

The House Committee on Ways and Means offers the following substitute to HB 403:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
2 income taxes, so as to provide for a tax credit for certain expenses incurred by taxpayers for
3 certain geothermal machinery installations at residential dwellings; to provide for definitions;
4 to provide for terms and conditions; to provide for a sunset date; to provide for related
5 matters; to provide for an effective date and applicability; to repeal conflicting laws; and for
6 other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income taxes,
10 is amended by adding a new Code section to read as follows:

11 "48-7-29.26.

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

13 (1) 'Eligible geothermal installation expenses' means expenses incurred by a taxpayer for
14 a geothermal machinery installation for a residential dwelling that is owned by the
15 taxpayer.

16 (2) 'Geothermal machinery and equipment' means all controls, tanks, pumps, heat
17 exchangers, and other equipment used directly and exclusively for a geothermal
18 machinery installation. Such term excludes any land or structural elements of any
19 building or any equipment ordinarily contained within a dwelling regardless of a
20 geothermal machinery installation.

21 (3) 'Geothermal machinery installation' means the installation of any:

22 (A) Heat pump that uses the ground or ground water as a thermal energy source to heat
23 a structure or as a thermal energy sink to cool a structure, together with necessary
24 geothermal and machinery equipment; or

25 (B) System that uses the internal heat of the earth as a substitute for traditional energy
26 sources for water heating or active space heating or cooling, together with necessary
27 geothermal machinery and equipment,

28 which is placed in service on or after July 1, 2024, and meets or exceeds applicable
29 federal Energy Star requirements on the date that it is placed in service.

30 (b) For taxable years beginning on or after January 1, 2025, a taxpayer shall be allowed
31 an income tax credit against the tax imposed by Code Section 48-7-20 that is equal to 25
32 percent of the eligible geothermal installation expenses incurred by the taxpayer for a
33 dwelling; provided, however, that such tax credit shall only be applied over a period of five
34 taxable years and shall not exceed \$5,000.00 for any taxable year and no amount shall be
35 allowed or carried forward after such years. A taxpayer shall only be eligible for the tax
36 credit allowed under this Code section once per dwelling.

37 (c) In no event shall the total amount of any tax credit allowed under this Code section for
38 a taxable year exceed the taxpayer's income tax liability. No such tax credit shall be
39 allowed the taxpayer against prior years' tax liability. Except as provided in subsection (b)
40 of this Code section, no amount of the tax credit shall be allowed to be carried forward to
41 apply to the taxpayer's succeeding years' tax liability.

42 (d) This Code section shall stand repealed and reserved by operation of law on
43 December 31, 2029."

44 **SECTION 2.**

45 This Act shall become effective on July 1, 2024, and shall be applicable to taxable years
46 beginning on or after January 1, 2025.

47 **SECTION 3.**

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