

House Bill 463 (AS PASSED HOUSE AND SENATE)

By: Representatives Blackmon of the 146<sup>th</sup>, Burns of the 159<sup>th</sup>, Hatchett of the 155<sup>th</sup>, Gilliard of the 162<sup>nd</sup>, Stephens of the 164<sup>th</sup>, and others

A BILL TO BE ENTITLED

AN ACT

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

20 buildings; to allow for the continued use of a certificate of exemption issued prior to the date  
 21 of repeal relating to the sale of machinery and equipment used for the primary purpose of  
 22 reducing or eliminating air or water pollution; to amend Part 1 of Article 4 of Chapter 12 of  
 23 Title 45 of the Official Code of Georgia Annotated, relating to management of budgetary and  
 24 financial affairs, so as to change provisions relative to surplus funds of the Revenue Shortfall  
 25 Reserve; to provide for conforming changes; to provide for related matters; to provide for an  
 26 effective date and applicability; to provide a short title; to repeal conflicting laws; and for  
 27 other purposes.

28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

29 **PART I**  
 30 **SECTION 1-1.**

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

33 **PART II**  
 34 **SECTION 2-1.**

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

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

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

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

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

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

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

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

66 **SECTION 2-2.**

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

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

### 76 SECTION 2-3.

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

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

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

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

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

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

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

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

97 (1.1)(A) Each prospective increase in the standard deduction that would otherwise  
98 occur as provided in divisions (i) and (ii) of subparagraph (B) of paragraph (1) of this  
99 subsection shall be delayed by one year for each year that any of the following are true  
100 as of December 1:

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

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

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

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

117 "(xii) For taxable years beginning on or after January 1, 2008, and prior to January  
118 1, 2012, retirement income from any source not to exceed an exclusion amount of  
119 \$35,000.00; and

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

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

131 **SECTION 2-4.**

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

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

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

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

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

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

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

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

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

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

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

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

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

181 **PART III**

182 **SECTION 3-1.**

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

185 **SECTION 3-2.**

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

190 "45-12-93.

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

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

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

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

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

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

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

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

216

#### PART IV

217

#### SECTION 4-1.

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

220 **SECTION 4-2.**

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

223 **SECTION 4-3.**

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

226 **SECTION 4-4.**

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

229 **SECTION 4-5.**

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

232 **SECTION 4-6.**

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

236 **SECTION 4-7.**

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

239 **SECTION 4-8.**

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

242 **SECTION 4-9.**

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

246 **SECTION 4-10.**

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

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

258 **PART V**259 **SECTION 5-1.**

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

263

**SECTION 5-2.**

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