



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 26, 2025

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

SUBJECT: Fiscal Note
Senate Bill 71 (LC 50 0945)

Dear Chairman Hufstetler:

The bill would exempt from state income tax any earnings received by a student athlete at a postsecondary educational institution as compensation for the use of his or her name, image or likeness (NIL). The bill would be effective for tax years beginning on or after January 1, 2025.

Impact on Revenue

Georgia State University’s Fiscal Research Center (FRC) estimated that the bill would decrease revenue as shown in Table 1. The appendix provides details of the analysis.

Table 1. Estimated State Revenue Effects of SB 71 LC 50 0945

<i>(\$ millions)</i>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
High	(\$0.8)	(\$1.1)	(\$1.4)	(\$1.7)	(\$2.0)
Low	(\$0.3)	(\$0.3)	(\$0.4)	(\$0.5)	(\$0.6)

Impact on Expenditures

The Department of Revenue (DOR) be able to implement the bill with existing resources.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

For many years, the National Collegiate Athletics Association (NCAA) prohibited student athletes from using their name, image, or likeness (NIL) to receive compensation. However, the Supreme Court ruled in *NCAA v. Alston* (2021) that restricting compensation for athletes for their namesake or likeness violated antitrust laws. Since the decision, organizations such as NIL collectives—channels that are affiliated with, but separate from, universities—have allowed donors and boosters to pool money and pay student athletes for the use of their NIL. According to the NCAA, there are currently 213 NIL collectives at Division I schools that are each expected to generate almost \$10 million annually on average.

NIL funding estimates from the NCAA are used to calculate the amount of taxable income generated from NIL deals at Georgia schools.

- For academic year (AY) 2023–24, NIL collectives at Georgia NCAA I schools received an estimated \$24,234,014. There were 2,088 total student athletes at the top division I schools in Georgia.
- According to reporting by ESPN, the average compensation for an NIL deal was \$1,036, while the median compensation was only \$51.
- According to On3, a media and technology company covering college sports and NIL, the highest reported NIL valuation for a student athlete in Georgia was \$4.3 million, suggesting many athletes receive small amounts of NIL funding and a few receive much larger amounts.
- It is assumed that only 10 percent of deals made by student athletes are high enough in value to be taxed as state income. Based on two distribution simulations, the total taxable NIL income by student athletes in Georgia is estimated to be between \$18.3 million (low estimate) and \$19.5 million (high estimate). The low and high estimates are based on the portion of NIL payments that are assumed to be sufficient to create taxable income.
- Under the *House v. NCAA* (2024) settlement, schools can share up to \$20.5 million in athletic department revenues with their athletes starting in 2025. This amount is expected to grow up to \$30 million by 2035, at which point Division I schools will share an estimated \$1.6 billion with their athletes per year. Revenue sharing will be separate and distinct from NIL payments or collectives under NCAA rules. That is, revenue sharing is not NIL and not exempted by the proposed bill.
 - Opendorse projects that between AY 2024–25 and AY 2025–26, the share of NIL collective funds received by top NCAA I football quarterbacks will decline 80 percent, while the share of commercial NIL will increase roughly 25 percent. The overall market is expected to grow 60 percent over this period with about three quarters going towards revenue sharing.
 - The low estimated NIL compensation subject to taxes is assumed to decline approximately 80 percent from tax years (TY) 2024–25. The high estimates assume that the current level of NIL payments remain after revenue sharing begins, due to uncertainty of enforcing a distinction between the two types of payments and the tax incentive to have payments characterized as NIL created by this bill.
 - Based on the average market growth rate projections from Opendorse, taxable NIL income is assumed to grow 30.59 percent from FY 2025–28 and stabilize at 20 percent from TY 2029–30 for both the high and low estimates.

Table 2 presents high and low estimates for total taxable NIL income for student athletes in Georgia for TY 2026–30 based on simulated income distributions. The revenue impacts in table one are based on and effective tax rate on this income of 5.39 percent.

Table 2. Estimated NIL Compensation Subject to State Income Tax

<i>(\$ millions)</i>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
High	\$15.2	\$19.9	\$26.0	\$31.2	\$37.4
Low	\$4.8	\$6.2	\$8.2	\$9.8	\$11.8