



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

January 7, 2026

Honorable Karen Bennett  
State Representative  
507-A Coverdell Legislative Office Building  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill (LC 50 1291)

Dear Representative Bennett:

The bill would create the Georgia Veterans Work Opportunity income tax credit (WOTC) for hiring new employees from target groups defined as qualified veterans and unemployed veterans. The credit is earned based on the qualified first-year and second-year wages of a new hire who is a member of a target group, as certified by the Georgia Department of Labor, up to a maximum qualified first-year wage that varies by target group. The bill also creates a credit on second-year qualified wages, up to a separate maximum, if the hire is a long-term TANF recipient.

## 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 from LC 50 1291**

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Low	(\$1.4)	(\$2.7)	(\$2.4)	(\$2.2)	(\$2.1)
High	(\$2.1)	(\$4.1)	(\$3.7)	(\$3.4)	(\$3.2)

## Impact on Expenditures

The Department of Revenue (DOR) and the Department of Labor (GDOL) would each incur costs associated with the bill.

- Department of Revenue* – DOR would have one-time and annual costs. Two financial examiners would be needed at a cost of \$163,000. One-time costs include \$3,650 for computers and equipment for the two positions. DOR also noted changes to information systems would require approximately 12 weeks, which equates to approximately \$146,000 in existing staff time.
- Department of Labor* – GDOL would have one-time and annual costs. Annual costs of approximately \$439,300 would include three program staff to certify members of target groups (\$281,500), monthly charges for the WOTC online portal (\$31,800), and indirect and operating (\$126,000). One-time costs include \$3,100 for IT equipment for the new staff.

Respectfully,

A handwritten signature in blue ink, appearing to read "Greg S. Griffin".

Greg S. Griffin  
State Auditor

A handwritten signature in black ink, appearing to read "Richard Dunn".

Richard Dunn, Director  
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

Though the federal work opportunity tax credit (WOTC) has expired, the credit proposed in this bill is modeled after it and uses its definitions of target groups. Given the structural similarities, data on the federal program are used to estimate the impact of this proposed legislation.

The state credit is based on the first-year qualified wages of a new hire who is a member of a targeted group, as certified by the Georgia Department of Labor and meaning “an individual who is a qualified veteran or an unemployed veteran,” up to a maximum qualified first-year wage of \$4,500 for an unemployed veteran and \$4,800 for a qualified veteran. The credit amount is 40 percent of first-year qualified wages, provided that the hired individual worked 400 or more hours for the employer during the year, or 25 percent of qualified first-year wages if the individual worked at least 120 hours but fewer than 400 hours.

The bill also provides for a credit based on qualified second-year wages if the hired individual is a long-term family assistance (TANF) recipient. Given the language of the bill in lines 119-128 (particularly the word “and” preceding subparagraph 2), it apparently allows for this credit regardless of whether the individual is a member of a targeted group, which is defined in lines 30-31 to include only certain veterans. The credit rate is 50 percent of qualified second-year wages, without regard to the number of hours worked. However, the language does not clearly provide for a credit on first-year wages of long-term TANF recipients. The cap on creditable qualified wages for these individuals, found in lines 125-128, is set such that “the *total amount of the qualified first-year wages combined with the amount of qualified second-year wages* for such credit shall not exceed \$10,000.00 per year.” Thus, it appears that, because no credits are provided on first-year wages, up to a combined total of \$20,000 in second-year wages could earn the credit. Research by the Work Institute indicates that 38 percent of new hires leave their job within the first year. The estimate assumes that 62 percent of long-term TANF recipients persist in having qualified wages in their second year.

Because the definitions of the target groups under this bill are similar to the federal WOTC, the most recent federal WOTC data are used to build assumptions to estimate the revenue impact of this bill. Data from the Federal DOL on the now expired federal WOTC for Georgia were used to estimate the number of certified hires in these target groups in table 2. The recent underlying trends, which were declining, were used to project these counts through FY 2031. Note that declining hires from these target groups would be expected during improving economic conditions.

Table 2. Target Groups and Certified Credits

	TY 2027	TY 2028	TY 2029	TY 2030	TY 2031
Qualified and Unemployed Veterans	3,036	2,791	2,569	2,367	2,183
Long-Term TANF Recipients – 2nd Yr	43	37	32	27	23

Patterns of credit utilization compared to maximum allowable credits from the federal WOTC were used to model the utilization of this proposed state WOTC. The data and assumptions to estimate the final utilization of these credits are based on the following data and assumptions:

- The FY 2026 Tax Expenditure Report from U.S. Department of Treasury shows the aggregate tax expenditure for the federal WOTC as \$2.05 billion for FY 2024. In that same year the count of certified hires evaluated at and their maximum allowable credit totaled an estimated \$4.14 billion. This indicated that, in its last year prior to expiration 49.5 percent of the maximum allowable credit amounts were effectively utilized.

- The maximum qualifying wages proposed under the bill are lower than the federal qualifying wage caps. Thus, it is reasonable to assume that the effective credit utilization percentage might be higher than the national level observed for the federal WOTC. For this analysis, the low and high estimates assume credits generated are 49.5 percent and 75 percent of the maximum, respectively.
- For each year the target group counts are evaluated at their maximum allowable credit and the low and high estimates for utilization are 49.5 and 75 percent of that total.

Table 3 details the maximum credits generated along with the low and high utilization amounts through FY 2031 based on these data and assumptions. The low and high utilization amounts are the fiscal impact estimates in table 1. Because of the bill's effective date, FY 2027 is assumed to include half of a year's typical activity.

**Table 3. State WOTCs Utilized**

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Maximum Credits Generated	\$2.9	\$5.7	\$5.2	\$4.8	\$4.4
Utilization					
Low Case	\$1.4	\$2.7	\$2.4	\$2.2	\$2.1
High Case	\$2.1	\$4.1	\$3.7	\$3.4	\$3.2