

# Georgia Senate Special Committee on the Elimination of Georgia's Income Tax

## Final Report and Recommendations

January 2026



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**Blake Tillery, Chairman**

Senator Jason Anavitarte, 31st	Senator Chuck Hufstetler, 52nd	Senator Michael 'Doc' Rhett, 33rd
Senator Greg Dolezal, 27th	Senator Steve Gooch, 51st	Senator Larry Walker, III, 20th
Senator Ed Harbison, 15th	Senator Nan Orrock, 36th	Senator Sam Watson, 11th

## Executive Summary

**We recommend making the first \$50,000 for individuals and \$100,000 for joint filers completely tax free beginning in 2027. We also recommend reducing the state income tax rate for all other families and businesses.**

**These proposals completely eliminate the state income tax on 2/3 of all working Georgians while drastically reducing the tax burden on everyone else.**

- ✓ This proposal recognizes that the average Georgian is struggling financially. We've seen this in testimony before the committee, in news reports, and in survey data.
- ✓ Two-thirds of individual taxpayers would have no state income tax liability under this proposal beginning in 2027.
- ✓ Other families and businesses would see a significant reduction in their state income taxes with reductions planned over a period of several years to get their state income tax liability to zero.
- ✓ This plan benefits every working Georgian equally, but its impact will be felt most by families making less than \$100,000.
- ✓ This proposal does not increase the sales tax nor create a state property tax, nor does it cut government services to Georgians.
- ✓ This proposal will allow hard working Georgians, like first responders, educators, front-line sales workers and many others, the chance to get their head above water and catch their breath.

# Georgia Senate Special Committee on Eliminating Georgia's Income Tax

## Final Report and Recommendations

### Introduction

In recent years, the General Assembly and Governor Brian Kemp's administration have made tremendous progress in lowering the tax burden on Georgia's citizens. Legislation flattening and reducing the state's personal and business income tax rates, providing direct tax rebates to citizens, and ratifying suspensions of the state motor fuel tax have returned over \$6.6 billion to Georgia taxpayers.<sup>1</sup> How we got there is important.

### History

The story largely begins in 2018. Prior to that time, Georgia's top income tax rate was set at 6.00%. With [House Bill 918](#) (2018), the General Assembly doubled the standard deduction to \$4,600 for single filers and \$6,000 for married filing jointly and lowered the top personal and corporate income tax rate to 5.75%. With the passage of the [Tax Relief Act of 2021](#) the standard income tax deductions for all individual taxpayers, regardless of their filing status, was leveled up, allowing every household in Georgia to keep more of the money it earned. That bill was followed the next year by the passage of the [Tax Reduction and Reform Act of 2022](#), a key piece of legislation that flattened Georgia's personal income tax rates and began to gradually reduce them from a then- high of 5.75% to a personal income tax rate of 4.99% by 2029 in increments of 10 basis points (or 0.1 percentage points) each calendar year. Importantly, the bill made those annual rate cuts automatic, requiring no further action from the General Assembly to be implemented, while preserving important contingency mechanisms that allow the Governor to suspend an annual step-down in the rate in the event of a significant fiscal or economic downturn.<sup>2</sup>

The years since the implementation of those policies have been prosperous in Georgia. Our state's coffers have been flush due to a growing population, above-average job and new-business growth, strong tax collections, and wise fiscal management.<sup>3</sup> As a result, Georgia has made significant investments in education, healthcare, and public safety all while balancing the budget, reducing public debt, and accumulating significant fiscal reserves.<sup>4</sup>

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<sup>1</sup> See <https://gov.georgia.gov/press-releases/2024-10-22/gov-kemp-announces-plans-third-special-tax-refund-hardworking-georgians>.

<sup>2</sup> For a summary of other major provisions of the bill, see <https://www.mjcpa.com/georgia-governor-signs-tax-reduction-and-reform-act-of-2022/>.

<sup>3</sup> For a fairly recent summary of these trends, see the 2024 presentation to the joint legislative Appropriations Committees by the state economist, Dr. Robert D. Buschman, available at: [https://www.legis.ga.gov/api/document/docs/default-source/house-budget-and-research-office-document-library/2024-joint-budget-hearings/tuesday-presentations/state\\_economist\\_2024\\_joint\\_hearing\\_presentation.pdf?sfvrsn=d22bb399\\_2](https://www.legis.ga.gov/api/document/docs/default-source/house-budget-and-research-office-document-library/2024-joint-budget-hearings/tuesday-presentations/state_economist_2024_joint_hearing_presentation.pdf?sfvrsn=d22bb399_2).

<sup>4</sup> See, e.g., the House Budget and Research Office's summary of HB 68, the general appropriations bill that implemented the state budget for FY2026, effective July 1, 2025: [https://www.legis.ga.gov/api/document/docs/default-source/house-budget-and-research-office-document-library/2026-fiscal-year/fy\\_2026\\_highlights\\_conference\\_committee\\_\(hb\\_68\).pdf?sfvrsn=7e6e093b\\_2](https://www.legis.ga.gov/api/document/docs/default-source/house-budget-and-research-office-document-library/2026-fiscal-year/fy_2026_highlights_conference_committee_(hb_68).pdf?sfvrsn=7e6e093b_2).

Georgia's efficient and responsible budgeting proves that a state that lives within its means can afford to make sustainable investments in its citizens while keeping their tax burden manageable.

Recognizing the state's strong fiscal and economic position, under the leadership of Governor Kemp, Lt. Governor Burt Jones, and House Speaker Jon Burns, the General Assembly has made important strides in the last three years to double down on its tax cutting efforts. In 2024, the legislature enacted [House Bill 1015](#), which accelerated the planned cuts to the personal income tax rate for that year and returned over \$1 billion to taxpayers.<sup>5</sup> The same year, [House Bill 1023](#) aligned Georgia's business and personal income tax rates so that step-downs in the personal income tax rate would be linked to step-downs in corporate and partnership income tax rates, as well.

That work continued in 2025. [House Bill 111](#) again accelerated cuts to the income taxes and returned another billion dollars to individuals and businesses in Georgia.<sup>6</sup> Through wise budgeting and a commitment to protecting taxpayers, we are now two years ahead of schedule in bringing our income tax rates under 5%, all while again balancing the budget; reducing public debt; providing for critical needs in public safety, education, and healthcare; and responding to the damage caused by Hurricane Helene.<sup>7</sup>

As the result of these reforms, Georgia will begin the year 2026 with an income tax rate of 5.19% for personal, corporate, and partnership income. And despite all of these tax cutting efforts, the State of Georgia began the fiscal year with a budget reserve of roughly \$14.6 billion, which includes \$9 billion in undesignated funds and \$5.6 billion in "rainy day" funds.<sup>8</sup>

### **Why this Matters for Georgians**

That's where we are, but it's not where we need to be...or will be. According to the latest data (May 2024) from the US Bureau of Labor Statistics, the annual median wage in Georgia is \$47,020.<sup>9</sup> In today's economy, earning less than \$50,000 a year makes it increasingly difficult to get by. Housing, healthcare, groceries, and childcare all cost more, leaving too many Georgians struggling just to stay afloat. Government must respond to the real needs of its people. By eliminating the income tax on those who earn the least, we can put money back in their pockets and give them a real opportunity to get ahead.

But we don't have to stop with just those making the least. We can, and will, eliminate the ENTIRE TAX BURDEN on individual taxpayers making less than \$50,000 (or \$100,000

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<sup>5</sup> See <https://gov.georgia.gov/press-releases/2024-04-18/gov-kemp-signs-historic-tax-cut-package-law>.

<sup>6</sup> See <https://ltgov.georgia.gov/press-releases/2025-03-20/lt-governor-burt-jones-applauds-priority-passage-income-tax-cut-and>.

<sup>7</sup> On three separate occasions, the General Assembly has also returned surplus funds directly to taxpayers in the form of rebate checks, the latest of which came to Georgia households this spring. See [HB 1302](#) (2022), [HB 162](#) (2023), and [HB 112](#) (2025). When a successful state runs a large surplus, its leaders ought to return some of those funds to the taxpayers who earned them, and the General Assembly has followed through on that promise.

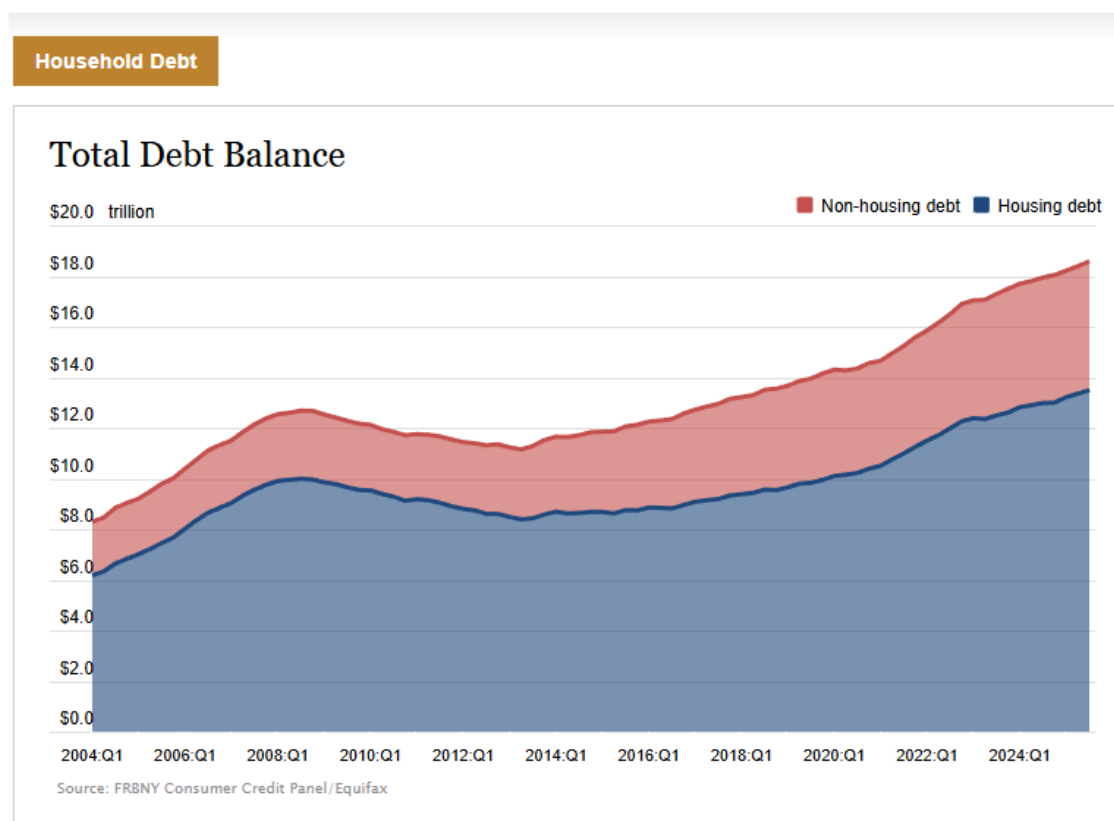
<sup>8</sup> See <https://www.fox5atlanta.com/news/georgia-surplus-hits-14-6b-lawmakers-eye-spending-plans>.

<sup>9</sup> See <https://data.bls.gov/oes/area/1300000>

for married couples filing jointly) AND, at the same time reduce the tax liability for every other family and business in Georgia.

Recent household surveys confirm the financial pressure the average family faces. Despite notable progress at the federal level in providing long-term tax relief, eased regulatory burdens, and a stronger focus on growth and employment, perceptions about households' current and future financial situations continue to remain low.<sup>10</sup>

When asked, most households are concerned about both their personal financial situation and the direction of the overall economy. Inflation (that has allowed prices to rise faster than wages) is the culprit. What many Americans are doing is taking on more debt. The chart below<sup>11</sup> from the New York Fed shows this clearly.



As policy makers, we are tasked with recognizing the problems facing our citizens and then proposing policies to ease those burdens. At a time of increasing costs and stretched household budgets, Georgians continue to demand tax relief from their state government and local governments. Eliminating the state income tax for many Georgians altogether would mean a slightly larger than 5% pay raise for the average Georgia household. As detailed below, our proposal does this for approximately two thirds of Georgia taxpayers in the first year. Our proposal helps average Georgians.

<sup>10</sup> See <https://www.newyorkfed.org/newsevents/news/research/2025/20251208>

<sup>11</sup> See <https://www.newyorkfed.org/microeconomics/hhdc>

## Why this Matters for Georgia

This Special Committee was formed by Lt. Governor Jones in the summer of 2025 to take a comprehensive look at Georgia’s tax system and those of its peer states. Its purpose has been to determine how — not whether — to incrementally and responsibly eliminate Georgia’s personal income tax. Despite the considerable progress we have made in recent years, the need for this action is clear.

Unfortunately, state-level economic development doesn’t happen in a vacuum. Georgia competes with states across the country for business, talent, and capital, and sound tax policy lies at the heart of a successful strategy for attracting each. Georgia is well-positioned to attract new business. Its strong workforce development initiatives and right-to-work labor policies make it a more competitive place to start a business than most states, and it has recently made strides to reduce barriers to work through initiatives that improve professional licensing processes and rationalize licensing requirements.<sup>12</sup> Most notably, Georgia is widely considered to be a business-friendly state, consistently earning plaudits as the nation’s top state for business for over a decade.<sup>13</sup> Even so, it is clear that Georgia’s relatively high income tax rates pose a risk for Georgia as it looks into the next decade of economic progress. States hungry for Georgia’s success are moving to cut harmful taxes, and Georgia risks being left behind if it does not take the next step.

*First*, economists have, for decades, understood the distorting effects of an income tax relative to other forms of taxation. To be clear, there is not a single tax imposed anywhere that does not impact economic behavior: all taxes shape behavior, create incentives (good and bad), and disturb the functioning of the marketplace in some way.<sup>14</sup> But the goal of sound tax policy is — and should always be — to raise the revenues necessary to run the government effectively while doing the least harm to the private economy.

Income taxes fail this test on multiple fronts. By distorting the labor market, an income tax punishes work and makes it more expensive to hire workers and expand a business. By siphoning profits right off the top, an income tax destroys incentives for entrepreneurs to take risks by starting or expanding a business. As one group of economists has noted,

[A]n important reason why the income tax should be eliminated rather than eliminating other taxes is that the income tax directly impacts the marginal or

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<sup>12</sup> See, e.g., <https://www.clearhq.org/news/georgia-new-law-allows-administrative-issuance-of-licenses-5-28-25>.

<sup>13</sup> See <https://gov.georgia.gov/press-releases/2025-09-24/gov-kemp-georgia-no-1-business-12th-straight-year>.

<sup>14</sup> See Erica York et al., *How Taxing Consumption Would Improve Long-Term Opportunity and Well-Being for Families and Children 2* (2023) (available at <https://taxfoundation.org/wp-content/uploads/2023/10/How-Taxing-Consumption-Would-Improve-Long-Term-Opportunity-and-Well-Being-for-Families-and-Children-FV.pdf>) (noting that “[s]ubstantial evidence shows tax policy has a significant effect on peoples’ decisions about how much to work and how much to invest in capital.”). See also *id.* at 23 (noting that “Improvements in the long-run standard of living largely depend on peoples’ willingness to work and to invest in capital. Tax policy has a significant effect on decisions to work and to invest by changing the after-tax benefits of both.”).

incremental incentive to work and innovate. No other major state tax has anything like the marginal impact an income tax has. On a dollar-for-dollar basis, the income tax is far and away the most deleterious tax to output, employment, and production of the major taxes.<sup>15</sup>

Moreover, a relatively high income tax rate gives policymakers abundant space to create special carveouts for preferred interests. These carveouts often mask an otherwise uncompetitive tax environment, and the erosion of the tax base through the creation of special exemptions and incentives forces other taxpayers to bear the burden of the foregone revenue.<sup>16</sup> *Put differently, when special interests pay less, everyone else pays more.*

In short, an income tax gives the government the first bite at the apple and works strongly against the incentives needed to grow and sustain the economy and the vital jobs it needs to produce. It also becomes a playground for special interests, to the detriment of hardworking taxpayers.

*Second*, unsurprisingly, as of 2025 many of the nation's fastest growing and most prosperous states are personal income-tax free, while states that are bleeding population and facing significant fiscal challenges impose some of the highest taxes in the country. In our own region, Tennessee, Florida, and Texas have become key destinations for new business development and expansion and have become the preferred homes of many companies fleeing the high-tax, anti-business environments created by liberal state governments in the northeast and west coast. People and capital are literally voting with their feet, leaving high-tax, high-regulation economies like New York, California, Connecticut, New Jersey, and Illinois in a fiscal and economic spiral. Day by day, data confirm that "[z]ero income tax states far outperform the highest income tax states as do the lowest tax burden states," while "[h]igh tax burdens, higher income tax rates, and higher corporate tax rates all have devastating impacts on population and output growth."<sup>17</sup> Put more simply, "[t]heory, data, and just plain common sense all point to statewide variations in taxes as a potent factor in people's decisions of where to live and work. . . . migration patterns between states tell a lot about where Americans think prosperity is happening and where it isn't."<sup>18</sup>

*Third*, recognizing that obvious trend, in 2024 alone, nine states cut individual income taxes, and three others cut corporate income taxes.<sup>19</sup> As researchers at the Tax Foundation

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<sup>15</sup> Arthur B. Laffer et al., *An Inquiry Into the Nature and Causes of the Wealth of States* (276) (2014).

<sup>16</sup> See Andrey Yushkov et al., *Tax Foundation 2025 State Tax Competitiveness Index 11-12* (noting that "State lawmakers are mindful of their states' tax competitiveness, but they are sometimes tempted to lure businesses with lucrative tax incentives and subsidies instead of broad-based tax reform. . . . Many of the incentives came in the form of tax credits from the state and local governments. . . . Lawmakers make these deals under the banner of job creation and economic development, but the truth is that if a state needs to offer such packages, it is most likely covering for an undesirable business tax climate. A far more effective approach is the systematic improvement of the state's business tax climate for the long term to improve the state's competitiveness.")

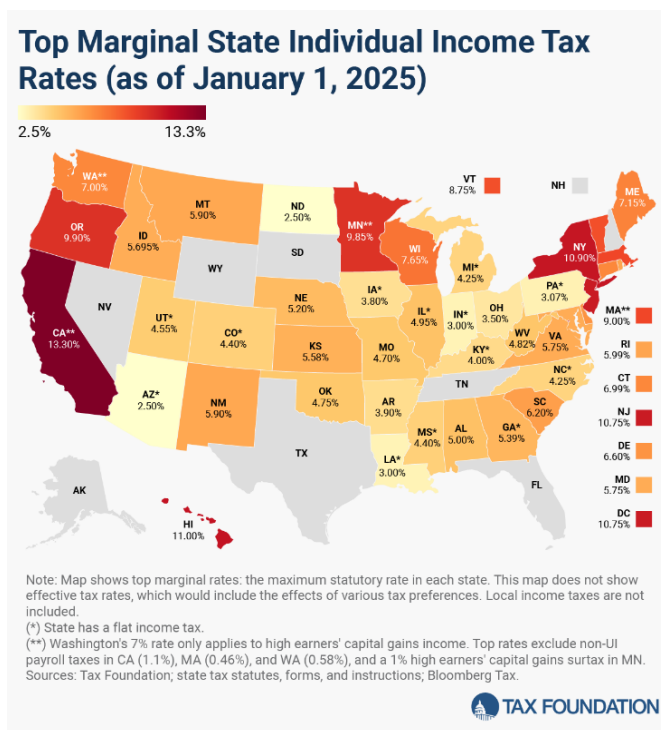
<sup>17</sup> Laffer at xxi.

<sup>18</sup> *Id.* at 247-248.

<sup>19</sup> See Joseph Johns et al., *State Tax Changes Taking Effect January 1, 2025* (2024), available at: <https://taxfoundation.org/research/all/state/2025-state-tax-changes/>.



noted in summing up 2024's developments in state tax policy, these aggressive changes to states' income tax policies show that "many states understand and value the importance of creating and maintaining a stable, pro-growth, and competitive tax code."<sup>20</sup> In our own region, states like [Arkansas](#), [Louisiana](#), [Mississippi](#), [North Carolina](#), and [South Carolina](#) are working to cut their personal and business income taxes in an effort to grow their states' economies and attract new business. These moves already allow these states and many others to claim a much lower tax rate than Georgia, even with its move last year to cut the income tax rate to 5.19% for 2025.<sup>21</sup> In fact, as the map below demonstrates, even with Georgia's recent moves, among southeast states, only South Carolina currently has a higher personal income tax than Georgia. These actions threaten Georgia's position as the nation's top state for business and the leading economy in the southeast.



*Fourth*, despite recent moves to flatten and lower its income taxes, Georgia's tax system rates in the middle of the pack nationally when it comes to tax competitiveness. In its recent 2026 report, the Tax Foundation ranked Georgia only **18th** in overall tax competitiveness.<sup>22</sup> Notably, the Tax Foundation praised Georgia's recent efforts to lower both personal and corporate income taxes as part of its decision to rank Georgia 18th, up from

<sup>20</sup> See id.

<sup>21</sup> See <https://dor.georgia.gov/press-releases/2025-04-17/gov-kemp-signs-legislation-delivering-more-1-billion-tax-cuts-and-relief>.

<sup>22</sup> See Tax Foundation 2026 State Tax Competitiveness Index (Georgia Summary), available at: <https://taxfoundation.org/statetaxindex/states/georgia/>.



23rd in a single year.<sup>23</sup> The Foundation has praised Georgia’s recent successes in tax reform, but cautioned that its mediocre rating for our state was driven by the fact that Georgia “still faces strong regional competition, as both Florida and Tennessee do not impose individual income taxes, while Alabama and North Carolina have lower rates.”<sup>24</sup> Wyoming, South Dakota, Tennessee, Texas, and Florida — states with no personal income tax — each rank in the top ten of the Tax Foundation’s annual competitiveness rankings, and have for several years.<sup>25</sup> In short, Georgia is doing a lot of the right things to improve its tax competitiveness, but we have a lot of work left to do.<sup>26</sup>

### **What this Plan Does Not Do**

This Committee recognizes that we do not need to simply eliminate the income tax with one hand and immediately reach into the pocketbooks of working families with the other. Thus, implementing our proposal does NOT call for or require an increase in any other taxes or fees. There is no need to rob Peter to pay Paul!

Our critics concluded before this Special Committee ever heard a single word of testimony that a plan to decrease and ultimately eliminate Georgia’s income tax would devolve into the usual parade of horrors: drastic budget cuts, loss of services, and a smaller public sector, all to the detriment of the state’s most vulnerable residents. But these arguments all stem from the premise that the only way to prosperity as a state is through tried-and-failed tax-and-spend policies that grow government first and always. The actual experience of American states in the last half century belies this notion. As economists have documented at length, higher tax states regularly fail to provide a more robust set of services to their constituents than lower-taxed counterparts; they regularly succeed only at providing *more expensive* ones. By many measures, high-tax states perform worse on national (and even international) assessments of educational progress, healthcare access, infrastructure, and public safety even while extracting more taxes from their citizens. Again, those states spend a great deal on those services, but that spending somehow fails to yield little advantage over other states.

Moreover, evidence from states that have advanced smart, pro-growth tax reforms as well as states that have resisted the adoption of an income tax shows that such states remain fully able to serve the needs of their citizens even after cutting income taxes and keeping other tax burdens low. As a group of economists noted in response to critics of their work,

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<sup>23</sup> See Tax Foundation 2026 State Tax Competitiveness Index (Overall Rankings), available at: <https://taxfoundation.org/statetaxindex/>.

<sup>24</sup> See Tax Foundation 2025 State Tax Competitiveness Index (Overall Rankings).

<sup>25</sup> See id.

<sup>26</sup> The 2026 State Tax Competitiveness Report also highlights the perils of standing still and of focusing tax reforms on expanding targeted tax incentives rather than broad-based cuts. Page 8 of the 2026 report notes that Michigan slid two spots in the Foundation’s competitiveness rankings due to “rate competition in other states,” including states like Georgia that had remained focused on lowering income tax rates. By contrast, North Carolina, which has foregone what the Foundation describes as “nonneutral and distortive business tax credits such as jobs, [research and development], and investment tax credits,” has been able to advance its tax competitiveness through lower rates and broader tax bases.

Tax rate cuts are not cuts in public services. Tax cuts are definitely not always or even usually linked with public service cuts. As often as not, in the tax and spending ranges in which states currently find themselves, a cut in tax rates will provide the resources to improve public services, and the additional economic growth will reduce the need for many public services such as food stamps or unemployment benefits. In the first place, a cut in tax rates will lead to more jobs and higher incomes, reducing the need for welfare, unemployment benefits, and income supplements. Higher growth will also mean that the tax revenues will fall less than expected and may even rise. People will choose more work over nonwork; people will choose staying in the state rather than leaving; people will select producing income over sheltering income. A tax cut sets into motion all sorts of positive reactions in a state that make everyone — including the beneficiaries of public services — better off. Of course, government needs revenues to provide public services, but there are dumb ways and smart ways to tax, and overtaxing can be just as bad as undertaxing. [M]ore often than not increases in tax rates have led to reductions in the provision of public services relative to the states that don't raise taxes.<sup>27</sup>

In short, critics of this Special Committee offer up a false choice: either pay higher income taxes or receive less from your government. The experience of many of our fellow states, and our own collective experiences in managing the state's affairs through our roles in the Georgia Senate, show that to be misguided. Our state has prospered in this decade, and our investments in critical public services have grown even as we flattened and cut income taxes on every household and business in this state and returned billions of dollars to taxpayers. Georgia has shown that the fundamentals of good government — fiscal responsibility, a sensible legal and regulatory climate, sound investment in public goods, and an efficient tax system — have not changed. This combination of policies has helped make Georgia one of the nation's best places to live, work, and raise a family, and we believe the work of this Special Committee will chart a path for ensuring that Georgia remains well positioned for years to come.

At its second meeting, the Special Committee adopted a short set of principles meant to guide its work. Among other things, those principles took certain concepts — such as the implementation of a general state-level property tax or increases on taxes on groceries and motor fuel — off the table. The adoption of those principles allowed the Special Committee to focus on real policy issues and trade-offs, such as the pace at which the state's personal and corporate income tax rates could be reduced, sensible sources of potential replacement revenue, and a plan for ensuring both that state coffers would be protected in the event of an economic downturn and state taxpayers would be protected in the event of a revenue windfall.

Based on those principles and the testimony and suggestions received by the Special Committee over the past months, this report concludes with a series of recommendations for fulfilling the charge of this Special Committee: eliminating Georgia's personal income tax.

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<sup>27</sup> Laffer at 258.

### **How We Pay for It**

The Georgia Department of Revenue reports Calendar Year statistics on Georgia's individual income tax. Due to the nature of these reports, they fall one year in arrears. The 2024 Statistical Report, therefore, shows the Calendar Year 2023 Returns. This report shows that total individual income tax collected for 2023 was approximately \$15.47 Billion. This report also shows that filers with an Adjusted Gross Income (AGI) of less than \$100,000 accounted for 72% of all personal income tax filings. This same group had income tax liability of \$4,254,086,566. Stated differently, in Calendar Year 2023, the General Assembly could have eliminated the individual income tax on 72% of Georgia income tax filers at a cost of roughly \$4.2 billion.

After receiving this report in our November meeting, the Chair asked the Georgia Department of Revenue to construct an updated table rounding every possible assumption toward its highest cost. The Department returned a report showing that even under these scenarios, 71% of Georgia tax filers have an AGI below \$100,000 and pay total individual income tax liability of approximately \$3.98 billion. These charts, however, do not tell the whole story. Eliminating the income tax on single filers under \$50,000 and married filers under \$100,000 would still create tax savings for every other family and business in Georgia. The Special Committee turned to fiscal experts at Georgia State University for further analysis. It showed that targeting a tax cut to eliminate income tax liability for single filers making \$50,000 or less and married couples filing jointly (MFJ) at \$100,000 or less could be accomplished by quadrupling Georgia's standard deduction to \$48,000 for an individual and \$96,000 for MFJ in almost all scenarios. This proposal eliminates income tax liability on 64% of Georgia filers and would cost \$5.78 billion. Increasing the standard deductions to \$50,000 and \$100,000 makes the total cost of the reform roughly \$6 billion.

Calendar Year 2023 Individual Income Tax by Income Class (2024 DOR Annual Statistical Report)

	Number of Returns	Percent of Total Returns	Net Taxable Income	Percent of Net Taxable Income	Average Net Taxable Income (Dollars)	Total Tax Liability	Returns with no Net Taxable Income	Average Tax Liability (Dollars)
Over Million	13,137	0.3%	\$ 29,641,719,295	10.5%	\$ 2,256,354	\$ 1,701,474,194	44	\$ 129,518
Over 500,000	36,431	0.7%	\$ 22,278,551,678	7.9%	\$ 611,527	\$ 1,272,761,357	78	\$ 34,936
Over 100,000	822,249	16.2%	\$ 129,443,401,443	45.8%	\$ 157,426	\$ 7,261,550,991	1,204	\$ 8,831
Over 50,000	944,864	18.6%	\$ 52,286,823,045	18.5%	\$ 55,338	\$ 2,816,136,065	4,527	\$ 2,980
Over 30,000	799,686	15.7%	\$ 21,359,717,595	7.6%	\$ 26,710	\$ 1,072,127,715	10,771	\$ 1,341
Over 25,000	236,682	4.7%	\$ 3,718,706,163	1.3%	\$ 15,712	\$ 168,821,977	5,202	\$ 713
Over 20,000	255,409	5.0%	\$ 2,749,549,191	1.0%	\$ 10,765	\$ 113,011,222	9,617	\$ 442
Over 15,000	290,230	5.7%	\$ 1,768,609,687	0.6%	\$ 6,094	\$ 62,032,776	33,778	\$ 214
Over 14,000	57,082	1.1%	\$ 245,184,594	0.1%	\$ 4,295	\$ 7,225,041	8,907	\$ 127
Over 13,000	60,983	1.2%	\$ 217,216,301	0.1%	\$ 3,562	\$ 5,744,114	12,991	\$ 94
Over 12,000	65,333	1.3%	\$ 172,907,752	0.1%	\$ 2,647	\$ 4,007,134	12,556	\$ 61
Over 11,000	63,022	1.2%	\$ 124,028,961	0.0%	\$ 1,968	\$ 2,561,804	12,503	\$ 41
Over 10,000	52,195	1.0%	\$ 81,353,509	0.0%	\$ 1,559	\$ 1,469,538	16,869	\$ 28
Over 9,000	53,344	1.0%	\$ 50,314,015	0.0%	\$ 943	\$ 766,101	16,496	\$ 14
Over 8,000	51,184	1.0%	\$ 15,152,055	0.0%	\$ 296	\$ 188,733	20,225	\$ 3
Over 7,000	48,637	1.0%	\$ 531,251	0.0%	\$ 11	\$ 8,542	47,799	\$ 0
Over 6,000	45,912	0.9%	\$ 173,793	0.0%	\$ 4	\$ 3,253	45,819	\$ 0
Over 5,000	44,577	0.9%	\$ 99,480	0.0%	\$ 2	\$ 1,672	44,507	\$ 0
Over 4,000	42,724	0.8%	\$ 49,355	0.0%	\$ 1	\$ 741	42,682	\$ 0
Over 3,000	41,014	0.8%	\$ 10,352	0.0%	\$ 0	\$ 123	40,995	\$ 0
Over 2,000	38,895	0.8%	\$ 1,570	0.0%	\$ 0	\$ 15	38,888	\$ 0
Over 1,000	36,681	0.7%	\$ -	0.0%	\$ -	\$ -	36,681	\$ -
Under 1,000	431,975	8.5%	\$ -	0.0%	\$ -	\$ -	431,975	\$ -
NonRes/Partial	548,606	10.8%	\$ 18,277,962,538	6.5%	\$ 33,317	\$ 983,301,594	147,380	\$ 1,792
<b>Totals</b>	<b>5,080,852</b>	<b>100.0%</b>	<b>\$ 282,432,063,622</b>	<b>100.0%</b>	<b>\$ 55,588</b>	<b>\$ 15,473,174,702</b>	<b>1,042,494</b>	<b>\$ 3,045</b>

Calendar Year 2024 Individual Income Tax by Income Class (as of 12/2/2025)

Georgia AGI	Number of Returns	Percent of Total Returns	Net Taxable Income	Percent of Net Taxable Income	Average Net Taxable Income (Dollars)	Total Tax Liability	Returns with no Net Taxable Income	Average Tax Liability (Dollars)
Over Million	17,012	0.3%	\$ 38,849,418,375	13.0%	\$ 2,283,648	\$ 2,107,861,772	87	\$ 123,904
Over 500,000	45,547	0.9%	\$ 27,885,677,471	9.3%	\$ 612,240	\$ 1,509,192,845	98	\$ 33,135
Over 100,000	909,828	17.4%	\$ 140,912,895,792	47.0%	\$ 154,879	\$ 7,614,231,187	1,394	\$ 8,369
Over 50,000	998,135	19.1%	\$ 50,637,310,249	16.9%	\$ 50,732	\$ 2,730,423,595	4,303	\$ 2,736
Over 30,000	814,132	15.6%	\$ 17,933,528,081	6.0%	\$ 22,028	\$ 962,562,549	19,271	\$ 1,182
Over 25,000	238,127	4.6%	\$ 2,654,557,248	0.9%	\$ 11,148	\$ 141,482,248	19,457	\$ 594
Over 20,000	261,079	5.0%	\$ 1,731,071,005	0.6%	\$ 6,630	\$ 91,649,416	49,340	\$ 351
Over 15,000	293,607	5.6%	\$ 895,773,711	0.3%	\$ 3,051	\$ 46,625,699	110,752	\$ 159
Over 14,000	60,027	1.1%	\$ 96,350,766	0.0%	\$ 1,605	\$ 4,859,466	24,888	\$ 81
Over 13,000	62,824	1.2%	\$ 60,344,845	0.0%	\$ 961	\$ 2,924,799	28,843	\$ 47
Over 12,000	65,572	1.3%	\$ 26,420,563	0.0%	\$ 403	\$ 1,135,521	30,471	\$ 17
Over 11,000	54,109	1.0%	\$ 7,885,273	0.0%	\$ 146	\$ 187,911	51,426	\$ 3
Over 10,000	51,781	1.0%	\$ 4,909,774	0.0%	\$ 95	\$ 105,487	49,852	\$ 2
Over 9,000	49,690	0.9%	\$ 3,632,311	0.0%	\$ 73	\$ 76,463	47,493	\$ 2
Over 8,000	47,420	0.9%	\$ 1,428,734	0.0%	\$ 30	\$ 30,829	45,481	\$ 1
Over 7,000	44,837	0.9%	\$ 368,683	0.0%	\$ 8	\$ 15,569	44,556	\$ 0
Over 6,000	42,944	0.8%	\$ 318,032	0.0%	\$ 7	\$ 15,964	42,865	\$ 0
Over 5,000	41,577	0.8%	\$ 247,362	0.0%	\$ 6	\$ 12,658	41,496	\$ 0
Over 4,000	39,711	0.8%	\$ 181,510	0.0%	\$ 5	\$ 9,723	39,648	\$ 0
Over 3,000	38,581	0.7%	\$ 99,239	0.0%	\$ 3	\$ 5,298	38,538	\$ 0
Over 2,000	37,082	0.7%	\$ 49,316	0.0%	\$ 1	\$ 2,658	37,053	\$ 0
Over 1,000	34,733	0.7%	\$ 40,782	0.0%	\$ 1	\$ 2,197	34,697	\$ 0
Under 1,000	445,259	8.5%	\$ 15,382	0.0%	\$ 0	\$ 830	445,219	\$ 0
NonRes/Partial	537,178	10.3%	\$ 18,017,164,699	6.0%	\$ 33,540	\$ 972,144,873	169,476	\$ 1,810
<b>Totals</b>	<b>5,230,792</b>	<b>100.0%</b>	<b>\$ 299,719,689,204</b>	<b>100.0%</b>	<b>\$ 57,299</b>	<b>\$ 16,185,559,557</b>	<b>1,376,704</b>	<b>\$ 3,094</b>

As we have highlighted, through strong fiscal management and a sound business environment, Georgia has accumulated significant fiscal reserves, and those reserves have grown even in years in which we have cut income tax rates or provided tax rebates directly to working families. In FY 2025 alone, Georgia ran a surplus of approximately \$2 billion. This was in a year in which the General Assembly cash-funded capital projects normally reserved for bond funding, an expenditure of roughly \$1 billion that year. This experience, and recent trends in revenue estimates and economic forecasts for our state and the nation as a whole, give us confidence that Georgia will have similar levels of reserve and “budget space” in future fiscal years. This \$3 billion of “budget space” covers the cost of the first fiscal year of this plan.

Additionally, the members of this Special Committee, and indeed the Senate as a whole, have been firm in their position that tax incentives in the form of special credits and exemptions extended usually to Georgia businesses, must have a net-positive effect on Georgia’s economy as a whole. The Tax Expenditure Report for Fiscal Year 2025 includes over 205 pages of special credits and exemptions totaling approximately \$30 billion in estimated forgone revenue. The Special Committee is convinced that, through the tax review process established in Senate Bill 366 in 2024 and a rigorous approach to tax incentives as a whole, the General Assembly can find savings of \$3 billion in the nearly \$30 billion of credits and exemptions that largely inure to corporate welfare in our state’s tax code. Additionally, the General Assembly should be committed to allowing tax incentives that have served their purpose to sunset and not become permanent parts of our tax code. The result would allow the General Assembly to further reduce taxes on all Georgians, including many of the companies that benefit from such exemptions and credits, and eliminate the income tax altogether on nearly two thirds of all Georgians. This proposal invests in Georgia’s greatest asset, our people and their families, not special interests that need government to manufacture a market to make their business model work.

Furthermore, this plan does two things the Special Committee believes will further stimulate economic growth in Georgia. First, this plan calls for continued efforts to reduce the overall income tax rates in Georgia, as we have each of the past several years. Reducing the income tax rate itself has been credited by experts, including those who presented to our Special Committee, with promoting short- and long-term economic growth and maintaining Georgia’s overall economic competitiveness. Additionally, putting money in the hands of individuals making less than \$50,000 and families making less than \$100,000 first acknowledges they will be the most likely to spend those funds in their communities. Instead of paying for essential items like gas, groceries, and childcare with debt, they will be able to pay with cash. They will be able to dine out more often. They will trade their cars sooner. Relieving pressure on household budgets is good for every business, large and small, in Georgia and the multiplier of household spending has been proven to greatly exceed the multiplier on government spending<sup>28</sup>.

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<sup>28</sup> See <https://www.clevelandfed.org/publications/economic-commentary/2014/ec-201409-why-do-economists-still-disagree-over-government-spending-multipliers>

## **Summary of Special Committee Meetings**

### MEETING 1:

- Tuesday, August 19, 2025
- 10:00 a.m.
- Georgia State Capitol, Atlanta, GA, 30334

### SPEAKERS:

Lt. Governor Burt Jones

Grover Norquist, President, Americans for Tax Reform

### SUMMARY:

Chairman Tillery convened the first meeting of the Senate Special Committee on Eliminating the State Income Tax to examine how Georgia could transition away from relying on personal income tax. Lieutenant Governor Burt Jones highlighted that Georgia's strong economic growth, record reserves, and repeated budget surpluses make this moment ideal to deliver income tax overhaul. Lt. Governor Jones encouraged committee members to be aggressive in their studies of tax reform as Georgia may soon have the highest income tax rate in the entire southeast.

Committee members pointed to states like Florida, Tennessee, and Texas without personal income tax and seen population growth, business relocations, and higher economic activity as a result. Grover Norquist, national tax reform advocate, encouraged Georgia to catch up to other states and not fall behind its neighbors on income tax rates. Mr. Norquist informed the committee that removing the state income tax would make Georgia one of the most competitive states in the country for businesses and workers.

Mr. Norquist emphasized that eliminating the income tax would put more money back into family budgets and help attract new industry. Committee members and Mr. Norquist acknowledged that a broader tax base fueled by population and business growth could sustain state spending without hurting core services. Testimony noted that Georgia has already lowered the income tax rate multiple times in recent years and maintains one of the largest rainy-day funds in the Southeast.

The committee made clear its mission is to develop a feasible plan to modernize Georgia's tax code while protecting essential services such as education, law enforcement, and healthcare. At the close of the meeting, Chairman Tillery reiterated that the goal is long term prosperity:



a tax system that rewards work, attracts jobs, and strengthens Georgia's position as a national leader in economic growth.

#### MEETING 2:

- Wednesday, September 17, 2025
- 1:00 p.m.
- Georgia State Capitol, Atlanta, GA, 30334

#### SPEAKERS:

Ben Watkins, Director of the Florida Bond Finance Office, State of Florida  
Tom Sands, former State Representative and Ways and Means Chair, State of Iowa  
Tony Niknejad, former Policy Director to Governor Bill Lee, State of Tennessee  
Sarah Hicks, former Senior Advisor & Budget Director to Governor Greg Abbott, State of Texas

#### SUMMARY:

At the second meeting of the Georgia Senate Special Committee on Eliminating Georgia's Income Tax, the panel heard compelling testimony from out-of-state officials who have operated in jurisdictions without a personal income tax. All speakers underscored the competitive edge states gain when they eliminate or zero out personal income taxes, encouraging support for the argument for Georgia to follow suit.

- From Florida, J. Ben Watkins noted that roughly three quarters of the state's general revenues come from consumption taxes and credited the tax structure with driving population growth and increased business investment in Florida.
- From Iowa, former State Representative Tom Sands explained Iowa's success in bringing the state income tax to more than half of what it was originally through the use of a Taxpayer Relief Fund.
- From Texas, former budget director Sarah Hicks emphasized that companies respond to predictability and low tax burdens and that the absence of an income tax helps draw investors and jobs.
- From Tennessee, former policy director Tony Niknejad explained Tennessee's rapid growth in recent years without a standard state income tax and the successful phase out of the dividend and interest tax.

The out-of-state examples were used to illustrate how revenue can still flow via growth rather than broad-based income taxation. In terms of committee action the panel recorded a formal vote which included a motion affirming that any elimination of the income tax wouldn't

accompany new state taxes on groceries, property, or gas. That motion unanimously passed with bipartisan support, underscoring the panel's commitment to tax relief.

#### MEETING 3:

- Tuesday, October 21, 2025
- 1:00 p.m
- Longstreet Café, Gainesville, GA. 30501

#### SPEAKERS:

Lt. Governor Burt Jones

Riley Shoemake, Retired Firefighter and Healthcare Professional

Carli Jones, Working Mother, Content Manager for Jaemor Communications

Ben Filcheck, Small Business Owner, Deep Roots LLC

Gainesville Police Chief Jay Parrish

#### SUMMARY:

At the third hearing of the Georgia Senate Special Committee on Eliminating the State Income Tax, held October 21 at Longstreet Café in Gainesville, senators met informally at the working cafe as lunch and sweet tea was being served and heard from working Georgians who spoke candidly about how the income tax affects everyday life.

Retired firefighter Riley Shoemake shared that “a bigger paycheck could mean more family time,” and added that retention of first responders depends on paycheck stability. Working mother Carly, struggling with rising childcare and household costs, told the panel that keeping more of her earnings would help her save for her children's future and manage month-to-month expenses in a way that matters. Ben Filcheck shared his small business's struggles to hire more workers and how eliminating the income tax would provide relief and encourage more small business owners to create jobs. Gainesville Police Chief Jay Parrish testified that recruitment of officers is harder when nearby states like Florida and Tennessee impose no income tax, warning that Georgia's public safety recruitment depends on competitive tax policy.

Lt. Governor Burt Jones opened the session by saying the goal is not simply a lower rate but “giving families breathing room and letting Georgians keep more of what they earn.” Lt. Governor Jones signed the taxpayer protection pledge in front of all the diners, committing to not raise taxes on any Georgia citizens.

#### MEETING 4:

- Monday, November 17, 2025
- 2:00 p.m
- Georgia State Capitol, Atlanta, GA, 30334

#### SPEAKERS:

Patrice Onwuka, Director, Independent Women's Center for Economic Opportunity  
 Dr. Arthur B. Laffer, The Laffer Center  
 Kyle Wingfield, President & CEO, Georgia Public Policy Foundation

#### SUMMARY:

At the fourth hearing of the Georgia Senate Special Committee on Eliminating the State Income Tax, senators met to discuss the tax data and current tax credit regulations provided by the Department of Revenue. Senator Tillery provided all hundreds of tax credit data on both the sales and corporate tax to members of the committee.

Patrice Onwuka, Director of the Center for Economic Opportunity at Independent Women, testified that while Georgia has made commendable progress by transitioning to a flat tax and lowering corporate rates, it must go further to compete with zero-tax neighbors like Florida and Tennessee. She highlighted that states across the country, including Mississippi and Oklahoma, are utilizing legislative triggers to phase out income taxes entirely. Onwuka emphasized that eliminating the income tax would uniquely benefit women, who control the majority of household spending and serve as breadwinners in 40% of Georgia homes. She outlined four specific advantages for this demographic: providing a necessary financial cushion against inflation for the 52% of Georgians living paycheck-to-paycheck; enabling women, who often live longer but save less, to build emergency funds and retirement security; incentivizing workforce participation by removing tax penalties on extra hours and secondary jobs; and increasing access to capital for female entrepreneurs who frequently rely on personal savings to fund startups. She concluded that zeroing out the income tax is a vital step toward restoring financial stability and opportunity for Georgia families.

Senators then heard from Dr. Arthur Laffer, a former member of President Reagan's Economic Policy Advisory Board and the father of the "Laffer Curve." Dr. Laffer provided a strong endorsement for the total elimination of the state income tax. Dr. Laffer argued that "no state ever prospered after adding an income tax," citing historical data to suggest that states with no income tax (such as Tennessee, Texas, and Florida) consistently outperform high-tax states in population growth, job creation, and gross state product. He emphasized that wealth and labor are mobile, stating that high-income earners are fleeing states with high tax burdens (like California and New York) for zero-tax jurisdictions. He urged Georgia to position itself to capture this migration. Dr. Laffer posited that taxes on income serve as a penalty on productivity and work. By removing this penalty, he argued the state would

incentivize increased economic activity, which would ultimately broaden the tax base and offset lost revenue.

Dr. Laffer provided a very clear conclusion that the state did not need to raise the sales tax to replace the personal income tax. Dr. Laffer also endorsed the Senate version of the “Save Our Homes” Act to limit the increase in property taxes, which passed 42-7 in 2024 and encouraged the legislature to fix the opt out in future sessions.

Kyle Wingfield discussed the GPPF’s previous work in support of reducing taxes on citizens in Georgia. He discussed how lowering the personal income tax is a strong incentive for Georgians to work more and spend more to grow the economy. Kyle discussed the tool of a taxpayer relief fund and the strong benefits the tool has in lowering personal income taxes by instituting a reserve fund specifically geared toward lowering taxes seen in success in Iowa. Kyle also discussed the trigger mechanism used successfully in North Carolina and other states in lowering the personal income tax based on state revenue targets.

## **Final Recommendations**

The Special Committee recommends that the General Assembly take the following actions:

- 1. Pass legislation this year to eliminate Georgia’s personal income tax on the first \$50,000 a year for single filers and \$100,000 per year for married couples filing jointly, effective January 1, 2027. This provides tax-relief to all Georgians and will eliminate state income tax liability for two-thirds of Georgians entirely on Day One.**
  - This will be accomplished by raising the current standard deductions to \$50,000 for individuals and \$100,000 for married couples filing jointly. The cost for this proposal would be \$3 billion in its first fiscal year and \$6 billion in its second fiscal year.
  - The Special Committee acknowledges Georgia revenues exceeded expenses by \$1.8 billion in FY 2025. The Special Committee also acknowledges Georgia paid cash instead of bonds capital projects for the past two fiscal years. Moving back to bonds for this period would create an additional \$1 billion to be applied toward the cost of the above.
- 2. Implement a sensible, step-by-step approach that reduces Georgia’s business income taxes and eliminates Georgia’s personal income tax altogether 2032.**
  - The Special Committee recommends that the General Assembly immediately accelerate the planned reduction of the state personal and business income taxes, so that the rates for each tax will be 4.99% for the year 2026. That reduction will complete the work begun by the [Tax Reduction and Reform Act of 2022](#), a key piece of legislation that flattened Georgia’s personal income tax rates and began to gradually reduce them from a high of 6.00% in 2018. That bill put Georgia on a path to reducing the personal income tax rate to 4.99% by 2029, and we recommend that the General Assembly complete that work three years ahead of schedule. Due to the passage of [House Bill 1023](#) in 2024, these accelerated cuts will also bring the income taxes on corporate and partnership income to 4.99% for the year 2026, three years ahead of schedule.
  - The Special Committee recommends maintaining the corporate and partnership income tax in Georgia and decoupling the rates of taxation under those taxes from the personal income tax rate once they reach rates of 4.99%. Preserving corporate and partnership income taxes at that level will maintain a stable, steady source of revenue, while also remaining competitive with other states in the region such as Florida, Tennessee, and Texas that tax business income. This move will also allow the General Assembly to preserve tax incentive programs that have been clearly shown to provide a positive fiscal and economic return to the state, such as the tax credit for contributions to student scholarship organizations.

- The Special Committee also recommends that future legislation provide for the personal income tax rate to be 3.99% for the 2029 tax year.
- Over time, the General Assembly should adopt further legislation incrementally reducing the personal income tax rate from 3.99% to 0.00% by the year 2032. Such legislation should also include statutory triggers that would allow the state to suspend step-downs in the tax rate in the event of a significant, unanticipated downturn in state revenue, similar to the triggers currently in place under the Tax Reduction and Reform Act. The Special Committee also recommends that the General Assembly consider tying future reductions to reductions in special interest tax incentives.
- The Special Committee also recommends that any new or renewed tax incentives come with a three- to five-year sunset, similar to the approach taken by the General Assembly in [House Bill 1181](#), which placed end-of-decade sunsets on many current tax incentive programs in 2024. Tax incentives that provide a positive impact on the core areas of public life such as those benefiting children and families, maternity, and public safety should be maintained. However, utilizing the permanent tax incentive review process established in 2024 by [Senate Bill 366](#), the General Assembly should rigorously review tax incentive programs for their fiscal and economic impact on the state and allow programs that do not provide a positive return to the state relative to tax revenue foregone to sunset. This process will also maintain the breadth and integrity of the sales and use tax and business income tax bases, as the state transitions to more reliance on those taxes for its revenue in the years to come.

**3. The Special Committee does not support any increase in the state sales tax rate, does not support new or increased taxes on fuel or groceries, and does not support a property tax at the state level or increases in motor vehicle registration fees.**

- In line with the commitment expressed in the September and October meetings of the Special Committee and public statements from Lt. Governor Burt Jones, the Special Committee has not proposed, and will not support, any increase in the state sales tax rate, increases on taxes for groceries or motor fuel, or any reimplementations of a statewide property tax.
- In addition, the Special Committee does not recommend, and will not support, increases to motor vehicle registration fees.
- The Special Committee believes that the combination of a large fiscal surplus, a growing economy, and a pro-growth policy environment positions Georgia well for long-term growth that will alleviate the need to consider the adoption of these types of taxes.

**4. The Special Committee also supports measures that will restrain state spending and the growth of state government.**

- The General Assembly should adopt legislation requiring the authorizations of many boards, councils, and commissions to sunset by the end of the decade, giving the General Assembly a fresh opportunity to evaluate the costs and benefits of such bodies and whether their functions can more efficiently be served by other means.
- The General Assembly should support regulatory reforms that reduce unnecessary government spending and reduce paperwork and regulatory burdens on Georgia businesses and families, such as the proposed Red Tape Rollback Act.
- The General Assembly should make a strong effort to pass a constitutional amendment limiting state spending to current levels adjusted only for population and inflation. Revenues in addition to these amounts should be used to further reduce the state income tax.
- Absent significant emergencies requiring considerable one-time expenditures, such as last year's response to Hurricane Helene, the General Assembly should also self-impose spending restraints and limit the year-over-year growth of the state budget to rates reflecting population growth and consumer inflation. Revenues over these restraints, some of which are anticipated by the increased economic activity created by our first proposed income tax reduction, should be applied to further reduce the overall state income tax rate.