



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 18, 2025

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

SUBJECT: Fiscal Note
Senate Bill 52 (LC 33 9775s)

Dear Chairman Hufstetler:

This bill would provide temporary tax relief on standing timber in FEMA-declared disaster counties due to Hurricane Helene. Local governments could choose to not collect timber taxes for the entirety of 2025 and refund any timber taxes collected in the last quarter of 2024. The state would offset the revenue losses through grants to participating local governments. These grants will be administered by the Georgia Department of Revenue (DOR), with the amounts determined in consultation with the governing authorities and the Georgia Forestry Commission (GFC). GFC is directed to determine damage criteria, to develop and provide taxpayer certification forms, and to audit property for compliance upon request of eligible governing authorities. No grant amount can exceed the average of the total timber revenue received by a governing authority in years 2021 through 2023.

Data from DOR indicates that the bill would increase state expenditures by a maximum of \$17.3 million.¹ This maximum total is based on the three-year historic average timber revenues for each impacted county. The actual reduction in local tax revenue (and the state grant total) will likely be lower as some portion of timber in these counties will not be deemed eligible for tax relief. GFC would also incur an estimated \$23,000 in administrative costs, while DOR would be able to implement provisions of the bill with existing resources.

Estimated costs of the bill used the assumptions below.

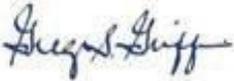
- In all 93 affected counties, all local governments qualified to participate in the tax relief on timber elect to do so.
- Lines 42-44 of the bill mentions a disaster area designated for “public assistance or individual and public assistance.” We assume this language excludes counties labeled as “no designation” and “individual assistance” on FEMA’s Georgia Declaration map as of November 4, 2024.
- There will be 300 landowners who require an audit by GFC.

¹ The Department of Community Affairs separately estimated local governing authority revenue losses from participation at \$7.9 million. This amount is based on an assumption that a constant share of the total assessed value of timber in each county is severely damaged (30.3%).

- GFC audit site visits will average one hour in length per visit at an average cost of \$41.77 per hour. This amounts to \$12,531 for 300 visits.
- GFC site visits will have a 50-mile average round trip length using the closest foresters in the vicinity. At \$0.70 per mile for 300 trips, this amounts to \$10,500.
- DCA assumes the assessed value of severely damaged timber is 30.3% of the total assessed value of timber for all affected counties. This share comes from ratio of the value of severely damaged timber to the value of total timber damage from the November 5, 2024, *Hurricane Helene Timber Damage Assessment* published by GFC.

An additional factor that could result in lower participation by local governments is that the tax relief could incentivize larger timber harvests than usual in 2025, resulting in larger local government revenue losses relative to grant amounts. This possibility could lower the cost to the state.

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget

GSG/RD/rg