



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 6, 2026

Honorable Shaw Blackmon
Chairman, House Ways and Means
133 State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill 964 (LC 50 1293)

Dear Chairman Blackmon:

The bill creates TAVT and sales tax exemptions for vehicles and personal property purchased by nonprofit organizations for use in firefighting and related emergency services. The bill would be effective upon enactment, but for purposes of this analysis, it is assumed to take effect July 1, 2026, and apply to purchases made on or after that date.

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 and Local Revenue Effects of HB 964 LC 50 1293

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Impacts					
Low	(\$0.10)	(\$0.11)	(\$0.11)	(\$0.12)	(\$0.13)
High	(\$0.24)	(\$0.26)	(\$0.27)	(\$0.30)	(\$0.34)
Local Impacts					
Low	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.16)	(\$0.17)
High	(\$0.33)	(\$0.34)	(\$0.34)	(\$0.38)	(\$0.41)

Impact on Expenditures

The Department of Revenue 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

Under current law, O.C.G.A. § 48-5C-1 provides an exemption from title ad valorem tax (TAVT) for county, city, and other qualifying municipal governmental entities for purchases or leases of vehicles used in the provision of relevant governmental services, fire protection, and emergency services. LC 50 1293 would amend this section to include 501(c)(3) tax exempt organizations. The bill would also exempt purchases of personal property from sales tax. To qualify, such purchases or leases of vehicles and personal property must be used exclusively in the exercise of the general and emergency powers enumerated in § 25-3-1 and § 25-3-2 for a county, city, or other political subdivision.

The first step in calculating the impact this bill will have on state and local revenue is to estimate the number of relevant nonprofit fire departments and related booster organizations in Georgia. FEMA maintains a national list of fire departments by state, which includes data on stations and personnel. However, it does not include whether the department is a nonprofit or part of a local government. This FEMA list is used as a starting point to search for matching names in the IRS 990 master file. Finally, a third list of nonprofit fire departments and booster organizations publicly available from the group CauseIQ is used as well. Organizations on this list were confirmed to be in the 990 master file, and any duplicates from the FEMA list were removed.

The second step was to estimate the share of the identified fire departments and organizations that would likely use the TAVT exemption. The FEMA list also has whether the department is made up of predominantly professional firefighters, volunteer firefighters, or a mostly volunteer mix. As discussed, fire departments that are part of a local government are already exempt from TAVT and sales tax. Those fire departments classified as predominantly paid professionals are excluded from the FEMA list. It is assumed departments that have the budget to fund a full staff of paid firefighters also have the budget to provide them with firetrucks. Thus, any nonprofit and booster organization affiliated with this group would likely purchase firetrucks and vehicles as a substitute for the local government fire department.

There may be other reasons why a local government may prefer that a nonprofit entity purchase a fire truck or other emergency services vehicle, but we again assume these reasons are not because of an inability to raise the needed funds. Homeowners insurance rates are influenced by what is known as an ISO rating, which is an assessment of the local fire department's capacity. Thus, larger urban areas have a significant incentive to have paid professional firefighters as well as the needed firetrucks and emergency response vehicles to secure a good ISO rating.

After these adjustments, there are 145 fire departments that are mostly volunteer or all volunteer from the list generated and described above. Examining the 990 master file data as well as revenue data from the website form, roughly 90 of these fire departments report zero revenue for 2024. These are assumed to be legal entities serving a purpose that does not require raising their own revenue to fund equipment or other purchases affected by this bill. It should be noted that the bill does not change the incentives for individuals or corporations to donate to these tax-exempt entities, so those entities that have not had success raising funds will not be helped in that task by this bill.

Of the remainder with revenue, only about 20 percent of the 145 (28 departments) have revenue that exceeds \$100,000. It is only these 28 departments that are deemed likely to have the revenue-raising capacity to fund the purchase of a new firefighting vehicle or other emergency response vehicle.

To estimate the amount of TAVT exempted by the bill, we rely on the estimated cost and replacement cycle of firefighting vehicles. Georgia regulations list a minimum requirement for county, municipal, or private fire departments of at least one pumper truck, with the capacity of at least 750 gallons per minute and a tank capacity of a minimum 250 gallons.

Examining recent firefighting vehicle purchases for several Georgia counties as well as industry sources, it is estimated that the cost of a stock pumper engine or similar vehicle is approximately \$800,000. We also include an emergency response-type vehicle estimated to cost \$200,000.

Firefighting vehicles have a long useful life, estimated at 10–20 years. As the mix of nonprofits includes many different types of entities in areas with varying usage and need of firefighting vehicles, the impact of the bill assumes a low estimate of a quarter of the 28 departments will buy a pumper or similar truck. As the bill is assumed to take effect July 1, 2026, it is assumed that half a year’s worth of 2026 purchases would be eligible for the exemption. Over the next five calendar years, the number of purchases for the included departments is distributed at 1–2 trucks per calendar year for a total of seven fire trucks. In addition, half the relevant departments will buy lower-cost emergency services vehicles at roughly three per calendar year for a total of 14 emergency service vehicles. The high estimate doubles the above. Table 2 shows the estimated cost to the state government due to the TAVT lost revenue at a rate of 2.45 percent.

Table 2. Estimated TAVT State Revenue Effects of LC 50 1293

(\$ millions)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031
Low	(\$0.03)	(\$0.07)	(\$0.05)	(\$0.06)	(\$0.06)	(\$0.06)
High	(\$0.05)	(\$0.13)	(\$0.10)	(\$0.12)	(\$0.11)	(\$0.13)

The cost of firefighting vehicles has grown considerably in the last several years due to several factors, including inflation and tariffs. Industry sources suggest that some firefighting vehicles have increased in price by as much as 20–25 percent year over year. As this represents the likely upper bound of price increases for selected custom vehicles, we use a lower rate of 15 percent annual growth because we assume purchases made by these nonprofit organizations will be primarily less expensive stock vehicles.

Table 3 shows the estimated cost to local governments estimated at a TAVT rate of 4.55 percent with the same assumptions used in Table 2.

Table 3. Estimated TAVT Local Revenue Effects of LC 50 1293

(\$ millions)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031
Low	(\$0.05)	(\$0.12)	(\$0.09)	(\$0.11)	(\$0.10)	(\$0.12)
High	(\$0.10)	(\$0.25)	(\$0.19)	(\$0.21)	(\$0.21)	(\$0.24)

To estimate the amount of sales tax exempted by the bill, we rely on the estimated cost and replacement cycle of firefighting gear and emergency equipment. State regulations also mandate an extensive list of firefighting and emergency equipment for a certified fire station. Recently, volunteer firefighters in Madison County requested funding that averaged \$35,000 per volunteer fire department to replace and upgrade necessary firefighting gear. Such gear included breathing equipment and protective clothing for firefighters. Additional gear that departments purchase includes saws and demolition equipment (‘jaws of life’) to free victims from car accidents. We use this amount as an average spending amount per the 28 organizations with revenue in 2024.

However, it is likely that in some years less is spent, while in other years more is spent. Thus, our high estimates assume organizations will spend \$52,500 annually, and the low estimate assumes annual spending per organization of \$17,500. Table 4 shows the estimated lost state sales tax revenue, also assuming 15-percent annual growth.

Table 4. Estimated State Sales Tax Revenue Effects of LC 50 1293

(\$ millions)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031
Low	(\$0.02)	(\$0.04)	(\$0.05)	(\$0.06)	(\$0.07)	(\$0.08)
High	(\$0.06)	(\$0.13)	(\$0.15)	(\$0.18)	(\$0.20)	(\$0.23)

Table 5 shows the estimated lost local sales tax revenue using the average local sales tax rate of 3.49 percent, per the Tax Foundation as of January 1, 2026.

Table 5. Estimated Local Sales Tax Revenue Effects of LC 50 1293

<i>(\$ millions)</i>	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031
Low	(\$0.02)	(\$0.04)	(\$0.04)	(\$0.05)	(\$0.06)	(\$0.07)
High	(\$0.05)	(\$0.12)	(\$0.13)	(\$0.15)	(\$0.18)	(\$0.20)

The estimates in Tables 2–5 are summed and converted to fiscal years based on the standard assumption that spending is evenly distributed across each calendar year to arrive at the fiscal impacts reported in Table 1. Note as was previously discussed, large purchases of vehicles and other items exempted under this bill may be funded by and purchased through local governments, which are exempt from TAVT and sales tax on such purchases under current law. To the extent of such purchase arrangements, the revenue cost of this bill would be lower.

The law exempts the purchase of vehicles and tangible personal property to be used in the provision of emergency services. A broad interpretation would be that it would apply to any otherwise taxable items purchased by non-governmental fire departments and not only vehicles and firefighting equipment. However, we believe that the revenue-impact estimates herein would not be materially larger if we could account for supplies and other small purchases that may be made.

About a third of the fire departments with revenue in the IRS 990 master file are currently classified as 501(c)(4) organizations. As the bill is written, these would not qualify. However, if these organizations were interested in taking advantage of the newly enacted exemptions, it seems likely that they could refile and become a 501(c)(3) organization.

Finally, the largest of the organizations identified is the Southside Communities Fire Protection Inc. (SCFP) located in Savannah, which reported revenue of \$35 million for 2024. For many years, this nonprofit provided both fire and ambulance service to outlying parts of Chatham County. However, this SCFP is reported to have merged with the Chatham County fire department, which is part of the county government. Thus, we do not include SCFP in our estimates.