DOAA
Georgia Department of Audits & Accounts

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State Auditor

March 18, 2025

Honorable Shaw Blackmon
Chairman, House Ways and Means
133 State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill 425 (LC 50 1179S)

Dear Chairman Blackmon:

The bill would create a tax credit for certain businesses that purchase generators between July 1, 2025, and December 31, 2026. Qualifying businesses include skilled nursing facilities and certain convenience stores. To qualify, convenience stores must have less than 10,000 square feet of retail floor space, must sell packaged or unprepared food and grocery items for consumption off-premises, and may sell fuel, household items, or tobacco products.

Tax credits are based on expenditures to buy and install an emergency power generator and its related components. Credits must be claimed on tax year (TY) 2026 returns and utilized against up to $5,000 of tax liabilities per year. Unused credit amounts cannot be carried forward beyond five years. Aggregate credits cannot exceed $5 million.

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 State Revenue Effects

($ *millions*)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Impact	($0.63)	($1.25)	($1.25)	($1.25)	($0.63)

Impact on Expenditures

The Department of Revenue (DOR) would be able to implement the provisions of the bill with existing resources. However, changes to information systems would require 16 weeks, equating to $181,000 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

The subject bill proposes to establish tax credits based on the purchase and installation of power generators for skilled nursing facilities and convenience stores. The fiscal impacts detailed in Table 1 are based on the following data, assumptions, and calculations:

- Data from the Georgia Department of Community Health (DCA) indicate that Georgia currently has 350 provider facilities with skilled nursing listed as their primary specialty.
- DCA data also indicate that 73.2 percent of nursing facilities overall have a for-profit ownership structure and thus potentially have state income tax liability against which they could utilize the credits. The estimate assumes that there are approximately 256 for-profit skilled nursing facilities operating in Georgia.
- The Centers for Medicare and Medicaid Services (CMS) require that skilled nursing facilities have emergency power sources, typically generators. With this requirement in place, generator purchases qualified under this bill are expected to be limited to replacement generators and generators for new facilities.
- According to the National Association of Convenience Stores (NACS), there are 7,053 convenience stores operating in Georgia; 60 percent of those have single-store operators, and 80 percent sell fuel.
- According to multiple industry sources online, a typical generator installation for a convenience store would require a 50KW commercial diesel generator. This is expected to be the most typical setting for the investment that will qualify for this credit program. These systems can range from $10,000–$50,000. Within the industry, $300 per kilowatt (KW) is considered a usual price expectation, or $15,000 for a 50KW commercial system.
- These same industry sources indicate that installation can range from $4,500 to $10,000. The estimate assumes that the average per-location expenditure for projects that qualify for this credit program will be $20,000.

At the $20,000 average expenditure, only 334 locations out of over 7,000 would be required to reach the cap of $5 million. Thus, the analysis assumes that pre-approvals will easily reach the $5 million maximum.

Because annual credits per taxpayer are capped at $5,000, utilization of the average $20,000 credit is assumed to be spread over the first four years from earning of the credit. Table 2 describes the aggregate generation and utilization of credits between TY 2026–30.

Table 1. Generated and Utilized Gas Station and Skilled Nursing Facility Credits

($ *millions*)	TY 2026	TY 2027	TY 2028	TY 2029	TY 2030
Generated	$5.0	-	-	-	-
Utilized	$1.25	$1.25	$1.25	$1.25	-

The analysis also assumes that business taxpayers will adjust their quarterly estimated tax payments upon pre-approval for credits, thus a 50-50 fiscal split starting in FY 2026 is assumed. The resulting fiscal impacts for FY 2026–30 are shown in Table 1.