
Georgia	\$3,000 (effective 1/1/03).
Louisiana	\$1,000
Mississippi	\$1,500
South Carolina*	Same as Federal

##### 7. Taxpayer of spouse 65 or older

Alabama	Not applicable
Arkansas	
Georgia	\$1,300 <sup>2/</sup>
Louisiana	\$1,000
Mississippi	\$1,500
South Carolina*	Same as Federal

##### 8. Blind taxpayer or blind spouse

Alabama	Not applicable
Arkansas	
Georgia	\$1,300 <sup>2/</sup>
Louisiana	\$1,000
Mississippi	\$1,500
South Carolina*	Same as Federal

##### 9. Estate

Alabama	Fiduciaries- \$1,500
Arkansas	
Georgia	\$2,700
Louisiana	\$2,500
Mississippi	\$600
South Carolina*	Same as Federal

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### A. Personal and family exemptions (Continued)

##### 10.Trusts

Alabama	\$1,500
Arkansas	
Georgia	\$1,350
Louisiana	\$2,500
Mississippi	\$300 <sup>3/</sup>
South Carolina*	Same as Federal

#### B. Other Exemptions

##### Alabama

Net income realized from banking activities only if the taxpayer is subject to state excise tax imposed on financial institutions.

Retirement allowances, pensions, annuities, or optional allowances for school teachers receiving a pension from the Alabama Teacher's Retirement System, any retiree receiving a pension from the Alabama Retirement System, and eligible peace officers and firefighters.

Annuity income from U.S. civil service retirement and disability fund, all retirement income received from Tennessee Valley Authority pension system and income from any other U.S. Government retirement and disability fund.

All retirement military allowances.

All retirement payments to a retiree or his designated beneficiary under a "defined benefit plan." Qualified under IRC 414 (J).

Nonresident individual taxpayers are allowed personal exemptions in the proportion that their Alabama adjusted gross income bears to their total adjusted gross income.

Awards made under the Crime Victims Compensation Act.

Income earned from missionary service rendered in a foreign country for a minimum of 24 months for a church or like religious organization.

##### Arkansas

Singles whose gross income is not over \$7,799.

Married couples filing jointly whose gross income is not over \$15,499.

Heads of household whose gross income is not over \$12,099.

First \$6,000 of benefits received from an employer-sponsored pension plan. In addition to this exemption, taxpayers who have a cost basis in their employment related pension or annuity are allowed cost recovery using the provisions of IRC 72.

First \$9,000 of military enlisted personnel and officers pay.

An adjustment of \$500 for support of a totally and permanently disabled child.

##### Georgia

##### Louisiana

Interest on U.S. obligations.

Louisiana state employees' retirement benefits.

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### B. Other Exemptions

##### Louisiana (Continued)

Louisiana state teachers' retirement benefits.

\$6,000 of annual retirement income received by a person 65 years of age or older.

Federal retirement benefits both military and nonmilitary.

Benefits received by retiree of certain public retirement systems and individuals receiving social security benefits or railroad retirement payments.

\$6,000 of annual disability income for a person with a permanent total disability.

Contributions made to the Louisiana Student Tuition Assistance and Revenue Trust Program. The first \$2,400 contributed each year, per child is deductible.

The first \$30,000 of income received by military personnel for active duty service outside of the state.

Expenses disallowed by IRC Section 280 (C).

##### Mississippi

Exemptions for taxpayers who reside in the state for a portion of the income year are prorated on the same basis as nonresidents having income from within and without the state.

All retirement benefits are exempt if not premature distribution.

First \$15,000 of national guard and military reserve pay.

##### South Carolina\*

Extra exemption for dependents under age 6.

Federally taxable Social Security or Tier 2 or Tier 2 Railroad Retirement.

Interest on obligations of the United States or South Carolina or its political subdivisions.

Inactive duty National Guard or Reserve pay, plus customary annual training period pay.

Retirement income paid out because of total and permanent disability.

#### C. Credits

##### Alabama

Resident individuals are allowed credit against the Alabama tax for income taxes paid another state when the taxpayer's income is derived from sources within and without Alabama, provided that the credit shall not exceed the amount of income tax due to the other state or the amount that would be due on the same income computed at the income tax rate in Alabama.

A business tax credit of 20% of actual unreimbursed costs of approved employer-provided/sponsor-ed basic skills education programs, limited to the amount of employer's annual income tax liability, is provided.

A credit not to exceed \$5,000 annually, for five years, to qualifying physicians to live in, and practice medicine in, a small or rural

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Alabama (Continued)

community in Alabama.

A Capital Credit is available to investing companies and their recipients involved in a joint venture for a project undertaken by certain new businesses or expansions of certain existing business. In order to qualify for the credit, the investing company must register with, and be approved by, the Department of Revenue. The capital credit claimed for the current year shall not exceed 5% (annually) of actual capital costs of the new business (or expansion) for 20 years. The credit cannot be carried forward (or back) by any recipient. Each recipient in the investing company will be allowed a capital credit according to the distributive share, whether distributed or not, of the project's Alabama taxable apportionable income. The credit is limited to the individual investor's/ taxpayer's current-year tax liability and is applied with all other deductions, losses, or credits permitted.

A shareholder in an Alabama sub "S" corporation can take their share of the coal credit that the sub "S" corporation is allowed. The applicable credit for the shareholder will come from their K-1.

##### Arkansas

Single individuals, \$23; blind or deaf taxpayers, additional \$23; taxpayers both blind and deaf, additional \$46; single individuals 65 or older, additional \$23. A special \$23 credit for individuals over 65 not claiming \$6,000 exemption for employer-sponsored pension plan.

Head of household or married persons living together and filing jointly, \$46; if the husband or wife is 65 or older, each of them 65 or older is entitled to an additional \$23.

Dependents with gross income of less than \$3,650, \$23.

Fiduciaries - \$23.

Additional \$500 credit per year per child for maintaining, caring for, or supporting a developmentally disabled individual.

A credit is granted resident individuals for the amount of income tax paid to any other state or territory not to exceed what the tax would be on out-of-state income if added to the Arkansas income and calculated at Arkansas rates.

Taxpayers are allowed a credit equal to 20% of the household and dependent care services credit under Section 44A of Internal Revenue Code. In lieu of the 20% credit, taxpayers are allowed a refundable credit equal to 20% of the household and dependent care services under Section 21 of the Internal Revenue Code, if the child is placed in a facility approved by the Arkansas Department of Education as having an appropriate early childhood program.

Taxpayers are allowed a Political contribution Credit of up to \$50.00 (\$100.00 if filing a joint return) for money contributed to a candidate seeking nomination or election to a public office, or to the candidate's campaign committee, an approved political action committee, or an organized political party.

The Advantage Arkansas Program provides a job creation income tax credit equal to between 1 percent and 4 percent of new permanent full-time

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Arkansas (Continued)

employees' payroll for five years, depending on the tier of the county in which the business locates. Depending on the tier level, the eligible business must have a payroll for the new employees in excess of \$50,000 to \$125,000 annually. The credit begins in the year in which the new employees are hired. Any unused portion of the credit may be carried forward for 9 years after the year in which the credit was first earned.

ArkPlus investment tax incentives are negotiated by the Arkansas Department of Economic Development in highly competitive situations. The incentive provided by the ArkPlus program is a state income tax credit equal to 5 percent of the total amount of the new investment except technology based business may earn 2 percent to 8 percent based on the total amount invested. The amount of income tax credit taken during any tax year shall not exceed 50 percent of the annual Arkansas income tax liability resulting from the project. To utilize the ArkPlus program, business must sign a financial agreement prior to construction outlining the terms of the incentives and including the following: Businesses must invest a minimum of \$2 million to \$5 million in a plant construction or expansion project, depending upon the tier of the county in which the business locates; and businesses must have a payroll of at least \$800,000 to \$2 million in a plant construction or expansion project, depending upon the tier of the county in which the business locates; and businesses must have a payroll of at least \$800,000 to \$2 million for its new full-time permanent employees, depending upon the tier of the county in which the business locates, within 24 months of the date that the financial agreement is signed, and maintain the payroll requirements at the new project location for the duration of the incentive period. After July 31, 2007, existing employees may count as new employees if an eligible business may close or relocate outside Arkansas and at least 2 of 3 stated criteria are met.

Taxpayers are allowed a credit for donations or sales below cost of new machinery or equipment to a qualified educational institution. A credit is allowed for taxpayers who have expenditures under a Qualified Research Program approved by the Arkansas Science and Technology Authority and the Department of Higher Education. Qualified Educational Institution means any public or private university, college, junior college, vocational school, or, public elementary or secondary school located in the state of Arkansas.

The credit is equal to 33% of the donation, reduction in cost or research expenditures. The tax credit shall not exceed the total tax due and any unused credits may be carried forward for nine years, or until exhausted, whichever occurs first. Donations to a Research Park Authority will receive a credit equal to 33% of the donation that may offset 50% of the income tax liability and unused credits carry forward nine years.

Research and Development income tax credits for research and development were expanded effective July 31, 2007. The existing 33 percent income tax credit for taxpayers who pay for research performed at Arkansas universities remains. In addition, a 20 percent income tax credit was approved for eligible businesses performing in-house research. Targeted businesses may also earn transferable income tax credits equal to 33 percent of approved expenditures for in-house research, for the first five years following the business' signing a financial incentive agreement.

There is also a tax credit equal to ten percent (10%) for projects outside critical

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Arkansas (Continued)

groundwater areas, and fifty percent (50%) for projects within critical groundwater areas, of the cost incurred for the reduction of ground water use by substitution of surface water for water used in industrial, commercial, agricultural or recreational purposes. The amount of credit used for any taxable year may not exceed \$9,000 and may be carried over for a maximum of 2 consecutive taxable years following the taxable year in which the credit originated. Exception: Credits earned from a project for industrial or commercial purposes that is located in critical groundwater areas may be used in an amount up to \$30,000, increased to \$200,000 effective with tax years beginning January 1, 1999. These credits may be carried over for a maximum of 4 consecutive taxable years.

Also available is a tax credit equal to ten percent (10%) of the project cost incurred for agricultural land leveling to conserve irrigation water. The amount of credit used for any taxable year may not exceed \$9,000 and may be carried over for maximum of 2 consecutive taxable years following the taxable year in which the credit originated.

An income tax credit is allowed equal to the project cost incurred in the development or restoration of private wetlands and riparian zones. The amount of credit used for any taxable year may not exceed \$5,000 and may be carried over for maximum of 9 consecutive taxable years following the taxable year in which the credit originated. The project must be maintained for a minimum life of 10 years after the project is completed.

An income tax credit equal to thirty percent (30%) of the cost of waste reduction, reuse or recycling equipment, including the cost of installation of such machinery and equipment. To be eligible, the company must be engaged in the business of reducing, reusing, or recycling solid waste material for commercial purposes. The credit used for taxable year may not exceed the individual or corporation income tax due. Any unused credit may be carried over for a maximum of three (3) consecutive years.

For a County and Regional Industrial Development Company, a credit is allowed to the original purchaser of common stock of a corporation or a unit of interest of a limited liability company. The stock or unit of interest must have been purchased and retained during any of the calendar years 1999 through 2003. No credit will be allowed after December 31, 2006. The credit is limited to 33 1/3% of the actual purchase price paid for the stock or unit of interest, including fees and commissions not exceeding 15% of the purchase price. The credit allowable in any one tax year shall not exceed 50% of the net Arkansas state income tax or premium tax liability after all other credits and reductions in tax have been calculated. Any remaining credit may be carried forward for a period of three (3) years, or until exhausted.

A person who purchases an equity interest in a capital development company between January 1, 2003 and July 1, 2007 is entitled to a credit against any state income tax liability or premium tax liability. The credit shall be equal to 33-1/3% of the actual purchase price paid for the equity interest. In any one tax year, the credit shall not exceed 50% of the net liability after all other credits and reductions have been calculated. Any excess credit may be carried forward for 8 succeeding tax years. In no event may the credit be allowed for any tax year ending after December 31, 2021.

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Arkansas (Continued)

A credit is allowed equal to 3.9% of the annual salary of personnel employed exclusively for providing child care services to the business's employees, or a \$5,000 income tax credit for the first tax year the business provides its employees with a child care facility. The credit is first available for use in the taxable year following the year the business makes payment of wages to child care workers. Any unused credit may be carried forward two (2) years. The Arkansas Department of Education must certify a facility as qualifying having an appropriate early childhood program.

A taxpayer who trains a youth apprentice in a registered youth apprenticeship program shall be entitled to a credit in the amount of \$2,000 or 10% of the wages earned by the youth apprentice, whichever is less. The credit used for a taxable year may not exceed the individual or corporate income tax otherwise due in the year the credit was earned. Any unused credit may be carried over for a maximum of two (2) consecutive taxable years.

An income tax credit for a tourism attraction project is allowed equal to 4 percent of the payroll of the new permanent employee.

The tax credit shall be used for the taxable year in which the net new permanent employees were hired. If the entire credit cannot be used in the year earned, the remainder may be applied against the income tax for the succeeding nine (9) years or until the credit is entirely used, whichever occurs first.

Targeted Business credits are discretionary incentives for start-up companies in emerging sectors that are less than five years old, have an annual payroll between \$100,000 and \$1 million, and pay at least 150 percent to 180 percent of the county's or state's current average hourly wage. Emerging technology sectors include: Advanced materials and manufacturing systems; Agriculture, food and environmental sciences; Biotechnology, bioengineering and life sciences; Information technology; Transportation logistics; Bio-based products. Companies meeting these criteria are eligible for a transferable income tax credit equal to 10 percent of payroll for up to five years, a transferable income tax credit equal to 33 percent of eligible research and development costs, and sales and use tax refunds on building materials and necessary equipment.

Taxpayers may be provided financial assistance for upgrading the knowledge and skills of the existing workforce. The financial assistance can be in the form of grants or credits in an amount determined by the Arkansas Department of Economic Development.

Eligible companies that use state supported educational institutions for classroom training are eligible for either a grant or income tax credit, while a consortium can only receive a grant, for the lesser of ½ of the amount paid by the company to the educational institution, or, the instructional hour rate (not to exceed \$80 per hour) times the number of instructional hours. If the company uses company employees or paid consultants to deliver the classroom training, the amount of assistance shall not be more than \$25 per instructional hour, which can only be in the form of an income tax credit.

There is an income tax credit for companies that pay, or reimburse full-time employees for the cost of tuition, books and fees for a program of undergraduate or postgraduate education from an accredited institution of post-secondary education located in Arkansas. The credit is equal to 30% of the tuition paid or

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Arkansas (Continued)

reimbursement, but cannot exceed 25% of the business' income tax liability in any year.

Allowed is an income tax credit for taxpayers that contribute to the Public Roads Incentives Fund of the Arkansas Economic Development Commission. The credit is equal to 33% of the taxpayer's contribution. The credit may not exceed 50% of the taxpayer's income tax liability after all other credits and reductions in tax have been calculated. Any unused credit may be carried forward for 3 years.

An income tax credit of 30% of the total amount invested in affordable housing assistance activities is allowed. Any unused credit may be carried forward for 5 years.

An income credit equal to 20% of the federal low income housing tax credit is allowed. Any unused credit may be carried forward 5 years.

A credit is allowed as recommended by the Arkansas Development Finance Authority up to \$10 million per fiscal year for the entire program, for qualified venture capital invested in Arkansas. The credit may offset income tax otherwise due and has five years carry forward.

An income tax credit of \$2.00 per ton of coal mined, produced, or extracted on each ton of coal mined in Arkansas. An additional credit of \$3.00 per ton will be allowed for each ton of coal mined in Arkansas in excess of 50,000 tons in a tax year. The credit can only be earned if the coal is sold to an electric generation plant for less than \$40.00 per ton excluding freight charges. The credit expires 5 years following the tax year in which the credit was earned. A credit earned may be transferred by written agreement to an eligible transferee.

The Family Savings Initiative Act provides a tax credit equal to 50% of contributions to a designated fiduciary organization. The fiduciary will notify the Department of Human Services of the deposits and will issue a certificate to be attached to the tax return for the first year the credit is taken. The credit allowed is the lesser of the income tax due or \$25,000 per taxpayer. The total tax credit allowed for all taxpayers is \$100,000 per year. Any unused credit may be carried forward for the next 3 succeeding tax years or until exhausted, whichever occurs first.

An income tax credit is allowed in the amount of \$15.00 for each ton of rice straw in excess of 500 tons that is purchased by an Arkansas taxpayer who is the end user (person who purchases and uses the straw for processing, manufacturing, generating energy or producing ethanol). The amount of the credit is limited to 50% of the income tax due for the tax year. Unused credit may be carried forward for 10 consecutive tax years following the year in which the credit is earned.

A credit is allowed to a biodiesel supplier equal to 5% of the cost of facilities and equipment used directly on the wholesale or retail distribution of biodiesel fuel. The credit may be carried forward for a period not to exceed 3 years.

An income tax credit is available equal to 25% of an investment of at least \$25,000 in a geotourism-supporting business located in the lower Mississippi river Delta. The maximum credit per taxpayer is \$25,000. The credit may offset the income tax liability, and unused credits may be carried forward for five years.

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Arkansas (Continued)

The credit is available for investments made after July 31, 2007. No new credits may be established after the end of the 2011 tax year.

An income tax credit equal to up to 33-1/3% of an equity investment in a qualified early-stage or start-up business is available for investments made between 2007 and 2019. The credit may offset up to 50% of the income or premium tax liability and unused credits may be carried forward nine years. The credits or investments may be sold at any time. Investors must reduce their basis in the investment by the amount of the credit, thus increasing the amount of capital gain when the investment is sold.

A credit is allowed for qualified historic preservation expenditures equal to 25% of the first \$500,000 of qualified expenses for income producing property or \$100,000 of qualified expenses for non-income producing property. The holder of the credit may offset 100% of income or premium tax liability. The credit may be transferred or sold and unused credit may be carried forward for five years. The credit is available for tax years beginning on or after January 1, 2009 and ending on or before December 31, 2015.

##### Georgia

Resident individuals who have an established business in another state, have investment in property having a taxable status in another state, or engage in employment in another state may deduct from the tax due upon the entire net income of the resident individual the tax paid upon the net income of the business, investment, or employment in another state when the business, investment, or employment is in a state that levies a tax upon net income. In no case shall the credit exceed the tax which would be payable to this state upon a like amount of taxable income.

Low income credit for individuals with \$19,999 or less federally adjusted gross income.

A nonrefundable credit, not to exceed \$5,000, is allowed for physicians who start practicing in rural counties after July 1, 1995. Physicians may be eligible if they meet the requirements as defined.

A nonrefundable credit, not to exceed \$500.00 is allowed for the purchase of a single family home containing accessible features as defined for a permanently disabled person. Also allows a credit in the amount of \$125 for each accessible feature or the actual cost of each accessibility feature whichever is lower. The total credit cannot exceed \$500. Unused credit can be carried forward to next three succeeding years tax liability.

A credit of 10% of the qualified caregiving expenses not to exceed \$150 for a qualifying family member for home agency services, personal care services personal care attendant services, homemaker services, adult daycare respite care or health care equipment and supplies which are recommended medically necessary by a physician. The caregiving services must be purchased or obtained from an organization or individual not related to the qualifying family member. The qualifying family member must be at least age 62 or be determined disabled by the Social Security Administration. The credit is taken against current tax liability, not refundable and may not be carried back or forward.

A credit for individual taxpayer who receives disaster assistance during a taxable

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

(Georgia Continued)

year from the Georgia Emergency Management Agency or the Federal Emergency Management Agency. The credit is an amount equal to \$500 or the actual amount of the disaster assistance, whichever is less. The credit is further limited to the taxpayer's income tax liability. Any unused credit can be carried forward but cannot be carried back.

**Driver Education Credit.** Provides a credit for an individual taxpayer for the amount paid for a successfully completed course of driver education for each dependent minor child of the taxpayer at a private driver training school licensed by the Department of Public Safety. The credit for each dependent child is an amount equal to the amount paid for the course or \$150, whichever is less.

The credit is further limited to the taxpayer's income tax liability. The credit is only allowed once for each dependent minor child. Written proof of successful completion of the course and the amount paid for the course must be attached to the return. A completed course of driver education includes additional courses offered by private driver training schools such as defensive driver education courses. The credit cannot be carried back or forward to other tax years. An amount paid for a completed course of driver education, to a private or public high school, does not qualify for this credit.

Any Georgia resident who is a member of the National Guard or Air National Guard and who is on active duty for a period of more than 90 days, or active duty training for a period of more than 90 days, is allowed a tax credit against his/her individual income tax. The credit cannot exceed the amount expended for qualified life insurance premiums nor the taxpayer's income tax liability. Qualified life insurance premiums are the premiums paid for insurance coverage through the service member's Group Life Insurance Program administered by the United States Department of Veterans Affairs. Any unused tax credit is allowed to be carried forward to the taxpayer's succeeding year's tax liability.

O.C.G.A. §48-7-29.10 provides taxpayers with a credit for qualified child and dependent care expenses. The credit is a 30% percent of the credit claimed and allowed under Internal Revenue Code §21.

Georgia Code Section 48-7-29.15 provides an income tax credit for the adoption of a qualified foster child. Which occurs in a taxable year beginning on or after January 1, 2008. The amount of the credit is \$2,000 per qualified foster child per taxable year, commencing with the year in which the adoption becomes final, and ending in the year in which the adopted child attains the age of 18.

O.C.G.A. §48-7-29.17 provides taxpayers a credit for the purchase of an eligible single-family residence located in Georgia. An eligible single-family residence is a single-family structure (including a condominium unit as defined in O.C.G.A. §44-4-71) that is occupied for residential purposes by a single family, that is: (a) any residence (including a new residence, on occupied at the time of sale, or a previously occupied residence( that was for sale prior to May 11, 2009 and that remained for sale after May 11, 2009; or (b) a residence with respect to which a foreclosure event has taken place and which is owned by the mortgagor or the mortgagor's agent; or (c) an owner-occupied residence with respect to which the owner's acquisition indebtedness was in default on or before March 1, 2009.

Acquisition indebtedness is debt incurred in acquiring, constructing, or substantially improving a qualified residence and which is secured by such

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

(Georgia Continued)

residence. Refinanced debt is acquisition debt if at least a portion of such debt refinances the principal amount of existing acquisition indebtedness.

A taxpayer is allowed the tax credit for a purchase of one eligible single-family residence made between June 1, 2009 and November 30, 2009. The credit amount is the lesser of 1.2 percent of the purchase price of the eligible single-family residence or \$1,800.00. The amount of the tax credit that may be claimed and allowed in a single taxable year cannot exceed the lesser of 1/3 of the credit or the taxpayer's income tax liability. Any unused tax credit can be carried forward but cannot be carried back.

#### Louisiana

The tax is reduced by \$100 for any taxpayer, taxpayer's spouse, or dependent who is deaf, blind, mentally incapacitated or who has lost the use of one or more limbs. Only one credit is allowed for any one person.

33-1/3% of amount contributed for persons making donations of funds to a family responsibility program designed to help pay the cost of nursing care of relatives unable to pay the cost themselves, but not to exceed \$200 a year.

Credit against taxes paid to another state for taxpayers who file as a resident of Louisiana.

A credit is allowed any corporation for donating or selling below cost tangible movable property to any public school, vo-tech, or higher education facility, private or parochial institution, community college, special school, museum, or any public library in Louisiana. The credit is computed at 40% of the property's value or, in cases of sales below liability, is the difference between the price received for the property and the taxpayer basis. The credit is limited to the total tax liability and is in lieu of charitable contributions or deductions.

Credit of 35% of cash invested in a Louisiana capital company certified by the Department of Economic Development.

A credit of 35% of the donation is granted for initial cash donations of \$200,000 or more made to the Dedicated Research Investment Fund and certified by the Board of Regents.

A credit is allowed against income taxes for conversion of vehicles to "alternative fuel" usage. "Alternative fuel" includes compressed natural gas, liquefied natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels which meet or exceed federal clean air standards. The amount of the tax credit is 20% of the cost of the qualified clean-burning motor vehicle fuel property. When the vehicle is purchased with qualified clean-burning motor fuel property installed by the manufacturer of such vehicle and the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of 20% of 10% of the cost of the motor vehicle or \$1,500. The amount of unused tax credit may be carried forward for three years.

A credit is allowed against state income tax for certain doctors affiliated with a small town community hospital on or after July 1, 2002 or a dentist in a state designated Dental Health Professional Shortage Area. Such tax credit shall be the lesser of the tax due or \$5,000 per taxable year up to a maximum of five years.

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Louisiana (Continued)

A tax credit for gasoline and special fuels taxes paid for operating or propelling any commercial fishing boat. This credit is in lieu of the credit allowed against excise tax.

A credit is allowed for the employment of certain first time drug offenders. Credit is \$200 per employee per year for a maximum of two years.

A refundable credit under the Quality Jobs Program Act allowed establishments that have a projected annual gross payroll for new direct jobs equal to or greater than \$1 million within three years of the anticipated date it will first qualify. Qualifying establishments must enter into a contract with the Department of

Economic Development. Credits are allowed for up to 10 years.

A credit is allowed for persons maintaining a household that includes dependents who are physically or mentally disabled. The credit is equal to the applicable percentage of employment related expense allowable pursuant to Section 21 of the Internal Revenue Code. Unused credit amounts can be carried forward.

A credit for the purchase of a bulletproof vest by qualified law enforcement officers and certain employees of the Department of Public Safety and Corrections. The credit allowed is for the price paid by the individual or \$100, whichever is less.

A credit is allowed for 10% of the amount of certain federal income tax credits limited to \$25. The federal credits include: credits for contributors to candidates for public office; credit for the elderly; credit for child and dependent care expenses; investment credit; foreign tax credit; work incentive credit; jobs credit; and residential energy credit.

A refundable credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors and retailers. This credit is not allowed for ad valorem taxes that have been collected from the persons to whom the inventory has been sold.

A credit is allowed in the amount of 25% of certain expenses paid or incurred during the tax year by an employer to provide a program for employees who are potential or who actually become bone-marrow donors.

A credit is allowed for certain law enforcement officers and employees of the Department of Public Safety and Corrections for certain educational expenses incurred in pursuit of an undergraduate degree related to law enforcement. The amount of the credit allowed in a tax year is an amount equal to the lesser of the tax due, the amount of the qualifying education expenses, or \$750.

A credit in the amount of \$750, which is in lieu of other job tax credits provided by law, is allowed for employment of each previously unemployed person in a qualified newly created full-time job. The credit is allowed during the taxable period that the employee has completed one year of full-time service with the employer.

A transferable credit is allowed for investment in certain film productions certified by the Louisiana Film Commission. This credit, which is only available to taxpayers domiciled in Louisiana, is for 10 to 25 percent of an investor's

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Louisiana (Continued)

investment in a film production after July 1, 2002, depending on the level of investment.

The investment credit and infrastructure credit on projects in excess of \$300,000 have been consolidated into one forty percent credit for all projects until January 1, 2009. Initial certification of state certified productions will be effective for a period of twelve months prior to and after the date of initial certification.

A credit in an amount equal to the lesser of \$1,000 or ½ of the value of the donation is allowed for donations to assist qualified playgrounds in certain economically depressed areas. Because the credit did not appear in individual income tax instructions, the credit will be allowed for certain tax years between 1992 and 2001 if taken on an amended return by 12/31/08.

A credit (of \$250 per qualified employee) is allowed for employers of employees who participate in basic-skills training programs at an accredited school. The credit cannot exceed \$30,000 for any single business in a particular year.

A tax credit is allowed against individual and corporation income taxes and corporation franchise taxes for an amount equal to 40% of the aggregate ad valorem taxes paid by certain telephone companies to political subdivisions in Louisiana.

A credit is allowed against income and corporate franchise taxes for ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act Waters.

A transferable credit is allowed for the employment of Louisiana residents in connection with state certified productions.

A tax credit is allowed for the eligible costs and expenses incurred during rehabilitation of an owner occupied mixed use structure, or a historic structure located in a cultural products district. The credit is allowed against income and corporation franchise taxes. The credit is 25 percent of the costs and expenses per structure. Any unused credits may be carried over for five years. The maximum amount of tax credits allowed to be granted in any calendar year is \$10 million.

A credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds is allowed for economic development corporations.

A tax credit is allowed for the state sales or use taxes paid on purchases of specialty apparel items for a Private Sector Prison Industry Enhancement (PIE) contractor. If the credit exceeds the liability, it is refunded. Effective for income tax years beginning after 12/31/02 and franchise tax beginning after 12/31/03.

A research and development credit may be granted to qualifying taxpayers by the Department of Economic Development (DED), to be phased-in as follows: 25% of the credit 1/1/03 - 12/1/03, 50% of the credit 1/1/04-12/31/04, 75% of the credit 1/1/05-12/31/05, 100% of the credit is allowed for periods beginning after 12/31/05. Effective for income tax beginning after 12/31/02 and franchise tax years beginning 12/31/03.

Technology commercialization credit. R.S. 51:2354.<sup>5f</sup>

Atchafalaya Trace heritage area development zone tax exemption. R.S. 25:1266.4<sup>5f</sup>

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Louisiana (Continued)

Biomedical Research and Development. R.S. 813.1 and 17:3389.<sup>5/</sup>

Tax Equalization. R.S. 47:3202.<sup>5/</sup>

Manufacturing Establishments. R.S. 47:305.<sup>5/</sup>

Enterprise Zone Credit. R.S. 51:1787.<sup>5/</sup>

If 35 percent of a company's employees are residents of an enterprise zone, not just an enterprise zone in the same parish as the business or an enterprise zone in a contiguous parish as that of the business, the business is eligible to receive a \$2,500 enterprise zone credit. Employees eligible for the enterprise zone job credits must be United States citizens and domiciled in Louisiana or establish domicile in Louisiana within sixty days of their employment.

The taxpayer is allowed an option between a sales and use tax rebate and a refundable investment income tax credit equal to 1.5 percent of qualified expenditures. Qualified expenditures are defined as amounts classified as capital expenditures for federal income tax purposes plus exclusions from capitalization provided for in IRC 263(a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of manufacturing machinery and equipment to the extent the capitalized manufacturing machinery and equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of an existing building.

Quality Jobs Program. R.S. 51:2455.<sup>5/</sup>

For tax years beginning or after 1/1/05, a credit against individual income taxes of up to \$10,000 per organ donation for expenses paid by a taxpayer if related to the taxpayer's travel or absence from work related to the taxpayer's or the taxpayer's spouse's living organ donation.

A credit against state income tax is allowed for the investment made in a voluntary remedial investigation or action at a state certified brownfields site. Voluntary remedial investigation or action applications must be submitted to the Department of Economic Development and the Department of Environmental Quality and must include a statement of the projected economic development benefits to the community in which the proposed project is located. To claim the credit, a certification of completion must be remitted with the tax return. Taxpayers are allowed a credit of fifteen percent of the total investment made in a voluntary remediation action at a state certified site. The brownfields tax credit is transferable. No credit will be allowed for any expenditures for which a taxpayer receives a credit, rebate, or other tax incentive granted by the state under any other provision of law.

A transferable credit is allowed against state income tax for investing in a state certified digital interactive media production in Louisiana. The tax credit is a percentage of investment in the production expended in the state. For multi-year productions the credit percentage decreases over time and after the sixth year is no longer available. A credit will not be allowed under this provision for any expenditure for which a credit was granted under the motion picture investor or employer tax credit. The purpose of the credit is to encourage development of a strong capital base for the production of digital interactive media. The Digital

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Louisiana (Continued)

Interactive Media Producer Tax Credit may be carried forward for up to 10 years and also has a one-year carryback provision. The percentage of credit allowed is as follows: 1<sup>st</sup> and 2<sup>nd</sup> years following certification 20%; 3<sup>rd</sup> and 4<sup>th</sup> years following certification 15%; 5<sup>th</sup> and 6<sup>th</sup> years following certification 10%.

A credit is allowed against income and franchise taxes for the investment in a Louisiana Entrepreneurial Business as defined by R.S. 51:2303(5). The investor cannot be the principal owner, spouse or relative within the third degree of blood or marriage from the owner. The Louisiana Entrepreneurial Business must be located in Louisiana, must have received approval by the Department of Economic Development, must demonstrate that it will have more than 50 percent of its sales from outside Louisiana, and is not a business engaged primarily in retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services including venture capital funds. Expires December 31, 2009. Effective August 15, 2005, for tax years beginning on or after January 1, 2005.

A credit is allowed against income and franchise taxes to individuals or entities in a designated Urban Revitalization Zone designated by the Department of Economic Development. This credit is in lieu of any tax reductions under the Enterprise Zone program. See footnote<sup>7/</sup>.

A refundable sound recording investor tax credit is allowed against income and franchise taxes. It is calculated as a percentage of the base investment in state-certified musical recording productions or infrastructure projects, and is earned at the time expenditures are certified by the Louisiana Department of Economic Development. The aggregate amount of credits certified for all investors during any calendar year shall not exceed \$3,000,000. A credit will not be allowed under this provision for any expenditure for which a credit was granted under the Motion Picture Investor Credit. The amount of credit allowed is based on the following investments levels: \$15,001 - \$150,000, 10%; \$150,001 - \$1,000,000, 15%; \$1,000,001 or greater 20%.

The sound recording investor tax credit expires January 1, 2010.

An income and franchise tax credit is allowed for individuals and businesses that invest in a Louisiana Community Development Financial Institution (LCDFI). It provides that the LCDFI corporations will be exempt from corporation income and franchise taxes for five consecutive taxable periods. The investment credit is to be calculated as 75 percent of the investment. These credits are transferable and can be carried forward indefinitely. The program terminates on July 1, 2009, but provisions relevant to any granted tax credits continue to apply until July 1, 2012.

A tax credit is allowed for providing employee and dependent health insurance coverage when any contractor or subcontractor with a contract for the construction of a public work offers health insurance coverage and pays at least 75 percent of the total premium for the health insurance coverage for each full-time employee who elects to participate and pays at least 50 percent of the total premium for each dependent of the full-time employee who elects to participate. Contractors who participate are eligible for a five percent income tax credit on 40 percent of the amount of the contract received in a tax year, not to exceed \$3,000,000 per year. The credit is allowed against the income tax for the period in which the credit is earned.

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Louisiana (Continued)

A refundable state earned income credit is allowed equal to 3.5 percent of the federal earned income credit.

A refundable individual income tax credit is allowed for noncommercial hunting and fishing licenses purchased by an active or reserve military service member or the spouse or dependent of the service member.

The Mentor-Protege Tax Credit Program allows qualifying entities that fulfill the terms of a Mentor-Protege Agreement to earn a refundable tax credit on any Louisiana income or corporation franchise tax liability. Qualifying mentors must possess a favorable financial health, including profitability for at least two years; demonstrate its capability to provide managerial or technical skills transfer or capacity building; and meet the goals and objectives of the Mentor-Protege Agreement. Qualifying proteges must be certified active in the Small and Emerging Business Development Program or registered and approved in the Small Entrepreneurship Program by the Department of Economic Development and be willing to participate with a mentoring firm. The Mentor-Protege Tax Credit Program expires December 31, 2011. Effective for all income tax years beginning on or after January 1, 2007, and franchise tax years beginning on or after January 1, 2008.

A refundable income and corporation franchise tax credit is allowed for overpayments related to the inventory tax credit. To be eligible, a taxpayer must have gross receipts of \$500,000 or less. The credit not previously claimed for 1999 through 2002 for income taxes and for 2000 through 2003 for corporation franchise taxes may be claimed on amended returns until December 31, 2007.

A refundable credit against income and corporation franchise taxes is allowed for the cost paid by a taxpayer to acquire an eligible sugarcane trailer, to replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer. "Eligible sugarcane trailer" means a trailer that hauls sugarcane and meets the requirements of R.S. 32:387.7(B). Effective for costs of conversions or modifications of eligible sugarcane trailers paid on and after January 1, 2009.

A refundable tax credit against individual and corporation income tax is allowed for the cost of purchase and installation of a wind energy system or solar energy system, or both, by a resident individual at their residence located in Louisiana or by the owner of a residential rental apartment project. The credit may be claimed if a resident individual purchases a new home with a system installed, a system is purchased and installed at an existing home, or a system is installed at a new or existing apartment project, and will be equal to fifty percent of the first \$25,000 of the purchase and installation cost of wind or solar energy systems purchased and installed on or after January 1, 2008. The credit may be used in addition to any federal tax credits earned for the same system, except that, a taxpayer may not receive any other state tax credit, exemption, exclusion, donation, or any other tax benefit for property for which a tax credit has been received under this section.

A nonrefundable credit against individual income tax is allowed for tax year 2008 for seven percent of the premiums paid by individuals on their primary residence for homeowners' insurance, condominium owners' insurance, or tenant homeowners' insurance. Any citizens property insurance assessment must be subtracted from the total premium paid before applying the seven percent credit

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Louisiana (Continued)

rate.

The Louisiana Community Economic Development Act authorizes a tax credit against income and corporation franchise tax for 25 percent of the money donated, contributed, or represented by a sale below cost by the taxpayer to a certified community development corporation or a certified community development financial institution. The credit must be approved by the Department of Economic Development and is limited to \$500,000 per year per individual or \$1 million per year per business and \$1 million total per individual and \$2 million total per business. The credit may be carried forward for five years. Effective from July 10, 2007 to August 15, 2010.

A child care expense tax credit is allowed based upon child care expenses and the quality rating of the child care facility.

A child care provider tax credit is allowed against income or corporation franchise tax based upon the average monthly number of children who either participate in the Child Care Assistance Program administered by the Department of Social Services or who are foster children in the custody of the Department of Social Services and attending facilities operated by a child care provider, multiplied by an amount based upon the quality rating of the facility.

A child care directors and staff tax credit is allowed based upon the staff and directors' qualifications.

A business supported child care tax credit is allowed against income and franchise tax for a percentage of the eligible child care expenses supported by a business. The percentage allowed is based upon the quality rating of the child care facility the child attends. A credit is also allowed for payments by a business of fees and grants to child care resource and referral agencies, not to exceed \$5,000 per tax year.

The Technology and Commercialization Credit and Jobs Program is designed to deter university professors from taking their research and leaving the state. Individuals and businesses that invest in the commercialization of Louisiana technology in Louisiana and/or create new jobs earn a refundable tax credit against their Louisiana income and corporation franchise tax liability. The credits are earned and granted for a period of not less than five tax years. At least five new jobs, paying at least \$50,000 a year, must be created. This credit is administered by the Department of Economic Development.

The Insure Louisiana Incentive Program provides financial incentives to encourage additional insurers to participate in the voluntary property insurance market in order to increase the availability of property insurance. A nonrefundable credit against individual income tax is allowed effective July 1, 2008 for seven percent of the premiums paid by individuals on their primary residence for homeowners' insurance, condominium owners' insurance, or tenant homeowners' insurance. Any Citizens Property Insurance Corporation assessment must be subtracted from the total premium paid before applying the seven percent credit rate.

A refundable credit against individual and corporation income and corporation franchise taxes is allowed for resident taxpayers engaged in the business or producing milk for sale. The credit will be allowed when the USDA Uniform Price

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Louisiana (Continued)

drops below the announced production price established by the Department of Agriculture and Forestry any time during the calendar year. Qualified taxpayers are eligible for tax credits based on the production and sale of milk below the announced production price over a calendar year. The Department of Health and Hospitals must certify to the Department of Revenue, by January 31 of the following year, which milk producers are eligible to receive the credits. Any producer not certified by the Department of Health and

Hospitals will not be entitled to the credits. The credits allowed for each milk producer may not exceed \$30,000 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$2.5 million per calendar year. A nonrefundable apprenticeship tax credit is allowed against individual or corporation income tax or corporation franchise tax equal to one dollar for each hour of employment of each eligible apprentice, not to exceed one thousand hours for each eligible apprentice. An eligible apprentice means a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or a person who is enrolled in a training program accredited by the National Center for Construction Education and Research that has no less than four levels of training and no less than 500 hours of instruction. Any unused credit may be carried forward for ten years.

A refundable income tax credit is allowed for musical or theatrical productions or musical or theatrical facility infrastructure projects. State certified infrastructure projects are capped at \$60 million per year with half of that amount reserved for projects in areas other than Jefferson and Orleans parishes. The infrastructure credit expires January 1, 2014. The credits are available for expenditures for production, infrastructure, and transportation expenses, employment of Louisiana students, and employment of Louisiana residents made on or after July 19, 2007. This credit is not allowed if the Motion Picture Investment Credit or the Sound Recording Credit has been granted.

##### Mississippi

Resident individuals are allowed credit against the Mississippi tax for income taxes paid another state when the taxpayer's income is derived from sources within and without Mississippi, provided that the credit shall not exceed the amount of income tax due Mississippi.

Credit up to \$5,000 per location to manufacturers, distributors, wholesalers, or retail merchants who pay ad valorem taxes in Mississippi imposed on commodities, products, goods, wares, and merchandise held for resale. Credit is the lesser of ad valorem tax paid in the tax year or \$5,000 per location.

Credit up to \$10,000 to eligible taxpayers who incur costs for approved reforestation practices. Credit may not exceed lesser of \$10,000 or the amount of income tax for the year. Tax credit is 50% of actual costs of approved practices. Maximum lifetime credit is \$75,000.

A credit is allowed for certain costs associated with donations of and which are conservation sites under the Mississippi Natural Heritage Program or which are along streams nominated to the Mississippi Scenic Streams Stewardship Program.

An income tax credit is allowed for certain taxpayers that utilize the port facilities at state, county and municipal ports equal to certain charges paid by the

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### Mississippi (Continued)

taxpayer on the import of cargo. In order to be eligible, a taxpayer must locate its United States headquarters in Mississippi on or after July 1, 2004, employ at least five permanent full-time employees who actually work at such headquarters and have a minimum capital investment of \$2,000,000 in Mississippi. The amount of the credit allowed shall be the total of the following charges on import of cargo paid by the corporation; however, it does not apply to the import of forest products: (1) Receiving into the port; (2) Handling from a vessel; and (3) Wharfage. The amount of the credit shall not exceed 50% of the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to such taxpayers, except credit for tax payments made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding five years.

An income tax credit is allowed for taxpayers who incur costs and expenses for the rehabilitation of eligible property which is a certified historic structure or a structure in a certified historic district. The credit is equal to twenty-five percent (25%) of total costs of qualified rehabilitation expenses incurred after January 1, 2006. The costs must exceed \$5,000 for an owner occupied dwelling and fifty percent (50%) of the total basis in the property for all other types of properties.

An income tax credit is allowed for taxpayers that adopt a child during the taxable year. The credit is equal to the amount of "qualified adoption expenses" paid or incurred, not to exceed \$2,500.

An income tax credit is allowed for premiums paid during the taxable year for certain qualified long-term care insurance policies. This credit can not exceed \$500 or the taxpayers' income tax liability, whichever is less, for each qualified long term care insurance policy. Any unused tax credit can not be carried forward to apply to the succeeding tax year's liability.

##### South Carolina\*

Credit for Taxes Paid to Another State. (Form SC1040TC worksheet instructions)

Nursing Home Credit: For expenses paid for one's own support or support of another to an institution providing nursing facility level of care or to a provider for in-home or community care.

Drip/Trickle Irrigation Systems Credit: For purchasing and installing conservation tillage equipment, drip/trickle irrigation system, or dual purpose combination truck and crane equipment. (Form TC-1)

Credit for State Contractors Subcontracting With Socially and Economically Disadvantaged Small Businesses: For state contractors that subcontract with socially and economically disadvantaged small businesses. (Form TC-2)

Water Resources Credit: For investing in the construction of water storage and control structures for soil and water conservation, wildlife management, agriculture and aquaculture purpose. (Form TC-3)

New Jobs Credit: For qualifying employers that create and maintain 10 or more full-time jobs. (Form TC-4)

Small Business Alternative Job Credit: For qualifying small businesses that create 2 or more full-time jobs. (Form TC-4SA)

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### South Carolina (Continued)

Small Business Job Credit: For qualifying small businesses that create and maintain 2 or more full-time jobs. (Form TC-4SB)

Scenic River Credit: For donating certain lands adjacent to designated rivers or sections of a river. (Form TC-5)

Employer Child Care Credit: For employers that establish child care programs to benefit employees or donate to a non-profit corporation providing child care services to employees. (Form TC-9)

Base Closure Credit: For hiring employees who lost their jobs because of federal military installation closure or realignment. (Form TC-10)

Economic Impact Zone Credit: For placing qualifying property in service in an economic impact zone. (Form TC-11)

Family Independence Payments Credit: For employers hiring qualifying Additional Family Independence Payments Credit: For employers hiring qualified Family Independence Payment recipients in a distressed or least developed county. (Form TC-14)

Community Development Credit: For investing amounts not claimed as charitable deductions in qualifying community development corporations or financial institutions. (Form TC-14)

Research Expenses Credit: For taxpayers claiming a federal research expenses credit. (Form TC-18)

Qualified Conservation Contribution Credit: For donating a qualifying gift of land for conservation or a qualified conservation contribution of a real property interest. (Form TC-19)

Credit for Expenses Incurred Through Brownfields Voluntary Cleanup Program: For costs of voluntary cleanup activity by a nonresponsible party under the Brownfields Voluntary Cleanup Program. (Form TC-20)

Certified Historic Structure Credit: For rehabilitation projects that qualify for the federal credit. (Form TC-21)

Certified Historic Residential Structure Credit: For qualifying residential rehabilitation projects. (Form TC-22)

Textiles Rehabilitation Credit: For rehabilitating and abandoned textile manufacturing facility. (Form TC-23)

Commercials Credit: For production companies producing commercials in South Carolina. (Form TC-24)

Motion Pictures Credits After June 30, 2004: For investing in motion picture projects or motion picture production or post-production facilities in South Carolina after June 30, 2004. (Form TC-25)

Venture Capital Investment Credit: For lending money to the South Carolina Venture Capital Authority (Form TC-26)

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### South Carolina (Continued)

Health Insurance Pool Credit: For individuals acquiring replacement health insurance coverage through the SC Health Insurance Pool. (Form TC-27)

SC Quality Forum Credit: For participating in quality programs of the SC Quality Forum. (Form TC-28)

Qualified Retirement Plan Contribution Credit: For taxes paid to another state on qualified retirement plan contributions not exempt from the other state's income tax. (Form TC-29)

Port Cargo Credit: For increasing usage by volume at state ports. (Form TC-30)

Retail Facilities Rehabilitation Credit: For revitalizing abandoned retail facilities. (Form TC-31)

Premarital Preparation Course Credit: For attending a qualifying marriage preparation course prior to obtaining a SC marriage license. (Form TC-32)

Alternative Motor Vehicle Credit: For purchasing qualifying vehicles. (Form TC-35)

Industry Partnership Fund Credit: For contributing to the SC Research Authority's Industry Partnership Fund. (Form TC-36)

Solar Energy or Small Hydropower System Credit: For installing a solar energy system or small hydropower system in a South Carolina facility. (Form TC-38)

Ethanol or Biodiesel Production Credit: For producers of corn-based or non-corn-based ethanol or soy-based or non-soy-based biodiesel. (Form TC-40)

Renewable Fuel Facility Credit: For constructing a renewable fuel production or distribution facility in South Carolina. (Form TC-41)

Residential Retrofit Credit: For retrofitting residence to make it more resistant to loss due to hurricane, rising floodwater, or other catastrophic windstorm event. (Form TC-43)

Excess Insurance Premium Credit: For excess premiums paid for property and casualty insurance on a legal residence. (Form TC-44)

Apprenticeship Credit: For employing an apprentice. (Form TC-45)

Credit for Shareholder of S Corporation Banks: For shareholders of S corporations operating as banks. (Form TC-46)

Hydrogen Infrastructure Development Fund Tax Credit: For contributions to the South Carolina Hydrogen Infrastructure Development Fund. (Form TC-47)

Plug-In Hybrid Vehicle Credit: For in-state purchase or lease of a plug-in hybrid vehicle. (Form TC-48)

Cellulosic Ethanol or Algae-Derived Biodiesel Research and Development Credit: For qualified expenditures for research into and development of feedstocks and processes for cellulosic ethanol and for algae-derived biodiesel.

## INDIVIDUAL INCOME TAXES

### II. Exemptions and Credits

#### C. Credits

##### South Carolina (Continued)

(Form TC-49)

Venison for Charity Credit: \$50 for each carcass of deer meat prepared by a licensed meat packer, butcher or processing plant for charity. (Form TC-51)

Fire Sprinkler System Credit: 25% of costs of voluntarily installing a fire sprinkler system in a structure. (Form TC-52)

Energy Efficient Manufactured Home Credit: \$750 credit for new purchase of an Energy Star manufactured home. (Form TC-53)

Tuition Tax Credit: Refundable credit for residents paying tuition to South Carolina colleges and universities. (Form I-319)

Anhydrous Ammonia Additive Credit: Refundable credit for resident taxpayers engaged in the business of farming who use anhydrous ammonia for agricultural purposes. (Form I-333)

Milk Credit: Refundable credit for resident taxpayers engaged in the business of producing milk for sale. (Form I-334)

### III. Deductions

#### Alabama

Generally follows federal guidelines, except allows federal income tax to be deducted and allows the FICA tax to be deducted when claiming itemized deductions.

#### Arkansas

Generally follows federal guidelines. Allowance for reasonable depreciation and amortization as allowed by IRC Sections 167, 168, 179A, and 197.

#### Georgia

Generally follows federal guidelines for itemized deductions with some exceptions. (1) Retirement income. For tax year 2009, the maximum retirement income exclusion is \$35,000 for taxpayers who are: (A) 62 years of age or older or (B) permanently disabled to such an extent that they are unable to perform any type of gainful employment. The exclusion is available for the taxpayer and his/her spouse; however, each must qualify on a separate basis. If both spouses qualify, the maximum allowable exclusion on a joint return is \$70,000. Income from property that is jointly owned should be allocated to each taxpayer at 50% of the total value. Up to \$4,000 of the maximum allowable exclusion may be earned income. (2) Interest and dividends on U.S. Government bonds and other U.S. obligations. These must be reduced by direct and indirect interest expenses which are attributable to the income. Interest received from the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, and from repurchase agreements is taxable. (3) Social security or railroad retirement (tier 1 and 2) paid by the Rail Road Retirement Board included in Federal adjusted gross income. (4) Salaries and wages reduced from Federal taxable income because of the Federal Jobs Tax Credit. (5) Individual retirement account, Keogh, SEP and SUB-S plan withdrawals where tax has been paid to Georgia because of the difference between Georgia and Federal law for tax years 1981 through 1986. (6) Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986. (7) Dependent's unearned income included in parents' Federal adjusted gross income. (8) Income tax refunds from states other than Georgia included in Federal adjusted gross income. Do not subtract Georgia income tax refunds. (9) Income from any fund, program or system which is exempted by Federal law or treaty. (10) Adjustment to Federal adjusted gross income for Georgia resident shareholders for Sub Chapter S income where the Sub S election

## INDIVIDUAL INCOME TAXES

### III. Deductions Georgia (Continued)

is not recognized by Georgia or another state in order to avoid double taxation. This adjustment is only allowed for the portion of income on which the tax was actually paid by the corporation to another state(s). In cases where the Sub S election is recognized by another state(s) the income should not be subtracted. Credit for taxed paid to other states may apply. (11) Adjustment for teachers retired from the Teacher's Retirement System of Georgia for contributions paid between July 1, 1987 and December 31, 1989 that were reported to and taxed by Georgia. (12) Amount claimed by employers in food and beverage establishments who took a credit instead of a deduction on the Federal return for FICA tax paid on employee cash tips. (13) An adjustment of 10% of qualified payments to minority subcontractors of \$100,000, whichever is less, per taxable year by individuals, corporations or partnerships that are party to state contracts. For more information call the Department of Administrative Services at 404-656-6315 or visit their website: <http://ssi.doas.state.ga.us/VendorDB/mainframe.jsp>. (14) Deductible portion of contributions to the Georgia Higher Education Savings Plan. The deduction is limited on a return to the amount contributed but cannot exceed \$2,000 per beneficiary. (15) Adjustments due to Federal tax changes. (See page 6 for information). (16) Combat zone pay exclusion. (17) Up to \$10,000 of unreimbursed travel expenses, lodging expenses and lost wages incurred as a direct result of a taxpayer's donation of all or part of a kidney, liver, pancreas, intestine, lung or bone marrow during taxable year. (18) Adjustments to Federal adjusted gross income for Georgia resident partners in a partnership or member(s) in a LLC where such entities income has been taxed at the entity level by another state. Adjustment is only allowed for the portion of income on which the tax was actually paid. (19) An amount equal to 110 percent of the premium paid by the taxpayer during the taxable year for high deductible health plans as defined by Section 223 of the Internal Revenue Code. The amount may only be deducted to the extent the deduction has not been included in federal adjusted gross income and the expenses have not been provided from a health reimbursement arrangement and have not been included in itemized deduction. In the event the taxpayer claims the expenses as itemized deductions, the taxpayer should multiply the expense by the ratio of total allowed itemized deductions after the 7.5 percent federal limitation to the total allowed itemized deductions before the 7.5 percent federal limitation to determine the amount that is not allowed to be deducted pursuant to this paragraph. For example the taxpayer has \$1,000 in high deductible health insurance premiums. They also have \$7,000 of other medical expenses which means they have total medical expenses of \$8,000. After the 7.5 percent limitation, the taxpayer is only allowed to deduct \$2,000 of medical expenses. The \$1,000 deduction must be reduced by \$250 ( $\$2,000/\$8,000 \times \$1,000$ ). Which means the taxpayer is allowed to deduct \$750 pursuant to this paragraph.

### Louisiana

Generally follows federal guidelines, except allows federal income tax to be deducted and does not allow interest from obligations of other states and their political subdivisions to be deducted.<sup>6/</sup>

Louisiana corporations and individuals are allowed a deduction for any funds received from a hurricane recovery entity if the income was required to be included on their federal income tax return.

Individuals who were previously employed as a public school classroom teacher in Jefferson, Orleans, Plaquemines, St. Benard, and St. Tammany parishes and who sign a contract to be employed as a public school classroom teacher for at least three years are allowed a \$1,000 deduction.

A deduction is allowed for federal itemized deductions that exceed the federal

## INDIVIDUAL INCOME TAXES

### III. Deductions

#### Louisiana (Continued)

standard deduction. In 2007, a deduction for 57.5 percent of “excess itemized deductions” is allowed. In 2008, the allowable percentage is 65 percent. For tax years 2009 and forward, the deduction is for 100 percent of “excess itemized deductions”. The casualty loss adjustment to the federal income tax deduction was repealed beginning in taxable year 2007.

Volunteer firefighters and recreation department volunteers are allowed a \$500 deduction. To qualify, recreation department volunteers must volunteer a minimum of thirty hours in a calendar year and receive a written certification from the recreation department that they have completed the required number of service hours. To qualify for the volunteer firefighter deduction, the individual must complete 24 hours of continuing education during the calendar year and must be either an active member of the Louisiana State Fireman’s Association or on the personnel roster for the State Fire Marshal’s Volunteer Fireman’s Insurance Program.

A “construction code retrofitting deduction” is allowed against individual income tax equal to fifty percent of the cost paid or incurred on or after January 1, 2007, less any other state, municipal or federally sponsored incentives, for voluntarily retrofitting an existing residential structure for which the taxpayer claims the homestead exemptions. “Voluntarily retrofitting an existing residential structure” means that the retrofitting is not a construction, reconstruction, alteration, or repair of the structure required by the State Uniform Construction Code because the structure is a new residential structure or because of damage or destruction of an existing residential structure. The total amount of deduction granted may not exceed \$5,000 per retrofitted residential structure, and will be claimed on the return for the taxable year in which the work is completed. To qualify, proof must be submitted with the return that the work completed complies with the State Uniform Construction Code, together with any information verifying the total cost of the project and that the project was a voluntary project.

Federal income tax rebates and credits received for the 2008 tax year under the federal Economic Stimulus Act of 2008 are not to be considered a reduction in federal income tax liability.

A deduction is allowed for tuition and fees required for a student’s enrollment in a nonpublic elementary or secondary school or to any public elementary or secondary laboratory school which is operated by a public college or university. The deduction is equal to fifty percent of the actual amount of tuition and fees paid by the taxpayer per child or \$5,000 per child, whichever is less. Tuition includes: 1) the purchase of school uniforms for general day to day use; 2) the purchase of textbooks, curricula, or other instructional materials; or 3) the purchase of school supplies.

A deduction is allowed for educational expenses incurred for home schooling children. The deduction is equal to fifty percent of the actual amount of qualified educational expenses incurred by the taxpayer for the home schooling of each child or \$5,000 per child, whichever is less. Qualified educational expenses include amounts expended for the purchase of textbooks and curricula necessary for home schooling each child.

A deduction is allowed for the sum of fees or other amounts paid by a taxpayer to a public elementary or secondary school for a quality education. The deduction applies to: 1) the purchase of school uniforms for general day to day use; 2) the purchase of textbooks, curricula, or other instructional materials; or 3) the purchase of school supplies. The deduction is equal to fifty percent of the actual amount paid by the taxpayer per student or \$5,000 per student, whichever is less.

## INDIVIDUAL INCOME TAXES

### III. Deductions

#### Mississippi

Generally follows federal guidelines except for deduction for state and local taxes, which also includes general sales tax paid in lieu of state income tax.

A deduction is not allowed for gambling losses incurred in Mississippi.

#### South Carolina\*

South Carolina has adopted federal taxable income as a starting point in determining South Carolina taxable income with the following exceptions: Beginning in 1993 with the first taxable year in which the taxpayer receives retirement income, the taxpayer may deduct up to \$3,000 annually. When the taxpayer attains the age of sixty-five, the taxpayer may deduct up to \$10,000 annually. In addition, an income tax deduction of \$15,000 is allowed for persons 65 and older. This new deduction is applicable to any income. The combination of the retirement deduction above and the new deduction may not exceed \$15,000.

Retirement deduction - a taxpayer may deduct up to \$3,000 annually of qualified retirement income not subject to a penalty for early withdrawal. The deductible amount increases to \$10,000 for taxpayers age 65 or older. In addition, an income tax deduction of \$15,000 is allowed for persons 65 and older, but the 65 and older deduction must be reduced by the amount of any retirement deduction claimed. In other words, the combined of retirement 65 and over deductions may not exceed \$15,000.

Subsistence allowance - law enforcement officers, full-time firefighters, and emergency medical service personnel may claim a subsistence allowance of \$8.090 for each full-time work day.

Volunteer deduction - volunteer firefighters, rescue squad members, volunteer members of HASMAT response teams, reserve police officers, deputy enforcement officers of the South Carolina Department of Natural Resources, and members of the State Guard may deduct \$3,000.

Catastrophe savings account deduction, addition and tax - an individual homeowner may deduct contributions to a catastrophe savings account covering the taxpayer's legal residence in South Carolina against hurricane, rising flood waters, or other catastrophic windstorm event damage or to cover self-insured losses to the legal residence caused by hurricane, rising flood waters, other catastrophic windstorm event. The contribution limit ranges from \$2,000 to \$15,000 depending on the size of the deductible. An uninsured individual may contribute up to the value of the residence, but not more than \$250,000. An excess contribution must be withdrawn and is taxable in the year of withdrawal. The excess of a distribution over qualified catastrophe expenses is taxable, and the additional tax of 2.5% of the taxable amount is imposed. The additional tax does not apply if the taxpayer no longer owns the residence, is age 70, or is a surviving beneficiary of the taxpayer who set up the account or his spouse. A distribution to a surviving spouse is not taxable.

### IV. Allows an Optional Standard Deduction

#### Alabama

Yes

The standard deduction for married taxpayers filing jointly with AGI of \$20,000 or less will be \$7,500.

For AGI over \$20,000, the deduction will be reduced by \$175 for each \$500 of AGI in excess of \$20,000, but cannot go below \$4,000.

The standard deduction for married taxpayers filing separate returns with AGI of

## INDIVIDUAL INCOME TAXES

### IV. Allows an Optional Standard Deduction (Continued)

#### Alabama (Continued)

\$10,000 or less, will be \$3,750.

For AGI in excess of \$10,000, the deduction will be reduced by \$88 for each \$250 of AGI in excess of \$10,000 but cannot go below \$2,000.

The standard deduction for head of family with AGI of \$20,000 or less will be \$4,700.

For AGI over \$20,000, the deduction will be reduced by \$135 for each \$500 of AGI in excess of \$20,000, but cannot go below \$2,000.

The standard deduction for single taxpayers with AGI of \$20,000 or less will be \$2,500.

For AGI over \$20,000, the deduction will be reduced by \$25 for each \$500 of AGI in excess of \$20,000, but cannot go below \$2,000.

The standard deduction phases out between \$20,000 and \$30,000 for single, married filing jointly, and head of family.

The standard deduction phases out between \$10,000 and \$15,000 for married filing separately.

Arkansas

Yes

The standard deduction is equal to \$2,000 per taxpayer.

Georgia

Yes

The standard deduction is equal to \$2,300 in the case of a single taxpayer or head of household; \$1,500 in the case of a married individual filing separately; and \$3,000 in the case of a married couple filing a joint return.

Louisiana

No

A combined standard deduction personal exemption is included in the calculations for the tax tables.

Mississippi

Yes

The standard deduction is equal to \$4,600 for married individuals filing jointly; \$3,400 for the head of family; \$2,300 for single individuals; and \$2,300 for married individuals filing separately.

South Carolina\*

Yes

The standard deduction in South Carolina is equal to the federal standard deduction.

### V. Capital Gains

#### A. Taxed as normal income

Alabama Yes

Arkansas Yes

Georgia Yes

Louisiana Yes

Mississippi Yes

South Carolina\* Yes

## INDIVIDUAL INCOME TAXES

### V. Capital Gains (Continued)

#### B. Exemptions, exclusions, and credits

Alabama	None
Arkansas	30% of net capital gains (net long term capitals gains less net short term capital losses) is exempt from tax.
Georgia	None
Louisiana	None
Mississippi	No tax on sale of stock of domestic corporations, domestic limited partnerships, financial institutions domiciled in Mississippi, and domestic limited liability companies held more than one year. Subject to limitations.
South Carolina*	A deduction is allowed of 44% of net capital gain, as defined by the Internal Revenue Code section 1222 and related sections allowed. The asset must have been held for two or more years in order to qualify for the exclusion.

\*South Carolina rates are shown in general terms. Each range category has a flat tax plus a percentage tax over a certain base amount.

An individual, trust or estate may elect to have qualifying active trade or business income taxed at 6% instead of the graduated tax rate. Active trade or business income is income that passes through from one or more sole proprietorships, partnerships, S corporations, and LLCs taxed as sole proprietorships, partnerships or S corporations, minus: (a) passive investment income as defined in IRC Section 1362(d) generated by a pass-through business, income of the same type regardless of the type of pass-through business generating it., and expenses related to passive investment; (b) capital gains and losses; (c) guaranteed payments for services (but not for use of capital); or (d) amounts reasonably related to personal services of the owner, the owner's spouse, and any person claimed as a dependent on the owner's income tax return.

NOTE: Tennessee does not have a personal income tax on wages and salaries. The state does have an individual "stocks and bonds" income tax at the rate of 6% on dividends from stocks or interest on bonds, notes, and mortgages. Effective January 1, 1986, the first \$1,250 on an individual return and \$2,500 on a joint return is exempt from the tax. Elderly persons (65+) who have a total annual income of \$9,000 or less are exempt. Joint returns of \$15,000 or less for elderly persons are exempt. Effective January 1, 1999, the elderly all source income exemption is increased to \$14,000 and then to \$16,200 as of January 1, 2000. Similarly, the joint all source income exemption was increased to \$23,000 and \$27,000. Blind persons and certain quadriplegic's are exempt from filing. Pension, profit-sharing and charitable remainder trusts that are federally tax-exempt are also exempt in Tennessee.

1/ Deduction is used with standard deduction only-- not with itemized deductions.

2/ Exemption of \$300 for trusts which are required to distribute all their income currently; \$100 all other trusts.

3/ Amount represents combined personal exemption and standard deduction.

4/ Taxpayers interested in contracts associated with these credits should contact the Louisiana Department of Economic Development. Further explanation of these and other credits are available in Publication R-40058 "Credits, Exemptions, Exclusions, and Deduction for Individual and Corporation Income Tax, Corporation Franchise Tax, Inheritance Tax and Gift Tax." See our website [www.revenue.louisiana.gov](http://www.revenue.louisiana.gov) and look under Publications - Tax Manuals.

5/ Louisiana federal income tax deduction is not reduced by any federal disaster relief income tax credits.

## PROPERTY TAXES

### I. State Property Assessments and Tax Rates

#### A. Basis

Alabama	All taxable property is divided into 4 classes and assessed at set ratios of assessed value to fair market value.
Arkansas	All property is assessed at a percentage of its true market value in money.  Agriculture and timberlands are assessed on the basis of soil productivity or use value.
Georgia	All property should be assessed at 40% of its fair market value except realty devoted to agricultural or conversation purposes. Timber is assessed at 100% of its fair market value at the time of sale or harvest.  Most real and personal property, mobile homes, motor vehicles and heavy duty equipment should be assessed at 40% of its Fair Market Value as that term is defined in specific law. Certain agricultural land, timber land and residential transitional property is valued according to Current Use as that is defined in specific law. Timber is assessed only once at 100% of its fair market value at the time of sale or harvest.
Louisiana	All property is assessed at the proper percentage of its fair market value (FMV) or use value.  Merchandise and stock in trade are assessed on the average inventory value during the preceding calendar year. Credits are assessed in the same manner as other personal property, reduced for actual bona fide liabilities.
Mississippi	Property is taxed at its assessed value; the assessed value of property is a percentage of its true value.  The assessment ratio must be uniform throughout the state upon the same class of property and the assessment ratio of any one class of property cannot be more than three times the assessment ratio of any other class of property.
South Carolina	All property is assessable at its true market value.  Machinery and realty of manufacturers are listed at their full value, with depreciation adjustments allowed for machinery and equipment ranging from 6% to 25%, depending on the type of machinery and equipment.
Tennessee	All property is taxed at its assessed value. This assessed value is a percentage of actual value, based on use. Assessed value percentages are established in the state constitution.

#### B. Classes - Assessment Ratio

Alabama	Class I: All property of utilities used in the utility business-30%.  Class II: All property not otherwise classified-20%.  Class III: All agricultural, forest, and single-family, owner-occupied residential property (including mobile homes for residential use located on real estate belonging to the mobile home's resident owner; the term "mobile" home has been changed to "manufactured" homes); and historic buildings and sites-10%.  Class IV: Private passenger autos and pickup trucks of 8,000 pounds or less not
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## PROPERTY TAXES

### I. State Property Assessments and Tax Rates

#### B. Classes - Assessment Ratio

(Alabama Continued)

operated for hire, rent or compensation-15%.

Automobiles and pick-up trucks under lease-purchase option agreements which are leased by an individual for personal or private use are also included - 15%.

Arkansas

Property is assessed at 20% of market value and determined by current use.

Inventories of merchants and manufacturers are assessed at the average value during the year immediately preceding January 1 of the year in which assessed. Machinery and fixed assets of merchants are assessed at market value as of the lien date.

Agricultural land, pasture land and timber land valuation is based on soil productivity and use.

Residential property used solely as the principal place of residence of the owner is assessed in accordance with its value as a resident.

Georgia

Generally all realty in Georgia is assessed at 40% of fair market value.

Certain bona fide conservation use properties, environmentally sensitive and residential transitional properties are assessed at 40% of their current use value, when entered into a 10-year covenant. Other qualified agricultural properties, if entered into a Preferential Use 10-year covenant, are assessed at 75% of the value at which other tangible property is assessed. Qualified property owners can enter up to 2,000 acres in Conservation Use and/or Preferential Assessment.

Georgia now has the Forest Land Protection Act of 2008 (Act). In sum, the Act allows certain owners of more than 200 acres of property, where the primary use of property is good faith subsistence or commercial production of trees, timber, or other wood or wood fiber products from or on the land, to enter into a fifteen year covenant to keep the use in compliance and in turn receive preferential tax assessment on the property.

Motor vehicles and mobile homes are assessed at 40% of Fair Market Value which is defined as an average of wholesale and retail value.

Timber is assessed at 100% of its fair market value at the time of sale or harvest.

The rate is aggregate of all lawful levies. The rate of taxation for state purposes is .25 mills levied on all property.

Louisiana

Class I: Land 10% of FMV.

Class II: Improvements for residential purposes-10% of FMV.

Class III: Electric cooperatives' properties, excluding land-15% of FMV.

Class IV: Public service properties, excluding land-25% of FMV.

Class V: Other property-15% of FMV.

## PROPERTY TAXES

### I. State Property Assessments and Tax Rates

#### B. Classes - Assessment Ratio (Continued)

##### Louisiana (Continued)

Qualified farm, horticultural, marsh and timber land is assessed at 10% of use value, rather than market value.

##### Mississippi

Class I: Single family, owner-occupied residential real property-10%.

Class II: Real property not classified elsewhere-15%.

Class III: Personal property except for motor vehicles and personal property included in Class IV-15%.

Class IV: Public utility property, but not including transportation, property or motor vehicles-30%.

Class V: Motor vehicles, assessed at 30%.

##### South Carolina

Class I: Real and personal owned or leased to manufacturers and utilities 10.5% of fair market value (FMV).

Class II: No tax on inventories. Power driven farm machinery-5% of FMV.

Class III: Residences and up to 5 contiguous acres-4% of FMV as determined by county governing body.

Agricultural realty for agricultural use-4% of FMV if owned or leased by individuals or small corporations; 6% for large corporations. Use valuation is used in deriving the value on which the assessment ratios are applied with respect to land.

Property of transportation companies-9.5% of FMV.

All other realty-6% and all other personal-10.5% of FMV; commercial fishing, commercial tugboats and pilot boats, 5% of FMV.

##### Tennessee

Real property-55% for public utilities.

Real property, industrial or commercial property-40% of FMV.

Real farm and residential property-25% of FMV.

Tangible personal property of public utilities-55% of FMV.

Tangible personal, industrial, or commercial property-30% of FMV.

Other tangible personal property-5% of FMV.

Current use value, rather than market value is the basis for assessments for qualified farm, forest or open space land (Greenbelt Law) and residential property surrounded by commercial development (Homebelt Law).

No state levy; all property is taxed at the aggregate of all lawful local levies.

#### C. State Rates Alabama

The rate of taxation for state purposes is 0.65 of 1% annually on the assessed

## PROPERTY TAXES

### I. State Property Assessments and Tax Rates

#### C. State Rates (Continued)

##### Alabama (Continued)

value of the taxable property in the state.

All property is taxed at a rate equal to the aggregate of all lawful levies (city levies plus county levies plus school district levies).

##### Arkansas

There has been no state levy subsequent to 12/31/47.

All property is taxed at a rate equal to the aggregate of all lawful levies.

##### Georgia

The rate is the aggregate of all lawful levies. The rate of taxation for state purposes is .25 mills levied on all property.

##### Louisiana

All property, including taxable intangibles, is taxed at a rate equal to the aggregate of all lawful levies.

If a state ad valorem tax is levied, it may not exceed an annual rate of 5.75 mills per dollar of assessed value.

##### Mississippi

There is no state levy subsequent to 9/30/82.

The county rate is fixed by the county officials subject to statutory limits and is the sum of all lawful levies.

##### South Carolina

There is a state levy for private carlines, airlines, and motor carriers.

Property, including taxable tangibles, is taxed at a rate which equals the aggregate of all local lawful levies.

##### Tennessee

There is no state levy.

### II. Special Provisions of Selected Classes of Property

#### A. Public utilities

##### Alabama

All property of public utilities, except digital and analog cellular telecommunications companies and commercial mobile service providers both of which are assessed locally as Class II property, is assessed by the Department of Revenue on the basis of returns filed.

The Department of Revenue determines the value of such property and assesses such property for taxation at 30% of its fair market value, except railroads which in accordance with the Railroad Revitalization and Regulatory Reform Act of 1976 codified as 49 U.S.C. Section 26 C are assessed at 20% as are railroads and commercial airlines in the state of Alabama.

Once the public utilities have been valued, the assessments are forwarded to the counties and collected in the same manner as other property.

Freight line companies are subject to a license tax of 3.5% of the 20% (in accordance with 4R Act) value of the average number of cars within the state; this tax is levied and collected by the Department of Revenue. In addition to ad valorem taxes on tangible property, public utilities and common carriers are subject to a tax on their franchises and intangibles which are assessed by the Department of Revenue and value thereof apportioned among the various districts.

## PROPERTY TAXES

### II. Special Provisions of Selected Classes of Property

#### A. Public utilities

##### Arkansas

All operating property of public utilities is assessed by the Tax Division of the Public Service Commission on the basis of returns filed.

The valuation of the total utility operating property is then apportioned to the several counties and other taxing districts through or in which such company operates.

The valuation of all real estate and all tangible personal property which had a fixed situs in such counties on January 1 of the current tax year and the remaining part of the assessment, if any, is apportioned thereto. The apportioned valuations are certified to the various county assessors who record the assessments and extend the rates.

The taxes so levied are collected in the same manner as in the case of property locally assessed.

Property of utilities not used in utility operations is assessed locally in the same manner as property belonging to individuals.

Private car company taxes are levied at the average ad valorem rate throughout the state (the state uses part of this money to fund 3 different agencies).

##### Georgia

Each public utility must make an annual tax return on all property located in the state to the State Revenue Commissioner to enable the Commissioner to make proposed assessments to local governments.

The fair market value of the property is to be apportioned to Georgia if the utility owns property in other states and between the several tax jurisdictions in Georgia.

Aircraft are valued in the same manner as other personal property with value apportioned to Georgia equal to that portion of total value for each type of model as the ratio of Georgia plane hours bears to total system plane hours; the value established is apportioned among the taxing jurisdictions through which the airline operates.

Railroads shall be taxed as to the rolling stock and other personal property which is not permanently located in any other states through which it passes, on so much of the whole value of the rolling stock and personal property as is proportional to the length of the railroad in the state, without regard to the location of the head office of such railroad company.

With respect to railroads, the Commissioner shall assess the tax in every county and city where the property is located. It shall be assessed upon its rolling stock and other personal property as follows: as the value of the property located in the particular county or city is to the value of the whole property, real and personal, of the said company.

##### Louisiana

The real and personal property of public utilities is valued by the Tax Commission. Valuations of public service properties are apportioned and certified to the various parishes for assessment and collection in the same manner and at the same rate as other real and personal property assessments.

The Commission also apportions the appraised value of the property that is

## PROPERTY TAXES

### II. Special Provisions of Selected Classes of Property

#### A. Public utilities (Continued)

##### Louisiana (Continued)

assessed in Louisiana with respect to any company operating both inside and outside Louisiana.

Nonoperating or non-utility property of public service companies shall be appraised and assessed by the local tax assessor.

Land is assessed at 10% of fair market value; electric cooperative properties, railroad properties, and airline properties are assessed at 15% of the fair market value excluding land. All other public service property is assessed at 25% of fair market value.

##### Mississippi

Most public utility properties are assessed by the State Tax Commission. Property of nonprofit cooperative electric power associations are exempt from tax, except for municipal purposes.

The assessment as made by the Tax Commission is apportioned to the various local governments and the taxes collected in the same manner as other county and municipal taxes. Certain properties of public utilities are locally assessed.

##### South Carolina

Operating property of telephone companies not of a strictly local nature is assessed by the Tax Commission and apportioned to the local governments for assessment and taxation upon the local tax rolls at the general rates.

In lieu of other ad valorem taxes, the value of aircraft of airline companies is assessed annually at fair market value. The value of aircraft is apportioned to South Carolina based on a two-factor (ground time and mileage) formula.

Private cars operated on South Carolina railroads are assessed an annual tax against the value so determined at a rate equal to the average rate for all purposes in the several taxing districts of the state for the current year.

Motor carriers are assessed at the state level, and the average statewide millage is applied to that assessment.

##### Tennessee

The Office of State Assessed Properties in the Comptroller's office (OSAP) assesses properties of public utilities at 55%, except federally protected transportation companies, which are assessed at the same level as other commercial properties.

Assessments of public utility property will be adjusted on the basis of appropriate ratios, determined by the State Board of Equalization and by the courts.

The OSAP apportions the assessment to the various counties, cities, and towns in which the property lies.

Taxes are collected by counties and cities.

Wind-powered electrical generators are assessed based on 1/3 of its total cost.

#### B. Other Classes

##### Alabama

##### Arkansas

## PROPERTY TAXES

### II. Special Provisions of Selected Classes of Property

#### B. Other Classes (Continued)

Georgia	<p>Motor vehicles and mobile homes are separately classed for property tax purposes and are subject to tax.</p> <p>The millage rate and assessment level applicable to tangible property are used for taxation of motor vehicles and mobile homes.</p> <p>Mobile homes in dealers' inventories are returned and assessed in the same manner as personal property.</p> <p>Motor vehicles in dealer's inventories are exempt from taxation.</p> <p>Driver's educational vehicles are exempt.</p>
Louisiana	<p>Licensed motor vehicles are exempt. Use value, rather than market value may be used as a basis of assessments for qualified farm, forest or open space property or residential property.</p>
Mississippi	<p>Bank intangibles: federal and state banks and banking associations compute net worth and then deduct the amount of capital invested in real estate owned by the bank, the par value of preferred stock and debentures owned by the Reconstruction Finance Corporation or other similar government agencies and "earned surplus" to the extent authorized by the bank equalization statute. The remainder is the basis of the assessment of the intangibles of the bank or of the capital to the owner in case the bank is not a corporation or joint stock company.</p> <p>Banks that are not corporations or stock companies are similarly assessed. Banks are taxed at the general property tax rate (15%). Property taxes on personal property paid by a bank shall be credited against the franchise tax.</p>
South Carolina	<p>Primary forest products: an assessment is levied against the processor of primary forest products harvested from lands in South Carolina at the following rates-softwood timber, \$.50/1,000 board feet; hardwood timber, \$.25/1,000 board feet; softwood pulp-wood, \$.20 per cord; hardwood pulpwood, \$.07 per cord. The assessment and payment of taxes under the Forest Renewal Act is dependent on an appropriation by the General Assembly.</p> <p>Mines: personal property used in connection with mines and mining claims and all lands not actually mined but connected with mines and mining claims shall be assessed and taxed as in the case of all other personal property and real estate. Land actually mined is taxable as other property.</p>
Tennessee	<p>Qualified agricultural, forest or open space land may be assessed based on its value according to current use. (Greenbelt Law).</p> <p>Use value, rather than market value may be used as the basis of assessments for qualified farm, forest, or open space property Greenbelt Law, or residential property (Homebelt Law).</p> <p>Special valuation applies to qualified pollution control property (½ of 1% of cost) and construction-in process tangible personal property (CIP, 15% of cost).</p>

### III. State Free Port Law Requirements<sup>1/</sup>

#### A. Must goods be shipped in from out of state?

Alabama No

## PROPERTY TAXES

### III. State Free Port Law Requirements<sup>1/</sup>

#### A. Must goods be shipped in from out of state? (Continued)

Arkansas	No
Georgia	No
Louisiana	Yes
Mississippi	No
South Carolina	Yes
Tennessee	Yes

#### B. Must storage facility be public?

Alabama	No
Arkansas	No
Georgia	No
Louisiana	No
Mississippi	No
South Carolina	No
Tennessee	No

#### C. Is consignor or consignee prohibited from owning storage area?

Alabama	No
Arkansas	No
Georgia	No
Louisiana	No
Mississippi	No
South Carolina	No
Tennessee	No

#### D. Must goods be destined for out of state?

Alabama	Yes
Arkansas	Yes
Georgia	Yes, for goods at the distribution level of trade which is category III.
Louisiana	Yes
Mississippi	Yes
South Carolina	No

## PROPERTY TAXES

### III. State Free Port Law Requirements<sup>1/</sup>

#### D. Must goods be destined for out of state? (Continued)

Tennessee Yes

#### E. Must final destination be specified?

Alabama Yes

Arkansas No

Georgia No

Louisiana No

Mississippi Yes, only out of state.

South Carolina Yes

Tennessee Yes

#### F. Must goods remain in original package?

Alabama No

Arkansas No

Georgia No

Louisiana

Yes. Restricted to imports from outside the states of the United States (other than minerals and ores of the same kind as mined or produced in this state and manufactured articles). Must be held in the original form in bales, sacks, barrels, boxes, cartons, containers, or other original packages, and raw materials held in bulk as all or part of the new material inventory of manufacturers or processors, solely for manufacturing or processing.

Exemption shall not apply to imports held by a retail merchant as part of his stock-in-trade for sale at retail.

Mississippi No

South Carolina No

Tennessee No

### IV. Property Taxation of Business Inventories

#### A. Exempt from tax

Alabama Yes

Arkansas No. Assessed as other property.

Georgia No. Assessed as other property.

Louisiana No

Mississippi No

## PROPERTY TAXES

### IV. Property Taxation of Business Inventories

#### A. Exempt from tax (Continued)

South Carolina	Yes
Tennessee	Yes

### V. Exemptions<sup>21</sup>

#### A. Agricultural equipment, products and livestock grown or raised instate, excluding realty

Alabama	Yes, when used by the owner for agricultural purposes.
Arkansas	No
Georgia	Yes. Only harvested agricultural products having a planting to harvest cycle of 12 months or less.

Agricultural products and livestock grown or raised in Georgia are exempt when in the hands of the original producer and which are held less than 12 months from initial production. Agricultural equipment is exempt when used directly for the production and when held by a qualified farm products producer. Agricultural equipment and agricultural products and livestock held 12 months after initial production are taxable when owned by a non-qualifying entity.

Louisiana	Yes
Mississippi	Yes
South Carolina	Yes
Tennessee	Yes

#### B. Homesteads

##### 1. Residents under 65 years

Alabama	Yes. First \$4,000 on assessed value for state taxes and \$2,000 for county taxes except school districts and county wide school taxes.
Arkansas	Yes. The amount of real estate taxes assessed on the homestead of each property tax owner shall be reduced by \$300.
Georgia	Yes. Under O.C.G.A. §48-5-48.3, the Exemption shall include only the primary residence and not more than 10 (10) contiguous acres. The Exemption applies to all ad valorem taxation for state purposes, but shall not apply to or affect county taxes, municipality taxes, or school district taxes.

Individuals 65 years of age or over may claim a \$4,000 exemption from all state and county ad valorem taxes if the income of that person and his spouse does not exceed \$10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The social security maximum benefits for 2009 is \$55,742.

The un-premarried surviving spouse of a peace officer or firefighter killed in the line of duty will be granted a homestead exemption for the full value of the homestead for as long as the applicant occupies the residence as a homestead.

Yes. For veterans or widows of veterans - homeowners of resident disabled veterans or the unremarried surviving widows or minor children are exempt to

## PROPERTY TAXES

### V. Exemptions<sup>2/</sup>

#### B. Homesteads

##### 1. Residents under 65 years

###### Georgia (Continued)

the amount of \$50,000, or the maximum amount granted under Section 802 of Title 38 of the U.S. Code.

Legislation was passed in 1999 that will give homeowners a tax relief credit - an additional exemption equivalent to \$8,000 of assessed value on state, county, school, city and special district taxes.

###### Louisiana

Yes. Eligible homesteads not exceeding 160 acres are exempt from the following ad valorem taxes up to \$75,000 in value: (1) in Orleans Parish to state, general, city, school, levee, and levee district taxes and (2) to any municipal taxes school purposes.

This includes homesteads for all residents under 65; 65 and over; retired; handicapped; and those that are veterans.

###### Mississippi

Yes. Eligible homesteads not exceeding 160 acres are allowed an exemption ranging from \$6 to \$300 provided by a schedule in the statute.

###### South Carolina

Yes. Except first \$100,000 of owner-occupied residential properties FMV from school operating taxes. No age restriction.

Resident individuals who are over age 65, blind, or disabled. That individual also has a complete exemption from the school operating portion of his resident homeowner's tax bill.

###### Tennessee

Low income disabled persons regardless of age may qualify for a limited tax refund credit.

##### 2. Residents 65 and over, retired, disabled or blind

###### Alabama

Yes, all residents 65 and over, permanently and totally disabled or blind are exempt from all state levied property taxes. There is no exemption for someone that is retired unless they are 65 or over, permanently and totally disabled or blind.

Persons 65 and over (1) are exempt from locally levied property taxes on up to \$5,000.00 of assessed value if their annual adjusted gross income as shown on their most recent state income tax return is less than \$12,000.00; and (2) If net taxable income as shown on their most recent federal income tax return is less than \$7,500.00, they are exempt from all state and local property taxes on their principal residence.

Disabled: Any taxpayer who is retired due to being permanently and totally disabled regardless of age or income is totally exempt from all state and local property taxes.

###### Arkansas

Yes. The amount of real property taxes assessed on the homestead of each property owner shall be reduced by \$300.

###### Georgia

Yes. Exempt to the amount of \$4,000 if owned and occupied as their residence and if their net income (excluding federal old age, survivor, or disability benefits) together with that of spouse does not exceed \$10,000.

## PROPERTY TAXES

### V. Exemptions<sup>2/</sup>

#### B. Homesteads

##### 2. Residents 65 and over, retired, disabled or blind

###### Georgia (Continued)

Up to \$10,000 of assessed value of homesteads of persons 62 or older residing in an independent school district or county school district if annual net income (excluding federal old age, survivor, or disability benefits) together with that of spouse does not exceed \$10,000.

A floating exemption with household income \$30,000 or less (fed. adjusted gross income). Applies to residence and up to 5 acres. Freezes assessment by granting exemption equal to assessment increases after the base year.

Available for residents 62 and over.

Legislation was passed in 1999 that will give homeowners a tax relief credit – an additional exemption of \$4,000 of assessed value on state county and school. When this legislation is fully implemented, homeowners that own a home worth \$50,000 less will not have to pay state, county or school taxes.

Yes. For residents 65 and over, retired - legislation was passed in 1999 that will give homeowners a tax relief credit - an additional exemption equivalent to \$8,000 of assessed value on state, county, school, city and special district taxes.

Louisiana Yes. Residents 65 years of age and older whose household income is \$64,655 or less receives assessment freeze according to the value of such property prior to attaining age 65.

Mississippi Yes. The exemption for persons 65 and over or disabled is up to \$7,500 of assessed homestead value.

South Carolina Yes. Dwelling house and lot of a paraplegic or hemiplegic (not to exceed one acre) or an unmarried surviving spouse.

Persons 65 and older, blind, or totally disabled are exempt in the amount of \$50,000 of fair market value.

Tennessee Yes<sup>3/</sup>

##### 3. Veterans or widows of veterans

Alabama Yes. Homes of veterans acquired through the assistance of the federal government, while owned and occupied as a home by such veteran or their unmarried surviving spouse are exempt.

Arkansas Yes. If owned by a veteran, the unmarried surviving spouse or minor dependent children if the veteran (a) is or was receiving VA compensation for the loss of and/or loss of use of limbs or eyes; (b) is rated as having a 100% service-connected total and permanent disability or (c) is missing in action, was killed while within the scope of his duty, or died from a service-connected cause.

Georgia Yes. Homesteads of resident disabled veterans or their unmarried surviving widows or minor children are exempt to the amount of \$50,000, or the maximum amount granted under Section 802 of Title 38 of the U.S. Code.

Legislation was passed in 1999 that will give homeowners a tax relief credit– an

## PROPERTY TAXES

### V. Exemptions<sup>2/</sup>

#### B. Homesteads

##### 3. Veterans or widows of veterans

##### Georgia (Continued)

additional exemption of \$4,000 of assessed value on state county and school. When this legislation is fully implemented, homeowners that own a home worth \$50,000 less will not have to pay state, county or school taxes.

Louisiana      Yes

Mississippi      Yes. The exemption for 100% disabled veterans is equal to \$7,500 of assessed value; this exemption is not available to the widows.

South Carolina      Yes. The dwelling house and lot (not to exceed one acre) of a veteran who is permanently and totally disabled from a service-related disability or an unmarried surviving spouse is exempt.

Tennessee      Yes. Exempt to the first \$175,000 worth of the full market value of property owned and used as a home by certain veterans.

#### C. Stock and bonds

##### Alabama

Yes. Federal, state, county, and municipal bonds.

##### Arkansas

Yes. Bonds, notes or other obligations of any capital development corporation issued under the Arkansas Capital Corporation Act.

##### Georgia

No

##### Louisiana

Yes. Except bank stocks.

##### Mississippi

Yes

##### South Carolina

Yes

##### Tennessee

Yes. Only state, county, and municipal bonds.

#### D. Oil or gas products produced or underground

##### Alabama

Yes, except base gas.

##### Arkansas

No

##### Georgia

No

##### Louisiana

No

##### Mississippi

Yes. All nonproducing leasehold interest upon oil, gas and other minerals and royalty interests therein.

If a person or firm operates a refinery in the state, oil or gas products are exempt while in transit to or in the hands of the refiner.

##### South Carolina

No

##### Tennessee

No

## PROPERTY TAXES

### V. Exemptions<sup>2/</sup>

#### E. New industries or expansions

Alabama Yes. Ten-year exemption limit, commencing from date of initial issuance of public authorities' bonds, or when qualified addition is made to existing private use industrial property.

Property taxes earmarked for education cannot be exempt or abated.

Arkansas No. Only capital invested in textile mills in the state for a period of 7 years from the date of location of mill are exempt.

Industrial facilities financed by municipal or county revenue bonds are exempt from property tax.

Georgia No. Except for "Enterprise Zones" as set forth in O.C.G.A. 36-6-88-8. Only a few counties have these: Lowndes, Muscogee, Cobb, Gwinnett, Fulton and Richmond.

Louisiana Yes. Up to 10-year period on new manufacturing establishments or additions.

This exemption is in lieu of the income tax credit for the creation of new jobs.

Mississippi Yes. Specifically enumerated new factories and new enterprises for a period not to exceed a total of 10 years. In lieu of granting the exemption for one period of 10 years, the exemption may be granted for consecutive periods of less than 10 years, but the total of such consecutive periods shall not exceed 10 years. This applies to county and city property taxes (except for school taxes). The industry must apply for exemption.

Any request for an initial exemption must be made in writing by June 1 of the year immediately following the year in which the date of completion occurs.

The time of such exemption may be granted for a period not to exceed a total of 10 years.

South Carolina Yes. Up to 5 years for new manufacturers and research and development facilities. For additions, if the cost of addition is \$50,000 or more (the exemption does not apply to school taxes.)

Additions include machinery and equipment installed in an existing manufacturing or research and development facility. The facility and/or its addition must be devoted primarily to research and development. All new corporate headquarters, corporate office facilities, distribution facilities, and all additions are exempt from non-school portion of millage rate if at least 75 jobs are created and the cost of construction is \$50,000 or more.

Municipalities may by ordinance exempt corporate office facilities, distribution facilities, and R & D facilities from municipal taxes for a five year period.

Tennessee No. However, specified industrial properties may qualify for favorable property tax valuations during the term of industrial bond financing, in participation with local industrial development agencies.

## PROPERTY TAXES

1/ Some states provide specific exemptions from personal property taxes which are exclusive of the free port exemptions.

2/ The following are the most common exemptions among all state (1) school property; (2) church property; (3) cemeteries; (4) state, municipal, or public property; (5) libraries; (6) mutual or nonprofit societies' property; and (7) federal government property protected by the federal constitution.

3/ In recent years the legislature had enacted several special tax exemptions, reductions, and deferrals for the low-income elderly and for the disabled. Each of the exemptions is limited to the individual's home, but includes mobile homes. For taxpayers who are either over 65 or totally and permanently disabled, and who fit within an income limitation, the state provides credit vouchers for taxes due and payable on the first \$25,000 worth of full market value of the taxpayer's residence. The income limit is set yearly by the legislature in the state budget. The residence must have been held for a year before the most recent assessment. The income of the entire entity owning the property--whether an individual, a married couple, or a group of persons--is counted toward the limitation, but incomes of other persons living in the household are not counted. The full market value is the appraised value adjusted by the appraisal ratio for the jurisdiction. If an eligible property owner dies, the owner's spouse is eligible for relief for that year. Public Chapter 539 of 2007 increased the income limit from \$20,000 to \$24,000 for the state-funded property tax relief program. Further, public chapter 581 implemented a constitutional amendment authorizing Tennessee cities and counties to freeze property taxes for low income elderly homeowners.

## SALES TAX

### I. Sales Tax Rates

#### A. State general rate

Alabama	4%
Arkansas	6%
Georgia	4%
Louisiana	4%
Mississippi	7%
South Carolina	6%
Tennessee	7% plus 2.75% for single article sales from \$1,601 to \$3,200.

#### B. Local<sup>1/</sup>

##### 1. City

Alabama	0.0%-5.0%
Arkansas	0% to 3.5%, \$2,500 cap for motor vehicles, airplanes, water craft and manufactured housing.
Georgia	1%, city of Atlanta
Louisiana	0.0%-7.0% <sup>4/</sup>
Mississippi	NA <sup>1/</sup>
South Carolina	1% (limited to cities in Horry County; however, only the City of Myrtle Beach imposes the tax at this time.
Tennessee	1.5%-2.75%

##### 2. County/Parish

Alabama	0.0%-4.0%
Arkansas	0% to 3.5%, \$2500 cap.
Georgia	1%-3% <sup>3/</sup>
Louisiana	0.0%-7.0% <sup>4/</sup>
Mississippi	NA
South Carolina	0-2% <sup>1/</sup>
Tennessee	1.5%-2.75% <sup>5/</sup>

#### C. Agricultural products

##### 1. Retail sale of farm tractors to farmers

Alabama	1.5% <sup>6/</sup>
Arkansas	Exempt <sup>7/</sup> if commercial farmer.
Georgia	Exempt

## SALES TAX

### I. Sales Tax Rates

#### C. Agricultural products

##### 1. Retail sale of farm tractors to farmers (Continued)

Louisiana 4%<sup>6/</sup>, <sup>25/</sup> (Of sales price above \$50,000) \*Exemption optional at local level.

Mississippi 1.5%

South Carolina Exempt, if used in planting, cultivating or harvesting farm crops.

Tennessee Exempt

##### 2. Other farm equipment

Alabama 1.5%<sup>6/</sup>

Arkansas Exempt <sup>7/</sup> if commercial farmer.

Georgia Exempt

Louisiana Same as above for cane harvesters and loaders, cotton pickers, combines, hay balers, attachments, sprayers, clippers, cultivators, discs, plows, spreaders, irrigation wells, drives, motors and equipment.

Mississippi 1.5%

South Carolina Exempt

Tennessee Exempt

##### 3. Poultry equipment (brooders, waters, feeders, etc.)

Alabama 1.5%<sup>6/</sup>

Arkansas Exempt <sup>7/</sup> if commercial business.

Georgia Exempt

Louisiana 4%<sup>25/</sup>, <sup>6/</sup> of sales price above \$50,000.

Mississippi 1.5%

South Carolina Exempt

Tennessee Exempt

##### 4. Certain logging, pulpwood, and tree farming equipment

Alabama 1.5%<sup>6/</sup>

Arkansas 6%<sup>6/</sup> (1<sup>st</sup> \$50K exempt), timber harvesting machinery only.

Georgia Exempt <sup>18/</sup>

Louisiana 4%<sup>6/</sup>, <sup>25/</sup> If licensed for road use, the entire amount is taxed at 4%.

Mississippi 1.5%

South Carolina Exempt

## SALES TAX

### I. Sales Tax Rates

#### C. Agricultural products

##### 4. Certain logging, pulpwood, and tree farming equipment (Continued)

Tennessee 7%<sup>17/</sup>

#### D. Alcoholic beverages

Alabama 4%<sup>6/</sup>

Arkansas 6%<sup>6/</sup>, (Plus 3% liquor excise tax), 10% mixed drink, 4% additional mixed drink, plus applicable local sales tax. 1% beer excise tax.

Georgia 4% plus applicable local sales tax of 1, 2, 3 or 4%.

Louisiana 4%<sup>6/</sup>

Mississippi 7%

South Carolina 6%

Tennessee 7%

#### E. Automotive vehicles, house trailers, trucks, etc.

Alabama 2%<sup>6/</sup>

Arkansas 6%<sup>6/</sup> For class 5 through class 8 truck tractors only the first \$9,150 of the selling price is taxable.

Georgia Motor vehicle sales tax rate 4%.

Louisiana 4%<sup>6/</sup> House trailers taxed at 46% of value on new homes and exempt completely for used homes. Trucks and trailers over 26,000 lbs. and operating in interstate commerce are exempt from state and local tax.

Mississippi Autos and trucks (10,000 lbs. or less) are 5%. Motor homes are 5%. House trailers, trucks, etc. are 3%. Trucks (over 10,000 lbs.) and semi trailers that will be registered under the IRP are taxed based on the percent of Mississippi miles to total miles. Tax will be collected when the tag is applied for and not by the dealer.

Modular homes, panelized homes and pre-cut homes - 3%.

South Carolina 5% \$300 cap.

Tennessee 7%

#### Local

##### 1. City

Alabama 0.0% - 3.0%

Arkansas \$2500 cap, 0% to 3.5%

Georgia 0 rate. City of Atlanta tax not due on motor vehicle sales.

Louisiana 0% - 7.0%

Mississippi NA

## SALES TAX

### I. Sales Tax Rates

#### E. Automotive vehicles, house trailers, trucks, etc.

##### 1. Local

###### City (Continued)

South Carolina Exempt, if vehicle is subject to \$300 cap; 1% otherwise.

Tennessee 1.5% - 2.75%<sup>B/</sup>

##### 2. County/Parish

Alabama 0.0% - 2.5%

Arkansas 0% to 3%, \$2500 cap

Georgia 1 - 3%

Louisiana 0% - 7.0%

Mississippi NA

South Carolina Exempt, if vehicle is subject to \$300 cap; 1%-2% otherwise.

Tennessee 1.5% - 2.75%<sup>B/</sup>

#### F. Food products

Alabama 4%<sup>G/</sup>

Arkansas 2%

Georgia Eligible food exempt from 4% state.

Louisiana 0 - 4%<sup>24/</sup>, <sup>6/</sup>

Mississippi 7%

South Carolina Eligible unprepared food exempt from 6% sales tax; subject to local tax if local tax does not provide exemption.

Tennessee 5.5%

##### 1. Through coin operated machines

Alabama 3% for food products; all other products 4%.

Arkansas 7% Wholesale Vending Tax. (See applications) (Some pay at the time of purchase at state, county and city rates).

Georgia 4% plus applicable local sales taxes of 1, 2, 3 or 4%.

Louisiana Exempt <sup>G/</sup>

Mississippi 8% Wholesale vending tax.

South Carolina 6% (A sale to the vending operator is the retail sale.); except for cigarettes and soft drinks in closed containers.

Tennessee 7%, 5.5% for qualifying food.

## SALES TAX

### I. Sales Tax Rates

#### G. Tobacco products (Continued)

Alabama	4% <sup>6/</sup>
Arkansas	6% <sup>6/</sup>
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4%.
Louisiana	4% <sup>6/</sup>
Mississippi	7%
South Carolina	6%
Tennessee	7%

#### H. Utilities

##### 1. Electricity and gas, residential consumption

Alabama	4% <sup>10/</sup>
Arkansas	6% <sup>6/</sup>
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4%.
Louisiana	Exempt
Mississippi	Exempt
South Carolina	Exempt
Tennessee	Exempt

##### 2. Electricity and gas, commercial use

Alabama	4% (Declining rates for monthly purchases in excess of \$40,000).
Arkansas	6% <sup>6/</sup>
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4%.
Louisiana	0%/2.3%/9&12/
Mississippi	7%
South Carolina	6%
Tennessee	7%

##### 3. Electricity and industrial fuels, nonresidential

Alabama	4% (Declining rates for monthly purchases in excess of \$40,000).
Arkansas	6% <sup>6/</sup> , 3.25% for direct use in manufacturing.
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4%. (Generally taxable. Some exceptions for manufacturers see information bulletin SUT 2008-06-30).
Louisiana	0%/2.3%/9&12/

## SALES TAX

### I. Sales Tax Rates

#### H. Utilities

##### 3. Electricity and industrial fuels, nonresidential (Continued)

Mississippi	1.5% - Manufacturing
South Carolina	Exempt (manufacturing tangible personal property).
Tennessee	1.5% (Industrial)

A sales and use tax exemption was created in 2008 for kerosene sold at retail through dispensers that prevent delivery directly from the dispenser into a vehicle fuel supply tank (through a "blocked pump").

##### 4. Water, residential use

Alabama	4% (Declining rates for monthly purchases in excess of \$40,000).
Arkansas	6% <sup>6/</sup> , plus locals.
Georgia	Exempt through water mains.
Louisiana	Exempt
Mississippi	Exempt
South Carolina	Exempt
Tennessee	7%

##### 5. Water, nonresidential use

Alabama	Exempt ( Industrial use). When more than 50% is used on industrial processing.
Arkansas	6% <sup>6/</sup> , plus locals.
Georgia	Exempt through water mains.
Louisiana	0%/2.8%/9% <sup>9&amp;12/</sup>
Mississippi	7%
South Carolina	Exempt (sold by public utilities and nonprofit corporations).
Tennessee	7% (1% Industrial).

##### 6. Telephone and telegraph

Alabama	6% on all gross sales or gross receipts.
Arkansas	6% <sup>6/</sup> , plus locals.
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4% (only local telephone service).
Louisiana	3% (Intrastate), 2% (Interstate)
Mississippi	7%.
South Carolina	6% <sup>13/</sup>

## SALES TAX

### I. Sales Tax Rates

#### H. Utilities

##### 6. Telephone and telegraph (Continued)

Tennessee 7% Interstate telecommunications service is taxable at 7 1/2% on businesses.

##### 7. Cellular telecommunications

Alabama 6%

Arkansas 6%<sup>6/</sup>, plus locals.

Georgia 4% plus applicable local sales taxes of 1, 2, 3 or 4%.

Louisiana 3% (Intrastate), 2% (Interstate)

Mississippi 7%

South Carolina 6%

Tennessee 7%

#### I. Manufacturers

##### 1. Sales of manufacturing machinery.

Alabama 1.5%<sup>6/</sup>

Arkansas Exempt (when used directly in manufacturing process).

Georgia Exempt - must be necessary and integral.

Louisiana 4%<sup>6/</sup>, <sup>25/</sup> (Qualifying M M & E fully exempt from state tax effective 7/1/09).

Mississippi 1.5%

South Carolina Exempt

Tennessee Exempt

##### 2. Sales of manufacturing not used in manufacturing process.

Alabama 4%<sup>6/</sup>

Arkansas 6%<sup>6/</sup>, plus locals.

Georgia 4% plus applicable local sales taxes of 1, 2, 3 or 4%.

Louisiana 4%<sup>6/</sup>

Mississippi 7%

South Carolina 6%

Tennessee 7%

##### 3. Sales of track materials to a railroad whose rates are fixed.

Alabama 4%<sup>6/</sup>

Arkansas 6%<sup>6/</sup>, plus local sales taxes.

## SALES TAX

### I. Sales Tax Rates

#### I. Manufacturers

##### 3. Sales of track materials to a railroad whose rates are fixed. (Continued)

Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4%.
Louisiana	4% <sup>6/</sup>
Mississippi	3%
South Carolina	5%
Tennessee	7%

#### J. Contracts

##### 1. Contracts over \$10,000, other than residential construction\*

Alabama	4% plus city and county on purchase of tangible personal property by contractor.
Arkansas	6%, plus applicable city and county tax on purchase of materials.
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4% (on materials).
Louisiana	4% <sup>6 &amp; 15/</sup>
Mississippi	3.5%*
South Carolina	6% (contractors considered the user or consumer of materials purchased for construction)
Tennessee	7% (on materials)

##### 2. Manufacturing machinery included in contracts

Alabama	1.5% <sup>6/</sup>
Arkansas	Exempt
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4% (on materials).
Louisiana	4% <sup>6 &amp; 25/</sup>
Mississippi	1.5%
South Carolina	Exempt
Tennessee	Exempt

\*Residential construction includes homes, mobile homes, summer cottages, fishing and hunting camp buildings, but shall not include hotels, motels, hospitals, military barracks, college and other school dormitories, apartment buildings, condominiums or other commercial establishments.

## SALES TAX

### I. Sales Tax Rates

#### J. Contracts (Continued)

##### 3. Contracting to build a public highway, road, bridge, or railroad

Alabama	5% Taxable as contractors gross receipts tax. Appropriate sales/use tax must be paid on materials used in the performance of a contract.
Arkansas	6% (Passes it along as a hidden cost to consumers), paid by contractor, plus applicable local sales taxes.
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4% (on materials).
Louisiana	4% <sup>6 &amp; 15/</sup>
Mississippi	3.5%
South Carolina	6% (On materials).
Tennessee	7% (On materials).

##### 4. Sales of tangible property to contractors for use in performing contracts and sales to contractors buying for their own use in the performance of federal grants.

Alabama	4% <sup>6/</sup>
Arkansas	6% <sup>6/</sup> , plus applicable local sales taxes.
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4%.
Louisiana	4% <sup>6/</sup>
Mississippi	7% (7% tax on noncomponent materials and equipment used by the contractor, or with no "material purchase certificate." No tax on component materials sold to contractors with material purchase certificates.)
South Carolina	6% (Code Section 12-36-2120 (29) exempts tangible personal property for use in a federal governmental construction project, provided title and possession of the property transfers to the federal government.
Tennessee	7%

#### K. Amusements

Alabama	4% <sup>6/</sup>
Arkansas	6% <sup>6/</sup> , 2% tourism may also be applicable, plus applicable local sales taxes.
Georgia	4% plus applicable local sales taxes of 1, 2, 3 or 4%.
Louisiana	4% <sup>6/</sup>
Mississippi	7%
South Carolina	NA; however South Carolina imposes a separate 5% admissions tax.
Tennessee	7%

##### 1. Conducted in publicly owned, enclosed coliseums and auditoriums

Alabama	NA
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## SALES TAX

### I. Sales Tax Rates

#### K. Amusements

##### 1. Conducted in publicly owned, enclosed coliseums and auditoriums (Continued)

Arkansas 6%<sup>6/</sup> Exempt for municipalities, schools, universities, and colleges.

Georgia 4% plus local taxes of 1, 2, 3 or 4%.

The receipts from coin operated machines that have a permit are not subject to sales tax and use tax.

Louisiana Exempt (Louisiana Superdome and coliseums where local governments also exempt).

Mississippi 3%

South Carolina NA; however, South Carolina imposes a separate 5% admissions tax.

Tennessee 7%

#### L. Service charges

##### 1. For repairs, alterations, laundry and dry cleaning

Alabama Exempt

Arkansas 6% laundry and dry cleaning, plus local taxes.

Georgia Exempt

Louisiana 4%<sup>6/</sup>

Mississippi 7%

South Carolina 6% (Certain dry cleaners are also subject to a 1% environmental surcharge.)

Tennessee 7%

##### 2. Hotel/motel accommodations for transients

Alabama 4%-5%<sup>6/</sup> Taxable as "Lodgings Tax".

Arkansas 6%<sup>6/</sup> plus 2% tourism tax, plus local taxes.

Georgia 4% plus applicable local sales taxes of 1, 2, 3 or 4%.

Louisiana 4%<sup>6/</sup>

Mississippi 7% plus local tourism taxes where applicable.

South Carolina 7%

Tennessee 7%

#### M. Rentals

Alabama 4%<sup>6/</sup> taxable as "Rental Tax".

Arkansas 6%<sup>6/</sup> plus 1% short-term rental tax, not including vehicles, plus applicable local sales taxes.

Georgia 4% plus applicable local sales taxes of 1, 2, 3 or 4%.

Louisiana 4%<sup>6/</sup>

## SALES TAX

### I. Sales Tax Rates

#### M. Rentals (Continued)

Mississippi 7%

South Carolina 6%

Tennessee 7%

#### 1. Manufacturing machinery

Alabama 4%<sup>6/</sup>

Arkansas Exempt (must be used directly in manufacturing process).

Georgia Exempt - must be necessary and integral.

Louisiana 4%<sup>6/</sup>, <sup>25/</sup>

Mississippi 1.5%

South Carolina Exempt

Tennessee Exempt

#### 2. Automobiles, trucks, trailers, etc.

Alabama 1.5%<sup>6/</sup>

Arkansas 6%, plus 10% rental vehicle tax for all transactions less than 30 days, 1.5% additional tax on long term leases when tax not paid at registration, plus local sales taxes.

Georgia Motor vehicle sales tax rate 4% plus local taxes 1% - 3%. City of Atlanta does not apply.

Machinery must be used directly.

Louisiana 4%<sup>6/</sup> See Section E.

Mississippi Automobiles and trucks (10,000 or less) 5%; semi-trailers-3% trailers-7% (In addition to the 5%, a 6% motor vehicle rental tax is imposed on rentals of motor vehicles with terms of no more than 30 days).

South Carolina 5% (\$300 cap) if rental contract states a term of, and remains in force for, more than 90 continuous days. Otherwise, 6% local tax.

Tennessee 7%

#### N. Discount on tax (Dealers are allowed a discount on total taxes due for collecting and reporting on time.)

Alabama First \$100 5%; over \$100-2% (\$400 cap) (No discount on utilities, seller's use, consumer's use or rentals). (No discount cap on lodgings tax).

Arkansas 2% Limited to \$1,000/mo. per taxpayer; the \$1,000 limit doesn't apply to local taxes.

Georgia 3% on first \$3,000 of taxes due; ½ of 1% for amount over \$3,000.

Louisiana 1.1% (various discounts allowed by locals).

## SALES TAX

### I. Sales Tax Rates

#### N. Discount on tax (Dealers are allowed a discount on total taxes due for collecting and reporting on time.) (Continued)

Mississippi	2% (Maximum discount \$50 per filing period.)
South Carolina	3% on returns showing tax due of less than \$100; 2% on returns showing tax due of \$100 or more; total discount allowed cannot exceed \$3,000 per taxpayer for one fiscal year (\$3, 100 if the taxpayer files electronically); \$10,000 for one fiscal year for out-of-state retailers without nexus who file voluntarily.
Tennessee	Dealer discounts are repealed except for out of state businesses who cannot be required to register to collect sales and use taxes but who voluntarily register to collect and remit tax on sales to Tennessee customers. Such businesses would be allowed to deduct against taxes due 2% of the first \$2500 of taxes and 1.15% of amounts over \$2500.

### II. Exemptions

#### A. Agricultural

1. Sales of cotton or cotton seeds, seeds used in the commercial production of an agricultural product or a seed, raw products of farms, livestock, including sales of poultry and dairy products, if produced or grown in-state, when such sales are made by the producer in original state of production. LP Gas and natural gas used for agricultural purposes.

Alabama Yes

Arkansas Yes (Gas is not exempt).

Georgia Yes (Gas exemption is limited to irrigation equipment, poultry houses and greenhouses.)

Effective July 1, 2008 through June 30, 2010 fuel used in a structure where swine are raised. Exemption only applies to State Tax and exempt for two years. This exemption was extended.

Louisiana Yes

Mississippi Yes

South Carolina Yes

Tennessee Yes

2. Sales of farm tractors and equipment

Alabama No (Taxed at reduced rate of 1.5%).

Arkansas Yes

Georgia Yes

Louisiana Yes <sup>6/25/</sup> (Charges 4% of sales amounts in excess of \$50,000) Not exempt from local taxes.

Mississippi No (Taxed at reduced rates).

South Carolina Yes

Tennessee Yes

3. Agricultural soil erosion control services

Alabama Not taxed.

## SALES TAX

### II. Exemptions

#### A. Agricultural

##### 3. Agricultural soil erosion control services (Continued)

Arkansas	Not taxed.
Georgia	Not taxed.
Louisiana	Not taxed.
Mississippi	Yes (\$10,000 or less only).
South Carolina	Yes
Tennessee	Yes

#### B. Industrial

##### 1. Sales of machinery and equipment used directly in manufacturing.

Alabama	No (Reduced rate of 1.5%).
Arkansas	Yes
Georgia	Yes
Louisiana	Yes <sup>25/</sup>
Mississippi	No (Reduced rate of 1.5%).
South Carolina	Yes
Tennessee	Yes

##### 2. Sales of raw materials used directly in the manufacturing process.

Alabama	Yes (If it becomes an ingredient or component part of a manufacturing product).
Arkansas	Yes (If it becomes a recognizable part of the finished product).
Georgia	Yes
Louisiana	Yes
Mississippi	Yes
South Carolina	Yes
Tennessee	Yes (Industrial)

##### 3. Sales for resale or for use in manufacturing and processing.

Alabama	Yes (If purchased for resale or for use outlined on #2 above).
Arkansas	Yes
Georgia	Yes
Louisiana	Yes
Mississippi	Yes

## SALES TAX

### II. Exemptions

#### B. Industrial

##### 3. Sales for resale or for use in manufacturing and processing (Continued)

South Carolina Yes

Tennessee Yes

##### 4. Sales of railroad cars, vessels, barges, and equipment which become components of vessels or barges of more than 50 tons burden.

Alabama Yes (Railroad cars, vessels and barges over 5 tons load displacement are exempt when sold by the manufacturer or builder. Equipment becoming a component part of vessels or barges over 5 tons load displacement is exempt).

Arkansas Yes

Georgia Yes

Louisiana Yes

Mississippi Yes

South Carolina Yes. Sales of containers and chassis to international shipping lines which have a contractual relationship with the South Carolina Ports Authority and which are used in the import or export of goods to and from this state. (Note: Components of vessels and barges are not exempt).

Tennessee Yes

##### 5. Machinery and equipment used to reduce or eliminate air and water pollution.

Alabama Yes

Arkansas Yes (If required by law).

Georgia Yes (must apply).

Louisiana Yes <sup>6/</sup>~~25/~~ (Not exempt from local taxes).

Mississippi Yes

South Carolina Yes, if pollution caused by machines manufacturing or processing tangible personal property for sale.

Tennessee Yes

#### C. Interstate and foreign trade.

Alabama Yes (Sales delivered outside Alabama are exempt).

Arkansas Yes (Sales delivered outside Arkansas are exempt if title or possession doesn't take place in Arkansas).

Georgia Carriers and component parts used to transport passengers or cargo in interstate or foreign commerce by common carriers. Motor vehicles sold to non-residents for immediate transportation to and use in another state in which such vehicles are required to be registered. Fuel and consumable supplies purchased for use on ships in foreign commerce.

Louisiana Retail sale of property or property purchased for use in the offshore areas.

## SALES TAX

### II. Exemptions

#### C. Interstate and foreign trade Louisiana (Continued)

Material imported for export and interstate commerce sales.

For ships, barges and vessels that operate in interstate commerce and vessels that support trade traffic or transportation of property in IC. Also, rail rolling stock sold or leased in this state. Trucks or trailers with a gross weight of 26,000 lbs. or more operating in interstate commerce.

#### Mississippi

Sales of containers or shipping materials for use in ships engaged in international trade.

All shipping materials and containers are exempt when possession passes to customer from manufacturer or wholesaler.

Sales delivered outside of Mississippi are exempt.

Income from repairs to vessels engaged in interstate or foreign transportation.

Sales of petroleum to vessels or barges in interstate transportation.

Sales and rentals of rail rolling stock and components for use in interstate trade.

Sales for immediate export to a foreign country.

Retail sales of autos, trucks, semi-trailers, trailers, boats, travel trailers, motorcycles and ATVs if exported from Mississippi within 48 hours and registered and first used in another state.

#### South Carolina

Shipping containers used by international shipping lines under contract with the S.C. State ports Authority.

Fuel, lubricants, and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce.

Sales delivered outside of South Carolina.

Petroleum asphalt products transported and used outside of South Carolina.

#### Tennessee

Exports and imports for interstate commerce resales.

Materials and supplies for maintaining and repairing aircraft of interstate or international air carriers. (Fuel and shop equipment are not exempt.)

Repair services on vessels and barges of 50 tons and over, principally in interstate or international commerce.

#### D. Fuel oils and utilities

##### Alabama

Sales of fuels and supplies to ships or vessels on high seas or operating in federally defined "offshore waters" of the U.S.; and sales of fuel on commercial fishing vessels.

Sales of fuel oil for use in manufacturing kiln.

Sales of lubricating oil and gasoline.

## SALES TAX

### II. Exemptions

#### D. Fuel oils and utilities

##### Alabama(Continued)

Gross receipts which are subject to the utilities tax.

Gross receipts from sales of transportation, gas, water, or electricity where rates are fixed by the Public Service Commission. Sales of wood residue, coal or coke to manufacturers, electric power companies and transportation companies for use in production.

Sales of diesel fuel for off highway agricultural purposes.

##### Arkansas

Unprocessed crude oil.

Special fuel or petroleum products sold to commercial water craft and railroads.

Sales of electricity used to manufacture aluminum by electrolytic reduction.

Sale of first 500 kilowatt hours of electricity per month and the total franchise tax billed thereon to each residential customer whose annual household income is less than \$12,000.

Natural gas and electricity used in the manufacture of wall and floor tile if the manufacturer began construction on an Arkansas facility prior to January 1, 2003.

Substitute fuel for manufacturing.

Natural gas used in manufacturing of glass.

Electricity or natural gas sold to steel mills. Must be a qualified manufacturer of steel.

##### Georgia

Fuel and supplies for consumption aboard ships plying the high seas.

Effective July 1, 2008 through June 30, 2010 fuel used in a structure where swine are raised. Exemption only applies to State Tax and exempt for two years.

Motor fuels not exempt.

Sales of water delivered to consumers through water mains, lines, or pipes.

Local telephone service paid by inserting coins (except amount guaranteed charge for semipublic coin box service).

Natural and artificial gas directly used to produce electricity is exempt from the 4% state sales and use tax.

Fuel used in a structure that raises poultry.

Electricity and other fuels to operate irrigation systems on a farm.

Fuel used in a structure in which plants, seedlings, nursery stock or floral products which are raised primarily for resale.

Limited exemption for certain fuels used in the manufacture of tangible property (see information bulletin 2008-06-30).

##### Louisiana

Sales of energy sources used for boiler fuel except refinery gas<sup>9/</sup> and natural gas. (Exemption suspended for period 7/1/02-6/30/2009).

Gasohol containing a blend of at least 10% alcohol, if distilled in Louisiana from farm products. (Exemption suspended-not subject to tax if road use tax paid).

## SALES TAX

### II. Exemptions

#### D. Fuel oils and utilities Louisiana (Continued)

Diesel fuel, butane and propane used or consumed for farm purposes.

Gasoline Exemption suspended-not subject to tax if road use tax paid).

Sales of electricity and natural gas for non-residential use (Exemption partially suspended; taxable at rate of 2.3% through 6/30/2009.

Sales of diesel fuel purchased within Louisiana for first use exclusively beyond the territorial limits of Louisiana.

Purchases of fuel or gas by residential consumers including but not limited to butane and propane.

#### Mississippi

Tax of 1.5% on fuel used directly in manufacturing.

Sales of tangible personal property and services to nonprofit water associations or corporations.

Retail sales of alcohol-blended fuel

Mississippi tax on gasoline sold for nonhighway use.

Sales of petroleum to interstate vessels or barges.

Motor fuel for use in internal combustion engines.

Electricity used directly in the electrolysis process in the production of sodium chlorate shall be considered a raw material.

Fuel used to generate electricity is exempt.

#### South Carolina

Sales of fuels to manufacturers, electric power and transportation companies.

Sales of fuel, lubricants and supplies for use aboard ships.

Sales of gasoline and other motor fuels except gasoline for use in aircraft.

Sales of fuels used for curing agricultural products.

Gasoline and other motor fuels used in farm machinery, farm tractors, and commercial fishing vessels.

Natural and liquefied petroleum gas used exclusively in the production of poultry, livestock, swine and milk.

Sales of electricity for use in the production of poultry, livestock, swine and milk.

Petroleum asphalt products commonly used in paving if purchased in the state and transported out of state.

Residential sales of combustible heating materials or substances.

Sales of electricity to manufacturers, miners, quarries, or processors for use in manufacturing tangibles.

## SALES TAX

### II. Exemptions

#### D. Fuel oils and utilities (Continued)

##### South Carolina (Continued)

Electricity sold to radio and television used in producing programs.

Sales of water by utilities regulated by the Public Service Commission.

Water sold by nonprofit corporations organized under Chapter 36 of Title 33 of the S.C. Code of Laws.

##### Tennessee

Gasoline upon which privilege tax has been paid and not refunded.

Gasoline or diesel fuel used for agricultural purposes.

Motor fuels subject to the fuel use tax.

Gas, electricity, fuel oil, coal and other energy fuels sold directly to the consumer for residential use. Propane sold in large cylinders with a capacity of one hundred pounds or more sold for residential use are also exempt; however, small portable tanks are not exempt from sales tax.

Purchase of natural gas by manufacturer used to generate heat for products primary aluminum and aluminum can sheet products is exempt.

Defines photographic film processor as "manufacturers" who can buy utilities at the reduced tax rate.

A 2008 law provided an exemption from sales tax for kerosene sold at retail through dispensers that prevent delivery directly from the dispenser into a vehicle fuel supply tank (through a "blocked pump").

#### E. Sales to government

##### 1. Sales to federal, state, county and municipal governments, or any bona fide department of such government.

Alabama Yes (Sales to federal, state of Alabama and local governments in Alabama).

Arkansas Yes (Federal government only)

Georgia Yes Sales to federal, state of Georgia, local government of Georgia and any bona fide department when paid for directly with government appropriate funds.

Louisiana Sales to federal government, state of Louisiana, local governments of Louisiana, and any bona fide department of above.

Mississippi Sales to federal government, the State of Mississippi, any of its departments, institutions, counties, and municipalities.

South Carolina Sales to federal government only are exempt. All other sales to governments are taxed at 6% unless specifically exempt (for example, sales of textbooks for use in a course of study are exempt).

Tennessee Yes

##### 2. Sales to county and city school boards and independent school boards and all state educational institutions; sales to private schools; nonprofit sales of school lunches, books, etc.

Alabama Yes

## SALES TAX

### II. Exemptions

#### E. Sales to government

#### 2. Sales to county and city school boards and independent school boards and all state educational institutions; sales to private schools; nonprofit sales of school lunches, books, etc. (Continued)

Arkansas	No (Only food in public school cafeterias, institutional material purchased by public schools for free distribution; and buses are exempt from sales taxes). Purchases by educational co-op for resale to public schools are also exempt.
Georgia	Yes
Louisiana	Yes (School boards and educational institutions) / Private Schools only exempt on books, workbooks, computers, software, films, video and audio tapes used for classroom instruction.
Mississippi	Yes
South Carolina	No (Only on meals in school cafeterias and textbooks used as a part of a course of study in primary and secondary schools and institutions of higher learning.
Tennessee	Yes

#### 3. Other sales to government

Alabama

Arkansas

Georgia

Louisiana

Mississippi Sales to Mississippi Band of Choctaw Indians, but not to Indians individually.

South Carolina Transactions that are prohibited from being taxed by U.S. or State Constitutional provisions of federal or state law.

Material necessary to assemble missiles.

Sales of cars and motorcycles to nonresident military personnel.

Federal government contracts - property that passes to the government.

Supplies purchased by State General Services Division for resale to State agencies.

War memorials and monuments.

Solid waste disposal collection bags required under a solid waste disposal plan of a county or other political subdivision.

Lottery tickets sold pursuant to Chapter 150 of Title 59 (South Carolina Education Lottery Act).

Copies of, or access to, legislation or other informational documents provided to the general public or any other person by a legislative agency when a charge for these copies is made reflecting the agency's cost of the copies.

## SALES TAX

### II. Exemptions

#### E. Sales to government

##### 3. Other sales to government South Carolina (Continued)

Any property sold to the public through a sheriff's sales as provided by law.

Regional Transportation Authorities.

Sales of property owned by a regional health services district and used in the construction and equipment of any health care facilities for a district. This does not apply to the purchases of goods or equipment by the regional health services district.

South Carolina Research Authority, except the exemption only applies to (1) transactions to obtain tangible personal property for the authority's own use or consumption, (2) transactions related to authority contracts with governmental entities and nonprofit entities, and (3) transactions related to authority contracts with private, for profit entities doing business in South Carolina, where these contracts do not place these entities in competition with other private, for profit entities doing business in South Carolina.

Tennessee

#### F. Contracts

Alabama

Materials used in fulfilling contracts to repair water craft of over 5 tons load displacement.

Arkansas

Georgia

Use of construction materials to build the Atlanta Symphony Hall. Expires 9/1/2011.

Overhead materials used in Federal government contracts when FAR clauses for the passage are present.

Louisiana

Certain transactions involving the construction or overhaul of U.S. Navy vessels.

Mississippi

South Carolina

Sales of tangible personal property where the seller by contract of sale is obligated to deliver it to the buyer or to an agent of the buyer at a point outside the state.

Sales of tangible personal property and components to manufacturers or contractors for use in performance of a construction contract where the property and components are processed, fabricated, and manufactured in South Carolina and transported to, assembled, or installed at job sites outside the state for use outside the state.

South Carolina exempts from sales and use tax tangible personal property purchased by a person under written contract with the federal government that becomes part of real or personal property owned by the federal government or transfers to the federal government, pursuant to a written contract. The exemption does not apply to purchases of items that do not transfer to the federal government, such as tools. Purchases made by contractors under contracts with state, county and municipal governments are not exempt from sales under use tax.

## SALES TAX

### II. Exemptions

#### F. Contracts

##### South Carolina (Continued)

Building material used to construct a new or renovated building in a research district and machinery or equipment located in a research district. The sales tax that would have been assessed must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within 24 months of the exempt purchase.

Construction material used in the construction of a single manufacturing or distribution facility, or one that serves both, that invests at least \$100 million at a single site in South Carolina over an 18 month period. This exemption is being phased in over several years beginning July 1, 2007, and the sale of qualifying construction material will not be fully exempt until July 1, 2011. The exemption will be phased in by reducing the tax rate as follows: (a) 4% for sales from July 1, 2007, through June 30, 2008, (b) 3% for sales from July 1, 2008, through June 30, 2009, (c) 2% for sales from July 1, 2009, through June 30, 2010, and (d) 1% for sales from July 1, 2010, through June 30, 2011.

Sales of tangible personal property and components to manufacturers or contractors for use in performance of a construction contract where the property and components are processed, fabricated, and manufactured in South Carolina and transported to, assembled, or installed at job sites outside the state for use outside the state.

##### Tennessee

Use of tangible personal property by a contractor for church construction where the church is the title holder.

Sales of use tax exemption for carpet installed by a contractor for a church when the church is exempt from sales tax.

Sale to, or use by, a contractor of atomic weapons parts for use in manufacturing processes.

Materials and equipment purchased or used for construction or installation by a contractor or in a cooperative, state, or federally owned or operated electric generating plant.

#### G. Sales of daily or weekly newspapers

Alabama No

Arkansas Yes

Georgia Newspapers are not exempt.

Louisiana Yes Newspaper sales are excluded from sales tax effective July 1, 2008.

Mississippi Yes

South Carolina Yes

Tennessee Yes

#### H. Prescription drugs, etc.

Alabama Yes

Arkansas Yes

Georgia Yes - including samples and clinical trials.

## SALES TAX

### II. Exemptions

#### H. Prescription drugs, etc. (Continued)

Louisiana Yes<sup>9/</sup>

Mississippi Yes

South Carolina Yes<sup>26/</sup>

Tennessee Yes

#### I. Other exemptions

Alabama Sales by blind persons certified by state rehabilitation services.

Warranted replacement parts.

State mental hospital canteens.

Fabricated steel tube sections, made in Alabama for use in highway tunnels or traffic.

Aircraft manufactured, sold and delivered in the state if not permanently domiciled in Alabama and removed to another state within 3 days of delivery.

Medicine prescribed by a physician when filled by a licensed pharmacist or sold to the patient by a physician for human consumption.

Hospitals and other institutional providers of health care are exempt from tax on prescription drugs.

The gross proceeds of sales of materials, equipment, and machinery which at any time may become a component part of ships, towing vessels, or barges or certain oil and gas exploration vessels of more than 5 tons load displacement.

Sales of materials, equipment, and machinery becoming a component part of commercial fishing vessels of more than 5 tons.

Exemption is granted to certain county public hospital associations and their lessees operating the hospitals.

All purchases made with federal food stamps.

Sale of fungicides and insecticides used for certain structural pest control work and used for agricultural purposes.

All sales of oxygen and durable medical equipment, property pre-scribed under orders of a duly licensed physician dispensed by a participating provider to Medicare patients.

Purchases by certain public sewer, public gas, and public electric systems; however, exemption does not apply to the state's Utilities Gross Receipts Tax.

Purchases of domestically-mined or produced coal, coke, and coke by-products used in cogenation plants.

Certain sales made by elementary or secondary schools or their non-profit school-sponsored clubs and organizations, or nonprofit school affiliated groups.

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Alabama (Continued)

Sales of certain motor vehicles manufactured in Alabama which are intended for export to, and licensing in a foreign country within 90 days of delivery.

##### Arkansas

Religious, professional, trade and sport publications printed in Arkansas when sold through regular subscriptions.

Foodstuffs for free distribution to public, penal, and charitable institutions and to the poor.

Rental or sale of medical equipment for the benefit of persons enrolled in and eligible for Medicare and Medicaid. Certain adaptive medical equipment for individuals with a doctor's prescription.

Gross receipts or gross proceeds derived from the sale of new aircraft manufactured in the state when sold to a purchaser for use exclusively outside the state.

Purchases of emergency vehicles by volunteer fire departments organized under AC 4 14-284-207.

Sales to humane societies.

Sales to charitable hospitals and sanitariums.

Limit of one new automobile every two years to a veteran certified as blind as the result of a service connected injury.

Sales on purchases of prescription drugs by licensed pharmacists, hospitals, or dispensing physicians. Sales of oxygen, insulin and strips when prescribed.

Sales to nonprofit humane societies organized under 20-19-101.

A credit is allowed equal to 7% of the cost of an ADD approved project costing over \$5 million, but no credit may exceed 50% of the sales and use tax liability on purchases for the reporting period.

Waste fuel derived from tires and municipal waste to be used in the manufacturing process.

Sales of property or services to Habitat for Humanities are exempt from sales tax.

Irrigation pipe carrying water from the well to the crop is exempt as farm equipment.

Fire protection equipment and emergency equipment to be owned by and exclusively used by the volunteer fire departments is exempt from sales tax.

Solid waste (except for wood byproducts and chips), used motor oil and other petroleum based waste if used in fueling a manufacturing or processing operation is exempt from sales tax.

Tickets to college/university athletic events are exempt from sales tax.

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Arkansas (Continued)

Motor vehicles purchased by state supported colleges for school businesses are exempt from sales tax.

Gross receipts derived from the sale of gas produced from biomass in a facility meeting eligibility requirements for the credit under IRC Section 29.

Sales to the Fort Smith Clearing House.

Sales to orphans' homes or children's homes not operated for profit.

Sales of bagging and other packing and tie material sold to and used by cotton gins in Arkansas.

Sales of twine used in the production of tomato crop.

Aircraft purchased by dealers for resale and used for a charter service for one year.

Sales to Boys and Girls Scouts Clubs of America in Arkansas, Regional water distribution districts, Poets Round Table of Arkansas, 4-H clubs and Future Farmer of American Associations in Arkansas, WIC, Food Stamps, Salvation Army, Heifer Project International. Public housing authorities, Habitat for Humanity, sale made at canteen at Camp Robinson to active and retired military of full-time employees of Arkansas Military Department, Arkansas symphony orchestra, Regional airport authorities.

##### Georgia

Sales of tangible personal property and services to nonprofit licensed nursing homes, nonprofit licensed in-patient hospices, or to nonprofit general or mental hospitals used exclusively for purposes of the homes, hospices, or hospitals.

Sales or exchanges made as a result of a business re-organization, provided the owner maintains the same proportionate interest in the new organization.

Paper stock manufactured in Georgia into catalogs intended to be delivered and used outside the state.

Sales to blood banks having a nonprofit status under the Internal Revenue Service code.

Professional insurance or personal service transactions which involve inconsequential sales without separate charge.

Sales or use of Bibles, testaments, and similar books, considered to be holy scripture. This exemption has been suspended by a federal court decision. It is being appealed by the State.

Stocks, bonds, notes, securities, and insurance. Tangible personal property purchased outside Georgia by nonresidents who subsequently become domiciled in Georgia and then origin the property into Georgia.

Sales of prescription drugs, eyeglasses, contact lenses, hearing aids, blood glucose strips and oxygen.

Sales for which food stamps or WIC coupons are used as the medium of exchange.

## SALES TAX

### II. Exemptions

#### I. Other exemptions Georgia (Continued)

Sale of lottery tickets.

The sale of off-the-road machinery and equipment to timber growers and harvesters when certified.

Sales by any parent teacher organization qualified as a tax exempt organization under Section 501 (c) (3) of the Internal Revenue Service Code.

The sale of eligible food and beverage for on or off premises consumption when sold by members of the Girl or Boy Scout Councils.

Food for off-premise consumption is exempt from state tax.

Local county taxes will continue to apply to the sale of eligible food and beverage. Eligible food and beverage means food as defined by the federal Food Stamp Act.

The sale of primary material handling and racking equipment which is used directly in a warehouse or distribution facility with a total worth of \$5 million or more when the facility's retail sales do not exceed 15 percent of the total revenue. Taxpayers desiring the exemption must certify through an application process.

The sale of machinery used directly in the re-manufacture of aircraft engines or aircraft engine parts or components. Taxpayer's desiring the exemption must certify through an application process.

Sales by any private or public school containing any combination of K-12 grades when the net proceeds benefit the school or its students.

The sale of equipment exclusively used to process onions to persons engaged primarily engaged in producing farm crops for a profit.

The sale of machinery and equipment which is incorporated into a qualified water conservation facility used for water conservation.

The sale of newspaper inserts that are placed in a newspaper that is resold.

The sale of grass sod that is sold by the sod producer employee of the sod producer, or family member of the sod producer. When it is sold in the original state of production.

The sale of funeral merchandise when payment is out of the Georgia Emergency Crime Fund.

The sale of computer equipment to certain industries designated by NAIS commodity codes when purchasing \$15 million in any calendar year and approved by Department.

Repair and replacement parts for manufacturing machinery and equipment that is necessary and integral to manufacturing, effective 1/1/09.

Dyed diesel fuel used in commercial fishing vessels.

Class 100 clean rooms that are directly used in a manufacturing facility.

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Georgia (Continued)

The sale or use, to or by permanently disabled persons, of wheelchairs and any accompanying equipment, including seating equipment, all of which is manually or mechanically attached or adapted to such wheelchairs.

The sale or lease of production equipment or production services for use in this state by a certified film producer or certified film production company for qualified production activities.

Certain purchases by non-profit health centers and volunteer health clinics. (See information bulletin SUT 2008-06-30.

Materials used to construct a new symphony hall costing \$200 million or more that is owned and operated by a non-profit organization.

Ice used in chilling poultry or vegetables during processing or shipment.

Partial sales and use tax exemption for jet fuel purchased by a qualified airline. The exemption expires after two years and is only applicable to state and local taxes exceeding \$15 million per fiscal year beginning July 1, 2005. The jet fuel tax exemption does not apply to the educational sales and use tax.

The purchase of food and non-alcoholic beverages provided at no charge aboard the aircraft of a qualified airline.

A four-day (October 2, 2008 through October 5, 2008) sales and use tax exemption for the purchase of noncommercial home or personal use energy efficient products (specifically any dishwasher, clothes washer, air conditioner, ceiling fan, incandescent or fluorescent light bulb, de-humidifier, programmable thermostat, or refrigerator) with a sales price of \$1,500 or less per item. To qualify, the product purchased must have been designated by the United States Environment Protection Agency and the United States Department of Energy as meeting or exceeding the requirements of each agency's Energy Star program. Also included are certain water efficient products with water sense seals. This exemption does not extend to any purchases for trade, business, or resale.

Effective July 1, 2008 through June 30, 2010 Qualified Food Bank is exempt from the tax on purchases of food.

July 1, 2009 to July 30, 2015 - For sales of tangible property to or used in the construction of a civil rights museum.

July 1, 2009 to June 30, 2011 - sale or use of an airplane flight simulation device.

July 1, 2009 to June 30, 2011 - Sales of tangible property used for and in the renovation or expansion of a zoological institution.

##### Louisiana

Sales or purchases by blind persons in the conduct of a business are exempt from Louisiana sales taxes.

Sale or purchase of tangible personal property for the purpose of leasing or renting.

Amounts paid by radio and television to broadcast copyrighted material and to use film, videotapes, audiotapes, and records.<sup>9/</sup>

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Louisiana (Continued)

Monetized bullion having a total value of \$1,000 or more.

Necessary fees incurred in connection with the installation and service of cable television (only applies to funds collected from subscriber, not applicable to purchases by cable company).

Purchases and sales of certain materials used in printing (may be taxed locally).<sup>9/</sup>

Paper and ink are exempt.

Tangible personal property used in the offshore area.

Purchases made with food stamps or WIC coupons.

Isolated or occasional sales of tangible personal property.

Purchases or leases by commuter airlines domiciled in Louisiana.

Purchases of fire-fighting equipment by volunteer fire departments.

Sales at or admissions to one-time fund raising events sponsored by certain non-profit organizations.

Purchases, services, leases by hospitals which provide free care to patients.

Trucks with a gross weight of 26,000 pounds or more and trailers if used at least 80% of the time in interstate commerce.

Residue or waste products derived from raw materials.

Manufacturers rebates paid directly to retailers prior to sale of tangible personal property.

Custom computer software. Exemption optional for local sales taxes.

Non-profit literacy organizations.

Repairs and materials used on drilling rigs used offshore outside Louisiana.

Telephone directories distributed free of charge by independent printers.

First purchase of digital TV and radio conversion equipment. Exemption optional at local level. (Expires February 2009).

Purchases of materials used for collection of blood by non-profit blood banks.

Property used in the manufacture, production, or extraction of unblended diesel.

Purchases by nonprofit entities that sell donated goods and spend 75 percent or more of revenues on directly employing or training persons with disabilities or workplace disadvantage. (Nonprofit entities must apply for an exclusion certificate annually with each exclusion certificate effective for a one-year period.)

Purchases by nonprofit organizations that are exempt from federal taxation pursuant to Section 501 (c)(3) of the Internal Revenue Code if the sole purpose of the purchasing organization is to donate toys to children and the toys are in

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Louisiana (Continued)

fact donated. (The organizations are required to obtain exemption certificates from the Department of Revenue or the tax collector of the political subdivision.)

Purchases by nonprofit organizations that were established prior to 1975 and conduct comprehensive programs on sickle cell disease. (The organizations are required to obtain exemption certificates from the Department of Revenue.)

The purchase, use, or lease of qualifying trucks and trailers with a registered gross weight of at least 80,000 pounds.

An annual state sales tax holiday on the last weekend of May on the first \$1,500.00 for certain hurricane preparedness items.

Sale of livestock at public sales sponsored by breeders' or registry associations or livestock auction markets. This includes race horses entered in races and claimed at any racing meet held in Louisiana..

Sales of certain water conservation equipment for use within the Sparta Groundwater Conservation District.

Sale of a storm shutter device.

An annual state sales tax holiday on the first consecutive Friday and Saturday of August on the first \$2,500.00 for most items of tangible personal property.

Out-of state purchasers of off-road vehicles, provided their state provides a similar exemption.

The purchase of food items for school lunch or breakfast programs by nonpublic elementary or secondary schools which participate in the National School Lunch and School Breakfast programs or the purchase of food items by nonprofit corporations which serve students in nonpublic elementary or secondary schools and which participate in the National School Lunch or School Breakfast programs.

The sale of construction materials to Habitat for Humanity affiliates located in this state when such materials are intended for use in constructing new resident dwellings in this state.

The sale of one-of-a-kind works of art from an established location within the boundaries of a cultural product district.

Leases or rentals of pallets which are used in packaging products produced by a manufacturer. July 1, 2008.

All purchases of butane and propane exempt effective July 1, 2008.

##### Mississippi

Sales to commercial fishermen of fishing boats over 5 tons load displacement and not more than 50 tons loads displacement.

Sales and rentals of locomotive, rail rolling stock and materials for their repair to railroads whose rates are fixed by the United States and Mississippi agencies.

Sales of tangible personal property and services to nonprofit hospitals or infirmaries; exemption is restricted to sales of property or services which are

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Mississippi (Continued)

ordinary and necessary in the operation of the hospital.

Sales of coffins, caskets, etc.

Sales of materials used in constructing a building, or any improvement or addition thereon, and sales of machinery and equipment not later than 3 months after completion or addition to qualified manufacturing businesses.

Sales of materials used in construction of a building or addition to a building which represents the transfer or creation of a national or regional headquarters within this state.

Gross income derived from underground storage of natural gas.

Subscription sales of magazines only.

Sales of tangible personal property or services to a private company, making such purchases using the proceeds of bonds issued under the Mississippi Business Investment Act.

Sales of home medical equipment and home medical supplies listed as eligible for payments under Title XVIII or under the state plan for medical assistance under Title XIX of the Social Security Act, prosthetics, orthotics, hearing aids, hearing devises, prescription eyeglasses, oxygen and oxygen equipment, when ordered or prescribed by a licensed physician for medical purposes of a patient and when payment for such equipment or supplies, or both, is made in part or in whole under the provisions of the Medicare or Medicaid program, then the entire sale shall be exempt from the taxes imposed by this chapter.

Sales of pollution control equipment to manufacturers or custom processors for industrial use.

Income from the storage and handling of perishable goods or income derived from the temporary storage of tangible personal property in this state pending shipping or mailing of the property to another state by a public storage warehouse.

Sales of equipment to telecommunications enterprises after June 30, 2003, and before July 1, 2013, that is installed in Tier one areas and used in the deployment of broadband technologies shall be exempt from one-half the

Sales of equipment to telecommunications enterprises after June 30, 2003, and before July 1, 2013, that is installed in Tier two and Tier three areas and used in the deployment of broadband technologies shall be exempt.

Sales of production items used in the production of motion pictures.

##### South Carolina

The South Carolina Motion Picture Incentive Act was added to Chapter 62 of Title 12 to provide a financial incentive to the film industry spending money in South Carolina. One of the incentives is a sales and use tax exemption on funds expended in South Carolina.

Sales of supplies and machinery used by laundries, etc., in direct performance of their function.

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### South Carolina (Continued)

Automobiles and motorcycles sold to nonresident servicemen.

Supplies, technical equipment and machinery and electricity used by radio and television stations in producing programs.

Sales of books to public libraries.

Sales or resale of any vacation timesharing lease plan.

A cap of \$300 applies to the sale or lease of motor vehicles, motorcycles, boats, aircrafts, house trailers, semi-trailers, recreational vehicles and light-duty self-propelled construction equipment.

Electricity used to irrigate crops.

All supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing motion pictures.  
Building materials, supplies, fixtures, and equipment used in building, repairing or improving commercial housing of poultry or livestock.

War memorials or monuments honoring units of the Armed Forces or National Guard.

Goods sold to nonprofit hospitals which primarily treat children at no cost to the patient.

Certain trash bags if the bags are specifically designated and required under a government solid waste disposal plan.

Advertisers and direct mailers on the purchase of postage used to mail printed materials on behalf of the customers.

Transmission of computer database, information by a cooperative service for use by members of the service.

Data processing defined as the manipulation of information furnished by a customer, or the electronic transfer of or access to that information.

Cooperative direct mail promotional advertising materials and promotional maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus who are exempt from income taxation pursuant to Internal Revenue Code Section 501(c) delivered at no charge by means of interstate carrier, a mailing house, or a United States Post Office to residents of this State from locations both inside and outside the State. (Amendment effective for tax years beginning after 2005).

Material handling systems and material handling equipment used in the operation of a distribution facility or manufacturing facility if at least \$40 million is invested over a five year period.

Parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers. This exemption does not include tools and other equipment not attached to or that do not become a part of the aircraft.

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### South Carolina (Continued)

Disposable medical supplies such as bags, tubing, needles, syringes, which are dispensed by a licensed pharmacist in accordance with an individual prescription written for the use of a human being by a licensed health care provider.

Clothing and other attire worn in clean rooms as defined in Federal Standard 209E.

Machines used in manufacturing, processing, recycling, compounding, mining or quarrying tangible personal property for sale, has been modified to include machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machine which are necessary to comply in the order of an agency of the United States or South Carolina for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by a machine used as provided in this exception.

Audiovisual masters made or used by a production company in making visual and audio images for first generation reproduction.

Sales of machines for use in research and development.

Seventy percent of the gross proceeds of the rental or lease of portable toilets are exempt from the tax.

Prescription medicines used to prevent respiratory syncytial virus are exempt from tax.

Exempt from sales and use tax prescription and over-the-counter medicines and medical supplies, including diabetic supplies, diabetic diagnostic equipment, and diabetic testing equipment sold to a health care clinic that provides medical and dental care without charge to all patients.

Computer equipment used in connection with a technology intensive facility; and electricity used by a technology intensive facility that qualifies for the computer equipment exemption and equipment and raw materials including, without limitation, fuel used by such qualifying facility to generate, transform, transmit, distribute, or manage electricity for use in the technology intensive facility.

Prescription medicines and therapeutic radiopharmaceuticals used in the treatment of rheumatoid arthritis and prescription medicines used to relieve the effects of any such treatment.

Exemption from the tax for the "sale of renewal of a warranty, maintenance, or similar service contract for tangible personal property if the sale or purchase of the tangible personal property covered by the contract is exempt or excluded from the tax.

Tangible personal property purchased by persons under a written contract with the federal government when the contract necessitating the purchase provides that title and possession of the property is to transfer from the contractor to the federal government at the time of purchase or after the time of purchase. This exemption also applies to purchases of tangible personal property which becomes part of real or personal property owned by the federal government or, as provided in the written contract, is to transfer to the federal government. This exemption does not apply to purchases of tangible personal property used or

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### South Carolina (Continued)

consumed by the purchaser.

##### Business Related Exemptions

Toll charges between telephone exchanges, certain access charges, charges for telegraph messages, and automatic tell machine transactions.

Wrapping paper, containers, etc., used incident to the sale and delivery of tangible personal property.

Laundry supplies and machinery used by a laundry or dry cleaning business. The exemption does not apply to coin operated laundromat.

Vacation time sharing plans and exchange of accommodations in which the accommodation to be exchanged is the primary consideration.

50% of the gross proceeds of a modular home regulated under Chapter 43 of Title 23.

Movies sold or rented to movie theaters.

Tangible personal property delivered out of state by South Carolina retailers.

Shipping containers used by international shipping lines under contract with the State Port Authority.

Depreciable assets as part of a sale of an entire business.

Supplies, equipment, machinery, and electricity for use in filming/producing motion pictures.

Postage purchased by a person engaged in the business of selling advertising services for clients consisting of mailing advertising material through the United States mail.

The following items when used by a qualified recycling facility; recycling property, electricity, natural gas, fuels, gasses, fluids and lubricants, ingredients or component parts of manufactured products, property used for the handling or transfer of post consumer waste or manufactured products or in or for the manufacturing process, and machinery and equipment foundations.

Material handling systems and material handling equipment used in the operation of a distribution facility or a manufacturing facility of a taxpayer that invests at least \$35 million in South Carolina.

Parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers. This exemption does not extend to tools and other equipment not attached to or that do not become a part of the aircraft.

Motor vehicle extended service and warranty contracts.

Clothing and other attire required for working in a class 100 or better clean room environment (as defined in Federal Standard 209E).

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### South Carolina (Continued)

Audiovisual masters made or used by a production company.

Machines used in research and development.

Cooperative direct mail promotional advertising materials and promotional maps, brochures, pamphlets, or discount coupons for use by nonprofit chambers of commerce or nonprofit convention and visitor bureaus.

Facilities transmitting electricity that are transferred, sold or exchanged by an electrical utility, municipality, electric cooperative, or political subdivision to a limited liability company subject to regulation under the Federal Power Act and formed to operate or to take functional control of electric transmission assets.

70% of the gross proceeds of the rental or lease of portable toilets.

Sweetgrass baskets made by artists of South Carolina using locally grown sweetgrass.

Computer equipment used in connection with, and electricity and certain fuel used by, a technology intense facility (defined in South Carolina Code Section 12-6-3360(M)(14)(b)) that invests \$300 million over 5 years, creates at least 100 new jobs during the 5 years with an average cash compensation 150% of the per capita income of the State, and spends at least 60% of the \$300 million investment on computer equipment.

Sale or renewal of a warranty, maintenance, or similar service contract for tangible personal property if the sale or purchase of the tangible personal property covered by the contract is exempt or excluded from the sales or use tax.

Gold, silver or platinum bullion or any combination; coins that are or have been legal tender; and currency.

Amusement park rides; parts, machinery and equipment used to assemble, operate and make up amusement park rides; and performance venue facilities and any related or required machinery, equipment and fixtures. A \$250 million investment and creation of 250 full-time jobs and 500 part-time or seasonal jobs over a 5 year period is required.

Tangible personal property purchased by a certified motion picture production company for use in connection with the filming or production of motion pictures in South Carolina for a company planning to spend at least \$250,000 in connection with the filming or production of one or more motion pictures in South Carolina within a consecutive 12 month period. This provision does not apply to: (a) local sales tax levied and collected directly by a local governmental subdivision or (b) the production of television coverage of new and athletic events.

##### Agricultural Exemptions

Livestock.

Feed used to produce and maintain livestock.

Containers and labels used in preparing agriculture products for sale or preparing

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### South Carolina (Continued)

turpentine gum, gum resin, and gum spirits of turpentine for sale.

Farm products sold in their original state of production when sold by the producer.

Building materials, supplies, fixtures, and equipment used to construct commercial housing for poultry or livestock.

##### Educational Exemptions

Newspapers, newsprint paper, and the SC Department of Agriculture Market Bulletin.

Television, radio, and cable TV supplies, equipment, machinery, and electricity.

Zoo plants and animals.

Exhibition rentals for museums (charitable, eleemosynary, or governmental museums) (Use Tax only.)

Purchases of tangible personal property during the State fiscal year 2009-2010 only for use in private primary and secondary schools, including kindergarten and early childhood education programs, are exempt from the use tax if the school is exempt from income taxes under Internal Revenue Code §501 (c)(3). (Use Tax Only).

##### General Public Good Exemptions

Meals provided to elderly or disabled persons at home by nonprofit organizations.

Food sold to nonprofit organizations or food sold or donated by the nonprofit organization to another nonprofit organization.

Meals or foodstuffs prepared or packaged that are sold to public or nonprofit organizations for congregate or in-home service to the homeless or needs or disabled adults over 18 or individuals over 60. This exemption only applies to meals and foodstuffs eligible for purchase under the USDA food stamp program.

Water sold by public utilities and certain non-profit corporations.

Concession sales by nonprofit organizations at festivals.

Sales by nonprofit organizations.

Goods sold to nonprofit hospitals that primarily treat children at no cost to the patient.

Annual sales tax holiday on the first Friday, Saturday, and Sunday in August for personal use clothing accessories, footwear, computers, printers, printer supplies, computer software, bath wash cloths, blanket, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs, pillows, pillow cases, and school supplies.

Sales tax holiday on the Friday and Saturday after Thanksgiving for 2009 only for handguns (as defined in Code Section 16-23-10(1)), rifles and shotguns.

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### South Carolina (Continued)

##### Alternative Energy Exemptions

Any device, equipment, or machinery that is (a) operated by hydrogen or fuel cells, (b) used to generate, produce, or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications, and (c) used predominately for the manufacturing of, or research and development involving hydrogen or fuel cell technologies.

Building material used to construct a new or renovated building in a research district and machinery or equipment located in a research district. The sales tax that would have been assessed must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within 24 months of the exempt purchase.

##### Tennessee

Religious publications used, sold, or distributed to or by religious or charitable institutions.

Films (including negatives), rental of films, typesetting used in the business of printing, transcriptions and recordings to radio and television stations.

Replacement parts of goods transferred without cost.

Automobile transfers between spouses and pursuant to a divorce decree.

Items produced outside the state and stored in Tennessee for use outside the state.

Medical, corrective, or support appliances and devices for the handicapped.

Medical supplies used for intra-venous administration of a prescription. Medicine used in treatment of a patient outside a hospital.

Prescription drugs, medicine and oxygen.

Sales for which the consideration is federal food stamps or coupons.

Sales for which the consideration is a voucher issued under the WIC program.

Repair parts, supplies, and labor used in servicing and maintaining railroad rolling stock.

Agri-sawdust is exempt.

Sales of helicopter, airplane and related equipment to non-residents when the merchandise is to be located outside of Tennessee and is removed within 15 days of the sale is exempt from sales tax. Also repairs and refurbishment services within Tennessee to helicopter is exempt if the equipment is removed from Tennessee within 15 days after repair or refurbishment.

Exempts the repair of certain prosthetics, orthopedic, or other medical equipment.

Exempts certain lift devices designed to permit ingress and egress of handicapped persons confined to wheelchair from their residence.

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Tennessee (Continued)

Exempts the sale of repair parts and supplies to a common carrier for use or the purchasing carriers freight motor vehicle and trailers if the parts and supplies are shipped via the purchasing carrier under a bill of lading and transported to a destination outside Tennessee. The seller or purchasing carrier must be affiliated with one another.

Exempts machinery used in pre-press and press operations in the business of printing, including plates, cylinders, component parts and fluids or chemicals necessary for the specific mechanical or chemical action.

Exempts trailers used to transport horses and livestock.

Exempts farm equipment and machinery replacement parts and labor relative to the repair of the equipment and machinery.

Similarly, repair of farm equipment and machinery is exempt.

Exempts design professionals' sketches, drawings and models used in the development of a prototype for manufacturing.

Exempts from sales tax adaptive equipment for motor vehicle operated by a disabled veteran of the U.S. armed services.

Exemption by 100% credit refund of a sales tax applied on the purchase of pollution control equipment to be used in compliance with federal, state or local pollution control laws. The purchaser of such equipment may apply to the Commissioner of the Revenue for the refund of tax paid.

Exempts any computer software designed for use on the treatment of individuals with a learning disability. The software must be prescribed by a licensed doctor.

Exempts natural gas used by manufacturers of aluminum and aluminum can sheet products.

Effective 1/1/99, a state tax of 8.25% applied on each sale at retail with respect to fees for subscribing to, access to, or use of T.V. programming or television service provider and offered for public consumption. This tax will not apply to changes of less than \$15 provided by a cable T.V. service person or by a provider of wireless cable T.V. services.

A tax of 8.25% will apply to service provided by a provider of direct to home satellite service.

Exempts sales and use of any property that becomes a component part of, or is used exclusively in the application or repair of a spallation neutron source facility which is funded by the United States government and not funded by state funds and located at a national laboratory.

Exempts aircraft moved in the state as part of establishing or relocating a new headquarters facility. Initially set to sunset in 2008, the exemption is extended two years to sunset in 2010.

Exempts sales of motor vehicles to military is replaced and expanded. Exempts

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Tennessee (Continued)

sales of motor vehicles to members of the armed forces stationed in Tennessee and to members of the National Guard and reserves who are called up to active duty. The exemption applies to any active member of the United States Army, Navy, Air Force, Marines, or Coast Guard, or any member of the active guard and reserve program (AGR), who is stationed anywhere in Tennessee or anywhere on the Fort Campbell base. The exemption also applies to a member of the Tennessee national guard or a reservist who has been called to active duty and stationed in a combat zone, with such exemption beginning on the effective date of orders assigning the individual to the combat zone and ending 90 days after the effective date of orders releasing the individual from the combat zone. The exemption applies to motor vehicles that are registered in Tennessee.

The industrial machinery exemption is expanded to include computer systems, computer networks, software, and related peripheral devices when such equipment is used in the operation of a qualified data center. A qualified data center is a newly constructed, expanded, or remodeled building or buildings that house high-tech computer systems and involve a required capital investment in excess of \$250,000,000 during a 3-year period along with the creation of at least 25 net new full-time employee jobs that pay at least 150% of Tennessee's average occupational wage. The bill also applies a reduced sales tax rate of 1.5% on purchases of electricity by a qualified data center.

The repair and maintenance of medical equipment law was modified to clarify that the repair of tax-exempt medical equipment is exempt from the sales and use tax. In addition, components or attachments for single-patient use in conjunction with oxygen delivery equipment, kidney dialysis equipment, and enteral feeding systems are exempt. This became effective June 5, 2008.

A law dealing with exemptions for specified digital products in 2008 (effective January 1, 2009) was passed to provide that the tax on retail sales of digital products does not apply when the equivalent product in tangible form is exempt from sales and use tax. Digital music, digital books, and digital videos provided to the customer without charge on a trial basis are also exempt from tax.

The industrial machinery exemption for specified digital products effective January 1, 2009 provides an exemption for machinery and equipment necessary to convert tangible personal property into taxable specified digital products for resale and consumption off the premises.

Law effective in June 2008 for qualified headquarters credit for use tax on relocated property provides that taxpayers moving tangible personal property into Tennessee in conjunction with establishing a qualified headquarters facility are exempt from the sales and use tax that arises as a result of moving such property into the state, provided that the property was previously used in the operation of the taxpayer's business.

Law dealing with general partnerships for qualified headquarters credit was modified to extend the exemption on farm products to include the sale of farm or nursery products directly from a farmer to a consumer via a nonprofit online farmer's market. This applies to any business plan filed with the Department of Revenue on or after January 1, 2008.

The farming exemption statute was modified effective June 2008 to clarify that

## SALES TAX

### II. Exemptions

#### I. Other exemptions

##### Tennessee (Continued)

those persons in the business of producing and selling agricultural products qualify for the exemptions afforded to a "qualified farmer or nurseryman."

**In-house Software Exemption - (Public Chapter 530, Sections 53-54) -** A new law provided that the "in-house" computer software exemption applies only if the software is created by the taxpayer or its direct employees and does not apply when the software is created by an employee of another company. A "direct employee" is an employee to whom the taxpayer (or with the Commissioner's approval, another entity or affiliate) is obligated to issue a federal Form W-2 and with respect to whom the taxpayer has responsibility for withholding federal employment taxes. The effective date was July 1, 2009.

**Sales of Services Between Affiliates - (Public Chapter 530, Sections 67-68) -** Law in 2009 updated the existing sales and use tax exemption for services provided by one company to an affiliated company by allowing the exemption to apply to any form of entity rather than being restricted only to corporations. This law applies to any applicable transaction occurring on or after January 1, 2009.

**Original Equipment Manufacturer Exemption - (Public Chapter 530, Sections 114-115) -** A new law provided that sales of OEM headquarters company vehicles shall be exempt from the sales and use tax. "OEM headquarters company vehicle" is any motor vehicle subject to registration in accordance with Title 55 that is owned by an OEM headquarters company, whether used for sales or service training, advertising, quality control, testing, evaluation, or other uses approved by the Commissioner, and including motor vehicles provided by the OEM headquarters company for use by eligible employees and their eligible family members. "OEM headquarters company" is defined as an original equipment manufacturer that is engaged in the business of manufacturing motor vehicles and qualifies to receive the credit provided in Tenn. Code Ann. § 67-6-224, or any affiliate thereof. The effective date was June 25, 2009.

## SALES TAX

- 1/ Local taxes are in addition to the general state rate. In Mississippi, a 1/4 of 1% Tupelo Water Procurement Facility tax is levied in the city of Tupelo only.
- 2/ Maximum local tax of \$2500 on single transaction definition.
- 3/ A 1% local option tax, and/or a 1% special purpose county tax, is assessed where applicable; a 1% Metropolitan Atlanta Rapid Transit Authority (MARTA) tax is assessed in Fulton and DeKalb counties only.
- 4/ Parish taxes plus city taxes may not exceed Louisiana's general rate of 4% without legislative approval.
- 5/ County taxes plus city taxes may not exceed 2.75%. Certain categories of services taxed at the state level are exempt at the local level.
- 6/ Local taxes also apply.
- 7/ These agricultural products are exempt if purchased by the farmer.
- 8/ The local tax in most counties applies only to the first \$1,600 on the sale or use of any single article of personal property. A few counties have chosen to retain the \$7.50 maximum local sales tax on the sale or use of any single article of personal property.
- 9/ The suspended rate in effect for 7/1/00 through 6/30/09 is 4%. However, the rate of tax on sales of nonresidential electricity, and natural gas is 2.3%; the rate of tax on sales of non-residential water and steam is 2.8%.
- 10/ Alabama residents pay a utility tax that is similar to a sales tax rate.
- 11/ The sale of the first 500 KWH of electricity per month to each residential customer with annual income under \$12,000 is not taxed.
- 12/ Electricity for chlor-alkali manufacturing processes is excluded from tax. Utilities used by steelworks and blast furnaces with more than one hundred twenty-five full time employees, including coke ovens and rolling mills, which are classified by the Louisiana Department of Labor as SIC 3312 of the Standard Industrial Classification Code are exempt from tax. Electric power, energy and natural gas for paper or wood manufacturing facilities are excluded from tax.
- 13/ Telephones are taxable at the 6% rate; however, telegraphs are exempt.
- 14/ A \$300 maximum tax applies to each item of machinery for research and development.
- 15/ Tax is on cost of materials only.
- 16/ Rentals of more than 30 days are exempt if tax paid on purchase.
- 17/ Farmers/nurserymen are exempt.
- 18/ Sales to forest product/tree growers and harvesters are exempt for off-road equipment. Growing trees and/or harvesting trees must be the person's business' principal activity to qualify.
- 19/ Motor fuel is subject to a prepaid state tax collected by the distributor.
- 20/ Farm implement is now defined as a complete unit that performs a specialized mechanical function and which is identifiable as a specific piece of equipment, that is ordinarily and customarily used on a farm.
- 21/ Effective October 1, 1998, the state's sales and use tax will no longer apply to the sale of eligible food and beverage for off-premises consumption. Local county taxes in effect on October 1, 1996, will continue to apply to the sale of eligible food and beverage. Eligible food and beverage means food as defined by the federal Food Stamp Act.
- 22/ Bad debts incurred after 1999 may be credited.
- 23/ Effective January 1, 2008, the rate applicable to food and food ingredients for human consumption is scheduled to fall to 5.5% (from 6.0%).
- 24/ Sales of food for home consumption are exempt from sales tax. Food sales by restaurants, drive-ins, snack bars, candy and nut counters, private clubs, and similar establishments who furnish facilities for the consumption of the food on the premises are not covered by the "food" exemption and remain taxable at the 4% rate.
- 25/ 68% of the cost price of eligible machinery and equipment is excluded from the state sales tax for the period beginning on 7/1/08 and ending on 6/30/09. For all taxable periods beginning July 1, 2009, the purchase or sale of qualifying M&E will not be subject to state sales or use tax. To qualify for the exclusion, the machinery and equipment must be used by the manufacturer in a plant facility and be used predominantly and directly in the actual manufacturing process. The term "manufacturer" is defined as a person whose principal activity is manufacturing, and who is assigned by the Louisiana Department of Labor a North American Industry Classification code within the agricultural, forestry, fishing, and hunting Sector 11 or manufacturing Sectors 31-33, as they existed in 2002.

Recyclable material merchant wholesalers with shredding facilities who are engaged in manufacturing activities and are assigned a North American Industrial Classification System (NAICS) code of 423930 are eligible for the phased in exclusion for machinery and equipment beginning June 30, 2007. Machinery and equipment used primarily to produce a news publication shall be eligible for the phased in exclusion effective July 1, 2007.

Machinery and equipment used by a motor vehicle manufacturer with a NAICS code beginning with 3361 is excluded from state sales tax.

## SALES TAX

Machinery and equipment purchased by the owner of certain radio stations located within Louisiana is excluded from state sales tax effective .

Machinery and equipment purchased by a utility regulated by the Public Service Commission or the Council of the City of New Orleans, who is assigned a NAICS code 22111, Electric Power Generation, shall be excluded from state sales tax effective July 1, 2008.

26/ Medicine sold by prescription. In order for this exemption to be applicable, the medicine must be of a type that requires a prescription, the sale must require a prescription, and must actually be sold by prescription. As such, sales of medicine to a hospital, nursing home, or a similar institution or doctor are not exempt since such sales do not require a prescription.

Prescription medicines used to prevent respiratory syncytial virus. In order for this exemption to be applicable, the medicine must be of a type that requires a prescription; however, the medicine does not need to be sold by prescription. As such, sales of these medicines (to be used for the above purposes) to a hospital, nursing home, or a similar institution or doctor are exempt.

Prescription medicines and therapeutic radiopharmaceuticals used in the treatment of rheumatoid arthritis, cancer, lymphoma, leukemia, or related diseases. In order for this exemption to be applicable, the medicine must be a of a type that requires a prescription (other than therapeutic radiopharmaceuticals); however, the medicine does not need to be sold by prescription. As such, sales of these medicines and therapeutic radiopharmaceuticals (to be used for the above purposes) to a hospital, nursing home, or a similar institution or doctor are exempt.

Prescription medicines used to relieve the effects of the treatment of rheumatoid arthritis, cancer, lymphoma, leukemia, or related diseases. In order for this exemption to be applicable, the medicine must be of a type that requires a prescription, however, the medicine does not need to be sold by prescription. As such, sales of these medicines (to be used for the above purposes) to a hospital, nursing home or doctor are exempt.

Free samples of prescription medicine distributed by its manufacturer and any use of these free samples. In order for this exemption to be applicable, the medicine must be of a type that requires a prescription.

Medicine donated by its manufacturer to a public institution of higher education for research or for the treatment of indigent patients. This exemption applies to all types of medicines, not just prescription medicines.

Hypodermic needles, insulin, alcohol swabs, blood sugar testing strips, monolet lancets, dextrometer supplies, blood glucose meters, and other similar diabetic supplies. In order for this exemption to be applicable, these items must be sold to a diabetic under the written authorization and direction of a physician.

Disposable medical supplies. In order for this exemption to be applicable, disposable medical supplies such as bags, tubing, needles, and syringes, must be dispensed by a licensed pharmacist in accordance with an individual prescription written for the use of a human being by a licensed health care provider, must be used for the intravenous administration of a prescription drug or medicine, and must come into direct contact with the prescription drug or medicine. This exemption applies only to supplies used in the treatment of a patient outside of a hospital, skilled nursing facility, or ambulatory surgical treatment center. The exemption applies to "disposable" medical supplies sold on or after August 17, 2000 and does not apply to items that are reusable such as electronic pumps and other medical equipment. In addition, the exemption does not apply to supplies, such as gauze, that do not require a prescription in order to be sold to the patient.

Prosthetic devices sold by prescription. In order for this exemption to be applicable, the sale must require a prescription and the device must actually be sold by prescription and the device must replace a missing part of the body. A device that merely replaces a missing function is not exempt. As such, sales of prosthetic devices to a hospital, nursing home, or a similar institution or doctor are not exempt since such sales do not require a prescription.

Dental prosthetic devices. In order for this exemption to be applicable, the device must pertain to dentistry and must replace a missing part of the body. A device that merely replaces a missing function is not exempt. The sale does not require a prescription.

Medicines and medical supplies, including diabetic supplies, diabetic diagnostic equipment, and diabetic testing equipment, sold to a free clinic. In order for this exemption to be applicable, the health care clinic must provide both medical care and dental care without charge to all of its patients.

Prescription drugs dispensed to Medicare part A patients residing in a nursing home. In order for this exemption to be applicable, the medicine must be of a type that requires a prescription (however, the medicine does not need to be sold by prescription), the medicine must be dispensed to a Medicare Part A patient, and the Medicare Part A patient must be residing in a nursing home.

Sales of hearing aids. Code Section 12-36-2120(38) exempts sales of "hearing aids, as defined by Section 40-25-20(5)." Sales of hearing aid batteries and cords are not exempt.

## SEVERANCE AND PRODUCTION TAXES

### I. Oil Severance

Alabama*	8% of gross value at point of production.**  4% of gross value at point of production for wells producing 25 bbls. or less per day.  4% of gross value at point of production of incremental oil production resulting from a "qualified, enhanced recovery project."
Arkansas	5% of value for wells producing more than 10 bbls./day.  4% of value for wells producing fewer than 10 bbls./day.  2 ½ ¢ per bbl for Oil and Brine Museum.
Georgia	Does not impose severance tax on oil and gas production. We do however tax phosphates.
Louisiana	3.125% of the value at time and place of severance for oil wells incapable of producing 10 bbls/day. These wells are exempt if the average value received is less than \$20 per bbl.  12-1/2% of the value at the time and place of severance.  6-1/4% of the value at time and place of severance for oil wells incapable of producing 25 bbls./day.  Wells drilled or recompleted horizontally from which production commences after 7/31/1994, shall have all severance tax suspended for 24 months or until payout of the well is achieved.  The severance tax on production from certified new discovery wells is suspended for a period of 24 months from the date of completion or until payout of cost is recovered. The wells must be spudded after 9/30/1994 and completed before 9/30/2000.  The severance tax on wells drilled to a vertical depth of more than 15,000 feet is suspended for a period of 24 months or until payout of the cost. Production must start after 7/31/1994.  Wells returned to service after being inactive for two or more years or having 30 days or less of production for the past two years are exempt for a period of five years. Application for inactive well certification must be made during the period beginning 7/31/1994 and ending 6/30/2000, or beginning 7/1/2002 and ending 6/30/2010.  The severance tax on approved produced water injection projects is 80% of what the tax would normally be.
Mississippi	6% of value at point of production.  .035¢ per barrel, maintenance tax collected by the Oil and Gas Board.  Oil produced by <u>any</u> enhanced oil recovery method approved and permitted by the State and Gas Board on or after April 1, 1994, shall be assessed a reduced tax rate of 3% of the value of the oil at the point of production.
South Carolina	Does not impose severance tax on oil and gas production.

## SEVERANCE AND PRODUCTION TAXES

### I. Oil Severance (Continued)

#### Tennessee

3% of the sales price of oil removed from the ground. A drilling fee of \$50 is required before drilling any well.

### II. Gas Severance

#### Alabama\*

8% of gross value at point of production.\*\*

4% of gross value at point of production for wells producing 200 MCF or less per day

4% of gross value at point of production for onshore or offshore development wells producing at depths greater than 18,000 feet below mean sea level, and permitted on or after 7/1/88.

4% of gross value at point of production of incremental gas production resulting from a "qualified, enhanced recovery project."

Effective with May 2009 production offshore wells producing at depths greater than 8,000 feet are taxed at 3.65% of the gross proceeds. Offshore wells producing at depths less than 8,000 feet will be taxed at 4% or at 6% if producing greater than 200 MCF per day.

#### Arkansas

(Natural Resources, Severance Tax) Effective January 1, 2009 marginal wells - 1.25% of market value; high cost wells - 1.5% of market value; and conventional wells - 5% of market value.

#### Georgia

Does not impose severance tax on oil and gas production.

#### Louisiana

28.8¢ per 1,000 cubic feet at 15.025 pounds pressure per square inch. The rate will be indexed annually, based on gas prices for the preceding 12 months.

3¢ per 1,000 cubic feet on low-pressure oil-well gas.

.013¢ per 1,000 cubic feet for gas wells incapable of producing an average of 250,000 cubic feet/day.

Wells drilled or recompleted horizontally from which production commenced after 7/31/1994, shall have all severance tax suspended for 24 months or until payout of the well is achieved, whichever comes first.

The severance tax on wells drilled to a vertical depth of more than 15,000 feet is suspended for a period of 24 months or until payout of cost, whichever comes first from the date production begins where production occurs after 7/31/94.

The severance tax on approved produced water injection projects is 80% of what the tax would normally be.

Wells returned to service after being inactive for two or more years or having 30 days or less of production for the past two years are exempt for a period of five years. Application for inactive well certification must be made during the period beginning 7/31/1994 and ending 6/30/2000, or beginning 7/1/2002 and ending 6/30/2010.

#### Mississippi

6% of value at point of production.

Maintenance tax of \$.004 per 1,000 cubic feet (collected by the Oil and Gas Board).

## SEVERANCE AND PRODUCTION TAXES

### II. Gas Severance

(Mississippi Continued)

Sales of fuel taxed at 7% or 1-1/2% to manufacturers.

Sale to consumers taxed at 7%.

South Carolina Does not impose severance tax on oil and gas production.

Tennessee 3% of the sales price of gas removed from the ground.

### III. Limestone, sand, gravel, dirt, coal, lignite, or other mineral or natural resource products except timber, oil, natural gas, and salt.

Alabama\* 33.5¢ per ton on coal.

3¢ per (2240 lbs.) on iron ore.

Various rates on different types of forest products.

10¢ per ton on sand, gravel, sandstone, granite, shale, clay, dolomite, limestone, and any other natural mineral that is not specifically exempt.

Coosa County 25¢ per ton on sand, clay, silt, loam, dirt, gravel rock, sand-gravel, sand-clay.

Jackson and Marshall counties 20¢ per ton on coal.

Arkansas 1.5¢ per ton on chemical grade limestone, silica sand and dimension stone, gypsum (not used for manufacturing within Arkansas into ultimate consumer goods).

1¢ per ton on agri-lime stone.

4¢ per ton on sand and gravel.

10¢ per ton on coal.

2¢ per ton on lignite and iron ore.

15¢ per ton on barite, Bauxite, titanium ore, manganese, manganese ores, zinc ore, cinnabar, and lead ore.

4¢ per ton on crushed stone, clay, chert, granite, nonvaculite, chalk, shale, limestone and marl.

On diamonds, fuller's earth, ochre, natural asphalt, native sulphur, salt, pearls, and other precious stones, whetstone and all other natural resources not otherwise specifically identified under the severance tax laws of this State, except mussel shells, five percent (5%) of market value of the time of severance.

\$2.45 per ton on barrels of brine (salt water) produced for Bromine production.

30¢ per 1,000 barrels of brine produced for the Oil Museum Fund.

Timber severance 178¢ per ton of pine timber and 125¢ per ton of all other timber.

Georgia Georgia does not impose any severance tax.

## SEVERANCE AND PRODUCTION TAXES

### III. Limestone, sand, gravel, dirt, coal, lignite, or other mineral or natural resource products except timber, oil, natural gas, and salt. (Continued)

Louisiana	\$1.03 per long ton (2,240 pounds) of sulfur.
	10¢ per ton on coal.
	12¢ per ton on lignite.
	10¢ per ton on ores.
	20¢ per ton on marble.
	3¢ per ton on stone.
	6¢ per ton on sand.
	6¢ per ton on shells.
	0.5¢ per ton on salt content in brine extracted or produced in solution from soil or water used in production of other products and not marketed as salt.
Mississippi	
South Carolina	South Carolina does not impose any severance tax.
Tennessee	50¢ per ton on coal.***
	15¢ per ton local tax on minerals.

\*The state of Alabama imposes both a severance and a production tax. The production tax is equal to 2% of the gross value at the point of production for both oil and gas production. The production tax for offshore wells producing from depths greater than 8,000 feet has been changed to 1.65% of the gross proceeds of the oil or gas effective with May 2009 production. For any well initially permitted by the Oil and Gas Board on or after 7/1/1996 and prior to 7/1/2002, both of the applicable tax rates were reduced by 50% for a period of 5 years from first production.

\*\* For any shore well for which the initial permit issued by the Oil and Gas Board was dated on or after June 1, 1988, except a replacement well for a well for which the initial permit issued by the Oil and Gas Board was dated before 7/1/88, the rates are reduced by 2%.

\*\*\*The Tennessee coal severance tax rate was increased to \$.50 per ton (from \$.20/ton) on or after 7/1/09 through 6/30/11; \$.75/ton 7/1/11 through 6/30/13; and \$1.00/ton on and after 7/1/13.

## TOBACCO TAXES

### I. State Sales or Privilege Tax

#### A. Cigarettes (per pack of 20)

Alabama	42.5¢
Arkansas	\$1.15 (Effective 3/1/09).
Georgia	37¢
Louisiana	36¢ (Effective 8/1/02 through 6/30/12).
Mississippi	68¢
South Carolina	7¢
Tennessee	62¢ (plus .0005¢ per package on dealers and distribution).

#### 1. County

Alabama	1¢-25¢
Arkansas	None
Georgia	None
Louisiana	None
Mississippi	None
South Carolina	None
Tennessee	None <sup>2/</sup>

#### 2. City

Alabama	1¢ - 20¢
Arkansas	None
Georgia	None
Louisiana	None <sup>3/</sup>
Mississippi	None
South Carolina	None
Tennessee	None <sup>2/</sup>

#### B. Other Tobaccos

Alabama	4¢ - 21¢ per package smoking tobacco. *Based on weight. 6¢ additional tax for each ounce or fractional part over 4 ounces.
	1 1/2¢ per ounce or fractional ounce of chewing tobacco. *Based on weight.
	1¢ - 8¢ per container of snuff. *Based on weight. 12¢ additional tax for each ounce or fractional part over 6 ounces.
	.003 - .0405¢ per cigar. *Based on retail price. 4¢ for each ten little cigars.

## TOBACCO TAXES

### I. State Sales or Privilege Tax

#### B. Other Tobaccos (Continued)

Arkansas	68% of manufacturer's selling price. (Effective 3/1/09).
Georgia	\$.0025 each on little cigars weighing not more than 3 lbs/1,000. 23% of wholesale cost price on all other cigars. 10% of the wholesale cost price on loose or smokeless tobacco.
Louisiana	33% of invoiced price of smoking tobacco. 20% of invoice price of smokeless tobacco. 8% of invoiced price up to \$120 per 1,000 cigars and 20% of invoiced price over \$120 per 1,000 cigars.
Mississippi	15% of manufacturer's list price.
South Carolina	5% of manufacturer's list price for smoking tobacco. 5% of manufacturer's list price for snuff and chewing tobacco.
Tennessee	6.6% of wholesale cost price.

### II. Exemptions

Alabama	Sales to dealers in other states. Sales to purchaser for resale exclusively in other states. Sales to the U.S. government. Sales to ships engaging in foreign or coastal commerce.
Arkansas	Tobacco products given to inmates of correctional institutions or patients of hospitals by any patriotic or charitable organizations or by U.S. government. Soft Drink Tax - 21¢ per gal. bottled soft drink, \$2.00 per gal. syrup, and 21¢ per gal. equivalent powders and bases. Waste Tire Fee - \$2.00 per automobile, truck, or specialty tire with an additional \$3.00 per larger truck tires. Also a \$1.00 per tire on imported waste tires. Amusement Machines (coin operated) - 1-3 machines a yearly permit of \$500.00. 4 or greater number of machines a yearly permit of \$1,000.00. Per machine decal or license a yearly \$5.00. Carnival - 1-3 machines a monthly permit @ \$75.00 per month. 4 or more machines a monthly permit at \$150.00 per month per calendar year. Per machine decal or license \$5.00. (Surety bonds are required prior to getting permits). Those operating carnival and/or fair amusement devices for over three months must obtain an annual permit paying applicable yearly permit amount, decals and have the larger bond amount. Promotion taxes, fees and/or assessments - Beef promotion \$1.00 per head sold. Brucellosis \$1.00 per head sold.

## TOBACCO TAXES

### II. Exemptions

#### Arkansas (Continued)

Pseudorabies \$1.00 per head sold of spent bores and sows.

Soybean \$.005 times market value.

Rice \$.135 per bushel.

Corn and sorghum 1¢ per bushel.

Wheat 1¢ per bushel.

Cat fish feed \$.99 per ton.

Alternate Fuels and Weather Act \$.001 per kilowatt hour assessed.

Cigarette Papers Tax 25¢ per package of approximately thirty-two (32) sheets.

#### Georgia

Sales purchased exclusively for use by patients at Georgia War Veterans Home and the Georgia War Veterans Nursing Home.

#### Louisiana

Sales of smoking and chewing tobacco purchased for inmates of state institutions. (Does not include cigarettes or cigars).

Sales to the federal government, provided permission is obtained from the Secretary of Revenue.

Sales sold out of state.

Sales to ships engaged in foreign commerce.

#### Mississippi

Interstate sales.

Sales to the federal government.

Sales to charitable organizations.<sup>4/</sup>

Mid-stream sales on the Mississippi and Tennessee rivers or in the intercoastal waterway.

#### South Carolina

Interstate sales.

Donations to the federal government.

#### Tennessee

Twist tobacco made by the grower for his own use.

1/ If the federal cigarette tax is reduced, the state tax will be increased by the amount of the federal tax reduction.

2/ Local option to tax in state authorized but not in practice in any locality.

3/ A 20% ad valorem tax was imposed on all tobacco products in New Orleans until 11/93 when it was ruled unconstitutional.

4/ Exempt tobacco may be donated to charitable organizations if it is to be donated to inmates of a public institution.

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