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### Georgia Georgia s' Taxes

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# Georgia's Taxes

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May 13, 2010



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FISCAL RESEARCH CENTER

## State General Fund Revenue, 2009

### Tax Revenue

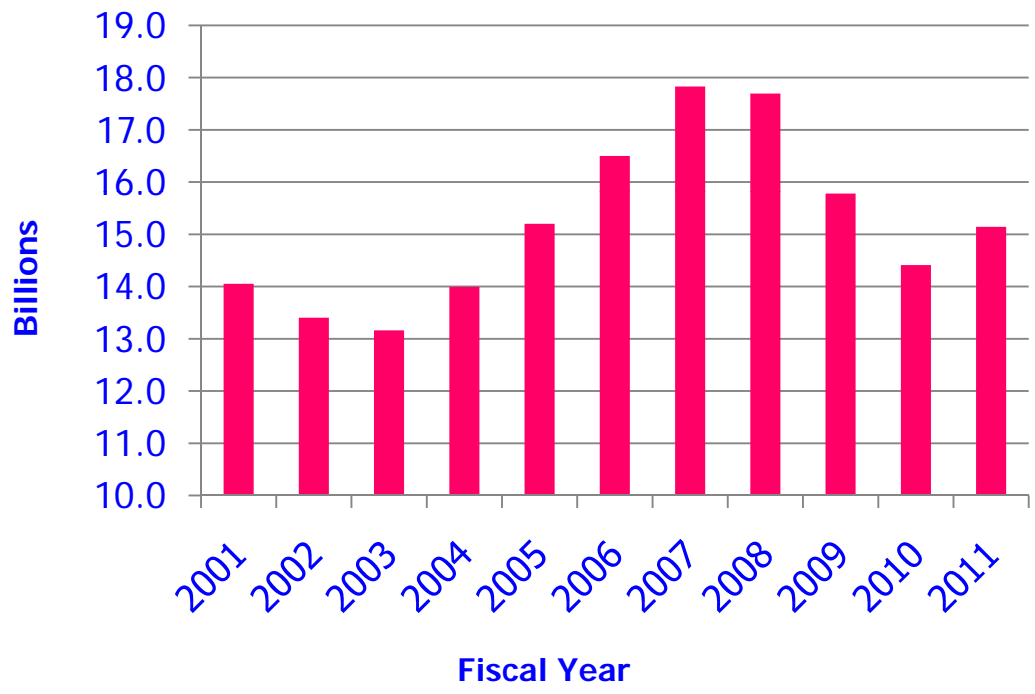
Personal Income	7,814,552,113	43.8%
General Sales and Use	5,306,490,689	29.8%
Motor Fuels	884,091,188	5.0%
Corporate Income and License	694,718,310	3.9%
Insurance Premium	314,338,992	1.8%
Motor Vehicle License	283,405,915	1.6%
Tobacco	230,271,910	1.3%
Alcoholic Beverage	169,668,539	1.0%
Property	83,106,994	0.5%
Estate	82,990	0.0%
<b>Total Tax Revenue</b>	<b>15,780,727,640</b>	<b>88.5%</b>

### Other Revenue

Fees, Interest, and Sales	985,934,164	5.5%
Lottery	884,642,058	5.0%
Tobacco Settlement Funds	177,370,078	1.0%
Miscellaneous	3,691,674	0.0%
<b>Total Other</b>	<b>2,051,637,974</b>	<b>11.5%</b>

**Grand Total** 17,832,365,614 100.0%

## State Tax Revenue



# Georgia Tax Revenue by Source, 2007

	Total	Local
Property Tax	28.7%	63.6%
Sales Tax	29.8%	26.8%
Motor Fuel	3.3%	0.0%
Alcoholic Beverage	0.9%	0.9%
Tobacco Products	0.7%	0.0%
Public Utilities	0.8%	1.8%
Other Selective Sales	3.0%	3.7%
Individual Income Tax	26.5%	0.0%
Corporate Income Tax	3.1%	0.0%
Motor Vehicle License	0.9%	0.0%
Other Taxes	2.3%	3.2%
Total	100.0%	100.0%

## STATE AND LOCAL TOTAL REVENUE, 2007

Rank	State	\$ per capita
1	Alaska	\$22,673
2	Wyoming	\$16,218
3	New York	\$15,066
<i>Top Quintile Cutoff</i>		<i>\$10,688</i>
19	Mississippi	\$10,089
<i>50-State Mean</i>		<i>\$9,996</i>
<i>Nat'l Median</i>		<i>\$9,544</i>
28	Florida	\$9,494
30	Virginia	\$9,154
<i>AAA Mean</i>		<i>\$9,152</i>
33	South Carolina	\$8,947
<i>SE Mean</i>		<i>\$8,916</i>
35	Alabama	\$8,779
37	Tennessee	\$8,504
<i>Last Quintile Cutoff</i>		<i>\$8,384</i>
41	North Carolina	\$8,384
46	Georgia	\$7,978
48	Arkansas	\$7,941
49	New Hampshire	\$7,895
50	Indiana	\$7,732



## STATE AND LOCAL OWN SOURCE REVENUE, 2007

Rank	State	\$ per capita
1	Alaska	\$15,330
2	Wyoming	\$9,997
3	New York	\$9,133
<i>Top Quintile Cutoff</i>		<i>\$6,585</i>
16	Virginia	\$6,166
<i>50-State Mean</i>		<i>\$6,164</i>
19	Florida	\$6,084
<i>AAA Mean</i>		<i>\$5,866</i>
<i>Nat'l Median</i>		<i>\$5,848</i>
32	South Carolina	\$5,503
<i>SE Mean</i>		<i>\$5,355</i>
36	North Carolina	\$5,309
<i>Last Quintile Cutoff</i>		<i>\$5,108</i>
42	Georgia	\$5,096
43	Alabama	\$5,071
46	Tennessee	\$4,824
47	Mississippi	\$4,791
48	Kentucky	\$4,776
49	South Dakota	\$4,671
50	Arkansas	\$4,654



## Total State and Local Taxes, 2007

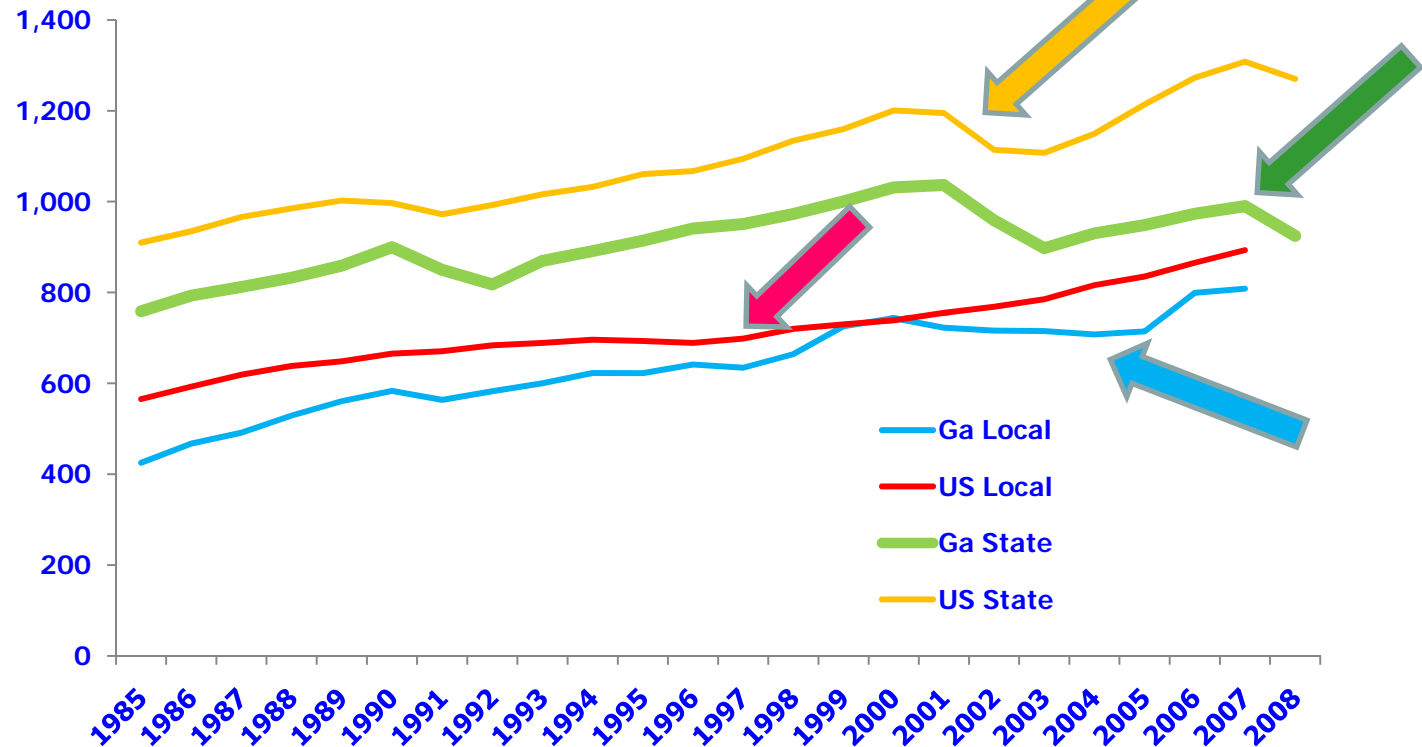
Rank	State	\$ per capita
1	Alaska	\$7,268
2	Wyoming	\$6,205
3	New York	\$6,898
<i>Top Quintile Cutoff</i>		<i>\$4,714</i>
18	Virginia	\$4,205
<i>50-State Mean</i>		<i>\$4,096</i>
<i>Nat'l Median</i>		<i>\$4,011</i>
26	Florida	\$4,009
<i>AAA Mean</i>		<i>\$3,849</i>
33	North Carolina	\$3,586
34	Georgia	\$3,481
<i>SE Mean</i>		<i>\$3,415</i>
<i>Last Quintile Cutoff</i>		<i>\$3,312</i>
46	South Carolina	\$3,134
48	Tennessee	\$3,005
49	Mississippi	\$2,989
50	Alabama	\$2,909



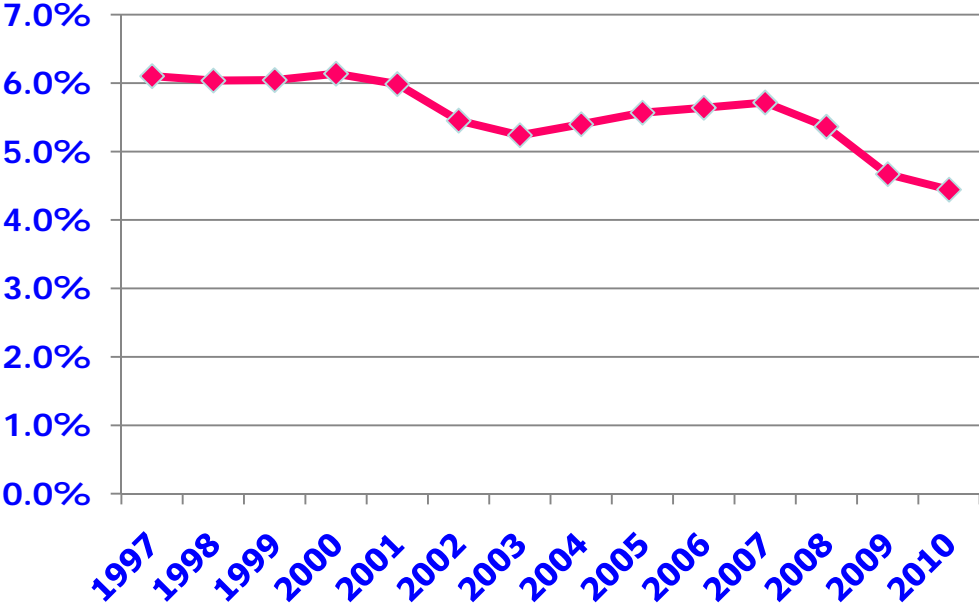


# Historic Trends

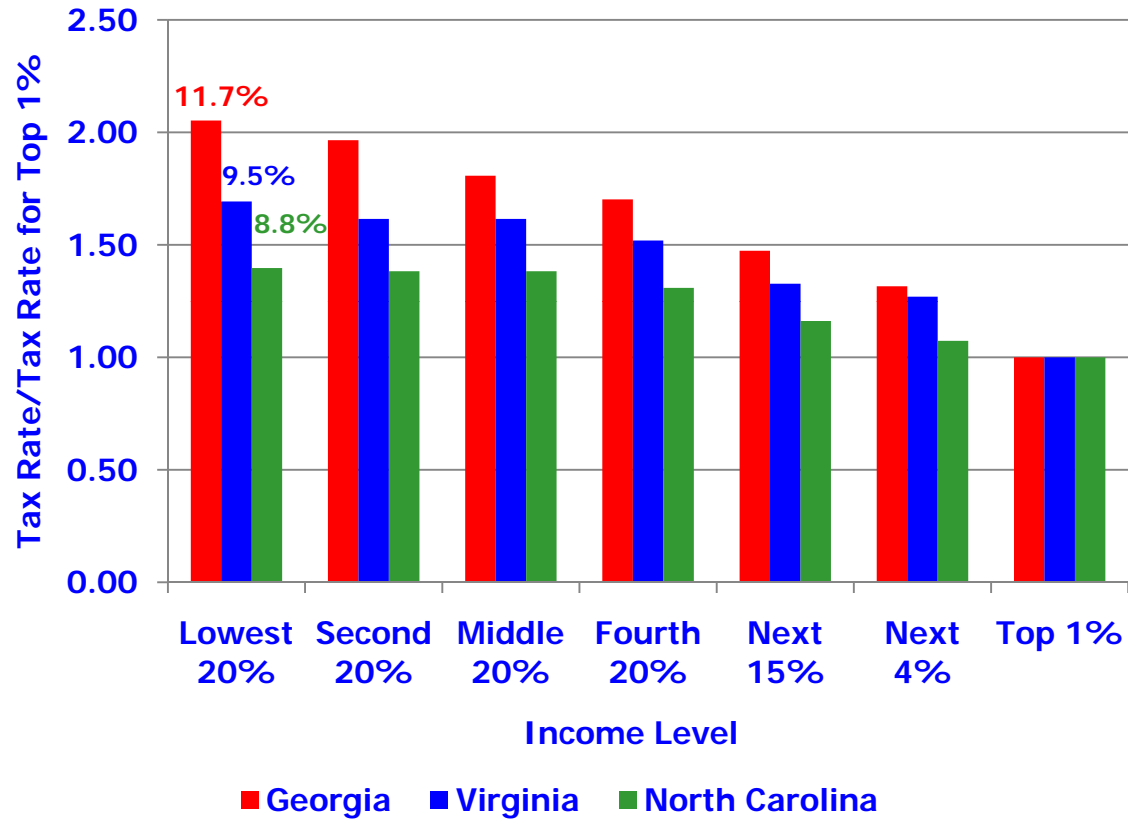
## State and Local Tax Revenues Per Capita (1985 Constant \$)



# Taxes Per Dollar of Income



## Relative State and Local Tax Burden, 2007 (Non-elderly, married couple)



Source: Institute on Taxation & Economic Policy, 2009

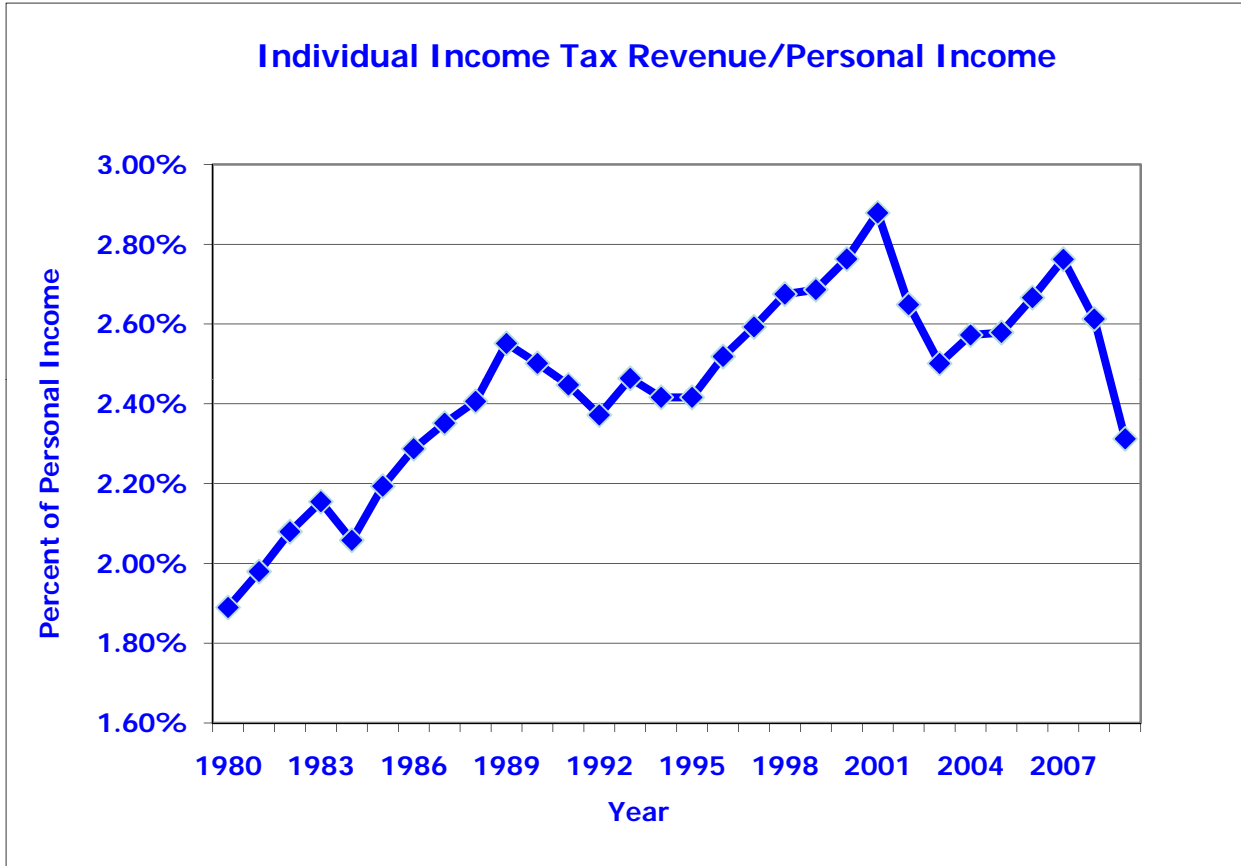
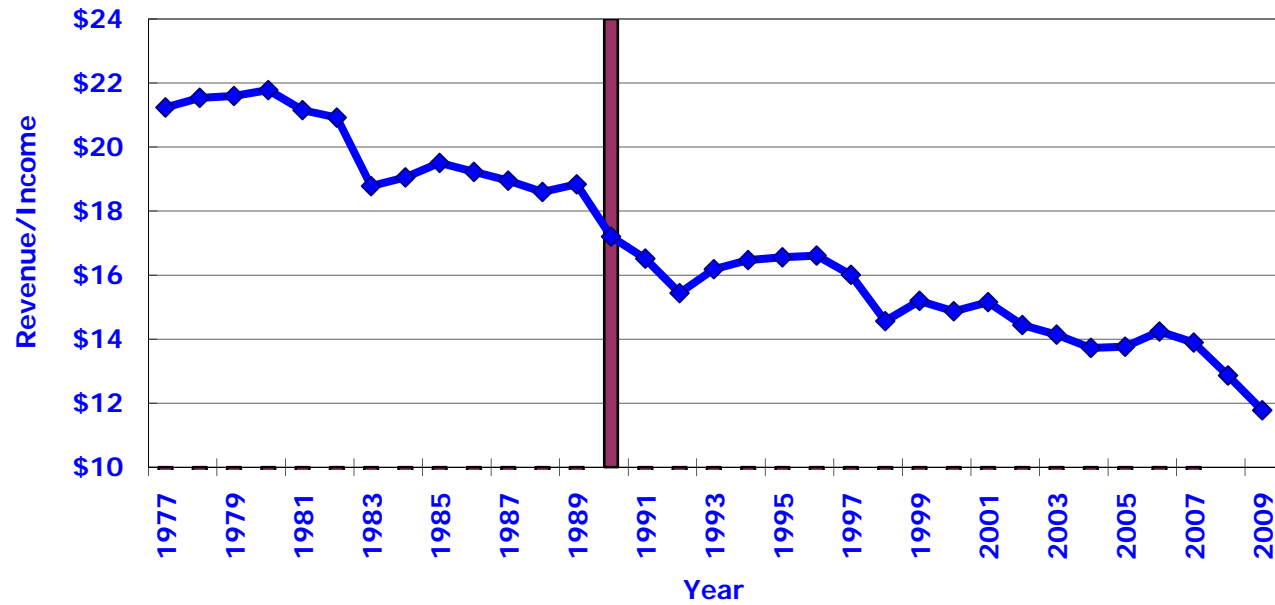
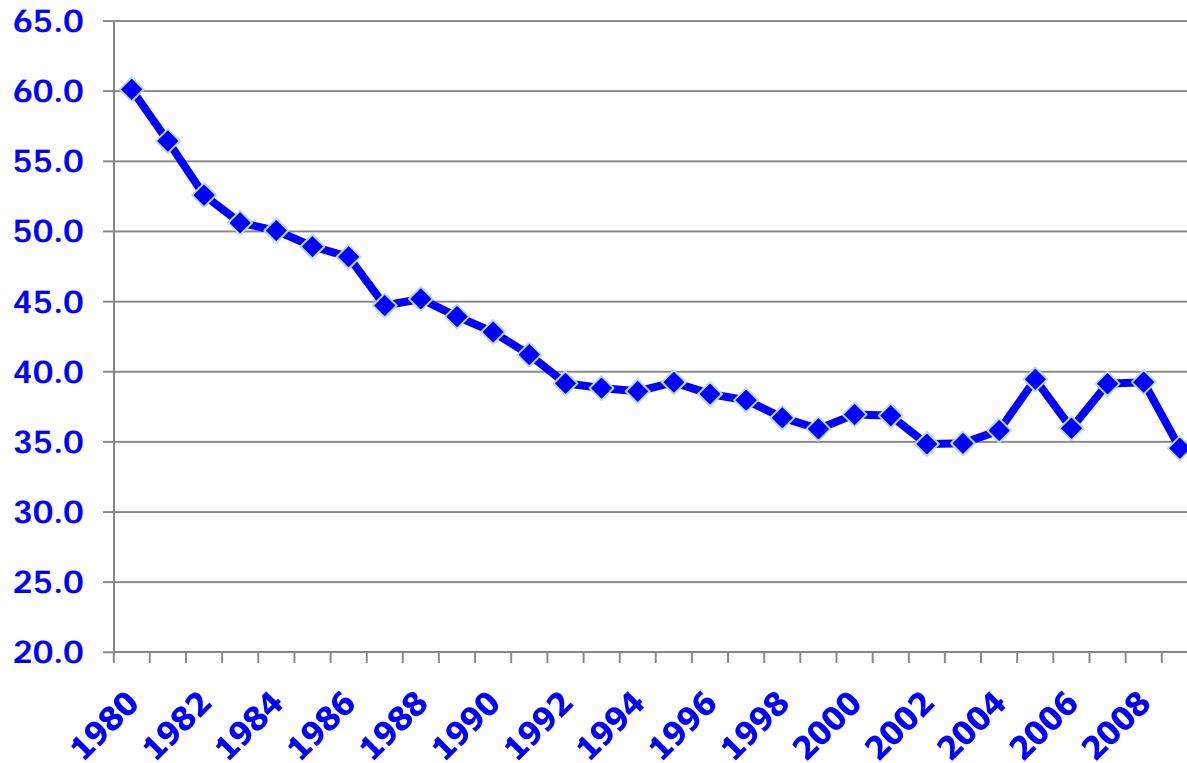
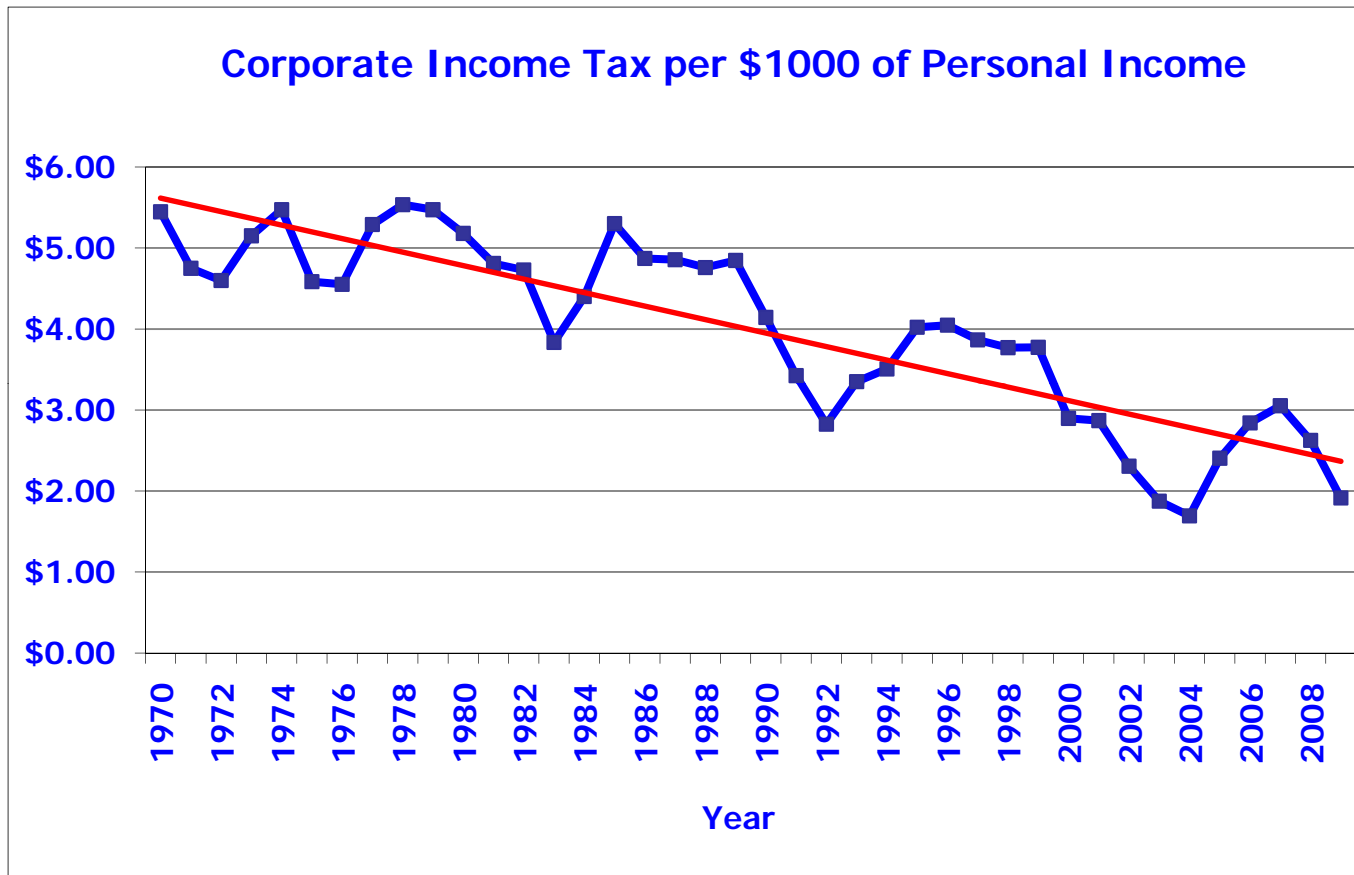


Figure 3. Sales Tax per \$1000 of Personal Income  
(Adjusted for Tax Rate Increase)



Fuel Tax Revenue Per Capita (1980\$)





# 2010 Legislative Actions

Major Revenue Action by General Assembly	Revenue Effect (in millions)
• Phase out state property tax	-\$94.5 (in FY 2016)
• Expand retiree income exemption	-\$149.5 (in FY 2016)
• 50% exclusion of LT capital gains	-\$346.0 (in FY 2015)
• Eliminate corporate net worth tax	-\$33.6 (in FY 2013)
• Tax credit for tourism projects	-\$29.7 (in FY 2012)
• Eliminate refundability of LI tax credit	+\$21.8 (in FY 2012)
• Increase fees and charges	+\$99.5 (in FY 2011)
• Impose "bed tax" for 3 years	+\$229.0 (in FY 2012)
• Streamline Sales Tax	+\$23.5 (in FY 2011)
• Subject HMOs to Insurance Prem Tax	+\$68.0 (in FY 2011)



# Special Council on Tax Reform and Fairness for Georgians

What might be, should be considered?



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# Sales Tax

- Put food back in the base
- Add personal services
- Eliminate some exemptions
- Convert ESPLOST

# Income Tax

- Eliminate the income tax
- Extend the bracket ranges
- Add a 7 percent rate bracket for incomes over, say, \$250,000
- Add a refundable credit for home food

# Property Tax

- Statewide assessment freeze
- Exempt all inventory
- Exempt motor vehicles
- Eliminate most education property tax
- Adopt a property tax circuit breaker

# Corporate Income Tax

- Eliminate it
- Replace it with a value added tax
- Reform the tax credit program
- Combined reporting

# Insurance Premium Tax

- Reduce the rate

# Motor Fuel Tax

- Increase the rate
- Switch to a VMT tax

# Telecommunication Taxes

- Change to reflect new industry reality

# Other Changes

- State funding of education
- Reduce non-education property taxes
  - Local grant-in-aid program
  - Local option income or payroll tax
- Increase audit program
- Use net revenues to
  - Lower sales tax rate
  - Adjust the tax system's equity

**Thank you for your attention**



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