



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 6, 2025

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

SUBJECT: Fiscal Note
House Bill 112 (LC 59 0029-EC)

Dear Chairman Blackmon:

The bill would provide a personal income tax rebate of a portion of tax year 2023 income taxes paid, subject to filing of a 2024 income tax return in the state. The rebate would be \$250 for those filing as single or married filing separate, \$375 for head of household, and \$500 for a couple filing jointly. The amount cannot exceed a filer's 2023 income taxes paid. Rebates for part-year or nonresident filers would be prorated using the ratio of income subject to Georgia taxation to total income.

To qualify for the rebate, a taxpayer must have timely filed a Georgia income tax return for both TY 2023 and TY 2024 and cannot have been claimed as a dependent on another taxpayer's federal or state tax return for TY 2023. Estates and trusts are also excluded.

Impact on State Revenue

Georgia State University's Fiscal Research Center (FRC) estimated that the bill would have a one-time cost of approximately \$1.177 billion. It is expected that 90 percent or more of the payments would occur in FY25, though the timing depends on the date of enactment and the ability of DOR to process payments as tax returns are filed. Details of the FRC analysis are included in the appendix.

Impact on State Expenditures

The Department of Revenue would be able to implement the bill with existing resources.

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 provide a personal income tax rebate of a portion of tax year (TY) 2023 income taxes paid, subject to filing of a 2024 income tax return in the state. The rebate will be \$250 for those filing as single or married filing separate, \$375 for head of household, and \$500 for a couple filing jointly, but in no case more than the filer's 2023 income taxes paid. For part-year and nonresident filers, the rebate would be prorated using the ratio of income subject to Georgia taxation to total income as reported on Schedule 3 of the filer's TY 2023 Georgia tax return.

To qualify for the rebate, a taxpayer must have timely filed a Georgia income tax return for both TY 2023 and TY 2024, and cannot have been claimed as a dependent on another taxpayer's federal or state tax return for TY 2023. Estates and trusts are also excluded.

Estimation was done using TY 2021 and TY 2022 administrative tax return data from the Department of Revenue (DOR) to simulate tax liability under 2023 law as well as the rebate for which the filer would be eligible based on 2023 tax paid. The aggregate amount of net rebate payments resulting from the simulation on TY 2021 data are further adjusted assuming an increase in filers of 1.9 percent per year to TY 2023, the average rate of growth in returns filed in CY's 2019–23, according to the DOR Annual Statistical Report for FY 2023.

Payment of the rebates are expected to be made primarily during FY 2025, though the timing would depend on the final date of enactment and DOR's ability to validate and process the payments after returns are filed. The remaining rebates, likely as much as 10 percent based on the timing of payments of previous rebates, would be paid in FY 2026, though for filers receiving filing extensions for TY 2023 or TY 2024, rebate payments would be delayed until those returns are filed and processed.

The estimated aggregate cost of these one-time rebates is \$1,177 million.