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Tax Incentive Evaluation: Qualified Law Enforcement Donation Tax Credit

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Qualified Law Enforcement Donation Tax Credit

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For:

Georgia Department of Audits and Accounts

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Executive Summary

In 2022, the Georgia General Assembly passed the Law Enforcement Strategic Support Act (LESS Crime Act) via Senate Bill 361, which created a state income tax credit for charitable donations made to Qualified Law Enforcement Foundations (QLEFs). These foundations must be 501(c)(3) organizations that are designated to support a single law enforcement unit and are certified by the Georgia Department of Revenue (DOR). The credit is set to expire on December 31, 2027. The purpose of this report is to evaluate this tax credit, in accordance with the provisions of O.C.G.A. § 48-7-29.25, in terms of its fiscal and economic impacts as well as its public benefits.

This report was prepared under a contract with the Georgia Department of Audits and Accounts (DOAA). The report begins with background on the Qualified Law Enforcement Donation (QLED) tax credit followed by a discussion of similar policies in other states. Subsequent sections present tax credit utilization, a review of related literature, and IMPLAN analysis of economic and fiscal impacts of the tax credit. Information used in this report was obtained from the Georgia Department of Revenue and IRS Form 990 data on QLEFs.

Using this information above, we estimate the share of donations received since the credit was enacted that can be attributed to the credit's existence. We estimate a 'but-for' percentage of 48 percent, meaning that 48 percent of all donations would not have occurred if the credit did not exist. We also calculate the economic activity associated with alternative use of the tax expenditure by the State of Georgia. Net economic activity is the remaining activity after accounting for the but-for percentage and the impact of the alternative use. Tables ES1 and ES2 below summarize the state and local fiscal effects of the FTC, adjusted by the 48 percent but-for activity share.

The annual cost to the state for this tax credit is estimated at $11 million in fiscal year (TY) 2025. We use the IMPLAN input-output model to estimate the economic activity associated with the value of the credit in Georgia. We then estimated associated revenue gains, as shown in the first row of Tables ES1 and ES2.

As a result of providing the Qualified Law Enforcement Donation (QLED) tax credit, the state's general fund expenditures are implicitly reduced by the amount of the tax expenditure. In the absence of this credit, an alternative use of the funds is modeled assuming an increase in state spending by that amount, allocated across various spending categories based on recent state budgets. Tables ES1 and ES2 show the estimated amount of state and local revenue, respectively, from this alternative use of funds, which are the opportunity costs of the QLED tax credit. The net fiscal cost to the state, accounting for the tax expenditure and opportunity costs, is estimated at $12.73 million for FY 2026. Table ES2 shows the net local revenue effects on the same basis.

Table ES1. State Fiscal Effects: QFCD Tax Credit, FY 2026–30

($ millions)	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Revenue gains from economic impact	$0.47	$0.51	$0.53	$0.58	$0.63
Less:					
Tax expenditure cost	-$12.20	-$13.30	-$13.80	-$15.03	-$16.37
Alternative use revenue gains	-$1.01	-$1.10	-$1.14	-$1.24	-$1.35
Net Fiscal Effects	**-$12.73**	**-$13.88**	**-$14.40**	**-$15.68**	**-$17.08**

Table ES2. Local Fiscal Effects: QFCD Tax Credit, FY 2026–30

($ millions)	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Revenue gains from economic impact	$0.14	$0.15	$0.16	$0.17	$0.18
Less:					
Alternative use revenue gains	-$0.25	-$0.27	-$0.28	-$0.31	-$0.33
Net Fiscal Effects	**-$0.11**	**-$0.12**	**-$0.13**	**-$0.14**	**-$0.15**

The QLED tax credit provides several public benefits to state residents. The credit allows taxpayers to redirect a portion of their state income tax liability to local police foundations, giving them a sense of control over their tax dollars and often reflecting a belief that police foundations can deploy resources more effectively and responsively. QLED-supported donations also strengthen local law enforcement capacity and improve public safety. Program rules require that funds are used for qualified expenditures—including equipment, technology, training, and officer wellness programs—and these investments have a direct impact on community safety and officer effectiveness. Foundations across the state report that QLED-related donations have financed fingerprint readers, speed detection lasers, motorcycles, drones, robots, and other technologies that enhance policing capabilities.

Additionally, the program funds initiatives that improve officer well-being and resilience, including gym facilities for night-shift officers, K9 care programs for officer mental health, and supplemental support for injured officers. Foundations have also used funds to improve training (such as purchasing interactive video systems) and to support recruitment and retention efforts, which are critical in a competitive law enforcement labor market.

Beyond material improvements, the program has strengthened ties between police departments and their communities. Police foundations report that QLED donations have raised awareness of law enforcement needs, built goodwill, and increased civic engagement by giving residents a direct stake in public safety outcomes. These contributions may also prevent longer-term social costs by improving recruitment, reducing officer burnout, and ensuring law enforcement agencies are well-equipped to respond to crime and emergencies.

The policy, however, is still relatively new, and similar credits have been observed to have ramp-up periods of several years. Because the program has only been in place for a short time, there are not yet enough data points to establish a clear causal relationship between the credit and increased giving. Thus, our estimate of the but-for percentage should be treated as a preliminary estimate, subject to adjustment. Terminating the QLED program could reduce private support for police foundations, particularly outside of metro Atlanta where fundraising capacity is more limited.

REPORT REVISION: On December 19, 2025, a report revision was made to acknowledge that carryforwards end after 2025. As a result, edits were made to credit generation text and figures on pages 11-13.

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Introduction

With the passage of the Law Enforcement Strategic Support Act (LESS Crime Act) in 2022, Georgia taxpayers can claim a credit for contributions made to qualified law enforcement foundations through the Qualified Law Enforcement Donation (QLED) tax credit (O.C.G.A. § 48-7-29.25). The purpose of this report is to evaluate this tax credit, in accordance with the provisions of O.C.G.A. § 28-5-41.1 (2024 Senate Bill 366), in terms of its fiscal and economic impacts as well as its public benefits.

This report was prepared under a contract with the Georgia Department of Audits and Accounts (DOAA). The report begins with a discussion of the QLED tax credit, followed by similar programs in other states. Subsequent sections present tax credit utilization, a review of related literature, and IMPLAN analysis of economic and fiscal impacts of the tax credit.

Background and Overview

The QLED tax credit came into effect with the Law Enforcement Strategic Support Act (LESS Crime Act) through the passage of SB 361. The bill allows tax credits for individuals and corporations that make qualified contributions to local law enforcement foundations. These foundations must be 501(c)(3) organizations that are designated to support a single local law enforcement unit and are certified by the Georgia Department of Revenue (DOR). The credit is available from tax years (TY) 2023 through 2027.

Tax credits are equal to 100 percent of the amount of qualifying donations paid by the taxpayer to an approved organization. The total amount of tax credits utilized cannot exceed the taxpayer's tax liability for the year, but unutilized credits can be carried forward up to five years.

Purpose

The goal of this program is to strengthen local public safety efforts by encouraging private support for law enforcement agencies through tax-incentivized donations. Funds donated through the program may be used for items such as law enforcement training, equipment, salary supplements, and behavioral health emergency response team support, excluding salaries. Foundations and donors must comply with detailed transparency, reporting, and eligibility requirements to maintain participation in the program. The purpose of the policy has been met based on our analysis and review of relevant comments from stakeholders.

How to Claim the Credit

Taxpayers must first obtain preapproval of any donation. The donor (individual or entity) submits Form IT-QLED-TP1 electronically via the Georgia Tax Center (GTC). The application must identify the certified qualified law enforcement foundation (QLEF) listed on the DOR website as well as the intended donation amount. Preapprovals are handled on a first-come, first-served basis. DOR generally notifies both the taxpayer and the QLEF of preapproval or denial within 30 days.

After receiving preapproval, the taxpayer must make the actual contribution within 60 days of the approval notice, and it must be within the same calendar year. Upon receipt of the donation, the QLEF must provide the donor a written confirmation (Form IT-QLED-LEF1) within 15 days. To claim the credit on their Georgia return, taxpayers must attach Form IT-QLED-TP2 to their income tax return. If the return is filed electronically, the donor must attach the QLEF's IT-QLED-LEF1 confirmation if the filing system allows; otherwise, the taxpayer must retain the form and furnish it to DOR upon request.

Federal Charitable Deduction Addback

Georgia law (O.C.G.A. § 48-7-29.25(k)) contains a mandatory 'addback' to prevent double tax benefits. If a taxpayer claims a federal charitable deduction for the same donation (as allowed under federal law), then that deducted amount must be added back to Georgia taxpayer income for the portion that was used to generate a state credit. In other words, taxpayers cannot deduct the donation federally and claim the full state credit on the same dollars. Practically, the state income subject to tax must include any federal deduction taken for the qualified contribution. If the federal deduction was limited by AGI thresholds, the addback is the portion of the deduction actually taken.

Annual Cap and Allocation Details

The program includes a statewide annual cap of $75 million in approved tax credits. Within that cap:

- Each certified law enforcement foundation is limited to receiving no more than $3 million per calendar year in qualified donations eligible for the tax credit.
- Donations must be preapproved by the DOR through an online application process.
- Credits are granted on a first-come, first-served basis until the annual $75 million cap is reached.
- If the total approved applications reach the cap, no additional credits can be awarded for that year.
- Any portion of the preapproved credit that exceeds the taxpayer's actual allowable credit is forfeited.

Per-taxpayer Credit Limit

There are also taxpayer-specific limits on how much credit can be claimed:

- Single individuals or heads of household: up to $5,000 per year.
- Married couples filing jointly: up to $10,000 per year.
- Pass-through owners: taxpayer who owns a share of an LLC, S-corp., or partnership may claim up to $10,000 per year.
- Corporations and other entities: up to 75% of their Georgia income tax liability. Fiduciaries may not pass any unused credit to beneficiaries.

- An electing S-Corporation or partnership may irrevocably allocate its credits (or portions) to its shareholders or partners via the ‘credit allocation to owners’ schedule on the original or amended Form 600S/700. If an S-corp. or partnership does not elect entity-level taxation, its owners are subject to the $10,000 pass-through owner limit above.
- Taxpayers may not designate how the funds are spent or direct contributions to specific officers. All contributions must go to the general support of the law enforcement unit served by the foundation.

Regulations Related to Qualified Law Enforcement Foundation (QLEF) in Georgia

Eligibility Criteria: To qualify as a QLEF, an organization must be a Georgia nonprofit corporation with federal tax-exempt status under Section 501(c)(3) and state tax-exempt status under O.C.G.A. § 48-7-25. Only one QLEF is designated for each law enforcement unit. Thus, its sole purpose must be to support a single law enforcement unit, and it must be officially designated as the agency’s exclusive foundation. This designation is documented by a signed Letter of Authorization from the agency’s head (chief, sheriff, etc.).

Application and Registration: Foundations apply electronically through the Georgia Tax Center (GTC) by filing Form IT-LEF. The application requires the Letter of Authorization, the IRS 501(c)(3) determination letter, and basic organizational information. DOR reviews the application and typically issues a decision within 30 days.

Compliance and Reporting: Certified QLEFs must meet annual obligations to maintain their status. By May 15 each year, they must submit to DOR a detailed report of contributions received on Form IT-QLED-LEF2 and a copy of their most recent IRS Form 990. Additionally, by April 1, each foundation must post on its website the previous year’s annual budget of its affiliated law enforcement agency, showing the total amount of funding received from the local government on their website to ensure budget transparency. Contributions must be used strictly for eligible law enforcement purposes such as equipment, training, or officer support.

State Charitable Tax Credits Overview

Federal Deduction and State Charitable Tax Credits Overview

A federal income tax deduction is available for gifts to qualifying charitable and nonprofit organizations. Under IRS regulations, if a taxpayer receives a state or local tax credit for a charitable contribution, their federal deduction must be reduced by the credit amount. This interaction between the QFCD credit and federal tax policy only affects taxpayers who itemize deductions. In TY 2022, 91 percent of individual taxpayers claimed the standard deduction, so the interaction is largely limited to corporate taxpayers and the small share of individuals who itemize. For a more comprehensive discussion on federal interaction see the attached appendix.

Similar Programs in Other States

Several states allow taxpayers to claim a direct credit against their state income tax liability for making 'qualified donations' to eligible nonprofit organizations or state-certified funds. These credits differ from charitable deductions because they reduce tax liability dollar-for-dollar rather than reducing taxable income. The scope and design of these credits vary across states, but they are generally targeted to encourage private giving in areas with strong policy interests. Many programs target specific causes such as education, hunger relief, community endowments, etc. This section explores common categories of qualified donations and how they are implemented across states.

Education

Education-related charitable tax credits are among the most prevalent. With these credits, states aim to expand educational opportunities without directly increasing public spending. States such as Arkansas, Montana, and Ohio allow credits for contributions to SGOs or tuition organizations that provide scholarships to K-12 students, often prioritizing low-income households. Under these policies, taxpayers make their contributions to certified organizations which in turn distribute scholarships meeting state criteria, such as income thresholds or enrollment in qualifying schools. Some states impose both annual program caps and per-taxpayer caps. Carryforward provisions usually range from three to five years.

Foster Care and Children Welfare

Several states use charitable tax credits to support children in foster care or those at risk of entering the system. For example, Arizona and Indiana provide credits for donations for qualifying foster care charitable organizations (QFCOs), which must meet strict service and spending requirements. These organizations typically offer direct support such as housing, clothing, and counseling to foster children and low-income families.

Economic Development and Community Revitalization

In some states, tax credits for qualified donations target economic revitalization in distressed communities. A number of states have established 'Endow' programs that reward contributions to qualified community foundations. Endow Iowa, Illinois Gives, Endow Mississippi, and Endow Kentucky all follow this model that offers a percentage credit against state income tax for contributions to qualified endowments. These programs are designed to encourage community-based philanthropy. By tying charitable giving directly to long-term endowments, these programs create a mechanism for locally driven economic resilience.

Environmental Conservation and Historic Preservation

Several states use qualified donation credits to encourage the protection of natural resources and historic sites. Delaware, for instance, offers a Conservation and Historic Preservation Donation Credit, which provides taxpayers with a credit equal to 40 percent of the fair market value of donated land or easements for conservation or historic purposes. The credit is capped at $50,000 per year with a five-year carryforward. Similarly, Iowa's Charitable Conservation Contribution Credit allows landowners to donate qualified land or easements and receive a credit equal to 50 percent of the fair market value, up to $100,000 per donation. The carryforward period is 20 years.

Table B1 in appendix shows the variation in credit programs, caps, limitations, and carryforwards of state level qualified donation tax credits.

Literature Review on Charitable Giving and Qualified Donation Tax Credits

Philanthropy can play an important role in supporting public goods and meeting social needs that governments or markets may undersupply. Many goods and services supported by philanthropy generate positive externalities, meaning their benefits spill over to society at large, rather than accruing only to the donor or recipient (Andrews, 1972).

Broadly, philanthropy distinguishes between pure altruism (where people contribute because they care about the total provision of the public good) and impure altruism or 'warm glow' giving (where donors also derive private satisfaction from the act of giving itself) (Andreoni, 1989, 1990). This distinction matters because warm glow implies that incentives like tax subsidies can stimulate giving, even if they do not change the total supply of the public good.

Rationale for Tax Preferences in Charitable Giving

Regarding the question of whether charitable contributions should be taxed, scholars offer three main rationales for tax preference:

Tax base rationale: From this perspective, charitable donations are not ordinary consumption but a voluntary surrender of income for the public good. Therefore, they should not be taxed (Reich, 2013).

Efficiency rationale: Charitable giving can help correct the under-provision of public goods—a classic market failure. Many goods and services supported by philanthropy, such as medical research, education, or environmental protection, generate positive externalities (Andrews, 1972). Tax preferences lower the effective cost of giving and incentivize individuals to increase contributions.

Pluralism rationale: From a political economy perspective, channeling resources through charitable organizations rather than through government bureaucracy allows people to express their preferences directly—'voting with their dollars' and supporting causes beyond the preferences of the median voter (Benshalom, 2008; Reich, 2013). In this sense, philanthropy supplements democracy by diversifying social provision and fostering pluralism.

At the same time, there are also concerns of regressivity, fiscal cost, and democratic imbalance, as high-income taxpayers both benefit disproportionately from deductions and exert more influence over resource allocation (OECD, 2020).

Table 1 summarizes the main arguments for and against tax preferences.

Table 1. Arguments For and Against Domestic Philanthropy

Arguments For	Arguments Against
Promotion of Social Welfare and Public Goods: Tax incentives help address market failures related to under-provision of public goods and positive externalities, encouraging societal benefits.	*Cost to Government Revenue:* Tax concessions reduce public revenues, potentially leading to higher taxes elsewhere or cuts in public services, raising concerns about fiscal sustainability,
Promotes Democratic Values: Encourages the development of civil society, decentralizes decision-making, and supports democratic participation.	*Inequity and Regressivity:* Tax incentives often benefit higher-income taxpayers more, reinforcing income inequality and conflicting with principles of progressive taxation,
Economic Rationales: Corrects market failure by supporting public goods not supplied privately. Capitalizes on positive externalities for societal benefit.	*Democratic and Equity Concerns:* Large donors can wield disproportionate influence over societal priorities, undermining democratic processes.
Addressing Funding Gaps: Augments government capacity by mobilizing private resources, expanding financial support for charitable activities.	*Market Distortions and Fair Competition:* Tax exemptions could give philanthropic entities an unfair advantage over for-profit businesses offering similar goods and services, distorting markets.

Source: OECD (2020)

Types of Tax Relief: Deductions vs. Credits

The most common form of tax relief globally is the *charitable deduction*, which reduces taxable income. Its generosity rises with the donor's marginal tax rate, disproportionately benefiting higher-income taxpayers. By contrast, *charitable tax credits* reduce liability dollar-for-dollar and provide equal proportional benefits to all donors, improving vertical equity (OECD, 2020).

Other mechanisms for encouraging charitable giving include matching schemes, in which the government supplements private donations by adding a public contribution of equal or proportional value, effectively amplifying the donor's impact. Another approach is the allocation scheme, which allows taxpayers to directly assign a small share of their income tax liability to a designated charitable or public-benefit organization when filing their tax return, rather than making a separate donation.

Empirical Evidence: Price Elasticity and Donor Response

Tax incentives for charitable giving work by lowering the effective cost of donating, i.e. the after-tax cost of a $1 donation. At the federal level, a deduction for charitable contributions has been in place since 1917. Earlier research formed a rough consensus that established a price-of-giving elasticity of approximately -1 (Peloza and Steel, 2005; Auten et al., 2002; Barret et al., 1997; Randolph, 1995). This implies that additional giving induced by the policy is approximately equal to foregone tax revenue at the margin. Newer research, which considers the impact of the 2017 Tax Cuts and Jobs Act, estimates giving to be less responsive for the average donor in recent years (Han et al., 2024; Gravelle and Sherlock, 2020).

At the state level, however, most charitable tax incentives are *credits* rather than deductions. Credits are more equitable because all taxpayers can claim the same value regardless of their income or tax bracket. Charitable giving tax credits are a common incentive meant to increase giving in certain areas and allow taxpayers some discretion in the use of their state tax liability (De Vita and Twombley, 2004). The drawback is that credits may be less visible, or less salient to taxpayers, which can reduce their effectiveness at promoting certain behavior (Duflo et al. 2006; Chetty et al. 2009; Chetty & Saez 2013).

State-level evidence on qualified donation credits is more mixed. The structure of these policies vary along multiple dimensions, including the size of the credit as a percentage of the donation, individual and aggregate caps, and the eligible donor pool. Empirical studies evaluating the impact of credits with differing structures find these structural elements—particularly the size of the individual cap—play a major role in shaping donor responses to the credits (Gupta and Spreen, 2024; Hungerman and Ottoni-Wilhelm, 2016; Teles, 2016). For instance, Gupta and Spreen (2024) find no measurable effect following the elimination of three small individual limit credits ($100 for single filers, $200 for joint filers) in Michigan, whereas North Dakota's introduction of a $10,000 credit cap produced persistent 25- to 30-percent increases in contributions.

Teles (2016) uses the synthetic control method to estimate causal effects of two differing state-level charitable giving tax credits. The Endow Iowa Tax Credit provides a targeted 25-percent credit with a cap of $300,000 per person, and the Arizona Working Poor Tax Credit provided a broadly targeted 100-percent credit with a cap of $200 per person. The results indicate there was no evidence of a measurable effect for the smaller cap Arizona credit, while the larger cap of Endow Iowa credit increased contributions by as much as 125 percent.

Duquette et al. (2018) explore state-level charitable tax credits across a panel data of 23 states from 2000 to 2016. They find that these credits have much weaker effects than the federal charitable deduction. Furthermore, the estimated impacts are not statistically significant. In other words, there is little evidence that state credits lead households to give more or donate more often, even though many of these credits are technically more generous than the well-known federal deduction. Why might this be the case? The findings from the literature can be summarized with some key points.

Saliency and Complexity Issues

- Many taxpayers may not realize such credits exist because they operate at the state rather than federal level.
- Credits are often targeted to specific causes and capped at relatively low amounts, which makes it hard for donors to know whether their gift qualifies.

- Even when aware, donors may not fully understand the credit mechanism. By contrast, people tend to be more familiar with the ‘pre-tax’ mechanism behind deductions, making those policies easier to grasp and respond to.

Effect of Individual Cap Limits

- Low individual caps may fail to provide sufficient economic incentive to shift or increase total giving.
- Evidence from Arizona’s charitable credits show contributions rise as caps increase (Brunner, 2023).
- High-income individuals tend to claim a large portion of these tax credits (Duquette et al., 2018). It follows then that small cap credits elicit weaker responses.

Eligible Donor Pool

- Allowing businesses to claim the credit expands the donor pool to entities with potentially large capacity and incentive to donate, thus making the policy more likely to have an impact on total giving.

Crowding-Out Concerns

One concern with targeted tax credits is whether they actually raise *net* charitable giving or simply *redirect* donations toward qualifying charities. Chatterjee et al. (2020) provides empirical evidence of crowding out in the context of Arizona’s state income tax credit for charitable contributions. Their findings show that while donations to qualifying charities increased significantly, there was a corresponding decrease in donations to non-qualifying organizations.

Additionally, Andreoni and Payne (2003) explored how government grants to private charities can lead to reductions in private donations. They show that charities receiving government support might reduce their own fundraising efforts. This strategic response can diminish the effectiveness in increasing total charitable contributions. Andreoni and Payne (2011) extends these findings to Canada. Their study shows that for every dollar of government funding, approximately 75 cents of private donations were displaced. These results provide support to the crowding-out hypothesis, where government incentives shift private giving rather than increase net contributions (Payne, 2009).

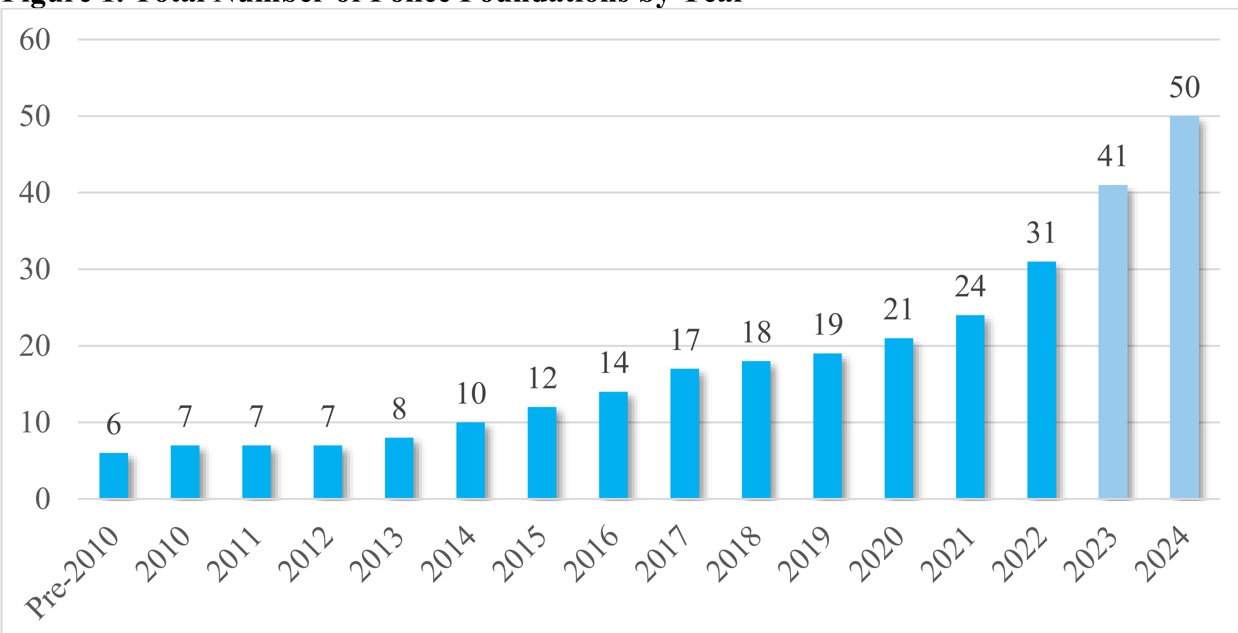
In summary, states provide tax credits for certain charitable activities to increase donations in these areas, provide taxpayers with discretion in how their tax liability is used, and increase the efficiency of dollars going to these causes. Research on state level charitable giving tax credits is less common than research on the federal deduction, but the existing literature suggests donor responses to these credits depend on the structure of the policy. Credits with smaller caps and donor pools may not induce additional giving, while larger credits can have a significant impact on donations. It is less clear if observed effects are additional new donations or a crowding out effect with some research indicating redirection of funds toward qualifying organizations, while others argue credits increase overall net giving.

Tax Credit Related Activities

Growth of Police Foundations

The number of police foundations in Georgia has grown rapidly over the past decade. Based on the Department of Revenue's 2024 pre-approved QLED tax credit list and IRS nonprofit records, the number of foundations grew from only seven in 2010 to 50 in 2024. As shown in Figure 1, growth has accelerated in recent years, with 26 new foundations established between 2021 and 2024 alone.

Figure 1. Total Number of Police Foundations by Year



Source: IRS Exempt Organizations Business Master File Extract and ProPublica Nonprofit Explorer

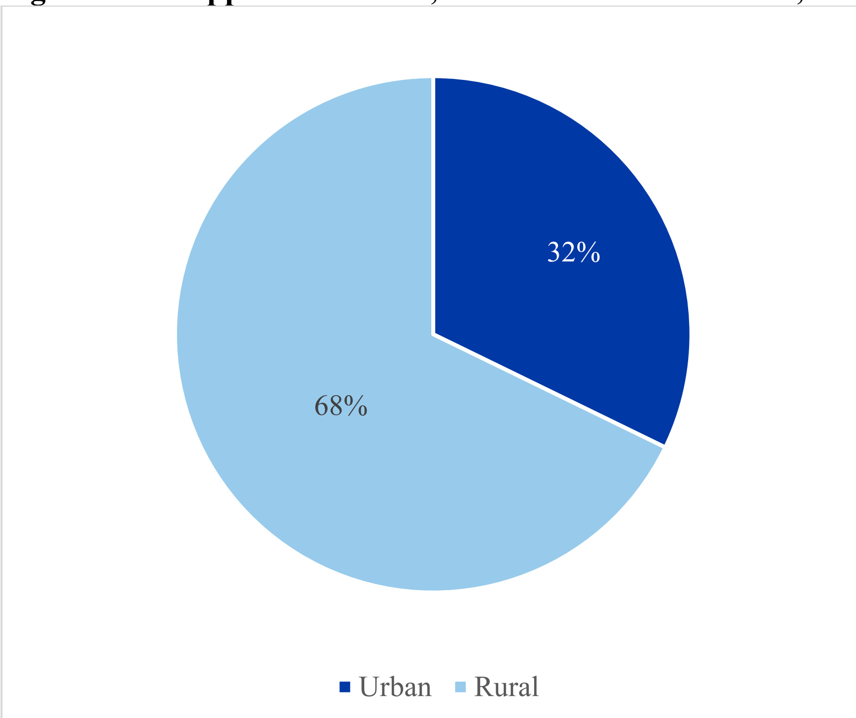
Donations and Pre-approvals

Matching the pre-approved foundation list for TY 2024 with IRS Form 990 filings from 2014 to 2022 shows that total donations averaged $6.2 million per year before QLED implementation. These figures cover all contributions and grants, so they likely overstate credit-eligible giving, had QLED been implemented.

Pre-approved QLED credits totaled $6.9 million in 2023, while total donations from IRS data was $7.3 million. The pre-approved credits increased to $13.6 million in 2024, indicating that the total donations in Form 990 will likely increase. Historically, the Atlanta Police Foundation accounted for the majority of statewide police foundation contributions—83 percent of contributions between 2014 and 2022—but its share dropped to 41 percent in 2023, which suggests a broader geographic participation following the launch of the QLED program.

After the implementation of the credit, the credit generations are based on the pre-approvals. As Figure 2 shows, 32 percent of credits were approved in rural counties in 2023 and 2024, while the remaining 68 percent credits approved in urban counties.

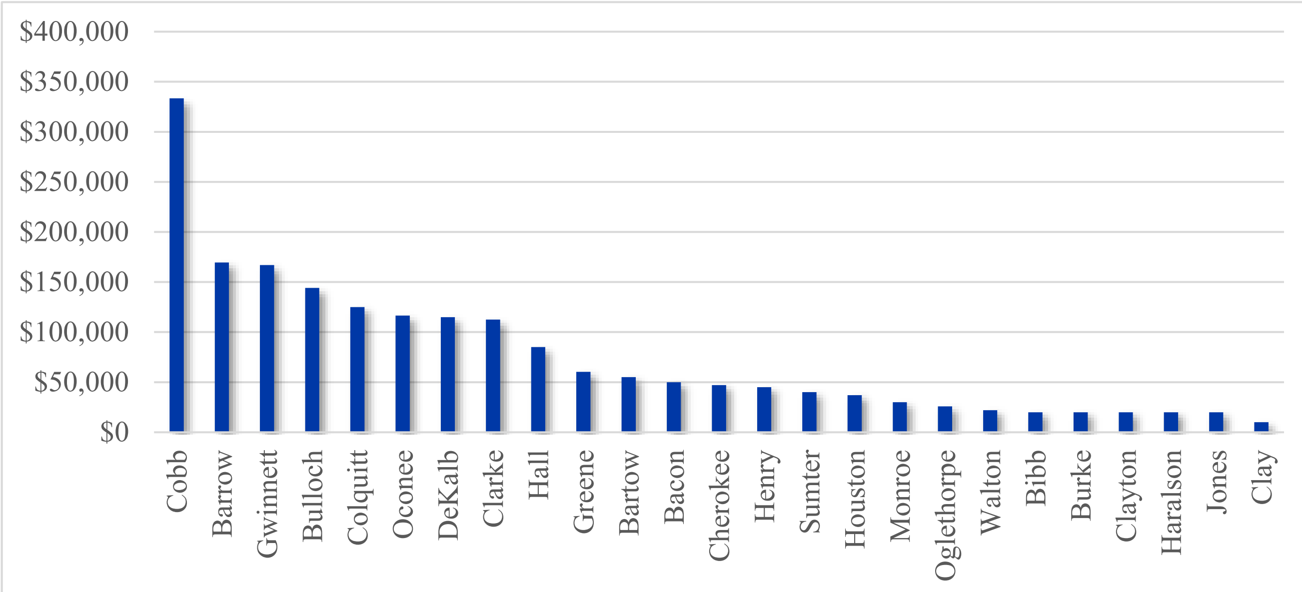
Figure 2. Pre-approved Credits, Urban vs. Rural Counties, 2023–24



Source: DOR

Notably, only the Atlanta Police Foundation has reached the individual cap of $3 million per year. Pre-approvals remain concentrated, with Fulton County foundations receiving $5.3 million in 2024 (62.1 percent of the statewide total) and Forsyth County foundations receiving $1.4 million (16 percent). The remaining 28 participating counties in 2024 collectively accounted for $1.9 million in pre-approvals, with county-level totals ranging from $10,000 in Clay County to $330,000 in Cobb County.

Figure 3. Pre-approved Credits by County (excluding Fulton and Forsyth), 2024



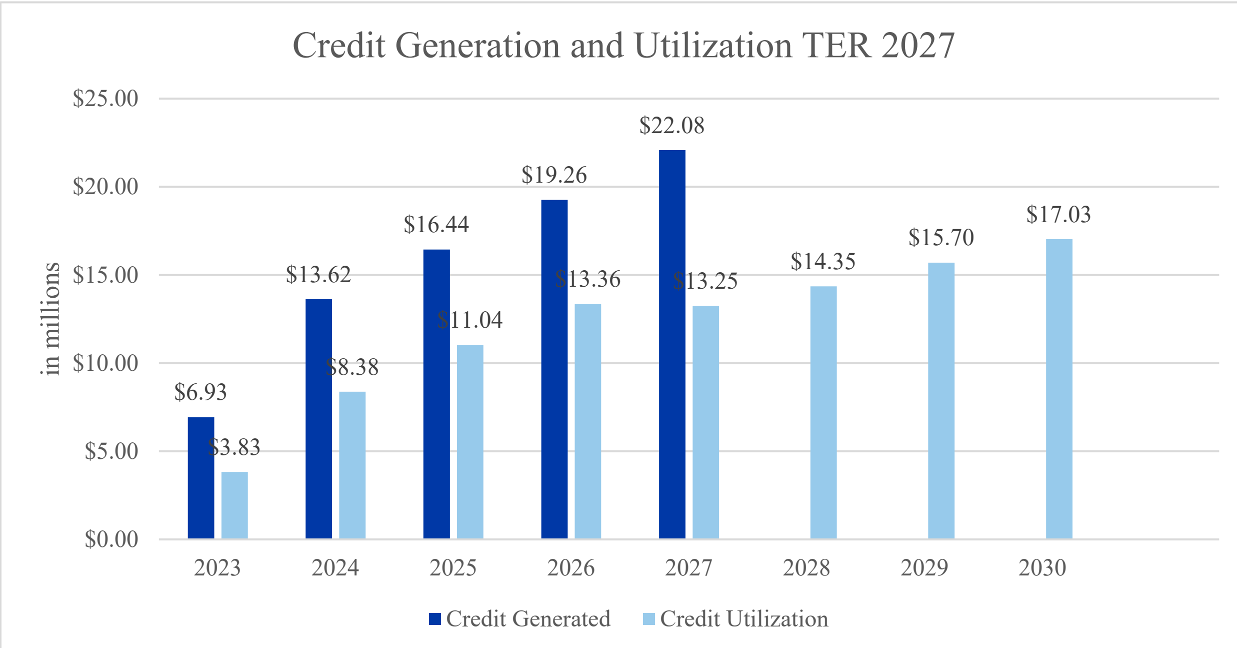
Source: DOR

Credit Generation and Utilization

Credit generation nearly doubled after the QLED tax credit was implemented, rising from $6.9 million in 2023 to $13.6 million in 2024. Figure 4 shows the upward trajectory of credit generation from the 2027 Tax Expenditure Report. It is projected to reach $33 million by 2031, when the tax credit program is scheduled to expire. These projections assume continued growth in the number of foundations, roughly 13 new foundations per year, combined with stable pre-approval levels and $3 million annually attributed to the Atlanta Police Foundation.

Credit utilization also shows a growth trend. As credits can be carried forward for five years, utilization is expected to rise over time. Using historical utilization patterns from the Qualified Education Expense Credit as a benchmark, utilization is projected to reach $18 million by 2031.

Figure 4. Credit Generation and Utilization, TER 2027



Source: DOR

Table 2. Tax Expenditure Cost Estimates

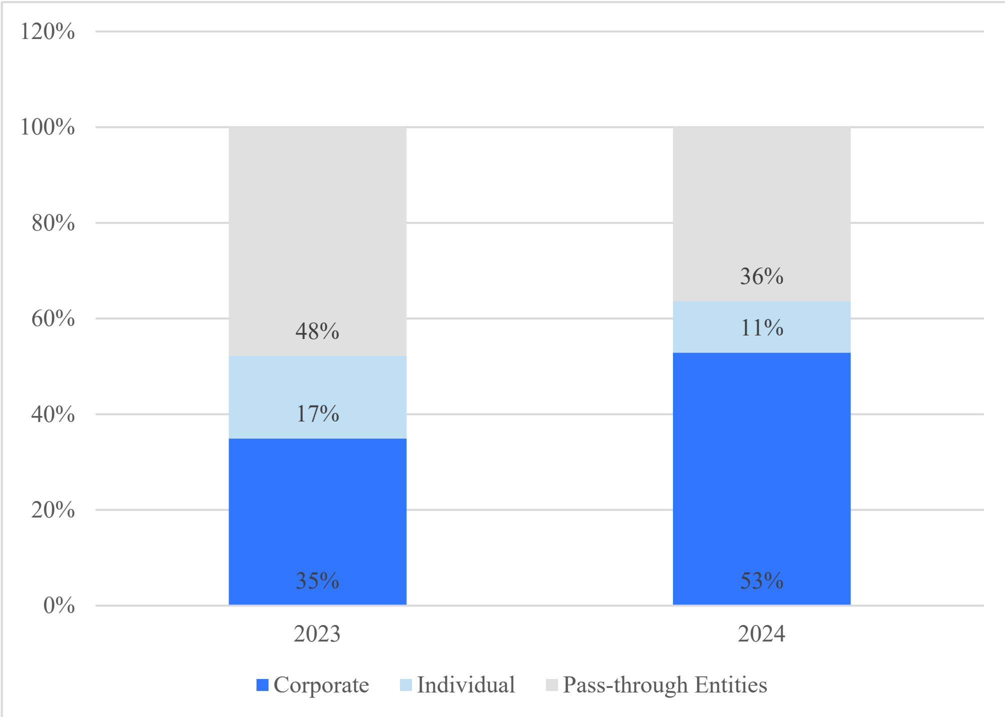
($ millions)	TY 2026	TY 2027	TY 2028	TY 2029	TY 2030
State Tax Expenditure	-$13.36	-$13.25	-$14.35	-$15.70	-$17.03

Based on data from the Georgia Data Analytics Center, credit utilization was $3.8 million in 2023. Recall, however, that unused credits can be carried over for five years for all credits issued prior to TY 2026. The utilization forecast here is based on the utilization schedule of the Qualified Education Expense Credit. Based on these assumptions, credit utilization is expected to reach $17 million in 2030 (see Table 2).

Trends by Entity Type

Figure 5 shows credit generation by different entities. Pass-through entities (PTEs) accounted for 48 percent of credit generation in 2023, corporations accounted for 35 percent, and individuals 17 percent. By 2024, corporations represented the majority of credits generated (53 percent), with PTEs and individuals declining to 36 percent and 11 percent, respectively.

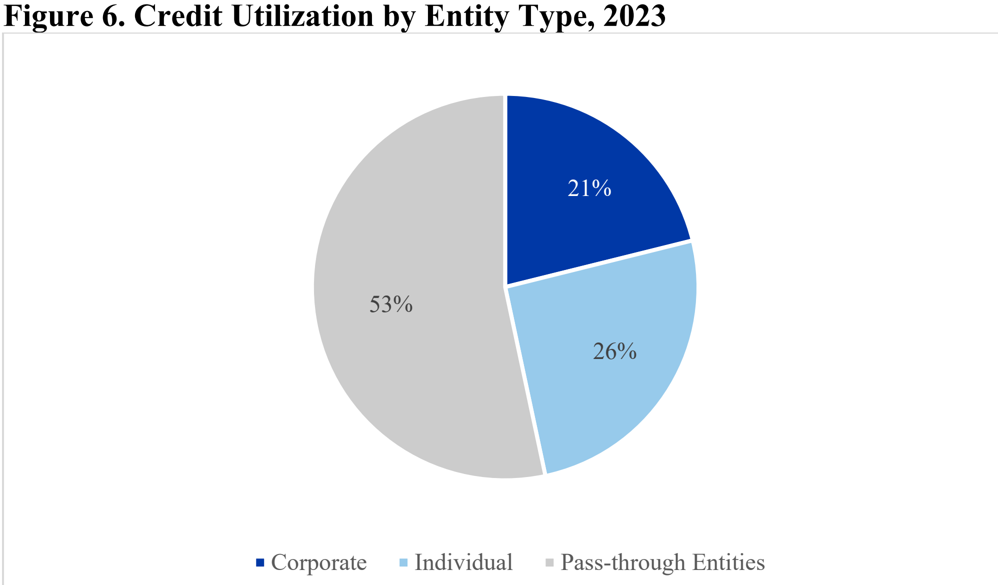
Figure 5. Credit Generation by Entity Type



Source: DOR

In 2023, PTEs also accounted for the majority of credit utilization, claiming 53 percent of total credits, compared to 26 percent for individuals and 21 percent for corporations. QLED has carry-forward of five years for credits generated before 2025 but no carry-forward is allowed for credits generated after 2025.

Figure 6. Credit Utilization by Entity Type, 2023



Source: DOR

But-for Analysis

A key question in evaluating the QLED tax credit is whether it has stimulated additional charitable giving beyond what would have occurred in its absence.

Several contextual factors from earlier sections are relevant when assessing the QLED tax credit's impact. The number of police foundations in Georgia has grown significantly in recent years, creating a broader base of potential recipients. Historically, the Atlanta Police Foundation previously accounted for the majority of contributions. However, its share has declined as participation has spread across the state. The program has a $3 million per foundation annual cap, which only the Atlanta Police Foundation has reached to date, indicating that most other foundations are operating below their maximum eligible credit. Overall, participation has become more geographically diverse, with contributions now coming from a larger number of counties.

IRS Form 990 data shows that the number of foundations grew by about two per year from 2011 to 2022, with each foundation receiving an average of about $422,000 in contributions. Total annual contributions during this period averaged $6.2 million. Based on these trends, estimated contributions would have been about $7.1 million in 2023 and $7.9 million in 2024, and $8.8 million in 2025 without the QLED program.

Actual contributions in 2023 were slightly higher. Reported contributions in 2023 totaled $7.4 million, with $6.9 million in pre-approved QLED credits. This results in a donation-to-preapproval ratio of 1.07. Applying this ratio to 2024 pre-approvals of $13.6 million suggests total contributions of roughly $14.6 million.

The estimated credit generated for 2025 from the Tax Expenditure Report is $16.4 million. Assuming a one-to-one ratio for preapprovals to credit generated and a 1.07 ratio of donation to preapprovals, estimated contribution for 2025 is $17.7 million. These figures imply that QLED may have generated an estimated $371,000 in additional giving in 2023, $6.7 million in 2024, and $8.9 million in 2025, compared with what would have been expected without the program.

However, because the program has only been in place for a short time, there are not yet enough data points to establish a clear causal relationship between the credit and increased giving. Thus, our estimate of the but-for percentage should be treated as a preliminary estimate, subject to adjustment. Based on credit generation and related activities from other similar donation program, e.g., qualified education expense credit, there might be a ramp up in donation.

Table 3. But-for Analysis

Pre-QLED (2011–22)	
Average contributions (total)	$6,232,328
Per year increase in the no. of foundations	2
Average donation per foundation	$421,756
Total number of foundation (2022)	31

	Without QLED Donation (est.)	With QLED Donation
2023	$7,075,840	$7,446,767
2024	$7,919,353	$14,633,353
2025	$8,762,866	$17,660,722
	Change in Donations	
2023		$370,927
2024		$6,714,000
2025		$8,897,856

Source: Author's calculations, IRS form 990 & 990-EZ, DOR

Taking the average of the TY 2024 and 2025 results, approximately 52 percent of total donations would have occurred even without the QLED credit, while the remaining 48 percent can be attributed to the implementation of the QLED tax incentive. This indicates that, in its early years, the program has expanded the overall level of charitable giving to police foundations in Georgia. As these estimates are drawn from only 3 years of data they should be treated as preliminary and subject to change as more years of data become available.

Economic Activity

Overview of How Economic Activity Is Measured

We measure economic activity using data on estimated law enforcement spending, with TY 2025 as the representative year. As the credit is new, we use this estimate because it represents the estimated reasonable magnitude, given future year estimates. We calculate the net effect of the state-level exemption by assuming that 52 percent of the economic activity would occur without the exemption, as discussed in the but-for section. We then subtract the estimated economic activity associated with an alternative use of the funds to arrive at net economic impact. Table 4 summarizes the estimated economic activity. The remainder of this section provides details.

Table 4. Net Economic Activity – Law Enforcement Services Provided TY 2025

($ millions)	Employment	Labor Income	Value Added	Output
Gross Activity for Period	264	$11.4	$14.3	$23.2
Less: But-for Reduction	137	$5.9	$7.4	$12.1
Activity Net of But-for	127	$5.5	$6.9	$11.2
Less: Alternative Use Impacts	241	$11.6	$14.5	$21.8
Net Economic Impact	-115	-$6.1	-$7.7	-$10.6

Source: IMPLAN and authors' calculations

IMPLAN Model

To estimate the economic impact of the QLED tax credit in Georgia, the IMPLAN model is used. IMPLAN is a regional input-output model that estimates how an initial change in spending or revenue for any industry category works its way through a regional economy. It also has data on the size of each industry in the economy in terms of revenue and employment at the state and county level. The model includes detailed data on industry size by revenue and employment at the state and county levels and applies sector-specific multipliers to estimate the effects of initial spending by firms on suppliers and labor. For this analysis, we use 2023 IMPLAN data, adjusted to reflect average annual revenues and wages in 2024 dollars. Below is an overview of key IMPLAN terms used in the report.

- *Output* is the value of production. This includes the value of all final goods and services, as well as all intermediate goods and services used to produce them. IMPLAN measures output as annual firm-level revenues or sales, assuming firms hold no inventory.
    - Estimates of output changes resulting from all law enforcement-related economic activity, including education and related services provided, are then used to estimate state and local sales tax revenue.
- *Labor income* includes total compensation—wages, benefits, and payroll taxes—for both employees and self-employed individuals. Wage-gain estimates are used to estimate incremental state income tax revenue.
- *Employment* includes full-time, part-time, and temporary jobs, including the self-employed. Job numbers do not represent full-time equivalents, so one individual may hold multiple jobs.
- Three changes (effects) comprise the *total impact* and can be calculated for relevant activity reviewed (output, employment, and labor income):
    - *Direct effects* are the changes that initiate the ripple effects through the economy. For this analysis, direct effects are increased firm output (revenue) directly attributable to the credit.
    - *Indirect effects* are the economic activity supported by business-to-business purchases in the supply chain for law enforcement. For example, police departments may purchase police equipment such as cars, uniforms training equipment and other technical gear to support officers. Each of the supplying businesses subsequently spends a portion of the money they receive on their own production inputs, such as office space, computers, and supplies, which in turn prompts spending by the suppliers of these inputs. This spending continues but progressively diminishes in its in-state impacts due to 'leakages,' which occur when firms spend money on imports (including imports from other states), taxes, and profits.
    - *Induced effects* are economic activity that occurs from households spending labor income earned from direct and indirect activities. This activity results from household purchases of items such as food, healthcare, and entertainment. The labor income spent to generate these effects does not include taxes, savings, or compensation of nonresidents (commuters), as these leave the local economy (leakage).

Table 5 shows the economic impact associated with the representative fiscal year of law enforcement spending. The benefit of the tax credit is modeled as additional income to the law enforcement sector. Direct spending by this sector, due to the additional income, supported 250 direct jobs with a total labor income of $7.9 million. Law enforcement sector spending supported an additional 58 indirect and induced jobs, but it should be noted that these do not necessarily reflect full-time employment. In total, law enforcement spending associated with the QLED credit also supported $11.3 million in total labor income, $13.8 million in value added, and $22.1 million in total output.

Table 5. Economic Impact of Law Enforcement Spending, TY 2025 Base

($ millions)	**Employment**	**Labor Income**	**Value Added**	**Output**
Direct Effect	199	$7.4	$6.9	$11.0
Indirect Effect	23	$1.6	$2.6	$4.6
Induced Effect	42	$2.4	$4.7	$7.6
Total Effect	**264**	**$11.4**	**$14.3**	**$23.2**

Source: IMPLAN and authors' calculations

Alternate Use of Forgone Revenue/Tax Expenditure

The induced economic impacts estimated above do not account for forgone state revenues, i.e., the economic impacts of alternative uses of the funds currently expended through this tax credit. SB 366 requires evaluations of tax incentives to include estimates of *net* economic and fiscal impacts, thus requiring consideration of the economic and revenue effects of alternative uses of the revenues that would be available for other purposes in the absence of the exemption.

Alternatives could include other economic incentives, spending in other policy areas across state government, or a reduction in taxes—all of which could also result in direct, indirect, and induced economic effects. However, absent information as to how the General Assembly would otherwise choose to spend foregone revenue if not on the credit, we estimate the impact of using the revenue to fund an equivalent increase in state government spending in proportion to existing expenditures. That is, we allocate the foregone revenue to industry sectors as direct effects based on the sector shares of spending in the state budget. The two largest categories of spending—education (47 percent) and healthcare (21 percent)—account for about 68 percent of the state budget for FY 2025 see Appendix C for details).

As detailed in Table 6, if the state received the forgone revenue associated with the excluded law enforcement spending, it could be expected to generate approximately $21.8 million in gross output. This estimate includes $11 million in annual direct government outlays (the fiscal year law enforcement estimated tax expenditure for the credit) plus the amounts shown for indirect and induced effects resulting from the initial, direct outlays.

Table 6. Summary of Alternative Use Economic Impacts

($ millions)	**Employment**	**Labor Income**	**Value Added**	**Output**
Direct Effect	184	$8.3	$8.1	$11.0
Indirect Effect	15	$0.9	$1.6	$3.0
Induced Effect	42	$2.4	$4.8	$7.7
Total Effect	**241**	$11.6	$14.5	$21.8

Source: IMPLAN and authors' calculations

Fiscal Impact

A summary of the fiscal impacts of the QLED credit is presented in Table 7 below. We then detail the estimates of the revenue effects of the credit's economic impacts and the opportunity cost of the tax expenditure—the revenues that could be expected from the alternate use of funds. The detailed estimates are projected forward to obtain the amounts below.

Table 7. Fiscal Impact Summary*

($ millions)	**TY 2025**	**TY 2026**	**TY 2027**	**TY 2028**	**TY 2029**	**TY 2030**
Tax Expenditure Cost						
State	-$11.04	-$13.36	-$13.25	-$14.35	-$15.70	-$17.03
Revenue Gains from Economic Impact						
State	$0.43	$0.52	$0.51	$0.56	$0.61	$0.66
Local	$0.12	$0.15	$0.15	$0.16	$0.18	$0.19
Alternative Use Reduction						
State	-$0.91	-$1.10	-$1.09	-$1.18	-$1.29	-$1.40
Local	-$0.22	-$0.27	-$0.27	-$0.29	-$0.32	-$0.35
Net Fiscal Effects						
State	-$11.52	-$13.94	-$13.83	-$14.98	-$16.39	-$17.77
Local	-$0.10	-$0.12	-$0.12	-$0.13	-$0.14	-$0.15
Total Net Fiscal Effects	-$11.62	-$14.06	-$13.95	-$15.11	-$16.53	-$17.93
State ROI	-$0.04	-$0.04	-$0.04	-$0.04	-$0.04	-$0.04

Note: The ROI value indicates for every dollar invested, 4 cents are lost. *Reflects adjustment for but-for estimate of 48 percent.

Revenue Impacts

Forgone Revenue

We estimate foregone revenue associated with project expenditures of the representative year, outlined below in Table 8, estimating lost revenue from the QLED credit based on expected growth in donations, as discussed earlier.

Table 8. Tax Expenditure Cost Estimates

($ millions)	**TY 2026**	**TY 2027**	**TY 2028**	**TY 2029**	**TY 2030**
State Tax Expenditure	-$13.36	-$13.25	-$14.35	-$15.70	-$17.03

Source: DOR, BTS, EIA data and authors' calculations

We next estimate the additional tax revenue associated with the alternative use scenario outlined in the economic activity section of this report.

Additional Tax Revenue

Below, Table 9 shows the estimates for state and local tax revenues attributable to economic activity associated with law enforcement, with the representative year of TY 2025. State income tax is estimated using employee compensation generated by IMPLAN. Labor income estimated in this sector is comprised mostly of law enforcement personnel, with an average income of approximately $43,000 per job. Based on Georgia DOR tax data—specifically, the net tax liability relative to adjusted gross income (AGI) for taxpayers with similar AGI in TY 2022—we estimate an average effective tax rate under current law of 5.13 percent on labor income for in-state residents.

IMPLAN incorporates estimates of sales and property taxes. However, the model relies on levels of economic activity rather than sales or property tax rates and tax bases; thus, they are not our preferred estimates. Instead, to estimate sales tax revenues, we use the model's estimated incremental output for various retail sectors and adjust for the taxable portion of sector sales to arrive at estimates of taxable sales. For retail sectors, IMPLAN reports as output only the retail gross margin, not the total sales at retail, so these estimates are grossed up using average gross margin rates from IMPLAN for each retail sector to arrive at estimated sales to which the tax would be applied. The state sales tax is calculated using the state sales tax rate of 4 percent, and the local sales tax is calculated using an average local sales tax rate of 3.38 percent—the population-weighted average as of January 2024, according to the Tax Foundation. The state and local sales tax estimates for the base year are also shown in Table 9.

To estimate the additional property tax due to the economic activity associated with the tax credit, we calculate the ratio of the IMPLAN estimate of sales tax to our preferred estimate of sales tax above and apply this to the IMPLAN estimate of property tax revenue. This estimate assumes that economic activity generating IMPLAN's sales tax estimates is like that which generates the property tax—thus, this estimate should be treated cautiously.

Finally, about 76 percent of Georgia state tax collections come from personal income and state sales taxes. Georgia collects a host of other taxes that make up the remaining 24 percent, on average. Two taxes make up about one-half of the 24 percent: corporate income tax and title ad valorem tax (TAVT) on motor vehicles.

Table 9 shows the base-year estimated revenue from these other taxes, assuming the 24 percent proportional effect. Recall that the but-for analysis concludes that, in the short term, 52 percent of law enforcement donations would be made if the tax credit was removed. Thus, the estimates in Table 9 reflect the but-for share of 48 percent of deemed to have a short-term economic impact.

Table 9. State and Local Tax Revenue from Law Enforcement (TY 2025 base, *$ millions*)

Tax Type	State Revenue	Local Revenue
Personal Income Tax	$0.05	
Sales Tax	$0.28	$0.04
Property Tax	$0.00	$0.08
All Other State Taxes	$0.10	
Total	**$0.43**	**$0.12**

Source: IMPLAN and authors' calculations

State and Local Taxes Generated from Alternative Use of Funds

New annual tax revenues resulting from the alternative use case are estimated in a similar manner as that generated by projected expenditures. The alternate use case revenues are nonrecurring because they result from a one-time tax expenditure.

Table 10. State and Local Tax Revenues: Alternative Use of Funds (*$ millions*)

Tax Type	State Revenue	Local Revenue
Personal Income Tax	$0.60	
Sales Tax	$0.09	$0.09
Property Tax	$0.00	$0.13
All Other State Taxes	$0.22	
Total	$0.91	$0.22

Source: IMPLAN and authors' calculations

Administrative Costs

Law Enforcement credits are in a group of several other credits that require pre-approval and have a cap on the total donations. These credits include:

PEACH Education Credit

Qualified Education Expense Credit

Qualified Foster Care Credit

Rural Hospital Credit

These credits are generally administered by a team of 7 individuals in the Taxpayer Services Division of the Department of Revenue as well as a team of business testers to make sure the credits work in a testing environment. It is estimated that the total personnel cost is $505,000 annually when including fringe benefits. The Department also estimates that it costs approximately $325,000 per year from an IT perspective to program and update all of its tax credits. Finally, the Department estimates it costs about $5,000/year from a tax policy perspective. Thus, on an annual basis, it costs approximately $835,000 for the administration of this type of tax credits.

Public and Ancillary Benefits

In addition to the fiscal and economic benefits, the Qualified Law Enforcement Donation (QLED) credit generates important public and community benefits. The credit allows taxpayers to redirect a portion of their state income tax liability to local police foundations. This mechanism gives them a sense of control over their tax dollars and often reflects a belief that police foundations can deploy resources more effectively and responsively. Research on charitable tax credits suggests that this type of taxpayer-directed giving can increase the efficiency of public spending by lowering administrative overhead and aligning resources with local priorities.

QLED-supported donations strengthen local law enforcement capacity and improve public safety. Program rules require that funds be used for qualified expenditures, including equipment, technology, training, and officer wellness programs. These investments have a direct impact on community safety and officer effectiveness. Foundations across the state report that QLED-related donations have financed fingerprint readers, speed detection lasers, motorcycles, drones, robots, and other technology that enhance policing capabilities.

Importantly, the program also funds initiatives that improve officer well-being and resilience. Examples include gym facilities for night-shift officers, K9 care programs for officer mental health, and supplemental support for injured officers. Foundations have also used funds to improve training, such as purchasing interactive video systems, and to support recruitment and retention efforts, which are critical in a competitive law enforcement labor market.

Beyond material improvements, the program has strengthened ties between police departments and their communities. Police foundations report that QLED donations have raised awareness of law enforcement needs, built goodwill, and increased civic engagement by giving residents a direct stake in public safety outcomes. These contributions may also prevent longer-term social costs by improving recruitment, reducing officer burnout, and ensuring law enforcement agencies are well-equipped to respond to crime and emergencies.

Early evidence suggests growing interest in this tax credit, which could translate into higher levels of giving in future years. Terminating the QLED program could reduce private support for police foundations, particularly outside of metro Atlanta where fundraising capacity is more limited.

Methods to Optimize Tax Credit Performance

As noted earlier, the QLED credit is available through TY 2027, with a $75 million cap. While donations have increased considerably since its inception, in 2027 the estimates for credits generated is $22 million (see Figure 4). Our but-for estimates, while preliminary, suggest that the credit has been successful in generating new donations to police foundations, not merely shifting donations from non-qualifying police foundations to qualifying ones.

The cap on the amount each police foundation can receive, while an understandable attempt to spread out donations across the state, appears to be limiting overall contributions. As was shown earlier only the Atlanta police foundation received the capped amount. In addition, foundations associated with the Atlanta area tend to have the highest amounts of donations.

The Department of Revenue suggested several strategies that help credits get closer to the cap amount. First, a smaller number of intermediaries play an important role in those credits that get closer to their caps, such as rural hospitals and the qualified education expense tax credit. These intermediaries reach out to potential donors and guide them from pre-approval through utilization.

Another important feature of successful credit management by intermediaries is an “addback” program. Such a program monitors taxpayers’ federal filings and deducts any amount taken or intended to be taken against federal income. This amount then is returned to the state credit and allowed to be utilized. Note that the rules on addbacks are changing, and in fiscal year 2026 all credit addbacks will be administered by Department of Revenue.

Other evidence from the evaluations includes the following. Limits on corporate donations, may hinder reaching the cap. Also, the role of pass-through entities is important for the larger credits and higher limits to these entities helps increase donations. Finally, credits that allow for additional donations with higher cap limits after a certain date if the cap limit has not been reached also are more successful. QLED does not appear to have this option.

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Appendix A

The Tax Cuts and Jobs Act (TCJA) and Its Impact on 'Qualified' Donation Tax Credits

The 2017 Tax Cuts and Jobs Act (TCJA) materially weakened the federal tax incentive by nearly doubling the standard deduction and cutting individual rates. Consequently, there was a large reduction in the number of taxpayers who itemize, which reduced the effective federal subsidy for charitable donations for millions of filers. Additionally, TCJA capped the federal deduction for state and local taxes (the SALT deduction) at $5,000 for individual filers and $10,000 for married filing jointly.

In response, many states sought 'workarounds' to preserve deductibility for their residents. One of the earliest strategies adopted by some states was to create charitable funds to which taxpayers could 'donate' in exchange for state income or property-tax credits. For example, New York established the Charitable Gifts Trust Fund, allowing donations to health and education sub-funds in return for an 85 percent state income tax credit, while New Jersey allowed local governments to grant up to a 90 percent property-tax credit for contributions to municipal charitable funds.

However, the Treasury Department and IRS quickly issued regulations that curtailed these efforts. These regulations required taxpayers to reduce their federal charitable deduction by the value of any state or local tax credit received in exchange, effectively neutralizing most of these SALT workaround schemes.

At the same time, these developments spurred renewed interests on targeted, state-level 'qualified' donation tax credits, programs that pre-dated the TCJA but gained salience as alternative vehicles for channeling private contributions toward public purposes. Unlike the broad charitable SALT workarounds, qualified donation credits are narrowly defined, typically supporting education scholarships, foster care, or conservation easements, and are subject to strict caps and certification requirements.

The One Big Beautiful Bill (OBBB) Act, enacted in July 2025, has introduced additional tax changes that significantly altered federal charitable incentives. It created a universal above-the-line charitable deduction for non-itemizers. This measure allows individuals who take the standard deduction to also deduct up to $1,000 in cash donations ($2,000 for married filing jointly). OBBB narrows the tax value of itemized charitable deductions by imposing a cap on the tax benefit available to itemizers (a 35-percent cap for top-bracket filers, reduced from 37 percent) and introducing an AGI floor (0.5 percent of AGI for individuals) that donors must exceed before itemized charitable deductions apply. Additionally, the bill created a federal tax credit for donations to K-12 scholarship granting organizations (SGOs). Taxpayers cannot claim the federal deduction on amounts for which they claim federal SGO credit.

Appendix B. Similar Programs in Other States

State	Program(s)	Description	Caps & Limitations	Credit Carryforward
Alabama	Growing Alabama Credit (Act 2021-2)	Contributions to Economic Development Orgs for approved projects.	No statewide cap on donations (but projects require prior reservation). Credit equals donation amount (100%). Use limit: credit may offset only 50% of taxpayer's state income tax liability.	Carryforward up to 5 years
Arizona	Qualifying Charitable Organization (QCO) Credit (A.R.S. 43-1088)	Donations to qualified charities	100% credit for donations. Per-taxpayer cap: $495 (single) or $987 (joint) per year. Credit limit: cannot exceed state income tax liability.	Carryforward up to 5 years
Arizona	Qualified Foster Care Org (QFCO) Credit (A.R.S. 43-1089)	Donations to foster care nonprofits.	100% credit for donations. Per-taxpayer cap: $618 (single) or $1,234 (joint) per year. Credit limited to state income tax liability.	Carryforward up to 5 years
Arkansas	"PIAK" Education Scholarship Credit (Philanthropic Investment in Arkansas Kids, Act 2021-904)	Donations to scholarship-granting organizations (SGOs).	100% of donation as credit. Credit cannot exceed state income tax liability. Statewide cap $6M per year (indexing), first-come basis.	Carryforward up to 3 years
Colorado	Child Care Contribution Credit (C.R.S. 39-22-121)	Donations to qualified childcare facilities.*	Tax credit is equal to 50% of qualifying contribution. Per-taxpayer cap: $100,000 credit per year (single)	Carryforward up to 5 years

			or $200,000 (joint). Credit cannot exceed state income tax liability.	
Delaware	Conservation/Historic Preservation Donation Credit (Del. Code Tit. 30, §1804)	Donations of land/easements to qualified charities for conservation or historic purposes.	Credit is equal to 40% of fair market value of donated real property. Per-taxpayer cap: $50,000 credit per year. Credit limited to tax liability; if credit claimed, contributor may not claim charitable contribution deduction in calculating Delaware's income tax liability	Carryforward up to 5 years
Idaho	Education Tax Credit	Donations to certain educational/cultural charities.	Individuals cap: Lesser of - i) $500 per taxpayer ($1,000 joint), ii) 50% of total income tax or iii) 50% of amount donated.; Corporations cap (C and S Corp.): Lesser of - i) $5,000, ii) 10% of the total income tax, or iii) 50% of the amount donated.	No carryforward
Idaho	Youth & Rehabilitation Contribution Credit	Donations to approved youth/rehab charities.	Individual cap: Lesser of i) $100 per taxpayer ($200 joint), ii) 20% of total income tax, or iii) 50% of the amount donated; Corporations cap: Lesser of i) $500,	No carryforward

			ii) 10% of total income tax, or iii) 50% of the amount donated.	
Illinois	Illinois Gives Tax Credit	Donations to permanent endowments at Qualified Community Foundations.	Credit = 25% of donation. State cap: $5 million/year (25% of $20M donation limit). Per taxpayer limit: $100,000. Credit limited to tax liability. Credits awarded on first come, first served basis. Contribution limit per foundation; $3 million.	No carryforward
Indiana	Foster Care Donations Credit	Donations to the Insuring Foster Youth Trust Fund or an approved foster care organization.	Credit is equal to 50% of contributions of up to $10,000 per calendar year. Annual credit limit: $2 million	No carryforward
Iowa	Endow Iowa Tax Credit (Iowa Code §15E.305)	Donations to endow Iowa qualified community foundations.	Credit = 25% of donation. Individual cap: $100,000 credit per year; Joint cap: $200,000. Annual State cap: $6 million.** Credit limited to tax liability.	Carryforward up to 5 years
Iowa	Charitable Conservation Contribution Credit (Iowa Code §422.11W)	Donation of land/easements.	Credit = 50% of fair market value of qualified land or easement. Per-donation cap: $100,000 credit. Credit limited to tax liability.	Carryforward up to 20 years
Kansas	Community Service Contribution Credit (K.S.A. 79-32,135)	Donations to approved community service organizations.	Credit = 50% of cash donation (70% if organization is in a rural	Excess credit refunded (no need to carry over).

			area≤15,000 pop.). No per-donor limit; prior approval needed.	
Kentucky	Endow Kentucky Tax Credit (KRS 141.423)	Donations to permanent endowments at qualified community foundations.	Credit = 20% of donation. Max credit: $10,000 per taxpayer per year. State cap: $1 million per year. Credit limited to tax liability.	Carryforward up to 5 years
Louisiana	Foster Care Charitable Organization Credit	Donations to qualified foster care charitable organization credit	Credit is equal to lesser of $50,000 or the actual amount of donations used by the QFCCO. Annual credit cap: $500,000	Carryforward up to 5 years
Maryland	Community Investment Tax Credit (CITC)	Contributions to approved local community projects (housing, homeless aid, etc.)	Credit is equal to 50% of qualified donation of $500 or more.	No carryforward
Mississippi	Endow Mississippi Tax Credit	Donations to permanent endowments at qualified community foundations.	Credit = 25% of donation. Donation (Credit) limit: minimum $1000 ($250 state tax credit) to maximum $500,000 ($125,000 state tax credit). State cap: $1 million tax credits per year.	No carryforward
Missouri	MOScholars (Ed) Credit	Donations to certified scholarship organizations (aid special-education/low-income K–12 students).	Credit = 100% of eligible donations of $500 or more. Limit: credit ≤ 50% of donor's Missouri tax liability.	Carryforward up to 4 years
Missouri	Youth Opportunities Program (YOP)	Donations to approved youth development projects.	Credit = 50% of donation, Per donor credit limit:	No carryforward

			$200,000. Annual limit $6 million.	
Missouri	Domestic Violence/Rape Crisis Credit (Mo. Rev. Stat. §135.775)	Donations to approved DV shelters/rape crisis centers.	Credit = 70% of donation (for contributions ≥ $100). Per donor credit limit: $50,000. Credit cannot exceed state income tax liability	Carryforward one year
Montana	Student Scholarship Organization Tax Credit	Donation to approved Student Scholarship Organizations to provide scholarships for eligible students to attend instruction offered by a qualified education provider.	Credit is equal to the amount of donation, up to $200,000 ($400,000 for MFJ). Aggregate threshold: $6 million. If 80% of previous year's aggregate amount is claimed, the credit increases by 20%.	Carryforward up to 3 years
Montana	Innovative Educational Program Tax Credit	Donation to Montana Public School districts (PSD)	Credit is equal to the amount of donation, up to $200,000 ($400,000 for MFJ). Aggregate threshold: $6 million. If 80% of previous year's aggregate amount is claimed, the credit increases by 20%.	Carryforward up to 3 years
New Mexico	Equal Education Opportunity Credit (2023 law)	Contributions to qualified tuition scholarship organizations.	Credit = 80% of donation (for K–12 scholarship donations). Credit cannot exceed 50% of taxpayer’s NM tax liability. Requires prior approval (cap unspecified).	Carryforward up to 3 years

New York	Contributions to certain funds credit	Contributions to specific organizations to support health care and public education	Credit = 85% of contribution. In itemizing deductions, donors can deduct 15% of the contribution. Only individuals are eligible	No carryforward
North Carolina	Conservation Tax Credit	Allows landowners to donate land with eligible public benefit to a qualified recipient.	Credit = 25% of the fair market value of the land at the time of donation, maximum limit: $500,000 per C Corp. or $250,000 for individuals. Annual cap: $5 million.	Carryforward up to 5 years
North Dakota	Planned Gift Tax Credit (N.D.C.C. §57-38-01.21)	Planned gifts (annuities, trusts, life estate, etc.) to ND charities.	Credit = 40% of contribution. Credit limit: up to $10,000 per individual ($20,000 joint). Credit cannot exceed state income tax liability.	Carryforward up to 3 years
Ohio	Scholarship Donation Credit	Donations made to an eligible Scholarship granting organization (SGO).	Credit is equal to lesser of $750 ($1,500 for MFJ) or the total amount donated to SGOs during the tax year.	No carryforward
Oklahoma	Equal Opportunity Education Scholarship Act	Donations to eligible public-school foundations or public-school districts.	Credit limit per taxpayer is $1,000 ($2,000 for MFJ) and $100,000 for qualified business entity. Taxpayer can pledge for a one-time gift or a two-year gift. One-time gifts are eligible for a 50%	Carryforward up to 3 years

			tax credit, while two consecutive years gifts are eligible for a 75% tax credit.	
Virginia	Neighborhood Assistance Act Credit	Donation to an approved neighborhood Assistance Program (NAP) non-profit organization.	Credit up to 65% of the donation's value. Minimum donation: $500 ($616 for businesses); Maximum donation: $125,000 per year.	Carryforward up to 5 years

* Expires 2025

** Beginning CY 2026 annual cap is reduced from $6 million to $3.5 million

Appendix C: Value of Alternative Use

Table shows the approximate breakdown of state expenditures into functional areas that either directly correspond or are similar to the specified IMPLAN sectors in terms of the nature of labor and other inputs.

Category	Share state spending	IMPLAN codes	IMPLAN Sector Descriptions
Education, PK-12	40.0%	462	Elementary and secondary schools
Ed., Post-Sec	15.1%	463	Post-secondary education, colleges
Health Care	22.7%	475	Individual and family services
Public Safety, excl Corrections	3.4%	453	Facilities support services
Public Safety, Corrections	4.3%	457	Investigation and security services
Mobile Georgia	7.2%	439	Architectural, engineering, related svcs.
Growing Georgia	1.9%	451	Management of companies and enterprises
General Government	5.4%	469	Management of companies and enterprises

Source: Spending shares based on AFY 2019 - AFY 2025 Governor's Budget Report

https://opb.georgia.gov/budget-information/budget-documents/governors-budget-reports