

House Bill 826

By: Representatives Miller of the 62nd, Park of the 107th, Smith of the 18th, Frye of the 122nd,
and Werkheiser of the 157th

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 up to \$10,000.00 of overtime wages per employee from taxation; to provide
4 for reporting by employers; to provide reporting by the department to the General Assembly;
5 to provide for a sunset date; to provide for related matters; to provide for a short title; to
6 provide for legislative purpose; to provide for an effective date and applicability; to repeal
7 conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 This Act shall be known and may be cited as the "Overtime Income Tax Exemption Act."

11 **SECTION 2.**

12 The purpose of this Act is to reduce the tax burden on workers who earn overtime pay,
13 incentivize productivity, and promote economic fairness for hourly employees.

SECTION 3.

14

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

20 "(16)(A) Up to \$10,000.00 of income received by a full-time hourly waged employee
21 as compensation for work performed in excess of 40 hours in a week, provided that
22 such income is included in the taxpayer's federal adjusted gross income and, but for this
23 paragraph, would be subject to taxation by this state.

24 (B) For the tax year beginning on January 1, 2026, and each tax year thereafter, each
25 employer shall submit to the department, on forms prescribed by the department, the
26 total amount received by full-time hourly waged employees as compensation for work
27 performed in excess of 40 hours in a week, the total number of employees for which
28 such compensation was paid, and additional information as may be required by the
29 commissioner to effectuate this paragraph. Such data shall be provided monthly or
30 quarterly and shall be due no later than the due date for the corresponding monthly or
31 quarterly withholding tax returns.

32 (C) No later than January 31, 2028, the department shall submit a report to the General
33 Assembly documenting the fiscal impact of the income tax exemption provided in
34 subparagraph (A) of this paragraph. The General Assembly may adjust tax rates or
35 identify alternative revenue sources to address revenue shortfalls resulting from such
36 exemption and modify or extend such exemption at any time before the repeal of this
37 paragraph.

38 (D) This paragraph shall stand repealed and reserved on December 31, 2030."

39 **SECTION 4.**

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

42 **SECTION 5.**

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