



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 24, 2026

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

SUBJECT: Revised Fiscal Note
House Bill 1001 (LC 59 0226-EC)

Dear Chairman Blackmon:

This replaces the fiscal note released on February 9, 2026. The revision includes a second baseline revenue scenario that assumes current law rate reductions will occur in future years.

The bill would reduce the rate of tax on personal income from 5.19 percent to 4.99 percent. Under current law, the corporate income tax rate is statutorily set equal to the personal income tax rate, thus the rate change proposed will result in the same rate change for the corporate income tax, in both cases 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. FRC calculated the revenue impact using two scenarios. The first assumes a baseline of 5.19 percent during the period analyzed. The second scenario assumes that current law conditional income rate reductions of 0.1 percentage points occur. Current budget projections suggest that the conditions are likely to be met to take effect in tax years 2029 and 2030 with rate reductions to 5.09 percent and 4.99 percent respectively.

The FY 2027 revenue impact is higher than other years because it includes refunds of FY 2026 withholdings and estimated tax payments that were collected at the current rate of 5.19 percent. The appendix provides details of the analysis.

Table 1. Estimated State Revenue Effects of HB 1001 LC 59 0226

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Constant 5.19% Baseline Scenario						
Individual Income Tax	(\$108)	(\$840)	(\$680)	(\$712)	(\$745)	(\$780)
Corporate Income Tax	(\$51)	(\$108)	(\$117)	(\$121)	(\$125)	(\$130)
Total Revenue Effect	(\$159)	(\$948)	(\$797)	(\$832)	(\$870)	(\$910)
Conditional Rate Reduction Baseline Scenario						
Individual Income Tax	(\$108)	(\$840)	(\$680)	(\$515)	(\$167)	\$0
Corporate Income Tax	(\$51)	(\$108)	(\$117)	(\$89)	(\$32)	\$0
Total Revenue Effect	(\$159)	(\$948)	(\$797)	(\$604)	(\$199)	\$0

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 subject bill proposes to reduce the personal income tax rate from 5.19 percent to 4.99 percent for taxable years that start on or after January 1, 2026. HB 111 (2025) lowered the flat rate from 5.39 percent, applicable for tax year (TY) 2024, to 5.19 percent beginning in TY 2025.

Current individual and corporate income tax budget projections were used to establish the expected income tax revenues for fiscal years (FY) 2026–31. These current budget projections, however, reflect the 20 basis point income tax rate reduction proposed by this bill, so the budget baseline estimates are first adjusted to reflect the current-law flat income tax rate of 5.19 percent for both individual and corporate taxes for all years, assuming no scheduled rate cuts within the period of the projections. This is the basis for the first baseline scenario in all tables.

The current-law conditions for scheduled rate reductions are as follows:

- The Governor’s revenue estimate for the succeeding fiscal year is at least 3 percent above the estimate for the current fiscal year;
- the prior fiscal year’s revenues were higher than each of the preceding three fiscal years’ revenues; and
- the estimated decrease in state revenues from the scheduled rate reduction does not exceed the current balance in the RSR fund.

The current budget projections of general fund revenues suggest that these conditions would be met such that 10 basis point rate cuts would take effect in TY 2029 and TY 2030, reaching 4.99 percent with the second cut. These reductions are assumed for purposes of the second baseline.

For expected IIT revenues in FY 2026, the estimates assume that 54.2 percent are revenues based on TY 2025 income. Of the remaining 45.8 percent, FY 2026 collections from TY 2026 income, 83.3 percent is assumed to have already been collected by the time of the hypothetical enactment and implementation of this bill, through withholding or estimated tax payments made on the basis of a 5.19 percent tax rate. These collections, to the extent they result in excess payments above what is owed at the proposed 4.99 percent rate, are assumed to be refunded to the taxpayer during FY 2027. The estimated reduction in IIT revenues for FY 2026, from the baselines to the pro forma revenues in Table 2, therefore, represents the reduction in withholding and quarterly estimated payments that would normally be due after enactment of this legislation but before the end of FY 2026. The refunding of pre-enactment overpayments in FY 2027 thus temporarily inflate the revenue impact of the bill while FY 2028 impacts represent a normalized year’s impact.

Table 2. Individual Income Tax Baselines and Proforma Revenue

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
IIT Baseline at 5.19%	\$16,183	\$16,928	\$17,769	\$18,529	\$19,381	\$20,305
IIT Baseline w/ Step-Downs	\$16,183	\$16,928	\$17,769	\$18,332	\$18,802	\$19,525
Pro Forma IIT Revenue	\$16,075	\$16,088	\$17,089	\$17,817	\$18,635	\$19,525

The fiscal impacts of the proposed reduction in corporate income tax (CIT) rates are based on the following data and assumptions:

- CIT revenue projections were adjusted to remove the portion attributable to corporate net worth and financial institutions business occupation taxes (CNWT and FIBOT, respectively), which are included in the total corporate tax projections but are not affected by this bill. Together, CNWT and FIBOT accounted for approximately 3.4 percent of the combined collections from these taxes and the CIT during FY 2025. The FY 2026–31 projected CIT revenues were reduced by this percentage to isolate CIT revenues.

- Corporations’ tax years frequently do not start on January 1, creating variation in when the proposed repeal of the CIT would be effective for different corporate taxpayers and thus the overall average effective tax rates during the early periods before the repeal is effective for all. IRS national data as to shares of corporate taxable income reported by month of firms’ tax year-ends were used to estimate pro forma effective tax rates for FY 2026–31, assuming enactment of this bill. Based on these calculations, the average effective tax rate calculated for FY 2026 is 5.10 percent, 5.01 percent for FY 2027, and 4.99 percent beginning FY 2028.

Projected baseline and pro forma CIT revenues, based on these data and assumptions, are presented in Table 3. For comparison, baseline CIT revenues are reported, as for the IIT, under the two scenarios: first, the current 5.19 percent tax rate remains in effect for all years, and second, the conditions for the remaining two 10 basis point rate reductions are met, the first effective for TY 2029 and the second beginning in TY 2030.

Table 3. Corporate Income Tax Baseline and Pro Forma Revenue*

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
CIT Baseline at 5.19%	\$3,087	\$3,078	\$3,122	\$3,230	\$3,343	\$3,471
CIT Baseline w/ Step-Downs	\$3,087	\$3,078	\$3,122	\$3,198	\$3,250	\$3,341
Pro Forma CIT Revenue	\$3,036	\$2,970	\$3,005	\$3,109	\$3,218	\$3,341

*excluding CNWT and FIBOT

The differences for each tax between each baseline scenario and the pro forma revenues are reported in Table 1.