



## DEPARTMENT OF AUDITS AND ACCOUNTS

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**Greg S. Griffin**  
STATE AUDITOR  
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March 5, 2018

Honorable Chuck Hufstetler  
Chairman, Senate Finance  
121-C State Capitol  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
Senate Bill 378 (LC 43 0817)

Dear Chairman Hufstetler:

The bill would require the Department of Audits and Accounts (DOAA) to complete an economic analysis on any tax bill that creates a new tax incentive or modifies or extends an existing incentive. The economic analysis must include a ten-year estimate of the net change in state revenue, expenditures, economic activity, and public benefit. Any member of the General Assembly can request an economic analysis on a tax bill, including any bill amendment or substitute.

DOAA would likely contract with Georgia State University's Fiscal Research Center (FRC) to conduct the required economic activity and public benefit analyses.<sup>1</sup> FRC would hire additional research associates to conduct the analyses, and the number of staff needed is dependent on the number of analyses anticipated.

Using the number of tax-related bills for which fiscal notes were requested in recent sessions (approximately 50) as an indicator of the number of required economic analyses, FRC estimated the need for six employees to be assisted by graduate students. Estimating 120 hours per analysis, 50 analyses would result in 6,000 hours of work. However, these hours would be incurred between November and March, with most during the three-month session. FRC estimated the annual cost of six employees, five part-time graduate students, and the required software licenses, data purchases, and supplies at \$792,000.

FRC officials noted that the type of work to be performed requires knowledge and experience in special research methods, Georgia tax policy, GIS mapping, and computer programming and that it would be unable to hire a sufficient number of these skilled personnel on an as-needed basis for each legislative session. Instead, FRC would need to hire full-time research associates. It should

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<sup>1</sup> For tax bills submitted for a fiscal note, revenue and expenditure analyses for a shorter timeframe are already conducted.

be noted that these employees—at the same cost—could be used to conduct similar analyses outside of the legislative session (e.g., economic analyses included in SB 432, support for fiscal study committees).

It should be noted that the number of bills submitted for review could be much higher. The bill would allow any member of the General Assembly to request an economic analysis, even if the House Ways and Means Committee will not consider the legislation. In addition, the House Ways and Means Committee currently considers some legislation without obtaining a fiscal note if the chair determines 1) that the fiscal impact of the original bill will not be substantial or 2) that the amended bill will not substantially change the results of an existing fiscal note.

Sincerely,

A handwritten signature in blue ink that reads "Greg S. Griffin".

Greg S. Griffin  
State Auditor

A handwritten signature in blue ink that reads "Teresa A. MacCartney".

Teresa A. MacCartney, Director  
Office of Planning and Budget

GSG/TAM/mt