DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 4, 2025

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

SUBJECT: Fiscal Note
House Bill (LC 50 0989)

Dear Representative Park:

The bill would provide a tax credit for investments in clean energy, including renewable energy facilities and energy storage technologies. It applies to individuals or businesses making qualified investments in clean energy facilities or energy storage technologies in Georgia and excludes those in default on state tax or loan obligations. The tax credit equals 6 percent of the qualified investment for the taxable year.

Qualified investment includes the cost of tangible personal property, not including a building or its structural components, that are an integral part of a qualified facility directly involved in clean energy production. In addition, qualified investment includes the basis of qualified energy storage technologies as well as capital expenditures for qualified interconnection property in connection with a qualified facility with a maximum output of no greater than 5 megawatts (MW).

Facilities that qualify must be Georgia-based, electricity-generating facilities placed in service after July 1, 2025, and must have net-zero greenhouse gas emissions. Only otherwise-qualified investments made in tax years beginning on or after January 1, 2026, qualify for the credit. Tax credits cannot exceed the claimant's tax liability for the year, and unused credits may be carried forward for up to three years. The bill would be applicable to all tax years beginning on or after January 1, 2026.

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 0989

(*in millions*)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Low Estimate	($13.1)	($42.3)	($60.8)	($63.0)	($65.8)
High Estimate	($14.7)	($52.7)	($93.5)	($115.2)	($122.1)

Impact on Expenditures

The Department of Revenue (DOR) would be able to implement provisions of the bill with existing resources. However, changes to information system would require 12 weeks, equating to approximately $146,000 in staff time.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

According to IRS data on Federal Residential Energy Credits from the Inflation Reduction Act of 2022, the residential clean energy credit utilized in Georgia in 2023 amounted to $97.1 million. This figure was derived based on 30 percent of the total investment of $323.3 million. Applying Georgia's 6-percent credit rate to this investment results in an estimated $19.4 million in 2023, which serves as the reference year for our projections. To forecast future growth, two scenarios are considered both based on IBISWorld projections of revenue for the U.S. solar installation industry through 2030. A high-growth scenario that assumes a 7.5 percent annual increase, and a low-growth scenario that assumes a 5.5 percent. Table 2 presents the projected credit amounts generated from calendar year (CY) 2026–30 under these scenarios.

Table 2. Annual Cost of Residential Investment in Clean Energy

($ *millions*)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Low Estimate	$24.6	$26.5	$28.6	$30.8	$33.3
High Estimate	$26.0	$28.6	$31.4	$34.5	$37.9

Table 3 shows the credit utilization based on investment amounts in Table 2. Based on the IRS data, 70 percent of the federal residential clean energy credit is carried forward to the following year. Applying the same carryforward pattern to the potential Georgia credit, assuming further that the remaining 70 percent is utilized within the three-year carryforward period, generates the following estimated cost to the state for the residential credits.

Table 3. Cost to the State of Georgia for Residential Investment

($ *millions*)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Low Estimate	$7.4	$16.5	$26.5	$28.5	$30.8
High Estimate	$7.8	$27.5	$42.1	$50.6	$60.7

With respect to commercial solar investment, the U.S. Energy Information Administration (EIA) reports that small-scale solar photovoltaic (PV) facilities (with capacities below 1 MW) in Georgia produce an average of 30,000 megawatt-hours (MWh) per month. To sustain this level of generation, an installed capacity of 222.22 MW is necessary, assuming six peak sunlight-hours per day and a system efficiency of 75 percent.

As of December 2024, Georgia had 23 solar facilities with capacities ranging from 1 MW to 5 MW, collectively contributing 60 MW of generation capacity. This represents only 3 percent of the total solar capacity in the state for facilities exceeding 1 MW.

Regarding the expansion of large-scale renewable energy in Georgia, Georgia Power's (GP) renewable energy development plan, included in its 2022 and 2023 Integrated Resource Plans (IRP), sets a target of 10,000 MW of new renewable capacity by 2035. Additionally, the Municipal Electrical Authority of Georgia (MEAG) has proposed 80 MW to become operational by 2027, while Georgia EMC has planned for 440 MW to be online in the same year. Based on these projections, large-scale renewable capacity in Georgia is assumed to be 1,616 MW in 2026.

Using data from the EIA, it is assumed that growth in net generation capacity for small-scale solar PV will be 40 percent per year, and for facilities between 1 MW and 5 MW, growth will be 12 percent per year. These growth rates were applied to the installed capacity of these facilities and added to the projections for large-scale solar facilities. This methodology leads to the installed commercial capacity projections presented in Table 4 for CY 2026–30.

In order to project the amount of new solar capacity placed in service (PIS) the individual IRPs referenced above were used. Taken together, the amount of planned increases in capacity and planned

time period was used the establish the trend solar power generation though 2030 in addition to the estimated 1,616 MWs in 2026. This trend was then used to calculate the new power generation PIS in each year. This PIS new power generation for all size projects are in table 4.

Table 4. Total Commercial Capacity Placed in Service After July 1, 2025

(MWh)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
New Solar Capacity PIS	1,353.1	1,400.5	929.2	1,232.8	1,084.9

According to the Solar Energy Industries Association (SEIA), the estimated installation cost for commercial solar ranges between $0.77 and $0.89 per watt. By applying these low- and high-cost estimates to the projected PIS installed capacity, the cost of newly installed capacity eligible for the credit is estimated, as displayed in Table 5.

Table 5. Commercial Renewable Investment in Georgia

($ *millions*)	CY 2026	CY 2027	CY 2028	CY 2029	CY2030
Low Estimate	$1,041.9	$1,109.7	$752.4	$1,022.2	$920.3
High Estimate	$1,204.2	$1,282.6	$869.6	$1,181.5	$1,063.7

Applying the 6-percent tax credit rate to the investment cost and the same carryforward as in the residential case yields the following credit utilization projections arising under the proposed bill from commercial investment in renewable energy.

Table 6. Commercial Renewable Energy Investment Credit Utilization

(*in millions*)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Low Estimate	$18.8	$41.9	$36.8	$34.2	$38.0
High Estimate	$21.7	$48.4	$69.0	$68.7	$64.2

The revenue impact to the state of this bill, presented in Table 1, is the summation of the estimates in Table 3 and Table 6, converted to fiscal years using a 50-50 fiscal split assumption. Full FY's impacts begin in FY 2027 and high and low fiscal estimate for FY 2026–30 are in table 1.