



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 2, 2026

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

SUBJECT: Fiscal Note
Senate Bill 410 (LC 59 0344S)

Dear Chairman Hufstetler:

The bill would amend the High-Tech Computer Equipment (HTCE) sales tax exemption provided for by O.C.G.A §48-8-3(68) to exclude purchases made by High Tech Data Centers (HTDC) and eliminate the HTDC sales tax exemption provided for by 48-8-3(68.1). The legislation would become effective upon its approval by the Governor or upon its becoming law without such approval. For purposes of the fiscal note, the estimates assume an effective date of July 1, 2026.

Impact on Revenue

Georgia State University’s Fiscal Research Center (FRC) estimated that the bill would increase revenue as shown in Table 1. The appendix provides details of the analysis.

Table 1. Estimated State Revenue Effects of LC 59 0344S

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Revenue Effect					
High	\$479.0	\$775.4	\$819.8	\$858.6	\$875.1
Low	\$364.7	\$542.8	\$573.8	\$601.0	\$612.5
Local Revenue Effect					
High	\$417.9	\$676.5	\$715.2	\$749.1	\$763.5
Low	\$318.2	\$473.6	\$500.7	\$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 changes to O.C.G.A §48-8-3, relating to sales and use tax exemptions. First, the bill amends the High-Tech Computer Equipment (HTCE) sales tax exemption provided for by paragraph (68). The amendment stipulates that the HTCE exemption shall not apply to the sale or lease of computer equipment to be used or deployed in a HTDC or by a HTDC customer, as defined in paragraph (68.1). Next, the bill proposes that after its effective date, no new certificates of exemption shall be issued to a HTDC or HTDC customer. However, any certificate of exemption issued prior to the effective date of the subject bill shall continue in effect until January 1, 2027. Effectively, the bill proposes to eliminate the HTDC sales tax exemption provided by paragraph (68.1), allows existing certificate holders to continue to benefit from (68.1) until January 1, 2027, and ensures that HTDCs cannot take advantage of the similar exemption provided for by paragraph (68).

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 calendar year (CY) 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 2026	CY 2027	CY 2028	CY 2029	CY 2030
State Revenue Effect	(\$625.1)	(\$761.6)	(\$789.1)	(\$850.4)	(\$866.7)

These figures are used to calculate the implied base of economic activity exempted by (68.1). 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. Thus, a 30 percent “but-for” reduction is applied to the estimated base to form the basis of the low estimate in Table 1.

The bill would become effective upon it becoming law, but HTDCs with an existing certificate of exemption would continue to benefit from (68.1) until January 1, 2027, at which time the exemption would effectively be fully repealed. This estimate assumes an effective date of July 1, 2026.

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. This implies that of the \$15.63 billion estimated exempted spending in CY 2026, approximately 63 percent is for initial building costs and 37 percent is for maintenance and replacement at existing HTDCs. Our estimates assume that all maintenance and replacement costs, and half of the initial build costs, remain exempt for CY 2026. For CY 2027 and beyond, no HTDC spending will be exempt. This analysis is summarized in Table 3 below. Calendar years are converted to fiscal years assuming a 50/50 fiscal split.

Table 3. Newly Taxable Purchases Related to HTDC Exemption

(\$ millions)	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Baseline HTDCE Purchases					
High	\$15,628	\$19,040	\$19,729	\$21,260	\$21,668
Low	\$15,628	\$13,328	\$13,810	\$14,882	\$15,168
Less:					
Grandfathered Purchases	\$10,719	\$0	\$0	\$0	\$0
Newly Taxable Purchases					
High	\$4,909	\$19,040	\$19,729	\$21,260	\$21,668
Low	\$4,909	\$13,328	\$13,810	\$14,882	\$15,168