



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

February 25, 2026

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

SUBJECT: Fiscal Note  
House Bill 1110 (LC 59 0249)

Dear Chairman Blackmon:

The bill would create a state income tax credit for small businesses (50 or fewer employees) that make contributions to an individual coverage health reimbursement arrangement (ICHRA), subject to certain conditions. The credit is equal to the amounts contributed, up to a maximum credit of \$600 per covered employee for the first three years, \$400 per covered employee in the fourth year, and \$200 per covered employee in the fifth year. No taxpayer may claim the credit for more than five total years.

Taxpayers seeking the credit are required to apply for preapproval by October 1 of the preceding year. The credit would be nonrefundable, and unused credits cannot be applied to prior or succeeding years' tax liability. The aggregate value of credits is limited to \$10 million per year. The bill would become effective July 1, 2026, and the credit would be applicable to taxable years beginning on or after January 1, 2026, and would be automatically repealed on December 31, 2030.

### 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 HB 1110 LC 59 0249**

<i>(\$ millions)</i>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>
High Estimate	(\$3.7)	(\$7.9)	(\$9.1)	(\$9.3)	(\$4.4)
Low Estimate	(\$2.5)	(\$5.3)	(\$6.1)	(\$6.2)	(\$2.9)

### Impact on Expenditures

The Department of Revenue would be able to implement the bill's provisions with existing resources. However, the agency noted that changes to information systems would require approximately 16 weeks of staff time, equating to approximately \$181,000.

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 create a state income tax credit for contributions made by a qualified taxpayer to an individual coverage health reimbursement arrangement (ICHRA) for employees who are residents of Georgia, subject to certain conditions defined in the bill. The bill defines a qualified taxpayer as any taxpayer with fewer than 50 employees that offers an ICHRA. To receive the credit the taxpayer must contribute at least \$200 per month to an ICHRA for each covered employee. The contribution also must be equal to or greater than the total amount of contributions to any employer sponsored health benefit plan made by the taxpayer for such employee in the previous taxable year (TY).

For the first three years in which the credit is claimed, the credit is a maximum of \$600 per covered employee. This amount is reduced to \$400 per covered employee in the fourth year and further reduced to \$200 per covered employee in the fifth year. No taxpayer may claim the credit for more than five total years. To receive the credit, qualified taxpayers must apply for preapproval by October 1 of the preceding year.

The proposed credit is non-refundable, and any unused credits are not allowed against prior or succeeding years' tax liability. The aggregate value of credits cannot exceed \$10 million per year.

The proposed bill would become effective July 1, 2026, would be applicable to taxable years beginning on or after January 1, 2026, and would be automatically repealed on December 31, 2030.

The estimated fiscal impacts are based on the following data and assumptions:

- Data from HRA Council, a non-partisan advocacy organization, indicates that in TY 2025, there were between 500,000 and 1 million people enrolled in an ICHRA. For purposes of this note, we assume the midpoint of 750,000 as the total of U.S. ICHRA enrollment in 2025.
- The Congressional Budget Office (CBO) projects a continuation of substantial growth in ICHRA enrollment and forecasts enrollment to increase to 2 million by 2032. Assuming linear growth, these figures imply 2027 total enrollment to be approximately 992,583.
- Sharing this figure to Georgia using the state's proportion of total population (3.3 percent) results in an estimated 32,630 ICHRA enrollees in TY 2027. The CBO projection implies this figure will grow to 49,680 by TY 2030.
- County Business Patterns data, published by the US Census Bureau, reports there were approximately 247,211 establishments with fewer than 50 employees in Georgia in 2023. These data indicate those small businesses employed approximately 1.7 million Georgians, representing approximately 37.8 percent of private, non-farm state employment.
- Applying the small business employment share to Georgia ICHRA enrollment results in an estimated 12,319 small business enrollees eligible for credits in TY 2027. This figure is projected to increase to 18,755 by TY 2030.
- Based on the credit value step down outlined in the bill, average credits are assumed to be \$600 in TY 2027-29 and \$467 in TY 2030. The credit sunsets on December 31, 2030.
- The high estimate assumes all generated credits are utilized. The low estimate is based on credit utilization data from DOR for the first-year utilization of the Qualified Health Insurance Expense Credit—an existing tax credit with a similar target population and purpose—which is approximately 67 percent. Again, carryforwards of this credit are not allowed.

Table 2 summarizes the high and low estimates for credits generated and utilized under this proposal. Since preapproval applications are required by October 1 of the preceding year, credits are assumed to begin generating in TY 2027 and cease generating on the sunset date of December 31, 2030.

For the fiscal impact estimates in Table 1, the analysis assumes taxpayers modify estimated tax payments once they are preapproved for the credit. Thus, tax years are converted to fiscal years assuming a 50/50 fiscal split.

**Table 2. Projected Credit Generation and Utilization**

<i>(\$ millions)</i>	<b>TY 2026</b>	<b>TY 2027</b>	<b>TY 2028</b>	<b>TY 2029</b>	<b>TY 2030</b>
Generated Credits	\$0.0	\$7.4	\$8.5	\$9.8	\$8.8
Utilized Credits – High	\$0.0	\$7.4	\$8.5	\$9.8	\$8.8
Utilized Credits – Low	\$0.0	\$5.0	\$5.7	\$6.6	\$5.9