

House Bill 1370

By: Representatives Carson of the 46th and Blackmon of the 146th

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 state income tax, so as
3 to exclude a portion of overtime compensation and cash tips from taxation; to provide for
4 reporting by employers; to provide for rules and regulations; to provide for a definition; to
5 provide for related matters; to provide for an effective date and applicability; to repeal
6 conflicting laws; 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
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 computation of taxable net income, by
12 striking "and" at the end of paragraph (14), by replacing the period at the end of paragraph
13 (15) with a semicolon, and by adding new paragraphs to read as follows:

14 "(16)(A) For all taxable years beginning on or after January 1, 2027, any amount up to
15 \$2,500.00 received by a full-time employee paid by an hourly wage as compensation

16 for work 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, 2027, 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; and

32 (17)(A) For all taxable years beginning on or after January 1, 2027, any amount up to
33 \$5,000.00 received in cash tips.

34 (B) For each tax year beginning on or after January 1, 2027, each employer shall
35 submit to the department, on forms prescribed by the department, the total amount
36 received by employees in cash tips and the total number of employees to which such
37 compensation was paid. The data shall be provided monthly or quarterly and shall be
38 due no later than the due date for the corresponding monthly or quarterly withholding
39 tax returns.

40 (C) The department may require additional information of employers and shall be
41 authorized to adopt rules and regulations to provide for the administration of this
42 paragraph.

43 (D) As used in this paragraph, the term 'cash tips' means cash received by an individual
44 in an occupation that customarily and regularly receives tips, including tips received
45 from customers that are paid in cash or charged and, in the case of an employee, tips
46 received under any tip-sharing arrangement, but only if such amount is paid voluntarily
47 without any consequence in the event of nonpayment, is not the subject of negotiation,
48 and is determined by the payor."

49 **SECTION 2.**

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

52 **SECTION 3.**

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