DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 30, 2025

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

SUBJECT: Fiscal Note
House Bill (LC 59 0048)

Dear Representative Park:

The bill would amend the existing tax credit for qualified child and dependent care expenses to increase the match of the federal credit from 30 percent to 100 percent and make the credit refundable. The bill would be effective for tax years beginning on or after January 1, 2025.

Impact on State 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 of LC 59 0048

($ *millions*)	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
Net Revenue Effect	($102.3)	($103.9)	($105.4)	($106.9)	($108.5)	($110.0)

Impact on State Expenditures

The Department of Revenue (DOR) would incur additional one-time and annual costs associated with the bill (**Table 2**). Annual costs include approximately $72,600 for a tax examiner (salary and benefits) and $303,000 for printing and postage, primarily for notices and assessments with the Audits Division. One-time costs include a computer and accessories for the tax examiner.

Table 2. DOR Costs

	One-Time Costs	**Annual Costs**
Staffing (Tax Examiner)	$2,025	$72,600
Printing/Postage	$0	$303,000
Total	**$2,025**	**$375,600**

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

The bill proposes to amend O.C.G.A. § 48-7-29.1, the existing qualified child and dependent care expense credit, by increasing the match of the federal credit under IRC Section 21 from 30 percent to 100 percent and by making the credit refundable for all the taxable years beginning on or after January 1, 2025.

To estimate the revenue effects of this provision, the projected tax expenditure baselines from the Georgia Tax Expenditure Report for FY 2026 are extended through FY 2031 based on pre-pandemic trend growth. This baseline is adjusted upward, based on historical differences between credits generated and those utilized in a given year to reflect the proposed refundability of the credit, and is finally grossed up to reflect the higher match of the federal credit. Baseline tax expenditures and pro forma projections with the proposed modifications are provided in Table 3.

Table 3. Baseline and Proforma Tax Expenditures and Net Revenue Impact of Section 2

($ *millions*)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Baseline	($42.3)	($43.0)	($43.6)	($44.3)	($45.0)	($45.6)
Pro Forma	($144.6)	($146.8)	($149.0)	($151.2)	($153.4)	($155.6)
Net Revenue Effect	**($102.3)**	**($103.9)**	**($105.4)**	**($106.9)**	**($108.5)**	**($110.0)**