

Issue Overview - Proposal to eliminate the Georgia Bank Income Tax Credit

[SB 476](#), relating to income taxes, contains a provision eliminating the Bank Tax Credit. The same language appears in the Senate-amended [HB 134](#). Both bills passed the Senate on February 12, 2026.

Why the Georgia Bank Income Tax Credit Exists

Anticipating that the then-existing tax on bank net worth would be ruled unconstitutional, in 1983, the General Assembly adopted a new tax structure for banks: the Bank Tax. That new tax method has been in effect since Jan 1, 1984. The Georgia Supreme Court eventually ruled the previous method unconstitutional, validating the General Assembly's concerns.

How Banks Are Taxed Under Current Law

- Banks, like other corporations, are subject to the state income tax on net income
- Banks are subject to the Bank Tax: a special tax based on gross receipts, which is paid in equal parts to the State, Counties, and Cities. These parts combined make the Bank Tax rate of 0.75% of gross receipts.
- A bank is subject to the Bank Tax even if it has no net income or has a net loss.
- The Bank Income Tax Credit provides a dollar-for-dollar credit for paid Bank Tax against the bank's state income tax, which prevents double taxation on the exact same revenue.
- Importantly, banks pay the HIGHER of the Bank Tax or the state income tax, not both.
- No other Georgia business is taxed this way.

Features of the Bank Income Tax Credit

- Exists solely to prevent double taxation
- This tax credit is not a preferential tax break
- It does not incentivize business activity, expansion, and/or job creation as other tax credits do.

The Tax Structure for Banks Differs from Other Business Corporations

- Most corporations generally are subject only to state income tax on net income.
- Most business expenses, like salaries, rent, and equipment, are deductible.
- Local governments do not tax net income.
- By local ordinances, businesses are subject to the standard local business license or occupation tax by *either* the county or city, which may be based upon the number of employees, a profitability ratio for the type of business, a flat fee, or gross receipts.
- The standard business license or occupation tax levied by either a county or city is frequently at a significantly lower rate than the Bank Tax rates discussed above.

Recommendation

- Retain the Bank Income Tax Credit to ensure banks are not subject to double taxation on the same revenue.
- Alternatively, repeal the complex and unique Bank Tax structure, leaving banks subject to the state business income tax and locally set business license or occupation fees, like all other businesses.