



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 25, 2026

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

SUBJECT: Fiscal Note
House Bill 1070 (LC 39 4886)

Dear Chairman Blackmon:

The bill increases and extends the income tax credit for qualified railroad track maintenance expenditures incurred by Class III railroads. It raises the maximum allowable credit from \$3,500 to \$5,000 per mile of railroad track owned or leased in Georgia and extends the sunset date of the credit from January 1, 2027, to January 1, 2032. The credit remains equal to 50 percent of qualified maintenance expenditures and may be claimed only up to a taxpayer's state income tax liability. Unused credits may be carried forward for up to three taxable years and may be assigned once to another taxpayer prior to January 1, 2032.

Impact on Revenue

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

Table 1. Estimated State Revenue Effects of LC 39 4886

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Revenue Effect	(\$2.5)	(\$6.1)	(\$8.2)	(\$9.3)	(\$9.6)

Impact on Expenditures

The Department of Revenue would be able to implement the bill's provisions 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 estimated state revenue impact from increasing the per-mile maximum credit from \$3,500 to \$5,000 and of extending the automatic sunset of the railroad track maintenance tax credit from January 1, 2027, to January 1, 2032, is based on the following data and assumptions:

- Credit generation and utilization data from the Department of Revenue (DOR) were used to establish the utilization of the existing credit. These data indicated that Class III railroads generated approximately \$6.1 million in credits for TY 2024 credit. They also indicated that the historic first-year utilization percentage of these credits was 53 percent, with 20 and 18 percent utilization in the subsequent two years, respectively. This historical utilization pattern is assumed to continue.
- We assume a 3.4% annual growth rate for future credits (2024–2031). This is derived from the implied track-mile growth rate since 2021, calculated by comparing tax year 2024 and 2019 credit generation data. Using the maximum \$3,500/mile credit cap, the \$6.075 million in credits generated in 2024 represents roughly 1,736 track miles.
- The analysis incorporates recent industry data from the American Short Line and Regional Railroad Association (ASLRRA, Feb. 2026), which reports current upgrade costs at a minimum of \$15,000 per mile. Accordingly, the model reflects a 43% increase in credit amounts post-enactment, mirroring the proposed raise of the per-mile credit cap from \$3,500 to \$5,000.

Table 2 summarizes the generated and utilized credits for tax years (TY) 2027–31, based on these data and assumptions.

Table 2. Credits Generated and Utilized Under LC 39 4886

<i>(\$ millions)</i>	TY 2027	TY 2028	TY 2029	TY 2030	TY 2031
Credits Generated	\$9.6	\$9.9	\$10.3	\$10.6	\$11.0
Credits Utilized	\$5.1	\$7.2	\$9.2	\$9.5	\$9.8

Projected state revenue impacts for FY 2027–31 are presented in Table 1, assuming a 50-50 fiscal split.