

The House Committee on Ways and Means offers the following substitute to HB 248:

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, conditions, and procedures; to provide for a sunset date; to provide for
5 related matters; to provide for an effective date and applicability; to repeal conflicting laws;
6 and for 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 "48-7-29.27.

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, which is placed in service on or after
25 January 1, 2026, and meets or exceeds applicable federal Energy Star requirements on
26 the date that it is placed in service; or

27 (B) System that uses the internal heat of the earth as a substitute for traditional energy
28 sources for water heating or active space heating or cooling, together with necessary
29 geothermal machinery and equipment, which is placed in service on or after
30 January 1, 2026, and meets or exceeds applicable federal Energy Star requirements on
31 the date that it is placed in service.

32 (b) For taxable years beginning on or after January 1, 2026, a taxpayer shall be allowed
33 an income tax credit against the tax imposed by Code Section 48-7-20 that is equal to 25
34 percent of the eligible geothermal installation expenses incurred by the taxpayer for a
35 dwelling; provided, however, that such tax credit shall only be applied over a period of five
36 taxable years and shall not exceed \$5,000.00 for any taxable year and no amount shall be
37 allowed or carried forward after such years. A taxpayer shall only be eligible for the tax
38 credit allowed under this Code section once per dwelling.

39 (c)(1) In no event shall the aggregate limit of tax credits allowed under this Code section
40 for any year exceed \$2.5 million. In no event shall the total amount of any tax credit
41 allowed under this Code section for a taxable year exceed the taxpayer's income tax
42 liability. No such tax credit shall be allowed the taxpayer against prior years' tax liability.

43 (2) Except as provided in subsection (b) of this Code section, no amount of the tax credit
44 shall be allowed to be carried forward to apply to the taxpayer's succeeding years' tax
45 liability.

46 (d) A taxpayer seeking to claim a tax credit pursuant to this Code section shall submit an
47 application to the department for preapproval of such tax credit in the manner specified by
48 the department. The department shall preapprove such application within 30 days based
49 on the order in which properly completed applications were submitted. In the event that
50 two or more applications were submitted on the same day and the amount of funds
51 available will not be sufficient to fully fund the tax credits requested, the commissioner
52 shall prorate the available funds between or among the applicants.

53 (e) This Code section shall stand repealed and reserved by operation of law on
54 December 31, 2031."

55 **SECTION 2.**

56 This Act shall become effective on July 1, 2025, and shall be applicable to taxable years
57 beginning on or after January 1, 2026.

58 **SECTION 3.**

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