



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 7, 2025

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

SUBJECT: Fiscal Note
Senate Bill 47 (LC 50 1064S)

Dear Chairman Hufstetler:

The bill would create an annual 11-day sales tax exemption for purchases of firearms, ammunition, gun safes, and related accessories. The exemption period begins on the second Friday of October each year and is intended to cover all firearm-related items. The exemption would be repealed July 1, 2030. This legislation is assumed to become effective July 1, 2025.

Impact on State Revenue

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

Table 1. Estimated State and Local Revenue Effects from LC 50 1064S

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Low Estimate					
State	(\$1.48)	(\$1.49)	(\$1.50)	(\$1.51)	(\$1.52)
Local	(\$1.27)	(\$1.28)	(\$1.28)	(\$1.29)	(\$1.30)
High Estimate					
State	(\$3.69)	(\$3.72)	(\$3.73)	(\$3.75)	(\$3.79)
Local	(\$3.16)	(\$3.18)	(\$3.19)	(\$3.21)	(\$3.24)

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

Based on data from business research firm IBISWorld, we estimate that retail sales of firearms, ammunition, and related items at gun and ammunition stores or sporting goods stores totaled \$29.8 billion nationally in 2024. Gun and ammunition stores sell handguns, rifles, shotguns, other firearms, and ammunition as well as other equipment, apparel, and supplies. Sales of firearms and hunting equipment represent 13.5 percent of sales at sporting goods stores. Half of these purchases are assumed to be firearms, ammunition, gun safes, or other firearm-related items that are eligible for the holiday exemption.

These sales are projected to grow on average by 0.9 percent annually through 2030. Georgia’s sales are estimated by sharing down national sales using the proportion of federally registered firearms in the state, approximately 4.1 percent according to the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). This results in estimated sales in Georgia of approximately \$1.2 billion for 2024.

Beginning with the estimated 2024 sales in Georgia, we grow this amount by 0.9 percent on average through 2030, based on the IBISWorld industry revenue projections. These projections show stronger growth initially, slowing to 0.6 percent on average for 2027–30. Eleven days represent 3.01 percent of a calendar year. The low estimates assume consumers do not respond to the existence of the sales tax holiday by shifting purchases from outside the holiday period, thus the low estimates assume 3.01 percent of annual sales are exempted under the proposed bill.

Alternatively, consumers may shift consumption to take advantage of the exemption. They may also increase their amount of spending because the end-price of these items is lower when exempted from the tax. Based on FBI national monthly firearm background check data, November and December have larger shares of annual activity than October, indicating holiday spending could increase sales. Based on these data, the portion of annual activity that would occur during the 11-day exemption period could increase to 7.5 percent if a quarter of holiday activity shifted to these days in October. Thus, the high estimates assume 7.5 percent of annual sales are exempted under the proposed bill.

For the local impact, the local average sales tax rate is assumed to be 3.42 percent, based on the Tax Foundation’s most recent average local effective rate for Georgia.

Table 2. Estimated Sales Firearms, Ammunition, Gun Safes, and Related Items, FY 2026–30

(\$ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Georgia Total Sales	\$1,230.8	\$1,240.1	\$1,243.4	\$1,250.5	\$1,262.6
Sales Tax Holiday Purchases					
Low	\$37.1	\$37.3	\$37.5	\$37.7	\$38.1
High	\$92.3	\$93.0	\$93.3	\$93.8	\$94.7