



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 23, 2026

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

SUBJECT: Fiscal Note
House Bill 1132 (LC 44 3501S)

Dear Chairman Hufstetler:

The bill would create a sales tax exemption for certain sales of tangible personal property to a purely public charity for use in the construction, renovation, or rehabilitation of affordable housing on real property, subject to restrictions outlined in the bill. The proposed exemption would become effective January 1, 2027, and be automatically repealed on December 31, 2031.

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 HB 1132 LC 44 3501S

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Effect	(\$0.6)	(\$1.1)	(\$1.1)	(\$1.2)	(\$1.2)
Local Effect	(\$0.5)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.1)

Impact on Expenditures

The Department of Revenue (DOR) would need up to two additional financial examiners at an annual cost of approximately \$160,000. One-time costs of \$3,650 would be needed for computers and equipment for the positions.

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 create a sales tax exemption for certain sales of tangible personal property to a purely public charity for use in the construction, renovation, or rehabilitation of affordable housing on real property. The exemption only applies to personal property that will remain on the real property permanently and only if:

- The charity is exempt from taxation under section 501(c)(3) of the federal Internal Revenue Code;
- The real property is held exclusively for the purpose of constructing, renovating, and rehabilitating single-family homes to be financed by the charity to first-time homebuyers using loans that do not bear interest;
- Purchasers, at the time of purchase, have an income equal to or less than 80 percent of the county median income, as established by United States Department of Housing and Urban Development; and
- The purchaser resides in the home as a primary residence, and the residence is subject to a covenant of at least 30 years that restricts the resale of the home to buyers with an income equal to or less than 80 percent of the county median income.

The proposed exemption would become effective January 1, 2027, and be automatically repealed on December 31, 2031.

Based on the restrictions outlined in the bill, 43 charities in the state were identified that currently conduct activities that would be eligible for an exemption under this bill. Each of these charities annually files IRS form 990, which contains detailed financial data. Itemized expense data from these filings indicate that in 2024, the most recent year for which all eligible charities have filed, construction- and renovation-related expenses at eligible charities totaled approximately \$24.7 million. This amount is projected forward using the growth rates implied by the most recent population projections from the Governor’s Office of Planning and Budget and by inflation rates forecasted in the Moody’s Analytics December 2025 baseline. Calendar years are converted to fiscal years using a 50/50 fiscal split, assuming purchases occur ratably throughout the year. The projected exempt purchases are shown in Table 2 below. To the extent that not all construction costs meet all requirements for exemption outlined in the bill, the estimated fiscal impacts could be smaller than projected.

Table 2. Projected Exempt Construction Costs under HB 1132 LC 44 3501S

(\$ millions)	TY 2026	TY 2027	TY 2028	TY 2029	TY 2030
Exempt Construction Costs	\$0.00	\$27.6	\$28.4	\$29.1	\$29.9

The local effects shown in Table 1 are calculated using the population-weighted average local sales tax rate as of January 1, 2026, published by Tax Foundation.