



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 17, 2026

Honorable Chuck Hufstetler
Chairman, Senate Finance
121-C State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
Senate Bill 588 (LC 52 1059)

Dear Chairman Hufstetler:

The bill would increase the credit rate and the maximum credit amount under O.C.G.A. 48-7-29.2 for qualified caregiving expenses (QCE). The credit under current law is calculated at 10 percent of QCE, subject to a \$150 annual cap, while under this bill, the credit rate would increase to 30 percent of QCE up to a \$750 annual cap. The bill also expands the tax credit program by lowering the minimum age of qualifying care recipients who are not disabled from 62 to 55. The bill would be effective upon enactment, but for purposes of this note is assumed effective for tax years beginning on or after January 1, 2026.

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 SB 588 LC 52 1059

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Net Revenue Effect	(\$6.4)	(\$6.7)	(\$6.9)	(\$7.1)	(\$7.3)

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 bill proposes to amend O.C.G.A. § 48-7-29.2, the existing qualified caregiving expense (QCE) credit, by increasing the amount of the credit from 10 percent to 30 percent of qualified expenses, subject to an annual credit cap that would be increased from \$150 to \$750. The bill also lowers the minimum age of a qualifying care recipient who is not disabled from 62 to 55.

The fiscal impact estimates begin with the expected baseline QCE credit utilizations from the Tax Expenditure Report for FY 2027, extended through FY 2031 under the same assumptions made in that report. In order to estimate the amount generated under this bill, the estimate focuses on two areas of expansion: the higher credit rate and allowable expense cap for individuals above 62 and the new group of qualified caregiving recipients.

Estimating the impact from increasing the credit rate and allowable cap for individuals above 62 or disabled, and thus eligible under current law, are based on the following data and assumptions:

- Based on the Department of Revenue's (DOR) administrative data, 6,375 recipients claimed a total of \$678,000 in QCE credits in tax year (TY) 2023, the latest year for which data are available.
- A microsimulation was performed assuming the increased credit rate of 30-percent and a maximum credit of \$750, while accounting for the taxpayer's tax liability.
 - a. Under these parameters, the simulated total credit utilized increases to \$2.33 million, representing approximately a 244-percent increase relative to current utilization.

The estimates of new credit usage based on the newly qualified caregiving recipients aged 55–61 are based on the following data and assumptions:

- Eligibility for the QCE credit is closely tied to the need for assistance with functional limitations commonly measured through activities of daily living (ADL) and instrumental activities of daily living (IADL).
- Caregiving services associated with these functional limitations are typically delivered through long-term services and supports (LTSS), which refer to a range of services designed to assist individuals who need help performing ADL or IADL due to aging, disability, or chronic health conditions. LTSS services that could qualify as caregiving expenses include non-medical caregiver services, skilled nursing care in the home, adult day health services, in-home respite care, and certain durable medical equipment.
 - Cost estimates for these services were drawn from the CareScout Cost of Care Survey 2025, along with supplemental data from seniorliving.com and homethrive.com. Because individuals rarely utilize all LTSS categories simultaneously, an average annual caregiving cost was constructed across representative services. Based on these sources, the estimated annual cost of caregiving services is approximately \$20,708.
- Coverage for LTSS varies substantially across age groups. Federal programs that cover a portion of long-term care costs primarily serve older or lower-income populations. Centers for Medicare & Medicaid Services programs such as Medicare generally begin at age 65 and provide limited coverage for custodial long-term care, while Medicaid coverage requires individuals to meet strict income and asset eligibility thresholds. As a result, individuals aged 55–61 are less likely to have their caregiving costs covered by these programs and may rely more heavily on private insurance or direct out-of-pocket spending.
- Even under a conservative assumption that 50 percent of caregiving expenses are paid out-of-pocket, the resulting expenses would far exceed the proposed \$750 maximum credit. Consequently, individuals in this group who incur qualifying caregiving expenses and claim the credit are expected to reach the maximum credit amount, subject to income tax liability. The

estimate therefore assumes that individuals aged 55-61 and claiming the credit will also usually have expenses sufficient to claim a credit of \$750.

- To estimate the number of individuals aged 55–61 likely to require caregiving services, prevalence rates of functional limitations were drawn from Bramajo et al. (2016) for adults aged 50–84. Based on the relative populations of newly eligible individuals aged 55-61 needing LTSS and those already eligible, and assuming a higher rate of claiming the credit (because of the younger individuals’ lack of access to Medicare, resulting in higher out-of-pocket costs, and likely greater ability to pay in the cases of with a working spouse), we estimate that the number of taxpayers claiming the credit after the proposed changes will be approximately 2.75 times larger than the number under current law. The estimates apply this factor to the \$2.3 million base-year pro forma estimate for the currently eligible population, resulting in a TY 2023 pro forma estimate of credits claimed of approximately \$6.42 million.

TY 2023 credit utilization estimates for both groups are grown forward using Census population estimates and OPB population projections for the relevant age cohorts.

The bill is assumed to be applicable to all tax years starting on or after January 1, 2026. Because taxpayers claim the credit when filing returns in the following year, credits earned in TY 2026 would generally be claimed during the FY 2027 filing season. Accordingly, the first fiscal impact is assumed to occur in FY 2027.

Baseline tax expenditures and pro forma projections are provided in Table 2, the difference representing the net revenue effect reported in Table 1.

Table 2. Baseline and Pro Forma Tax Utilized QCE Credits

<i>(\$ millions)</i>	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Baseline	\$0.7	\$0.8	\$0.8	\$0.8	\$0.9
Pro Forma	\$7.1	\$7.5	\$7.7	\$7.9	\$8.2