

The House Committee on Ways and Means offers the following substitute to HB 266:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
2 income taxes, so as to exempt from taxation certain income received as retirement benefits
3 derived from service in the armed forces of the United States or the reserve components
4 thereof; to provide for related matters; to provide for an effective date and applicability; to
5 repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income taxes,
9 is amended in Code Section 48-7-27, relating to computation of taxable net income, by
10 revising paragraph (5.1) of subsection (a) as follows:

11 ~~"(5.1)(A) Up to \$17,500.00 of income~~ Income received by an individual who is less
12 than ~~62~~ 65 years of age paid to such individual as retirement benefits from military
13 service in the armed forces of the United States or the reserve components thereof ~~and~~
14 ~~an additional amount of up to \$17,500.00 of such income, provided that he or she has~~
15 ~~Georgia earned income otherwise included in his or her Georgia taxable net income in~~
16 ~~an amount that exceeds \$17,500.00~~ in an amount that shall not exceed \$35,000.00 for

17 the taxable year beginning on January 1, 2027; provided, however, that such maximum
18 amount shall be increased by \$5,000.000 annually thereafter until such amount reaches
19 \$65,000.00.

20 (B) In the case of a married couple filing jointly, each spouse who is otherwise
21 qualified for an exclusion allowed by this paragraph shall be individually entitled to
22 exclude retirement income received by that spouse up to the exclusion amount.

23 (C) The exclusions provided for in this paragraph shall not apply to or affect and shall
24 be in addition to those adjustments to net income provided for under any other
25 paragraph of this subsection; provided, however, that no individual shall be allowed an
26 exclusion provided for in this paragraph in addition to any exclusion provided for in
27 paragraph (5) of this subsection;”

28 **SECTION 2.**

29 This Act shall become effective on July 1, 2026, and shall be applicable to all taxable years
30 beginning on or after January 1, 2027.

31 **SECTION 3.**

32 All laws and parts of laws in conflict with this Act are repealed.