



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 27, 2025

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

SUBJECT: Fiscal Note
House Bill (LC 50 0988)

Dear Representative Park:

The bill would provide a tax credit for clean energy production. The tax credit is available to eligible persons or businesses producing electricity at qualified facilities with net greenhouse gas emissions not exceeding zero. The tax credit equals 3 cents per kilowatt-hour (KWh) of electricity produced and sold to an unrelated party—or consumed or stored, if metered by an unrelated party.

A qualified facility must be located in Georgia and placed in service after July 1, 2025. A qualified facility is eligible for the credit for up to 10 years from the date of operation. A facility is not eligible in a taxable year in which it claims a clean energy investment state tax credit. However, if a facility claims the investment tax credit in the year it is placed in service, it may still qualify for the production tax credit beginning in the following taxable year and continue receiving it for the remainder of the 10-year period, provided it meets all other requirements.

The bill would be applicable to all tax years beginning on or after January 1, 2026. Credits cannot exceed the taxpayer's income tax liability for the current year, and unused credits may be carried forward for up to three years.

Finally, the Department of Natural Resources' Environmental Protection Division (EPD) would be required to annually publish greenhouse gas emission rates for type of facilities.

Impact on Revenue

Georgia State University's Fiscal Research Center (FRC) estimated that the bill would decrease state revenue as shown in **Table 1**. The appendix provides details of the analysis.

Table 1. Estimated Revenue Impact of LC 50 0988

<i>(\$ millions)</i>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Low Estimate	(\$90.5)	(\$178.5)	(\$259.4)	(\$356.3)	(\$442.5)
High Estimate	(\$123.6)	(\$222.8)	(\$305.6)	(\$419.2)	(\$514.8)

Impact on Expenditures

The Department of Revenue (DOR) would be able to implement the bill with existing resources; however, it noted that changes to information systems would take approximately 12 weeks, equating to \$146,000 in staff time.

EPD estimated an annual cost of approximately \$79,000 to create the greenhouse gas table. The cost includes \$59,000 for the salary and benefits of engineer at 0.5 FTE. EPD also estimated approximately \$20,000 for a consultant with expertise with greenhouse gas emissions.

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

Key provisions of LC 50 0988:

1. Qualified Facility Requirements

- Must be located in Georgia and placed in service after July 1, 2025.
- Must have a greenhouse gas emissions rate not greater than zero.
- A facility cannot claim this credit in any taxable year in which it also claims a state clean energy investment tax credit.

2. Tax Credit Amount and Eligibility Period

- The credit is 3 cents per kilowatt-hour (KWh) of electricity produced and sold to an unrelated party.
- If the facility has a metering device owned by an unrelated party, the credit applies to produced, consumed, or stored electricity.
- The credit applies for up to 10 years from the date the facility was placed in service.

3. Carryforward and Transferability

- The credit is non-refundable.
- Unused credits may be carried forward for up to three years.
- Credits may be transferred or sold subject to conditions specified.

4. Eligibility of Non-Utility Solar Producers

- The bill does not limit eligibility to traditional utilities.
- Any business, individual, or entity that generates electricity at a qualified facility can earn credits if:
 - Their facility meets the zero greenhouse gas emissions requirement.
 - The electricity is metered by an unrelated third party.
 - The electricity is sold to an unrelated party or, if independently metered, self-consumed or stored.

Large-Scale Renewable Energy Expansion Plans in Georgia:

1. Georgia Power’s (GP) renewable expansion plan, explained in their 2022 and 2023 Integrated Resource Plan (IRP), sets a goal of 10,000 megawatts (MW) of new renewable sources by 2035.
2. Municipal Electrical Authority of Georgia (MEAG) proposed 80 MW to be online in 2026.
3. Georgia EMC projected 440 MW to be online in 2027.

As the largest electric utility in Georgia, GP provides service to customers in 156 out of the 159 counties in the state. It is likely GP will grow faster than others, due to its location in more urban areas, particularly metro Atlanta. Using the GP renewable energy plan’s average annual growth of 25 percent as a guide, it is estimated that the average annual growth of the other sources is 10 percent. Based on this information, Table 2 presents the cumulative installed capacity for 2026–30, with low and high projections coming from GP’s 2022 IRP.

Table 2. Projected Renewable Cumulative Installed Capacity (Facility Capacity > 5 MW)

(MW)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Low Estimate	1,364	2,587	3,802	5,186	6,432
High Estimate	1,868	3,261	4,505	6,144	7,533

Based on a report, “Solar in the Southeast,” from the Southern Alliance for Clean Energy, we assume that these renewable sources are solar based. According to the U.S. Energy Information Administration (EIA), utility-scale solar photovoltaic (PV) power plants in the United States operate at about 25

percent of their electricity generating capacity, on average over a year. Applying this percentage to the projected installed capacity, we arrive at Georgia’s annual energy production in MWh (Table 3).

Table 3. Annual Energy Production (Facility Capacity > 5 MW)

(MWh)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Low Estimate	2,986,065	5,664,435	8,326,161	11,356,333	14,085,519
High Estimate	4,089,825	7,140,495	9,865,731	13,454,353	16,496,709

Because one MWh would represent a tax credit of \$30, we apply this rate to the total clean energy produced to calculate the revenue impact of these renewable expansion plans for the state, presented in Table 1 together with credits from smaller facilities discussed below. According to GP and Georgia EMC public records, in 2023 they paid \$1 billion and \$139 million in taxes, respectively. Consequently, all the credits generated are expected to be utilized, with no carryforwards for the following years. Table 4 shows the estimated amounts of these credits for the larger utilities with capacity greater than 5 MW.

Table 4. Credits Claimed (Facility Capacity >5 MW)

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Low Estimate	\$89.6	\$169.9	\$249.8	\$340.7	\$422.6
High Estimate	\$122.7	\$214.2	\$296.0	\$403.6	\$494.9

We incorporate a combined generation capacity of 282 MW for facilities with a capacity of less than 5 MW as a baseline and project future growth by applying an average annual growth rate of 40 percent for small-scale solar PV and 12 percent for facilities ranging from 1 MW to 5 MW (Table 5), along with their corresponding annual production estimates (Table 6).

Table 5. Projected Renewable Cumulative Installed Capacity (Facility Capacity <5 MW)

(MWh)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Capacity	44	201	289	316	437

Table 6. Annual Energy Production (Facility Capacity < 5 MW)

(MWh)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Production	97,333	439,168	632,028	691,519	957,643

Table 7 shows the amount of credits claimed by small producers. It is net of the small carryforwards that these producers could claim for their investment in clean energy provided in LC 50 9089. These figures are then combined with estimates for facilities exceeding 5 MW to determine the total revenue impact of this bill, as shown in Table 1.

Table 7. Credits Claimed (Facility Capacity <5 MW)

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Credits Generated	\$0.9	\$8.6	\$9.6	\$15.6	\$19.9