



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 9, 2026

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

SUBJECT: Fiscal Note
House Bill 962 (LC 61 0297)

Dear Chairman Blackmon:

The bill would allow the Board of Directors of the Georgia Higher Education Savings Plan (Path2College 529 Plan) to determine the maximum contribution limit for savings trust accounts. The bill would also expand allowable deductions for contributions to 529 plans in other states. Currently, only contributions to the state's Path2College 529 Plan are allowed a state income tax deduction. The bill would be applicable to all 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 appendix provides details of the analysis.

Table 1. Estimated State Revenue Effects of HB 962 LC 61 0297

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
High estimate	(\$46.1)	(\$47.9)	(\$49.8)	(\$51.7)	(\$53.7)
Low estimate	(\$31.5)	(\$31.5)	(\$31.5)	(\$31.4)	(\$31.3)

Impact on Expenditures

The Department of Revenue would be able to implement the provisions of the bill with existing resources. The Office of the State Treasurer, which administers the Georgia Higher Education Savings Plan, would also not require additional funding to implement the bill.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/esw

Analysis by the Fiscal Research Center

Section 1 of the subject bill proposes replacing the fixed account-balance cap of \$235,000 per beneficiary in the Georgia Higher Education Savings Plan (GHESP) with an amount established by the GHESP board of directors. Data from the College Savings Plan Network (CSPN) indicates that the average 529 account balance in 2025 was \$30,000. Reaching this account balance cap appears to be very rare, and even when reached, further contributions do not appear likely to generate a deduction due to the current annual deduction cap of \$4,000 for single filers and \$8,000 for married taxpayers filing jointly. It is also unknown how the board of directors might change the limit. Given these factors, this section of the bill is assumed to have no revenue impact.

Section 2 proposes to expand the allowable deductions to include contributions made to 529 plans run by other states. Currently, only contributions to the GHESP are allowed a state income tax deduction.

The estimated revenue impacts shown in Table 1 are based on the following data and assumptions:

- Data from the recent fiscal year (FY) 2027 Tax Expenditure Report indicate state forgone revenue related to the current version of the 529 deduction was approximately \$23 million in FY 2025.
- Georgians frequently choose to invest in other state's 529 plans for several reasons including more attractive investment options, plan costs, or convenience.
- Based on data from the College Savings Plans Network (CSPN), Georgia's 529 plan holds 1.2 percent of total 529 plan assets, nationally. We assume, for simplicity of estimation, that all assets in the Georgia 529 plan are from Georgia taxpayers.
- Data from the Bureau of Economic Analysis and US Census Bureau show the state's shares of total personal income and population under age 18 are 2.8 and 3.5 percent, respectively.
- Assuming total 529 plan investment is proportional to personal income or resident population under 18, the amount of assets in Georgia's 529 plan represents only 34-41 percent of the expected amount. This implies total 529 plan investment by Georgia residents is between 2.4 and 3 times the amount invested in the GHESP.
- Assuming that investor behavior of Georgians investing in the GHESP and those investing in other states' plans is similar, we apply the above factors to the high and low growth baseline Tax Expenditure Report estimates.
- Baseline estimates include high- and low-growth cases after TY 2025, starting in that year with the Tax Expenditure Report estimate for this deduction for FY 2026, a \$22.0 million tax expenditure from estimated deductions taken in TY 2025. The low-growth case assumes growth at the rate of population growth for Georgians aged 0-19 as projected by the Governor's Office of Planning and Budget. The high-growth case assumes growth based on data from the Investment Company Institute, which shows that the number of 529 plans accounts nationally grew by 3.9 percent per year, on average, from 2019 to 2024.

Based on these data and assumptions, the expected expenditure costs of the existing GHESP deduction and the high and low estimated expenditure amounts under this bill are in Table 2. For the fiscal impacts in Table 1, tax year deductions are assumed to impact the following fiscal year upon filing their tax returns.

Table 2. Baseline and Pro Forma 529 Contribution Deduction Tax Expenditures

<i>(\$ millions)</i>	TY 2026	TY 2027	TY 2028	TY 2029	TY 2030
Baseline Tax Expenditure					
High Growth	(\$23.3)	(\$24.2)	(\$25.1)	(\$26.1)	(\$27.1)
Low Growth	(\$22.0)	(\$22.0)	(\$22.0)	(\$21.9)	(\$21.9)
Pro Forma Tax Expenditure					
High	(\$69.4)	(\$72.1)	(\$74.9)	(\$77.8)	(\$80.8)
Low	(\$53.5)	(\$53.5)	(\$53.5)	(\$53.4)	(\$53.2)
Fiscal Impact					
High	(\$46.1)	(\$47.9)	(\$49.8)	(\$51.7)	(\$53.7)
Low	(\$31.5)	(\$31.5)	(\$31.5)	(\$31.4)	(\$31.3)