

The House Committee on Ways and Means offers the following substitute to HB 341:

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 imposition, rate, computation, exemptions, and credits for income taxes, so as to
3 create a tax credit for certain employers that offer individual coverage health reimbursement
4 arrangements to employees; to provide for terms, conditions, and limitations; to provide for
5 preapproval; to provide for aggregate annual limits; to provide for rules and regulations; to
6 provide for definitions; to provide for a sunset; to provide for related matters; to provide for
7 an effective date and applicability; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
11 imposition, rate, computation, exemptions, and credits for income taxes, is amended by
12 revising Code Section 48-7-40.10, which is reserved, as follows:

13 "48-7-40.10.

14 (a) As used in this Code section, the term:

15 (1) 'Covered employee' means an employee who is covered by an individual coverage
16 health reimbursement arrangement provided by a qualified taxpayer.

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17 (2) 'Individual coverage health reimbursement arrangement' means a health
18 reimbursement arrangement established pursuant to 45 C.F.R. Section 146.123.

19 (3) 'Qualified taxpayer' means any taxpayer with ten or fewer employees that offers an
20 individual coverage health reimbursement arrangement.

21 (b) For taxable years beginning on or after January 1, 2026, a qualified taxpayer shall be
22 allowed a tax credit against the tax imposed under this article for contributions to an
23 individual coverage health reimbursement arrangement for employees who are residents
24 of this state, provided that:

25 (1) The qualified taxpayer contributed at least \$100.00 per month to an individual
26 coverage health reimbursement arrangement for each covered employee; and

27 (2) The contribution made by the qualified taxpayer for each employee for which the
28 qualified taxpayer is seeking a credit pursuant to this Code section is equal to or greater
29 than the total amount of contributions to any employer sponsored health benefit plan
30 made by the qualified taxpayer for such employee in the previous taxable year.

31 (c)(1) The amount of the credit allowed pursuant to this Code section shall not exceed
32 an amount equal to:

33 (A) In the first three years a credit is claimed pursuant to this Code section, \$600.00
34 per covered employee;

35 (B) In the fourth year a credit is claimed pursuant to this Code section, \$400.00 per
36 covered employee; and

37 (C) In the fifth year a credit is claimed pursuant to this Code section, \$200.00 per
38 covered employee.

39 (2) No qualified taxpayer shall be allowed a tax credit pursuant to this Code section for
40 more than five total years.

41 (d) In no event shall the aggregate amount of tax credits allowed pursuant to this Code
42 section exceed \$5 million per year.

43 (e)(1) To be allowed a tax credit pursuant to this Code section, a taxpayer shall submit
44 an application for preapproval no later than October 1 of the year preceding the year in
45 which the credit pursuant to this Code section would be allowed.

46 (2) The department shall require preapproval applications to contain such information
47 as is necessary to substantiate a taxpayer's eligibility for tax credits allowed pursuant to
48 this Code section.

49 (3) The department shall review completed preapproval applications in the order in
50 which such applications were received; provided, however, that the department shall
51 prioritize the review of completed preapproval applications from qualified taxpayers that
52 have already claimed a credit pursuant to this Code section before any other preapproval
53 applications.

54 (4) The department shall approve properly completed and timely submitted preapproval
55 applications and shall issue preapproval certificates to approved taxpayers by
56 November 1 of each year, certifying the amount of credits each such taxpayer is eligible
57 to claim if the taxpayer meets the conditions of this Code section.

58 (f) In no event shall the total amount of a tax credit allowed to any qualified taxpayer
59 pursuant to this Code section exceed such taxpayer's income tax liability. No unused tax
60 credit shall be allowed the qualified taxpayer against succeeding years' tax liability. No
61 such credit shall be allowed the qualified taxpayer against prior years' tax liability.

62 (g) The department shall promulgate any rules and regulations necessary to implement and
63 administer the provisions of this Code section.

64 (h) This Code section shall stand repealed and reserved on December 31, 2031. Reserved."

65 **SECTION 2.**

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

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SECTION 3.

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