



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

June 2, 2025

Honorable Shaw Blackmon
Chairman, House Ways and Means
133 State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill 519 (LC 62 0093)

Dear Chairman Blackmon:

The bill would create a State Work Opportunity Tax Credit (WOTC) equal to the amount of the federal credit of the same name but no more than \$500 per qualified employee. Total credits would be capped at \$10 million per year. The federal WOTC is based on the hiring of new employees from certain veteran and non-veteran target groups. Non-veteran target groups include long- and short-term TANF recipients, SNAP recipients, designated community residents, vocational rehabilitation referred individuals, ex-felons, Social Security income recipients, and summer youth employees. Veteran target groups include veterans who receive SNAP, have a service-connected disability and recently left service, or are unemployed. Maximum allowable federal credits are based on 25 percent of first-year wages, up to allowable limits, which are based on the employee's target group.

The bill would be effective January 1, 2026, and would be scheduled to sunset on December 31, 2030.

Impact on Revenue

Because the federal credit is scheduled to expire on December 31, 2025, the revenue impact would be zero in the absence of an extension. Assuming that the federal credit is extended in its current form, Georgia State University's Fiscal Research Center (FRC) estimated that the bill would decrease state revenue as shown in Table 1. Details of the analysis are in the appendix.

Table 1. Estimated Revenue Effects if Federal Credit is Extended in Current Form¹

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Tax Revenue	(\$10.0)	(\$10.0)	(\$10.0)	(\$10.0)	(\$9.8)

¹ If the federal credit expires on December 31, 2025, as scheduled under current law, the state revenue effect would be zero.

Impact on Expenditures

The Department of Revenue (DOR) would require an additional financial examiner in the Taxpayer Services Division at an annual cost of \$85,000, with associated one-time costs of \$1,825. The agency also estimated that changes to information systems would require 12 weeks of existing staff time, equating to \$146,000.

Respectfully,

A handwritten signature in blue ink, reading "Greg S. Griffin".

Greg S. Griffin
State Auditor

A handwritten signature in black ink, reading "Richard Dunn".

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

The federal WOTC is based on the qualified first-year wages of a new hire who is a member of a target group, as certified by the Georgia Department of Labor, up to a maximum qualified first-year wage that varies by target group, as detailed in Table 1 below. For one target group, long-term family assistance recipients, the employer can earn an additional credit based on qualified second-year wages.

The amount of the credit is generally 40 percent of qualified first-year wages, provided that the hired individual worked 400 or more hours for the employer during the year, or 25 percent of qualified first-year wages if the individual worked at least 120 hours, but less than 400 hours. For long-term family assistance recipients, the credit rate applied to qualified second-year wages is 50 percent, without regard to the number of hours worked. The credit for each target group is specified in Table 1.

Table 1. Target Groups and Credit Rates Effective Through December 31, 2025

Group	Max Qualifying Wages	Credit Rate by Hours Worked	
		400+ hrs	120–400 hrs
Non-Veterans			
Short-Term TANF	\$4,800	40%	25%
Long-Term TANF	\$10,000	40%/50% Yr 2	NA
SNAP Recipient	\$6,000	40%	25%
Designated Community Resident	\$6,000	40%	25%
Vocational Rehabilitation Referral	\$6,000	40%	25%
Ex-Felon	\$6,000	40%	25%
SSI Recipient	\$6,000	40%	25%
Summer Youth Employee	\$3,000	40%	25%
Long-Term Unemployed	\$6,000	40%	25%
Veterans			
SNAP Recipient	\$6,000	40%	25%
Short-Term Unemployed	\$6,000	40%	25%
Long-Term Unemployed	\$14,000	40%	25%
Service-Connected Recently Left			
Service	\$12,000	40%	25%
Service-Connected Unemployed	\$24,000	40%	25%

The estimated revenue impacts under this bill, assuming the federal WOTC is extended under its current form, are based on the following data and assumptions:

- Data from the Bureau of Labor Statistics (BLS) indicate that the average hourly wage paid to entry-level employees in Georgia was \$16.25 per hour in 2024. At this wage and working the minimum 120 hours, a qualified hire would generate a credit of \$488. This represents the minimum possible state WOTC under this proposal. Considering the rarity of working exactly 120 hours and wage inflation likely to occur between 2024 and 2030, the estimate assumes that all qualified hires under this proposal will generate a credit of \$500.
- Data on WOTC certifications from BLS indicate that 41,437 certified credits were generated during 2024. This amount represented a decline from the recent peak of 92,679 during 2019. The estimate projects the number of certified credits for each target group from 2025–30 based on their average annual change from 2017–24, in Table 2.

Table 2. Target Groups and Certified Credits Assuming Current-law Extension

Non-Veterans	2026	2027	2028	2029	2030
Short-Term TANF	53	40	30	22	17
Long-Term TANF	125	103	86	71	59
SNAP Recipient	27,724	24,500	21,650	19,132	16,907
Designated Community Resident	145	123	104	89	75
Ex-Felon	796	640	514	413	332
SSI Recipient	2	1	0	0	0
Summer Youth Employee	43	58	80	109	148
Long-Term Unemployed	118	85	62	45	32
Veterans					
SNAP Recipient	54	36	25	17	11
Short-Term Unemployed	1,407	1,210	1,040	894	768
Long-Term Unemployed	1,616	1,514	1,419	1,330	1,246
Service-Connected Recently Left Service	4	2	1	1	0
Service-Connected Unemployed	43	31	22	16	11
Total Certified WOTCs	32,130	28,344	25,033	22,138	19,608

Based on these data, assumptions, and projections, the total amount of certified credits would exceed the \$10 million cap for all years until 2030, at which time certified credits would be \$9.8 million. Table 3 summarizes credits certified and generated, which are subject to the annual cap through 2030, assuming each qualified hire earns a credit of \$500.

Table 3. State WOTCs Generated and Utilized

<i>(\$ in millions)</i>	TY 2026	TY 2027	TY 2028	TY 2029	TY 2030
State WOTC Generated	\$16.1	\$14.2	\$12.5	\$11.1	\$9.8
State WOTC Capped	\$10.0	\$10.0	\$10.0	\$10.0	\$9.8
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Utilized in Fiscal Years	\$10.0	\$10.0	\$10.0	\$10.0	\$9.8