



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

December 12, 2025

Honorable Imani Barnes  
State Representative  
507-B Coverdell Legislative Office Building  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill (LC 59 0097)

Dear Representative Barnes:

This bill would create a recurring sales tax holiday from the last Thursday in July to the following Sunday each year. During this period, clothing, clothing accessories and equipment, footwear, computer equipment and components, prewritten software, and general school supplies would be exempt from state and local sales taxes. Exempt purchases are subject to per-item price limits. The bill contains no effective date, but it is assumed effective upon signing. The law would sunset December 31, 2028.

## 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 LC 59 0097**

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
High Estimate					
State	(\$69.7)	(\$71.9)	(\$74.0)	\$0.0	\$0.0
Local	(\$59.9)	(\$61.8)	(\$63.6)	\$0.0	\$0.0
Low Estimate					
State	(\$64.6)	(\$66.6)	(\$69.3)	\$0.0	\$0.0
Local	(\$55.5)	(\$57.3)	(\$59.0)	\$0.0	\$0.0

## 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**

Informally referred to as ‘back-to-school’ sales tax holidays (STH) because of the typical timing and the types of goods that qualify, this bill differs from similar ones in the past in that the STH would be for four days and would occur annually, on the same weekend each year. However, empirical literature has found that the duration of STH has a minimal impact on fiscal effects.

The proposed STH would exempt purchases of the following each year:

- Clothing with a sales price of \$100 or less per item;
- Computers, computer components, and prewritten computer software purchased for noncommercial home or personal use with a sales price of \$1,000 or less per item; and
- School supplies, school art supplies, school computer supplies, and school instructional materials purchased for noncommercial use with a sales price of \$20 or less per item.

Eligible items are defined in detail in the existing subparagraph (B) of O.C.G.A. § 48-8-3(75).

High and low revenue loss estimates due to this legislation were calculated using differing methodologies. The high case estimates utilize the methodology detailed in Policy Report No. 228 by the Fiscal Research Center at Georgia State University. The empirical strategy detailed in this report was updated using more recent data, including monthly sales tax collections from 1997–2023, indicators of STH in a given month, and controls for personal income and home values. The results of this model indicate that, all else the same, the presence of a sales tax holiday within a month can be expected to reduce that month’s sales tax collections by up to approximately 8.3 percent. For the proposed STH, average sales and use tax collections across the months of July and August in calendar year (CY) 2026 are estimated by growing reported collections for CY 2025 using population projections from the Governor’s Office of Planning and Budget (OPB) and expected retail inflation based on the Congressional Budget Office’s (CBO) most recent projection of the Personal Consumption Expenditures (PCE) price index. The 8.3-percent revenue reduction estimate is then applied to these figures. State revenue losses are then projected forward through FY 2029 using the same population projections from OPB and expected retail inflation from CBO projections of the PCE price index through CY 2028. As the exemption would be repealed at the end of 2028, there are no projected revenue impacts for FY 2030–31.

The low case revenue estimates are derived from estimated average expenditures per day in Georgia for the aforementioned exempt items across July and August, using data from the U.S. Bureau of Economic Analysis (BEA). First, average daily expenditure on computers, computer software, calculators, clothing and footwear, educational books, and other eligible items for the months surrounding the STH dates are estimated from BEA data (NIPA Table 2.4.6U). National figures are shared down to Georgia based on the state’s share of total personal consumption expenditures on goods (BEA Table SAPCE1) and projected to CY 2026 assuming a simple linear trend from 2017–25 data. To estimate the state and local revenue loss, it is assumed that consumers who would otherwise purchase eligible items during the weeks surrounding the STH would shift those purchases to take advantage of the holiday. One would expect greater shifting of purchases the closer the otherwise-planned purchase is to the STH and the greater the amount of planned spending is. For this case, it is assumed that 15 days of average spending on eligible items occurs during the 4-day STH as consumers shift consumption patterns to take advantage of lower after-tax prices. State revenue losses are projected forward using population projections from OPB and expected retail inflation based on CBO’s current PCE projections, referenced above.

Local effects are calculated using the July 1, 2025, average effective local sales tax rate from the Tax Foundation.