



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 16, 2026

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

SUBJECT: Fiscal Note
Senate Bill 453 (LC 59 0239)

Dear Chairman Hufstetler:

The bill would exempt certain rural residents from all income taxes. To qualify, taxpayers must prove residence in a county that has been verified by the Georgia Department of Community Affairs (DCA) as having a population less than 50,000 with 10 percent or more of such population living in poverty, according to federal data and definitions. Qualifying taxpayers must also be between the ages of 16 and 35 and affirm that they have no intention of moving. The bill becomes effective on July 1, 2026, and applies to all tax years starting on or after January 1, 2027.

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 453 LC 59 0239

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
High Estimate	(\$93.8)	(\$190.5)	(\$196.8)	(\$203.7)	(\$211.1)
Low Estimate	(\$83.2)	(\$169.0)	(\$174.5)	(\$180.6)	(\$187.2)

Impact on Expenditures

The Department of Revenue (DOR) would incur additional one-time and annual costs associated with the bill. The bill would require three tax examiners at an annual cost of \$212,000 for salary and benefits, as well as one-time costs of \$5,475 for computer equipment and accessories. The agency noted that changes to information systems would be performed by existing staff but would take approximately 18 weeks, equal to approximately \$166,000 in staff time.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

SB 453 LC 59 0239 exempts rural taxpayers between the ages of 16 and 35 from the personal income tax, starting January 1, 2027. The bill’s language includes steps to verify qualifying taxpayers and provides for penalties if taxpayers falsely claim this exemption. The state revenue estimates for this legislation are based on the following data and assumptions:

- DCA publicly posts the list of counties that qualified as rural for the purpose of the Quality Jobs Tax Credit, the code section referenced in this bill to define “rural county.” The list for 2025 identifies 109 qualifying counties. For simplicity, the estimates assume that the 2025 list of qualifying counties remains constant through 2031. Changes to the list of qualifying counties may occur, in which case revenue impacts of this bill may be larger or smaller than estimated herein.
- Administrative individual income tax data for tax year (TY) 2023 from the Georgia Department of Revenue (DOR), the latest year available, were used to tabulate the number and total taxable income of taxpayers in these qualifying counties, with taxable income having first been recalculated to reflect current law.
- The American Community Survey (ACS) for 2024 was used to estimate the percentage of taxable income in each county likely earned by taxpayers between 16 and 35 years of age.
- Based on the DOR and ACS data, an estimated \$2.9 billion of taxable income in TY 2023 was earned by taxpayers who would have qualified for the income tax exemption proposed, had it been in effect at that time. The estimates herein assume a range of 6 percent below and above this estimate, or a range of \$2.7–3.0 billion for TY 2023.
- According to data from the Bureau of Economic Analysis (BEA), personal income in these counties grew annually, on average, 1.23 percent slower than the state. This difference is applied to the latest Moody’s forecast for Georgia personal income growth through TY 2031 to estimate rural county personal income growth for purposes of this note.

For the fiscal impacts in Table 1, the estimates assume the current-law, flat income tax rate of 5.19 percent through 2031. Taxpayers receiving this exemption are assumed to update their withholding immediately, so a 50/50 fiscal split is assumed for the fiscal-year impacts in Table 1.

Table 2. Exempted Income for 16- to 35-Year-Olds in Qualifying Rural Counties

(\$ millions)	TY 2027	TY 2028	TY 2029	TY 2030	TY 2031
High Estimate	\$3,615	\$3,728	\$3,855	\$3,995	\$4,141
Low Estimate	\$3,206	\$3,306	\$3,418	\$3,542	\$3,672