



March 23, 2023

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

SUBJECT: Fiscal Note  
 House Bill 86 (LC 43 2723S)

Dear Chairman Hufstetler:

The bill would exempt, subject to caps, purchases of tangible personal property used in the expansion or renovation of a qualified aquarium or zoo from state and local income taxes. The exemption applies from July 1, 2023, to June 30, 2027, or until the aggregate caps of \$4.5 million of state taxes in the case of aquariums or \$800,000 of state and local taxes in the case of zoos is reached. Taxpayers eligible for the exemption must first pay the taxes owed on eligible purchases and then file a claim for a refund.

**Impact on State Revenue**

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

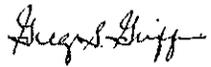
**Table 1. State and Local Revenue Effect of HB 86 LC 43 2723S**

(\$ millions)	FY 2024	FY 2025	FY 2026	FY 2027	Total
High Case:					
State	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)	(\$4.9)
Local	(\$1.5)	(\$1.5)	(\$1.5)	(\$1.5)	(\$6.0)
Low Case:					
State	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$2.7)
Local	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$3.3)

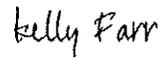
**Impact on State Expenditures**

The Department of Revenue would be able to implement the provisions of the bill with existing resources. The agency noted that changes to information systems would take nine weeks, equating to approximately \$105,000.

Respectfully,



Greg S. Griffin  
State Auditor



Kelly Farr, Director  
Office of Planning and Budget

GSG/KF/mt

### Analysis by the Fiscal Research Center

Section 1 of HB 86 proposes to exempt from state and local sales taxes the purchase of tangible personal property for use in the expansion or renovation of an eligible aquarium during the period July 1, 2023, to June 30, 2027, subject to a cumulative, aggregate cap of \$4.5 million in state sales tax exempted (i.e., per legislative counsel, local taxes are not included in measurement of the cap status even though the exemption applies to all local sales taxes as well as state). To obtain the benefit of the exemption, eligible taxpayers must first pay the taxes owed on eligible purchases and then file a claim for a refund.

Section 2 of the bill would similarly exempt the purchase of tangible personal property for use in the expansion or renovation of an eligible zoo over the same period. In the case of zoos, the cumulative aggregate cap is \$800,000 of state *and local* taxes exempted (per legislative counsel), again by first paying and then filing for refund of such taxes on eligible purchases.

To be eligible for the exemption, the aquarium or zoo must be located in this state, charge for admission, and be owned and operated by an organization exempt from taxation under IRC Section 501(c)(3). At this time, two aquariums and one zoo – the Georgia Aquarium in Atlanta, the Flint RiverQuarium in Albany, and Zoo Atlanta – could be identified that meet these eligibility requirements.

For purposes of this note, a low case estimate is provided that is based on an announced project at Zoo Atlanta for a new veterinary facility and an expansion project planned or under consideration by the Georgia Aquarium, as reported by the bill sponsor.

Information from Zoo Atlanta indicates that the veterinary facility project will cost an estimated \$22 million to complete, and that state and local sales taxes on construction materials and equipment and owner-furnished materials that would be exempted under HB 86 would amount to an estimated \$581,000. At an 8.9 percent combined state and local tax rate, this would put eligible expenses at approximately \$6.53 million or about 30 percent of the total project cost. The state portion of total taxes exempted would be approximately \$261 thousand, the \$320 thousand balance representing the various Atlanta and Fulton county school and other sales taxes. The timing of project expenditures is not available, so the cost of the exemption is assumed to be spread evenly across the four fiscal years that the exemption would be available.

Information from the bill sponsor suggests a \$200 million aquarium expansion project is either planned or under consideration. Assuming for the low case that this expansion goes forward and that otherwise taxable purchases would be 30% as estimated for the zoo facility, approximately \$60 million of costs would be exempted. The resulting state revenue loss would be approximately \$2.40 million while the local loss would be \$2.94 million.

High estimates for both provisions assume that the aggregate caps are binding. In all cases, revenue effects are assumed to be realized evenly over the period of availability of the exemptions. Tables 2 and 3 below detail the high and low cases for the zoo and aquarium exemptions, respectively, while Table one provides the combined estimated impacts.

**Table 2. Exempted Sales Tax Revenues for Zoo Projects**

(\$ thousands)	FY 2024	FY 2025	FY 2026	FY 2027	Total
High Case:					
State	\$90	\$90	\$90	\$90	\$360
Local	\$110	\$110	\$110	\$110	\$440
Low Case:					
State	\$65	\$65	\$65	\$65	\$261
Local	\$80	\$80	\$80	\$80	\$320

**Table 3. Exempted Sales Tax Revenues for Aquarium Projects**

<i>(\$ thousands)</i>	FY 2024	FY 2025	FY 2026	FY 2027	Total
High Case:					
State	\$1,125	\$1,125	\$1,125	\$1,125	\$4,500
Local	\$1,378	\$1,378	\$1,378	\$1,378	\$5,513
Low Case:					
State	\$600	\$600	\$600	\$600	\$2,400
Local	\$735	\$735	\$735	\$735	\$2,940