



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 12, 2026

The Honorable Brian P. Kemp, Governor
The Honorable Burt Jones, Lieutenant Governor
The Honorable Jon Burns, Speaker of the House of Representatives
Members of the General Assembly

Ladies and Gentlemen:

I am pleased to submit to you the Georgia Tax Expenditure Report for FY 2027 prepared by Georgia State University on behalf of the Department of Audits and Accounts. This report was prepared for inclusion in the Governor's Budget Report as required by Georgia Code §45-12-75. A copy of this report will be made available to the public on the Governor's Office of Planning and Budget's website and is also filed as a permanent record with the State Auditor.

This report provides a comprehensive listing of the State's statutory tax provisions ("tax expenditures") that allow preferential tax treatment of certain types of taxpayers or activities. Although not direct government expenditures, tax expenditures represent an allocation of government resources in the form of taxes that could have been collected (and appropriated) if not for their preferential tax treatment. To the extent possible, the dollar value of each tax expenditure has been included in this report. It is important to note, however, that data for numerous tax expenditures is not captured by the Department of Revenue. In these instances, the lack of available information is either noted or an estimate, if possible, is provided. The data included in this report has not been verified or validated by the Department of Audits and Accounts and no opinion or other form of assurance is expressed in this data.

We appreciate the staff of the Georgia State University Fiscal Research Center for preparing this report.

Respectfully Submitted,

Greg S. Griffin
State Auditor

Georgia Tax Expenditure Report for FY 2027

Prepared by the Fiscal Research Center of the
Andrew Young School of Policy Studies at Georgia
State University

January 2026

Funding for this project was provided by the Georgia Department of Audits and Accounts. We would like to thank the Georgia Department of Revenue and the Georgia Office of Insurance and Safety Fire Commissioner for their contributions to the preparation of this report. Lastly, we would like to thank the Georgia Department of Audits and Accounts for their comments and recommendations. All estimates presented in this report are the work of the Fiscal Research Center. We are solely responsible for its contents.

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Introduction

Tax expenditures are provisions in the tax code that allow for special treatment of a source of income or a certain type of expense. Such treatment usually results in a reduction in tax liability for the taxpayer. In principle, these tax benefits could be provided by direct appropriation, thus these provisions are referred to as "expenditures". They represent tax revenues that would have been otherwise generated if not for this preferential treatment in the tax code.

Like direct government expenditures, tax expenditures are an allocation of government revenue that are intended to achieve a particular policy outcome or encourage some activity. The value of a tax expenditure can be thought of as representing the amount of money that would be necessary to provide the same level of financial support in the form of a government grant instead of through the tax code. Tax expenditures are received by businesses and individual taxpayers and are present in all of Georgia's major taxes, including the individual income tax, corporate income tax, and sales tax.

Tax expenditures, also referred to as tax preference items, can take several forms. Many are structured as tax credits and deductions, such as the corporate credit for hiring a new worker or the individual deduction for the mortgage interest paid on a primary residence. Other expenditures are in the form of exclusions of income. For example, at the state level, individuals in Georgia can exclude the value of Social Security benefits from the calculation of Georgia taxable income. Lastly, some tax expenditures may be provided in the form of reduced rates for selected taxable transactions, such as the reduced title ad valorem tax for rental vehicles and certain vehicle title transfers.

Tax Expenditure Report

Preparation of a tax expenditure report is required by the Official Code of Georgia Annotated §45-12-75. The purpose of the report is to list all tax expenditures and their value. In this way, these items can be tracked over time in a fashion analogous to a budget of direct governmental expenditures.

While direct expenditures for such items as education or transportation are reviewed annually with every budget, tax expenditures are often not subject to such periodic review. It is important to monitor the value associated with these provisions as they are a reduction in tax revenue and their presence results in special treatment for some taxpayers relative to others. For example, the state government supports education through direct expenditure programs and through HOPE scholarships but also allows a tax deduction for certain educational expenses borne by the taxpayer or paid by an employer. Both the direct expenditure and the tax expenditure represent an allocation of government resources toward education, but only the direct expenditures are listed in an annual budget.

Leaving tax expenditures out of the annual budgetary review process creates two types of distortions. First, it under-represents the amount of government resources allocated for a given

purpose. Second, it incorrectly represents the distribution of the benefits of government expenditures. The benefits of tax expenditure provisions are usually targeted to higher income taxpayers compared to direct expenditure programs, so that the absence of tax expenditures in the overall analysis may lead to the conclusion that government resources are targeted toward less affluent taxpayers. In addition, not all tax expenditure programs have a direct budgetary counterpart, thus without a tax expenditure report, these provisions and their distributional effects escape notice.

The presence of tax expenditures is not necessarily bad tax policy. However, not recognizing or monitoring the resources allocated through the tax system is not good fiscal policy. Through this report, we hope to provide a consolidated listing of government resources provided through this means. This report does not, however, provide any information on how effective the provision may be in terms of fulfilling its purpose. For instance, while the value of the Research and Development (R&D) credit may be reported annually in the tax expenditure report, there is no accompanying analysis to determine the extent to which more research activities have been undertaken due to the presence of the special provision.

Identifying Tax Expenditures

In most cases, identifying a tax expenditure is straightforward. Tax expenditures are deviations or special exceptions from the generally defined tax base, sometimes referred to as the normal tax base or the reference tax base. However, there may be disagreement as to what constitutes the normal or reference tax base. Even at the federal level, the list of tax expenditure items included by the Administration differs from the list estimated by Congress because each works from a different definition of the standard tax base. The appropriate norm against which tax expenditures are defined is somewhat subjective and may, in some cases, be driven by the intent of the policy underlying the legislation. For example, one would not consider the difference between the current top income tax rate of 5.75 percent and the tax rate of 1 percent a tax expenditure.

Tax credits and deductions for certain types of activities, such as the jobs tax credit or the low-income housing credit, are always classified as tax expenditures. This is also the case for items that are taxed at a reduced rate. In addition, specific exclusions from the tax base are, in most cases, considered tax expenditures. Because the Georgia individual and corporate tax systems are both tied to the federal individual and corporate bases, exclusions or deductions at the federal level apply to the state tax base as well. In some cases, Georgia chooses not to conform to federal provisions, such as the Section 199 deduction for domestic production activities. In these cases, we do not include the provision as a tax expenditure. It is also important to note that tax expenditures are not computed for revenue that is due but not collected.

There are instances when it is unclear whether a given tax provision should be listed as a tax expenditure. This is because it is unclear what constitutes the general rule, and therefore, it is

sometimes difficult to determine which provisions are exceptions to that rule. Consider the individual income tax exemption. Individuals are allowed to exclude an amount of income for each taxpayer included on the return, but this exemption of income is not considered a tax expenditure by all states. Another example is the provision allowing for the use of a single-factor apportionment formula in allocating income earned by corporations operating in more than one state. Because the general rule of the single-factor apportionment formula has been established at the state level, only deviations from that rule would be listed as a tax expenditure. Alternatively, if one considers the status-quo method of apportionment to be the equally weighted three-factor apportionment formula, any deviation from that rule, such as the double-weighted three-factor or single-factor apportionment formula, would be reported as a tax expenditure. This sort of problematic classification of tax expenditures also applies to the taxation of services under the state sales tax. Because state legislation refers to the purchase of tangible goods, the exclusion of services from the base may not be seen as a deviation from the general rule. On the other hand, if it is really the intent of the general rule to tax all consumption, then the exclusions provided to the consumption of services should be listed as a tax expenditure. In this report we attempt to incorporate as comprehensive a definition as possible.

Defining a tax expenditure in the case of the sales tax requires particular discussion. Because there is no federal sales tax, there is no list of federal sales tax expenditures to use as a starting point. For this report, we use the state tax statute as the basis for identifying sales tax expenditures. Therefore, if an exemption specifically exists in the state statute, it is listed as a sales tax expenditure. This has the advantage of being a very straightforward and non-subjective rule to apply. As a second advantage, this method provides a comprehensive list of all statutory exemptions allowing for comparison between provisions affecting taxpayers and industries.

This rule has the disadvantage of identifying many sales tax provisions as tax expenditures that would not be identified as tax expenditures under the rule of good tax policy. This is particularly true in the case of business inputs. There are several business inputs, such as the exemption for inputs used in manufacturing, which are listed in this report as tax expenditures but are not activities that would be included in the tax base if the base were defined using the best economic principles. When business inputs are included in the sales tax base, those inputs are taxed and the tax is included in the price when the input is sold to the next stage of production. The more these inputs are taxed at the intermediate stages of production, the more tax is embedded in the price of the final good. This embedded tax distorts prices and influences economic decisions. Therefore, it is important to understand that while some business exemptions are listed as tax expenditures in this report, policymakers may find it helpful to distinguish the business inputs from tax expenditures that are provided for more societal reasons, such as the tax exemption for public school lunches or for the sale of food for off-premises consumption. To aid policy makers, this report identifies in the appendix the sales tax expenditure provisions that are considered business inputs.

Tax Expenditures vs. Revenue Estimates

The estimate associated with a tax expenditure provision does not necessarily represent the revenue that would be gained from the repeal of the enabling legislation. Instead, the cost of the tax expenditure represents the value of the deduction or credit taken via the particular provision by itself, without consideration of potential interactions with other provisions. Although the presence of one provision may interact with the use of another provision, tax expenditures are estimated as independent provisions. For instance, if the federal research and development tax credit were repealed, federal revenues would not increase by the amount of the federal tax expenditure estimate but by a smaller amount. This is because some of the research expenditures claimed through the federal tax credit would be shifted over to another tax deduction or credit so that the savings to the government would be less than the value of the tax expenditure estimate. In addition, tax expenditure estimates do not incorporate behavioral effects that may occur due to the elimination of a provision. For instance, the tax expenditure estimate associated with the deduction for charitable giving is based on a current level of charitable contributions. If the deduction for charitable contributions were proposed to be eliminated, the revenue effect presented in the fiscal note would incorporate both the initial value of charitable contributions from the tax expenditure estimate and a timing effect that would result from people speeding up their level of contributions in response to the future loss of the deduction. Thus, tax expenditure estimates can only act as a preliminary indication of the revenue effect that would occur if the provision were eliminated or modified.

Data Sources and Reliability of Estimates

To the extent possible, data from the Georgia Department of Revenue (DOR) is used to estimate the expenditures included in this report. Unfortunately, the required information is not always collected or available. When it is not, other data sources, such as information from the U.S. Census Bureau, the U.S. Bureau of Economic Analysis, or the U.S. Bureau of Labor Statistics, are used. Every effort is made to provide reliable, well supported estimates of the provisions. Because of the time lag in processing income tax returns, the most recent data available from the Georgia DOR was calendar year (CY) 2023. Therefore, even in cases in which the Georgia DOR data is used as the primary data source, the tax expenditure costs presented in this report are estimates.

Two subjective measures of reliability are provided in this report: the estimate reliability and the data reliability. The reliability of both the estimate and data are categorized into three classes: A, B, and C. Class A estimates and data sources are considered the most reliable. Data sources with a Class A status consist of data from the federal statistical agencies or from the Georgia DOR. Estimates with a Class A status are typically those estimates that are based on Class A data that is particularly applicable to the expenditure provision. For instance, most of the state business tax credit expenditures are listed as Class A estimates. They are based on tax credit data provided by the Georgia DOR that specifically addresses or measures the tax expenditure provision. On the

other hand, most sales tax estimates are given a Class B status. While these provisions may be based on Class A data sources, such as the Economic Census or the Consumer Expenditure Survey from the Bureau of Labor Statistics, the data may only be available at a national level, or the data may refer to more activities than is covered by the tax expenditure provision. In these cases, the data must be adjusted to represent the specific activity associated with the expenditure provision and scaled down to represent the value of the activity within Georgia. Class C estimates are believed to provide reasonable estimates and are based on the best data available. For some items, no reliable information is available. In these cases, no estimate for the expenditure is provided.

Class of Estimate/Class of Data	Description of Estimate Reliability	Examples of Data Sources by Reliability Status
Class A	Based on data specifically related to the tax expenditure provision and to Georgia taxpayers	Data from Department of Revenue, Bureau of Labor Statistics Consumer Expenditure Survey, Bureau of Economic Analysis, U.S. Census Bureau datasets
Class B	Based on national data which has been modified to represent Georgia and the specific tax activity covered by the expenditure	Industry surveys and trade magazines, most proprietary information
Class C	Represents best available estimate at this time	Newspaper articles, secondary sources

Local Government Effects

In addition to the state estimates, this report attempts, where possible, to estimate the effects on local government revenues. There are many state exemptions that have local ramifications, such as numerous exemptions from the sales tax base. The local estimates that are provided represent the aggregate value of the exemptions that would accrue to the counties, municipalities, school districts, and special service districts, including tax allocation and community improvement districts.

Consistency with prior estimates

The current report, prepared for FY 2027, presents estimates for FY 2025-FY 2027. The report for FY 2026 provided estimates for FY 2024-FY 2026. In most cases, the estimates between the current and past reports are consistent, with the latest report continuing the same trend in the value of the estimates that was established in earlier reports. On the other hand, there are some cases in which estimates presented in the FY 2027 report differ significantly from those presented in the past reports. This usually occurs because new information has become available

or because a new forecast of economic activity is relied upon to predict future values. The updated estimates are included in the current report and any major inconsistency with prior reports is noted in the discussion relating to the expenditure.

Outline of the Report

The report continues with a summary table containing a title of each tax expenditure provision, the tax base it is associated with, the type of expenditure, and the estimated values for FY 2025-27 for all tax expenditures identified in the report. Provisions that are assigned a positive value denote an expenditure that is estimated to reduce state or local revenues. Provisions assigned a value of “(m)” denote a tax expenditure that is estimated to reduce state revenues by less than \$1 million. Provisions assigned a negative value denote a positive tax expenditure that is estimated to increase state revenues. Provisions assigned a value of “(-m)” denote a tax expenditure that is estimated to increase state revenues by less than \$1 million.

In addition to an identifying title, each expenditure provision is assigned an expenditure number, the first digit of which corresponds to the different sections of this report, such as 1 for the individual income tax and 5 for the insurance premium tax. The remaining portion of the numeric identifier is used to divide the expenditures into different subcategories such as federal and state expenditures, and deductions and credits. Only in the case of the sales tax exemptions does the expenditure number have any relationship to the state tax code section to which the expenditure item is associated. The numeric identifiers for each provision are consistent across tax expenditure reports and can be used to compare expenditure estimates from one report to the next.

Following the summary tables are detailed sections for each of the specific taxes covered in this report. These detailed sections begin with a brief description of the tax, latest figures on revenue collection and any information on recent modifications to the base. These detailed sections also include additional information for each of the expenditure items such as the statute number, the year in which the expenditure provision was enacted and the year in which it became effective, information on the data and estimate reliability and data source, a more detailed description of the tax expenditure provision, and the value of the expenditure provision. The report concludes with an appendix that includes tables listing recently expired provisions, sales and use tax expenditures by type, and distributional analysis for a selected number of income tax provisions.

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
Federal Income Tax Provisions¹						
1.1.001	Exclusion of employee meals and lodging	Federal Individual Income Tax	Exclusion	78	79	80
1.1.002	Exclusion of housing allowances for ministers	Federal Individual Income Tax	Exclusion	8	9	9
1.1.003	Exclusion of employer-provided child care	Federal Individual Income Tax	Exclusion	21	22	23
1.1.004	Exclusion of employee awards	Federal Individual Income Tax	Exclusion	4	4	4
1.1.005	Exclusion of employer contributions and earnings to pension plans including Keoghs, defined benefit and defined contribution plans	Federal Individual Income Tax	Exclusion	2,828	3,131	3,607
1.1.006	Exclusion of employer contributions for health care, health insurance premiums and long-term care insurance premiums	Federal Individual Income Tax	Exclusion	1,656	1,720	1,772
1.1.007	Exclusion of employer-paid accident and disability premiums	Federal Individual Income Tax	Exclusion	48	52	56

¹ These are Internal Revenue Code (IRC) provisions adopted by Georgia as part of its personal and corporate income tax.

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.1.008	Exclusion of employer contributions for premiums on group-term life insurance	Federal Individual Income Tax	Exclusion	32	34	36
1.1.009	Exclusion of employer-paid transportation benefits and employer-provided transit and vanpool benefits	Federal Individual Income Tax	Exclusion	62	64	67
1.1.011	Exclusion of employer-provided adoption assistance	Federal Individual Income Tax	Exclusion	2	2	2
1.1.012	Exclusion of employer-provided education benefits (including education assistance and tuition reduction benefits)	Federal Individual Income Tax	Exclusion	14	13	13
1.1.013	Exclusion of miscellaneous fringe benefits	Federal Individual Income Tax	Exclusion	73	76	79
1.1.014	Exclusion of foreign earned income (including housing and salary)	Federal Individual Income Tax	Exclusion	35	39	41
1.1.015	Exclusion of certain allowances for federal employees abroad	Federal Individual Income Tax	Exclusion	11	11	12

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.1.016	Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits)	Federal Individual Income Tax	Exclusion	93	96	101
1.1.017	Exclusion of medical care and Tricare medical insurance for military dependents, retirees, and retiree dependents	Federal Individual Income Tax	Exclusion	127	132	137
1.1.018	Exclusion of veterans' benefits (includes veterans disability compensation, pensions, and readjustment benefits)	Federal Individual Income Tax	Exclusion	166	174	183
1.1.019	Exclusion of income attributable to the discharge of certain student loan debt and National Health Service Corp and certain state educational loan repayments	Federal Individual Income Tax	Exclusion	6	7	7

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.1.020	Exclusion of workers' compensation benefits (includes disability and survivor benefits and medical benefits, and exclusion of damages on account of personal physical injuries or physical sickness)	Federal Individual Income Tax	Exclusion	79	88	97
1.1.021	Exclusion of special benefits for disabled coal miners	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.022	Exclusion of untaxed Social Security and railroad retirement benefits	Federal Individual Income Tax	Exclusion	324	369	415
1.1.024	Exclusion of certain foster care payments	Federal Individual Income Tax	Exclusion	3	3	3
1.1.026	Exclusion of scholarship and fellowship income	Federal Individual Income Tax	Exclusion	38	43	47
1.1.027	Exclusion of earnings on Coverdell education savings accounts and interest on educational savings bonds	Federal Individual Income Tax	Exclusion	2	2	2

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.1.028	Exclusion of earnings on qualified tuition programs (including prepaid tuition programs and savings account programs)	Federal Individual Income Tax	Exclusion	39	40	40
1.1.029	Exclusion of certain agricultural cost-sharing payments	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.030	Exclusion of cancellation of indebtedness income for farmers	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.031	Exclusion of interest on state and local government private activity bonds	Federal Individual Income Tax	Exclusion	3	3	3
1.1.032	Exclusion of capital gains on sales of principal residences	Federal Individual Income Tax	Exclusion	351	402	450
1.1.033	Exclusion of capital gains at death	Federal Individual Income Tax	Exclusion	331	347	372
1.1.034	Carryover basis of capital gains on gifts	Federal Individual Income Tax	Exclusion	58	52	25
1.1.035	Permanent exemption from imputed interest rules	Federal Individual Income Tax	Exclusion	5	6	6
1.1.036	Exclusion of combat pay	Federal Individual Income Tax	Exclusion	12	14	15

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.1.037	Exclusion of energy conservation subsidies provided by public utilities	Federal Individual Income Tax	Exclusion	(m)	(m)	(m)
1.1.039	Exclusion of gain for certain small business stock	Federal Individual Income Tax	Exclusion	17	17	18
1.1.040	Exclusion of interest on public purpose state and local government bonds	Federal Individual Income Tax	Exclusion	1	1	1
1.1.041	Exclusion of income earned by voluntary employees' beneficiary associations	Federal Individual Income Tax	Exclusion	21	23	27
1.1.043	Exclusion of disaster mitigation payments	Federal Individual Income Tax	Exclusion	1	3	4
1.1.044	Deduction for non-itemizers of Charitable Contributions	Federal Individual Income Tax	Exclusion	Estimate included in 1.2.021		
1.1.045	Exclusion of income attributable to the discharge of principal residence acquisition indebtedness	Federal Individual Income Tax	Exclusion	1	2	1
1.2.001	Accelerated depreciation (MACRS)	Federal Individual Income Tax	Deduction	48	47	46

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
1.2.002	Deduction for expenditures on energy-efficient commercial building property	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.003	Expensing of exploration and development costs: nonfuel minerals	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.004	Amortization of business start-up costs	Federal Individual Income Tax	Deduction	2	2	2
1.2.006	Expensing of magazine circulation expenditures	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.007	Deductions for oil and gas exploration and development costs	Federal Individual Income Tax	Deduction	0	0	0
1.2.008	Special treatment for expenses related to timber production	Federal Individual Income Tax	Deduction	3	3	3
1.2.009	Expensing under IRC Section 179 of depreciable business property	Federal Individual Income Tax	Deduction	43	47	55
1.2.010	Exceptions for publicly traded partnerships with qualified income derived from certain energy-related activities	Federal Individual Income Tax	Deduction	3	4	5

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.2.011	Treatment of income from exploration and mining of natural resources as qualifying income under the publicly traded partnerships rules	Federal Individual Income Tax	Deduction	(m)	1	1
1.2.012	Various agricultural expensing provisions	Federal Individual Income Tax	Deduction	1	1	1
1.2.013	Community and regional development incentives	Federal Individual Income Tax	Deduction	2	1	0
1.2.014	Expenses to remove architectural and transportation barriers to the handicapped and elderly	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.015	Inventory methods and valuation, (including last-in first-out, lower of cost or market, specific identification for homogenous products)	Federal Individual Income Tax	Deduction	4	3	3
1.2.017	Health Savings Accounts	Federal Individual Income Tax	Deduction	96	108	120
1.2.018	Deduction for property taxes on real property	Federal Individual Income Tax	Deduction	202	569	965

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.2.020	Deduction for mortgage interest on owner-occupied residences	Federal Individual Income Tax	Deduction	238	502	766
1.2.021	Deduction for charitable contributions	Federal Individual Income Tax	Deduction	562	672	836
1.2.022	Deduction for casualty and theft losses	Federal Individual Income Tax	Deduction	1	3	4
1.2.023	Deduction for unreimbursed overnight expenses for National Guard and Reserve members	Federal Individual Income Tax	Deduction	2	3	3
1.2.025	Deduction for interest on student loans	Federal Individual Income Tax	Deduction	18	20	21
1.2.027	Deduction for teacher classroom expenses	Federal Individual Income Tax	Deduction	2	2	2
1.2.028	Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	Federal Individual Income Tax	Deduction	50	60	69
1.2.029	Deduction for medical, dental, and long-term care expenses	Federal Individual Income Tax	Deduction	87	123	157
1.2.030	Net exclusion for pension contributions and earnings: traditional and Roth IRAs	Federal Individual Income Tax	Deduction	228	276	324

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
1.2.031	Limit on net operating loss deduction ²	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.2.032	7-year recovery period for motorsport entertainment complexes	Federal Individual Income Tax	Deduction	(m)	(m)	(m)
1.3.001	Deferral of gain on like-kind exchanges	Federal Individual Income Tax	Deferral	42	41	39
1.3.002	Special rules for magazine, paperback book, and record returns	Federal Individual Income Tax	Special Rule	(m)	(m)	(m)
1.3.003	Two-year carryback for net operating losses attributable to farming	Federal Individual Income Tax	Special Rule	1	1	1
1.3.004	Special rules for mining reclamation reserves	Federal Individual Income Tax	Special Rule	(m)	(m)	(m)
1.3.005	Cash accounting, for certain businesses	Federal Individual Income Tax	Special Rule	19	21	23
1.3.006	Deferral of gain on non-dealer installment sales	Federal Individual Income Tax	Special Rule	8	8	8
1.3.007	Completed contract rules	Federal Individual Income Tax	Special Rule	1	1	1

² Negative values denote a tax expenditure that is estimated to increase state revenues.

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.3.008	Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans)	Federal Individual Income Tax	Deferral	27	30	32
1.3.009	Various agricultural expensing provisions	Federal Individual Income Tax	Special Rule	2	2	2
1.3.010	Qualified Opportunity Zones	Federal Individual Income Tax	Special Rule	18	-2	-49
Georgia Individual Income Tax Provisions						
1.4.001	Personal Exemption	State Individual Income Tax	Exemption	556	545	540
1.4.002	Retirement Income	State Individual Income Tax	Exemption	1,423	1,428	1,460
1.4.003	Exclusion of federally taxable Social Security benefits	State Individual Income Tax	Exemption	509	512	521
1.4.004	Georgia Higher Education Savings Plan Contributions	State Individual Income Tax	Exemption	23	22	22
1.4.005	Interest on U.S. obligations	State Individual Income Tax	Exemption	29	27	26
1.4.006	Certain military income of members of the National Guard and Reserves	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.007	Organ donation expenses	State Individual Income Tax	Exemption	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.4.008	Aged 65/Blind deduction	State Individual Income Tax	Exemption	0	0	0
1.4.009	Certain dependent's unearned income	State Individual Income Tax	Exemption	(m)	(m)	(m)
1.4.010	Premiums for high-deductible health plans	State Individual Income Tax	Exemption	8	8	9
1.4.011	Exclusion of qualified insurance benefits for firefighters	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.012	Individual retirement account, Keogh, SEP, and Sub-S plan withdrawals where tax has been paid to Georgia because of the difference between Georgia and Federal law for tax years 1981 through 1986	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.013	Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.014	Income from any fund, program or system which is exempted by federal law or treaty	State Individual Income Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.4.015	Certain income in which the Sub-S election is not recognized by Georgia or another state in order to avoid double taxation	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.016	Adjustment for certain teachers retired from the Teachers Retirement System of Georgia	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.017	Amount claimed by certain employers in food and beverage establishments	State Individual Income Tax	Deduction	Estimate not available at this time		
1.4.018	Adjustment of certain payments to minority subcontractors	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.019	Adjustments to federal AGI for certain Georgia resident partners	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.020	Exemption for certain disaster relief firms	State Individual Income Tax	Exemption	Estimate not available at this time		
1.4.021	Exclusion of Military Survivor Benefits	State Individual Income Tax	Exclusion	(m)	(m)	(m)
1.4.022	Exclusion from the income tax for disability payments for disabled first responders	State Individual Income Tax	Exclusion	(m)	(m)	(m)
1.4.023	USDA Disaster Relief Payments Exemption	State Individual Income Tax	Exclusion	0	50	79

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.4.024	Military Retirement Income Exclusion	State Individual Income Tax	Exclusion	22	22	22
1.5.001	Standard Deduction	State Individual Income Tax	Deduction	2,926	2,871	2,844
1.5.002	Deduction of qualified insurance premiums for former firefighters	State Individual Income Tax	Deduction	Estimate not available at this time		
1.6.001	Rural Physician Credit	State Individual Income Tax	Credit	1	2	2
1.6.002	Disabled person's home purchase or retrofit credit	State Individual Income Tax	Credit	(m)	(m)	(m)
1.6.004	Disaster Assistance Credit	State Individual Income Tax	Credit	2	3	(m)
1.6.005	Qualified Caregiving Expense Credit	State Individual Income Tax	Credit	(m)	(m)	(m)
1.6.006	Tax credit for life insurance for Georgia National Guard and Air National Guard	State Individual Income Tax	Credit	(m)	(m)	(m)
1.6.007	Child and Dependent Care Credit	State Individual Income Tax	Credit	43	44	44
1.6.008	Adoption of Foster Child Credit	State Individual Income Tax	Credit	12	13	14
1.6.009	Low-Income Credit	State Individual Income Tax	Credit	3	3	3
1.6.010	Credit for taxes paid to another state	State Individual Income Tax	Credit	355	337	339

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.6.011	Credit for Community-Based Faculty Preceptors	State Individual Income Tax	Credit	3	3	3
1.6.012	Georgia Job Tax Credit	Total State Credit	Credit	197	200	203
1.6.013	Quality Jobs Tax Credit	Total State Credit	Credit	128	140	143
1.6.014	New Facilities Jobs Credit	Total State Credit	Credit	Estimate combined with 1.6.012		
1.6.015	New Manufacturing Facilities Property Credit	Total State Credit	Credit	0	0	0
1.6.016	Manufacturer's Investment Tax Credit	Total State Credit	Credit	21	24	25
1.6.017	Optional Investment Tax Credit	Total State Credit	Credit	2	3	3
1.6.018	Port Activity Tax Credit	Total State Credit	Credit	5	5	5
1.6.019	Alternate Port Activity Tax Credit	Total State Credit	Credit	Estimate combined with 1.6.018		
1.6.020	Film Tax Credit	Total State Credit	Credit	532	631	630
1.6.021	Research Tax Credit	Total State Credit	Credit	225	238	250
1.6.022	Seed-Capital Fund Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.023	Qualified Health Insurance Expense Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.026	Business Enterprise Vehicle Credit	Total State Credit	Credit	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.6.027	Employer's credit for providing or sponsoring child care for employees and employer's credit for purchasing child care property	Total State Credit	Credit	19	18	19
1.6.028	Low-Income Housing Credit	Total State Credit	Credit	396	412	430
1.6.029	Historic Rehabilitation Credit	Total State Credit	Credit	22	20	21
1.6.031	Low/Zero-Emission Vehicle Charger Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.032	Land Conservation Credit	Total State Credit	Credit	1	1	1
1.6.035	Employer's Credit for Approved Employee Retraining	Total State Credit	Credit	59	61	61
1.6.036	Qualified Education Expense Credit	Total State Credit	Credit	92	96	109
1.6.038	Energy-efficient or water-efficient equipment credit	Total State Credit	Credit	Estimate not available at this time		
1.6.041	Tax credit for existing business enterprises undergoing qualified business expansion	Total State Credit	Credit	Estimate combined with 1.6.013		
1.6.043	Bank Tax Credit	Total State Credit	Credit	57	55	55

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
1.6.045	Income tax credit for contributions to rural health care organizations	Total State Credit	Credit	80	93	94
1.6.046	Revitalization Zone Tax Credit	Total State Credit	Credit	1	2	2
1.6.047	Georgia Musical Investment Tax Credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.048	Public Education Innovation Fund Tax Credit	Total State Credit	Credit	5	5	6
1.6.049	Agribusiness Tax Credit	Total State Credit	Credit	7	3	2
1.6.050	Railroad Track Maintenance Tax Credit	Total State Credit	Credit	6	6	6
1.6.051	Reforestation credit for losses incurred on commercial timberland due to hurricane damage	Total State Credit	Credit	0	40	44
1.6.052	Qualified Post-Production Expenditures Credit	Total State Credit	Credit	1	2	3
1.6.053	Personal protective equipment manufacturer job tax credit	Total State Credit	Credit	(m)	(m)	(m)
1.6.054	Medical equipment, medical supplies, pharmaceuticals, and medicine manufacturers job tax credit	Total State Credit	Credit	1	1	1
1.6.055	Teacher Recruitment and Retention Credit	Total State Credit	Credit	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
1.6.056	Qualified Foster Child Donation Credit	Total State Credit	Credit	2	11	18
1.6.057	Qualified Law Enforcement Donation Credit	Total State Credit	Credit	8	11	13
1.6.058	Itemizer Tax Credit	Total State Credit	Credit	194	196	198

Federal Corporate Income Tax Provisions

2.1.001	Permanent exemption from imputed interest rules	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.002	Exclusion of interest on state and local government private activity bonds	Federal Corporate Income Tax	Exclusion	1	1	1
2.1.004	Exclusion of earnings of certain environmental settlement funds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.005	Exclusion of certain agricultural cost-sharing payments	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.006	Exclusion of gain or loss on sale or exchange for brownfield property	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)
2.1.009	Exclusion of interest on public purpose state and local government bonds	Federal Corporate Income Tax	Exclusion	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
2.1.010	Various foreign provisions including inventory property sales source rule exception, interest expense allocation, deferral of active income of controlled foreign corporations, and deferral of active financing income	Federal Corporate Income Tax	Exclusion	262	216	194
2.1.011	Exclusion of employee meals and lodging	Federal Corporate Income Tax	Deduction	-13	-17	-19
2.1.012	Exclusion of employer-paid transportation benefits and employer-provided transit and vanpool benefits	Federal Corporate Income Tax	Exclusion	-22	-22	-23
2.2.001	Accelerated depreciation (MACRS)	Federal Corporate Income Tax	Deduction	8	8	8
2.2.002	Deduction for expenditures on energy-efficient commercial building property	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.003	Expensing of exploration and development costs: nonfuel minerals	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.004	Amortization of business start-up costs	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
2.2.006	Expensing of magazine circulation expenditures	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.007	Deductions of oil and gas exploration and development costs	Federal Corporate Income Tax	Deduction	0	0	0
2.2.008	Special treatment of expenses related to timber production	Federal Corporate Income Tax	Deduction	6	6	6
2.2.009	Deduction of charitable contributions for health, education, and other purposes	Federal Corporate Income Tax	Deduction	52	54	56
2.2.011	Expensing under IRC Section 179 of depreciable business property	Federal Corporate Income Tax	Deduction	5	5	6
2.2.012	Amortization of air pollution control facilities	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.014	Various agricultural expensing provisions	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.015	Community and regional development incentives	Federal Corporate Income Tax	Deduction	1	1	0
2.2.016	Deduction for architectural and transportation barrier removal expenses for the handicapped and elderly	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.2.017	Inventory methods and valuation	Federal Corporate Income Tax	Deduction	12	11	11

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
2.2.018	Limits on deductible compensation and disallowance of deduction for excess parachute payments	Federal Corporate Income Tax	Exemption	-34	-36	-41
2.2.019	Deduction for foreign-derived intangible income	Federal Corporate Income Tax	Deduction	28	26	24
2.2.020	Limitation on deduction of FDIC premium	Federal Corporate Income Tax	Deduction	-10	-10	-10
2.2.021	Limitation on net operating loss deduction	Federal Corporate Income Tax	Deduction	-3	-3	-3
2.2.022	7-year recovery period for motorsport entertainment complexes	Federal Corporate Income Tax	Deduction	(m)	(m)	(m)
2.3.001	Deferral of gain on like-kind exchanges	Federal Corporate Income Tax	Deferral	14	13	13
2.3.002	Special rules for magazine, paperback book, and record returns	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.003	Two-year carryback for net operating losses attributable to farming	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.004	Special rules for mining reclamation reserves	Federal Corporate Income Tax	Special Rule	(m)	(m)	(m)
2.3.005	Cash accounting, for certain businesses	Federal Corporate Income Tax	Special Rule	4	4	4

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
2.3.006	Deferral of gain on non-dealer installment sales	Federal Corporate Income Tax	Special Rule	24	26	27
2.3.007	Completed contract rules	Federal Corporate Income Tax	Special Rule	5	6	6
2.3.008	Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans)	Federal Corporate Income Tax	Deferral	6	6	7
2.3.009	Deferral of capital construction costs of shipping companies	Federal Corporate Income Tax	Deferral	(m)	(m)	(m)
2.3.010	Qualified Opportunity Zones	Federal Corporate Income Tax	Special Rule	16	-11	-46
2.3.012	Special rules for interest-charge domestic international sales corporations (IC-DISC)	Federal Corporate Income Tax	Credit	11	12	12

Georgia Corporate Income Tax Provisions

2.4.001	Single-Factor Apportionment	Corporate Income Tax	Apportionment	Estimate not available at this time
2.4.002	Throwback Rule	Corporate Income Tax	Apportionment	Estimate not available at this time
2.4.003	Corporate Receipts Sourcing	Corporate Income Tax	Apportionment	Estimate not available at this time
2.5.001	Interest on obligations of United States	Corporate Income Tax	Deduction	Estimate not available at this time

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
(in Millions)						
2.5.002	Exception to intangible expenses and related interest cost	Corporate Income Tax	Deduction		Estimate not available at this time	
2.5.003	Exclusion of global intangible low-taxed income (GILTI)	Corporate Income Tax	Exclusion	144	164	180
2.6.001	Georgia Job Tax Credit	Total State Credit	Credit	197	200	203
2.6.002	Quality Jobs Tax Credit	Total State Credit	Credit	128	140	143
2.6.003	New Facilities Jobs Credit	Total State Credit	Credit		Estimate combined with 2.6.001	
2.6.004	New Manufacturing Facilities Property Credit	Total State Credit	Credit	0	0	0
2.6.005	Manufacturer's Investment Tax Credit	Total State Credit	Credit	21	24	25
2.6.006	Optional Investment Tax Credit	Total State Credit	Credit	2	3	3
2.6.007	Port Activity Tax Credit	Total State Credit	Credit	5	5	5
2.6.008	Alternative Port Activity Tax Credit	Total State Credit	Credit		Estimate Combined with 2.6.007	
2.6.009	Film Tax Credit	Total State Credit	Credit	532	631	630
2.6.010	Research Tax Credit	Total State Credit	Credit	225	238	250
2.6.011	Seed-Capital Fund Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.012	Qualified Health Insurance Expense Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.015	Business Enterprise Vehicle Credit	Total State Credit	Credit	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
2.6.016	Employer's credit for providing or sponsoring childcare for employees and employer's credit for purchasing child-care property	Total State Credit	Credit	19	18	19
2.6.017	Low-Income Housing Credit	Total State Credit	Credit	396	412	430
2.6.018	Historic Rehabilitation Credit	Total State Credit	Credit	22	20	21
2.6.020	Low- and Zero-emission Vehicle and Charger Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.021	Land Conservation Credit	Total State Credit	Credit	1	1	1
2.6.024	Employer's credit for approved employee retraining	Total State Credit	Credit	59	61	61
2.6.025	Qualified Education Expense Credit	Total State Credit	Credit	92	96	109
2.6.027	Energy-efficient or water-efficient equipment credit	Total State Credit	Credit	Estimate not available at this time		
2.6.030	Tax credit for existing business enterprises undergoing qualified business expansion	Total State Credit	Credit	Estimate combined with 2.6.002		
2.6.032	Bank Tax Credit	Total State Credit	Credit	57	55	55

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
2.6.034	Income tax credit for contributions to rural health care organizations	Total State Credit	Credit	80	93	94
2.6.035	Revitalization Zone Tax Credit	Total State Credit	Credit	1	2	2
2.6.036	Georgia Musical Investment Tax Credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.037	Public Education Innovation Fund Tax Credit	Total State Credit	Credit	5	5	6
2.6.038	Agribusiness Tax Credit	Total State Credit	Credit	7	3	2
2.6.039	Railroad Track Maintenance Tax Credit	Total State Credit	Credit	6	6	6
2.6.040	Reforestation credit for losses incurred on commercial timberland due to hurricane damage	Total State Credit	Credit	0	40	44
2.6.041	Qualified Post-Production Expenditures Credits	Total State Credit	Credit	1	2	3
2.6.042	Personal protective equipment manufacturer job tax credit	Total State Credit	Credit	(m)	(m)	(m)
2.6.043	Medical equipment, medical supplies, pharmaceuticals, and medicine manufacturers job tax credit	Total State Credit	Credit	1	1	1
2.6.044	Qualified Foster Child Donation Credit	Total State Credit	Credit	2	11	18

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
2.6.045	Qualified Law Enforcement Donation Credit	Total State Credit	Credit	8	11	13
Corporate Net Worth Tax						
3.001	Exemption for nonprofit corporations	Net Worth Tax	Exemption	Estimate not available at this time		
3.002	Exemption for insurance companies separately taxed	Net Worth Tax	Exemption	Estimate not available at this time		
3.003	Exemption for corporations with net worth of \$100,000 or less	Net Worth Tax	Exemption	6	6	7
Sales and Use Tax						
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Sales and Use Tax	Exemption	Estimate not available at this time		
4.00200	Tangible personal property furnished by the federal government, or by any county or municipality, and used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system	Sales and Use Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.00300	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel	Sales and Use Tax	Exemption	Estimate not available at this time		
4.00400	Sale of transportation furnished by a county or municipal public transit system or public transit authorities	Sales and Use Tax	Exemption	6	7	7
4.00500	Sale of transportation furnished by an approved and authorized urban transit system	Sales and Use Tax	Exemption	Estimate combined with 4.00400		
4.00600	Sales to any Hospital Authority created by Georgia law	Sales and Use Tax	Exemption	83	88	92
4.00610	Sales to any Housing Authority created by Georgia law	Sales and Use Tax	Exemption	2	2	2
4.00620	Sales to local government authorities created on or after January 1, 1980, for the principal purpose of constructing, owning, or operating a coliseum and related facilities	Sales and Use Tax	Exemption	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.00630	Sales to any agricultural commission created by the Department of Agriculture	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.00700	Sale of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function	Sales and Use Tax	Exemption	69	73	77
4.00705	Sale of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act	Sales and Use Tax	Exemption	2	3	3
4.00710	Sale of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities	Sales and Use Tax	Exemption	1	1	1

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.00730	Sale of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level	Sales and Use Tax	Exemption	2	2	2
4.00800	Sale of tangible personal property and services to the University System of Georgia and its educational units	Sales and Use Tax	Exemption	62	65	67
4.00900	Sale of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia in which the credits are accepted by the University System of Georgia	Sales and Use Tax	Exemption	Estimate combined with 4.00800		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.01000	Sale of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	Sales and Use Tax	Exemption	8	8	9
4.01100	Sale of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01200	School lunches sold and served to pupils and employees of public schools	Sales and Use Tax	Exemption	4	4	4
4.01300	School lunches sold and served to pupils and employees of approved private schools	Sales and Use Tax	Exemption	1	1	1
4.01400	Sale of art and other artifacts for display or exhibition to museums	Sales and Use Tax	Exemption	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year and sales of religious paper when the paper is owned and operated by the religious institution	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01510	Sale of pipe organs or steeple bells to any church qualifying as a nonprofit	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.01700	Sale of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	Sales and Use Tax	Exemption	5	5	6
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Sales and Use Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.01900	All tangible personal property purchased outside this State by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident	Sales and Use Tax	Exemption	Estimate not available at this time		
4.02000	Water delivered through water mains, lines, or pipes	Sales and Use Tax	Exemption	12	13	13
4.02100	Sales, transfers, or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business	Sales and Use Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.02200	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made	Sales and Use Tax	Exemption	Estimate included in sales tax for services: 4.50500		
4.02300	Repair services when a separate charge is made to the customer	Sales and Use Tax	Exemption	Estimate included in sales tax for services: 4.51100		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	Sales and Use Tax	Exemption	6	6	6
4.03000	Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase a specially adapted vehicle	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia	Sales and Use Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03300	The sale of aircraft, watercraft, railroad locomotives and rolling stock, motor vehicles which will be used principally to cross the state line to transport persons or cargo when purchased by common or common and contract carriers	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	Sales and Use Tax	Exemption	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.03600	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility	Sales and Use Tax	Exemption	Estimate not available at this time		
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	Sales and Use Tax	Exemption	7	7	8
4.03910	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property	Sales and Use Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.04000	Sale of major components or repair parts installed in military aircraft, vehicles, or missiles	Sales and Use Tax	Exemption	29	32	31
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institution, child-placing agency, or maternity home	Sales and Use Tax	Exemption	1	1	1
4.04200	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property	Sales and Use Tax	Exemption	Estimate not available at this time		
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	Sales and Use Tax	Exemption	47	50	52

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.04400	Sale of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state	Sales and Use Tax	Exemption			
				Estimate not available at this time		
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia	Sales and Use Tax	Exemption			
				Estimate not available at this time		
4.04600	Sale of tangible personal property or taxable services to nonprofit blood banks	Sales and Use Tax	Exemption	3	3	3
4.04700	Sale of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain controlled substances or dangerous drugs	Sales and Use Tax	Exemption	671	710	749
4.04800	Sale of crab bait to licensed commercial fishermen	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.05000	Sale of insulin syringes and blood glucose level measuring strips dispensed without a prescription	Sales and Use Tax	Exemption	11	12	13

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
4.05100	Sale of oxygen when prescribed by a licensed physician	Sales and Use Tax	Exemption	2	2	2
4.05200	Sale or use of hearing aids	Sales and Use Tax	Exemption	6	7	8
4.05300	Transactions in which food stamps or WIC coupons are used as the method of payment	Sales and Use Tax	Exemption	146	146	150
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	Sales and Use Tax	Exemption	66	71	75
4.05500	Sale of Georgia lottery tickets	Sales and Use Tax	Exemption	249	259	269
4.05600	Sale by any qualified nonprofit parent teacher organization	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.05700	Food purchased for off-premises consumption	Sales and Use Tax	Exemption	1,175	1,214	1,253
4.05710	Sale of food and beverages to a qualified food bank	Sales and Use Tax	Exemption	1	1	1
4.05720	Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes	Sales and Use Tax	Exemption	4	5	5

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.05730	Exemption for food and food ingredients that are donated following a natural disaster and used for disaster relief	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.05900	Sale of eligible food and beverages by any Girl or Boy Scout council	Sales and Use Tax	Exemption	2	2	2
4.06000	Sale of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.06100	Advertising inserts that are used in newspapers for resale	Sales and Use Tax	Exemption	Estimate not available at this time		
4.06200	Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer	Sales and Use Tax	Exemption	4	4	4
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund	Sales and Use Tax	Exemption	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.06500	Sale of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.06600	Sale of gold, silver, or platinum bullion	Sales and Use Tax	Exemption	4	4	4
4.06700	Sale of coins or currency	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.06800	Sale of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million	Sales and Use Tax	Exemption	552	710	854
4.06810	High-Tech Data Center Equipment Exemption	Sales and Use Tax	Exemption	474	625	762
4.06900	Sale of machinery and equipment and material incorporated and used in a clean room of Class 100 or less	Sales and Use Tax	Exemption	Estimate Combined with 4.06000		
4.07000	Sale of natural gas used directly in the manufacture of electricity	Sales and Use Tax	Exemption	89	82	83

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.07100	Sale to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.07200	Sale of prescribed mobility enhancing equipment	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.07600	Exemption for personal property used in the renovation or expansion of an aquarium or zoo	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	Sales and Use Tax	Exemption	7	7	7
4.08300	Sale of biomass materials used to produce electricity or steam intended for sale	Sales and Use Tax	Exemption	4	4	5
4.08600	Sale of engines, parts, equipment, and other tangible personal property used in the maintenance or repair of certain aircraft	Sales and Use Tax	Exemption	13	13	13

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.09100	Sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave	Sales and Use Tax	Exemption	Estimate not available at this time		
4.09300	Sale of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until December 31, 2026	Sales and Use Tax	Exemption	12	12	9
4.09400	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale	Sales and Use Tax	Exemption	Estimate Combined with 4.3.3		
4.09700	Sale of admission to a nonrecurring major sporting event	Sales and Use Tax	Exemption	8	8	8
4.10000	Exemption for sales of tickets to a qualified fine arts performance or exhibition	Sales and Use Tax	Exemption	3	3	3

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
4.10100	The sale of certain written material by a nonprofit	Sales and Use Tax	Exemption	11	9	0
4.10200	Partial exemption for qualified manufactured homes	Sales and Use Tax	Exemption	5	5	5
4.10400	Exemption for poultry diagnostic and disease monitoring service nonprofit organization	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.3.2	Exemption for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing	Sales and Use Tax	Exemption	4,338	4,565	4,791
4.3.3	Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment	Sales and Use Tax	Exemption	159	161	163
4.3.4	Exemption for qualified boat repairs	Sales and Use Tax	Exemption	(m)	(m)	(m)
4.3.5	Exemption for the sale and use of jet fuel	Sales and Use Tax	Exemption	54	53	55
4.3.6	Exemption for sales within an enterprise zone	Sales and Use Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
4.50100	Construction Services	Sales and Use Tax	Exemption	3,120	3,212	3,271
4.50200	Automotive Services by Motor Vehicle and Parts Dealers	Sales and Use Tax	Exemption	134	134	135
4.50300	Investment and Financial Advisers	Sales and Use Tax	Exemption	773	809	810
4.50400	Real Estate Services	Sales and Use Tax	Exemption	487	493	503
4.50500	Professional, Scientific and Technical Services	Sales and Use Tax	Exemption	3,258	3,292	3,308
4.50600	Administrative and Support Services	Sales and Use Tax	Exemption	1,027	1,027	1,053
4.50700	Waste Management and Remediation Services	Sales and Use Tax	Exemption	218	225	228
4.50800	Educational Services (excluding schools)	Sales and Use Tax	Exemption	84	85	86
4.50900	Health Care and Social Assistance Services	Sales and Use Tax	Exemption	3,930	4,113	4,224
4.51000	Promoters of Events; Agents for Entertainers	Sales and Use Tax	Exemption	24	25	25
4.51100	Repair and Maintenance Services	Sales and Use Tax	Exemption	137	137	138
4.51200	Personal and Laundry Services	Sales and Use Tax	Exemption	214	216	218
4.70000	Compensation of dealers for reporting and paying tax	Sales and Use Tax	Exemption	138	144	147

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
4.90000	Sales tax exemption for casual sales	Sales and Use Tax	Exemption	(m)	(m)	(m)
Insurance Premium Tax						
5.00100	Deduction of retaliatory taxes paid to other states	Insurance Premium Tax	Deduction	1	1	1
5.00200	Georgia Job Tax Credit	Total State Credit	Credit	197	200	203
5.00300	Exemption for premiums of high-deductible health plans	Insurance Premium Tax	Exemption	2	2	2
5.00400	Exemption for insurance companies that only insure places of worship	Insurance Premium Tax	Exemption	(m)	(m)	(m)
5.00500	Insurance abatements	Insurance Premium Tax	Rate Reduction	316	315	327
5.00600	Special deductions for life insurance companies	Insurance Premium Tax	Deduction	250	258	277
5.00700	Low Income Housing Credit	Total State Credit	Credit	396	412	430
5.00800	Insurance Premium Tax Exemption for multiple employer self-insured health plans	Insurance Premium Tax	Exemption	2	2	2
5.00900	Agribusiness Tax Credit	Total State Credit	Credit	7	3	2
5.01000	Qualified Education Expense Credit	Total State Credit	Credit	92	96	109
Motor Fuel Tax						
6.00400	Motor fuel tax exemption for aviation fuel	Motor Fuel Tax	Exemption	2	2	2

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
6.00500	Motor fuel tax vendor compensation	Motor Fuel Tax	Exemption	22	23	24
Alcoholic Beverage Tax						
7.00100	Sales to persons outside the state for resale or consumption outside the state	Alcoholic Beverage Tax	Exemption	Estimate not available at this time		
7.00200	Sales to stores or canteens in U.S. military reservations	Alcoholic Beverage Tax	Exemption	Estimate not available at this time		
7.00300	200 gallons annually of homebrew per household	Alcoholic Beverage Tax	Exemption	1	1	1
7.00400	Sales to and use by religious organizations for sacramental purposes	Alcoholic Beverage Tax	Exemption	(m)	(m)	(m)
7.00500	Exemption for ethyl alcohol used for certain purposes	Alcoholic Beverage Tax	Exemption	Estimate not available at this time		
7.00600	Malt beverages containing less than one-half of 0.5 percent alcohol by volume	Alcoholic Beverage Tax	Exemption	1	1	1
Tobacco Products Excise Tax						
8.00100	Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home	Cigar and Cigarette Excise Tax	Exemption	(m)	(m)	(m)
8.00200	De minimis amount brought into the state by one person	Cigar and Cigarette Excise Tax	Exemption	Estimate not available at this time		

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
				<i>(in Millions)</i>		
8.00300	Cigars and cigarettes stored in a public warehouse	Cigar and Cigarette Excise Tax	Exemption	Estimate not available at this time		
8.00400	Certain cigars and cigarettes held by licensed dealers	Cigar and Cigarette Excise Tax	Exemption	Estimate not available at this time		
Financial Institutions Special State Occupation Tax						
9.00100	Deduction for interest paid	Financial Institutions Business License Tax	Deduction	13	11	10
9.00200	Deduction for income from authorized activities of a domestic international banking facility	Financial Institutions Business License Tax	Deduction	Estimate not available at this time		
9.00300	Deduction for income from banking business with persons or entities outside the U.S.	Financial Institutions Business License Tax	Deduction	Estimate not available at this time		
Special Assessment of Forest Land Conservation Use Property						
10.00000	Special assessment of forest land conservation use property	State Grant	Credit	25	33	31
Alternative Ad Valorem Tax on Motor Vehicles						
11.001	Reduced rate for related family transfers	Title Fee	Rate Reduction	18	19	19
11.002	Disabled veteran exemption	Title Fee	Exemption	(m)	(m)	(m)
11.003	Reduced rate for rental vehicles	Title Fee	Rate Reduction	23	24	24
11.004	Reduced rate for vehicles manufactured in years 1963-89	Title Fee	Rate Reduction	(m)	(m)	(m)

Summary of State Tax Expenditures

Expenditure	Summary	Tax	Type of Expenditure	State	State	State
				FY 2025	FY 2026	FY 2027
<i>(in Millions)</i>						
11.005	Reduced rate for salvage vehicles	Title Fee	Rate Reduction	15	15	16
11.006	Dealer loaner vehicle exemption	Title Fee	Deferral	2	3	3
11.007	Reduced rate for donated vehicles	Title Fee	Rate Reduction	(m)	(m)	(m)
11.008	Extended payment period for out-of-state vehicles	Title Fee	Rate Reduction	21	22	23
11.009	Trade-in exemption (including rebates and cash discounts)	Title Fee	Exemption	163	167	172
11.010	Special assessment for used vehicles	Title Fee	Special Rule	10	10	10
11.012	Buy Here Pay Here transactions	Title Fee	Rate Reduction	5	6	6
11.013	Exemption for leased vehicles qualifying for manufacturing headquarters	Title Fee	Exemption	Estimate not available at this time		
11.014	Treatment of leased vehicles	Title Fee	Special Rule	15	15	16
11.015	Treatment of vehicles involved in divorce settlement or business reorganization	Title Fee	Rate Reduction	(m)	(m)	(m)
11.016	Treatment of non-IRP Buses	Title Fee	Deferral	(m)	(m)	(m)
Special Excise Tax on Consumer Fireworks						
State Hotel-Motel Tax						
For-Hire Ground Transportation Excise Tax						

1. Individual Income Tax

The individual income tax was first levied in Georgia in 1929 at a rate equal to one-third the federal rate of income taxation. The rate structure effective January 1, 2019, and until January 1, 2024, included six brackets, ranging from 1 percent to 5.75 percent, with bracket thresholds depending on filing status. Prior to 2019, the rate structure had a top rate of 6 percent and had remained unchanged since 1955 when the 7 percent rate on taxable incomes over \$20,000 was eliminated. Effective January 1, 2024, the bracket structure was replaced by a single rate of 5.49 percent, though legislation enacted in 2024 reduced that rate to 5.39 percent, retroactive to the beginning of the year. Subsequent legislation in 2025 reduced the flat rate further, to 5.19 percent, effective January 1, 2025.

The law also provides for triggered reductions in the flat rate by 10 basis points each year that certain conditions are met, until the rate reaches 4.99 percent. The conditions that must be met for such automatic rate reductions are 1) the Governor's budget projects revenues grow by at least 3 percent from the then-current fiscal year—i.e., the amended fiscal year estimate—to the subsequent fiscal year, 2) the prior fiscal year's reported net revenues were no less than any of the preceding three years, and 3) the revenue shortfall reserve contains an amount at least equivalent to the potential reduction in income taxes resulting from the rate decrease.

The initial base of the Georgia individual income tax is the taxpayer's federal adjusted gross income (AGI). Several adjustments are made to this starting point to arrive at the version of AGI adopted by Georgia. After computing the Georgia version of AGI, taxpayers deduct an amount representing either the value of their Georgia itemized deductions or the Georgia standard deduction. Effective January 1, 2024, taxpayers that opt to itemize nonbusiness deductions will be allowed a \$300 per taxpayer credit. For nonitemizers the following tables summarize the current and previous deductions authorized under the Georgia code:

Allowable Standard Deductions

	Prior to January 1, 2024	Effective January 1, 2024
Married Filing Jointly	\$7,100	\$24,000
Single/Head of Household	\$5,400	\$12,000

Dependent Exemption

	Prior to January 1, 2024	Effective January 1, 2024
Married Filing Jointly	\$3,000	\$4,000
Single/Head of Household	\$3,000	\$4,000

Personal Exemption

	Prior to January 1, 2024	Effective January 1, 2024
Married Filing Jointly	\$7,400	\$0
Married Filing Separately	\$3,700	\$0
Single Head of Household	\$2,700	\$0

The tax is administered by the Georgia DOR. Individual income tax collections equaled \$16.02 billion in FY 2024 and accounted for 48.4 percent of Georgia's revenues from taxation. In CY 2023, 5.3 million individual state returns were processed. While predominately paid by individuals, a significant number of business entities are organized so that income associated with these enterprises is reported through the individual income tax. All revenue collected from the individual income tax is deposited in the State General Fund.

It is important to keep in mind that tax expenditure estimates may differ from revenue estimates presented in fiscal notes. Estimates included in fiscal notes incorporate behavioral effects that are not considered when estimating tax expenditure provisions. The purpose of a tax expenditure estimate is to convey the cost that would be necessary if the item were offered as a direct budgetary expenditure instead of a reduction in the tax liability. A second caveat concerns the estimates associated with the state individual income tax credit provisions. Forecasting the value of the revenue loss stemming from the use of these credits is problematic because of the presence of extensive carryforwards in the case of some credits. Because of past credit carryforwards, taxpayers may claim credits on current or future year tax returns that were created in prior years. In some cases, the credit may have expired such that taxpayers are no longer able to create new credits, but the revenue loss to the state continues for several years until all carryforward liabilities have been exhausted. Therefore, the estimates provided in this report should be interpreted as the expected revenue loss stemming from the use of currently created or previously created credits and not an estimate of the value of credits created in a given year.

The Tax Expenditure Report includes the expenditures associated with both state and federal tax provisions. Because the Georgia individual income tax is based on the federal system, expenditures that are present at the federal level have revenue implications at the state level. For example, changes to itemized deductions by the federal government have repercussions on state tax revenues. The value of the expenditure as it relates to state taxes paid by those filing a Georgia return is presented in section 1.1 on federal exclusions. In some cases, Georgia might not adopt a federal provision. In that case, the expenditure is not listed because there is no loss of revenue to the state. In general, the value of the federal tax expenditure to the state of Georgia is determined by allocating a portion of the federal tax base associated with the expenditure estimate as estimated by the Joint Committee on Taxation for the U.S. Congress. The data and estimate reliability for the conformity provisions are considered class A. In some cases, however, the values of the Georgia estimates are highly sensitive to the assumptions made concerning the appropriate tax rate for a given expenditure provision and the allocation factor that is used to determine the amount of federal activity associated with Georgia. The estimates associated with the federal conformity provisions are based on current law as it existed on January 1, 2024; any changes to provisions that may occur because of federal legislative action after that date are not reflected in the estimates.

The explanations of the federal conformity provisions are taken from *Tax Expenditures: Compendium of Background Material on Individual Provisions*, prepared by the Congressional

Research Service for the U.S. Senate Committee on the Budget, December 2024. Estimates of the federal provisions generally rely on the U.S. Congress Joint Committee on Taxation's *Estimates of Federal Tax Expenditures for Fiscal Years 2024-2028*, published December 7, 2024.

1.1 Federal Exclusions

1.1.001 Exclusion of employee meals and lodging

Federal Statute IRC section 119 and 132(e)(2)

Description: Employees are allowed to exclude the fair market value of meals and lodging furnished by employers if provided on the employer's premises for the convenience of the employer.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	78	79	80

(m) Denotes a value of less than \$1 million

1.1.002 Exclusion of housing allowances for ministers

Federal Statute IRC Section 107 and 265

Description: In general, this provision allows ministers to deduct certain housing related expenditures from their gross income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	8	9	9

(m) Denotes a value of less than \$1 million

1.1.003 Exclusion of employer-provided child care

Federal Statute IRC Section 129

Description: Payments by an employer, under a dependent care assistance program, for qualified dependent care assistance provided to an employee are excluded from the employee's income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	21	22	23

(m) Denotes a value of less than \$1 million

1.1.004 Exclusion of employee awards

Federal Statute IRC Section 74(c) and 274(j)

Description: This provision provides an exclusion for certain awards of tangible personal property given to employees for length of service or for safety achievement.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4	4	4

(m) Denotes a value of less than \$1 million

1.1.005 Exclusion of employer contributions and earnings to pension plans including Keoghs, defined benefit and defined contribution plans

Federal Statute IRC Sections 401-407, 410-418E, and 457

Description: Employer contributions to qualified pension, profit-sharing, stock-bonus, and annuity plans on behalf of an employee are not taxable to the employee.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2,828	3,131	3,607

(m) Denotes a value of less than \$1 million

1.1.006 Exclusion of employer contributions for health care, health insurance premiums and long-term care insurance premiums

Federal Statute IRC Sections 105,106, and 125

Description: Employees are allowed to exclude contributions by their employers for healthcare coverage for themselves and their dependents.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1,656	1,720	1,772

(m) Denotes a value of less than \$1 million

1.1.007 Exclusion of employer-paid accident and disability premiums

Federal Statute IRC Sections 105 and 106

Description: Premiums paid by employers for employee accident and disability insurance plans are excluded from the taxable income of employees.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	48	52	56

(m) Denotes a value of less than \$1 million

1.1.008 Exclusion of employer contributions for premiums on group-term life insurance

Federal Statute IRC Section 79

Description: Premiums paid by the employer for qualified group-term life insurance plans for the employee are excluded from employee's taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	32	34	36

(m) Denotes a value of less than \$1 million

1.1.009 Exclusion of employer-paid transportation benefits and employer-provided transit and vanpool benefits

Federal Statute IRC Section 132(f)

Description: Employer provided qualified transportation benefits are excluded from employee taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	62	64	67

(m) Denotes a value of less than \$1 million

1.1.011 Exclusion of employer-provided adoption assistance

Federal Statute IRC Section 137

Description: Benefits received from a qualified employer-sponsored adoption assistance program are excludable from taxable income for the employee.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

1.1.012 Exclusion of employer-provided education benefits (including education assistance and tuition reduction benefits)

Federal Statute IRC Section 117(d) and Section 127

Description: Tuition reductions for employees of educational institutions may be excluded from taxable income. In addition, an employee may exclude amounts paid by the employer for qualified educational assistance programs.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	14	13	13

(m) Denotes a value of less than \$1 million

1.1.013 Exclusion of miscellaneous fringe benefits

Federal Statute IRC Section 132 and 117(D)

Description: Certain miscellaneous fringe benefits provided by employers, including services provided at no additional costs, employee discounts, working condition fringes, de minimis fringes and certain tuition reductions, can be excluded from the employee's taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	73	76	79

(m) Denotes a value of less than \$1 million

1.1.014 Exclusion of foreign earned income (including housing and salary)

Federal Statute IRC Section 911

Description: U.S. taxpayers who live and work abroad are allowed a capped exclusion of their wage and salary income. In addition, qualified individuals can also exclude certain excess foreign housing costs. This provision does not apply to federal employees working abroad.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	35	39	41

(m) Denotes a value of less than \$1 million

1.1.015 Exclusion of certain allowances for federal employees abroad

Federal Statute IRC Section 912

Description: U.S. federal civilian employees who work abroad are allowed to exclude from taxable income certain special allowances they receive that are generally linked to the cost of living.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	11	11	12

(m) Denotes a value of less than \$1 million

1.1.016 Exclusion of benefits and allowances to armed forces personnel (includes expenditure for military disability benefits)

Federal Statute IRC Section 112, 134, 104(a)(4) or (5) and 104(b)

Description: Military personnel are provided with a variety of in-kind benefits (or cash payments in lieu of such benefits) that are not taxed. In addition, certain members of the armed forces are eligible for tax exclusion of disability pay.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	93	96	101

(m) Denotes a value of less than \$1 million

1.1.017 Exclusion of medical care and Tricare medical insurance for military dependents, retirees, and retiree dependents

Federal Statute IRC Section 112 and 134

Description: Military personnel are provided with a variety of in-kind benefits (or cash payments in lieu of such benefits) that are not taxed. In addition, certain members of the armed forces are eligible for tax exclusion of disability pay.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	127	132	137

(m) Denotes a value of less than \$1 million

1.1.018 Exclusion of veterans' benefits (includes veterans disability compensation, pensions, and readjustment benefits)

Federal Statute 38 U.S.C. Section 5301

Description: All benefits administered by the U.S. Department of Veterans Affairs are exempt from income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	166	174	183

(m) Denotes a value of less than \$1 million

1.1.019 Exclusion of income attributable to the discharge of certain student loan debt and National Health Service Corp and certain state educational loan repayments

Federal Statute IRC Section 108(f)

Description: This section provides that student loan cancellation for individuals that take jobs in certain underserved areas and student loan repayment assistance may be excluded from gross income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	6	7	7

(m) Denotes a value of less than \$1 million

1.1.020 Exclusion of workers' compensation benefits (includes disability and survivor benefits and medical benefits, and exclusion of damages on account of personal physical injuries or physical sickness)

Federal Statute IRC Section 104(a)(1)-(5)

Description: Employees are not taxed on the value of insurance contributions for workers' compensation medical benefits made on their behalf by employers, or on the medical benefits or reimbursements they actually receive. Workers' compensation benefits to employees in cases of work-related injury and to survivors in cases of work-related death are not taxable. Damages paid, through either a court award or a settlement, to compensate for physical injury or sickness, are not included in income of the recipient.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	79	88	97
(m) Denotes a value of less than \$1 million			

1.1.021

Exclusion of special benefits for disabled coal miners

Federal Statute IRC Sections 412(c) and 104(a)(1)

Description: Cash and medical benefits to coal mine workers or their survivors for total disability or death resulting from coal workers' pneumoconiosis (black lung disease) paid under the Black Lung Benefits Act generally are not taxable.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

1.1.022

Exclusion of untaxed Social Security and railroad retirement benefits

Federal Statute IRC Section 86

Description: In general, Social Security and railroad retirement benefits are not subject to tax.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	324	369	415
(m) Denotes a value of less than \$1 million			

1.1.024

Exclusion of certain foster care payments

Federal Statute IRC Section 131

Description: Qualified payments are excluded from the foster care provider's gross income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	3	3	3
(m) Denotes a value of less than \$1 million			

1.1.026

Exclusion of scholarship and fellowship income

Federal Statute IRC Section 117

Description: Scholarships and fellowships can be excluded from the gross income of students and their families provided: (1) the students are pursuing degrees and (2) the amounts are used for tuition and fees required for enrollment or for books, supplies, and equipment required for courses at a qualified institution. Amounts used for room, board and incidental expenses are not excluded from gross income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	38	43	47
(m) Denotes a value of less than \$1 million			

1.1.027

Exclusion of earnings on Coverdell education savings accounts and interest on educational savings bonds

Federal Statute IRC Section 530

Description: Contributions to a Coverdell Education Savings Account are not deductible at the federal level but the earnings grow on a tax deferred basis.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

1.1.028 Exclusion of earnings on qualified tuition programs (including prepaid tuition programs and savings account programs)

Federal Statute IRC Section 529

Description: Contributions to qualified tuition programs are not deductible at the federal level but earnings accumulate on a tax-deferred basis.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	39	40	40

(m) Denotes a value of less than \$1 million

1.1.029 Exclusion of certain agricultural cost-sharing payments

Federal Statute IRC Section 126

Description: Grants made for the purpose of conserving soil and water resources or protecting the environment are excluded from the recipient's taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.1.030 Exclusion of cancellation of indebtedness income for farmers

Federal Statute Sections 108 and 1070(b)(4)

Description: The provision allows farmers who are solvent to treat the income arising from the cancellation of certain indebtedness as if they were insolvent taxpayers. As such, income that would normally be subject to tax would be excluded from tax under qualifying conditions.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.1.031 Exclusion of interest on state and local government private activity bonds

Federal Statute Various

Description: Interest earned on qualified private activity bonds is tax exempt.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

1.1.032 Exclusion of capital gains on sales of principal residences

Federal Statute Federal Statute IRC Section 121

Description: A taxpayer may exclude from federal income tax up to \$250,000 of capital gains (\$500,000 in the case of married taxpayers filing joint returns) from the sale or exchange of their principal residence.

State Fiscal Years (\$ in Millions)			
	2025	2026	2027
State Tax Expenditure	351	402	450
(m) Denotes a value of less than \$1 million			

1.1.033

Exclusion of capital gains at death

Federal Statute IRC Sections 1001, 1002, 1014, 1015, 1023, 1040, 1221, and 1222

Description: Capital gains tax is not imposed on the increased value of an asset when ownership of the property is transferred as a result of the death of the owner.

State Fiscal Years (\$ in Millions)			
	2025	2026	2027
State Tax Expenditure	331	347	372
(m) Denotes a value of less than \$1 million			

1.1.034

Carryover basis of capital gains on gifts

Federal Statute IRC Sections 1001, 1014, 1015, 1023, 1040, 1221, and 1222

Description: Capital gains tax is not imposed on the increased value of an asset when ownership of the property is transferred as a gift during the owner's lifetime.

State Fiscal Years (\$ in Millions)			
	2025	2026	2027
State Tax Expenditure	58	52	25
(m) Denotes a value of less than \$1 million			

1.1.035

Permanent exemption from imputed interest rules

Federal Statute IRC Sections 163(e), 483, 1274, and 1274A

Description: Debt instruments for amounts not exceeding an inflation adjusted maximum that are given in exchange for real property may not have imputed to them an interest rate greater than 9 percent.

State Fiscal Years (\$ in Millions)			
	2025	2026	2027
State Tax Expenditure	5	6	6
(m) Denotes a value of less than \$1 million			

1.1.036

Exclusion of combat pay

Federal Statute IRC Section 112

Description: Compensation received by active members of the armed forces is excluded from gross income for any month the service member served in a combat zone or was hospitalized as a result of an injury or illness incurred while serving in a combat zone.

State Fiscal Years (\$ in Millions)			
	2025	2026	2027
State Tax Expenditure	12	14	15
(m) Denotes a value of less than \$1 million			

1.1.037

Exclusion of energy conservation subsidies provided by public utilities

Federal Statute IRC Section 136

Description: In general, this provision allows customers to exclude from their gross income the value of any subsidy provided by a public utility for the

purchase or of any energy conservation measure.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

1.1.039 Exclusion of gain for certain small business stock

Federal Statute IRC Sections 1202 and 303

Description: This provision allows non-corporate taxpayers to exclude from gross income 50 percent of any gain from the sale or exchange of qualified small business stock issued after August 10, 1993. When a shareholder in a closely held business dies there is no reported gain or loss on the partial redemption of stock.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	17	17	18
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(m) Denotes a value of less than \$1 million

1.1.040 Exclusion of interest on public purpose state and local government bonds

Federal Statute IRC Sections 103, 141 and 146

Description: Interest income of qualifying governmental bonds is excluded from taxable income (expenditure estimate has been adjusted to reflect GA law that only interest on GA bonds is excluded from income).

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	1	1	1
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(m) Denotes a value of less than \$1 million

1.1.041 Exclusion of income earned by voluntary employees' beneficiary associations

Federal Statute IRC Sections 501(a) and 501(c)(9)

Description: Provided certain requirements are met, the income earned by a voluntary employee beneficiary association (VEBA) is exempt from federal income taxes.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	21	23	27
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(m) Denotes a value of less than \$1 million

1.1.043 Exclusion of disaster mitigation payments

Federal Statute IRC Section 139

Description: Payments made for disaster mitigation under the Robert T. Stafford Disaster Relief and Emergency Insurance Act or the National Flood Insurance Act are excluded from income.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	1	3	4
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(m) Denotes a value of less than \$1 million

1.1.044 Deduction for Non-Itemizers of Charitable Contributions

Federal Statute IRC Section 170

Description: For 2020, individuals who don't itemize deductions can take up to a \$300 above-the-line deduction for cash contributions to "qualified charitable organizations." For 2021, this above-the-line deduction allowed on a joint return is \$600 (it remains at \$300 for other taxpayers).

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	Estimate included in 1.2.021		

(m) Denotes a value of less than \$1 million

1.1.045 Exclusion of income attributable to the discharge of principal residence acquisition indebtedness

Federal Statute IRC Section 108

Description: Income from discharge of indebtedness on qualified principal residence debt, up to a \$750 thousand limit (\$375 thousand for married individuals filing separately), is excluded from gross income for tax years beginning Jan. 1, 2021 through Dec. 31, 2025. For tax years beginning before Jan. 1, 2021, the limits were \$2 million and \$1 million, respectively.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1 2 1		

(m) Denotes a value of less than \$1 million

1.2 Federal Deductions

1.2.001 Accelerated depreciation (MACRS)

Federal Statute IRC Sections 167 and 168

Description: Under the Modified Accelerated Cost Recovery System (MACRS) the cost of tangible depreciation property of certain energy property is allowed a shorter depreciation period. Taxpayers are allowed to depreciate the costs of new rental housing and certain other buildings and equipment on an accelerated schedule.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	48	47	46

(m) Denotes a value of less than \$1 million

1.2.002 Deduction for expenditures on energy-efficient commercial building property

Federal Statute IRC Section 179D

Description: This provision provides a formula-based tax deduction for all or part of the cost of energy-efficient commercial building property placed in service after December 31, 2005. This deduction was modified in August of 2022.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.2.003 Expensing of exploration and development costs: nonfuel minerals

Federal Statute IRC Sections 263, 291, 616-617, 56, 1254

Description: Firms engaged in mining are permitted to expense certain exploration and development costs.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.2.004 Amortization of business start-up costs

Federal Statute IRC Section 195

Description: This provision allows a business taxpayer to deduct up to \$10,000 in qualified start-up expenditures.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

1.2.006 Expensing of magazine circulation expenditures

Federal Statute IRC Section 173

Description: In general, current federal tax law allows publishers of newspapers, magazines, and other periodicals to deduct their expenditures to maintain, establish, or increase circulation in the year in which they are made.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

1.2.007

Deductions for oil and gas exploration and development costs

Federal Statute IRC Sections 611, 612, 613, 613A and 291; 263(c), 616-617, 57(a)(2), 59(e) and 1254

Description: Firms that extract oil, gas or other minerals are permitted a deduction to recover their capital investment in a mineral reserve, which depreciates due to the physical and economic depletion or exhaustion as the mineral is recovered. Firms engaged in the exploration and development of oil, gas or geothermal properties have the option of expensing certain intangible drilling and development costs.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	0	0	0
(m) Denotes a value of less than \$1 million			

1.2.008

Special treatment for expenses related to timber production

Federal Statute IRC Sections 194, 263A(c)(5)

Description: This provision allows expensing of production costs of growing timber. Taxpayers are also allowed different depreciation practices for qualified reforestation expenses.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	3	3	3
(m) Denotes a value of less than \$1 million			

1.2.009

Expensing under IRC Section 179 of depreciable business property

Federal Statute IRC Section 179

Description: Within certain limits, a taxpayer may elect to deduct as a current expense the cost of qualifying property in the tax year when it is placed in service.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	43	47	55
(m) Denotes a value of less than \$1 million			

1.2.010

Exceptions for publicly traded partnerships with qualified income derived from certain energy-related activities

Federal Statute IRC Section 7704

Description: This code section allows publicly traded partnerships to be treated as a corporation for the purposes of the federal income tax under most situations.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	3	4	5
(m) Denotes a value of less than \$1 million			

1.2.011 Treatment of income from exploration and mining of natural resources as qualifying income under the publicly traded partnerships rules.

Federal Statute IRC Sections 162, 175, 180, 446, 448, 461, 464

Description: Qualifying income sources include gains from mining and natural resource activities, such as the exploration, development, mining or production, processing, refining, transportation, storage, and marketing of any depletable mineral or natural resource.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	(m)	1	1
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(m) Denotes a value of less than \$1 million

1.2.012 Various agricultural expensing provisions

Federal Statute IRC Sections 162, 175, 180, 446, 448, 461, 464

Description: Taxpayers in the business of farming may choose to expense costs associated with soil and water conservation, soil conditioning and the costs associated with raising dairy cattle and breeding cattle.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	1	1	1
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(m) Denotes a value of less than \$1 million

1.2.013 Community and regional development incentives

Federal Statute IRC Sections 38(b), 39(d), 45A, 280C(a), 1391-97D

Description: Communities designated as empowerment zones are eligible for special development incentives.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	2	1	0
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(m) Denotes a value of less than \$1 million

1.2.014 Expenses to remove architectural and transportation barriers to the handicapped and elderly

Federal Statute IRC Section 190

Description: This provision allows taxpayers to deduct up to \$15,000 of expenses incurred in a single year for removing physical barriers to handicap or elderly individuals in qualified facilities or public transportation vehicles owned or leased by the taxpayer.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

1.2.015 Inventory methods and valuation, (including last-in first-out, lower of cost or market, specific identification for homogenous products)

Federal Statute IRC Sections 475, 491-492

Description: This provision allows taxpayers to use alternative inventory systems to determine cost of goods sold.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4	3	3

(m) Denotes a value of less than \$1 million

1.2.017 Health Savings Accounts

Federal Statute IRC Section 223

Description: This provision allows taxpayers to exclude their health savings account contributions from their gross income in determining their taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	96	108	120

(m) Denotes a value of less than \$1 million

1.2.018 Deduction for property taxes on real property

Federal Statute IRC Section 164

Description: Taxpayers may claim an itemized deduction for property taxes paid on owner-occupied residences. The deduction for property and state income or sales taxes in total cannot exceed \$10,000.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	202	569	965

(m) Denotes a value of less than \$1 million

1.2.020 Deduction for mortgage interest on owner-occupied residences

Federal Statute IRC Section 163(h)

Description: A taxpayer may claim an itemized deduction for "qualified residence interest" which includes interest paid on a mortgage secured by a principal residence and a second residence.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	238	502	766

(m) Denotes a value of less than \$1 million

1.2.021 Deduction for charitable contributions

Federal Statute IRC Sections 170 and 642(c)

Description: Subject to certain limitations, charitable contributions may be deducted by individuals.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	562	672	836

(m) Denotes a value of less than \$1 million

1.2.022 Deduction for casualty and theft losses

Federal Statute IRC Sections 165(c)(3), 165(e), 165(h)-165(k)

Description: An individual may claim an itemized deduction for unreimbursed personal casualty or theft losses up to a specified limit.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1	3	4

(m) Denotes a value of less than \$1 million

1.2.023 Deduction for unreimbursed overnight expenses for National Guard and Reserve members

Federal Statute IRC Sections 162(p) and 62(a)(2)(E)

Description: An above-the-line deduction is available for unreimbursed overnight travel, meals, and lodging expenses of National Guard and Reserve members.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	3	3

(m) Denotes a value of less than \$1 million

1.2.025 Deduction for interest on student loans

Federal Statute IRC Section 221

Description: Taxpayers may deduct interest paid on qualified education loans in determining their adjusted gross income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	18	20	21

(m) Denotes a value of less than \$1 million

1.2.027 Deduction for teacher classroom expenses

Federal Statute IRC Section 62

Description: An eligible employee of a public or private elementary or secondary school may claim a deduction, up to \$250, for certain unreimbursed expenses.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

1.2.028 Deduction for health insurance premiums and long-term care insurance premiums by the self-employed

Federal Statute IRC Section 162(l)

Description: Generally, a self-employed individual may deduct the entire amount paid for health insurance or long-term care insurance.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	50	60	69

(m) Denotes a value of less than \$1 million

1.2.029 Deduction for medical, dental, and long-term care expenses

Federal Statute IRC Section 213

Description: Most medical expenses that are paid by an individual but not reimbursed by an employer or insurance company may be deducted from taxable income to the extent they exceed 10 percent of adjusted gross income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	87	123	157

(m) Denotes a value of less than \$1 million

1.2.030 Net exclusion of pension contributions and earnings: traditional and Roth IRAs

Federal Statute Section 219 and 408 and 408A

Description: Individuals participating in a traditional or Roth IRA are allowed to deduct contributions in the case of traditional IRAs and distributions in the case of Roth IRAs. Both exemptions are phased out for higher-income individuals.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	228	276	324

(m) Denotes a value of less than \$1 million

1.2.031 Limit on net operating loss deduction

Federal Statute Pub. L. No. 115-63

Description: The deduction for net operating losses is limited to 80 percent of taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.2.032 7-year recovery period for motorsports entertainment complexes

Federal Statute IRC Sections 167 and 168

Description: Taxpayers are allowed to deduct the cost of certain depreciable assets from motorsports complexes over 7 years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.3 Special Federal Conformity Provisions

1.3.001 Deferral of gain on like-kind exchanges

Federal Statute IRC Section 1031

Description: When business or investment property is exchanged for property of a like-kind, no gain or loss is recognized on the exchange and therefore no tax is paid at the time of the exchange

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	42	41	39
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(m) Denotes a value of less than \$1 million

1.3.002 Special rules for magazine, paperback book, and record returns

Federal Statute IRC Section 458

Description: Publishers and distributors of magazines, paperbacks, and records may elect to exclude from gross income for a tax year, the income from the sale of goods that are returned after the close of the tax year.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

1.3.003 Two-year carryback for net operating losses attributable to farming

Federal Statute IRC Section 172

Description: Current law provides a two-year carryback period for losses related to farming.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	1	1	1
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(m) Denotes a value of less than \$1 million

1.3.004 Special rules for mining reclamation reserves

Federal Statute IRC Sections 468 and 1274

Description: Electing taxpayers may deduct the current value equivalent of certain estimated future reclamation and closing costs for mining and solid waste disposal sites.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

1.3.005 Cash accounting for certain businesses

Federal Statute IRC Sections 446 and 448

Description: The cash method of accounting may be used by any business taxpayer that is not a tax shelter and falls into at least one of three specified categories. These are farming businesses, qualified personal service corporations, and entities that meet a gross receipts test.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	19	21	23

(m) Denotes a value of less than \$1 million

1.3.006 Deferral of gain on non-dealer installment sales

Federal Statute IRC Sections 453 and 453A(b)

Description: Some taxpayers are allowed to report some sales using the installment method of accounting in which the gross profit from the sale is prorated over the years during which the payments are received.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	8	8	8

(m) Denotes a value of less than \$1 million

1.3.007 Completed contract rules

Federal Statute IRC Section 460

Description: Some taxpayers with construction or manufacturing contracts extending for more than one tax year are allowed to report some or all of the profit on the contracts under special accounting rules rather than the normal rules of tax accounting.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

1.3.008 Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans)

Federal Statute IRC Sections 401(a)(28), 404(a)(9), 404(k), 415(c)(6), 512(e), 1042, 4975(d)(3), 4978, 4979A

Description: Employer contributions may be deducted as a business expense. In addition, some contributions are subject to less restrictive limits than contributions to other employee benefit plans. Tax on qualified employee stock purchase plans are not taxed when granted or excised. Tax is deferred until stock is sold.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	27	30	32

(m) Denotes a value of less than \$1 million

1.3.009 Various agricultural expensing provisions

Federal Statute IRC Section 1301

Description: Beginning with tax years after 1997, taxpayers engaged in farming or fishing business, have the option to calculate their current year income tax by averaging over a prior three-year period, all or a portion of their income from farming and/or fishing.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

1.3.010 Qualified Opportunity Zones

Federal Statute PL 115-97; IRS 1400Z-1

Description: The inclusion in gross income of capital gains reinvested in a qualified opportunity fund may be temporarily deferred and 15 percent of capital gains reinvested may be excluded if the investment is held for seven years. Capital gains from the sale or exchange of an investment in the qualified opportunity fund held for at least 10 years are excluded from gross income. A qualified opportunity fund is an investment vehicle organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property that holds at least 90 percent of its assets in qualified opportunity zone property. Qualified opportunity zone property includes any qualified opportunity zone stock, any qualified opportunity zone partnership interest, and any qualified opportunity zone business property. Certain low-income community population census tracts may be designated as qualified opportunity zones by the chief executive officer of the State (which includes the District of Columbia).

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	18	-2	-49

(m) Denotes a value of less than \$1 million

1.4 Georgia Exemptions

1.4.001 Personal Exemption

Statute	§48-7-26
Year Enacted	1987
Year Effective	1987
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	For distributional analysis, see Table 3 in Appendix.

Description: For tax years 2024 and after, the personal exemption is eliminated. In addition, \$4,000 is excluded from income for each dependent claimed on the tax return.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	556	545	540
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(m) Denotes a value of less than \$1 million

1.4.002 Retirement Income

Statute	§48-7-27(a)(5)
Year Enacted	1971
Year Effective	1971
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The definition of retirement income was modified, effective tax year 2018, to include Dept. of Defense survivor benefit payments regardless of age of beneficiary. For distributional analysis of this provision, see Table 4 in Appendix.

Description: For tax years beginning in 2012, individuals age 62 and above may exclude a maximum of \$35,000 and age 65 and above may exclude a maximum of \$65,000 of retirement income. This income exclusion may include a maximum of \$5,000 of earned income.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	1,423	1,428	1,460
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(m) Denotes a value of less than \$1 million

1.4.003 Exclusion of federally taxable Social Security benefits

Statute	§48-7-27(a)(7)
Year Enacted	1971
Year Effective	1971
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Social Security and tier 1 railroad retirement benefits are excluded from state taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	509	512	521

(m) Denotes a value of less than \$1 million

1.4.004

Georgia Higher Education Savings Plan Contributions	
Statute	§48-7-27(a)(11) and (11.1)
Year Enacted	NA
Year Effective	Taxable years beginning on or after January 1, 2002
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The contribution limits were increased from \$2,000 to \$4,000 effective January 1, 2016 and again in 2019 from \$4,000 to \$8,000, effective January 1, 2020. For distributional analysis, see Table 5 in Appendix.

Description: An exemption from income is allowed for contributions to a qualified higher education savings plan. The exemption is limited to \$8,000 per qualified plan beneficiary starting in 2020.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	23	22	22

(m) Denotes a value of less than \$1 million

1.4.005

Interest on U.S. obligations	
Statute	§48-7-27(b)(2)
Year Enacted	1971
Year Effective	1971
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	For distributional analysis see Table 6 in Appendix

Description: Interest earned on U.S. government bonds and other obligations are not included as taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	29	27	26

(m) Denotes a value of less than \$1 million

1.4.007

Organ donation expenses	
Statute	§48-7-27(a)(13)
Year Enacted	1981
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	U.S. Dept. of Health and Human Services, Organ Procurement and Transplantation Network
Estimate Reliability	Class B
Data Reliability	Class A
Note	

Description: Certain unreimbursed expenses associated with the donation of organs in accordance with the National Organ Procurement Act are deductible from

federal adjusted gross income up to a maximum value of \$25,000.

State Tax Expenditure	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
(m)	(m)	(m)	

(m) Denotes a value of less than \$1 million

1.4.008

Aged 65/Blind deduction

Statute	§48-7-27(a)(1)
Year Enacted	1971
Year Effective	1971
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	For distributional analysis see Table 7 in Appendix
Description:	Taxpayers aged 65 or older are allowed an annual deduction from income of \$1,300 per taxpayer. Taxpayers who are blind are allowed an annual deduction from income of \$1,300 per taxpayer. For tax years 2024 and after, old and blind deduction is eliminated.

State Tax Expenditure	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
(m)	(m)	(m)	

(m) Denotes a value of less than \$1 million

1.4.009

Certain dependent's unearned income

Statute	§48-7-27(a)(8)
Year Enacted	1971
Year Effective	1971
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	
Description:	Taxpayers can exclude unearned income of dependents that was included in the federal AGI of a parent's return.

State Tax Expenditure	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
(m)	(m)	(m)	

(m) Denotes a value of less than \$1 million

1.4.010

Premiums for high-deductible health plans

Statute	§48-7-27(a)(13.1)
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Taxpayers are allowed to exclude 100 percent of premiums paid for certain high-deductible health plans.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	8	8	9
(m) Denotes a value of less than \$1 million			

1.4.021

Exclusion of Military Survivor Benefits

Statute	§48-7-27(a)(5)(E)(ii)
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal note for HB 749 (2018) and DoD Statistical Report of the Military Retirement System
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Income received by a surviving family member based on the service record of a deceased service member is exempt from state income tax

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

1.4.022

Exclusion from the income tax for disability payments for disabled first responders

Statute	§48-7-27(a)(12.4)
Year Enacted	2019
Year Effective	2019
Data Source	Fiscal note SB 138 LC 43 1258 (2019)
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: An income tax exclusion is allowed for first responders equal to 100 percent of the payments made to and received by a that disabled first responder pursuant to O.C.G.A 45-9-85. This exclusion requires that such amounts are included in the taxpayer's federal adjusted gross income and are not otherwise exempt from the tax imposed by this article under any other provision of law.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

1.4.023

USDA Disaster Relief Payments Exemption

Statute	§48-7-27(a)(11.2)
Year Enacted	2020
Year Effective	Taxable years beginning on or after January 1, 2019, and ending on or before December 31, 2023
Data Source	Fiscal Note for HB 105 LC 43 1601S (2020)
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Income received as payments from a federal disaster relief or assistance

grant program administered by this state or its instrumentalities or the United States Department of Agriculture to address agricultural losses suffered due to Hurricane Michael, to the extent such income is included in federal adjusted gross income or federal taxable income, is exempt from state income tax.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	0	50	79

(m) Denotes a value of less than \$1 million

1.4.024

Military Retirement Income Exclusion

Statute	§48-7-27(a)(5.1)
Year Enacted	2022
Year Effective	Taxable years beginning on or after July 1, 2022
Data Source	Fiscal note HB 1064 LC 43 2172 (2022)
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: For tax years beginning in 2024, Georgia taxpayers under the age of 62 may exclude up to \$17,500 of retirement benefits received from the United States armed forces. An additional \$17,500 of such income may be excluded if the taxpayer has at least \$17,500 of other income included in their Georgia taxable income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	22	22	22

(m) Denotes a value of less than \$1 million

Georgia individual income tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
1.4.006	§48-7-27(a)(12)	Certain military income of members of the National Guard and Reserves
1.4.011	§48-7-27(a)(12.2)	Exclusion of qualified insurance benefits for firefighters
1.4.012	§48-7-27	Individual retirement account, Keogh, SEP, and Sub-S plan withdrawals where tax has been paid to Georgia because of the difference between Georgia and Federal law for tax years 1981 through 1986
1.4.013	§48-7-27	Depreciation because of differences in Georgia and Federal law during tax years 1981 through 1986
1.4.014	§48-7-27(a)(4)(A)	Income from any fund, program or system which is exempted by federal law or treaty
1.4.015	§48-7-27(d)	Certain income in which the Sub-S election is not recognized by Georgia or another state in order to avoid double taxation

1.4.016	§48-7-27(a)(9)	Adjustment for certain teachers retired from the Teachers Retirement System of Georgia
1.4.017	§48-7-28.2	Amount of employer social security credit claimed by certain food and beverage establishments
1.4.018	§48-7-27	Adjustment of certain payments to minority subcontractors
1.4.019	§48-7-27	Adjustments to federal AGI for certain Georgia resident partners
1.4.020	§48-2-100	Exemption for certain disaster relief firms

1.5 Georgia Deductions

1.5.001 Standard Deduction

Statute	§48-7-27(a)(1)
Year Enacted	1971
Year Effective	1971
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	For distributional analysis see Table 8 in Appendix. The allowable standard deduction amounts were increased effective January 1, 2022.

Description: Taxpayers who do not itemize expenses on their federal return are allowed a standard deduction of \$12,000 for single, head of household, and married separate filers, and \$24,000 for married joint filers.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
State Tax Expenditure	2,926	2,871	2,844

(m) Denotes a value of less than \$1 million

Georgia individual income tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
1.5.002	§48-7-27	Deduction of qualified insurance premiums for former firefighters

1.6 Georgia Credits

1.6.001 Rural Physician Credit

Statute	§48-7-29
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996
Data Source	DOT Tax Credit data as of 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit is for certain physicians practicing in rural counties. The value of the credit is equal to the lesser of \$5,000 or the taxpayer's income tax liability and may be claimed for five years. For tax years 2024 and after, this credit is available for physicians and dentists practicing in rural counties. The annual credit remains at \$5,000 and cannot be carried forward. The credit is capped at \$2 million annually.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	1	2	2
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(m) Denotes a value of less than \$1 million

1.6.002 Disabled person's home purchase or retrofit credit

Statute	§48-7-29.1
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1999
Data Source	DOT Tax Credit data as of 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit provides a \$500 credit for the purchase of a new single-family home containing accessibility features or for the retrofit of an existing home.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

1.6.004 Disaster Assistance Credit

Statute	§48-7-29.4
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2000
Data Source	DOT Tax Credit data as of 2023 and FEMA disasters database
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit is for individuals receiving disaster relief payments from the Georgia Emergency Management Agency or from the Federal Emergency Management Agency. The credit amount is the actual amount of the disaster relief assistance or \$500, whichever is less. For tax years beginning on or after January 1, 2024 carry forwards are limited to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	3	(m)

(m) Denotes a value of less than \$1 million

1.6.005

Qualified Caregiving Expense Credit

Statute	§48-7-29.2
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1999
Data Source	DOT Tax Credit data as of 2023
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: This credit is for taxpayers with expenses related to the care of a qualifying family member. The value of the credit is equal to no more than 10 percent of the total amount expended for qualifying caregiving expenses. In no event shall the credit exceed \$150 or the taxpayer's income tax liability, whichever is less.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.6.006

Tax credit for life insurance for Georgia National Guard and Air National Guard

Statute	§48-7-29.9
Year Enacted	2005
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	DOT Tax Credit data as of 2023
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: This credit is available for active duty members of the Georgia National Guard and Air National Guard on active duty for more than 90 consecutive days and who purchase qualified life insurance through the Services' Group Life Insurance program administered by the U.S. Department of Veterans Affairs. The credit amount is equal to the cost of the premiums of the life insurance policy. For tax years beginning on or after January 1, 2024 carry forwards are limited to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

1.6.007

Child and Dependent Care Credit

Statute	§48-7-29.10
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOT Tax Credit data as of 2023
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: This credit is equal to 30 percent of the federal credit claimed for qualified expenses related to the care of children and dependents.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	43	44	44
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(m) Denotes a value of less than \$1 million

1.6.008

Adoption of Foster Child Credit

Statute §48-7-29.15
Year Enacted 2008
Year Effective Tax years beginning on or after January 1, 2008
Data Source DOR Tax Credit data as of 2023 and fiscal note for HB 114
LC 43 1943S (2021)
Estimate Reliability Class A
Data Reliability Class A
Note

Description: This credit provides an annual tax credit for taxpayers adopting qualified foster children. The value of the credit is \$2,000 per child annually until the child attains the age of 18 and applies to adoptions occurring in taxable years beginning on or after January 1, 2008. For adoptions beginning January 1, 2021, the credit for the first five years is increased to \$6,000 and credits not utilized for the year of adoption may not be carried forward.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	12	13	14
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(m) Denotes a value of less than \$1 million

1.6.009

Low-Income Credit

Statute §48-7A-3
Year Enacted 1991
Year Effective Taxable years beginning on or after January 1, 1992
Data Source DOR Tax Credit data as of 2023
Estimate Reliability Class A
Data Reliability Class A
Note

Description: This credit provides a tax credit to low-income individuals. The credit is based on the taxpayer's AGI. The maximum value of the credit is \$26 per dependent. For tax years beginning on January 1, 2010 and after, the credit is nonrefundable.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	3	3	3
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(m) Denotes a value of less than \$1 million

1.6.010

Credit for taxes paid to another state

Statute §48-7-28
Year Enacted 1931
Year Effective 1931
Data Source DOR Tax Credit data as of 2023

Estimate Reliability	Class A
Data Reliability	Class A
Note	
Description: A resident individual with income taxed by another state is allowed a credit for such tax. The maximum value of this credit is equal to the amount that would be due if the income were taxed by Georgia.	
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	355 337 339

(m) Denotes a value of less than \$1 million

<u>1.6.011</u>	<u>Credit for Community-Based Faculty Preceptors</u>
Statute	§48-7-29.22
Year Enacted	2019
Year Effective	2019
Data Source	DOR Tax Credit data as of 2023 and fiscal note for HB 287 LC 43 1215 (2019)
Estimate Reliability	Class A
Data Reliability	Class A
Note	Effective for tax years beginning on or after January 1, 2019, the deduction under O.C.G.A. 48-7-27 was replaced by a tax credit and definition of the physician that qualifies changed from community based faculty physicians to community based faculty preceptors.
Description:	Tax credits are earned by community-based faculty preceptors that are physicians, as defined by O.C.G.A. §43-34-21, in the amount of \$500 for their first, second, and third preceptor rotations and \$1,000 for each of their fourth through tenth preceptorship rotations. Tax credits for community-based faculty preceptors that are advanced practice registered nurses or physician assistants, as defined by O.C.G.A. §43-34-21, are \$375 for their first through third preceptor rotations and \$750 for their fourth through tenth preceptor rotations. This credit expires December 31, 2026.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	3 3 3

(m) Denotes a value of less than \$1 million

<u>1.6.012</u>	<u>Georgia Job Tax Credit</u>
Statute	§48-7-40 and §48-7-40.1
Year Enacted	§48-7-40: 1989; §48-7-40.1: 1993
Year Effective	§48-7-40: Taxable years beginning on or after January 1, 1990; §48-7-40.1: Taxable years beginning on or after January 1, 1994
Data Source	DOR data as of TY 2023 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax and insurance premium tax sections, see 2.6.001 and 5.00200. In 2018, the qualifying areas were expanded to include counties

with military bases and industrial parks that are owned and operated by a government entity.

Description: The credit provides a statewide job tax credit to any business or headquarters engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development. Retail establishments are only allowed the credit if located in one of the 40 least-developed counties of the state. Average wages must be greater than the average wage of the county in the state with the lowest average wage. To be eligible, employers must offer health insurance to all new employees. It also provides a tax credit for businesses enterprises designated as operating in less-developed areas. These include areas with ten or more contiguous census tracts with higher than 15 percent poverty and counties with both a military base and a government owned and operated industrial park.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	76	77	78
Corporate Income Tax Expenditure	118	120	122
Insurance Premium Tax Expenditure	3	3	3
State Tax Expenditure	197	200	203

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.013 Quality Jobs Tax Credit

Statute	§48-7-40.17
Year Enacted	2009
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOR data as of TY 2022
Estimate Reliability	Class A
Data Reliability	Class A
Note	This provision was modified to allow consideration of jobs in disregarded entities for purposes of qualifying for the credit. This statute was modified in 2017 allowing taxpayers to establish subsequent job creation periods for a qualified project. The same estimate is provided in the corporate income tax section, see 2.6.002.

Description: This credit is for employers creating new high-wage jobs or relocating high-wage jobs into the state. A quality job or high-wage job has 30 hours a week of regular work; is not already located in Georgia; and pays at or above 110 percent of the average wage of the county in which it is located.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	127	139	142
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	128	140	143

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.014 New Facilities Jobs Credit

Statute	§48-7-40.24
Year Enacted	2003

Year Effective	Latest modifications are effective for taxable years beginning on or after July 1, 2021
Data Source	Fiscal note for HB 587 LC 43 2010S for 2021
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.003.
Description:	This provision provides for a credit of \$5,250 per year per qualified new job for up to five years, subject to recapture based on job and payroll maintenance requirements, and until July 1, 2021, limited to 4,500 such new jobs for any one qualified project. For business enterprises that first qualify in a taxable year beginning on or after January 1, 2009, the business enterprise must meet the job creation requirement of 1,800 eligible new full-time employees and either the qualified investment requirement of \$450 million in qualified investment property, or the payroll requirement of \$150 million in total annual Georgia W-2 reported payroll within the six-year period, subject to extension under certain conditions.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	Estimate combined with 1.6.012
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(m) Denotes a value of less than \$1 million.

1.6.015	<u>New Manufacturing Facilities Property Credit</u>
Statute	§48-7-40.25
Year Enacted	2003
Year Effective	Latest modifications are effective for taxable years beginning on or after July 1, 2021
Data Source	Fiscal note for HB 587 LC 43 2010S for 2021
Estimate Reliability	NA
Data Reliability	NA
Note	Utilization of this credit resulting from known or anticipated projects is expected to be material, but not within the time horizon of this report; see fiscal note.
Description:	This is an incentive for a manufacturer who has operated a manufacturing facility in this state for at least 3 years and who spends \$800 million on a new manufacturing facility in this state, subject to a job requirement of 1,800 full-time employees. The credit equal to 6 percent of the cost of all qualified investment property purchased or acquired, up to \$50 million with respect to any one project. For qualified high-impact aerospace defense projects certified on or after July 1, 2021, the maximum credit for any one project is increased to \$100 million and the taxpayer may begin claiming credits once investment and job thresholds of \$500 million and 1,000, respectively, are reached. For tax years on or after January 1, 2025, carryforwards are limited from fifteen to ten years.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	0	0	0
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(m) Denotes a value of less than \$1 million.

1.6.016	<u>Manufacturer's Investment Tax Credit</u>
Statute	§§48-7-40.2, 48-7-40.3, and 48-7-40.4
Year Enacted	1994
Year Effective	Taxable years beginning on or after January 1, 1994
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.005.
Description:	For tax years beginning on or after January 1, 2020, the taxpayer must invest a minimum of \$100,000 per project per location during the tax year to receive credit, up from a \$50,000 minimum in prior years. Eligible taxpayers must be in operation for the immediately preceding three years. Property lease for a period of five years or longer is eligible for the credit. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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Income Tax Expenditure	3	4	4
Corporate Income Tax Expenditure	18	20	21
State Tax Expenditure	21	24	25

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.017	<u>Optional Investment Tax Credit</u>
Statute	§§48-7-40.7, 48-7-40.8, and 48-7-40.9
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996.
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.006.
Description:	An alternative investment tax credit is available for taxpayers based on their investments in manufacturing or telecommunications facilities or support facilities where these facilities have been operating for the three immediately preceding years. The credit is available for investments in excess of \$5 million and placed in service no earlier than January 1, 1996, for tier 1 counties. The investment threshold is \$10 million for tier 2 counties and is \$20 million for tier 3 and 4 counties. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	1	1	1
State Tax Expenditure	2	3	3

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.018	<u>Port Activity Tax Credit</u>
Statute	§48-7-40.15
Year Enacted	1998

Year Effective	Latest modifications apply to taxable years beginning on or after January 1, 2010
Data Source	DOT data as of TY 2022
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate combined with 1.6.019. The same estimate is provided in the corporate income tax section, see 2.6.007.
Description:	For taxable years beginning before January 1, 2010, businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development that have increased shipments out of Georgia ports during the previous 12-month period by more than 10 percent over their 1997 base year port traffic, or by more than 10 percent over 75 net tons, five containers or 10 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. For taxable years beginning on or after January 1, 2010, the increase is based on a comparison of the previous 12-month period to the second preceding 12-month period. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	5	5	5
State Tax Expenditure	5	5	5

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.019

Alternate Port Activity Tax Credit

Statute	§48-7-40.15A
Year Enacted	2009
Year Effective	2009
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate combined with 1.6.018. The same estimate is provided in the corporate income tax section, see 2.6.008.
Description:	Credit is allowed to any business enterprise located in a tier 2 or 3 county or in a less developed area and which qualifies and receives the Jobs Tax Credit and which:
	1. Consists of a distribution facility of greater than 650,000 square feet in operation in this state prior to December 31, 2008;
	2. Distributes product to retail stores owned by the same legal entity or its subsidiaries as such distribution facility; and
	3. Has a minimum of eight retail stores in this state in the first year of operations.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
State Tax Expenditure	Estimate combined with 1.6.018		

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.020	<u>Film Tax Credit</u>
Statute	§48-7-40.26
Year Enacted	2005
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	DOT data for TY 2020
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.009. Tax credit provisions applicable to qualified interactive entertainment production companies were modified in 2015.

Description: Production companies which have at least \$500,000 of qualified expenditures in a state-certified production may claim this credit. Certification must be approved through the Georgia Department of Economic Development. There are special provisions relating to the tax credits awarded to interactive entertainment companies. Under the 2017 modifications to this statute, the 2019 sunset for the qualified interactive entertainment production company tax credit has been eliminated. For tax years on or after January 1, 2025, carryforwards are limited from five to three years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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Income Tax Expenditure	398	472	471
Corporate Income Tax Expenditure	134	159	159
State Tax Expenditure	532	631	630

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.021	<u>Research Tax Credit</u>
Statute	§48-7-40.12
Year Enacted	1997
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOT data as of TY 2023 and National Science Foundation
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.010.

Description: This credit is for expenses resulting from research conducted in Georgia by businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries. A tax credit is allowed provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986, as amended. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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Income Tax Expenditure	17	18	19
Corporate Income Tax Expenditure	208	219	230
State Tax Expenditure	225	238	250

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.022	<u>Seed-Capital Fund Credit</u>
Statute	§48-7-40.27 & 40.28
Year Enacted	2008
Year Effective	Applicable to investments made on or after July 1, 2008
Data Source	DOF data as of TY 2022
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.011.

Description: This provides a tax credit for certain qualified investments made on or after July 1, 2008, in a research fund, the purpose of which is to provide early-stage financing for businesses formed as a result of research conducted in Georgia's research universities.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.023	<u>Qualified Health Insurance Expense Credit</u>
Statute	§48-7-29.13
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.012.

Description: Employers earn a tax credit based on the premiums paid for a high-deductible health plan. Employers must employ 50 or fewer persons for whom the employer provides high-deductible health plans as defined by Section 223 of the Internal Revenue Code and in which such employees are enrolled. The qualified health insurance must be made available to all employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code. The qualified health insurance premium expense must equal at least \$250 annually. For tax years beginning on or after January 1, 2025 carry forwards are limited to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.026	<u>Business Enterprise Vehicle Credit</u>
Statute	§48-7-40.22
Year Enacted	2001
Year Effective	Taxable years beginning on or after January 1, 2002.

Data Source	DOT data as of TY 2021
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.015.
Description:	This is a credit given to a business enterprise for the purchase of a motor vehicle that is used exclusively to provide transportation for its employees. To qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
Income Tax Expenditure	(m) (m) (m)
Corporate Income Tax Expenditure	(m) (m) (m)
State Tax Expenditure	(m) (m) (m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>1.6.027</u>	<u>Employer's credit for providing or sponsoring child care for employees, and employer's credit for purchasing child-care property</u>
Statute	§48-7-40.6
Year Enacted	1994 & 1999
Year Effective	Credit for cost of operation: taxable years beginning on or after January 1, 1994. Credit for cost of qualified child-care property: taxable years beginning on or after January 1, 2000.
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.016.
Description:	This credit is provided to employers based on their expenses related to providing or sponsoring childcare for their employees' children and for the purchase of qualified child-care property.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
Income Tax Expenditure	5 5 5
Corporate Income Tax Expenditure	14 13 14
State Tax Expenditure	19 18 19

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>1.6.028</u>	<u>Low-Income Housing Credit</u>
Statute	§48-7-29.6
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income and insurance premium tax section, see 2.6.017 and 5.00700.
Description:	This is a credit against Georgia income taxes for taxpayers owning developments which receive the federal low-income housing tax credit and

that are placed in service on or after January 1, 2001.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	145	148	153
Corporate Income Tax Expenditure	37	38	39
Insurance Premium Tax Expenditure	215	227	237
State Tax Expenditure	396	412	430

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.029 Historic Rehabilitation Credit

Statute	§48-7-29.8
Year Enacted	2002
Year Effective	Taxable years beginning on or after January 1, 2004
Data Source	DOT data as of TY 2024 and Fiscal Note for HB 469 LC 43 2035S (2021)
Estimate Reliability	Class B
Data Reliability	Class B
Note	The same estimate is provided in the corporate income tax section, see 2.6.018. This provision expires December 31, 2030.

Description: A credit is provided based on expenses related to the certified rehabilitation of a certified structure or historic home. Standards set by the Department of Community Affairs must be met. A \$25 million per calendar year aggregate cap applies to projects earning more than \$300,000 in credits. The credit was modified in 2015 to allow unused credits to be assigned or sold to other taxpayers. Further modifications in 2021 applied a \$5 million per calendar year cap on smaller projects and added a sunset date for the credit of December 31, 2030.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	14	13	13
Corporate Income Tax Expenditure	8	7	8
State Tax Expenditure	22	20	21

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.031 Low/Zero-Emission Vehicle Charger Credit

Statute	§48-7-40.16
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOT data as of TY 2024
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax, see 2.6.020.

Description: This credit applies to the purchase or lease of an electric vehicle charger and to the conversion of a standard vehicle to a low- or zero-emission vehicle. The credit for the purchase or lease of a new low- or zero-emission vehicle was eliminated effective July 1, 2015.

	State Fiscal Years (\$ in Millions)		
	2024	2025	2026
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.032 Land Conservation Credit

Statute	§48-7-29.12
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOF data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.021.

Description: This provides for an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of O.C.G.A. Title 36. This credit was modified in 2015 such that the aggregate value of credits awarded under this provision cannot exceed \$30 million per year and no new credit applications will be accepted after December 31, 2026. For taxable years beginning on or after 2025, any credits generated but not used may be carried forward for five years. No new applications accepted after December 31, 2026.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.035 Employer's credit for approved employee retraining

Statute	§48-7-40.5
Year Enacted	1994
Year Effective	Latest modifications are effective for taxable years beginning on or after January 1, 2009
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.024.

Description: The tax credit reimburses employers for the cost of providing retraining services to their employees. Retraining programs shall not include any retraining on commercially, mass produced software packages for word processing, database management, presentations, spreadsheets, e-mail, personal information management, or computer operating systems except a retraining tax credit shall be allowable for those providing support or training on such software. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	17	17	17
Corporate Income Tax Expenditure	43	44	44
State Tax Expenditure	59	61	61

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>1.6.036</u>	<u>Qualified Education Expense Credit</u>
Statute	§48-7-29.16; §33-8-4
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	DOR data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax and insurance premium tax sections, see 2.6.025 and 5.01000.
Description:	This provides a tax credit for donations made by taxpayers to a student scholarship organization which are used for tuition and fees for a qualified school or program. As of January 1, 2023 the annual cap increased to \$120 million, and credits were allowed against the insurance premium tax up to \$6 million annually. For tax years beginning on or after January 1, 2025 carry forwards are limited from five to three years.

State Fiscal Years (\$ in Millions)

2025 2026 2027

Income Tax Expenditure	67	71	80
Corporate Income Tax Expenditure	21	22	25
Insurance Premium Tax	3	3	3
State Tax Expenditure	92	96	109

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>1.6.041</u>	<u>Tax credit for existing business enterprises undergoing qualified business expansion</u>
Statute	§48-7-40.21
Year Enacted	2001
Year Effective	Latest modifications are applicable to tax years beginning on or after January 1, 2008
Data Source	DOR data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.030.
Description:	This credit applies to businesses that create at least 500 new full-time jobs within a taxable year.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	Estimate combined with 1.6.013
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(m) Denotes a value of less than \$1 million.

1.6.043 Bank Tax Credit

Statute	§48-7-29.7
Year Enacted	2000
Year Effective	2001
Data Source	DOF data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.032.

Description: Depository financial institutions are allowed a credit against their state income tax liability equal to the sum of the amount of their business license taxes paid to local governments and any special state occupation taxes paid to the state.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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Income Tax Expenditure	3	3	3
Corporate Income Tax Expenditure	54	53	52
State Tax Expenditure	57	55	55

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.045 Income tax credit for contributions to rural health care organizations

Statute	§48-7-29.20
Year Enacted	2016
Year Effective	2017
Data Source	DOF data for 2024
Estimate Reliability	Class A
Data Reliability	Class A
Note	This statute was modified in 2017 and 2018 to increase taxpayer limitations and the credit rate, modify the aggregate state cap, and extend the expiration. This statute was modified again in 2019 to extend the expiration. The same estimate is provided in the corporate income tax section, see 2.6.034.

Description: An individual taxpayer shall be allowed an income tax credit equal to a maximum of \$5,000 for an individual filing a single return or \$10,000 for joint returns. A corporation or other entity shall be allowed an income tax credit equal to a maximum of 75 percent of the corporation's income tax liability. The aggregate amount of credits cannot exceed \$100 million in any year. The provision expires December 31, 2029.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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Income Tax Expenditure	59	69	70
Corporate Income Tax Expenditure	20	24	24
State Tax Expenditure	80	93	94

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.046 Revitalization Zone Tax Credit

Statute	§48-7-40.32
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018.
Data Source	DOF data as of TY 2023

Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.035.
Description:	An income tax credit to promote the revitalization of vacant rural Georgia downtowns. The statute includes three credits. The first allows certified entities to claim an annual tax credit for five consecutive years of \$2,000 per qualified employee but not to exceed \$40,000 per taxable year for any taxpayer. The second provides for a credit equal to 25 percent of the purchase price of qualified property up to an amount equal to \$125,000 per project. The third provides for a tax credit of 30 percent of qualified rehabilitation expenses but not to exceed \$150,000 per project.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	1	2	2
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(m) Denotes a value of less than \$1 million

1.6.047	<u>Georgia Musical Investment Tax Credit</u>
Statute	§48-7-40.33
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018.
Data Source	DOR data as of TY 2023
Estimate Reliability	Class C
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax section, see 2.6.036.
Description:	This income tax credit is equal to 15 percent of qualified production expenditures of a musical or theatrical performance, or a recorded musical performance incorporated into or synchronized with a movie, television, or interactive entertainment production. An additional credit equal to 5 percent may be allowed for certain expenditures in tier 1 or tier 2 counties.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

1.6.048	<u>Public Education Innovation Fund Tax Credit</u>
Statute	§48-7-29.21
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018.
Data Source	DOR data as of TY 2023 and Fiscal Note for HB 237 LC 33 7049S (2017)
Estimate Reliability	Class C
Data Reliability	Class A
Note	The same estimate is provided in the corporate income section, see 2.6.037.
Description:	This income tax credit is equal to contributions to a qualified Public Education Innovation fund. The value of the credit varies by personal income filing type from \$1,000 to \$10,000. Corporate filers are allowed a credit equal to 75 percent of their current income tax liability. The aggregate amount of credits awarded each year may not exceed \$5 million

for taxable years on or before December 31, 2023, and \$15 million for tax year 2024 and all subsequent years. This credit expires December 31, 2029. For tax years on or after January 1, 2025, carryforwards are limited from five to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	2
Corporate Income Tax Expenditure	4	3	4
State Tax Expenditure	5	5	6

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.049 Agribusiness Tax Credit

Statute	§33-1-25
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018.
Data Source	DOT data as of TY 2023 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class B
Data Reliability	Class B
Note	The same estimate is provided in the corporate income and insurance premium tax sections, see 2.6.038 and 5.00900.

Description: This income tax credit establishes qualified low-income community rural investment funds and tax credits. The credit amount is 15 percent of the eligible investment per year beginning in the third year after the investment is made and continuing through the sixth year, for a total credit equal to 60 percent of the eligible investment. The credit is nonrefundable and may not be sold, but may be carried forward indefinitely. The amount of credits available is subject to a cumulative cap of \$100 million.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	0	0
Corporate Income Tax Expenditure	2	1	1
Insurance Premium Tax Expenditure	4	2	1
State Tax Expenditure	7	3	2

(m) Denotes a value of less than \$1 million

1.6.050 Railroad Track Maintenance Tax Credit

Statute	§48-7-40.34
Year Enacted	2018
Year Effective	2019
Data Source	Fiscal Note for LC 39 2856 (2021)
Estimate Reliability	Class C
Data Reliability	Class B
Note	The same estimate is provided in the corporate income tax section, see 2.6.039.

Description: This income tax credit is based on maintenance expenditures related to railroad track owned or leased by Class III railroads. The credit equals 50 percent of railroad track maintenance expenditures, subject to a maximum credit of \$3,500 per track mile per year. In addition to Class III railroads, persons transporting property using a Class III railroad's facilities

or persons furnishing railroad-related property or services to a Class III railroad are eligible for the credit with respect to maintenance of their assigned track miles. This credit expires December 31, 2026. For tax years on or after January 1, 2025, carryforwards are reduced from five to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	6	6	6

(m) Denotes a value of less than \$1 million

<u>1.6.051</u>	<u>Reforestation credit for losses incurred on commercial timberland due to hurricane</u>
Statute	§48-7-40.36
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal Note for HB 223S LC 50 1215-ECS (2025) and DOR data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax, see section 2.6.040.
Description:	Provides for a credit for casualty losses incurred on commercial timberland due to damage attributed to Hurricane Helene in the fall of 2024, subject to replanting requirements as described below. The amount of the credit is equal to 100 percent of the casualty loss deduction reported on the taxpayer's federal return, provided that the credit amount does not exceed \$550 per acre. Taxpayers must seek preapproval for the credit on or before December 31, 2025. Taxpayers are eligible to claim the credit in the taxable year in which the taxpayer replants 90 percent of the timber lost in the hurricane. Credits claimed are nonrefundable, but can be carried forward for up to 10 years. The total amount of credits preapproved may not exceed \$200 million.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	0	24	26
Corporate Income Tax Expenditure	0	16	18
State Tax Expenditure	0	40	44

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>1.6.052</u>	<u>Qualified Post-Production Expenditures Credit</u>
Statute	§48-7-40.26A
Year Enacted	2017
Year Effective	2018
Data Source	DOR data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate income tax, see section 2.6.041.
Description:	Postproduction companies with at least \$500,000 in qualified postproduction expenditures per year will be eligible for a credit equal to 20 percent of the qualified postproduction expenditures. An additional 10

percent credit is allowed if the qualified production expenditures were incurred in the state. An additional 5 percent credit is allowed if the qualified production expenditures were incurred in a tier 1 or tier 2 county. The value of credits awarded is limited to a maximum of \$10 million for 2018 through 2022. If in any year the aggregate amount of credits allowable is not awarded, the remaining credits will be rolled in the allowable credits for the following year. Postproduction companies with expenditures between \$100,000 and \$500,000 per year are eligible for a separate credit equal to 20 percent of the qualified postproduction expenditures. Aggregate annual claims on this credit are limited to \$1 million. The \$1 million small company credit limit does not count against the credit limit for the large company credit discussed above. No credits shall be earned in years after 2022. HB 129 resumes postproduction expenditure tax credit beginning January 1, 2026 and before January 1, 2031.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	2
Corporate Income Tax Expenditure	0	1	1
State Tax Expenditure	1	2	3

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.053 Personal protective equipment manufacturer job tax credit

Statute	§48-7-40.1A
Year Enacted	2020
Year Effective	Taxable years beginning on or after January 1, 2020
Data Source	
Estimate Reliability	Class A
Data Reliability	NA
Note	

Description: Personal protective equipment manufacturers that qualify for the Georgia job tax credit may earn \$1,250 per for each qualifying new job in addition to the amounts earned under the existing job credit. No credits shall be earned for jobs created after January 1, 2025.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.054 Medical equipment, medical supplies, pharmaceuticals, and medicine manufacturers job tax credit

Statute	§48-7-40.1B
Year Enacted	2021
Year Effective	Taxable years beginning on or after January 1, 2021
Data Source	Fiscal Note for HB 587 LC 43 2010S (2021)
Estimate Reliability	Class A
Data Reliability	NA
Note	The same estimate is provided in the corporate income tax, see section 2.6.043.

Description: Medical equipment and supply manufacturers, and pharmaceutical and

medicine manufacturers that qualify for the Georgia job tax credit (see 1.6.012/2.6.001/5.00200) may earn \$1,250 per for each qualifying new job in addition to the amounts earned under the existing job credit.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	1	1	1
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

1.6.055 Teacher Recruitment and Retention Credit

Statute	§48-7-29.23 and §20-2-251
Year Enacted	2021
Year Effective	Taxable years beginning on or after January 1, 2022
Data Source	Fiscal note for HB 32 LC 43 2019S for 2021
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit is for teachers who agree to teach in certain rural schools or certain low-performing schools in high-need subject areas. The credit amount equals \$3,000 per year for up to five consecutive years for teachers who remain employed in qualifying schools. No new applications for the program shall be accepted after December 31, 2026.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million.

1.6.056 Qualified Foster Child Donation Credit

Statute	§48-7-29.24
Year Enacted	2021
Year Effective	Taxable years beginning on or after January 1, 2023
Data Source	Fiscal note for SB 370 43 2189 (2022)

Estimate Reliability	Class A
Data Reliability	NA
Note	The same estimate is provided in the personal income tax, see section 2.6.044.

Description: This credit is equal to 100 percent of qualified donations paid by the taxpayer to approved foster child support organizations. The Georgia Department of Humans Services qualifies organizations for purposes of the program. Credits are nonrefundable, but any unutilized credits can be carried forward for up to five years. The aggregate amount of credits allowed per year is subject to a statewide cap of \$20 million, enforced through an annual credit preapproval process.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	11	18

(m) Denotes a value of less than \$1 million.

1.6.057	Qualified Law Enforcement Donation Credit
Statute	§48-7-29.25
Year Enacted	2021
Year Effective	Taxable years beginning on or after January 1, 2023
Data Source	Fiscal note for SB361 LC 43 2159 (2022)
Estimate Reliability	Class A
Data Reliability	NA
Note	The same estimate is provided in the personal income tax, see section 2.6.045.

Description: This credit is equal to 100 percent of qualified donations paid by the taxpayer to qualified law enforcement foundations. The credits are nonrefundable, but any unutilized credits can be carried forward for up to five years. Effective for tax years starting on or after 2026 unused credits cannot be carried forward. The aggregate amount of credits allowed per year is subject to a statewide cap of \$75 million, enforced through an annual credit preapproval process.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	8	11	13
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(m) Denotes a value of less than \$1 million.

1.6.058 Itemizer Tax Credit

Statute	§48-7-27.1
Year Enacted	2023
Year Effective	Taxable years beginning on or after January 1, 2024
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: This credit of \$300 is for each full-year and part-year residents who itemize their deductions. Unused credits can be carried-forward for one year or applied against the previous tax years tax liability.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	194	196	198
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(m) Denotes a value of less than \$1 million.

Individual Income tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
1.6.038	§48-7-40.29	Energy-efficient or water-efficient equipment credit

2. Corporate Income Tax

Similar to the individual tax, the corporate income tax was first levied in Georgia in 1929 at a rate equal to one-third of the federal corporate tax rate. While the corporate tax rates have changed since its introduction, the tax has always remained a flat rate tax, with a single rate applying to all Georgia taxable income of the corporation. During the 2024 session of the General Assembly, legislation was enacted that would tie the corporate tax rate to statutory personal income tax rate. This reduced the rate from 5.75 percent to 5.39 percent on July 1, 2024. The corporate tax rate was reduced to 5.19 percent effective January 1, 2025 and is subject to the same scheduled reductions that would be applied to personal income tax, up to 4.99 percent.

The starting point for the construction of the tax base is federal taxable income of a corporation. Several adjustments are made in order to determine Georgia business income. For example, although corporations are allowed certain special depreciation deductions at the federal level, some of these deductions are not allowed at the state level. Firms taking these deductions on their federal return must add these deductions back to their tax base when determining their state taxable income. In addition, firms operating in multiple states must apportion their corporate income to each of the states in which they have a legal obligation to pay the tax. Since 2008, firms with multistate income determine the portion of their total income associated with Georgia by computing their total Georgia receipts relative to their total receipts. Prior to 2008, Georgia firms were required to use a three-factor apportionment formula.

It is important to keep in mind that tax expenditure estimates may differ from revenue estimates presented in fiscal notes. Estimates included in fiscal notes incorporate behavioral effects that are not considered when estimating tax expenditure provisions. The purpose of a tax expenditure estimate is to convey the cost that would be necessary if the item were offered as a direct budgetary expenditure instead of a reduction in the tax liability. A second caveat concerns the estimates associated with the state corporate credit provisions. Forecasting the value of the revenue loss stemming from the use of these credits is problematic due to the presence of extensive carry forwards in the case of some credits. Because of past credit carry forwards, firms may claim credits on current or future year tax returns that were created in prior years. In some cases, the credit may have expired such that taxpayers are no longer able to create new credits, but the revenue loss to the state continues for several years until all carryforward liabilities have been exhausted. Therefore, the estimates provided in this report should be interpreted as the expected revenue loss stemming from the use of currently created or previously created credits and not an estimate of the value of credits created in a given year.

The tax is administered by the Georgia DOR. Corporate tax collections for FY 2024 were \$3.5 billion or 10.6 percent of total state tax revenues. Approximately 369 thousand corporate returns were processed in CY 2024. All revenue collected from this tax is deposited into the State General Fund..

2.1 Federal Corporate Exclusions

2.1.001 Permanent exemption from imputed interest rules

Federal Statute IRC Sections 163(e), 483, 1274, and 1274(A)

Description: Debt instruments for amounts not exceeding an inflation adjusted maximum, given in exchange for real property, may not have imputed to them an interest rate greater than 9 percent.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.1.002 Exclusion of interest on state and local government private activity bonds

Federal Statute IRC Section 103,141,142 and 146

Description: Interest earned on qualified private activity bonds is tax exempt.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

2.1.004 Exclusion of earnings of certain environmental settlement funds

Federal Statute IRC Section 468B

Description: Under certain conditions environmental settlement funds are exempt from tax.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.1.005 Exclusion of certain agricultural cost-sharing payments

Federal Statute IRC Section 126

Description: Grants made for the purpose of conserving soil and water resources or protecting the environment are excluded from the recipient's gross income.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.1.006 Exclusion of gain or loss on sale or exchange for brownfield property

Federal Statute IRC Section 512 and 514

Description: Qualifying brownfield property that is acquired from an unrelated party, subject to remediation, and sold to another unrelated party is exempt from unrelated business income tax.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.1.009**Exclusion of interest on public purpose state and local government bonds**

Federal Statute IRC Sections 103, 141 and 146

Description: Interest income of qualifying governmental bonds is excluded from taxable income.

State Fiscal Years (\$ in Millions)		
2025	2026	2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

2.1.010**Various foreign provisions including inventory property sales source rule exception, interest expense allocation, deferral of active income of controlled foreign corporations, deferral of active financing income**

Federal Statute IRC Sections 861-863, 865, 953-954, 864

Description: These provisions provide certain exceptions to the general treatment of foreign sourced income

State Fiscal Years (\$ in Millions)		
2025	2026	2027

State Tax Expenditure	262	216	194
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(m) Denotes a value of less than \$1 million

2.1.011**Exclusion of employee meals and lodging**

Federal Statute IRC Section 119 and 132(e)(2)

Description: Only 50 percent of expenses for meals provided on or near business premises for the convenience of the employer or as a de minimis fringe is allowed as deduction.

State Fiscal Years (\$ in Millions)		
2025	2026	2027

State Tax Expenditure	-13	-17	-19
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(m) Denotes a value of less than \$1 million

2.1.012**Exclusion of employer-paid transportation benefits and employer-provided transit and vanpool benefits.**

Federal Statute IRC Section 132(f)

Description: Employer provided qualified transportation benefits are excluded from employee taxable income.

State Fiscal Years (\$ in Millions)		
2025	2026	2027

State Tax Expenditure	-22	-22	-23
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(m) Denotes a value of less than \$1 million

2.2 Federal Corporate Deductions

2.2.001 Accelerated depreciation (MACRS)

Federal Statute IRC Sections 167 and 168

Description: Under the Modified Accelerated Cost Recovery System (MACRS), the cost of tangible depreciation property of certain energy property is allowed a shorter depreciation period. Taxpayers are allowed to depreciate the costs of new rental housing and certain other buildings and equipment on an accelerated schedule

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	8	8	8

(m) Denotes a value of less than \$1 million

2.2.002 Deduction for expenditures on energy-efficient commercial building property

Federal Statute IRC Section 179D

Description: This provision provides a formula-based tax deduction for all or part of the cost of energy-efficient commercial building property placed in service after December 31, 2005. This deduction was modified in August of 2022.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.2.003 Expensing of exploration and development costs: nonfuel minerals

Federal Statute IRC Sections 263, 291, 616-617, 56, 1254

Description: Firms engaged in mining are permitted to expense certain exploration and development costs.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.2.004 Amortization of business start-up costs

Federal Statute IRC Section 195

Description: This provision allows a business taxpayer to deduct up to \$5,000 in qualified start-up expenditures.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.2.006 Expensing of magazine circulation expenditures

Federal Statute IRC Section 173

Description: In general, current federal tax law allows publishers of newspapers, magazines, and other periodicals to deduct their expenditures to maintain, establish, or increase circulation in the year in which they are made.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

2.2.007

Deductions of oil and gas exploration and development costs

Federal Statute IRC Sections 611, 612, 613, 613A and 291; 263(c), 616-617, 57(a)(2), 59(e) and 1254

Description: Firms that extract oil, gas or, other minerals are permitted a deduction to recover their capital investment in a mineral reserve, which depreciates due to the physical and economic depletion or exhaustion as the mineral is recovered. Firms engaged in the exploration and development of oil, gas or geothermal properties have the option of expensing certain intangible drilling and development costs.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	0	0	0
(m) Denotes a value of less than \$1 million			

2.2.008

Special treatment of expenses related to timber production

Federal Statute IRC Sections 194, 263A(c)(5)

Description: This provision allows expensing of production costs of growing timber. Taxpayers are also allowed different depreciation practices for qualified reforestation expenses.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	6	6	6
(m) Denotes a value of less than \$1 million			

2.2.009

Deduction of charitable contributions (includes deductions for health, education, and for purposes other than health and education)

Federal Statute IRC Sections 170 and 642(c)

Description: Subject to certain limitations, charitable contributions may be deducted by taxpayers.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	52	54	56
(m) Denotes a value of less than \$1 million			

2.2.011

Expensing under IRC Section 179 of depreciable business property

Federal Statute IRC Section 179

Description: Within certain limits, a taxpayer may elect to deduct, as a current expense, the cost of qualifying property in the tax year when it is placed in service

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	5	5	6
(m) Denotes a value of less than \$1 million			

2.2.012 Amortization of air pollution control facilities

Federal Statute IRC Section 169(d)(5)

Description: This provision allows plants placed in service after January 1, 1976 the option of amortizing investments in pollution control equipment for coal-fired electric generation plants.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.2.014 Various agricultural expensing provisions

Federal Statute IRC Section 162, 175, 180, 446, 448, 461, 464

Description: Taxpayers in the business of farming may choose to expense costs associated with soil and water conservation, soil conditioning and the costs associated with raising dairy cattle and breeding cattle.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.2.015 Community and regional development incentives

Federal Statute IRC Sections 38(b), 39(d), 45A, 280C(a), 1391-1397D and 1400F,H,I and J

Description: Communities designated as empowerment zones and renewable communities are eligible for special development incentives.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1	1	0

(m) Denotes a value of less than \$1 million

2.2.016 Deduction for architectural and transportation barrier removal expenses for the handicapped and elderly

Federal Statute IRC Section 190

Description: This provision allows taxpayers to deduct up to \$15,000 of expenses incurred in a single year for removing physical barriers to handicap or elderly individuals in qualified facilities or public transportation vehicles owned or leased by the taxpayer.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.2.017 Inventory methods and valuation

Federal Statute IRC Section 475, 491-492

Description: This provision allows taxpayers to use alternative inventory systems to determine the cost of goods sold.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	12	11	11

(m) Denotes a value of less than \$1 million

2.2.018 Limits on deductible compensation and disallowance of deduction for excess parachute payments

Federal Statute IRC Sections 280G, 4999, and 162(m)

Description: Excess parachute payments are not allowable deductions against the corporate income tax. In the case of publicly held corporations only executive compensation of \$1 million or less is deductible against the corporate income tax.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	-34	-36	-41
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(m) Denotes a value of less than \$1 million

2.2.019 Deduction for foreign-derived intangible income

Federal Statute P.L. 115-97, Sec. 250(a)

Description: A domestic corporation is allowed a deduction equal to 50 percent of foreign-derived intangible income until 2025 and 37.5 percent thereafter.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	28	26	24
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(m) Denotes a value of less than \$1 million

2.2.020 Limitation on deduction of FDIC premium

Federal Statute Pub. L. No. 115-97

Description: The deduction for the applicable percentage of any Federal Deposit Insurance Corporation (“FDIC”) premium paid or incurred by the taxpayer is disallowed. For taxpayers with total consolidated assets of \$50 billion or more, the applicable percentage is 100 percent. Otherwise, the applicable percentage is the ratio of the excess of total consolidated assets (as of the close of the taxable year) over \$10 billion to \$40 billion. The provision does not apply to taxpayers with total consolidated assets (as of the close of the taxable year) that do not exceed \$10 billion.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	-10	-10	-10
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(m) Denotes a value of less than \$1 million

2.2.021 Limitation on net operating loss deduction

Federal Statute Pub. L. No. 115-63

Description: The deduction for net operating losses is limited to 80 percent of taxable income.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	-3	-3	-3
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(m) Denotes a value of less than \$1 million

2.2.022 7-year recovery period for motorsports entertainment complexes

Federal Statute IRC Sections 167 and 168

Description: Taxpayers are allowed to deduct the cost of certain depreciable assets from motorsports complexes over 7 years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.3 Special Federal Corporate Conformity Provisions

2.3.001 Deferral of gain on like-kind exchanges

Federal Statute IRC Section 1031

Description: When business or investment property is exchanged for property of a like kind no gain or loss is recognized on the exchange and therefore no tax is paid at the time of the exchange.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	14	13	13
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(m) Denotes a value of less than \$1 million

2.3.002 Special rules for magazine, paperback book, and record returns

Federal Statute IRC Section 458

Description: Publishers and distributors of magazines, paperbacks, and records may elect to exclude from gross income for a tax year, the income from the sale of goods that are returned after the close of the tax year.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

2.3.003 Two-year carryback for net operating losses attributable to farming

Federal Statute IRC Section 172

Description: Current law provides a two-year carryback period for losses related to farming. The normal carryback period for losses is two years.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

2.3.004 Special rules for mining reclamation reserves

Federal Statute IRC Sections 468 and 1274

Description: Electing taxpayers may deduct the current value equivalent of certain estimated future reclamation and closing costs for mining and solid waste disposal sites.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

2.3.005 Cash accounting for certain businesses

Federal Statute IRC Sections 446 and 448

Description: The cash method of accounting may be used by any business taxpayer that is not a tax shelter and falls into at least one of three specified categories. These are farming businesses, qualified personal service corporations, and entities that meet a gross receipts test.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4	4	4

(m) Denotes a value of less than \$1 million

2.3.006 Deferral of gain on non-dealer installment sales

Federal Statute IRC Sections 453 and 453A(b)

Description: Some taxpayers are allowed to report some sales using the installment method of accounting in which the gross profit from the sale is prorated over the years during which the payments are received.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	24	26	27

(m) Denotes a value of less than \$1 million

2.3.007 Completed contract rules

Federal Statute IRC Section 460

Description: Some taxpayers with construction or manufacturing contracts extending for more than one tax year are allowed to report some or all of the profit on the contracts under special accounting rules rather than the normal rules of tax accounting.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	5	6	6

(m) Denotes a value of less than \$1 million

2.3.008 Special treatment of employee stock ownership plans (ESOPs) (includes deferral of tax on certain employee stock plans)

Federal Statute IRC Sections 401(a)(28), 404(a)(9), 404(k), 415(c)(6), 512(e), 1042, 497(e)(7), 4975(d)(3), 4978, 4979A

Description: ESOPs are provided special tax treatment. Employer contributions may be deducted as a business expense. In addition, some contributions are subject to less restrictive limits than contributions to other employee benefit plans. Tax on qualified employee stock purchase plans are not taxed when granted or excised. Tax is deferred until stock is sold.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	6	6	7

(m) Denotes a value of less than \$1 million

2.3.009 Deferral of capital construction costs of shipping companies

Federal Statute IRC Section 7518

Description: U.S. operators of vessels in foreign, or domestic commerce of the U.S., or in U.S. fisheries, may establish a capital construction fund into which they may make certain tax deductible deposits. In addition, the earnings on the deposits are tax deferred.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

2.3.010 Qualified Opportunity Zones

Federal Statute PL 115-97; IRS 1400Z-1

Description: A qualified opportunity fund is an investment vehicle organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property that holds at least 90 percent of its assets in qualified opportunity zone property. Qualified opportunity zone property includes any qualified opportunity zone stock, any qualified opportunity zone partnership interest, and any qualified opportunity zone business property. Certain low-income community population census tracts may be designated as qualified opportunity zones by the chief executive officer of the State (which includes the District of Columbia).

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	16	-11	-46
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(m) Denotes a value of less than \$1 million

2.3.012 Special rules for interest-charge domestic international sales corporations (IC-DISC)

Federal Statute IRC Sections 991-997

Description: Shareholders of Interest-Charge Domestic International Sales Corporation are taxed only once. IC-DISC shareholders may defer up to \$10 million annually that is attributable to qualified export sales. An interest charge is imposed on shareholders based on the distribution that would have occurred had deferral not been elected.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	11	12	12
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(m) Denotes a value of less than \$1 million

2.4 Corporate Apportionment

Discussed below are three issues relating to corporate apportionment that can be considered tax expenditures because they are deviations from the traditional formula of corporate apportionment and result in a benefit to some taxpayers. No estimate of the value of these expenditures is available at this time.

2.4.001 Single-Factor Apportionment

The traditional apportionment formula calculates corporate income tax liability of multi-state corporations based on the ratio of company property, payroll, and gross receipts in Georgia to all other states. This three-factor formula applies an equal weight of 33.33 percent to each ratio and was used in Georgia until the mid-2000s. Beginning in 2008, Georgia transitioned to a single-factor apportionment formula wherein firms determine state tax liability based solely on the ratio of Georgia receipts to total receipts. Products that are shipped or delivered to customers in Georgia are subject to the Georgia corporate tax, while sales negotiated or delivered to customers outside of Georgia are excluded. The only exception is for airline companies that ship passengers and cargo across state lines. Instead of using the single factor approach, income generated through these businesses is taxed by a three-factor formula as a ratio of Georgia activity to total activity. The formula weighs revenue air miles traveled at 25 percent, tons handled by aircraft at 25 percent, and originating passenger and cargo revenue at 50 percent. The single-factor formula benefits firms that have manufacturing presence in one state but significant sales outside of the state. Firms that are located and operate in a single state are not affected by the apportionment formula.

2.4.002 Throwback Rule

Under a throwback rule, out-of-state sales from a corporation are taxed by the state of origin if the corporation has no nexus in the destination state. Twenty states, including Washington D.C., have a throwback rule. Georgia, Alabama, North Carolina, Florida, Tennessee, South Carolina, and Virginia do not, but Mississippi does. An alternative rule is the “throw-out rule,” which eliminates sales to non-nexus states from both the numerator and denominator of the corporate apportionment formula. Only three states—Louisiana, Kentucky, and Maine—have a throw-out rule.

2.4.003 Corporate Receipts Sourcing

Georgia is among 34 states, including Washington D.C., that use the single sales factor method (i.e., a 100-percent sales factor). This creates a destination-based corporate income tax system. Under this approach, corporations pay taxes based on the state in which their products are sold, not where production takes place. This rule applies to the sale of tangible property. When considering apportionment for services provided across state lines, Georgia employs a market-based sourcing rule. At the present, there is no consensus between the states on how to define a

“market” for the purpose of implementing this rule but, in general, it means that services will be taxed based on the state in which the customer receives the benefit. The rule is meant to apply a consistent destination-based treatment to services when compared to tangible goods.

Corporate apportionment expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
2.4.001	N/A	Single-factor Apportionment
2.4.002	N/A	Throwback Rule
2.4.003	N/A	Corporate Receipts Sourcing

2.5 Georgia Deductions and Exclusions

2.5.003 Exclusion of global intangible low-taxed income (GILTI)

Statute	§48-7-21
Year Enacted	2018
Year Effective	2018
Data Source	Estimates of Federal Tax Expenditures for Fiscal Years 2025-2029, Joint Committee on Taxation, U.S. Congress
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Global intangible low-taxed income is defined for the purpose of Federal taxation in Section 951A of the Internal Revenue Code of 1986 as excess returns realized by U.S. shareholders from controlled foreign corporations in low-tax areas outside of the United States. GILTI is includable in federal taxable income net of a 50 percent deduction in tax years 2018-25 and a 37.5 percent deduction thereafter. Georgia does not tax any portion of GILTI.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	144	164	180

(m) Denotes a value of less than \$1 million

Corporate income tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
2.5.001	§48-7-21	Interest on obligations of United States
2.5.002	§48-7-21	Exception to intangible expenses and related interest cost

2.6 Georgia Credits

<u>2.6.001</u>	<u>Georgia Job Tax Credit</u>
Statute	§48-7-40 and §48-7-40.1
Year Enacted	§48-7-40: 1989; §48-7-40.1: 1993
Year Effective	§48-7-40: Taxable years beginning on or after January 1, 1990; §48-7-40.1: Taxable years beginning on or after January 1, 1994.
Data Source	DOF data as of 2021 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax and insurance premium tax sections, see 1.6.012 and 5.00200. In 2018, the qualifying areas were expanded to include counties with military bases and industrial parks that are owned and operated by a government entity.
Description:	The credit provides a statewide job tax credit to any business or headquarters engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development. Retail establishments are only allowed the credit if located in one of the 40 least-developed counties of the state. Average wages must be greater than the average wage of the county in the state with the lowest average wage. To be eligible, employers must offer health insurance to all new employees. It also provides a tax credit for business enterprises designated as operating in less-developed areas. These include areas with ten or more contiguous census tracts with higher than 15 percent poverty and counties with both a military base and a government owned and operated industrial park.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	76	77	78
Corporate Income Tax Expenditure	118	120	122
Insurance Premium Tax Expenditure	3	3	3
State Tax Expenditure	197	200	203

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>2.6.002</u>	<u>Quality Jobs Tax Credit</u>
Statute	§48-7-40.17
Year Enacted	2009
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOF data as of TY 2022
Estimate Reliability	Class A
Data Reliability	Class A
Note	This statute was modified in 2017 allowing taxpayers to establish subsequent job creation periods for a qualified project. The same estimate is provided in the personal income tax section, see 1.6.013. Estimate of this provision is higher than in previous reports because new data are available.
Description:	This credit is for employers creating new high-wage jobs or relocating

high-wage jobs into the state. A quality job or high-wage job has 30 hours a week of regular work; a job that is not already located in Georgia; and pays at or above 110 percent of the average wage of the county in which it is located.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	127	139	142
Insurance Premium Tax Expenditure	0	0	0
State Tax Expenditure	128	140	143

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.003 New Facilities Jobs Credit

Statute	§48-7-40.24
Year Enacted	2003
Year Effective	Latest modifications are effective for taxable years beginning on or after July 1, 2021
Data Source	Fiscal note for HB 587 LC 43 2010S for 2021
Estimate Reliability	NA
Data Reliability	NA
Note	The same estimate is provided in the personal income tax section, see 1.6.014.

Description: This provision provides for a credit of \$5,250 per year per qualified new job for up to five years, subject to recapture based on job and payroll maintenance requirements, and until July 1, 2021, limited to 4,500 such new jobs for any one qualified project. For business enterprises that first qualify in a taxable year beginning on or after January 1, 2009, the business enterprise must meet the job creation requirement of 1,800 eligible new full-time employees and either the qualified investment requirement of \$450 million in qualified investment property, or the payroll requirement of \$150 million in total annual Georgia W-2 reported payroll within the six-year period, subject to extension under certain conditions.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027

State Tax Expenditure	Estimate combined with 2.6.001
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(m) Denotes a value of less than \$1 million.

2.6.004 New Manufacturing Facilities Property Credit

Statute	§48-7-40.24
Year Enacted	2003
Year Effective	Latest modifications are effective for taxable years beginning on or after July 1, 2021
Data Source	Fiscal note for HB 587 LC 43 2010S for 2021
Estimate Reliability	NA
Data Reliability	NA
Note	Utilization of this credit resulting from known or anticipated projects is expected to be material, but not within the time horizon of this report; see fiscal note.
	The same estimate is provided in the personal income tax section, see 1.6.015.

Description: This is an incentive for a manufacturer who has operated a manufacturing

facility in this state for at least 3 years and who spends \$800 million on a new manufacturing facility in this state, subject to a job requirement of 1,800 full-time employees. The credit equal to 6 percent of the cost of all qualified investment property purchased or acquired, up to \$50 million with respect to any one project. For qualified high-impact aerospace defense projects certified on or after July 1, 2021, the maximum credit for any one project is increased to \$100 million and the taxpayer may begin claiming credits once investment and job thresholds of \$500 million and 1,000, respectively, are reached. For tax years on or after January 1, 2025, carryforwards are limited from fifteen to ten years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	0	0	0

(m) Denotes a value of less than \$1 million.

2.6.005

Manufacturer's Investment Tax Credit

Statute	§§48-7-40.2, 48-7-40.3, and 48-7-40.4
Year Enacted	1994
Year Effective	Taxable years beginning on or after January 1, 1994
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.016.

Description: For tax years beginning on or after January 1, 2020, the taxpayer must invest a minimum of \$100,000 per project per location during the tax year to receive credit, up from a \$50,000 minimum in prior years. Eligible taxpayers must be in operation for the immediately preceding three years. Property for a period of five years or longer is eligible for the credit. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	3	4	4
Corporate Income Tax Expenditure	18	20	21
State Tax Expenditure	21	24	25

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.006

Optional Investment Tax Credit

Statute	§§48-7-40.7, 48-7-40.8, and 48-7-40.9
Year Enacted	1995
Year Effective	Taxable years beginning on or after January 1, 1996.
Data Source	DOT data as of TY 2022
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.017.

Description: An alternative investment tax credit available for investments in manufacturing or telecommunications facilities or support facilities that have been operating for the three immediately preceding years. The credit is available for investments in excess of \$5 million and placed in service no

earlier than January 1, 1996, for tier 1 counties. The investment threshold is \$10 million for tier 2 counties and is \$20 million for tier 3 and 4 counties. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	1	1	1
State Tax Expenditure	2	3	3

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.007 Port Activity Tax Credit

Statute	§48-7-40.15
Year Enacted	1998
Year Effective	Latest modifications apply to taxable years beginning on or after January 1, 2010
Data Source	DOR data as of TY 2022
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate combined with 2.6.008. The same estimate is provided in the personal income tax section, see 1.6.018.
Description:	For taxable years beginning before January 1, 2010, businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development that have increased shipments out of Georgia ports during the previous 12-month period by more than 10 percent over their 1997 base year port traffic, or by more than 10 percent over 75 net tons, five containers or 10 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. For taxable years beginning on or after January 1, 2010, the increase is based on a comparison of the previous 12-month period to the second preceding 12-month period. For tax years on or after January 1, 2024, carryforwards are limited from ten to five years. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	5	5	5
State Tax Expenditure	5	5	5

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.008 Alternative Port Activity Tax Credit

Statute	§48-7-40.15A
Year Enacted	2009
Year Effective	2009
Data Source	DOR data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	Estimate combined with 2.6.007. The same estimate is

provided in the personal income tax section, see 1.6.019.

Description:	Credit is allowed to any business enterprise located in a tier 2 or 3 county or in a less developed area and which qualifies and receives the Jobs Tax Credit and which;
1.	Consists of a distribution facility of greater than 650,000 square feet in operation in this state prior to December 31, 2008;
2.	Distributes product to retail stores owned by the same legal entity or its subsidiaries as such distribution facility; and
3.	Has a minimum of eight retail stores in this state in the first year of operations.

State Fiscal Years (\$ in Millions)

2025	2026	2027
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State Tax Expenditure	Estimate combined with 2.6.007
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(m) Denotes a value of less than \$1 million.

2.6.009 Film Tax Credit

Statute	§48-7-40.26
Year Enacted	2005
Year Effective	Taxable years beginning on or after January 1, 2005
Data Source	DOR data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.020. Tax credit provisions applicable to qualified interactive entertainment production companies were modified in 2015.

Description: Production companies which have at least \$500,000 of qualified expenditures in a state-certified production may claim this credit. Certification must be approved through the Georgia Department of Economic Development. There are special provisions relating to the tax credits awarded to interactive entertainment companies. Under the 2017 modifications to this statute, the 2019 sunset for the qualified interactive entertainment production company tax credit has been eliminated. For tax years on or after January 1, 2025, carryforwards are limited from five to three years.

State Fiscal Years (\$ in Millions)

2025	2026	2027
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Income Tax Expenditure	398	472	471
Corporate Income Tax Expenditure	134	159	159
State Tax Expenditure	532	631	630

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.010 Research Tax Credit

Statute	§48-7-40.12
Year Enacted	1997
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOR data as of TY 2023 and National Science Foundation
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.021.

Description: This credit is for expenses resulting from research conducted in Georgia by businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries. A tax credit is allowed provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986, as amended. For tax years on or after January 1, 2024, carryforwards are limited from ten to five years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
Income Tax Expenditure	17	18	19
Corporate Income Tax Expenditure	208	219	230
State Tax Expenditure	225	238	250

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.011 Seed-Capital Fund Credit

Statute	§48-7-40.27 & 40.28
Year Enacted	2008
Year Effective	Applicable to investments made on or after July 1, 2008
Data Source	DOT data as of TY 2022
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.022.

Description: This provides a tax credit for certain qualified investments made on or after July 1, 2008, in a research fund, the purpose of which is to provide early-stage financing for businesses formed as a result of research conducted in Georgia's research universities.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.012 Qualified Health Insurance Expense Credit

Statute	§48-7-29.13
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2009
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.023.

Description: Employer credit for the premiums paid for a high-deductible health plan. Employers must employ 50 or fewer persons for whom the employer provides high-deductible health plans as defined by Section 223 of the Internal Revenue Code and in which such employees are enrolled. The qualified health insurance must be made available to all employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code. The qualified

health insurance premium expense must equal at least \$250 annually. For tax years beginning on or after January 1, 2025 carry forwards are limited to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.015

Business Enterprise Vehicle Credit

Statute	§48-7-40.22
Year Enacted	2001
Year Effective	Taxable years beginning on or after January 1, 2002.
Data Source	DOT data as of TY 2021
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.026.

Description: This is a credit given to a business enterprise for the purchase of a motor vehicle that is used exclusively to provide transportation for its employees. To qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.016

Employer's credit for providing or sponsoring childcare for employees, and employer's credit for purchasing child-care property

Statute	§48-7-40.6
Year Enacted	1994 & 1999
Year Effective	Credit for cost of operation: taxable years beginning on or after January 1, 1994. Credit for cost of qualified child-care property: taxable years beginning on or after January 1, 2000.
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.027.

Description: This credit is provided to employers based on their expenses related to providing or sponsoring childcare for their employees' children and for the purchase of qualified child-care property.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	5	5	5
Corporate Income Tax Expenditure	14	13	14
State Tax Expenditure	19	18	19

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.017 Low-Income Housing Credit

Statute	§48-7-29.6
Year Enacted	2000
Year Effective	Taxable years beginning on or after January 1, 2001.
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax and insurance premium tax sections, see 1.6.028 and 5.00700.

Description: This is a credit against Georgia income and insurance premium taxes for owners of rental housing qualifying for the federal low-income housing tax credit and that are placed in service on or after January 1, 2001.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	145	148	153
Corporate Income Tax Expenditure	37	38	39
Insurance Premium Tax Expenditure	215	227	237
State Tax Expenditure	396	412	430

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.018 Historic Rehabilitation Credit

Statute	§48-7-29.8
Year Enacted	2002
Year Effective	Taxable years beginning on or after January 1, 2004
Data Source	DOT data as of TY 2024 and Fiscal Note for HB 469 LC 43 2035S (2021)
Estimate Reliability	Class B
Data Reliability	Class B
Note	The same estimate is provided in the personal income tax section, see 1.6.029. This provision expires December 31, 2030.

Description: A credit is provided based on expenses related to the certified rehabilitation of a certified structure or historic home. Standards set by the Department of Community Affairs must be met. A \$25 million per calendar year aggregate cap applies to projects earning more than \$300,000 in credits. The credit was modified in 2015 to allow unused credits to be assigned or sold to other taxpayers. Further modifications in 2021 applied a \$5 million per calendar year cap on smaller projects and added a sunset date for the credit of December 31, 2030.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	14	13	13
Corporate Income Tax Expenditure	8	7	8
State Tax Expenditure	22	20	21

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>2.6.020</u>	<u>Low- and Zero-emission Vehicle and Charger Credit</u>
Statute	§48-7-40.16
Year Enacted	1998
Year Effective	Taxable years beginning on or after January 1, 1998
Data Source	DOT data as of TY 2024
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax, see 1.6.031.

Description: This credit applies to the purchase or lease of an electric vehicle charger and to the conversion of a standard vehicle to a low- or zero-emission vehicle. The credit for the purchase or lease of a new low- or zero-emission vehicle was eliminated effective July 1, 2015.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

<u>2.6.021</u>	<u>Land Conservation Credit</u>
Statute	§48-7-29.12
Year Enacted	2006
Year Effective	Taxable years beginning on or after January 1, 2006
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.032.

Description: This provides for an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of O.C.G.A. Title 36. This credit was modified in 2015 such that the aggregate value of credits awarded under this provision cannot exceed \$30 million per year and no new credit applications will be accepted after December 31, 2026. For taxable years beginning on or after 2025, any credits generated but not used may be carried forward for five years. New applications accepted after December 31, 2026.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	1
Corporate Income Tax Expenditure	(m)	(m)	(m)
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.024**Employer's credit for approved employee retraining**

Statute	§48-7-40.5
Year Enacted	1994
Year Effective	Latest modifications are effective for taxable years beginning on or after January 1, 2009
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.035.

Description: The tax credit reimburses employers for the cost of providing retraining services to their employees. Retraining programs shall not include any retraining on commercially mass-produced software packages for word processing, data base management, presentations, spreadsheets, e-mail, personal information management, or computer operating systems except a retraining tax credit shall be allowable for those providing support or training on such software. For tax years on or after January 1, 2025, carryforwards are limited from ten to five years.

State Fiscal Years (\$ in Millions)			
	2025	2026	2027

Income Tax Expenditure	17	17	17
Corporate Income Tax Expenditure	43	44	44
State Tax Expenditure	59	61	61

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.025**Qualified Education Expense Credit**

Statute	§48-7-29.16; §33-8-4
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax and insurance premium tax sections, see 1.6.036 and 5.01000.

Description: This provides a tax credit for donations made by taxpayers to a student scholarship organization which are used for tuition and fees for a qualified school or program. As of January 1, 2023 the annual cap increased to \$120 million and credits were allowed against the insurance premium tax up to \$6 million annually. For tax years beginning on or after January 1, 2025 carryforwards are limited from five to three years.

State Fiscal Years (\$ in Millions)			
	2025	2026	2027

Income Tax Expenditure	67	71	80
Corporate Income Tax Expenditure	21	22	25
Insurance Premium Tax	3	3	3
State Tax Expenditure	92	96	109

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.030	<u>Tax credit for existing business enterprises undergoing qualified business expansion</u>
Statute	§48-7-40.21
Year Enacted	2001
Year Effective	Latest modifications are applicable to tax years beginning on or after January 1, 2008
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the income tax section, see 1.6.041.

Description: This credit applies to businesses that create at least 500 new full-time jobs within a taxable year.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	Estimate combined with 2.6.002		

(m) Denotes a value of less than \$1 million.

2.6.032 Bank Tax Credit

Statute	§48-7-29.7
Year Enacted	2000
Year Effective	2001
Data Source	DOT data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.043.

Description: Depository financial institutions are allowed a credit against their state income tax liability equal to the sum of the amount of business license taxes paid to local governments and any special state occupation taxes paid to the state. For tax years beginning on or after January 1, 2024 carry forwards are limited from five to three years. For tax years beginning on or after January 1, 2024 carry forwards are limited from five to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	3	3	3
Corporate Income Tax Expenditure	54	53	52
State Tax Expenditure	57	55	55

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.034 Income tax credit for contributions to rural health care organizations

Statute	§48-7-29.20
Year Enacted	2016
Year Effective	2017
Data Source	DOT data for 2024
Estimate Reliability	Class A
Data Reliability	Class A
Note	This statute was modified in 2017 and 2018 to increase taxpayer limitations and the credit rate, modify the aggregate state cap, and extend the expiration. This statute was modified again in 2019 to extend the expiration. The same estimate is provided in the personal income tax section, see 1.6.045.

Description: An individual taxpayer shall be allowed an income tax credit equal to a maximum of \$5,000 for an individual filing a single return or \$10,000 for joint returns. A corporation or other entity shall be allowed an income tax credit equal to a maximum of 75 percent of the corporation's income tax liability. The aggregate amount of credits cannot exceed \$100 million in any year. The provision expires December 31, 2029.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
Income Tax Expenditure	59	69	70
Corporate Income Tax Expenditure	20	24	24
State Tax Expenditure	80	93	94

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.035 Revitalization Zone Tax Credit

Statute	§48-7-40.32
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018.
Data Source	DOF data for 2021
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income section, see 1.6.046.

Description: This income tax credit is to promote the revitalization of vacant rural Georgia downtowns. The statute includes three credits. The first allows certified entities to claim an annual tax credit for five consecutive years of \$2,000 per qualified employee but not to exceed \$40,000 per taxable year for any taxpayer. The second provides for a credit equal to 25 percent of the purchase price of qualified property up to an amount equal to \$125,000 per project. The third provides for a tax credit of 30 percent of qualified rehabilitation expenses but not to exceed \$150,000 per project. For tax years beginning on or after January 1, 2024 carry forwards are limited from five to three years. For tax years beginning on or after January 1, 2024 carry forwards are limited from five to three years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
State Tax Expenditure	1	2	2

(m) Denotes a value of less than \$1 million.

2.6.036 Georgia Musical Investment Tax Credit

Statute	§48-7-40.33
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018
Data Source	DOF data as of TY 2023
Estimate Reliability	Class C
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section, see 1.6.047.

Description: This income tax credit is equal to 15 percent of qualified production expenditures of a musical or theatrical performance, or a recorded musical performance incorporated into or synchronized with a movie, television, or interactive entertainment production. An additional credit equal to 5 percent

may be allowed for certain expenditures in tier 1 or tier 2 counties.

State Fiscal Years (\$ in Millions)

State Tax Expenditure	2025 (m)	2026 (m)	2027 (m)
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(m) Denotes a value of less than \$1 million.

2.6.037

Public Education Innovation Fund Tax Credit

Statute	§48-7-29.21
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018.
Data Source	DOF data as of TY 2023 and Fiscal Note for HB 237 LC 33 7049S (2017)
Estimate Reliability	Class C
Data Reliability	Class A
Note	The same estimate is provided in the personal income section, see 1.6.048.

Description: This income tax credit is equal to contributions to a qualified Public Education Innovation fund. The value of the credit varies by personal income filing type from \$1,000 to \$10,000. Corporate filers are allowed a credit equal to 75 percent of their current income tax liability. The aggregate amount of credits awarded each year may not exceed \$5 million for taxable years on or before December 31, 2023, and \$15 million for tax year 2024 and all subsequent years. This credit expires December 31, 2029. For tax years on or after January 1, 2025, carryforwards are limited from five to three years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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Income Tax Expenditure	1	1	2
Corporate Income Tax Expenditure	4	3	4
State Tax Expenditure	5	5	6

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.038

Agribusiness Tax Credit

Statute	§33-1-25
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018
Data Source	DOF data as of TY 2023 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class B
Data Reliability	Class B
Note	The same estimate is provided in the personal income and insurance premium tax sections, see 1.6.049 and 5.00900.

Description: This income tax credit is to establish qualified low-income community rural investment funds and tax credits. The credit amount is 15 percent of the eligible investment per year beginning in the third year after the investment is made and continuing through the sixth year, for a total credit equal to 60 percent of the eligible investment. The credit is nonrefundable and may not be sold, but may be carried forward indefinitely. The amount of credits available is subject to a cumulative cap of \$100 million.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	0	0
Corporate Income Tax Expenditure	2	1	1
Insurance Premium Tax Expenditure	4	2	1
State Tax Expenditure	7	3	2

(m) Denotes a value of less than \$1 million.

2.6.039

Railroad Track Maintenance Tax Credit

Statute	§48-7-40.34
Year Enacted	2018
Year Effective	2019
Data Source	Fiscal Note for LC 39 2856 (2021)
Estimate Reliability	Class C
Data Reliability	Class B
Note	The same estimate is provided in the personal income tax section, see 1.6.050.

Description: This income tax credit is based on maintenance expenditures related to railroad track owned or leased by Class III railroads. The credit equals 50 percent of railroad track maintenance expenditures, subject to a maximum credit of \$3,500 per track mile per year. In addition to Class III railroads, persons transporting property using a Class III railroad's facilities or persons furnishing railroad-related property or services to a Class III railroad are eligible for the credit with respect to maintenance of their assigned track miles. This credit expires December 31, 2026. For tax years on or after January 1, 2025, carryforwards are reduced from five to three years.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027

State Tax Expenditure	6	6	6
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(m) Denotes a value of less than \$1 million

2.6.040

Reforestation credit for losses incurred on commercial timberland due to hurricane damage

Statute	§48-7-40.36
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal Note for HB 223S LC 50 1215-ECS (2025) and DOR data as of TY 2023
Estimate Reliability	Class B
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax, see section 1.6.051.

Description: Provides for a credit for casualty losses incurred on commercial timberland due to damage attributed to Hurricane Helene in the fall of 2024, subject to replanting requirements as described below. The amount of the credit is equal to 100 percent of the casualty loss deduction reported on the taxpayer's federal return, provided that the credit amount does not exceed \$550 per acre. Taxpayers must seek preapproval for the credit on or before December 31, 2025. Taxpayers are eligible to claim the credit in the taxable year in which the taxpayer replants 90 percent of the timber lost in the hurricane. All tax credits must be claimed by December 31, 2024. Credits

can be sold once prior to January 1, 2024. Credits claimed are nonrefundable, but can be carried forward for up to 10 years. The total amount of credits preapproved may not exceed \$200 million.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	0	24	26
Corporate Income Tax Expenditure	0	16	18
State Tax Expenditure	0	40	44

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.041 Qualified Post-Production Expenditures Credit

Statute	48-7-40.26A
Year Enacted	2017
Year Effective	2018
Data Source	DOT data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax, see section 1.6.052.

Description: Postproduction companies with at least \$500,000 in qualified postproduction expenditures per year will be eligible for a credit equal to 20 percent of the qualified postproduction expenditures. An additional 10 percent credit is allowed if the qualified production expenditures were incurred in the state. An additional 5 percent credit is allowed if the qualified production expenditures were incurred in a tier 1 or tier 2 county. The value of credits awarded is limited to a maximum of \$10 million for 2018 through 2022. If in any year the aggregate amount of credits allowable is not awarded, the remaining credits will be rolled in the allowable credits for the following year. Postproduction companies with expenditures between \$100,000 and \$500,000 per year are eligible for a separate credit equal to 20 percent of the qualified postproduction expenditures. Aggregate annual claims on this credit are limited to \$1 million. The \$1 million small company credit limit does not count against the credit limit for the large company credit discussed above. No credits shall be earned in years after 2022. HB 129 resumes postproduction expenditure tax credit beginning January 1, 2026 and before January 1, 2031.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	1	2
Corporate Income Tax Expenditure	0	1	1
State Tax Expenditure	1	2	3

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.042 Personal protective equipment manufacturer job tax credit

Statute	§48-7-40.1A
Year Enacted	2020
Year Effective	Taxable years beginning on or after January 1, 2020
Data Source	
Estimate Reliability	Class A
Data Reliability	NA
Note	

Description: Personal protective equipment manufacturers that qualify for the Georgia job tax credit may earn \$1,250 per for each qualifying new job in addition to the amounts earned under the existing job credit. No credits shall be earned for jobs created after January 1, 2025.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.043 Medical equipment, medical supplies, pharmaceuticals, and medicine manufacturers job tax credit

Statute 48-7-40.1B
 Year Enacted 2021
 Year Effective Taxable years beginning on or after January 1, 2021
 Data Source Fiscal Note for HB 587 LC 43 2010S (2021)
 Estimate Reliability Class A
 Data Reliability NA
 Note The same estimate is provided in the personal income tax, see section 1.6.054.

Description: Medical equipment and supply manufacturers, and pharmaceutical and medicine manufacturers that qualify for the Georgia job tax credit (see 1.6.012/2.6.001/5.00200) may earn \$1,250 per for each qualifying new job in addition to the amounts earned under the existing job credit.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	(m)	(m)	(m)
Corporate Income Tax Expenditure	1	1	1
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.044 Qualified Foster Child Donation Credit

Statute §48-7-29.24
 Year Enacted 2021
 Year Effective Taxable years beginning on or after January 1, 2023
 Data Source Fiscal note for SB 370 LC 43 2189 (2022)
 Estimate Reliability Class A
 Data Reliability NA
 Note The same estimate is provided in the personal income tax, see section 1.6.056.

Description: This credit is equal to 100 percent of qualified donations paid by the taxpayer to approved foster child support organizations. The Georgia Department of Humans Services qualifies organizations for purposes of the program. Credits are nonrefundable, but any unutilized credits can be carried forward for up to five years. The aggregate amount of credits allowed per year is subject to a statewide cap of \$20 million, enforced through an annual credit preapproval process.

	State Fiscal Years (\$ in Millions)		
	2024	2025	2026
State Tax Expenditure	2	11	18

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

2.6.045	<u>Qualified Law Enforcement Donation Credit</u>
Statute	§48-7-29.25
Year Enacted	2021
Year Effective	Taxable years beginning on or after January 1, 2023
Data Source	Fiscal note for SB361 LC 43 2159 (2022)
Estimate Reliability	Class A
Data Reliability	NA
Note	The same estimate is provided in the personal income tax, see section 1.6.057.

Description: This credit is equal to 100 percent of qualified donations paid by the taxpayer to qualified law enforcement foundations. The credits are nonrefundable, but any unutilized credits can be carried forward for up to five years. The aggregate amount of credits allowed per year is subject to a statewide cap of \$75 million, enforced through an annual credit preapproval process.

	State Fiscal Years (\$ in Millions)		
	2024	2025	2026
State Tax Expenditure	8	11	13

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

Corporate income tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
2.6.027	§48-7-40.29	Energy-efficient or water-efficient equipment credit

3. Corporate Net Worth Tax

Georgia imposes a tax on the net worth of corporations doing business or owning property in the state. The net worth of foreign corporations subject to the Georgia tax is based upon the ratio of assets in Georgia and gross receipts in Georgia to total assets and gross receipts. The tax is graduated based upon the corporation's taxable net worth. Corporations with less than \$100,000 of net worth are not subject to the tax.

The tax is administered by the Georgia DOR. Revenues from this tax totaled \$68.9 million in FY 2024. All revenues from this tax are deposited into the State General Fund.

3.003

Exemption for corporations with net worth of \$100,000 or less

Statute	§48-13-71
Year Enacted	2017
Year Effective	Tax years beginning on or after January 1, 2018
Data Source	Fiscal Note SB 133/LC 40 1296 for 2017
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: The statute increases the threshold net worth value with regards to the Net Worth tax. Corporations with net worth equal to \$100,000 or less are exempted from the net worth tax.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	6	6	7
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(m) Denotes a value of less than \$1 million

Corporate net worth tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
3.001	§48-13-72	Exemption for nonprofit corporations
3.002	§48-13-72	Exemption for insurance companies separately taxed

4. Sales and Use Tax

The sales and use tax was first enacted in Georgia in 1951 at a rate of 3 percent. The rate was increased to its current rate of 4 percent in 1989. The sales tax base consists of retail sales, leases, rentals, use or consumption of tangible personal property. Under legislation enacted in 2023 and effective July 1, 2023, the tax base now includes the purchase of certain digital products.

In addition to the state sales tax, local governments are authorized to impose an assortment of local option sales taxes. In most counties, the local sales taxes imposed consist of a combination of a Local Option Sales Tax (LOST), Special Purpose Local Option Sales Tax (SPLOST) and/or an Educational Special Purpose Local Option Sales Tax (E-SPLOST) with tax rates of 1 percent for each. Starting July 1, 2023, qualified consolidated governments were authorized to impose a dedicated C-SPLOST to fund coliseum projects. The following table summarizes the local options sales taxes, their rates and areas that have them currently enacted.

Description of Local Tax	Covered Areas	Tax Rate Imposed
Local Option Sales Tax (LOST)	155 Counties	1 percent
Special Purpose Local Option Sales Tax (SPLOST)	155 Counties	1 percent
Educational Special Purpose Local Option Sales Tax (E-SPLOST)	158 Counties	1 percent
Sales tax dedicated to transportation purposes (T-SPLOST)	City of Atlanta Fulton County 109 Counties	1.4 percent 0.75 percent 1 percent
Homestead Option Sales Tax (HOST)	City of Atlanta	1 percent
Sales tax dedicated to Metropolitan Atlanta Rapid Transit Authority (MARTA)	3 Counties City of Atlanta –	1 percent 1.5 percent
Coliseum Special Purpose Local Option sales Tax (C-SPLOST)	Augusta	0.5 percent

In general, the local tax base is consistent with the state sales tax base, which is defined to include mainly tangible personal property. The major exception is food for home consumption, which is included in the local sales tax base, but is exempted from the state tax. Services, with a few exceptions, are generally excluded from both the state and the local tax base. This report provides estimates of some services that are implicitly exempt from the sales tax by virtue of not being tangible personal property. Lastly, this report categorizes each sales tax expenditure by type to allow the reader to distinguish between tax expenditures, such as those for business inputs, that are provided for reasons of reducing economic distortions from those provided on the basis of more societal reasons.

The tax is administered by the Georgia DOR. The sales tax is remitted to the Georgia DOR by the retailer and the use tax is remitted by the consumer in cases where the retailer does not collect and remit sales tax. In FY 2024, the state sales and use tax generated \$9.0 billion in state

revenues and accounted for approximately 27.2 percent of total state tax revenues. All proceeds from the state sales and use tax, net of vendor compensation, are deposited into the State General Fund.

4.0-4.3 Sales and Use Tax Exemptions

4.00400 Sales of transportation furnished by a county or municipal public transit system or public transit authorities

Statute §48-8-3(4)
Year Enacted 1968
Year Effective 1968
Data Source National Transit Database
Estimate Reliability Class B
Data Reliability Class A
Note Estimate combined with 4.00500

Description: Sales by counties and municipalities arising out of their operation of any public transit facility and sales by public transit authorities or charges by counties, municipalities, or public transit authorities for the transportation of passengers upon their conveyances.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	6	7	7
Local Tax Expenditure	6	6	6

(m) Denotes a value of less than \$1 million

4.00500 Sales of transportation furnished by an approved and authorized urban transit system

Statute §48-8-3(5)
Year Enacted 1970
Year Effective 1970
Data Source National Transit Database
Estimate Reliability Class B
Data Reliability Class A
Note

Description: Fares and charges, except charges for charter or sightseeing service, collected by an urban transit system for the transportation of passengers.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	Estimate combined with 4.00400		

(m) Denotes a value of less than \$1 million

4.00600 Sales to any Hospital Authority created by Georgia law

Statute §48-8-3(6)
Year Enacted 1976
Year Effective 1976
Data Source Georgia Office of Planning and Budget and Georgia Department of Community Health
Estimate Reliability Class B
Data Reliability Class B
Note Estimate combined with 4.00700

Description: Sales to any hospital authority created by Article 4 of Chapter 7 of O.C.G.A. Title 31.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	83	88	92
Local Tax Expenditure	71	75	78

(m) Denotes a value of less than \$1 million

4.00610

Sales to any Housing Authority created by Georgia law

Statute	§48-8-3(6.1)
Year Enacted	1999
Year Effective	1999
Data Source	Georgia Department of Community Affairs and the American Community Survey
Estimate Reliability	Class C
Data Reliability	Class A

Note

Description: Sales to any housing authority created by Article 1 of Chapter 3 of O.C.G.A. Title 8.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

4.00620

Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities

Statute	§48-8-3(6.2)
Year Enacted	2002
Year Effective	2002
Data Source	Georgia Department of Community Affairs
Estimate Reliability	Class B
Data Reliability	Class B

Note

This exemption expires December 31, 2029.

Description: Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.00630

Sales to any agricultural commission created by the Department of Agriculture

Statute	§48-8-3(6.3)
Year Enacted	2002
Year Effective	2002
Data Source	Georgia Department of Agriculture and the Georgia Office of Planning and Budget
Estimate Reliability	Class C
Data Reliability	Class C

Note

This exemption expires December 31, 2029.

Description: Sales to any agricultural commission created by the Department of Agriculture

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.00700 Sale of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function

Statute	§48-8-3(7)
Year Enacted	1971
Year Effective	1971
Data Source	Georgia Office of Planning and Georgia Department of Community Health
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Sales of tangible personal property and services to an approved non-profit nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function and used exclusively by the facility.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	69	73	77
Local Tax Expenditure	68	72	75

(m) Denotes a value of less than \$1 million

4.00705 Sale of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act

Statute	§48-8-3(7.05)
Year Enacted	2015
Year Effective	2015
Data Source	IRS Form 990 Data
Estimate Reliability	Class C
Data Reliability	Class C
Note	This exemption was eliminated in 2010 and reinstated in 2015.

Description: Sales of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act. This exemption does not apply local sales taxes.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	3	3
Local Tax Expenditure	0	0	0

(m) Denotes a value of less than \$1 million

4.00710 Sale of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities

Statute	§48-8-3(7.1)
Year Enacted	2001
Year Effective	2002
Data Source	IRS Form 990 Data
Estimate Reliability	Class C
Data Reliability	Class A

Note

Description: Sales of tangible personal property and services to a nonprofit organization, the primary function of which is the provision of services to persons with intellectual disabilities, when such organization is a tax-exempt organization under the Internal Revenue Code and obtains an exemption determination letter from the State Revenue Commissioner.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

4.00720 Sales to Georgia Society of the Daughters of the American Revolution

Statute	§48-8-3(7.2)
Year Enacted	2002
Year Effective	2002
Data Source	IRS 990 Form Data
Estimate Reliability	Class C
Data Reliability	Class C

Note

This exemption expires December 31, 2029.

Description: Sales of tangible personal property or services to any chapter of the Georgia State Society of the Daughters of the American Revolution which is tax exempt under IRS Code Section 501(c)(3) and obtains an exemption determination letter from the State Revenue Commissioner.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.00730 Sale of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level

Statute	§48-8-3(7.3)
Year Enacted	2015
Year Effective	2015
Data Source	Fiscal Note for HB 426 LC 34 4527 for 2015
Estimate Reliability	Class C
Data Reliability	Class C

Note

This exemption was eliminated in 2010 and reinstated in 2015.

Description: Sales of tangible personal property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of

the poverty level and when the item sold is used exclusively for general treatment function.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2
Local Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

4.00800 Sale of tangible personal property and services to the University System of Georgia and its educational units

Statute	§48-8-3(8)
Year Enacted	1963
Year Effective	1963
Data Source	University System of Georgia Annual Financial Report
Estimate Reliability	Class B
Data Reliability	Class A
Note	Estimate combined with 4.00900

Description: Sales of tangible personal property and services to the University System of Georgia and its educational units.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	62	65	67
Local Tax Expenditure	53	56	58

(m) Denotes a value of less than \$1 million

4.00900 Sale of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia in which the credits are accepted by the University System of Georgia

Statute	§48-8-3(9)
Year Enacted	1966
Year Effective	1966
Data Source	University System of Georgia Annual Financial Report
Estimate Reliability	Class C
Data Reliability	Class C
Note	Estimate combined with 4.00800

Description: Sales of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia whose credits are accepted by the University System of Georgia.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	Estimate combined with 4.00800		
Local Tax Expenditure			

(m) Denotes a value of less than \$1 million

4.01000 Sale of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school

Statute	§48-8-3(10)
Year Enacted	1968
Year Effective	1968

Data Source	The National Center for Education Statistics and the Georgia Department of Education		
Estimate Reliability	Class C		
Data Reliability	Class C		
Note			
Description:	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school		
	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	8	8	9
Local Tax Expenditure	7	7	7

(m) Denotes a value of less than \$1 million

4.01100	<u>Sale of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute</u>		
Statute	§48-8-3(11)		
Year Enacted	1968		
Year Effective	1968		
Data Source	Fiscal Note for HB 445/LC 34 4571S for 2015		
Estimate Reliability	Class A		
Data Reliability	Class A		
Note	This exemption expires December 31, 2029.		
Description:	Sales of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute which: (A) Is tax exempt under Section 501(c)(3) of the Internal Revenue Code; (B) Furnishes at least 50 percent of its programs through universities and other institutions of higher education in support of their educational programs; (C) Is paid for by government funds of a foreign country; and (D) Is an instrumentality, agency, department, or branch of a foreign government operating through a permanent location in this state.		
	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.01200	<u>School lunches sold and served to pupils and employees of public schools</u>
Statute	§48-8-3(12)
Year Enacted	1953
Year Effective	1953
Data Source	Georgia School Nutrition Association and the Georgia Department of Education
Estimate Reliability	Class B
Data Reliability	Class B
Note	
Description:	Food, food ingredients, and prepared food sold and served to pupils and employees of public schools.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

4.01300	<u>School lunches sold and served to pupils and employees of approved private schools</u>		
Statute	§48-8-3(13)		
Year Enacted	1967		
Year Effective	1967		
Data Source	Georgia School Nutrition Association and the National Center of Education Statistics		
Estimate Reliability	Class B		
Data Reliability	Class B		
Note			
Description:	Food, food ingredients, and prepared food sold and served to pupils and employees of approved private elementary and secondary schools		
State Fiscal Years (\$ in Millions)			
2025	2026	2027	
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

4.01400	<u>Sale of art and other artifacts for display or exhibition to museums</u>		
Statute	§48-8-3(14)		
Year Enacted	1973		
Year Effective	1973		
Data Source	U.S. Economic Census and IRS Form 990 data		
Estimate Reliability	Class C		
Data Reliability	Class C		
Note	This exemption expires December 31, 2029.		
Description:	Sales of art and anthropological, archeological, geological, horticultural, or zoological objects or artifacts and other similar tangible personal property to or for the use by any museum or organization which is tax exempt under Section 501(c)(3) of the Internal Revenue Code of such tangible personal property for display or exhibition in a museum within this state		
State Fiscal Years (\$ in Millions)			
2025	2026	2027	
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.01500	<u>Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year and sales of religious paper when the paper is owned and operated by the religious institution</u>
Statute	§48-8-3(15B)
Year Enacted	1953
Year Effective	1953
Data Source	National Center for Charitable Statistics
Estimate Reliability	Class C

Data Reliability	Class B
Note	
Description:	Sales of any religious paper in this state when the paper is owned and operated by religious institutions or denominations and no part of the net profit from the operation of the institution or denomination inures to the benefit of any private person. Exempt sales must occur during a fundraising activity with a duration that does not exceed 30 days in any calendar year.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	(m) (m) (m)
Local Tax Expenditure	(m) (m) (m)

(m) Denotes a value of less than \$1 million

4.01510	<u>Sale of pipe organs or steeple bells to any church qualifying as a nonprofit</u>
Statute	§48-8-3(15.1)
Year Enacted	2001
Year Effective	2001
Data Source	The Atlanta Chapter for The American Guild of Organists
Estimate Reliability	Class C
Data Reliability	Class C
Note	This exemption expires December 31, 2029.
Description:	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	(m) (m) (m)
Local Tax Expenditure	(m) (m) (m)

(m) Denotes a value of less than \$1 million

4.01700	<u>Sale of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce</u>
Statute	§48-8-3(17)
Year Enacted	1951
Year Effective	1951
Data Source	U.S. Energy Information Administration and the U.S. Department of Energy
Estimate Reliability	Class B
Data Reliability	Class A
Note	
Description:	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	5 5 6
Local Tax Expenditure	5 5 5

(m) Denotes a value of less than \$1 million

4.02000	<u>Water delivered through water mains, lines, or pipes</u>
Statute	§48-8-3(20)
Year Enacted	1966
Year Effective	1966

Data Source	Georgia Office of Planning and Budget and DOXO Utilities Report
Estimate Reliability	Class C
Data Reliability	Class C
Note	This estimate differs from previous years due to new data.
Description:	The sale of water delivered to consumers through water mains, lines, or pipes.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
<u>State Tax Expenditure</u>	12 13 13
<u>Local Tax Expenditure</u>	10 11 11

(m) Denotes a value of less than \$1 million

4.02200 Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made

Statute	§48-8-3(22)
Year Enacted	1951
Year Effective	1951
Data Source	NA
Estimate Reliability	Class A
Data Reliability	Class A
Note	
Description:	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
<u>State Tax Expenditure</u>	Estimate included in sales tax for
<u>Local Tax Expenditure</u>	services: 4.50500

(m) Denotes a value of less than \$1 million

4.02300 Repair services when a separate charge is made to the customer

Statute	§48-8-3(23)
Year Enacted	1951
Year Effective	1951
Data Source	NA
Estimate Reliability	Class A
Data Reliability	Class A
Note	
Description:	Repair services when a separate charge is made to the customer.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
<u>State Tax Expenditure</u>	Estimate included in sales tax for
<u>Local Tax Expenditure</u>	services: 4.51100

(m) Denotes a value of less than \$1 million

4.02400 Rental of videotape or film to persons charging admission to view the tape or film

Statute	§48-8-3(24)
Year Enacted	1989
Year Effective	1989
Data Source	US Economic Census and Nash Information Services Box

	Office Data
Estimate Reliability	Class C
Data Reliability	Class C
Note	
Description:	Rental of videotape or film to persons charging admission to view the tape or film.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	6 6 6
Local Tax Expenditure	5 5 5

(m) Denotes a value of less than \$1 million

4.03000	<u>Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase a specially adapted vehicle</u>
Statute	§48-8-3(30)
Year Enacted	1972
Year Effective	1972
Data Source	The Department of Veteran Affairs
Estimate Reliability	Class A
Data Reliability	Class A
Note	This exemption expires December 31, 2029.
Description:	The sale of a vehicle to a service-connected disabled veteran when the veteran received a grant from the United States Department of Veterans Affairs to purchase and specially adapt the vehicle to the veteran's disability.

	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	(m) (m) (m)
Local Tax Expenditure	(m) (m) (m)

(m) Denotes a value of less than \$1 million

4.03420	<u>Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts</u>
Statute	§48-8-3(34.2)
Year Enacted	1996
Year Effective	1996
Data Source	Fiscal Note for HB 933 LC 40 0540 for 2014
Estimate Reliability	Class B
Data Reliability	Class A
Note	This exemption expires December 31, 2029.
Description:	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts or components in a remanufacturing facility.

	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	(m) (m) (m)
Local Tax Expenditure	(m) (m) (m)

(m) Denotes a value of less than \$1 million

4.03600 Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution

Statute §48-8-3(36)
Year Enacted 1972
Year Effective 1972
Data Source Fiscal Note for HB 445 LC 40 4571S for 2015
Estimate Reliability Class A
Data Reliability Class A

Note

Description: Machinery and equipment or any repair or replacement component used in a facility for the primary purpose of reducing or eliminating air and water pollution

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.03800 Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center

Statute §48-8-3(38)
Year Enacted 1976
Year Effective 1976
Data Source Fiscal Note for HB 445/LC 34 4571S for 2015
Estimate Reliability Class A
Data Reliability Class A

Note This exemption expires December 31, 2029.

Description: Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H center.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.03900 Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions

Statute §48-8-3(39)
Year Enacted 1994
Year Effective 1994
Data Source Georgia Department of Education, IRS Form 990 data, and the National High School Athletic Association
Estimate Reliability Class C
Data Reliability Class C

Note

Description: Sales by any public or private school containing any combination of grades kindergarten through 12 of tangible property, concessions, or tickets for admission to a school event or function, provided that the net proceeds from such sales are used solely for the benefit of such school or its students

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	7	7	8
Local Tax Expenditure	6	6	7

(m) Denotes a value of less than \$1 million

4.04000 Sale of major components or repair parts installed in military aircraft, vehicles, or missiles

Statute	§48-8-3(40)
Year Enacted	1965
Year Effective	1965
Data Source	USASpending.gov and the U.S. Economic Census
Estimate Reliability	Class C
Data Reliability	Class C

Note

Description: Sale of major components or repair parts installed in military aircraft, vehicles, or missiles.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	29	32	31
Local Tax Expenditure	25	27	26

(m) Denotes a value of less than \$1 million

4.04100 Sale of tangible personal property and services to a nonprofit child-caring institution, child-placing agency, or maternity home

Statute	§48-8-3(41)
Year Enacted	2004
Year Effective	2004
Data Source	IRS 990 Data and Georgia Department of Human Services
Estimate Reliability	Class B
Data Reliability	Class B

Note

Description: Sales of tangible personal property and services to a child-caring institution as defined in paragraph (1) of O.C.G.A §49-5-3; a child-placing agency as defined in paragraph (2) of O.C.G.A. §49-5-3, or maternity home as defined in paragraph (14) of O.C.G.A. §49-5-3, when such institution, agency, or home is engaged primarily in providing child services and is a non-profit, tax-exempt organization under Section 501(c)(3) of the IRS revenue code. Also includes sales from certain Fundraising activities (limited to 30 days per year).

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

4.04300 Revenues from coin-operated amusement machines for which individual permits are required

Statute	§48-8-3(43)
Year Enacted	1992
Year Effective	1993

Data Source	Georgia Lottery Commission Annual Report
Estimate Reliability	Class C
Data Reliability	Class B
Note	
Description:	Gross revenue generated from all bona fide coin-operated amusement machines which vend or dispense music or are operated for skill, amusement, entertainment, or pleasure.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
<u>State Tax Expenditure</u>	47 50 52
<u>Local Tax Expenditure</u>	41 43 45

(m) Denotes a value of less than \$1 million

4.04600	<u>Sale of tangible personal property or taxable services to nonprofit blood banks</u>
Statute	§48-8-3(46)
Year Enacted	1980
Year Effective	1980
Data Source	U.S. Economic Census and IRS 990 Form Data
Estimate Reliability	Class C
Data Reliability	Class B
Note	
Description:	Sale to certain blood banks having a nonprofit status according to Section 501(c)(3) of the IRS revenue code.

	State Fiscal Years (\$ in Millions)
	2025 2026 2027
<u>State Tax Expenditure</u>	3 3 3
<u>Local Tax Expenditure</u>	3 3 3

(m) Denotes a value of less than \$1 million

4.04700	<u>Sale of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain controlled substances or dangerous drugs</u>
Statute	§48-8-3(47)
Year Enacted	1984
Year Effective	1985
Data Source	State Health Expenditures from the Centers for Medicare and Medicaid Services
Estimate Reliability	Class B
Data Reliability	Class B
Note	
Description:	Sale or use of drugs that are lawfully dispensable only by prescription for the treatment of natural persons; prescription insulin and insulin dispensed without prescription, prescription eyeglasses and contact lenses; prescription contact lens samples; drugs dispensable by prescription for the treatment of natural persons without charge to physicians, hospitals, etc. by pharmaceutical manufacturers or distributors; drugs and durable medical equipment dispensed or distributed without charge solely for the purposes of a clinical trial approved by the FDA or an institutional review board. Note: This exemption does not include over-the-counter drugs, drugs sold for animal use, or non-prescription eyeglasses. Effective January 1, 2025 sales to or by an eligible recipient which provides pharmacy related

services only for the purpose of dispensing donated or purchased drugs to a drug repository program of over the counter drugs are included in this exemption.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	671	710	749
Local Tax Expenditure	577	611	644

(m) Denotes a value of less than \$1 million

4.04800 Sale of crab bait to licensed commercial fishermen

Statute	§48-8-3(48)
Year Enacted	1985
Year Effective	1985
Data Source	Georgia Department of Natural Resources and the U.S. Economic Census
Estimate Reliability	Class C
Data Reliability	Class C
Note	This exemption expires December 31, 2029.

Description: Sale of crab bait to licensed commercial fisherman.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.05000 Sale of insulin syringes and blood glucose level measuring strips dispensed without a prescription

Statute	§48-8-3(50)
Year Enacted	1986
Year Effective	1986
Data Source	American Diabetes Association
Estimate Reliability	Class C
Data Reliability	Class C

Note

Description: Sale of blood measuring devices, monitoring equipment, or insulin delivery systems used exclusively by diabetics; insulin, insulin syringes and blood glucose monitoring strips; when dispensed without a prescription.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	11	12	13
Local Tax Expenditure	10	10	11

(m) Denotes a value of less than \$1 million

4.05100 Sale of oxygen when prescribed by a licensed physician

Statute	§48-8-3(51)
Year Enacted	1986
Year Effective	1986
Data Source	The Medical Expenditure Panel Survey and The Department of Health and Human Services
Estimate Reliability	Class C

Data Reliability Class A

Note

Description: Sale of oxygen when prescribed by a licensed physician.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	2	2	2
Local Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

4.05200 Sale or use of hearing aids

Statute §48-8-3(52)

Year Enacted 1986

Year Effective 1986

Data Source Fortune Business Insights and U.S. Census Bureau

Estimate Reliability Class C

Data Reliability Class C

Note

Description: Exempts the sale or use of approved hearing aids from sales and use tax.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	6	7	8
Local Tax Expenditure	5	6	7

(m) Denotes a value of less than \$1 million

4.05300 Transactions in which food stamps or WIC coupons are used as the method of payment

Statute §48-8-3(53)

Year Enacted 1986

Year Effective 1987

Data Source U.S. Food and Nutrition Service and the U.S. Department of Agriculture

Estimate Reliability Class B

Data Reliability Class A

Note

Description: Sales tax is not applied on items purchased using food stamps or WIC coupons.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	146	146	150
Local Tax Expenditure	125	125	129

(m) Denotes a value of less than \$1 million

4.05400 Sale or use of any durable medical equipment or prosthetic device prescribed by a physician

Statute §48-8-3(54)

Year Enacted 1992

Year Effective 1993

Data Source U.S. Census of National Health Expenditures and the Medical Expenditure Panel Survey

Estimate Reliability Class B

Data Reliability Class A

Note

Description: Sale or use of any durable medical equipment or prosthetic device prescribed by a physician.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	66	71	75
Local Tax Expenditure	57	61	64

(m) Denotes a value of less than \$1 million

4.05500 Sale of Georgia lottery tickets

Statute §48-8-3(55)
Year Enacted 1992
Year Effective 1992
Data Source Georgia Lottery Commission Annual Report
Estimate Reliability Class A
Data Reliability Class A

Note

Description: Sale of lottery tickets authorized by O.C.G.A. Chapter 27 of Title 50.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	249	259	269
Local Tax Expenditure	214	223	231

(m) Denotes a value of less than \$1 million

4.05600 Sale by any qualified nonprofit parent teacher organization

Statute §48-8-3(56)
Year Enacted 1995
Year Effective 1995
Data Source Georgia Parent Teacher Association and IRS Form 990 data
Estimate Reliability Class C
Data Reliability Class B

Note

Description: Sale by any qualified nonprofit parent teacher organization.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.05700 Food purchased for off-premises consumption

Statute 48-8-3(57)
Year Enacted 1996
Year Effective 1998
Data Source U.S. Department of Agriculture Economic Research Service
Estimate Reliability Class B
Data Reliability Class A

Note

Description: Exemption applies to food and food ingredients, which means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for

their taste or nutritional value. It does not apply to alcoholic beverages, tobacco, immediate consumption items, vitamins, and minerals. It does not apply to the local option sales taxes or items used primarily for medical or hygiene purposes (cough drops, breath strips, over the counter medication, etc.).

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1,175	1,214	1,253
Local Tax Expenditure	0	0	0

(m) Denotes a value of less than \$1 million

4.05710 Sale of food and beverages to a qualified food bank

Statute §48-8-3(57.1)
 Year Enacted 2006
 Year Effective 2006
 Data Source Feeding America and IRS Form 990 Data
 Estimate Reliability Class C
 Data Reliability Class C

Note

Description: Sales of food and beverages to a qualified food bank

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1	1	1
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

4.05720 Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes

Statute §48-8-3(57.2)
 Year Enacted 2015
 Year Effective 2015
 Data Source Feeding America and IRS Form 990 Data
 Estimate Reliability Class C
 Data Reliability Class C
 Note This exemption was eliminated in 2011 and reinstated in 2015.

Description: The use of food and food ingredients that are donated to a qualified nonprofit agency and that are used for hunger relief purposes. "Qualified nonprofit agency" means any entity that is tax exempt under section 501(c)(3) of the Internal Revenue Code and that provides hunger relief. Does not include drugs or over-the-counter drugs.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4	5	5
Local Tax Expenditure	4	4	4

(m) Denotes a value of less than \$1 million

4.05730 Exemption for food and food ingredients that are donated following a natural disaster and used for disaster relief

Statute §48-8-3(57.3)

Year Enacted	2015
Year Effective	2015
Data Source	Feeding America and IRS Form 990 Data
Estimate Reliability	Class C
Data Reliability	Class C
Note	
Description:	Exemption for food and food ingredients that are donated following a natural disaster and used for disaster relief and does not apply to any donated over the counter drugs.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.05900	<u>Sale of eligible food and beverages by any Girl or Boy Scout council</u>
Statute	§48-8-3(59)
Year Enacted	1996
Year Effective	1996
Data Source	The American Community Survey, IRS Form 990 data, and Girl Scouts of America annual report
Estimate Reliability	Class B
Data Reliability	Class B
Note	
Description:	Sales of food or food ingredients to and by member councils of the Girl Scouts or Boy Scouts of America in connection with fundraising activities.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2
Local Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

4.06000	<u>Sale of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less</u>
Statute	§48-8-3(60)
Year Enacted	2000
Year Effective	2001
Data Source	Fiscal Note for HB 165/LC 50 0947 for 2025
Estimate Reliability	Class C
Data Reliability	Class C
Note	Estimate combined with 4.06700. This exemption expires December 31, 2029.

Description: Sales of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less when incorporated into telecommunications manufacturing facility.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.06200 Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer

Statute	§48-8-3(62)
Year Enacted	1998
Year Effective	1998
Data Source	U.S. Census of Agriculture, the U.S. Economic Census, and the Annual Survey of Sod Producers
Estimate Reliability	Class B
Data Reliability	Class A
Note	
Description:	Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer. This exemption does not apply to sales from a nursery or other places where plants are sold.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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<u>State Tax Expenditure</u>	4	4	4
<u>Local Tax Expenditure</u>	3	3	3

(m) Denotes a value of less than \$1 million

4.06300 Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund

Statute	§48-8-3(63)
Year Enacted	1998
Year Effective	1998
Data Source	The Uniform Crime Report and the National Office for Victims of Crime
Estimate Reliability	Class C
Data Reliability	Class C
Note	This exemption expires December 31, 2029.
Description:	The sale or use of funeral merchandise, outer burial containers, and cemetery markers as defined in O.C.G.A §43-18-1, which are purchased with funds received from the Georgia Crime Victims Emergency Fund under Chapter 15 of Title 17.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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<u>State Tax Expenditure</u>	(m)	(m)	(m)
<u>Local Tax Expenditure</u>	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.06500 Sale of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen

Statute	§48-8-3(65)
Year Enacted	NA
Year Effective	NA
Data Source	The Georgia Department of Natural Resources and the U.S. Economic Census
Estimate Reliability	Class C
Data Reliability	Class C

Note This exemption expires December 31, 2029.
Description: Sale of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.06600 Sale of gold, silver, or platinum bullion

Statute §48-8-3(66)
 Year Enacted 2000
 Year Effective 2000
 Data Source U.S. Mint Annual Report
 Estimate Reliability Class C
 Data Reliability Class C

Note

Description: Sale of gold, silver, or platinum bullion.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4	4	4
Local Tax Expenditure	3	3	3

(m) Denotes a value of less than \$1 million

4.06700 Sale of coins or currency

Statute §48-8-3(67)
 Year Enacted 2000
 Year Effective 2000
 Data Source Professional Numismatists Guild
 Estimate Reliability Class C
 Data Reliability Class C

Note

This exemption expires December 31, 2029.

Description: Sale of coins or currency.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.06800 Sale of Certain Computer Equipment

Statute § 48-8-3(68)
 Year Enacted 2000
 Year Effective 2001
 Data Source Fiscal Note for HB 1192/LC 50 0718S for 2024 – SB 366
 Credit Evaluation Study 2022-2025
 Estimate Reliability Class A
 Data Reliability Class A
 Note This estimate differs from previous years due to new data on a dramatic increase in data center construction

Description: Sales or lease of certain computer equipment when the total qualifying

purchases by a High Technology Company in a calendar year exceed \$15 million. A High Technology Company must be classified under the 2017 North American Industry Classification System code 334413, 334611, 511210, 517311, 517312, 517410, 517911, 517919, 518210, 522320, 541330, 541511, 541512, 541513, 541519, 541713, 541715, or 541720. Persons claiming this exemption shall be subject to paying 10 percent of all sales taxes on the first \$15 million of its eligible purchases or leases for which an exemption is claimed.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	552	710	854
Local Tax Expenditure	468	602	724

(m) Denotes a value of less than \$1 million

4.06810 High-Tech Data Center Equipment Exemption

Statute	§ 48-8-3(68.1)
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal Note for HB 1192/LC 50 0718S for 2024 – SB 366 Credit Evaluation Study 2025
Estimate Reliability	Class A
Data Reliability	Class A
Note	This estimate differs from previous years due to new data on a dramatic increase in data center construction
Description:	Exemption for high-technology data center equipment, subject to a minimum investment threshold of \$250 million over ten years, and certain other structural infrastructural system requirements.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	474	625	762
Local Tax Expenditure	402	530	645

(m) Denotes a value of less than \$1 million

4.06900 Sale of machinery and equipment and material incorporated and used in a clean room of Class 100 or less

Statute	§48-8-3(69)
Year Enacted	2000
Year Effective	2001
Data Source	Fiscal Note for HB 445/LC 34 4571S for 2015
Estimate Reliability	Class C
Data Reliability	Class C
Note	Estimate Combined with 4.06000

Description:	Sales of machinery, equipment, and material incorporated and used in construction or operation of a clean room of Class 100 or less when the clean room is used directly in the manufacture of tangible personal property.
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	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	Estimate Combined with		4.06000
(m) Denotes a value of less than \$1 million			

4.07000

Sale of natural gas used directly in the manufacture of electricity

Statute	§48-8-3(70)
Year Enacted	1999
Year Effective	2000
Data Source	U.S. Energy Information Administration
Estimate Reliability	Class B
Data Reliability	Class A

Note

Description: Sale of natural or artificial gas used directly in the manufacture of electricity which is subsequently sold. This exemption does not apply local sales taxes.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	89	82	83
Local Tax Expenditure	0	0	0

(m) Denotes a value of less than \$1 million

4.07100

Sale to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries

Statute	§48-8-3(71)
Year Enacted	1999
Year Effective	2000
Data Source	National Center for Charitable Statistics
Estimate Reliability	Class B
Data Reliability	Class B

Note

This exemption expires December 31, 2029.

Description: Sale to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.07200

Sale of prescribed mobility enhancing equipment

Statute	§48-8-3(72)
Year Enacted	1999
Year Effective	2000
Data Source	State Health Expenditures from the Centers for Medicare and Medicaid Services and the Medical Expenditure Panel Survey
Estimate Reliability	Class B
Data Reliability	Class B

Note

This exemption expires December 31, 2029.

Description: The sale to or use by a patient of all mobility enhancing equipment

prescribed by a physician.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.07600 Exemption for personal property used in the renovation or expansion of an aquarium

Statute	48-8-3(76)
Year Enacted	2015
Year Effective	2015
Data Source	Fiscal Note for HB 238 LC 28 7425 for 2015
Estimate Reliability	Class A
Data Reliability	Class A
Note	This exemption is set to expire December 31, 2026, or when aggregate state and local taxes refunded exceed \$4.5 million.

Description: Sale or use of tangible personal property used for or in the renovation or expansion of an aquarium located in this state that charges admission and is owned or operated by an organization that is tax exempt under 501(c)(3). Qualifying aquarium must pay tax and apply for refund.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.08100 The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline

Statute	§48-8-3(81)
Year Enacted	2005
Year Effective	2005
Data Source	Bureau of Transportation Statistics
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline not including alcohol or tobacco.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	7	7	7
Local Tax Expenditure	6	6	6

(m) Denotes a value of less than \$1 million

4.08300 Sale of biomass materials used to produce electricity or steam intended for sale

Statute	§48-8-3(83)
Year Enacted	2006
Year Effective	2006
Data Source	U.S. Energy Information Administration
Estimate Reliability	Class B
Data Reliability	Class A

Note

Description: The sale or use of biomass material, including pellets or other fuels derived from compressed, chipped, or shredded biomass material, utilized in the production of energy, including without limitation the production of electricity and/or steam.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4	4	5
Local Tax Expenditure	3	4	4

(m) Denotes a value of less than \$1 million

4.08600 Sale of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft

Statute §48-8-3(86)
Year Enacted 2009
Year Effective 2009
Data Source IBISWorld Industry Data
Estimate Reliability Class C
Data Reliability Class C

Note

Description: The sale or use of engines, parts, equipment, and other tangible personal property used in the maintenance or repair of aircraft when such engines, parts, equipment, and other tangible personal property are installed on such aircraft that is being repaired or maintained in this state, so long as such aircraft is not registered in this state.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	13	13	13
Local Tax Expenditure	11	11	11

(m) Denotes a value of less than \$1 million

4.09300 Sale of tangible personal property used for and in the construction of a competitive project of regional significance.

Statute §48-8-3(93)
Year Enacted 2012
Year Effective 2012
Data Source Fiscal Note for HB 587 LC 43 2010S for 2021 and Georgia Department of Economic Development
Estimate Reliability Class B
Data Reliability Class B

Note

Description: For the period commencing January 1, 2012, until December 31, 2026, sales of tangible personal property used for and in the construction of a competitive project of regional significance. The exemption applies to purchases made during the entire time of construction of the competitive project of regional significance so long as such project meets the definition of a "competitive project of regional significance".

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	12	12	9
Local Tax Expenditure	10	10	7

(m) Denotes a value of less than \$1 million

4.09400 The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale

Statute	§48-8-3(94)
Year Enacted	2014
Year Effective	2014
Data Source	Fiscal Note for HB 586 LC 43 2029S for 2021
Estimate Reliability	Class B
Data Reliability	Class A
Note	Estimate Combined with 4.3.3

Description: The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale. To qualify for the packaging exemption, the items shall be used solely for packaging and shall not be purchased for reuse. The packaging exemption shall not include materials purchased at a retail establishment for consumer use.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027

State Tax Expenditure	Estimate Combined with 4.3.3
Local Tax Expenditure	

(m) Denotes a value of less than \$1 million

4.09700 Sale of admission to a nonrecurring major sporting event

Statute	§48-8-3(97)
Year Enacted	2016
Year Effective	2017
Data Source	Fiscal Note for HB 951 LC 34 4805 for 2016
Estimate Reliability	Class B
Data Reliability	Class B
Note	This exemption expires December 31, 2031.

Description: Sales of admissions to nonrecurring major sporting events in this state that are expected to generate over \$50 million in the host locality.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	8	8	8
Local Tax Expenditure	9	9	9

(m) Denotes a value of less than \$1 million

4.10000 Exemption for sales of tickets to a qualified fine arts performance or exhibition

Statute	§48-8-3(100)
Year Enacted	2017
Year Effective	Transactions occurring on or after April 25, 2017
Data Source	Fiscal Note for HB 586 LC 43 2029S for 2021
Estimate Reliability	Class B

Data Reliability	Class B
Note	This exemption expires December 31, 2027.
Description:	A sales tax exemption on the sale of tickets, fees, or charges for admission to a qualified fine arts performance or exhibition.
State Fiscal Years (\$ in Millions)	
	2025 2026 2027
State Tax Expenditure	3 3 3
Local Tax Expenditure	2 3 3

(m) Denotes a value of less than \$1 million

4.10100 The sale of certain written material by a nonprofit

Statute	§48-8-3(101)
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal Note HB 217 for 2018 and IRS 990 Data
Estimate Reliability	Class B
Data Reliability	Class B
Note	This exemption expires July 1, 2026.

Description: The sale or use of noncommercial written materials or mailings by an organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, if the organization is located in this state and provides such materials to charity supporters for educational, charitable, religious, or fundraising purposes. This exemption shall apply from July 1, 2018 until July 1, 2026.

	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	11 9 0
Local Tax Expenditure	10 8 0

(m) Denotes a value of less than \$1 million

4.10200 Partial exemption for qualified manufactured homes

Statute	§48-8-3(102)
Year Enacted	2018
Year Effective	2018
Data Source	U.S. Census Bureau Manufactured Housing Survey
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: A partial exemption from state sales and use tax for qualified manufactured homes equal to 50 percent of the sale price of such homes. Qualified manufactured homes are those that are to be converted, and actually converted within 30 days of sale, to real property in the state pursuant to O.C.G.A. §8-2-183.1. The exemption does not apply to any local sales or use tax in the state.

	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	5 5 5
Local Tax Expenditure	0 0 0

(m) Denotes a value of less than \$1 million

4.10400	<u>Exemption for poultry diagnostic and disease monitoring service nonprofit organization</u>
Statute	§ 48-8-3(104)
Year Enacted	2019
Year Effective	2019
Data Source	IRS Form 990 Data
Estimate Reliability	Class A
Data Reliability	Class A
Note	This exemption expires December 31, 2029.

Description: Sales to or by any nonprofit organization which has as its primary purpose providing poultry diagnostic and disease monitoring services.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.3.2 Exemption for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing

Statute	§ 48-8-3.2
Year Enacted	2012
Year Effective	2013
Data Source	U.S. Bureau of Economic Analysis
Estimate Reliability	Class B
Data Reliability	Class A
Note	Modified in 2017 to include maintenance and replacement parts for certain machinery or equipment, stationary or in transit, used to mix, agitate, and transport freshly mixed concrete in a plastic and unhardened state.

Description: Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	4,338	4,565	4,791
Local Tax Expenditure	3,730	3,926	4,120

(m) Denotes a value of less than \$1 million

4.3.3 Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment

Statute	§ 48-8-3.3
Year Enacted	2012
Year Effective	2013
Data Source	National Agricultural Statistical Service
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Sale to, or use by, a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment. Effective July 1, 2024 purchases of diesel exhaust fluid are included in this exemption.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	159	161	163
Local Tax Expenditure	136	138	140

(m) Denotes a value of less than \$1 million

4.3.4

Exemption for qualified boat repairs

Statute	§48-8-3.4
Year Enacted	2017
Year Effective	Transactions occurring on or after July 1, 2017
Data Source	Fiscal Note for HB 586 LC 43 2029S for 2021
Estimate Reliability	Class C
Data Reliability	Class C
Note	The provision expires on June 30, 2031

Description: The maximum amount of sales and use tax imposed and collected to maintain, refit, or repair a boat in Georgia during a single event shall not exceed \$35,000.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

4.3.5

Exemption for the sale and use of jet fuel

Statute	§48-8-3.5
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal Note for LC 43 1712 for 2020
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: The sale of jet fuel is exempt from the state sales and use tax.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	54	53	55
Local Tax Expenditure	0	0	0

(m) Denotes a value of less than \$1 million

4.5 Sales and Use Tax for Services

4.50100 Construction Services

Description: Sales by establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems), and preparation of sites for new construction, but excluding cost of materials taxed under current law and land. (NAICS 23)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	3,120	3,212	3,271
Local Tax Expenditure	2,644	2,722	2,772

(m) Denotes a value of less than \$1 million

4.50200 Automotive Services by Motor Vehicle and Parts Dealers

Description: Labor charges for service and repair of vehicles (by motor vehicle and parts dealers only). (NAICS 441).

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	134	134	135
Local Tax Expenditure	114	114	115

(m) Denotes a value of less than \$1 million

4.50300 Investment and Financial Advisers

Description: Fees charged by trusts, financial planning and investment management services. (NAICS 52392-99)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	773	809	810
Local Tax Expenditure	655	686	687

(m) Denotes a value of less than \$1 million

4.50400 Real Estate Services

Description: Charges for real estate brokerage, property management and appraisal services. (NAICS 5312-3)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	487	493	503
Local Tax Expenditure	413	418	426

(m) Denotes a value of less than \$1 million

4.50500 Professional, Scientific and Technical Services

Description: Charges for professional, scientific and technical services, excluding internet and streaming services, tangible good sales, temp staffing and other non-qualifying sales. (NAICS 54)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	3,258	3,292	3,308
Local Tax Expenditure	2,761	2,790	2,804

(m) Denotes a value of less than \$1 million

4.50600 Administrative and Support Services

Description: Sales by firms engaged primarily in administrative and support services, excluding correctional facilities. Estimate also excludes the sale of tangible goods, health care and temp staffing by such establishments. (NAICS 561)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1,027	1,027	1,053
Local Tax Expenditure	871	870	893

(m) Denotes a value of less than \$1 million

4.50700 Waste Management and Remediation Services

Description: Sales by firms that provide waste management and remediation services, excluding tangible good sales. (NAICS 562)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	218	225	228
Local Tax Expenditure	185	190	193

(m) Denotes a value of less than \$1 million

4.50800 Educational Services (excluding schools)

Description: Sales by establishments that provide educational services, such as training, tutoring, coaching and support services, excluding pre-K-12 schools, colleges and universities. Estimate excludes the sale of tangible goods, and other non-qualifying revenue such as grants and donations. (NAICS 61)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	84	85	86
Local Tax Expenditure	71	72	73

(m) Denotes a value of less than \$1 million

4.50900 Health Care and Social Assistance Services

Description: Sales by establishments primarily engaged in health care and social assistance, excluding tangible good sales, grants, government revenue, donations and other non-service revenue. (NAICS 62)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	3,930	4,113	4,224
Local Tax Expenditure	3,331	3,486	3,580

(m) Denotes a value of less than \$1 million

4.51000 Promoters of Events; Agents for Entertainers

Description: Fees charged by event promoters and agents for athletes and entertainers. Excludes admissions fees and tangible good sales. (NAICS 7113-4)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	24	25	25
Local Tax Expenditure	20	21	22

(m) Denotes a value of less than \$1 million

4.51100 Repair and Maintenance Services

Description: Sales by establishments primarily engaged in the repair and maintenance of vehicles, electronics, appliances and other goods. Excludes merchandise and parts sales by such establishments. (NAICS 811)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	137	137	138
Local Tax Expenditure	116	116	117

(m) Denotes a value of less than \$1 million

4.51200 Personal and Laundry Services

Description: Sales by establishments engaged in miscellaneous personal services, such as hair and nail salons, laundromats, funeral homes and parking garages. Excludes tangible good sales. (NAICS 812)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	214	216	218
Local Tax Expenditure	182	183	185

(m) Denotes a value of less than \$1 million

4.7 Vendor Compensation

<u>4.70000 Compensation of dealers for reporting and paying tax</u>	
Statute	§48-8-50
Year Enacted	1964
Year Effective	1964
Data Source	DOF and Fiscal Note for HB 439S LC 44 3130S for 2025
Estimate Reliability	Class A
Data Reliability	Class A
Note	
Description:	Georgia allows a vendor collection fee of 3 percent for the first \$3,000 and then 0.5 percent for amounts above \$3,000 but does not impose a maximum limitation per vendor.
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
State Tax Expenditure	138 144 147

(m) Denotes a value of less than \$1 million

4.9 Casual Sales

<u>4.90000 Sales tax exemption for casual sales</u>	
Statute	DOF administrative rule
Year Enacted	NA
Year Effective	NA
Data Source	Georgia Department of Natural Resources and the General Aviation Manufacturers Association
Estimate Reliability	Class C
Data Reliability	Class C
Note	
Description:	Purchases of boats, planes and other tangible goods sold by persons not in the business of selling such items are not subject to sales tax. (Prior to the implementation of the Alternative Ad Valorem Tax on Motor Vehicles this estimate included casual sale of motor vehicles.)

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

Sales and Use Tax expenditures for which an estimate is not currently available

Expenditure	Expenditure	Expenditure
4.00100	§48-8-3(1)	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments
4.00200	§48-8-3(2)	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system
4.00300	§48-8-3(3)	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel
4.01800	§48-8-3(18)	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation
4.01900	§48-8-3(19)	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident
4.02100	§48-8-3(21)	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business
4.03100	§48-8-3(31)	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia
4.03200	§48-8-3(32)	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia
4.03300	§48-8-3(33)	The sale of aircraft, watercraft, railroad locomotives and rolling stock, motor vehicles which will be used principally to cross the state line to transport persons or cargo when purchased by common or common and contract carriers
4.03410	§48-8-3(34.1)	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities
4.03610	§48-8-3(36.1)	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility
4.03910	§48-8-3(39.1)	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property
4.04200	§48-8-3(42)	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property
4.04400	§48-8-3(44)	Sale of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state

Sales and Use Tax expenditures for which an estimate is not currently available

Expenditure	Expenditure	Expenditure
4.04500	§48-8-3(45)	The sale or use of paper stock when used to print catalogs for distribution outside Georgia
4.06100	§48-8-3(61)	Advertising inserts that are used in newspapers for resale
4.09100	§48-8-3(91)	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave
4.3.6	§36-88-3(8.1)	Exemption for sales within an enterprise zone

5. Insurance Premium Tax

The premium tax is imposed upon gross direct premiums received by insurers doing business in the state to insure persons, property, or risks in Georgia. The state tax rate is imposed at a rate of 2.25 percent of gross direct premiums, though the rate is reduced to 1.25 percent for insurers holding at least 25 percent of their total assets, exclusive of direct obligations of the United States, in specified classes of Georgia assets. For insurers holding 75 percent of such total assets in Georgia, the rate is reduced further to 0.5 percent.

Counties levy a tax at 1 percent on gross direct premiums of life insurance companies for policies covering persons residing in unincorporated areas of the county, except that the county tax shall not apply to life insurers that qualify for the abatement of the state tax for firms with 75 percent Georgia assets. Municipalities may levy a tax of up to 1 percent on life policies covering persons residing in the given municipality. Counties and municipalities may levy rates of up to 2.5 percent on gross direct premiums for policies other than life insurance policies.

This tax is administered by the State Insurance Commissioner. In FY 2024, state revenues from this tax equaled \$768 million and local revenues equaled \$842 million. The state proceeds from the tax are deposited into the State General Fund.

5.00100 Deduction of retaliatory taxes paid to other states

Statute	§33-8-7
Year Enacted	1960
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	Not applicable at the local level.

Description: Property and casualty insurance companies domiciled in Georgia are able to deduct from their Georgia tax liability taxes paid to other states on policies written in those states.

State Fiscal Years (\$ in Millions)
2025 2026 2027

<u>State Tax Expenditure</u>	1	1	1
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(m) Denotes a value of less than \$1 million

5.00200 Georgia Job Tax Credit

Statute	§33-8-4.1
Year Enacted	1960
Year Effective	2000
Data Source	DOT data as of 2021 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the corporate and personal Income tax sections, see 1.6.012 and 2.6.001. In 2018, the qualifying areas were expanded to include counties with

military bases and industrial parks that are owned and operated by a government entity.

Description: The credit provides a statewide job tax credit to any business or headquarters engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development. Retail establishments are only allowed the credit if located in one of the 40 least-developed counties of the state. Average wages must be greater than the average wage of the county in the state with the lowest average wage. To be eligible, employers must offer health insurance to all new employees. It also provides a tax credit for businesses enterprises designated as operating in less-developed areas. These include areas with ten or more contiguous census tracts with higher than 15 percent poverty and counties with both a military base and a government owned and operated industrial park.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	76	77	78
Corporate Income Tax Expenditure	118	120	122
Insurance Premium Tax Expenditure	3	3	3
State Tax Expenditure	197	200	203

(m) Denotes a value of less than \$1 million

5.00300 Exemption for premiums of high-deductible health plans

Statute §33-8-4
 Year Enacted 2008
 Year Effective 2009
 Data Source Office of Insurance and Safety Fire Commissioner
 Estimate Reliability Class A
 Data Reliability Class A
 Note The local exemption expired on December 31, 2014.

Description: Insurance companies are allowed to exempt from their insurance premium tax liability any premiums paid by Georgia residents for high-deductible health plans as defined by Section 233 of the Internal Revenue Code.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

5.00400 Exemption for insurance companies that only insure places of worship

Statute §33-8-13
 Year Enacted 1996
 Year Effective 1996
 Data Source Office of Insurance and Safety Fire Commissioner
 Estimate Reliability Class C
 Data Reliability Class C
 Note Not applicable at the local level.

Description: Insurance companies that only insure the risks of places of worship are exempt from the state premium tax.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
(m) Denotes a value of less than \$1 million			

5.00500 Insurance abatements

Statute	§33-8-5
Year Enacted	1996
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	Not applicable at the local level.

Description: Georgia imposes a reduced state rate of 1.25 percent on insurance companies that invest at least 25 percent of their assets in qualified Georgia assets. If the amount invested in qualified Georgia assets is greater than 75 percent, the rate is reduced to 0.50 percent.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	316	315	327
(m) Denotes a value of less than \$1 million			

5.00600 Special deductions for life insurance companies

Statute	§§33-8-4, 33-8-8, 33-8-8.1
Year Enacted	1981
Year Effective	Prior to 2000
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	Not applicable at the local level.

Description: Life insurance companies are permitted to deduct contributions to state guarantee funds, license fees paid to local governments, local premium taxes from premium taxes otherwise payable to the State.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	250	258	277
(m) Denotes a value of less than \$1 million			

5.00700 Low-Income Housing Credit

Statute	§33-1-18
Year Enacted	1960
Year Effective	2001
Data Source	DOT data as of TY 2023 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal income tax section and the corporate income tax section, see 1.6.028 and 2.6.017.

Description: This is a credit against Georgia income and insurance premium taxes for

owners of rental housing qualifying for the federal low-income housing tax credit and that are placed in service on or after January 1, 2001.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	145	148	153
Corporate Income Tax Expenditure	37	38	39
Insurance Premium Tax Expenditure	215	227	237
State Tax Expenditure	396	412	430

(m) Denotes a value of less than \$1 million

5.00800 Insurance Premium Tax Exemption for multiple employer self-insured health plans

Statute	§33-50-3
Year Enacted	2016
Year Effective	2016
Data Source	Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Multiple employer self-insured health plans are exempt from the state insurance premium tax on the plan's net premiums.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

5.00900 Agribusiness Tax Credit

Statute	§33-1-25
Year Enacted	2017
Year Effective	Taxable years beginning on or after January 1, 2018
Data Source	DOR data as of TY 2023 and Office of Insurance and Safety Fire Commissioner
Estimate Reliability	Class B
Data Reliability	Class B

Note

The same estimate is provided in the personal and Corporate income tax sections, see 1.6.049 and.

Description: This income tax credit is to establish qualified low-income community rural investment funds and tax credits. The credit amount is 15 percent of the eligible investment per year beginning in the third year after the investment is made and continuing through the sixth year, for a total credit equal to 60 percent of the eligible investment. The credit is nonrefundable and may not be sold, but may be carried forward indefinitely. The amount of credits available is subject to a cumulative cap of \$100 million.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
Income Tax Expenditure	1	0	0
Corporate Income Tax Expenditure	2	1	1
Insurance Premium Tax Expenditure	4	2	1
State Tax Expenditure	7	3	2

(m) Denotes a value of less than \$1 million

5.01000 Qualified Education Expense Credit

Statute	§48-7-29.16; §33-8-4
Year Enacted	2008
Year Effective	Taxable years beginning on or after January 1, 2008
Data Source	DOF data as of TY 2023
Estimate Reliability	Class A
Data Reliability	Class A
Note	The same estimate is provided in the personal and corporate income tax sections, see 1.6.036 and 2.6.035.

Description: This provides a tax credit for donations made by taxpayers to a student scholarship organization which are used for tuition and fees for a qualified school or program. As of January 1, 2023 the annual cap increased to \$120 million and credits were allowed against the insurance premium tax up to \$6 million annually. For tax years beginning on or after January 1, 2025 carry forwards are limited from five to three years.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
Income Tax Expenditure	67	71	80
Corporate Income Tax Expenditure	21	22	25
Insurance Premium Tax	3	3	3
State Tax Expenditure	92	96	109

(m) Denotes a value of less than \$1 million. Numbers may not sum due to rounding

6. Motor Fuel Tax

The tax on motor fuels was substantially modified in 2015. Under the new law, tax rates are adjusted annually for inflation and for the change in average fuel economy of new vehicles registered in the state in the prior year from the year before. The base of the motor fuel tax is imposed on any source of energy that can be used for propulsion of a motor vehicle on the public highways, including, but not limited to gasoline, fuel oils, compressed petroleum gas, and special fuels. The rates as of January 1, 2025 are as follows:

Description	Tax Rate
Motor Fuels, other than diesel and aviation gasoline	33.1 cents per gallon
Diesel fuel	37.1 cents per gallon
Aviation gasoline	1 cent per gallon

Legislation passed in 2023 added electricity and hydrogen to taxable motor fuels. The gallon equivalent for electricity was set at not more than 11 kilowatt-hours and for hydrogen not less than 2.2 pounds.

The tax is administered by the Georgia DOR and revenues generated from this tax are allocated by the state constitution to the Georgia Department of Transportation for highway purposes. State motor fuel tax revenues for FY 2024 totaled \$1.76 billion.

6.00400 Motor fuel tax exemption for aviation fuel

Statute	§48-9-3
Year Enacted	1978
Year Effective	1978
Data Source	Fiscal Note for LC 34 1367S for 2018
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Exemption for aviation fuel

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	2	2

(m) Denotes a value of less than \$1 million

6.00500 Motor fuel tax vendor compensation

Statute	§48-9-8(b)
Year Enacted	1992
Year Effective	1992
Data Source	Office of Planning and Budget Data for FY 2019
Estimate Reliability	Class A

Data Reliability

Class A

Note

Description: Motor fuel dealers are allowed to retain 1 percent of total amounts collected as reimbursement for the cost of collection.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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State Tax Expenditure	22	23	24
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(m) Denotes a value of less than \$1 million

7. Alcoholic Beverage Tax

This state and local tax is imposed on alcoholic beverages including malt beverages, wine, and distilled spirits. The following tables outline the state and local rates applied to various alcoholic beverages.

State Tax Rates

Description of Tax	Tax Rate *
Malt beverages sold in bulk	\$10 per container up to 31 gallons
Bottled and canned malt beverages	4 ½ cents per 12 ounces
Table wines produced in Georgia	11 cents per liter
Table wines produced outside of Georgia and imported into the state	11 cents per liter and an additional state import tax of 29 cents per liter
Distilled spirits produced in Georgia	50 cents per liter
Distilled spirits produced outside of Georgia and imported into the state	50 cents per liter and an additional state import tax of 50 cents per liter
Alcohol produced in Georgia **	70 cents per liter
Alcohol produced outside of Georgia and imported into the state **	70 cents per liter and an additional state import tax of 70 cents per liter

*Proportionate tax is applied on fractional parts in excess of the volumes noted.

**Alcohol is defined to mean ethyl alcohol greater than 190 proof intended for use as a beverage, including grain alcohol and spirits of wine.

Local Tax Rates

Description of Tax	Tax Rate *
Bottled and canned malt beverages	5 cents per 12 ounces
Tap or draft malt beverages	\$6 per containers up to 15 ½ gallons
Wine	An excise tax not to exceed 22 cents per liter may be levied
Distilled spirits	An excise tax not to exceed 22 cents per liter may be levied
Mixed drinks	An excise tax not to exceed 3 percent of the price charged for mixed drinks may be levied

*Proportionate tax is applied on fractional parts in excess of the volumes noted, where applicable.

The state portion of the tax is administered by the Georgia DOR. Proceeds from the state tax are deposited into the State General Fund. In FY 2024, state collections equaled \$223 million. Local collections for FY 2022³ equaled \$182 million.

7.00300 200 gallons annually of homebrew per household

Statute	§§3-5-61, 3-6-70
Year Enacted	1977
Year Effective	1977
Data Source	American Homebrewers' Association
Estimate Reliability	Class B
Data Reliability	Class C

Note

Description: Allows an exemption for up to 200 gallons annually of homebrew per household.

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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<u>State Tax Expenditure</u>	1	1	1
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(m) Denotes a value of less than \$1 million

7.00400 Sales to and use by religious organizations for sacramental purposes

Statute	§§3-5-61, 3-6-70
Year Enacted	1977
Year Effective	1977
Data Source	National Center for Charitable Statistics & Catholic.org
Estimate Reliability	Class B
Data Reliability	Class C

Note

Description: Sales to and use by religious organizations for sacramental purposes

State Fiscal Years (\$ in Millions)

	2025	2026	2027
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<u>State Tax Expenditure</u>	(m)	(m)	(m)
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(m) Denotes a value of less than \$1 million

7.00600 Malt beverages containing less than one-half of 0.5 percent alcohol by volume

Statute	§3-5-90
Year Enacted	1987
Year Effective	1987
Data Source	U.S. Economic Census & American Beer Institute
Estimate Reliability	Class B
Data Reliability	Class B

Note

Description: Malt beverages which contain less than one-half of 1 percent alcohol by volume shall not be subject to any tax levied under this title or any tax levied pursuant to authority granted by this title.

³ US Census of Governments. Latest data available.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

Alcoholic beverages tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
7.00100	§3-5-61	Sales to persons outside the state for resale or consumption outside the state
7.00200	§§3-5-61, 3-6-70	Sales to stores or canteens in U.S. military reservations
7.00500	§§3-5-61, 3-6-70	Exemption for ethyl alcohol used for certain purposes

8. Tobacco Products Excise Tax

This tax is levied upon the sale, receipt, purchase, possession, consumption, handling, distribution, or use of tobacco, cigars, and cigarettes in Georgia. The tax is imposed at a rate of 37 cents per pack of 20 cigarettes and a like rate, pro rata, for other sized packages. Little cigars, weighing not more than three pounds per thousand are taxed at a rate of 2.5 mills each (\$2.50 per 1000). All other cigars are taxed at 23 percent of the wholesale cost price, exclusive of any trade, cash, of other discounts or any promotion, advertising, display or other similar allowances. Loose or smokeless tobacco is taxed at a rate of 10 percent of the wholesale cost price.

Under legislation enacted in 2020, excise taxes are also levied on consumable vapor products beginning January 1, 2021. The tax is imposed at a rate of 5 cents per fluid milliliter for consumable vapor products in a closed system and 7 percent of the wholesale cost price for other consumable vapor products and devices.

The tax is administered by the Georgia DOR. In FY 2024, the tax totaled \$223 million. The proceeds of the tax are deposited into the State General Fund.

8.00100	<u>Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home</u>
Statute	§48-11-2
Year Enacted	1955
Year Effective	Latest Modification 2003
Data Source	Georgia Department of Veterans Services
Estimate Reliability	Class B
Data Reliability	Class B
Note	
Description:	Exemption for purchases for use exclusively by patients at the Georgia War Veterans Home and the Georgia War Veterans Nursing Home
	State Fiscal Years (\$ in Millions)
	2025 2026 2027
<u>State Tax Expenditure</u>	(m) (m) (m)

(m) Denotes a value of less than \$1 million

Tobacco Products excise tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
8.00200	§48-11-3	De minimis amount brought into the state by one person
8.00300	§48-11-3	Cigars and cigarettes stored in a public warehouse
8.00400	§48-11-3	Certain cigars and cigarettes held by licensed dealers

9. Financial Institutions Special State Occupation Tax

This is a special state occupation tax imposed on the adjusted gross receipts of each depository financial institution that does business or owns property in the state. The state tax rate is levied at a rate of 0.25 percent. In addition to the state tax, counties and municipalities may levy a rate not to exceed 0.25 percent of gross receipts. Any amount paid under the special state occupation tax by a financial institution reduces the institution's state income tax liability by an equal amount.

The tax is administered by the Georgia DOR. The revenues from this tax in FY 2024 equaled \$38 million. The proceeds of the tax are deposited into the State General Fund.

9.00100 Deduction for interest paid

Statute	§48-6-95
Year Enacted	1975
Year Effective	1975
Data Source	FDIC – Statistics on Depository Institutions
Estimate Reliability	Class B
Data Reliability	Class A

Note

Description: Financial institutions are allowed to deduct from gross receipts interest paid on all liabilities.

State Fiscal Years (\$ in Millions)

2025 2026 2027

State Tax Expenditure	13	11	10
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(m) Denotes a value of less than \$1 million

Financial institutions tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
9.00200	§48-6-95	Deduction for income from authorized activities of a domestic international banking facility
9.00300	§48-6-95	Deduction for income from banking business with persons or entities outside the U.S.

10. Special Assessment of Forest Land Conservation Use Property

Real property devoted to qualified conservation use is assessed at 40 percent of its current use value. This tax treatment is designed to reduce the property tax burden on landowners in an effort to discourage the conversion of land to residential or commercial use. The property must be maintained in a qualifying conservation use for a period of 10 years. Because the state offsets the loss of local government property tax revenue stemming from this exemption, this exemption represents a reduction in state tax revenues.

10.00000 Special assessment of forest land conservation use property

Statute	§48-5A-2
Year Enacted	2008
Year Effective	2008
Data Source	DOF data as of FY 2023
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Grants made available by the Georgia General Assembly through annual appropriations and awarded to counties, municipalities and county or independent school districts for purposes of the Special Assessment of Forest Land Conservation Use Property program

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	25	33	31

(m) Denotes a value of less than \$1 million

11. Alternative Ad Valorem Tax on Motor Vehicles

As of March 1, 2013, motor vehicles titled in Georgia are subject to a title ad valorem tax, referred to as the TAVT or Motor Vehicle Title Fee. This legislation was passed in the 2012 session of the General Assembly and was substantially amended in the 2013 session. As part of the legislation, sales and use tax on the sale of motor vehicles was eliminated for purchases or leases occurring on or after March 1, 2013.

The tax base is the fair market value, at the time of titling, of new and used motor vehicles registered and titled in the state, including casual sales, dealer sales, leased vehicles, rental and salvage vehicles, and vehicles being brought into the state by people relocating to Georgia. For dealer sales, the tax base is reduced by the value of the purchaser's trade-in vehicle, if any. For dealer sales of new vehicles, the tax base is also reduced by the amounts of dealer rebates and cash discounts, if any. For most transactions occurring on or after January 1, 2020, the fair market value is equal to the retail selling price.

The statutory TAVT rate from January 1, 2020, through June 30, 2023, was 6.6 percent. The current statutory rate is 7.0 percent. The revenue from the tax is shared between the state and local governments as specified by law; beginning July 1, 2019, the state and local shares are 35 percent and 65 percent, respectively.

The tax is administered by the Georgia DOR but collected at the local level. All proceeds from the state portion of the TAVT are deposited into the State General Fund. The TAVT generated \$827 million in state receipts for FY 2024 and \$1.525 billion for local governments.

11.001 Reduced rate for related family transfers

Statute	§48-5C-1(d)(1)-(2)
Year Enacted	2012
Year Effective	2013
Data Source	DOT Data
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: A reduced rate of 0.25 percent applies to transfers for a vehicle transferred between immediate family members or a transfer occurring as a result of the death of an immediate family member.

State Fiscal Years (\$ in Millions)
2025 2026 2027

State Tax Expenditure	18	19	19
Local Tax Expenditure	36	37	38

(m) Denotes a value of less than \$1 million

11.002 Disabled veteran exemption

Statute	§48-5C-1(d)(1)-(2)
Year Enacted	2012
Year Effective	2013

Data Source	DOOR Data
Estimate Reliability	Class A
Data Reliability	Class A
Note	
Description:	Exemption from the title fee of the sale of a vehicle to a service-connected disabled veteran when the veteran received a grant from the U.S. Department of Veterans Affairs to purchase and specifically adapt the vehicle to his or her disability.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

11.003

Reduced rate for rental vehicles

Statute	§48-5C-1(d)(11)(A)
Year Enacted	2012
Year Effective	2013
Data Source	DOOR Data
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Rental vehicles are subject to a reduced state title fee rate of 0.625 percent of the fair market value and a local title fee rate of 0.625 percent of the fair market value.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	23	24	24
Local Tax Expenditure	53	54	55

(m) Denotes a value of less than \$1 million

11.004

Reduced rate for vehicles manufactured in years 1963-89

Statute	§48-5C-1(d)(17)
Year Enacted	2012
Year Effective	2013
Data Source	DOOR Data
Estimate Reliability	Class B
Data Reliability	Class B
Note	

Description: Vehicles manufactured in years 1963 through 1989 are subject to a reduced state title fee rate of 0.5 percent and reduced local title fee rate of 0.5 percent of the fair market value of the vehicle. This provision allows kit cars to be valued at the greater of the retail selling price of the kit; the average of the current fair market value; or the current wholesale value of the motor vehicle. Vehicles with a model year prior to 1963, for which a conditional title has been obtained, are allowed to opt into the TAVT system upon payment of a state TAVT payment equal to 0.5 percent of the fair market value of the vehicle and a local TAVT payment equal to 0.5 percent of the fair market value of the vehicle.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

11.005

Reduced rate for salvage vehicles

Statute	§48-5C-1(b)(2)
Year Enacted	2012
Year Effective	2013
Data Source	DOT Data
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Salvage vehicles are subject to a state title fee rate of 1 percent and are not subject to the local title fee

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	15	15	16
Local Tax Expenditure	47	48	49

(m) Denotes a value of less than \$1 million

11.006

Dealer loaner vehicle exemption

Statute	§48-5C-1(d)(12)
Year Enacted	2012
Year Effective	2013
Data Source	DOT Data
Estimate Reliability	Class B
Data Reliability	Class A

Note

Description: Dealer loaner vehicles are exempt from the state and local title fee for a period of 366 days.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	2	3	3
Local Tax Expenditure	15	11	11

(m) Denotes a value of less than \$1 million

11.007

Reduced rate for donated vehicles

Statute	§48-5C-1(d)(13)
Year Enacted	2012
Year Effective	2013
Data Source	DOT Data
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Vehicles donated to nonprofit organizations for the purpose of being transferred to another person are subject to a reduced state title fee rate of 1 percent of the fair market value of the vehicle. No local title fee applies

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

11.008

Extended payment period for out-of-state vehicles

Statute	§48-5C-1(d)(3)
Year Enacted	2012
Year Effective	2013
Data Source	DOT Data
Estimate Reliability	Class B
Data Reliability	Class B
Note	In 2017, the treatment of out-of-state vehicles changed from 12 percent of fair market value paid in two equal installments over two years to 3 percent of fair market value due upon registration.

Description: Vehicles registered by individuals moving from out-of-state are allowed to pay reduced title fee rate of three percent

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	21	22	23
Local Tax Expenditure	40	41	42

(m) Denotes a value of less than \$1 million

11.009

Trade-in exemption (including rebates and cash discounts)

Statute	§48-5C-1(a)(1)
Year Enacted	2012
Year Effective	2013
Data Source	DOT Data
Estimate Reliability	Class A
Data Reliability	Class A
Note	

Description: Both the state and local title fee is imposed on the fair market value of a vehicle net of the trade-in value of another motor vehicle, rebates or cash discounts.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	163	167	172
Local Tax Expenditure	303	309	319

(m) Denotes a value of less than \$1 million

11.010

Special assessment for used vehicles

Statute	§48-5C-1(a)(1)(C)
Year Enacted	2012
Year Effective	2013
Data Source	DOT Data
Estimate Reliability	Class B
Data Reliability	Class C
Note	

Description: Under certain conditions, used vehicles may be valued based on bill of sale, odometer reading, and values from alternative pricing guides.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	10	10	10
Local Tax Expenditure	18	19	19

(m) Denotes a value of less than \$1 million

11.012

Buy Here Pay Here transactions

Statute	§48-5C-1(b)(1)(B)(iv)
Year Enacted	2013
Year Effective	2014
Data Source	DOT Data
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Seller financed used car transactions are subject to a title fee rate that is two and a half percentage points below the standard title fee rate.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	5	6	6
Local Tax Expenditure	10	10	11

(m) Denotes a value of less than \$1 million

11.014

Treatment of Leased Vehicles

Statute	§48-5C-1(a)(1)(E)
Year Enacted	2017
Year Effective	2018
Data Source	DOT Data
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: The TAVT is levied only on the base payments under the lease agreement.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	15	15	16
Local Tax Expenditure	28	29	30

(m) Denotes a value of less than \$1 million

11.015

Treatment of vehicles involved in divorce settlement or business reorganization

Statute	§48-5C-1(d)(18), §48-5C-1(d)(15)
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal Note for HB 329 LC 28 8929S for 2018
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: Vehicles transferred because of a divorce decree are subject to a reduced state TAVT rate of 0.5 percent of vehicle fair market value and a reduced local TAVT rate of 0.5 percent of vehicle fair market value. The transfer of

a title made as a result of a business reorganization is exempt from the title fee.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	(m)	(m)	(m)

(m) Denotes a value of less than \$1 million

11.016

Treatment of non-IRP Buses

Statute	§48-5C-1(d)(7.1)
Year Enacted	2018
Year Effective	2018
Data Source	Fiscal Note for HB 329 LC28 8929S for 2018
Estimate Reliability	Class A
Data Reliability	Class A

Note

Description: In the case of for-hire charter buses and motor coaches which seat at least 15 passengers or more, the legislation allows the TAVT to be paid over a 12-month period in two equal installments.

	State Fiscal Years (\$ in Millions)		
	2025	2026	2027
State Tax Expenditure	(m)	(m)	(m)
Local Tax Expenditure	1	1	1

(m) Denotes a value of less than \$1 million

Title ad valorem tax expenditures for which an estimate is not currently available

Expenditure	Statute	Summary
11.013	§48-5C-1	Exemption for leased vehicles qualifying for Manufacturing Headquarters

12. Special Excise Tax on Consumer Fireworks

An excise tax of 5 percent is levied on gross receipts from the retail sale of fireworks, in addition to any state and local taxes otherwise imposed by law. This tax was enacted in 2015, effective for sales on or after July 1, 2015. The tax is administered by the Georgia DOR and the proceeds from this excise tax are deposited into the State General Fund. The consumer fireworks tax generated \$2.68 million in state receipts for FY 2024.

13. State Hotel-Motel Tax

An excise tax of \$5.00 per day is levied on each room rented or leased. This tax was enacted in 2015 and became effective on July 1, 2015. The tax is administered by the Georgia DOR. Although collections from this tax are deposited into the State General Fund, they must be appropriated exclusively for transportation purposes. The state hotel-motel tax generated \$204 million in state receipts for FY 2024.

14. For-Hire Ground Transport Excise Tax

An excise tax is imposed on for hire ground transport trips (50 cents per trip) and shared for hire ground transport trips (25 cents per trip). The per-trip amount of the tax is to be adjusted annually for inflation using the Consumer Price Index for All Urban Consumers rate published by the U.S. Bureau of Labor Statistics. The tax was enacted in 2020 and produced \$38 million in state receipts for FY 2024.

Appendix of Tables

Table 1: Summary of Recently Expired Provisions⁴

Expenditure	Summary	Tax	Expiration Date
1.6.003	Driver Education Credit	State Individual Income Tax	12/31/2018
1.6.025	Qualified Transportation Credit	Total State Credit	12/31/2018
1.6.030	Diesel Particulate Emission Reduction Technology Equipment Credit	Total State Credit	12/31/2018
1.6.034	Georgia Employer GED Tax Credit (previously known as the Employer's Credit for Basic Skills Education)	Total State Credit	12/31/2019
1.6.037	Qualified Investor Tax Credit	State Individual Income Tax	12/31/2020
1.6.039	Tax credit for water conservation facilities and qualified water conservation investment property	Total State Credit	12/31/2016
1.6.040	Tax credit for shift from groundwater usage	Total State Credit	12/31/2016
1.6.042	Tax credit for purchase of alternative fuel heavy-duty or medium-duty vehicle	Total State Credit	6/30/2017
1.6.044	Employer tax credit for hiring qualified parolees	Total State Credit	12/31/2019
2.6.014	Qualified Transportation Credit	Total State Credit	12/31/2018
2.6.019	Diesel Particulate Emission Reduction Technology Equipment Credit	Total State Credit	12/31/2018
2.6.023	Georgia Employer GED Tax Credit (previously known as the Employer's Credit for Basic Skills Education)	Total State Credit	12/31/2019
2.6.028	Tax credit for water-conservation facilities and qualified water-conservation investment property	Total State Credit	12/31/2016
2.6.029	Tax credit for shift from groundwater usage	Total State Credit	12/31/2016
2.6.031	Tax credit for purchases of alternative fuel heavy-duty or medium-duty vehicle	Total State Credit	6/30/2017
4.07500	Sales tax holiday for back to school items	Sales and Use Tax	7/30/2016
4.08200	Sales tax holiday for water-efficient and energy-efficient purchases	Sales and Use Tax	10/2/2016

⁴ Summary of provisions that have expired since January 1, 2016

Table 1: Summary of Recently Expired Provisions⁴

Expenditure	Summary	Tax	Expiration Date
4.09600	Exemption for sales or use of construction materials used for or in the construction of buildings at a private college	Sales and Use Tax	6/30/2016
4.09800	Sale of tangible personal property and services to a qualified job training organization	Sales and Use Tax	6/30/2020
4.09900	Exemption for expenses related to the renovation or expansion of qualified theatres	Sales and Use Tax	7/1/2019
4.10300	Exemption for construction materials used in construction of an automobile museum	Sales and Use Tax	1/1/2021

Table 2: Sales and Use Tax Expenditures by Type

Expenditure	Summary	State FY 2025	State FY 2026	State FY 2027
Sales Tax Exemption for a Business Input⁵				
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	5	5	6
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities		Estimate not available at this time	
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	(m)	(m)	(m)
4.03910	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property		Estimate not available at this time	
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia		Estimate not available at this time	
4.04800	Sale of crab bait to licensed commercial fishermen	(m)	(m)	(m)
4.06000	Sale of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less	(m)	(m)	(m)
4.06500	Sale of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	(m)	(m)	(m)
4.06800	Sale of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million	552	710	854
4.06900	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less		Estimate Combined with 4.06000	
4.07000	Sale of natural gas used directly in the manufacture of electricity	89	82	83
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	7	7	7
4.08300	Sale of biomass materials used to produce electricity or steam intended for sale	4	4	5
4.09400	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale		Estimate Combined with 4.3.3	

⁵ Sales tax exemptions which are defined primarily as an exemption for a profit making business.

Table 2: Sales and Use Tax Expenditures by Type

Expenditure	Summary	State FY 2025	State FY 2026	State FY 2027
4.3.2	Exemption for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing	4,338	4,565	4,791
4.3.3	Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment	159	161	163
4.3.4	Exemption for qualified boat repairs	(m)	(m)	(m)
Sales Tax Exemption for a Specific Item⁶				
4.00300	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel	Estimate not available at this time		
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	6	7	7
4.00500	Sales of transportation furnished by an approved and authorized urban transit system	Estimate combined with 4.00400		
4.01200	School lunches sold and served to pupils and employees of public schools	4	4	4
4.01300	School lunches sold and served to pupils and employees of approved private schools	1	1	1
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Estimate not available at this time		
4.02000	Water delivered through water mains, lines, or pipes	12	13	13
4.02200	Professional, insurance or personal service transactions which involve sales as inconsequential elements for which no separate charge is made	Estimate included in sales tax for services: 4.50500		
4.02300	Repair services when a separate charge is made to the customer	Estimate included in sales tax for services: 4.51100		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	6	6	6
4.03300	Common or common and contract carriers	Estimate not available at this time		

⁶ Sales tax exemptions which are defined primarily by the item being purchased and not defined, or only generally defined, by the seller or purchaser.

Table 2: Sales and Use Tax Expenditures by Type

Expenditure	Summary	State FY 2025	State FY 2026	State FY 2027
4.04200	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property			Estimate not available at this time
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	47	50	52
4.04700	Sale of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain controlled substances or dangerous drugs	671	710	749
4.05000	Sale of insulin syringes and blood glucose level measuring strips dispensed without a prescription	11	12	13
4.05100	Sale of oxygen when prescribed by a licensed physician	2	2	2
4.05200	Sale or use of hearing aids	6	7	8
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	66	71	75
4.05500	Sale of Georgia lottery tickets	249	259	269
4.05700	Food purchased for off-premises consumption	1,175	1,214	1,253
4.06100	Advertising inserts that are used in newspapers for resale			Estimate not available at this time
4.06200	Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer	4	4	4
4.06600	Sale of gold, silver, or platinum bullion	4	4	4
4.06700	Sale of coins or currency	(m)	(m)	(m)
4.09100	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave			Estimate not available at this time

Table 2: Sales and Use Tax Expenditures by Type

Expenditure	Summary	State FY 2025	State FY 2026	State FY 2027
4.10000	Exemption for sales of tickets to a qualified fine arts performance or exhibition	3	3	3
4.10200	Partial exemption for qualified manufactured homes	5	5	5
4.3.5	Exemption for the sale and use of jet fuel	54	53	55
Sales Tax Exemption for a Specific Purchaser⁷				
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Estimate not available at this time		
4.00600	Sales to any Hospital Authority created by Georgia law	83	88	92
4.00610	Sales to any Housing Authority created by Georgia law	2	2	2
4.00620	Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities	(m)	(m)	(m)
4.00630	Sales to any agricultural commission created by the Department of Agriculture	(m)	(m)	(m)
4.00700	Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function	69	73	77
4.00705	Sales of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act	2	3	3
4.00710	Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities	1	1	1
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	(m)	(m)	(m)
4.00730	Sales of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level	2	2	2
4.00800	Sales of tangible personal property and services to the University System of Georgia and its educational units	62	65	67

⁷ Sales tax exemptions which are defined primarily by the purchaser and not defined, or only generally defined, by the seller or the item being purchased.

Table 2: Sales and Use Tax Expenditures by Type

Expenditure	Summary	State FY 2025	State FY 2026	State FY 2027
4.00900	Sale of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia in which the credits are accepted by the University System of Georgia			Estimate combined with 4.00800
4.01000	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	8	8	9
4.01100	Sale of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute	(m)	(m)	(m)
4.01900	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident			Estimate not available at this time
4.02100	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business			Estimate not available at this time
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia			Estimate not available at this time
4.03600	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution	(m)	(m)	(m)
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.			Estimate not available at this time
4.04000	Sale of major components or repair parts installed in military aircraft, vehicles, or missiles	29	32	31
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institution, child-placing agency, or maternity home	1	1	1
4.04600	Sale of tangible personal property or taxable services to nonprofit blood banks	3	3	3
4.06810	High-Tech Data Center Equipment Exemption	474	625	762
4.07100	Sale to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	(m)	(m)	(m)

Table 2: Sales and Use Tax Expenditures by Type

Expenditure	Summary	State FY 2025	State FY 2026	State FY 2027
4.07600	Exemption for personal property used in the renovation or expansion of an aquarium	(m)	(m)	(m)
4.09300	Sale of tangible personal property used for and in the construction of a competitive project of regional significance	12	12	9
4.09700	Sales of admission to a nonrecurring major sporting event	8	8	8
4.10400	Exemption for poultry diagnostic and disease monitoring service nonprofit organization	(m)	(m)	(m)
Sales Tax Exemption for a Specific Purchaser of a Specific Item⁸				
4.01400	Sale of art and other artifacts for display or exhibition to museums	Sales and Use Tax	Exemptio n	(m)
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	(m)	(m)	(m)
4.03000	Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase a specially adapted the vehicle	(m)	(m)	(m)
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	Estimate not available at this time		
4.04400	Sale of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state	Estimate not available at this time		
4.05300	Transactions where food stamps or WIC coupons are used as the method of payment	146	146	150
4.05710	Sales of food and beverages to a qualified food bank	1	1	1
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims Emergency Fund	(m)	(m)	(m)
4.07200	Sale of prescribed mobility enhancing equipment	(m)	(m)	(m)

⁸ Sales tax exemptions which are specifically defined by the purchaser as well as the item being purchased.

Table 2: Sales and Use Tax Expenditures by Type

Expenditure	Summary	State FY 2025	State FY 2026	State FY 2027
4.08600	Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft	13	13	13
4.10100	The sale of certain written material by a nonprofit	11	9	0
Sales Tax Exemption for a Specific Seller⁹				
4.00200	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system		Estimate not available at this time	
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a calendar year and sales of religious paper when the paper is owned and operated by the religious institution	(m)	(m)	(m)
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center	(m)	(m)	(m)
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	7	7	8
4.05600	Sale by any qualified nonprofit parent teacher organization	(m)	(m)	(m)
4.05720	Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes	4	5	5
4.05730	Exemption for food and food ingredients that are donated following a natural disaster and used for disaster relief	Sales and Use Tax	Exemption	(m)
4.05900	Sale of eligible food and beverages by any Girl or Boy Scout council	2	2	2
4.3.6	Exemption for sales within an enterprise zone	Estimate not available at this time		
4.70000	Compensation of dealers for reporting and paying tax	138	144	147

⁹ Sales tax exemptions which are specifically defined by the seller.

Tables 3-9: Distributional Tables of Selected Provisions

Tables 3 through 9 provide information on the distribution across Georgia AGI for selected exemptions and deductions from the state personal income tax. The data used to produce the tables are from the state personal income tax files for 2022. It has not been adjusted for inflation, nor does it reflect any legislative changes that may have occurred since 2022. Column 1 of each table provides the categories of Georgia AGI. Column 2 (Number of Returns) provides the number of returns for each AGI category. Column 3 (Average Value) gives the average value of the tax exemption or deduction taken by filers in each AGI category. Column 4 (Total) provides the total value of the deduction or exemption associated with each AGI category and column 5 (Percent of Total) provides the percent of the total value of the deduction or exemption that falls into that AGI category.

Table 3: Total Personal Exemptions

	Number of Returns	Average Value	Total	Percent of Total Dollars
GA AGI \leq 0	\$385,854	\$4,811	\$1,856,510,600	7%
0 $<$ GA AGI \leq \$25,000	1,261,630	4,838	6,103,854,900	22%
\$25,000 $<$ GA AGI \leq \$50,000	\$1,015,125	\$5,630	\$5,715,277,200	21%
\$50,000 $<$ GA AGI \leq \$100,000	\$924,062	\$6,407	\$5,920,349,000	22%
\$100,000 $<$ GA AGI \leq \$500,000	\$812,990	\$9,056	\$7,362,139,000	27%
\$500,000 $<$ GA AGI \leq \$1,000,000	\$37,194	\$10,326	\$384,078,200	1%
GA AGI $>$ \$1,000,000	\$14,075	\$9,930	\$139,766,300	1%
Total	\$4,450,930	\$6,174	\$27,481,975,200	

The percent of total column may not sum to 100 percent due to rounding.

Table 4: Retirement Income Exclusion

	Number of Returns	Average Value	Total	Percent of Total Dollars
GA AGI \leq 0	\$322,633	\$25,372	\$8,185,991,726	35%
0 $<$ GA AGI \leq \$25,000	202,712	25,310	5,130,542,138	22%
\$25,000 $<$ GA AGI \leq \$50,000	\$121,993	\$23,518	\$2,869,066,610	12%
\$50,000 $<$ GA AGI \leq \$100,000	\$119,331	\$25,290	\$3,017,902,564	13%
\$100,000 $<$ GA AGI \leq \$500,000	\$108,604	\$31,386	\$3,408,630,621	15%
\$500,000 $<$ GA AGI \leq \$1,000,000	\$7,488	\$45,665	\$341,942,763	1%
GA AGI $>$ \$1,000,000	\$3,826	\$52,259	\$199,942,986	1%
Total	\$886,587	\$26,116	\$23,154,019,408	

The percent of total column may not sum to 100 percent due to rounding.

Table 5: Georgia Higher Education Savings Plan Deduction

	Number of Returns	Average Value	Total	Percent of Total Dollars
GA AGI \leq 0	\$1,282	\$6,960	\$8,922,651	2%
0 $<$ GA AGI \leq \$25,000	2,351	4,041	9,501,185	2%
\$25,000 $<$ GA AGI \leq \$50,000	\$2,675	\$4,044	\$10,816,416	3%
\$50,000 $<$ GA AGI \leq \$100,000	\$6,450	\$3,945	\$25,442,996	6%
\$100,000 $<$ GA AGI \leq \$500,000	\$44,116	\$6,305	\$278,149,475	66%
\$500,000 $<$ GA AGI \leq \$1,000,000	\$5,448	\$12,593	\$68,609,063	16%
GA AGI $>$ \$1,000,000	\$1,416	\$15,154	\$21,457,685	5%
Total	\$63,738	\$6,635	\$422,899,471	

The percent of total column may not sum to 100 percent due to rounding.

Table 6: Interest on U.S. Obligations

	Number of Returns	Average Value	Total	Percent of Total Dollars
GA AGI \leq 0	\$15,885	\$5,199	\$82,583,912	48%
0 $<$ GA AGI \leq \$25,000	12,328	3,869	47,692,495	7%
\$25,000 $<$ GA AGI \leq \$50,000	\$8,715	\$4,214	\$36,722,244	4%
\$50,000 $<$ GA AGI \leq \$100,000	\$14,174	\$3,944	\$55,898,624	7%
\$100,000 $<$ GA AGI \leq \$500,000	\$39,261	\$5,316	\$208,705,093	16%
\$500,000 $<$ GA AGI \leq \$1,000,000	\$7,168	\$13,182	\$94,489,628	5%
GA AGI $>$ \$1,000,000	\$4,988	\$56,145	\$280,051,481	13%
Total	\$102,519	\$7,863	\$806,143,477	100%

The percent of total column may not sum to 100 percent due to rounding.

Table 7: Blind and Age 65 Deductions

	Number of Returns	Average Value	Total	Percent of Total Dollars
GA AGI \leq 0	\$305,090	\$1,820	\$555,258,600	47%
0 $<$ GA AGI \leq \$25,000	164,771	1,790	294,959,600	24%
\$25,000 $<$ GA AGI \leq \$50,000	\$85,772	\$1,764	\$151,264,100	11%
\$50,000 $<$ GA AGI \leq \$100,000	\$73,771	\$1,785	\$131,671,800	10%
\$100,000 $<$ GA AGI \leq \$500,000	\$53,140	\$1,857	\$98,692,100	7%
\$500,000 $<$ GA AGI \leq \$1,000,000	\$2,411	\$2,006	\$4,837,300	0%
GA AGI $>$ \$1,000,000	\$846	\$2,008	\$1,699,100	0%
Total	\$685,801	\$1,806	\$1,238,382,600	100%

The percent of total column may not sum to 100 percent due to rounding.

Table 8: Standard Deduction

	Number of Returns	Average Value	Total	Percent of Total Dollars
GA AGI \leq 0	\$358,023	\$6,036	\$2,161,083,150	9%
0 $<$ GA AGI \leq \$25,000	1,231,759	5,572	6,862,942,950	30%
\$25,000 $<$ GA AGI \leq \$50,000	\$960,690	\$5,647	\$5,425,335,400	23%
\$50,000 $<$ GA AGI \leq \$100,000	\$795,938	\$5,979	\$4,759,019,300	21%
\$100,000 $<$ GA AGI \leq \$500,000	\$569,018	\$6,735	\$3,832,188,950	17%
\$500,000 $<$ GA AGI \leq \$1,000,000	\$14,458	\$6,916	\$99,987,650	0%
GA AGI $>$ \$1,000,000	\$3,629	\$6,840	\$24,822,200	0%
Total	\$3,933,515	\$5,889	\$23,165,379,600	

The percent of total column may not sum to 100 percent due to rounding.

Table 9: Federally Taxable Social Security Benefits

	Number of Returns	Average Value	Total	Percent of Total Dollars
GA AGI \leq 0	\$242,376	\$28,303	\$6,860,021,516	44%
0 $<$ GA AGI \leq \$25,000	137,982	18,655	2,574,004,411	16%
\$25,000 $<$ GA AGI \leq \$50,000	\$93,930	\$21,337	\$2,004,227,912	13%
\$50,000 $<$ GA AGI \leq \$100,000	\$85,133	\$25,780	\$2,194,704,757	14%
\$100,000 $<$ GA AGI \leq \$500,000	\$63,423	\$30,077	\$1,907,544,969	12%
\$500,000 $<$ GA AGI \leq \$1,000,000	\$3,894	\$37,476	\$145,931,875	1%
GA AGI $>$ \$1,000,000	\$2,001	\$39,775	\$79,590,091	1%
Total	\$628,739	\$25,076	\$15,766,025,531	

The percent of total column may not sum to 100 percent due to rounding.