



DOAA

Georgia Department
of Audits & Accounts

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State Auditor

February 10, 2026

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

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

Dear Chairman Blackmon:

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. 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 |
|----------------------|---------|---------|---------|---------|---------|---------|
| Personal Income Tax | (\$108) | (\$840) | (\$680) | (\$712) | (\$745) | (\$780) |
| Corporate Income Tax | (\$51) | (\$108) | (\$117) | (\$121) | (\$125) | (\$130) |
| Total | (\$159) | (\$949) | (\$797) | (\$832) | (\$870) | (\$910) |

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 to 5.19 percent from tax year (TY) 2025.

Current individual and corporate income tax budget projections were used to establish the expected income tax revenues for FY 2026–31. The current budget projections reflect the proposed 0.2 percent income tax rate reduction, so baseline estimates herein are adjusted to reflect the current-law flat income tax rate of 5.19 percent for both individual and corporate taxes.

The fiscal impacts related to the personal income tax (PIT), detailed in Table 1, are based on the following data as assumptions:

- For expected PIT 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 through withholding or estimated tax payments upon the hypothetical enactment and implementation of this bill; these collections are assumed to be refunded to the taxpayer during FY 2027. The estimated revenue impact for FY 2026 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.

Table 2. Personal Income Tax Baseline and Proforma Revenue

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

The fiscal impacts of the repeal of the corporate income tax (CIT) reported in Table 1 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.

Baseline revenues and pro forma projected CIT revenues, based on these data and assumptions, are presented in Table 3. The difference between the baseline expected revenues and the pro forma revenues are the fiscal impact estimates in Table 1.

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

| <i>(\$ millions)</i> | 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 |
| Pro Forma CIT Revenue | \$3,036 | \$2,970 | \$3,005 | \$3,109 | \$3,218 | \$3,341 |

*excluding CNWT and FIBOT