



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 31, 2025

Honorable Beth Camp
State Representative
401-B State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill (LC 50 0980)

Dear Representative Camp:

The bill would repeal the current 50-percent state sales tax exemption on the sale of manufactured homes and replace it with a new partial exemption. Sales of pre-owned manufactured homes would be exempt. The taxable sales price of a new manufactured home would be limited to 60 percent of the manufacturer’s invoice amount, as defined. The proposed partial exemption would also apply to otherwise applicable local sales taxes. The bill is effective July 1, 2025, and the proposed exemption is set to expire June 30, 2030.

Impact on State Revenue

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

Table 1. Estimated Net Revenue Effects of HB LC 50 0980

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Net State Revenue Effects	(\$1.8)	(\$1.9)	(\$1.9)	(\$2.0)	(\$2.0)
Net Local Revenue Effects	(\$4.6)	(\$4.7)	(\$4.9)	(\$5.0)	(\$5.1)

Impact on State Expenditures

The Department of Revenue would 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

LC 50 0980 proposes to modify the taxation of manufactured homes sold in the state, first by repealing the existing partial sales tax exemption, provided for in O.C.G.A. § 48-8-3(102), that exempts 50 percent of the sales price of a manufactured home from the state sales tax. Current law does not exempt sales of pre-owned manufactured homes, and the exemption does not apply to local sales taxes. The bill then creates a new partial exemption in O.C.G.A. § 48-8-3.6 that would tax only new manufactured homes and only 60 percent of the manufacturer's invoice amount (MIA), defined as the sale price charged by the manufacturer in connection with the wholesale sale of the structure to a reseller or developer, net of intangible charges, transportation costs, and permit costs. The tax on this 60 percent of MIA base would be due upon first retail sale of the structure and not on any subsequent resale. This new code section expires and would stand repealed on June 30, 2030.

Historical and forecasted revenue for manufactured home dealers (NAICS code 45393) by research firm IBISWorld were used to estimate the amount of retail sales of manufactured homes. In 2024, US sales of manufactured homes were estimated to be approximately \$7.2 billion, of which \$195.5 million or 2.7 percent occurred in Georgia. Single-family manufactured homes accounted for approximately 89.8 percent of dealer sales in 2024, including pre-owned homes; new manufactured homes accounted for approximately 76.8 percent. Under current law, 89.8 percent of total dealer sales or about \$175.5 million in 2024, would be taxed at an effective rate of 2 percent at the state level and at an estimated 3.4 percent at the local level (the Tax Foundation's estimate of average local rates as of July 2024).

IBISWorld projects industry sales growth averaging approximately 0.24 percent per year in inflation-adjusted terms from 2022 through 2030. Georgia dealer sales are assumed to grow at the sum of the IBISWorld inflation-adjusted national forecast rate and the Congressional Budget Office's January 2025 forecast of CPI inflation. Together, nominal retail sales are estimated to grow on average by 2.5 percent annually from 2024 through 2030.

According to IBISWorld, purchases of manufactured homes by dealers accounted for approximately 48.6 percent of total dealer sales in 2023, after deducting a small amount of contract labor costs (0.7 percent of purchases) included in the IBISWorld estimate. To estimate the tax base under the proposed law, we multiply total 2023 Georgia dealer sales of new homes by 48.6 percent resulting in a dealer wholesale cost of new homes of \$73 million in 2023. This results in a taxable base of approximately \$43.8 million, 60 percent of wholesale cost of new homes, in 2023 on a proforma basis. We apply the same growth-rate assumptions to wholesale purchases as for retail sales.

Resulting current law estimates of the taxable base, and of state and local revenues, are presented in the first section of Table 2 below. Estimates of the taxable base and state and local revenues under LC 50 0980 are presented in the second section. Net revenue effects are presented in Table 1 using a 50-50 fiscal split.

Table 2. Current Law and Pro Forma Taxable Base and Sales Tax Revenue from Manufactured Homes, 2025–30

<i>(\$ millions)</i>	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
GA Retail Sales	\$178.2	\$182.8	\$188.1	\$192.8	\$197.4	\$203.5
Real Growth (IBISWorld)	-0.63%	0.17%	0.60%	0.21%	0.18%	0.91%
CPI Inflation (CBO)	2.2%	2.4%	2.3%	2.3%	2.2%	2.2%
State Revenue at 2%	\$3.6	\$3.7	\$3.8	\$3.9	\$3.9	\$4.1
Local Revenue at 3.40%	\$6.1	\$6.2	\$6.4	\$6.6	\$6.7	\$6.9
LC 50 0980 Estimates:						
GA Wholesale Sales	\$74.6	\$76.4	\$78.1	\$79.9	\$81.7	\$83.5
Taxable Base (60%)	\$44.8	\$45.8	\$46.9	\$48.0	\$49.0	\$50.1
State Revenue at 4%	\$1.8	\$1.8	\$1.9	\$1.9	\$2.0	\$2.0
Local Revenue at 3.40%	\$1.5	\$1.6	\$1.6	\$1.6	\$1.7	\$1.7