

House Bill 1110

By: Representatives Hilton of the 48th, Reeves of the 99th, Lumsden of the 12th, Newton of the 127th, Smith of the 138th, 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 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 a short title; to provide for an effective date and applicability; to repeal conflicting laws; and
8 for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 This Act shall be known and may be cited as the "Georgia Small Business Healthcare
12 Affordability Act."

SECTION 2.

13
14 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
15 imposition, rate, computation, exemptions, and credits for income taxes, is amended by
16 revising Code Section 48-7-40.10, which is reserved, as follows:

17 "48-7-40.10.

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

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

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

23 (3) 'Qualified taxpayer' means any taxpayer with fewer than 50 employees that offers an
24 individual coverage health reimbursement arrangement.

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

29 (1) The qualified taxpayer contributed at least \$200.00 per month to an individual
30 coverage health reimbursement arrangement for each covered employee; and

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

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

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

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

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

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

45 (d) In no event shall the aggregate amount of tax credits allowed pursuant to this Code
46 section exceed \$10 million per year.

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

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

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

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

62 (f) If the qualified taxpayer allowed a tax credit pursuant to this Code section is a
63 pass-through entity and has no income tax liability pursuant to this article, such tax credit
64 may be claimed by its members, shareholders, or partners based on the percentage of such

65 qualified taxpayer's distributive income to which the member, shareholder, or partner is
66 entitled.

67 (g) In no event shall the total amount of a tax credit allowed to any qualified taxpayer
68 pursuant to this Code section exceed such taxpayer's income tax liability. No unused tax
69 credit shall be allowed the qualified taxpayer against succeeding years' tax liability. No
70 such credit shall be allowed the qualified taxpayer against prior years' tax liability.

71 (h) The department shall promulgate any rules and regulations necessary to implement and
72 administer the provisions of this Code section.

73 (i) This Code section shall stand repealed and reserved on December 31, 2030. Reserved."

74 **SECTION 3.**

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

77 **SECTION 4.**

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