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 410 (LC 59 0263)

Dear Chairman Hufstetler:

The bill would cease the issuance of new certificates of exemption for high-technology data centers or high-technology data center customers, which are currently allowed under O.C.G.A. § 48-8-3(68.1). Any certificate of exemption issued prior to the effective date will continue to be governed by the statute, as it existed immediately prior to the effective date of this bill. The bill would be effective upon enactment. For the purposes of the analysis below, the bill is assumed to become effective July 1, 2026.

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 revenue effects are lower in fiscal years 2027 and 2028 because a portion of data center purchases that would no longer obtain an exemption under O.C.G.A. § 48-8-3(68.1) would be shifted to a different exemption—the high-tech computer equipment exemption found in O.C.G.A. § 48-8-3(68). Under current law, this second exemption is set to expire on December 31, 2028. After that date, this bill would have a greater revenue impact.

The appendix provides details of the analysis.

Table 1. Estimated State and Local Revenue Effects of SB 410 LC 59 0263

($ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Revenue Impact					
High	$77.8	$87.7	$321.7	$555.9	$559.1
Low	$54.5	$61.4	$225.2	$389.2	$391.4
Local Revenue Impact					
High	$67.9	$76.6	$280.7	$485.1	$487.8
Low	$47.5	$53.6	$196.5	$339.5	$341.5

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 cease the issuance of new certificates of exemption for the high-technology data centers (HTDC) sales tax exemption. 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 forgone state sales tax revenue from this exemption was estimated to be $474.2 million in 2025, increasing to $866.7 million in 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.

In addition, HTDCE purchases at centers that currently hold exemption certificates will continue to gain exemption under § 48-8-3(68.1) through 2031. Industry sources cited in the evaluation study indicated that 20 percent of data center equipment requires replacement every year. The estimate assumes, based on these findings, that $33.96 billion in exempted value will have been placed into service within existing data centers before July 1, 2026. Thus, 20 percent of this value, when replaced annually, will continue to be exempted.

These maintenance-related exempted purchases would grow with price inflation at the existing data centers. The goods input price inflation for the data processing, hosting, and related services industry (NAICS 518) averaged 4.4 percent per year between FY 2020 and FY 2025. Though specific technology may reduce in price through innovation and economies of scale, data centers could also purchase more advanced equipment or otherwise expand. The estimates assume that maintenance and repair spending of the existing HTDC's will grow by 4.4 percent per year, the expected input price inflation. Purchases are assumed to occur ratably over the year.

Table 3. Estimates HTDCE Purchases Total and Impacted by SB 410 LC 59 0263

($ millions)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Baseline HTDCE Purchases (68.1)	$15,628	$19,040	$19,729	$21,260	$21,668
Less:					
Purchases for Existing HTDC	$5,810	$6,792	$7,090	$7,402	$7,728
Amt. Qualified as HTCE (68)	$8,087	$10,089	$10,410	-	-
Taxable Purchases Net Change	$1,731	$2,159	$2,228	$13,857	$13,940

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.