DOAA
Georgia Department of Audits & Accounts

Greg S. Griffin
State Auditor

January 16, 2024

Honorable Samuel Park
State Representative
609 Coverdell Legislative Office Building
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill (LC 44 2499)

Dear Representative Park:

The bill would increase the maximum tax credit amount for qualified caregiving expenses under O.C.G.A. § 48-7-29.2 from $150 to $1,000, subject to the family caregiver's income tax liability. It would also update the definitions of a qualifying family member and a qualified caregiving expense. The bill would be effective January 1, 2025.

Impact on State Revenue

Georgia State University's Fiscal Research Center (FRC) estimated that the bill would reduce state revenue as shown in **Table 1**. The reduction is attributable to the increase in the credit amount and no material impact is expected as a result of the change in the definition of a qualifying family member. The appendix provides details of the analysis.

Table 1. Estimated State Revenue Effects of LC 44 2499

($ *millions*)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Estimate	($3.39)	($3.46)	($3.54)	($3.61)	($3.69)

Impact on State Expenditures

The Department of Revenue would be able to implement the provisions of the bill without additional funding.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

Under current law, O.C.G.A. § 48-7-29.2 outlines a tax credit for qualified caregiving expenses, where a taxpayer is allowed a tax credit up to a maximum of $150 or the taxpayer's income tax liability, whichever is less. An unused credit is not allowed to be carried forward to future tax years. The qualified caregiving expenses are applicable to a qualifying family member who is either 62 years or older or who has been determined to be disabled by the Social Security Administration.

The proposed bill would increase the maximum tax credit from $150 to $1,000 and add to the definition of a qualifying family member to include a dependent of the family caregiver who is 18 years or older and requires assistance with daily living activities (as defined in the bill) as determined by a licensed physician, physician assistant, or nurse practitioner. Using American Community Survey (ACS) data for the year 2021 from the Census and 2021 data from the Annual Statistical Report on the Social Security Disability Insurance Program, we conclude that the broader definition of a qualifying family member does not impact (or increase) the number of eligible taxpayers with qualifying family members.

To generate the revenue impact estimates of this bill, we use administrative tax return data from the Department of Revenue (DOR) for TY 2020 and the DOR Tax Expenditure Report for FY 2023–25, which we extend through FY 2030 based on the growth trend in 2021 and 2022. Additionally, we utilize Genworth Cost of Care Survey 2021 data for background information on the cost of care of the elderly and disabled.

The data and assumptions used to estimate the revenue impact of the proposed bill are as follows in steps.

- Under the proposed legislation, family caregivers are entitled to a tax credit of up to 10 percent of their total qualified caregiving expenses, capped at a maximum of $1,000. This implies that caregivers incurring annual expenses of $10,000 or more for elderly or non-elderly disabled care in Georgia would be eligible for the maximum credit of $1,000. Utilizing the 2021 Genworth Cost of Care Survey's finding that average annual home care costs in Georgia amount to approximately $52,000, we assume each eligible taxpayer will earn in credit the $1,000 or their income tax liability, whichever is less.
- For the increased cap of $1,000, we simulate a credit utilization rate of 83.3 percent using the administrative tax return data from the DOR for TY 2020.
- Combining the above credit utilization rate of 83.3 percent with the increased generated credit amounts, we arrive at the tax expenditure estimate in the base year of 2022. We then project these tax expenditure estimates forward using the average growth rate trend from DOR Tax Expenditure Report numbers in 2021 and 2022.

These data and assumptions are used for the pro forma increase in credit eligibility.

Table 2. Baseline and Pro Forma Tax Expenditure Estimates

($ *thousands*)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Current-Law Baseline	$679.4	$696.4	$711.5	$727.0	$742.8
Pro Forma	$4,070.1	$4,158.5	$4,248.9	$4,341.2	$4,435.5