



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 18, 2026

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

SUBJECT: Fiscal Note
House Bill 1179 (LC 44 3337-EC)

Dear Chairman Hufstetler:

The bill would modify the enterprise zone provisions in O.C.G.A. § 36-88-6(g) relating to redevelopment projects located within urban redevelopment areas. Under current law, qualifying redevelopment projects in designated enterprise zones receive an exemption from state and certain local sales and use taxes. The bill stipulates that qualifying redevelopment projects in these enterprise zones would be exempt only from local sales and use taxes unless the Governor specifically approves a state sales tax exemption. The bill allows the commissioner of the Department of Community Affairs to designate enterprise zones under this subsection after nomination by the local governing body, limits the number of enterprise zones that may exist simultaneously within an urban redevelopment area to four, and places restrictions on the use of principal from revenue bonds issued for enterprise zone development. The bill becomes effective July 1, 2026, and applies to contracts entered into or renewed on or after that date.

Impact on Revenue

Georgia State University's Fiscal Research Center (FRC) estimated that the bill would have no revenue impact within the five-year timeframe for the fiscal note analysis. Details are provided in the attached appendix.

Impact on Expenditures

The Departments of Revenue and Community Affairs would be able to implement the bill's provisions 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

The subject bill proposes to modify the treatment of certain enterprise zones (EZ) by requiring designation by the commissioner of the Department of Community Affairs (DCA), revoking for future designations the automatic state sales tax exemption provided under current law, instead allowing the Governor to authorize a state sales tax exemption. In addition, the bill places certain restrictions on the use of principal from revenue bonds issued for EZ development and stipulates that no more than four EZ's shall simultaneously exist in an urban redevelopment area.

Under current law, there are two avenues for an area to become an EZ. The first way is for an area nominated by a local government to meet at least 3/5 distress criteria outlined in § 36-88-6(b) through §36-88-6(f). The second is to meet the criteria outlined in § 36-88-6(g), which stipulates an area can qualify as an EZ if:

- It is included in an urban redevelopment area, as defined in § 36-61-2; and
- Contains within its borders the site for a redevelopment project having a minimum of \$400 million in capital investment for the redevelopment of an area certified by the commissioner to have been chronically underdeveloped for at least 20 years.

Current law dictates that any sales associated with a redevelopment project located within an EZ pursuant to § 36-88-6(g) are exempt from state and certain local sales taxes. A policy bulletin published by the Georgia Department of Revenue on such an EZ further clarifies the sales tax exemption provided under current law is for retail transactions made within the development qualifying as an EZ.

The subject bill proposes to change the statutory language so that the sales tax exemption provided for certain EZ's only applies to local sales taxes and that any development project used to qualify an area for designation as an EZ under § 36-88-6(g) shall not qualify for an exemption of any state sales and use tax unless such exemption is approved by the Governor or the Governor's designee. The subject bill would become effective July 1, 2026, and apply to contracts entered into or renewed on or after that date. Thus, existing EZ's are unaffected.

In 2017, the General Assembly passed an amendment to the Enterprise Zone Employment Act which added § 36-88-6(g). Only one major redevelopment project was identified to have been designated as an EZ pursuant to such subsection. The identified project gained EZ status in accordance with § 36-88-6(g) in November 2017. As of December 2025, the foregone state sales tax revenue associated with retailers within this EZ receiving the sales tax exemption for certain EZ's has cumulatively totaled less than \$1 million, with substantially all of that occurring since September of 2024.

Given that only one redevelopment project has qualified since the 2017 enactment of this subsection (g), the timeline such projects follow, and the stipulation that the proposed changes will not impact current EZ contracts, the subject bill is not expected to have any material state revenue impact within the time frame of this analysis.