DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 26, 2026

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

SUBJECT: Fiscal Note
Senate Bill 408 (LC 59 0253)

Dear Chairman Hufstetler:

The bill would amend O.C.G.A. § 48-8-3(68.1) by advancing the sunset date on the sales tax exemption for qualified high-technology data centers from January 1, 2032, to January 1, 2027.

Impact on Revenue

Georgia State University's Fiscal Research Center (FRC) estimated that the bill would increase state and local revenue, as shown in **Table 1**. The local revenue impact is based on the 3.49 percent average local rate as of January 1, 2026. The appendix provides details of the analysis.

Table 1. Estimated State and Local Revenue Effects of SB 408 LC 59 0253

(*$ millions*)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Revenue Impact					
High	$67.1	$136.7	$494.8	$858.6	$875.1
Low	$47.0	$95.7	$346.3	$601.0	$612.5
Local Revenue Impact					
High	$58.6	$119.3	$431.7	$749.1	$763.5
Low	$41.0	$83.5	$302.2	$524.4	$534.4

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 sunset the high-technology data centers (HTDC) sales tax exemption, under O.C.G.A. § 48-8-3(68.1), effective January 1, 2027.

A detailed evaluation study of the HTDC exemption, conducted in accordance with the Tax Expenditures Transparency Act of 2024 (SB 366), was completed in December 2025 by the Carl Vinson Institute of Government at the University of Georgia and published by the Georgia Department of Audits and Accounts. The evaluation projected the state revenue impact of the existing HTDC exemption, and foregone state sales tax revenue from this exemption was estimated to be $474.2 million in CY 2025, increasing to $866.7 million in CY 2030, as shown in Table 2.

Table 2. Estimated State Revenue Effects of HTDC Exemption Prior to Proposed Changes

($ *millions*)	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
State Revenue Effect	($474.2)	($625.1)	($761.6)	($789.1)	($850.4)	($866.7)

A critical factor in the analysis herein is that under current law, O.C.G.A. § 48-8-3(68), computer purchases over $15 million by companies classified under specified NAICS codes are exempt from state and local sales taxes under the high-technology computer equipment (HTCE) exemption. The NAICS code for data centers, 518210, is an eligible code, thus most high-technology data center equipment (HTDCE) qualified under the HTDC exemption would also be eligible under the HTCE exemption, provided the $15 million threshold is met. Based on data obtained from the evaluation study, an estimated 82.4 percent of HTDCE purchases would also be eligible for the HTCE exemption, thus reducing the revenue gains under this bill as shown in Table 3 below. Note, however, that the HTCE exemption is set to expire under current law and will no longer be available for purchases after December 31, 2028.

Table 3. Estimates of HTDCE Purchases Total and Impacted by SB 408 LC 59 0253

($ *millions*)	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031
Baseline HTDCE Purchases (68.1)	$19,040	$19,729	$21,260	$21,668	$22,085
Less: Amt. Qualified as HTCE (68)	$15,683	$16,251	$0	$0	$0
Taxable Purchases Net Change	$3,356	$3,478	$21,260	$21,668	$22,085

For the fiscal impact estimates in Table 1, a 50-50 fiscal year split is used as purchases are assumed to occur evenly throughout the year. The HTDC evaluation estimated that 70 percent of data center construction activity would occur but for the exemption, and the remaining 30 percent is directly caused by the exemption. The high estimates are the fiscal impact if no such behavioral impact occurs. The low estimates assume that the amount of expected activity that would no longer be exempted is reduced by 30 percent due to the changes proposed in this bill.