



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

November 21, 2024

Honorable Mitchell Horner  
State Representative  
612-B Coverdell Legislative Office Building  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill (LC 50 0952)

Dear Representative Horner:

The bill would amend Georgia’s income tax code to provide a tax credit for certain educational expenses of K-12 students who are not enrolled in any public school. The households of these students would be eligible to claim an income tax credit equal to the amount of their eligible education expenses up to \$6,500 per year. The credit cannot exceed the taxpayer's income tax liability and cannot be applied to past or future tax liabilities. The bill would be effective for tax years beginning on or after January 1, 2026.

### Impact on State Revenue

Georgia State University’s Fiscal Research Center (FRC) estimated that the bill would reduce state revenue by the amounts shown in Table 1. FY26 is a partial year impact, with full impact beginning in FY27. The appendix provides details of the analysis.

**Table 1. Estimated State Revenue Effects of LC 50 0952**

<i>(\$ millions)</i>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>
High Case	(\$161.3)	(\$327.8)	(\$338.3)	(\$349.4)	(\$361.5)
Low Case	(\$127.5)	(\$259.2)	(\$267.4)	(\$276.2)	(\$285.8)

### Impact on State Expenditures

The Department of Revenue (DOR) would be able to implement the bill’s provisions without additional funding. However, information technology changes would take approximately 12 weeks, equating to approximately \$129,000.

Respectfully,

Greg S. Griffin  
State Auditor

Richard Dunn, Director  
Office of Planning and Budget

GSG/RD/mt

### **Analysis by the Fiscal Research Center**

The proposed credits are based on specific instructional expenses for students not enrolled in any public school. The students qualifying are assumed to be home and private school students. The key components needed to estimate the fiscal impact of LC 50 0952 are the size of these enrollments and typical eligible spending. For the purposes of this analysis, home and private school students are treated as separate groups with specific and different assumed typical spending. The estimated fiscal impacts of the proposed changes in LC 50 0952 are based on the following data and assumptions:

- Data from the Georgia Department of Education and National Home Education Research Institute indicate there were approximately 91,000 homeschool students in Georgia in 2022.
- Data from the National Center for Education Statistics (NCES) indicate there were 175,150 private school students in Georgia in 2021.
- Age-specific population projections from the Office of Planning and Budget were used to grow these two populations through 2030.
- Data from Statista and the US Census were used to assume that the average number of private or home-schooled children per household, given one such student resides in a household, is 1.75. The subject bill limits qualified expenses per taxpayer of \$6,500 and \$13,000 in total on a joint return.
- According to Time4Learning, an online homeschool provider, the average expenses on curriculum, supplies, and materials (including technology) for homeschool students is \$600–\$1,000 per student annually. These figures represent the high and low spending estimates for homeschooling households. Multiple other sources were consistent with these as estimates for average spending on qualified expenses by household with home schooled children.
- Two sources were used to estimate the average eligible expenses for private school students. The high spending estimate is based on a US News article which states private school students spend an average of \$2,000 per year on requisite technology, books, and supplies. The low spending estimate for private school households is based on data from the National Association of Independent Schools, which indicates the median instructional expenses per student and median technology expenses for students are approximately \$1,550 per student per year.
- The basis for the low estimated aggregate spending is \$600 per home schooled student per year and \$1,550 per private schooled student per year, with \$1,000 and \$2,000 the high estimates, respectively. The values of credits generated are shown in Table 2.
- These education expenses are projected forward assuming 3 percent inflation.
- If the definition of qualified expense is interpreted more broadly in practice than this analysis assumes then the revenue cost of this bill could be materially greater. Spending for home school students above curriculum, supplies, and materials are not included in the estimate's definition of qualified expense. Likewise, private school eligible expenses are assumed to include books and technology, but there may be other items students are required purchase to attend and participate in classes such as art or general school supplies, school and PE uniforms, musical instruments, or even curriculum fees that are now covered by tuition but could conceivably be separately billed. Should such other required costs be eligible for the credit, the cost of the bill would be higher.
- Data from the Census Household Pulse Survey provides estimates on the income distributions of households with private school students and home school students, respectively. These estimates, along with DOR individual income tax data, were used to simulate the proportion of generated credits that could be utilized. The values of generated and utilized credits for tax years (TY) are shown in Table 2.

**Table 2. High and Low Credits Generated and Utilized, TY 2026–30**

<i>(\$ millions)</i>	<b>TY 2026</b>	<b>TY 2027</b>	<b>TY 2028</b>	<b>TY 2029</b>	<b>TY 2030</b>
<b>Credits Generated</b>					
<b>Home School</b>					
High Case	\$97.6	\$100.8	\$104.0	\$107.4	\$111.0
Low Case	\$58.6	\$60.5	\$62.4	\$64.4	\$66.6
<b>Private School</b>					
High Case	\$376.9	\$388.8	\$401.3	\$414.9	\$429.7
Low Case	\$292.1	\$301.3	\$311.0	\$321.6	\$333.0
<b>Credits Utilized</b>					
<b>Home School</b>					
High Case	\$62.0	\$64.0	\$66.0	\$68.1	\$70.5
Low Case	\$40.4	\$41.7	\$43.0	\$44.4	\$45.9
<b>Private School</b>					
High Case	\$260.7	\$269.0	\$277.6	\$287.1	\$297.3
Low Case	\$214.7	\$221.5	\$228.6	\$236.4	\$244.8
<b>Total Utilized</b>					
High Case	\$322.7	\$333.0	\$343.6	\$355.2	\$367.7
Low Case	\$255.1	\$263.2	\$271.6	\$280.8	\$290.7

For the fiscal impact estimates for FY 2026–30, the TY-based utilized credits are assumed to impact the current and following FY through a fiscal split of 50-50.