



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

December 12, 2025

Honorable Chas Cannon
State Representative
501-C Coverdell Legislative Office Building
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill (LC 56 0447)

Dear Representative Cannon:

The bill would create a sales tax exemption for the sale of electricity and natural gas to a residential property. The bill has no effective date.

Impact on Revenue

Georgia State University's Fiscal Research Center estimated that the bill would decrease revenue for state and local governments as shown in Table 1. While the bill has no effective date, the analysis assumes an effective date of July 1, 2026. The appendix provides details of the analysis.

Table 1. Estimated Revenue Effects of LC 56 0447

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Revenue Effect					
High Estimate	(\$554.5)	(\$564.9)	(\$579.0)	(\$591.0)	(\$608.7)
Low Estimate	(\$440.7)	(\$449.0)	(\$460.3)	(\$469.9)	(\$484.0)
Local Revenue Effect					
High Estimate	(\$476.8)	(\$485.8)	(\$497.9)	(\$508.2)	(\$523.5)
Low Estimate	(\$379.0)	(\$386.2)	(\$395.8)	(\$404.1)	(\$416.2)

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

The subject bill proposes to create a new sales tax exemption for the retail sale of electricity and natural gas for use by any residential property. High and low revenue loss estimates due to this legislation were calculated using differing methodologies.

Electricity Sales

The low-case revenue impact estimates from the exemption of electricity purchases for residential use are based on the following data and assumptions:

- The Energy Information Administration (EIA) publishes monthly data on electricity sales, measured in kilowatt hours (kWh), and average prices per kilowatt hour by state and end-consumer type.
- These data indicate that in fiscal year (FY) 2025, Georgia households used 62.8 billion kWh of electricity at an average price of \$0.144 per kWh. This results in estimated taxable sales of electricity in Georgia to residential consumers of \$8.4 billion in FY 2025.
- The EIA also provides regional forecasts of electricity prices and consumption by residential end users through 2031. The base case scenarios, for the South Atlantic region, were used to project the number of kWh consumed and the average residential price per kWh through 2031.

The high-case revenue impact estimates from the exemption of electricity purchases for residential use are based on the following data and assumptions:

- DOR micro-data indicates the electric power distribution industry (NAICS 22122) had total sales of approximately \$19.7 billion in Georgia during FY 2024.
- EIA data on electricity sales by end-use consumer show that from 2010–24, sales of electricity to residential end-users accounted for 50 percent of total electricity sales in Georgia.
- Applying this share to the total sales of the electric power distribution industry in Georgia results in an estimated \$9.9 billion of electricity sales to residential consumers in the state for FY 2024.
- This amount is projected forward using the same regional EIA forecast of growth of electricity prices and consumption.

Table 2 shows the estimated taxable spending on electricity for residential use resulting from the two above methods.

Table 2. Taxable Sales of Electricity for Residential Use

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Taxable Residential Sales of Electricity					
High Estimate	\$10,747.1	\$10,997.5	\$11,315.8	\$11,591.3	\$11,942.7
Low Estimate	\$8,614.6	\$8,815.2	\$9,070.4	\$9,291.2	\$9,572.9

Natural Gas Sales

The estimated low-case revenue impacts from the exemption of natural gas purchases for residential use are based on the following data and assumptions:

- The EIA publishes price and consumption data on natural gas by state and end-use consumer type. These data indicate that in FY 2025, Georgia households purchased 136.5 billion cubic feet of natural gas at an average (tax-inclusive) price of \$19.85 per thousand cubic feet. These data indicate that the taxable retail value of all natural gas sales to residential consumers in Georgia was \$2.5 billion in FY 2025.
- The EIA provides forecasts of natural gas prices and consumption by residential end users through 2031. Their base-case scenarios were used to project the number of cubic feet of natural

gas consumed by Georgia households and the average residential price per thousand of cubic feet through 2031.

The estimated high-case revenue impacts from the exemption of natural gas purchases for residential use are based on the following data and assumptions:

- DOR micro-data indicates that the natural gas distribution industry (NAICS 221210) had total sales of approximately \$7.7 billion in Georgia for FY 2024.
- EIA data on natural gas price and consumption by end-use consumer implies that sales to residential end-users account for 42 percent of total natural gas sales in Georgia.
- Applying this share to the total sales of the natural gas distribution industry in Georgia results in an estimated \$3.2 billion of natural gas sales to residential consumers in the state for FY 2024.
- This amount is projected forward using the EIA regional forecast of natural gas price and consumption through 2031.

Table 3 shows the estimated taxable spending on natural gas for residential use from the two above methods.

Table 3. Taxable Sales of Natural Gas for Residential Use

<i>(\$ millions)</i>	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Taxable Residential Sales of Natural Gas					
High Estimate	\$3,114.3	\$3,125.1	\$3,158.4	\$3,182.8	\$3,275.9
Low Estimate	\$2,402.4	\$2,410.7	\$2,436.5	\$2,455.3	\$2,527.1