



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 10, 2026

Honorable Shaw Blackmon
Chairman, House Ways and Means
133 State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
Senate Bill 502 (LC 59 0335)

Dear Chairman Blackmon:

The bill would exempt a list of specified products from the sales tax base. These products include school supplies under \$20 per item, diapers, menstrual products, baby formula, breast pumps, breast milk storage bags, nursing pads, baby wipes, car seats, booster seats, baby strollers, cribs and crib mattresses, baby gates, child safety electrical outlet covers, over the counter medicine, bandages, gauze, antiseptics, blood pressure cuffs, thermometers, glucose strips, certain tools and other items used for workforce training, insulation, smart thermostats, gun safes and gun lockboxes, backup generators, fire extinguishers, batteries, flashlights, radios, and tarps. The bill becomes effective upon enactment, which for purposes of this note is assumed to be July 1, 2026.

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 Revenue Effects of SB 502 LC 59 0335

(\$ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
State Effect	(\$335.1)	(\$345.7)	(\$355.4)	(\$365.2)	(\$375.3)
Local Effect	(\$294.4)	(\$303.7)	(\$312.3)	(\$320.9)	(\$329.7)

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 exempt a myriad of specified products from the sales tax base. Specific data on sales of the exempted set of items in Georgia are not available. Thus, data on the national market size in 2024 for specified items were obtained from various sources and shared to Georgia using the state’s share of age- or sex-specific populations, total personal consumption expenditures on goods, or other measures as appropriate for the type of item.

Table 2 summarizes the estimated 2024 spending on the exempted items. The primary data source for each is provided though they vary in their reliability.

Table 2. 2024 Estimate Spending and Data Source for Exempted Items

Item	Primary Data Sources	2024 Estimated GA Expenditure (\$ millions)
School Supplies	National Retail Federation	\$225.0
Diapers	IBISWorld	\$634.7
Menstrual Products	Statista	\$169.7
Baby Formula*	IBISWorld	\$53.0
Breastfeeding accessories	Grandview Market Research	\$14.2
Baby Wipes	Grandview Market Research	\$45.5
Cribs, car seats, strollers	Statista	\$111.8
Baby gates	Fact Market Research	\$2.9
Child Safety Electrical Outlet Covers*	Electrical Marketing Distributor Survey	\$114.6
OTC medicine	Bureau of Economic Analysis	\$3,697.5
Bandages and gauze	Cognitive Market Research	\$59.1
Antiseptics	IBISWorld	\$21.8
Blood pressure cuffs	Grandview Market Research	\$2.4
Thermometers	Grandview Market Research	\$18.2
Glucose strips*	Exempt	\$0.0
Tools, books, apprenticeship, and exam materials used for workforce training	Bureau of Economic Analysis	\$1,335.4
Insulation	IBISWorld	\$469.1
Smart thermostats	IBISWorld	\$79.5
Gun safes and lockboxes	IBISWorld	\$50.5
Backup generators	Fortune Business Insights	\$211.3
Fire extinguishers	Grandview Market Research	\$108.5
Batteries	IBISWorld	\$204.0
Flashlights	Data Bridge Market Research	\$18.0
Radios	Market.us Reports	\$5.5
Tarps	Data Bridge Market Research	\$35.4
Total		\$7,687.6

*Notes:

1. Baby formula is already exempt at the state level but would become newly exempt from local sales taxes. Purchases made by the Supplemental Nutrition Assistance Program are also currently exempt from state and local sales taxes.
2. The bill specifically states electric outlet covers, a very common home improvement or construction product. The bill’s sponsor clarified that the intent of the bill is to exempt child safety outlet covers only.
3. Glucose strips are exempt from state and local sales taxes under O.C.G.A § 48-8-3(50) and thus have no revenue impact.

The total spending for 2024 (\$7.7 billion) was projected forward using Moody’s Analytics December 2025 baseline inflation forecast and population projections from the Governor’s Office of Planning and Budget. Table 3 provides these estimated expenditures projected through 2031 based on described population and inflation projections. The state and local sales tax bases that are exempted differ in their treatment of baby formula.

Table 3. Estimated Spending on Exempted Products

<i>(\$ millions)</i>	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031
State Sales Tax Base	\$8,295	\$8,578	\$8,826	\$9,069	\$9,319	\$9,574
Local Sales Tax Base	\$8,238	\$8,518	\$8,765	\$9,007	\$9,255	\$9,508

For the fiscal impact estimates, the annual spending is converted to fiscal years assuming a 50/50 fiscal split. Local revenue effects are calculated using the January 1, 2026, average effective local sales tax rate of 3.49% from the Tax Foundation.