



DEPARTMENT OF AUDITS AND ACCOUNTS

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March 20, 2018

Honorable Jack Hill
Chairman, Senate Appropriations
234 State Capitol
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill 332 (LC 44 0920S)

Dear Chairman Hill:

The bill would create the Georgia Outdoor Stewardship Trust Fund as a separate fund within the state treasury to support the protection and conservation of land. Twenty-five percent of the state sales tax revenue from 2007 North American Industry Classification Code (NAICS) 451110—sporting goods stores—would be directed to the fund. The Department of Natural Resources (DNR) would administer the funds for a number of purposes, including grants to state and local governments and non-governmental entities for the support of parks, trails, and conservation land stewardship and to purchase additional real property. The bill would be effective July 1, 2019 only if voters pass a constitutional amendment in November 2018.

Impact on State Revenue

Based on information from the Department of Revenue, we estimate that the bill would redirect approximately \$12.7 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 \$13.2 million in fiscal year 2024. The estimates assume a 1.1 percent annual growth in state sales tax revenue within NAICS 451110, based on industry projections by research firm IBISWorld. However, if sales decline by one percent or more, the bill mandates a 20% reduction in funds allocated to the trust fund in the first year of decline and a 50% reduction in subsequent years.

Table 1. Estimated Sales Tax Revenues from NAICS 451110 and Amounts Dedicated to Georgia Outdoor Stewardship Trust Fund

(\$ millions)	FY 2020	FY 2021	FY 2022	FY2023	FY 2024
State Revenue NAICS 451110	\$50.6	\$51.2	\$51.7	\$52.3	\$52.9
Portion Dedicated to Trust (25% of total)	\$12.7	\$12.8	\$12.9	\$13.1	\$13.2

Impact on State Expenditures

DNR indicated it would require additional staff to administer the grant program. The number of staff would depend on the number of grants issued annually, which would be at the discretion of the fund's Board of Trustees. Based on the workload associated with existing DNR grant programs, the agency estimated the need for three additional personnel. We estimate an annual cost of \$225,000 (\$192,000 for personnel and \$33,000 for operating). The Georgia Environmental Finance Authority also indicated that it would incur additional operational expenses, but the number of additional staff that would be necessary cannot be determined at this time.

Sincerely,



Greg S. Griffin
State Auditor



Teresa A. MacCartney, Director
Office of Planning and Budget

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