



DEPARTMENT OF AUDITS AND ACCOUNTS

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January 29, 2018

Honorable Jay Powell
Chairman, House Ways and Means
133 Capitol
Atlanta, Georgia 30334

SUBJECT: Revised Fiscal Note
House Resolution 238 (LC 40 1347)

Dear Chairman Powell:

The original fiscal note for LC 40 1347, dated January 23, 2018, has been revised and replaced. The fiscal note used the definition of "outdoor recreation equipment" found in House Bill 332. This revised fiscal note uses a newer version of the bill (LC 44 0683S), which did not include "special equipment" in the definition of "outdoor recreation equipment."

The resolution proposes an amendment to the Georgia Constitution to provide for the annual allocation of 75% of the sales and use tax revenue derived from the sales of outdoor recreation equipment to a Georgia Outdoor Stewardship Trust Fund. The purpose of the trust fund would be the protection and preservation of conservation land. This fiscal note assumes that the voter referendum is held in November 2018 and the allocation of revenue to the trust fund would begin in January 2019.

Impact on State Revenue

Georgia State University's Fiscal Research Center (FRC) estimated that the bill would direct \$36.5 million from the general fund to the trust fund in fiscal year 2020, the first full year of the allocation (Table 1). The amount would increase to \$40.9 million by fiscal year 2023.

Table 1. Estimated State Sales Tax Revenues from Outdoor Recreation Equipment and Amounts Dedicated to Georgia Outdoor Stewardship Trust Fund

(\$ millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY2023
State Revenue from Equipment Sales	\$21.9	\$48.7	\$50.9	\$53.2	\$54.5
Portion Dedicated to Trust (75% of total)	\$16.4	\$36.5	\$38.2	\$39.9	\$40.9

FRC noted that the term “outdoor recreation equipment” is not defined in current Georgia law but is included in HB 332 (LC 44 0683S), introduced in the 2017 session. For the purpose of the analysis, FRC used the bill’s definition of “all hunting equipment, auxiliary hunting equipment, fishing equipment, auxiliary fishing equipment, wildlife-watching equipment, and auxiliary wildlife-watching equipment.”

The estimates of state sales of outdoor recreation equipment are based on the “2016 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation,” published by the U.S. Fish and Wildlife Service (USFWS). This report provides national estimates of consumer spending in 2016 on equipment and auxiliary equipment for the three activity categories: hunting, fishing, and wildlife-watching. National spending was shared down to Georgia based on population. Growth from 2016 levels assumes 1.9 percent real growth, as projected by the U.S. Bureau of Labor Statistics for personal consumption expenditures through 2026, plus inflation at 2 percent per annum.

Impact on State Expenditures

The Department of Revenue (DOR) does not currently obtain a breakdown of sales tax collections by specific types of items. The sales tax return form would need to be altered to allow retailers to separately identify outdoor recreation equipment. DOR officials estimated one-time costs of \$430,000 to update its IT systems, modify forms and regulations, and conduct outreach and training. It also expected to hire one additional tax examiner at an annual costs of \$44,672 (salary and benefits) to review the added requirements on the sales tax return.

Sincerely,



Greg S. Griffin
State Auditor



Teresa A. MacCartney, Director
Office of Planning and Budget