## Table of Contents

I. A Cross-State Comparison of Tax Levels .......................................................... 1

II. Fiscal Capacity and Effort .............................................................................. 3

III. Tax Burdens by Income Level ........................................................................ 3

IV. Revenue Trends in Georgia’s Taxes ................................................................. 9
   A. Trends in Total Revenue ........................................................................... 9
   B. Personal Income Tax Revenue .................................................................. 11
   C. Sales and Use Tax .................................................................................. 17
   D. Corporate Income Tax Revenue ................................................................ 21
   E. Fuel Tax Revenue ................................................................................... 25
   F. Property Tax Revenue ............................................................................ 28
   G. Income Elasticity of Taxes ......................................................................... 31

V. Policy Agenda ................................................................................................ 34
   A. Major State Tax Provisions ...................................................................... 34
   B. Proposed Changes ..................................................................................... 37
I. A CROSS-STATE COMPARISON OF TAX LEVELS

This section compares Georgia with other states in terms of tax levels and how tax burdens in Georgia have changed over time. Two measures are used: taxes per capita and taxes per $1000 of personal income. Each measure is calculated for state and local taxes, state taxes, and local taxes, where local includes counties, municipalities, school boards, and special districts. Tax data are from the Bureau of the Census; 2004 is the latest year data is available.

The first table shows the tax burden for Georgia while the second table shows how Georgia ranks nationally for each category.

■ In terms of taxes per capita:
  o Georgia’s total state and local taxes per capita increased 63 percent between 1981 and 2004.
  o Georgia’s state and local taxes per capita grew slightly more than the average U.S. state from 1981 to 2004 (8 percent more than the average).
  o Over the period both state taxes and local taxes grew, but local taxes grew faster.
  o Overall, Georgia ranked 37th in 1981 and 35th in 2004 in per capita state and local taxes.

■ In terms of taxes per $1000 of income:
  o Georgia’s total state and local taxes per $1000 of income increased 2 percent between 1981 and 2004, from $95 in 1981 to $97 in 2004 (in real terms).
  o Georgia’s overall ranking fell from 30th in 1981 to 39th in 2004.
  o Georgia’s state taxes per $1000 of income decreased from $62 to $55.
  o Total local taxes per $1000 increased; Georgia went from 32nd in 1981 to 20th in 2004.
Georgia’s Revenue-Summary

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th>------</th>
<th>------</th>
<th>------</th>
<th>------</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Taxes -State &amp; Local</td>
<td>$1,770</td>
<td>$2,877</td>
<td>$95</td>
<td>$97</td>
</tr>
<tr>
<td>Total Taxes -State</td>
<td>$1,145</td>
<td>$1,634</td>
<td>$62</td>
<td>$55</td>
</tr>
<tr>
<td>Total Taxes – Local</td>
<td>$625</td>
<td>$1,243</td>
<td>$34</td>
<td>$42</td>
</tr>
<tr>
<td>Personal Income Tax – State</td>
<td>$393</td>
<td>$766</td>
<td>$21</td>
<td>$26</td>
</tr>
<tr>
<td>Sales Tax – State</td>
<td>$383</td>
<td>$725</td>
<td>$21</td>
<td>$24</td>
</tr>
<tr>
<td>Sales Tax – State &amp; Local</td>
<td>$466</td>
<td>$1,057</td>
<td>$25</td>
<td>$35</td>
</tr>
<tr>
<td>Corporate Income Tax – State</td>
<td>$9</td>
<td>$55</td>
<td>$5</td>
<td>$2</td>
</tr>
<tr>
<td>Property Tax – Local</td>
<td>$389</td>
<td>$872</td>
<td>$21</td>
<td>$29</td>
</tr>
</tbody>
</table>

Source: Bureau of the Census.
*Inflation adjusted.

Georgia’s Ranking-Summary

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th>------</th>
<th>------</th>
<th>------</th>
<th>------</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Taxes -State &amp; Local</td>
<td>37</td>
<td>35</td>
<td>30</td>
<td>39</td>
</tr>
<tr>
<td>Total Taxes -State</td>
<td>39</td>
<td>42</td>
<td>29</td>
<td>42</td>
</tr>
<tr>
<td>Total Taxes – Local</td>
<td>37</td>
<td>24</td>
<td>32</td>
<td>20</td>
</tr>
<tr>
<td>Personal Income Tax – State</td>
<td>18</td>
<td>16</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Sales Tax – State</td>
<td>26</td>
<td>42</td>
<td>20</td>
<td>39</td>
</tr>
<tr>
<td>Sales Tax – State &amp; Local</td>
<td>22</td>
<td>34</td>
<td>16</td>
<td>30</td>
</tr>
<tr>
<td>Corporate Income Tax – State</td>
<td>23</td>
<td>39</td>
<td>22</td>
<td>39</td>
</tr>
<tr>
<td>Property Tax – Local</td>
<td>39</td>
<td>29</td>
<td>37</td>
<td>26</td>
</tr>
</tbody>
</table>
Over the period 1981 to 2004, the state share of total taxes in Georgia fell from 65 percent in 1981 to 57 percent in 2004.

Georgia’s total state and local taxes are fairly evenly balanced. Sales tax contributes 37 percent, while individual income tax and property tax contribute 27 percent and 31 percent, respectively.

II. FISCAL CAPACITY AND EFFORT

The fiscal capacity index measures the underlying ability of a state to raise tax revenue relative to the average across all states. Capacity is based on income per capita. The fiscal effort index measures the ratio of actual taxes raised to the state’s capacity.

- Georgia’s fiscal capacity is below the national average and is at the lower end of fiscal capacity of the comparison states.
- Georgia’s fiscal effort is below the national average, but is about average for the comparison states.
- Differences across states in fiscal capacity are largely explained by differences in income per capita.

III. TAX BURDENS BY INCOME LEVEL

The following charts concern the distribution across income levels of the tax burdens for 9 comparison states. The chart shows the effective tax rate for state and local taxes for households in the lowest 20 percentile of income and in the highest 1 percent. (The effective tax rate is the ratio of taxes paid to income.)

- The effective tax rate in Georgia is the third highest for both the lowest and highest income class of the 9 comparison states.
State & Local Tax Burdens, 2002

The next three charts show the state and local tax burden by income class for three states: Missouri, Georgia, and Washington. Missouri has a tax system that is the least regressive of the 9 states, while Washington has the most regressive tax system of the 9 states. Georgia is in the middle.

- For all states:
  - Sales and excise taxes are highly regressive.
  - Income taxes are highly progressive.
  - The property tax is mildly regressive.

- The difference in the regressivity of the tax systems is due to the progressivity of the income tax in the state.
  - Washington has no income tax and hence its tax structure is very regressive.
  - Georgia’s income tax system is mildly progressive.
  - Missouri’s income tax system is very progressive.
State & Local Tax Burden - Missouri

State & Local Tax Burden - Georgia

State & Local Tax Burden - Washington

IV. REVENUE TRENDS IN GEORGIA’S TAXES

This section presents a discussion of tax revenue trends for Georgia’s major taxes.

A. Trends in Total Revenue

The following chart shows the ratio of total Georgia State government revenue raised from own-sources, i.e., excluding federal government grant revenue, divided by total personal income. (The vertical bar denotes the increase in the state sales tax rate from 3 to 4 percent.)

- Since 1980, the percentage of income paid to the state in the form of taxes, fees, etc., generally ranged from 5.5 percent to 6 percent.
- The percentage exceeded 6 percent in 1990 when the sales tax rate was increased.
- In 2005, the percentage was 5.6 percent.
State Own Source Revenue as a Percentage of Personal Income

Fiscal Year

Source: Alan Essig, Georgia Budget and Policy Institute.
B. Personal Income Tax Revenue

The following chart shows the pattern of growth in individual income tax collections in nominal dollars—that is, these are the levels of collections as reported by the Department of Revenue for each fiscal year from 1996 to 2005.

- The graph demonstrates the strong and stable growth of the individual income tax, despite increased exemptions for some forms of income and increases in the level of exemptions for dependents over this time period.

- What is striking in the pattern of receipts is the downward notch in income tax receipts that hits in FY2002 and then again in FY2003. These trends are associated with the recession, which hit income tax receipts quite hard. Since FY2003, the pattern has picked up and revenue growth has been strong.
Total Individual Income Tax Receipts

In Millions


Source: Georgia DOR.
The following graph shows the percentage change in individual income tax receipts between fiscal years. It shows in more detail than the previous graph the pattern of ups and downs in receipts.

■ The growth pattern shows that between FY1996 and FY2001 income tax receipts grew at a robust rate of between 7 and 13 percent per year. These figures do not take into account changes in exemptions and deductions that occurred in 1998 and 2000.

■ Between FY2001 and FY2002, individual income tax receipts declined in nominal terms for the first time in recent history. This decrease in revenue continued in FY2003 but a rebound began in early FY2004.

■ From FY2003 to FY2004, income tax receipts grew approximately 9 percent—still slightly below the average growth in the period from 1996-2001, but reflecting a response to the expanding post-recession economy. The growth rate from 2004 to 2005 was a bit slower—around 6.9 percent.
Individual Income Tax Revenue Growth

Source: Georgia DOR.
Individual income tax receipts are very closely related to personal income. Since income tax revenues are derived by taxing components of personal income, we might expect to see a close relationship between income tax revenues and personal income.

- As shown in the following graph, income tax revenues as a share of personal income grew significantly from 1996 to 2001. The ratio of income tax revenue to personal income was 2.56 in 1996, growing to 2.92 by 2001.

- The growth in income tax revenues relative to personal income was in part due to the increase in capital income and the increase in high paying jobs. These types of income would be taxed at the higher marginal tax rate according to the tax schedule for the state of Georgia.

- The relationship between income tax receipts and personal income fell dramatically from 2001. By 2002, the ratio was 2.65 and in 2003 it was 2.5.

- The decline in the ratio is due to a loss of employment, a slight increase in transfer payments (which are largely non-taxable), and a reduction in capital income.

- In 2004 and 2005, this ratio increased to 2.57 and 2.58 due to expansion of employment. We believe that there are still numerous capital losses and that taxpayers will not report significant increases in net capital gains for another two to three years.

- The ratio of tax receipts to personal income should continue to increase somewhat, but due to the slow recovery in higher paying jobs and the stock of capital losses in the tax system, it is unlikely that the ratio will reach 2.7 or higher for the next few years.
Individual Income Tax Revenue/Personal Income

Source: Georgia DOR and BEA.
C. Sales and Use Tax

The next two charts focus on the sales tax.

1. Increase in Total Sales Tax Revenue

   ■ Until the 2000-01 recession, sales tax revenue had increased nearly continuously.

   o Between 1977 and 2005, sales tax revenue increased from $686 million to $5,249 million, or an average of 7.25 percent per year (first chart).

   The vertical bar denotes the increase in the state sales tax rate from 3 percent to 4 percent.
Annual Sales Tax Revenue

Year

Revenue in Millions

Source: Georgia Budget Report.
2. Sales Tax Revenue and Income

The next chart shows the trend in sales tax revenue per $1000 of income. Note that the chart reduces post-1990 revenue for the increase in the sales tax rate to 4 percent.

- Sales tax revenue per $1000 of income has fallen nearly continuously for the past quarter of a century.
- There are many reasons for the decrease.
  - Consumption patterns have changed.
    - In 1983, commodities were 36.4 percent of personal expenditures, but 29.2 percent in 2003. If that change had not occurred, 2003 sales tax revenues would have been an estimated $678 million more.
    - E-commerce has increased by 2.5 times between 1999 and 2003. Since much of e-commerce is not taxed, this has reduced sales tax revenue.
  - Exemptions
    - The 1996 exemption for food for home consumption reduced FY 04 revenue by an estimated $700 million.
    - Other exemptions adopted since 1987 reduced sales tax revenues by another $100 to $110 million.
  - The recent slow down is due in part to the recession and to the post-9/11 decrease in travel and to a shift from eating out to eating at home.
- If personal income had stayed on trend (i.e., there had been no 2000 – 2002 recession) and if the sales tax to personal income ratio had remained at its 2000 level, sales tax revenue in FY04 would have been $1,100 million larger.
Sales Tax per $1000 of Personal Income
(Adjusted for Tax Rate Increase)

Source: Georgia Budget Reports, Bureau of Economic Analysis.
D. Corporate Income Tax Revenue

1. Growth in Total Corporate Income Tax Revenue

   The following two charts show the growth in corporate income tax revenue for the period 1970 to 2004.

   ■ Over the 35 year period, revenues, adjusted for inflation, increased at 0.5 percent per year.

   ■ Between 1999 and 2004 corporate income tax revenues declined substantially, by 44.2 percent.

   ■ The other thing to note is the wide swings in revenue, which are associated with recessions and expansions in the economy.
2. Relationship Between Corporate Tax Revenue and Total Personal Income

The following chart shows the relationship between corporate income tax revenue and the size of the Georgia economy, as measured by personal income.

- Corporate income tax revenue per $1000 of personal income has been on a downward trend.

- Reasons for this trend:
  
  - There has been a shift from traditional corporations (called C-corps) to other forms of business (called S-corps and limited partnerships).
  
  - A shift away from the traditional three factor apportionment formula reduced revenue.
  
  - An increase in tax credits for economic development purposes. In 1991, such credits amounted to $179,924. By 2000 they amounted to $85,573,335. It is reported that substantial credits have been carried forward by firms that have been unable to use the credits.
  
  - Firms have been more active in tax planning. For example, by setting up what are know as Delaware holding companies firms can move profits to states with no corporate income tax.
  
  - Because the calculation of taxable income in Georgia is tied to the federal corporate income tax, changes in the federal system translate into changes in Georgia. Several changes in the 1980s at the federal level, for example, accelerated depreciation, reduced taxable profit in Georgia.
Corporate Income Tax per $1000 of Personal Income
E. Fuel Tax Revenue

The next chart focuses on fuel tax revenue, including both the 7.5 cents per gallon tax and the 3 percent prepaid sales tax.

- Since 1980, Georgia’s fuel taxes increased 153.0 percent.
- Controlling for inflation, real fuel tax revenues increased by 6.9 percent, with most of the real increase coming in 2004 and 2005.
- On a per capita basis, fuel taxes increased 52.5 percent from 1980 to 2005.
- On an inflation-adjusted basis, fuel tax revenue per capita decreased 35.6 percent since 1980.
Georgia Fuel Tax Revenues Per Capita (1980-2005)

Year


Millions

Actual Revenue  Inflation Adjusted
F. Property Tax Revenue

The following charts focus on the property tax.

- Property taxes in Georgia increased from about $1.1 billion in 1980 to nearly $7.8 billion in 2004, or by 8.7 percent per year.
- On a per capita basis property taxes increased from $199 in 1980 to $880 in 2004, or by 6.5 percent per year.
- Property tax per $1000 of income increased from $23.53 to $29.54, or by an average of about 1 percent per year.
- Property taxes per capita were 66 percent of the US average in 1980, but 81 percent in 2004.
- Property taxes per $1000 of income were 79 percent of the US average in 1980, but 90 percent in 2004.
Property Taxes Per Capita

Source: U.S. Bureau of the Census.
Property Taxes Per $1000 of Income

Source: U.S. Bureau of the Census.
G. Income Elasticity of Taxes

The income elasticity of a tax measures the responsiveness of tax revenue to changes in the size of the economy as measured by changes in income. The elasticity is measured as the ratio of the percentage change in tax revenue to the percentage change in income. Thus, an elasticity of 1.25 means that a 10 percent increase in total income within the state results in an increase in tax revenue of 12.5 percent.

The following charts show the annual elasticity for the period 1964 to 2005 for the state sales and income taxes.

■ In general, the elasticities have declined over time. The recent recession and recovery results in a very large swing in elasticities between 2003 and 2005.

■ The big spike in 1990 of the sales tax elasticity is due to the increase in sales tax rate.

■ The elasticities have declined because:

  o More of the increase in income has come in the form of income that is not taxed.

  o Increases in income do not result in households paying higher income tax rates. (Because the top marginal income tax rate is reached at $10,000 and most household have incomes that exceed this amount, there is little increase in income tax revenue due to taxpayers moving into higher income tax brackets.)

  o Consumption patterns are changing so that the share of income spent on taxable items is declining.

  o The additions of sales tax exemptions have reduced revenue growth.
Income Tax Elasticities

Year

Elasticity


-3.5 -3.0 -2.5 -2.0 -1.5 -1.0 -0.5 0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 4.0 4.5
V. POLICY AGENDA

This section presents a summary of recently enacted legislation and a list of tax policy changes for consideration.

A. Major State Tax Provisions

2000 and Earlier:
- In 1998, 2001 and 2003, the credit for purchase of low emission vehicles was expanded and clarified.
- An income tax deduction for the Higher Education Savings Plan was introduced in 2001 (effective in 2002), and updated and expanded in 2002.
- An income tax credit for driver’s education expenses was introduced in 2000.
- An income tax credit for caregiver expenses was introduced in 1998.
- Local sales tax options were expanded with the Education Special Purpose Local Option Sales Tax in 1996 and Homestead Option Sales Tax in 1995.

2001:
- Lawmakers passed and voters ratified modifications to the homestead exemption. These modifications increased the homestead exemption for residents aged 62 and older.
- Lawmakers passed and voters ratified modifications to the personal property tax exemption. These modifications increased the tangible personal property exemption from $500 to $7,500 per individual.
- Federal changes to reduce the Estate Tax effectively eliminates the state estate tax (unless changes are made).

2002:
- Georgia creates a sales tax holiday for two time periods in 2002. The exemption applies to the purchase of clothing valued at less than $100 and to the first $1,500 on purchases of computer equipment.
2003:
- The Individual Income tax retirement income exemption was increased as follows (the exemption was increased from exemptions set in previous years: Increased to $25,000 for 2006; $30,000 for 2007; $35,000 for 2008+
- The tobacco tax rate was increased to 37 cents per pack.
- Georgia is one of 21 states that does not conform to the federal provision relating to Bonus Depreciation which was passed as part of the Job Creation and Worker Assistance Act of 2002 and modified in the Jobs and Growth Tax Relief Reconciliation Act of 2003.

2005:
- Corporate apportionment formula change beginning in 2008; certain corporations will use a single factor gross receipts formula for apportioning their total income to Georgia. The formula change will be phased in over a two-year period. In 2006, the gross receipts factor of the apportionment formula is 80 percent and increases to 90 percent in 2007.
- Georgia conformed to the federal expensing provisions contained in IRC sec. 179. This provision allows expensing of a maximum of $100,000 in qualified property. The value of the property cannot exceed $400,000. The provision defines qualified property to include purchases of off-the-shelf software. The provision also indexes the $100,000 and the $400,000 amounts for inflation. The appropriate amounts for 2005 are $105,000 and $420,000. 28 other states conform to this provision.
- Georgia is one of 18 states that does not adopt the federal provision specified in IRC Sec. 199, the Qualified Production Activities Income deduction.
- Georgia provided for an additional $500 tax credit per new full time employee.
- Georgia provided for a tax credit for production companies with a minimum investment of $500,000. The credit is equal to 9 percent of the company’s investment.
- Georgia created a 4 day sales tax holiday for the purchase of Energy Efficient products.

2006:
- Georgia allows a credit against state income tax liability for child and dependent care expenses. In 2006 the state credit is equal to 10 percent of the federal version of this credit. In 2007 the state credit is equal to 20 percent of the federal credit. The state credit will be fully phased-in in 2008 and will be equal to 30 percent of the federal credit.
- Georgia allows a tax credit for certain employers who allow their employees to telework. The maximum value of the credit is limited to $1,200 per employee. The aggregate amount of the credit that may be claimed in 2008 by all employers is $2 million.
• Georgia allows a credit against state income tax liability for the donation of real property that qualifies as conservation land. The credit is equal to 25 percent of the fair market value of the land. The maximum value of the credit cannot exceed $250,000 per individual and $500,000 per corporation.
B. Proposed Changes

A number of tax law changes have been discussed in various forums.

- Level the annual increase in tax revenue for state and local governments (TABOR)
- Eliminate property tax funding for schools, replace with increase the State sales tax
- Eliminate the Income Tax and increase the Sales Tax
- Streamlined sales tax project
- Elimination of the individual and corporate income tax
- Reduce the Insurance Tax
- Cap the annual increase in assessed values for property tax purposes
- Eliminate the property tax on motor vehicles
- Eliminate the property tax on inventory
- Replace corporate income tax with a value added tax
- Expand the sales tax base by taxing more services
- Add an Earned Income Tax Credit
- Revise the Income Tax rate structure
- Add a property tax circuit breaker
About the Authors

Sally Wallace is Professor of Economics and Associate Director of the Fiscal Research Center of the Andrew Young School of Policy Studies at Georgia State University. Dr. Wallace’s main interests are domestic and international taxation and intergovernmental fiscal relations.

David L. Sjoquist is Professor of Economics, holder of the Dan E. Sweat Distinguished Scholar Chair in Educational and Community Policy, and Director of the Fiscal Research Center of the Andrew Young School of Policy Studies at Georgia State University. He has published widely on topics related to state and local public finance and urban economics. He holds a Ph.D from the University of Minnesota.

Laura Wheeler is a Senior Researcher at the Fiscal Research Center with the Andrew Young School of Policy Studies. She received her Ph.D. in economics from the Maxwell School at Syracuse University. Prior to coming to FRC, Laura worked for several years with the Joint Committee on Taxation for Congress and as an independent consultant on issues of tax policy. Her research interests include state and local taxation, corporate taxation, and welfare policy.

Peter Bluestone is a Research Associate with the Fiscal Research Center at the Andrew Young School of Policy Studies at Georgia State University. He is a Georgia State University Urban Fellows Recipient. His research interests include, urban economics, environmental economics and state and local fiscal policy.

William J. (Joey) Smith is an Assistant Professor of Economics in the Richards College of Business at the University of West Georgia and is a Principal Associate with the Fiscal Research Center at the Andrew Young School of Policy Studies at Georgia State University. His current research includes forecasting TANF and Medicaid eligibility for the State of Georgia and investigating the effects of employment access on TANF labor force participation. His research interests include economic geography, poverty and welfare, state and local public finance and urban economics. He holds a Ph.D. from Georgia State University.
About The Fiscal Research Center

The Fiscal Research Center provides nonpartisan research, technical assistance, and education in the evaluation and design of state and local fiscal and economic policy, including both tax and expenditure issues. The Center’s mission is to promote development of sound public policy and public understanding of issues of concern to state and local governments.

The Fiscal Research Center (FRC) was established in 1995 in order to provide a stronger research foundation for setting fiscal policy for state and local governments and for better-informed decision making. The FRC, one of several prominent policy research centers and academic departments housed in the School of Policy Studies, has a full-time staff and affiliated faculty from throughout Georgia State University and elsewhere who lead the research efforts in many organized projects.

The FRC maintains a position of neutrality on public policy issues in order to safeguard the academic freedom of authors. Thus, interpretations or conclusions in FRC publications should be understood to be solely those of the author.
FISCAL RESEARCH CENTER STAFF

David L. Sjoquist, Director and Professor of Economics
Peter Bluestone, Research Associate
Margo Doers, Administrative Coordinator
Jaiwan M. Harris, Business Manager
Kenneth J. Heaghnery, State Fiscal Economist
John W. Matthews, Senior Research Associate
Nara Monkam, Research Associate
Lakshmi Pandey, Senior Research Associate
Rob Salvino, Research Associate
Nikola Tasic, Research Associate
Dorie Taylor, Assistant Director
Arthur D. Turner, Microcomputer Software Technical Specialist
Sally Wallace, Associate Director and Professor of Economics
Laura A. Wheeler, Senior Research Associate
Tumika Williams, Staff Assistant

ASSOCIATED GSU FACULTY

James Alm, Chair and Professor of Economics
Roy W. Bahl, Dean and Professor of Economics
Spencer Banzhaf, Associate Professor of Economics
Carolyn Bourdeaux, Assistant Professor of Public Administration and Urban Studies
Robert Eger, Assistant Professor of Public Administration and Urban Studies
Martin F. Grace, Professor of Risk Management and Insurance
Shiferaw Gurmu, Associate Professor of Economics
Douglas Krupka, Assistant Professor of Economics
Gregory B. Lewis, Professor of Public Administration and Urban Studies
Jorge L. Martinez-Vazquez, Professor of Economics
Theodore H. Poister, Professor of Public Administration and Urban Studies
David P. Richardson, Professor of Risk Management and Insurance
Jonathan C. Rork, Assistant Professor of Economics
Bruce A. Seaman, Associate Professor of Economics
Geoffrey K. Turnbull, Professor of Economics
Mary Beth Walker, Associate Professor of Economics
Katherine G. Willoughby, Professor of Public Administration and Urban Studies

PRINCIPAL ASSOCIATES

David Boldt, State University of West Georgia
Gary Cornia, Brigham Young University
Kelly D. Edmiston, Federal Reserve Bank of Kansas City
Alan Essig, Georgia Budget and Policy Institute
Dagney G. Faulk, Indiana University Southeast
Catherine Freeman, U.S. Department of Education
Richard R. Hawkins, University of West Florida
Julie Hotchkiss, Atlanta Federal Reserve Bank
Mary Mathewes Kassis, State University of West Georgia
Julia E. Melkers, University of Illinois-Chicago
Jack Morton, Morton Consulting Group
Ross H. Rubenstein, Syracuse University
Michael J. Rushton, Indiana University
Benjamin P. Scafidi, Georgia College and State University
Edward Sennoga, Makerere University, Uganda
William J. Smith, West Georgia College
Jeanie J. Thomas, Consultant
Kathleen Thomas, Mississippi State University
Thomas L. Weyandt, Atlanta Regional Commission

GRADUATE RESEARCH ASSISTANTS: Nofiya Nahin Shaik ● John Stavick
RECENT PUBLICATIONS

(All publications listed are available at http://frc.aysps.gsu.edu or call the Fiscal Research Center at 404/651-2782, or fax us at 404/651-2737.)

*Financing Georgia’s Future II* (Sally Wallace, David L. Sjoquist, Laura Wheeler, Peter Bluestone, William J. Smith) This second release of a biennial report focuses on Georgia’s taxes, making cross-state comparisons of their structure and exploring revenue performance over time. FRC Report/Brief 144 (March 2007)

*The Price Effect of Georgia’s Temporary Suspension of State Fuel Taxes* (James Alm and David L. Sjoquist) This report explores the effect of the fuel tax suspension on the price of gasoline in Georgia. FRC Report/Brief 143 (February 2007).

*An Analysis of the Financing of Higher Education in Georgia* (Nara Monkam). This report addresses the issue of the financing of higher education in Georgia by comparing financing in Georgia with other states and examining how financing affects the student population in terms of performance, and retention rates. FRC Report 142 (February 2007)

*Intergovernmental Fiscal Relations in Georgia* (David L. Sjoquist, John Stavick and Sally Wallace). This report documents the intergovernmental fiscal system in Georgia, with a focus on the expenditure, revenue, and intergovernmental grant system in the state. FRC Report 141 (February 2007)

*Comparing State Income Tax Preferences for the Elderly in the Southeast* (Jonathan C. Rork). This brief looks at the current state of these tax preferences in the Southeast for those states that impose a major income tax and estimates the dollar value of these preferences. FRC Brief 140 (February 2007)

*State Tax Incentives for Research and Development Activities: A Review of State Practices* (Laura Wheeler). This report documents state tax incentives offered around the country designed to encourage state level R&D activity. This report also simulates the effect of various credit components in the value of the credit FRC Report/Brief 139 (January 2007)

*Transportation Funding Alternatives: A Preliminary Analysis* (David L. Sjoquist, William J. Smith, Laura Wheeler and Justin Purkey). This report explores issues associated with proposed alternative revenue sources for increasing transportation for funding. FRC Report/Brief 138 (January 2007)

*Geographic Breakdown of Georgia’s Interstate Migration Patterns* (Jonathan C. Rork). This brief looks at the geographic breakdown of Georgia's interstate migration patterns for both the elderly and non-elderly. FRC Brief 137 (December 2006)
Inventory Taxes (John Matthews). Policymakers are considering 100 percent inventory tax exemptions as an economic development incentive. This report reviews the potential effectiveness of such exemptions and presents alternative approaches to inventory tax exemptions. FRC Report/Brief 136 (December 2006)

An Assessment of the State of Georgia’s Budget Reserves (Carolyn Bourdeaux). This report assesses the adequacy of Georgia’s revenue shortfall reserve. FRC Report 135 (October 2006)

Revenue Losses from Exemptions of Goods from the Georgia Sales and Use Tax (William J. Smith and Mary Beth Walker). This report provides estimates of the revenue loss from sales tax exemptions. FRC Report 134 (September 2006)

Tax Collectibility and Tax Compliance in Georgia (James Alm, David L. Sjoquist, and Sally Wallace). This report discusses the tax gap in Georgia and options for increasing tax compliance. FRC Report 133 (September 2006)

Four Easy Steps to a Fiscal Train Wreck: The Florida How-To Guide (Richard Hawkins). This report is the second of three reports that address the fiscal conditions of other states, explores the factors that explain the conditions, and the likely future trends. FRC Report 132 (August 2006)

The “Roller Coaster” of California State Budgeting After Proposition 13 (Robert Wassmer). This report is the first of three reports that address the fiscal conditions of other states, explores the factors that explain the conditions, and the likely future trends. FRC Report 131 (July 2006)

Personal Property Tax on Motor Vehicles (Laura Wheeler, John Matthews and David L. Sjoquist). This brief shows the expected reduction in the property tax base in each county if motor vehicles were tax exempt. FRC Brief 130 (July 2006)

Adequate Funding of Education in Georgia: What Does It Mean, What Might It Cost, How Could It Be Implemented? (David L. Sjoquist and Abdullah Khan). This report contains a discussion of what adequate funding for education means and how it has been estimated for other states. The report then explores the financial implications for Georgia of funding adequacy. FRC Report/Brief 129 (May 2006)

Legislative Influences on Performance-Based Budgeting Reform (Carolyn Bourdeaux). Using data from several surveys of the states as well as a survey of Georgia state legislators, this report examines the role of legislators in the implementation of performance-based management and budgeting reforms. FRC Report/Brief 128 (May 2006)

(All publications listed are available at http://frc.aysps.gsu.edu or call the Fiscal Research Center at 404/651-2782, or fax us at 404/651-2737.)
Financing Georgia's Future II

Publisher(s): Fiscal Research Center of the Andrew Young School of Policy Studies
Author(s): Peter Bluestone; David L. Sjoquist; William J. Smith; Sally Wallace; Laura Wheeler
Date Published: 2007-03-01
Rights: Copyright 2007 Fiscal Research Center of the Andrew Young School of Policy Studies
Subject(s): Community and Economic Development; Government Reform