



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 8, 2026

Honorable Drew Echols
State Senator
109 State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
Senate Bill (LC 50 1284)

Dear Senator Echols:

The bill would establish a new statewide excise tax on car rentals of \$5.00 per day. It would not apply if the rental's purpose is to replace a vehicle that is not in use due to breakdown, repair, service, damage, or loss. The bill would be effective July 1, 2026.

Impact on Revenue

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

Table 1. Estimated State Revenue Effects of LC 50 1284

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
High Estimate	\$121.8	\$121.3	\$121.3	\$121.6	\$121.9
Low Estimate	\$58.9	\$58.6	\$58.6	\$58.8	\$58.9

Impact on Expenditures

The Department of Revenue would need a revenue agent to address an expected increase in the number of collection cases. The employee would have an annual cost of \$69,500 and one-time costs for equipment of \$1,825. The agency also noted that changes to information systems would require approximately eight weeks of existing staff employee time, equating to approximately \$93,000.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

Under current law, car rentals and leases of 31 or fewer consecutive days are subject to the state sales and use tax. Counties and municipalities can also choose to apply local car rental excise taxes. Data from the Georgia Department of Revenue indicate that retailers with the NAICS code classification for Passenger Car Rental Companies (532111) reported taxable sales of \$1,950 million during FY 2024. These taxable sales are assumed to account for substantially all car rental activities that would be subject to the tax proposed in this bill. In addition to these data, the fiscal impact estimates in Table 1 are based on the following data and assumptions:

- IBISWorld, a source for business analysis and forecasting, expects US car rental industry revenues to grow by 1.29 percent per year between 2024 and 2027 and slightly faster growth of 1.93 percent per year from 2027 through 2031. The estimates assume this growth for car rental companies' taxable sales in Georgia.
- Aggregate rental car sales divided by the average price of a rental car per day would result in the implied number of rental days. Data from SkyScanner, an online aggregator for car rental pricing, indicates that the average daily price paid for rental cars was likely between \$79.55 and \$164.60 dollars in 2025. The estimates assume these as the basis for the high and low revenue estimates respectively.
- The average daily price to rent a car is assumed to grow with inflation. Moodys Analytics' December 2025 consumer price index (CPI) forecast were used to project these prices through FY 2031.

Table 2 describes the estimated amount of taxable sales at Georgia's car rental locations through FY 2031 based on these data and assumptions. It also includes the expected average daily rental prices and their implied rental days. The fiscal impact estimates in Table 1 are based on \$5 per rental day applied to the projected high and low rental days.

Table 2. Car Rental Taxable Sales, Daily Prices, and Rental Days

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Taxable Sales (\$ <i>millions</i>)	\$2,025.8	\$2,062.8	\$2,102.3	\$2,143.4	\$2,187.2
Average Daily Rental Charge					
Low	\$83.1	\$85.0	\$86.7	\$88.1	\$89.7
High	\$172.0	\$176.0	\$179.3	\$182.3	\$185.6
Implied Rental Days (<i>millions</i>)					
Low	24.4	24.3	24.3	24.3	24.4
High	11.8	11.7	11.7	11.8	11.8