

ADOPTED

Representatives Blackmon of the 146th and Williamson of the 112th offer the following amendment:

1 *Amend the substitute to HB 463 (LC 59 0316S) by deleting lines 1 through the end and*
2 *inserting in lieu thereof the following:*

3 To amend Title 33 and Title 48 of the Official Code of Georgia Annotated, relating to
4 insurance and revenue and taxation, respectively, so as to reduce the personal income tax
5 rate; to revise provisions relative to annual reductions of the income tax; to reduce the rates
6 of taxation on corporate and partnership income; to increase the amounts of the standard and
7 dependent deductions from state taxable income for individuals; to provide for an increase
8 in the amount of retirement income that may be excluded from state taxable income for
9 individuals 65 or older; to exclude a portion of overtime compensation and cash tips from
10 taxation; to provide for reporting by employers; to provide for rules and regulations; to
11 provide for automatic repeal; to provide for prospective annual increases in the amounts of
12 such deductions; to repeal income tax credits for manufacturers of medical equipment and
13 supplies, pharmaceuticals, medicine, and personal protective equipment, alternative fuel,
14 low-emission, and zero-emission vehicles and electric vehicle chargers, businesses
15 headquartered in this state, businesses engaged in manufacturing cigarettes for exportation,
16 business enterprises that purchase or lease a motor vehicle to provide transportation for
17 employees, base year port traffic increases, and teleworking expenses; to repeal the state
18 sales tax and use exemptions for the rental of videotape or motion picture film, printed
19 advertising inserts or supplements, machinery or equipment used to reduce air or water
20 pollution, high-technology company computer equipment, data center equipment, sales of
21 machinery, equipment, and materials used in the construction or operation of certain
22 buildings; to allow for the continued use of a certificate of exemption issued prior to the date
23 of repeal relating to the sale of machinery and equipment used for the primary purpose of

24 reducing or eliminating air or water pollution; to amend Part 1 of Article 4 of Chapter 12 of
25 Title 45 of the Official Code of Georgia Annotated, relating to management of budgetary and
26 financial affairs, so as to change provisions relative to surplus funds of the Revenue Shortfall
27 Reserve; to provide for conforming changes; to provide for related matters; to provide for an
28 effective date and applicability; to provide a short title; to repeal conflicting laws; and for
29 other purposes.

30 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

31 **PART I**
32 **SECTION 1-1.**

33 This Act shall be known and may be cited as the "Georgia Economic Growth and Tax Relief
34 Act of 2026."

35 **PART II**
36 **SECTION 2-1.**

37 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
38 amended in Code Section 48-7-20, relating to individual tax rates, credit for withholding and
39 other payments, and applicability to estates and trusts, by revising subsection (a.1) as
40 follows:

41 "(a.1)(1) On and after January 1, ~~2025~~ 2026, the tax imposed pursuant to subsection (a)
42 of this Code section shall be ~~5.19 percent~~ 4.99 percent for taxable years beginning on or
43 after January 1, ~~2025~~ 2026; provided, however, that such rate shall be reduced by ~~0.10~~
44 0.125 percent annually beginning on January 1, ~~2026~~ 2027, until the rate reaches ~~4.99~~
45 percent, 3.99 percent; provided that such annual reductions in the tax rate shall be ~~subject~~

46 ~~to delays as provided in paragraph (2) of this subsection delayed by one year for each~~
 47 ~~year that prospective annual reductions in the standard deduction are delayed for any of~~
 48 ~~the reasons provided in paragraph (1.1) of subsection (a) of Code Section 48-7-27.~~

49 ~~(2) Each prospective annual reduction in the tax rate that would otherwise occur as~~
 50 ~~provided in paragraph (1) of this subsection shall be delayed by one year for each year~~
 51 ~~that any of the following are true as of December 1:~~

52 ~~(A) The Governor's revenue estimate for the succeeding fiscal year is not at least 3~~
 53 ~~percent above the Governor's revenue estimate for the present fiscal year;~~

54 ~~(B) The prior fiscal year's net revenue collection was not higher than each of the~~
 55 ~~preceding three fiscal years' net tax revenue collection; or~~

56 ~~(C) The Revenue Shortfall Reserve provided for in Code Section 45-12-93 does not~~
 57 ~~contain a sum that exceeds the amount of the decrease in state revenue projected to~~
 58 ~~occur as a result of the prospective reduction in the tax rates set to occur the following~~
 59 ~~year.~~

60 ~~(3) The Office of Planning and Budget shall make the determinations necessary to~~
 61 ~~implement the provisions of paragraph (2) of this subsection and shall report its~~
 62 ~~determinations by December 1 of each year to the department, the Speaker of the House~~
 63 ~~of Representatives, the President of the Senate, and the chairpersons of the House~~
 64 ~~Committee on Appropriations Committee, the House Committee on Ways and Means~~
 65 ~~Committee, the Senate Appropriations Committee, and the Senate Finance Committee.~~
 66 ~~This paragraph shall not be applicable after the final reduction to the rate of 4.99 percent~~
 67 ~~occurs."~~

68 SECTION 2-2.

69 Said title is further amended by revising subsection (b) of Code Section 48-7-26, relating to
 70 personal exemptions, as follows:

71 "(b) Each taxpayer shall be allowed as a deduction in computing his or her Georgia taxable
 72 income a personal exemption in the amount of ~~\$4,000.00~~ \$5,000.00 for each dependent of
 73 such taxpayer; provided, however, that such deduction shall be increased by \$125.00
 74 annually beginning on January 1, 2027, until such deduction reaches \$6,000.00, provided
 75 that such increases in such deduction shall be subject to the same delays as those applied
 76 to standard deductions as provided in paragraph (1.1) of subsection (a) of Code Section
 77 48-7-27."

78 **SECTION 2-3.**

79 Said title is further amended in subsection (a) of Code Section 48-7-27, relating to
 80 computation of taxable net income, by revising the introductory language and paragraph (1),
 81 by adding a new paragraph and a new division, and by revising divisions (a)(5)(A)(xii) and
 82 (a)(5)(A)(xiii) as follows:

83 "(a) Georgia taxable net income of an individual shall be the taxpayer's federal adjusted
 84 gross income, as defined in the ~~United States~~ Internal Revenue Code of 1986, less:

85 (1) At the taxpayer's election, either:

86 (A) The sum of all itemized nonbusiness deductions used in computing such taxpayer's
 87 federal taxable income; or

88 (B) A standard deduction in an amount as follows:

89 (i) In the case of a married couple filing a joint return, ~~\$24,000.00~~ \$30,000.00;
 90 provided, however, that such deduction shall be increased by \$750.00 annually
 91 beginning on January 1, 2027, until such deduction reaches \$36,000.00, provided that
 92 such increases in such deduction shall be subject to delays as provided in paragraph
 93 (1.1) of this subsection; or

94 (ii) In the case of a single taxpayer, head of household, or married taxpayer filing a
 95 separate return, ~~\$12,000.00~~ \$15,000.00; provided, however, that such deduction shall
 96 be increased by \$375.00 annually beginning on January 1, 2027, until such deduction

97 reaches \$18,000.00, provided that such increases in such deduction shall be subject
98 to delays as provided in paragraph (1.1) of this subsection;

99 (1.1)(A) Each prospective increase in the standard deduction that would otherwise
100 occur as provided in divisions (i) and (ii) of subparagraph (B) of paragraph (1) of this
101 subsection shall be delayed by one year for each year that any of the following are true
102 as of December 1:

103 (i) The Governor's revenue estimate for the succeeding fiscal year is not at least 3
104 percent above the Governor's revenue estimate for the present fiscal year;

105 (ii) The prior fiscal year's net revenue collection was not higher than each of the
106 preceding three fiscal years' net tax revenue collection; or

107 (iii) The Revenue Shortfall Reserve provided for in Code Section 45-12-93 does not
108 contain a sum that exceeds the amount of the decrease in state revenue projected to
109 occur as a result of the prospective reduction in the tax rates set to occur the following
110 year.

111 (B) The Office of Planning and Budget shall make the determinations provided in
112 subparagraph (A) of this paragraph and shall report its determinations by December 1
113 of each year to the department, the Speaker of the House of Representatives, the
114 President of the Senate, and the chairpersons of the House Committee on
115 Appropriations, the House Committee on Ways and Means, the Senate Appropriations
116 Committee, and the Senate Finance Committee. This paragraph shall not be applicable
117 after the final increases in the standard deductions provided under divisions (i) and (ii)
118 of subparagraph (B) of paragraph (1) of this subsection occur;"

119 "(xii) For taxable years beginning on or after January 1, 2008, and prior to January
120 1, 2012, retirement income from any source not to exceed an exclusion amount of
121 \$35,000.00; and

122 (xiii) For taxable years beginning on or after January 1, 2012, and ending on or
123 before December 31, 2026, retirement income from any source not to exceed an

124 exclusion amount of \$35,000.00 for each taxpayer meeting the eligibility requirement
 125 set forth in division (i) or (ii) of subparagraph (D) of this paragraph or an amount of
 126 \$65,000.00 for each taxpayer meeting the eligibility requirement set forth in division
 127 (iii) of subparagraph (D) of this paragraph; and
 128 (xiv) For taxable years beginning on or after January 1, 2027, retirement income from
 129 any source not to exceed an exclusion amount of \$35,000.00 for each taxpayer
 130 meeting the eligibility requirement set forth in division (i) or (ii) of subparagraph (D)
 131 of this paragraph or an amount of \$70,000.00 for each taxpayer meeting the eligibility
 132 requirement set forth in division (iii) of subparagraph (D) of this paragraph."

133 **SECTION 2-4.**

134 Said title is further amended in subsection (a) of Code Section 48-7-27, relating to
 135 computation of taxable net income, by striking "and" at the end of paragraph (14), by
 136 replacing the period at the end of paragraph (15) with a semicolon, and by adding new
 137 paragraphs to read as follows:

138 "(16)(A) For all taxable years beginning on or after January 1, 2026, and ending on
 139 December 31, 2028, any amount of qualified overtime compensation, as such term is
 140 defined in Section 225 of the Internal Revenue Code, up to \$1,750.00 received by a
 141 full-time employee paid by an hourly wage.

142 (B) Notwithstanding subparagraph (A) of this paragraph, for employers governed by
 143 the federal National Railway Labor Act, the exemption provided in this paragraph shall
 144 apply to hourly component overtime compensation as defined in applicable collective
 145 bargaining agreements.

146 (C) For each tax year beginning on or after January 1, 2026, and ending on
 147 December 31, 2028, each employer shall submit to the department, on forms prescribed
 148 by the department, the total amount of qualified overtime compensation received by
 149 full-time employees paid by an hourly wage and the total number of employees to

150 which such compensation was paid. The data shall be provided monthly or quarterly
151 and shall be due no later than the due date for the corresponding monthly or quarterly
152 withholding tax returns, except that such data may be provided at the end of the year
153 for the 2026 tax year.

154 (D) The department may require additional information of employers and shall be
155 authorized to adopt rules and regulations to provide for the administration of this
156 paragraph.

157 (E) This paragraph shall stand repealed and reserved on December 31, 2028; and

158 (17)(A) For all taxable years beginning on or after January 1, 2026, any amount up
159 to \$1,750.00 received in cash tips.

160 (B) For each tax year beginning on or after January 1, 2026, each employer shall
161 submit to the department, on forms prescribed by the department, the total amount
162 received by employees in cash tips and the total number of employees to which such
163 compensation was paid. The data shall be provided monthly or quarterly and shall be
164 due no later than the due date for the corresponding monthly or quarterly withholding
165 tax returns, except that such data may be provided at the end of the year for the 2026
166 tax year.

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

170 (D) As used in this paragraph, the term:

171 (i) 'Cash tips' means cash received by an individual in an occupation that customarily
172 and regularly receives tips, including tips received from customers that are paid in
173 cash or charged and, in the case of an employee, tips received under any tip-sharing
174 arrangement, but only if such amount is paid voluntarily without any consequence in
175 the event of nonpayment, is not the subject of negotiation, and is determined by the
176 payor.

177 (ii) 'Occupation that customarily and regularly receives tips' means any occupation
178 which has been designated as such and given a Treasury Tipped Occupation Code as
179 set forth in the Federal Register by the secretary of the treasury of the United States.
180 Occupations excluded under Section 63 of the Internal Revenue Code shall also be
181 excluded for purposes of this paragraph.
182 (E) This paragraph shall stand repealed and reserved on December 31, 2028."

183 **PART III**
184 **SECTION 3-1.**

185 The collection of funds set aside for taxpayer relief pursuant to this part shall be known and
186 may be cited as the "Taxpayer Relief Fund."

187 **SECTION 3-2.**

188 Part 1 of Article 4 of Chapter 12 of Title 45 of the Official Code of Georgia Annotated,
189 relating to management of budgetary and financial affairs, is amended by revising Code
190 Section 45-12-93, relating to revenue shortfall reserve, reservation of surplus state funds,
191 appropriation and release of funds, and limitations, as follows:

192 "45-12-93.

193 (a) There shall be a reserve of state funds known as the 'Revenue Shortfall Reserve.'

194 (b) The amount of all surplus in state funds existing as of the end of each fiscal year shall
195 be reserved and added to the Revenue Shortfall Reserve. Funds in the Revenue Shortfall
196 Reserve shall carry forward from fiscal year to fiscal year, without reverting to the general
197 fund at the end of a fiscal year. The Revenue Shortfall Reserve shall be maintained,
198 accumulated, appropriated, and otherwise disbursed only as provided in this Code section.

199 (c) For each existing fiscal year, the General Assembly may appropriate from the Revenue
200 Shortfall Reserve an amount up to 1 percent of the net revenue collections of the preceding
201 fiscal year for funding increased K-12 needs.

202 (d) The Governor may release for appropriation by the General Assembly a stated amount
203 from funds in the Revenue Shortfall Reserve that are in excess of ~~4~~ 8 percent of the net
204 revenue of the preceding fiscal year.

205 (e) As of the end of each fiscal year, an amount shall be released from the Revenue
206 Shortfall Reserve to the general fund to cover any deficit by which total expenditures and
207 contractual obligations of state funds authorized by appropriation exceed net revenue and
208 other amounts in state funds made available for appropriation.

209 ~~(f) The combined Revenue Shortfall Reserve and the Midyear Adjustment Reserve~~
210 ~~existing on May 9, 2005, shall become the Revenue Shortfall Reserve provided for in this~~
211 ~~Code section.~~

212 ~~(g) Any other provision of law notwithstanding, the General Assembly is authorized to~~
213 ~~appropriate \$7 million for State Fiscal Year 2005 from the Revenue Shortfall Reserve.~~

214 ~~(h) The Revenue Shortfall Reserve shall not exceed ~~15~~ 20 percent of the previous fiscal~~
215 ~~year's net revenue for any given fiscal year. Any amount of undesignated surplus funds in~~
216 ~~excess of 20 percent of the previous fiscal year's net revenue may be used for tax relief~~
217 ~~pursuant to Acts of the General Assembly."~~

218 **PART IV**
219 **SECTION 4-1.**

220 Said title is further amended by repealing and reserving Code Section 48-7-29.11, relating
221 to tax credits for eligible teleworking expenses.

222 **SECTION 4-2.**

223 Said title is further amended by repealing Code Section 48-7-40.1A, relating to tax credits
224 for personal protective equipment manufacturers.

225 **SECTION 4-3.**

226 Said title is further amended by repealing Code Section 48-7-40.1B, relating to tax credits
227 for manufacturers of medical equipment and supplies, pharmaceuticals, and medicine.

228 **SECTION 4-4.**

229 Said title is further amended by repealing and reserving Code Section 48-7-40.15, relating
230 to tax credits for base year port traffic increases.

231 **SECTION 4-5.**

232 Said title is further amended by repealing Code Section 48-7-40.15A, relating to tax credit
233 for employer with base year port traffic increases.

234 **SECTION 4-6.**

235 Said title is further amended by repealing and reserving Code Section 48-7-40.16, relating
236 to tax credits for alternative fuel, low-emission, and zero-emission vehicles and electric
237 vehicle chargers.

238 **SECTION 4-7.**

239 Said title is further amended by repealing and reserving Code Section 48-7-40.18, relating
240 to tax credits for businesses headquartered in state and full-time jobs.

241 **SECTION 4-8.**

242 Said title is further amended by repealing and reserving Code Section 48-7-40.20, relating
243 to tax credits for businesses engaged in manufacturing cigarettes for exportation.

244 **SECTION 4-9.**

245 Said title is further amended by repealing and reserving Code Section 48-7-40.22, relating
246 to tax credits for business enterprises that purchase or lease a motor vehicle to provide
247 transportation for employees.

248 **SECTION 4-10.**

249 Said title is further amended by repealing and reserving paragraphs (24), (61), and (69),
250 repealing paragraph (33.1), and repealing and reenacting paragraph (36) of Code Section
251 48-8-3, relating to exemptions relative to state sales and use taxes, to read as follows:

252 "(36) After the effective date of this Act, no new certificates of exemption from sales and
253 use tax for the sale of machinery and equipment or repair, replacement, or component
254 parts for such machinery and equipment which is used for the primary purpose of
255 reducing or eliminating air or water pollution shall be issued pursuant to the former
256 provisions of this paragraph as such provisions existed prior to the effective date of this
257 Act; provided, however, that any certificate of exemption issued prior to the effective
258 date of this Act shall continue to be governed by the provisions of this paragraph as such
259 provisions existed immediately prior to the effective date of this Act;"

260 **PART V**

261 **SECTION 5-1.**

262 This Act shall become effective upon its approval by the Governor or upon its becoming law
263 without such approval and shall be applicable to all taxable years beginning on or after
264 January 1, 2026.

265 **SECTION 5-2.**
266 All laws and parts of laws in conflict with this Act are repealed.