



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

January 16, 2024

Honorable Mandisha Thomas  
State Representative  
511-B Coverdell Legislative Office Building  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill (LC 43 2913)

Dear Representative Thomas:

The bill would create an income tax credit for certain eligible social extracurricular expenses incurred by taxpayers for the benefit of homeschooled students. A taxpayer may claim a credit of up to \$2,000 per beneficiary for the eligible expenses. The credit amount cannot exceed the taxpayer’s income tax liability and cannot be carried forward or backward. The credit would be effective for eligible expenses incurred on or after January 1, 2025.

### Impact on State Revenue

Georgia State University’s Fiscal Research Center estimated that the bill would reduce state revenue as shown in Table 1. The range is based on the assumptions about the average amount spent on qualifying extracurricular activities per student. The appendix provides details of the analysis.

**Table 1. Estimated State Revenue Effects of LC 43 2913**

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
High Estimate	(\$91.89)	(\$92.14)	(\$92.40)	(\$92.71)	(\$93.12)
Low Estimate	(\$76.45)	(\$76.66)	(\$76.97)	(\$77.13)	(\$77.47)

### Impact on State Expenditures

The Department of Revenue (DOR) would incur one-time and annual costs to implement the provisions of the bill. The Taxpayer Services Division would need one additional tax examiner at a one-time cost of \$1,825 and annual costs for salaries and benefits of approximately \$71,100. DOR also estimated printing and postage costs of approximately \$3,000 annually.

DOR estimated that changes to its information systems would require 12 weeks of existing staff time.

Respectfully,



Greg S. Griffin  
State Auditor



Richard Dunn, Director  
Office of Planning and Budget

GSG/RD/mt

### Analysis by the Fiscal Research Center

The bill proposes to establish a state income tax credit for eligible social extracurricular expenses incurred on or after January 1, 2025. Eligible social extracurricular expenses are defined as expenses by a taxpayer for the benefit of him/herself or an immediate family member, provided that the beneficiary is enrolled in a home study program that meets the requirements established under O.C.G.A. § 20-2-690. Eligible expenses shall be limited to tuition or fees for participation or attendance in Georgia at any in-person:

- (1) Children’s sports league;
- (2) Children’s group instructional class for ballet, dance, or martial arts; or
- (3) Instructional camp for groups of children.

Taxpayers will be allowed a credit against the state income tax in the amount of eligible expenses or \$2,000 per beneficiary of the eligible expenses, whichever is less. Credits allowed may not exceed the taxpayer’s tax liability for the year, and any unutilized credits may not be carried forward to succeeding years.

Based on data from the Georgia Department of Education and the National Home Education Research Institute, we estimate there were 91,296 homeschooled students in Georgia for the 2021–22 school year. Based on age-specific population projections from the Governor’s Office of Planning and Budget and homeschooling trends from the National Center for Education Statistics (NCES), we project this number to grow to 97,162 by 2030, with an average annual growth rate of 0.6 percent. Survey responses from Lending Tree indicate that approximately 80 percent of homeschool children participate in extracurricular activities. The homeschool student population projections are shared down by this percentage to represent the number of students earning credits and then converted into number of households, assuming two children per household.

**Table 2. Georgia Homeschool Student Population Estimates, CY 2026–30**

	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Total in Georgia	96,000	96,300	96,500	96,900	97,400
Households with Participating Children	38,400	38,500	38,600	38,800	39,000

Estimates for the average per-student extracurricular cost vary widely and depend on household income. Based on data from NCES, approximately 33 percent of homeschooling households have a total household income over \$100,000. Families with this level of income or more are highly likely to have children participating in extracurricular activities and summer camps. It is assumed that this proportion of households would reach the credit cap of \$2,000 per student. The remaining households making less than \$100,000 are estimated to spend between \$1,000 and \$1,400 annually per student on a combination of extracurriculars and summer camp. The high estimate assumes 33 percent of households will reach the \$2,000 cap, and the remaining households will spend an average of \$1,400 per student per year. The low estimate also assumes high-income households will reach the \$2,000 cap, while the remaining households will spend an average of \$1,000 annually per student.

**Table 3. Extracurricular Credits Generated Estimates, CY 2026–30**

<i>(\$ in millions)</i>	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Low	\$102.1	\$102.4	\$102.6	\$103.0	\$103.6
High	\$122.7	\$123.0	\$123.4	\$123.9	\$124.5

Georgia Department of Revenue administrative income tax data for TY 2021 were used to simulate an additional \$4,000 for a set of households with a similar income distribution to that of households with

homeschooled children based on the NCES data. This simulation estimated that households would have sufficient tax liability, net of all other deductions and credits, to utilize approximately 65 percent of the credit. The revenue effects detail in Table 1 are based on the high and low credit-generated estimates in Table 3, with 65 percent utilized in the subsequent fiscal year when households file their return.