



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 11, 2026

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

SUBJECT: Fiscal Note
House Bill 1110 (LC 59 0386S)

Dear Chairman Blackmon:

The bill would create a state income tax credit for qualified taxpayers that make contributions to an individual coverage health reimbursement arrangement (ICHRA), subject to certain conditions defined in the bill. Qualified taxpayers are defined as taxpayers that have 50 or fewer employees, offer all covered employees at least 10 days of paid time off, paid parental leave, access to a health savings account, and an ICHRA. The credit is equal to the amount contributed, up to a maximum credit of \$600 per covered employee for the first three years claimed, \$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 must 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 cannot exceed \$10 million per year. The bill would become effective July 1, 2026, be applicable to taxable years beginning on or after January 1, 2026, and be automatically repealed on December 31, 2030.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 LC 59 0386S

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
High Estimate	(\$1.8)	(\$4.0)	(\$4.6)	(\$4.6)	(\$4.1)
Low Estimate	(\$0.7)	(\$1.4)	(\$1.7)	(\$1.7)	(\$1.5)

Impact on Expenditures

The Department of Revenue would be able to implement the bill's provisions with existing resources. The agency noted that changes to its information systems would require approximately 16 weeks of existing staff time, equating to \$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 covered employees, subject to certain conditions defined in the bill. A covered employee is defined as an employee who is covered by an ICHRA provided by a qualified taxpayer. The bill defines qualified taxpayers as taxpayers that have 50 or fewer employees, offer all covered employees at least 10 days of paid time off (PTO), paid parental leave (PPL), access to a health savings account (HSA), and 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.

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. However, given the plan preapproval requirement, the first plan year in which employers could earn credits would be 2027. The analysis further assumes that firms initially qualifying their plans to begin by 2030 would continue to earn credits over the full 5-year term proposed, but no new plans after 2030 would qualify for credits.

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

- Data from HRA Council, a non-partisan advocacy organization, indicates that in tax year (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 US 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 in TY 2027. This figure is projected to increase to 18,755 by TY 2030.
- National Compensation Survey data, published by the Bureau of Labor Statistics, indicates the share of private industry workers in 2024 with at least 10 days of PTO was 61 percent. The same survey indicates 27 percent of private workers had access to paid family leave benefits in 2024.

Finally, the share of private workers at firms with fewer than 100 employees with access to an HSA was 27 percent.

- The conditional probabilities between the set of restrictions are unknown. Based on the nature of the benefits and the cost to employers, the low-case estimates assume employers providing paid family leave also provide PTO and HSA access. Given this assumption, the probability of all restrictions being met is approximately 27 percent.
- Alternatively, it may be the case that firms providing an ICHRA to their employees are more likely to offer the other required benefits. The high-case estimates assume half of the participating small businesses offer the required set of benefits.
- Applying these shares results in an estimated range of between 3,326 and 6,159 enrollees eligible for credits in TY 2027. These figures are projected to increase to between 5,064 and 9,378 by TY 2030.
- It should be noted that the bill requires the business to be Georgia based but does not require the employees benefitting to be state residents. To the extent that qualifying taxpayers operate in border counties and employ non-residents, credit eligible enrollment could be marginally higher than projected.
- Based on the credit-value stepdown outlined in the bill, average credits are assumed to be \$600 in TY 2027–29, \$467 in TY 2030, and \$354 in TY 2031. Initial credit generation sunsets on December 31, 2030. Firms that are preapproved to begin their first plan year by 2030 are assumed to complete their 5-year credit process.
- 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.

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>	TY 2027	TY 2028	TY 2029	TY 2030	TY 2031
Generated Credits					
High	\$3.7	\$4.3	\$4.9	\$4.4	\$3.8
Low	\$2.0	\$2.3	\$2.6	\$2.4	\$2.1
Utilized Credits					
High	\$3.7	\$4.3	\$4.9	\$4.4	\$3.8
Low	\$1.3	\$1.5	\$1.8	\$1.6	\$1.4