

House Bill 375

By: Representatives Smith of the 18th, Tarvin of the 2nd, Powell of the 33rd, Momtahan of the 17th, Gunter of the 8th, and others

A BILL TO BE ENTITLED

AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
 2 relating to the imposition, rate, computation, exemptions, and credits for state income tax,
 3 so as to exclude overtime compensation from taxation; to provide for reporting by
 4 employers; to provide for rules and regulations; to provide for a definition; to provide for
 5 related matters; to provide for an effective date and applicability; to repeal conflicting laws;
 6 and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the
 10 imposition, rate, computation, exemptions, and credits for state income tax, is amended in
 11 subsection (a) of Code Section 48-7-27, relating to the computation of taxable net income,
 12 by deleting "and" at the end of paragraph (14), by replacing the period at the end of
 13 paragraph (15) with "; and", and by adding a new paragraph to read as follows:

14 "(16)(A) For all taxable years beginning on or after January 1, 2026, any amount
 15 received by a full-time employee paid by an hourly wage as compensation for work

16 performed in excess of 40 hours a week, and any amount paid as overtime
17 compensation in accordance with the federal Fair Labor Standards Act of 1938.

18 (B) Notwithstanding subparagraph (A) of this paragraph, for employers governed by
19 the federal National Railway Labor Act, the exemption provided in this paragraph shall
20 apply to hourly component overtime compensation as defined in applicable collective
21 bargaining agreements.

22 (C) For each tax year beginning on or after January 1, 2026, each employer shall
23 submit to the department, on forms prescribed by the department, the total amount
24 received by full-time employees paid by an hourly wage as compensation for work
25 performed in excess of 40 hours a week and the total number of employees to which
26 such compensation was paid. The data shall be provided monthly or quarterly and shall
27 be due no later than the due date for the corresponding monthly or quarterly
28 withholding tax returns.

29 (D) The department may require additional information of employers and shall be
30 authorized to adopt rules and regulations to provide for the administration of this
31 paragraph."

32 **SECTION 2.**

33 This Act shall become effective on July 1, 2025, and shall be applicable to all taxable years
34 beginning on or after January 1, 2026.

35 **SECTION 3.**

36 All laws and parts of laws in conflict with this Act are repealed.