



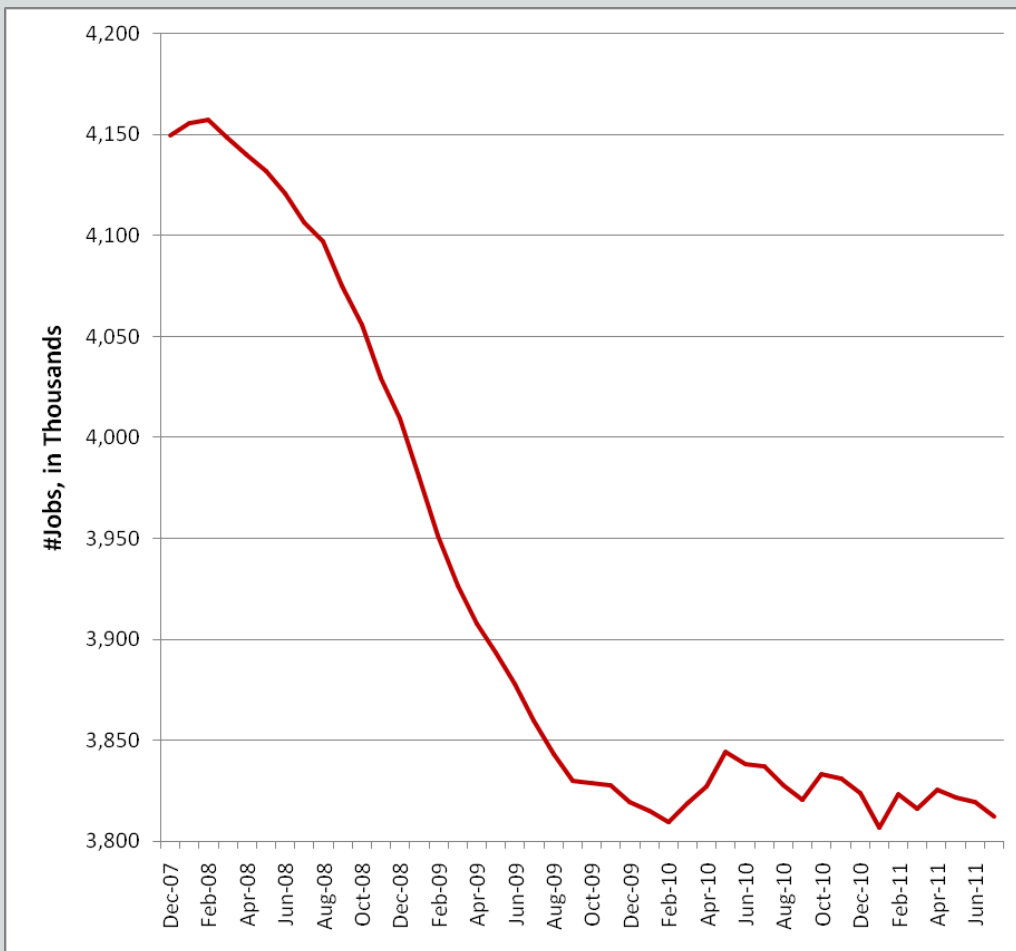
# FY 2012 Budget and Tax Reform Overview

**Alan Essig**  
**Executive Director**

Georgia Budget and Policy Institute  
September 8, 2011

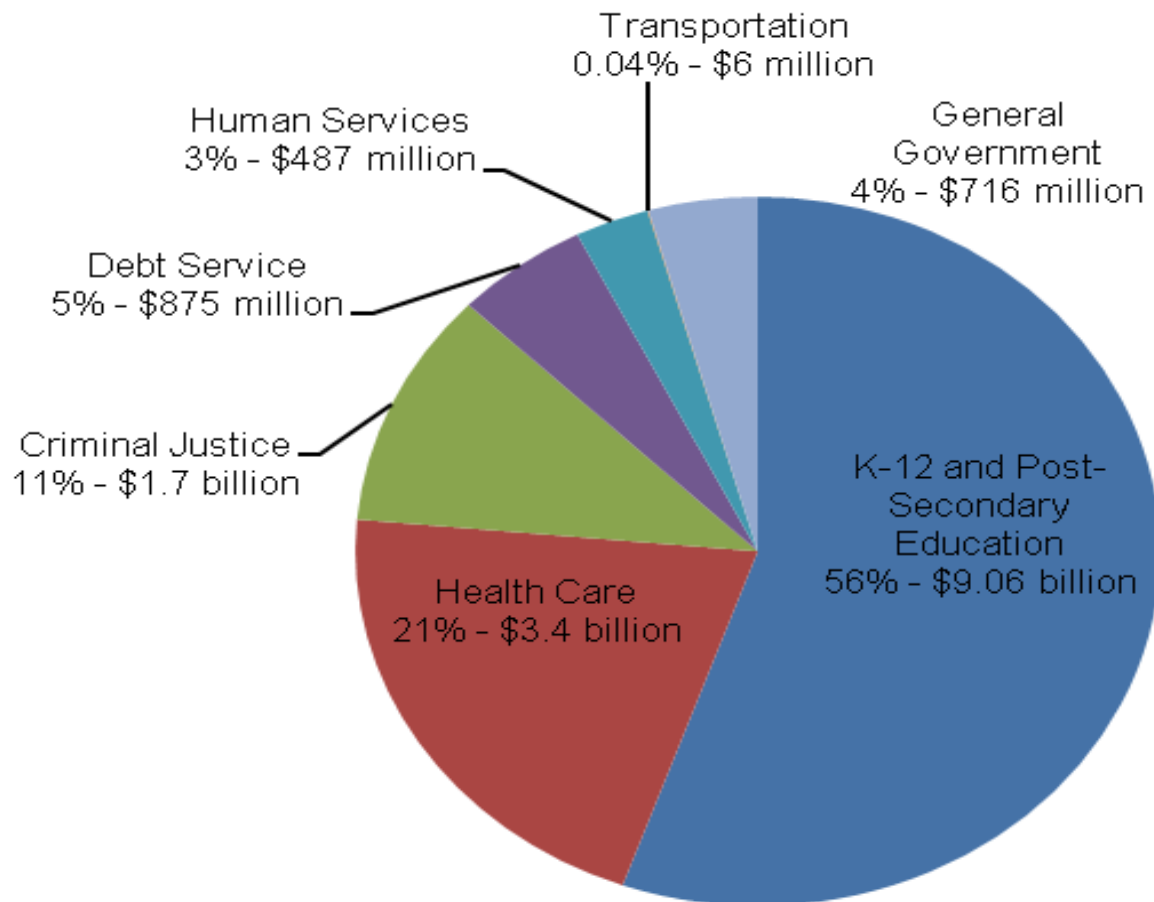


# Number of Jobs in Georgia From Start of Recession



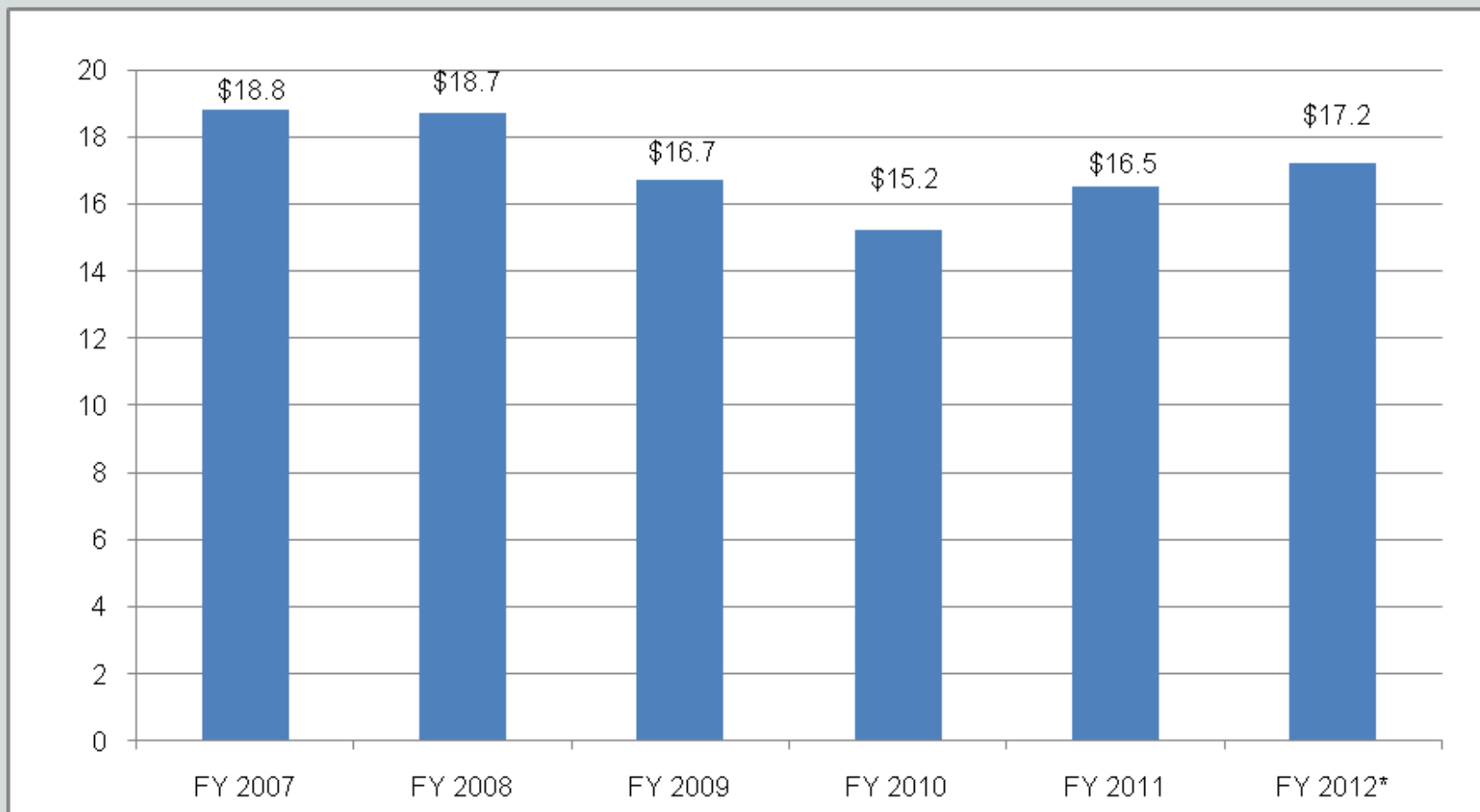


# FY 2012 State General Funds Budget (\$16.3 Billion)



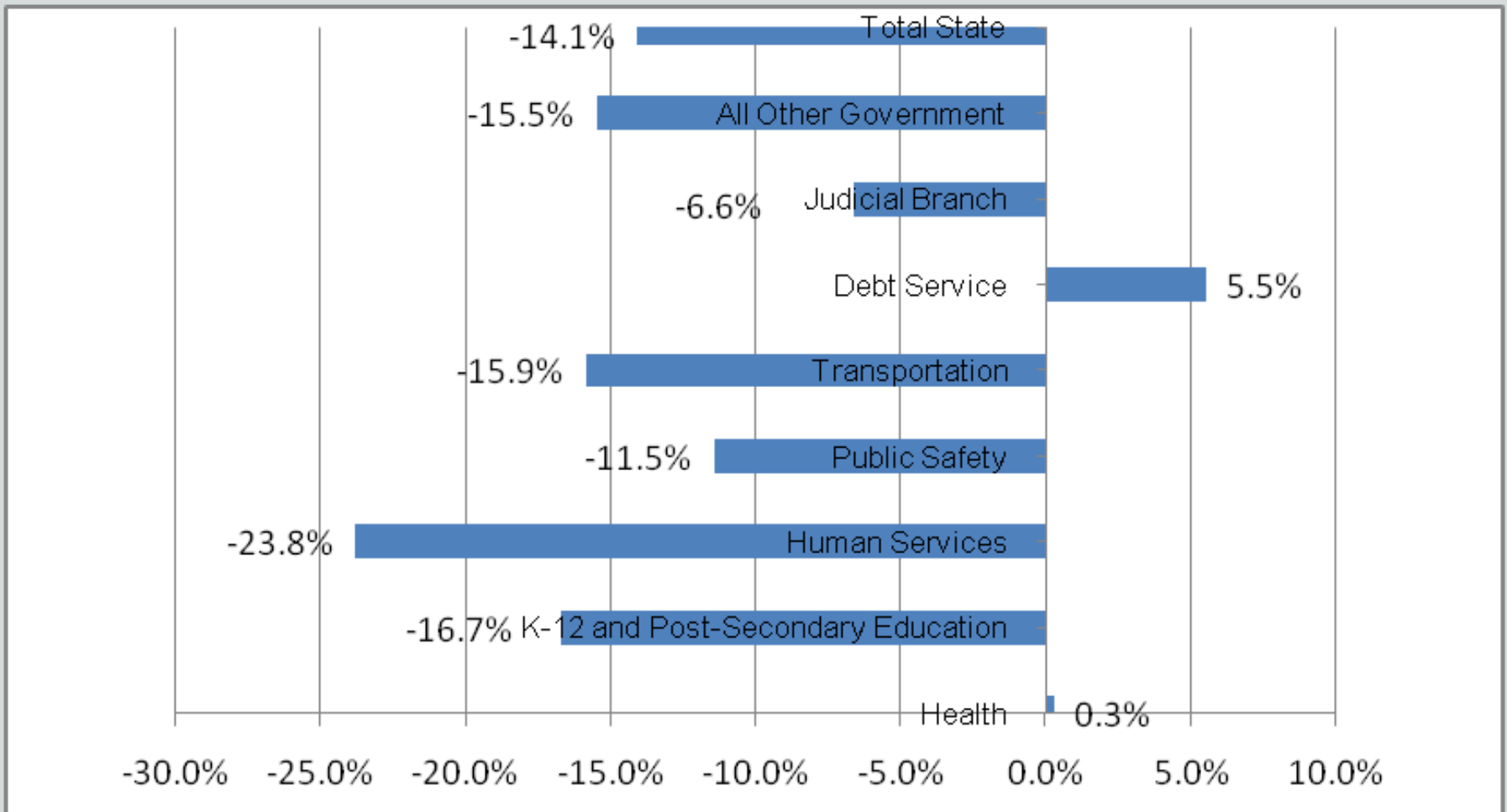


# Revenues in 2012 Below 2007 Levels



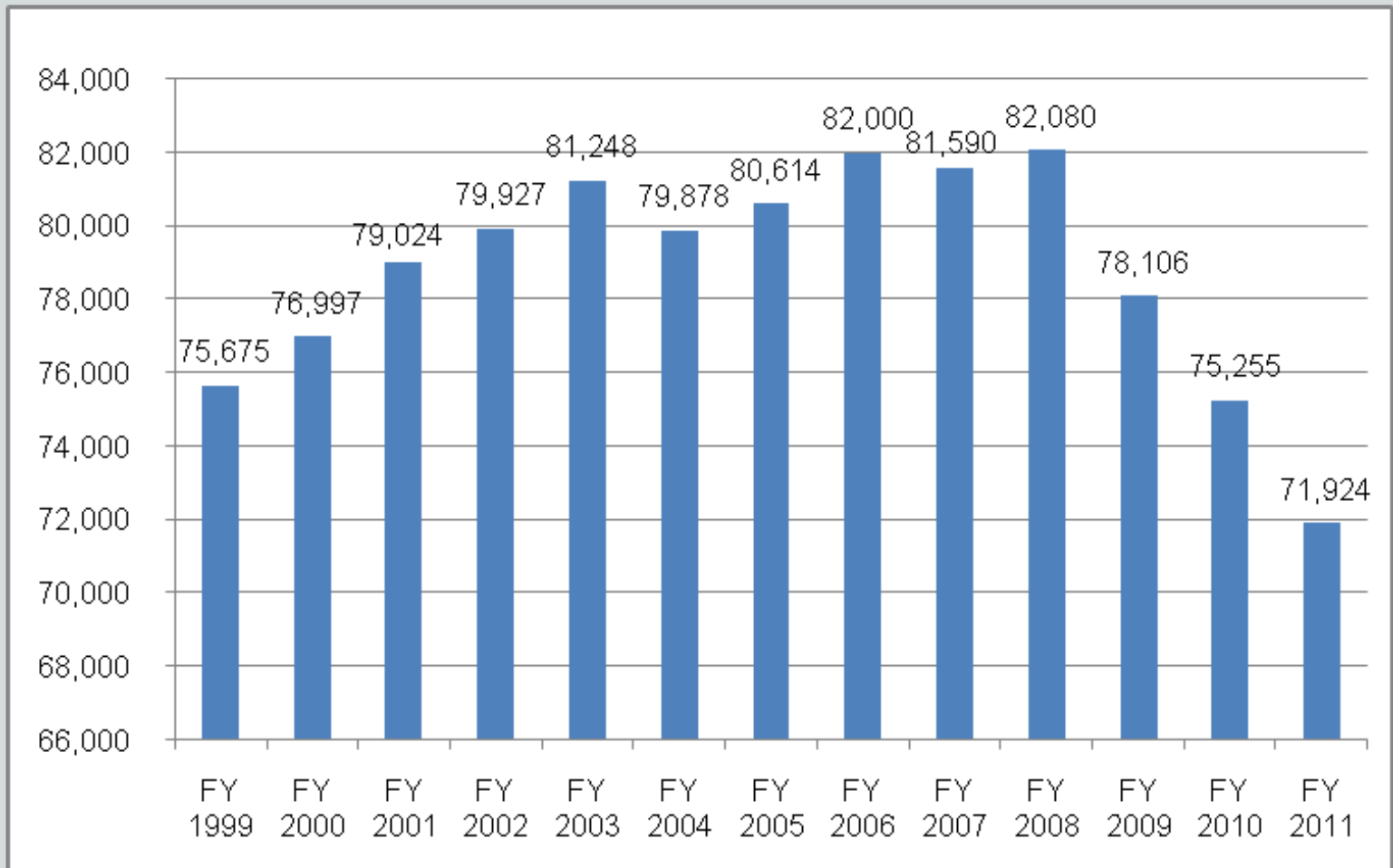


# \$2.9 Billion Cuts to State Services (FY 2009 – FY 2012)



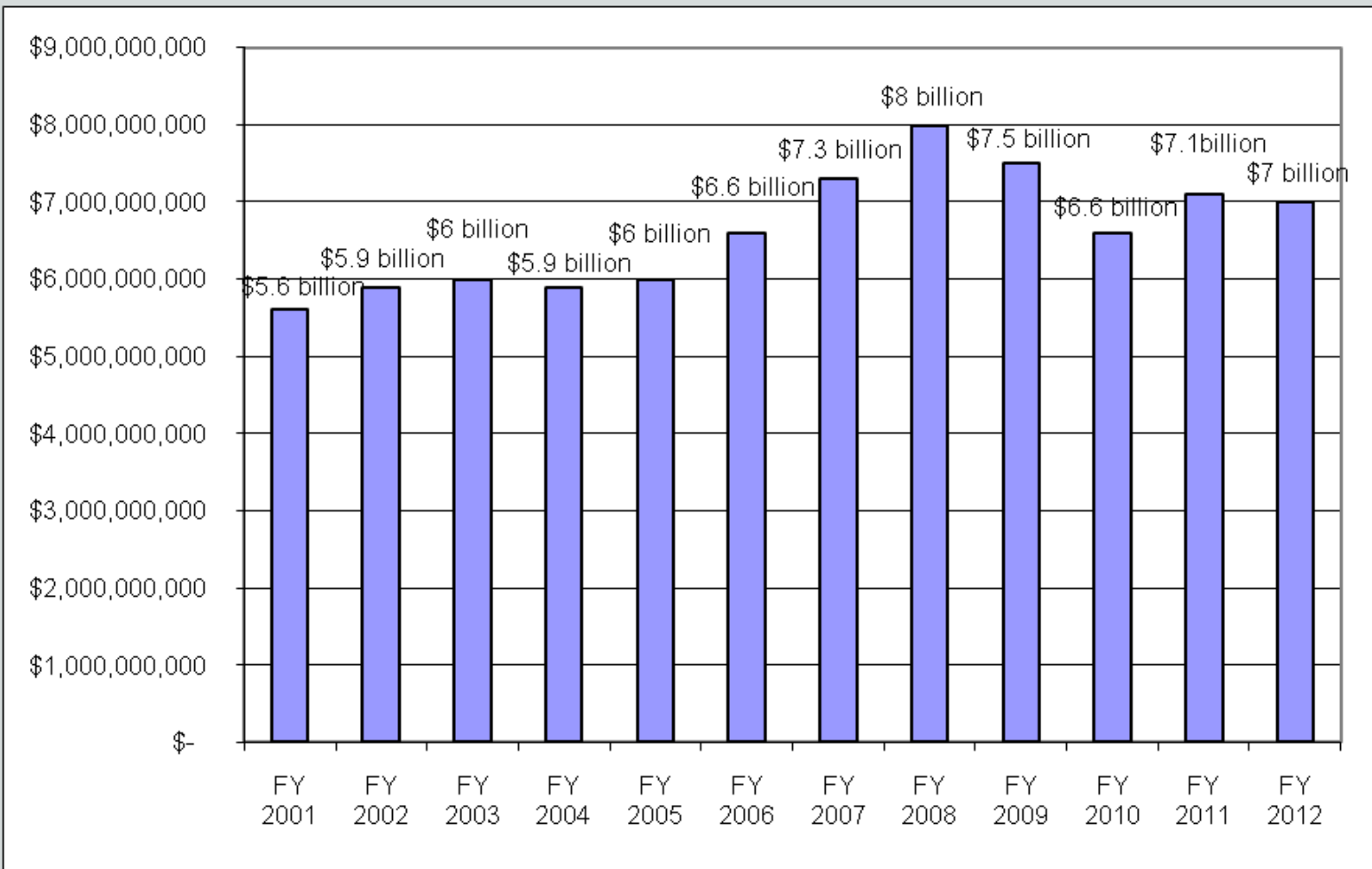


# Fewer State Employees Serving 1.5 Million More People



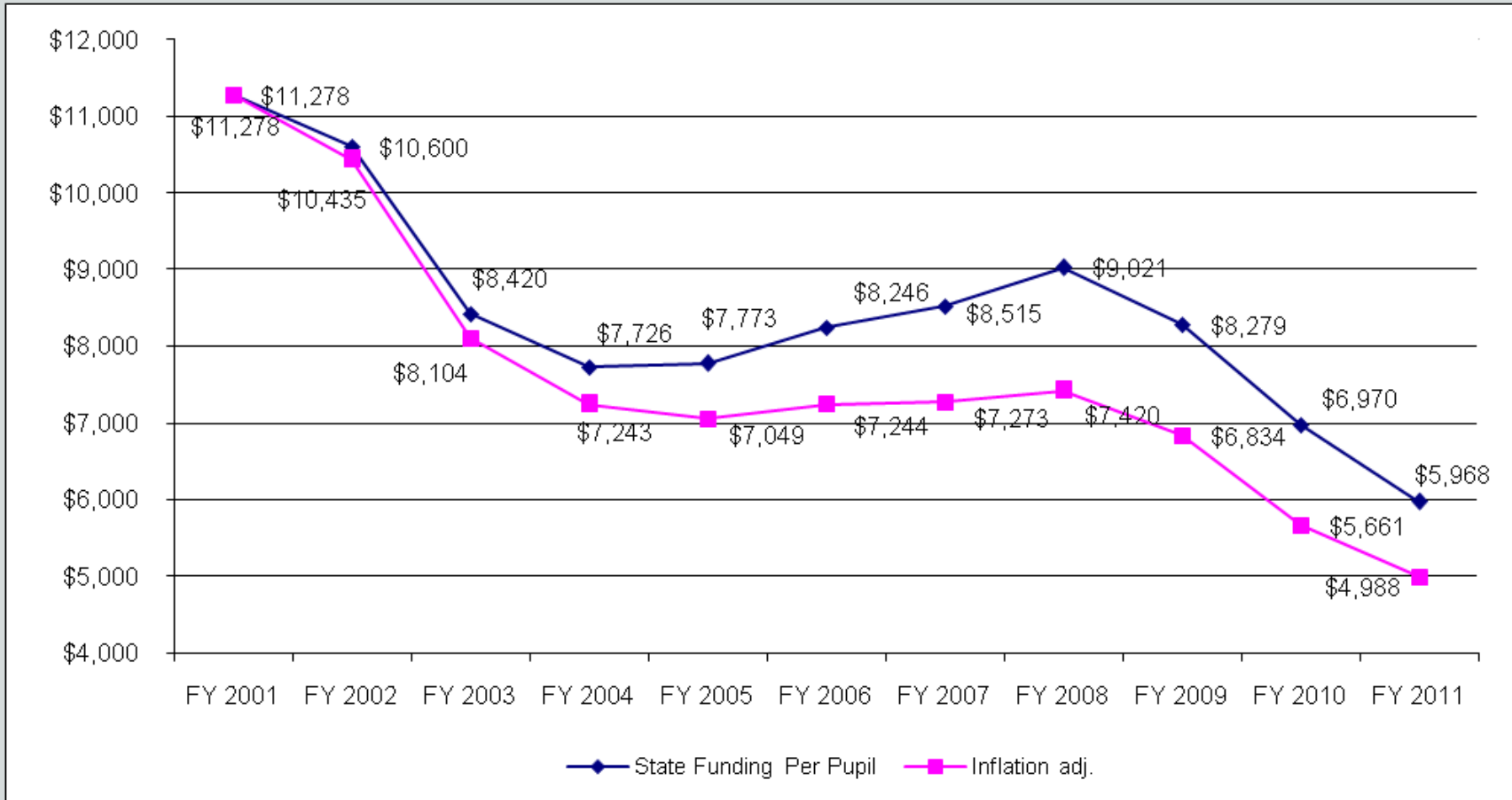


# K-12 Funding Has Decreased By More Than \$1 Billion



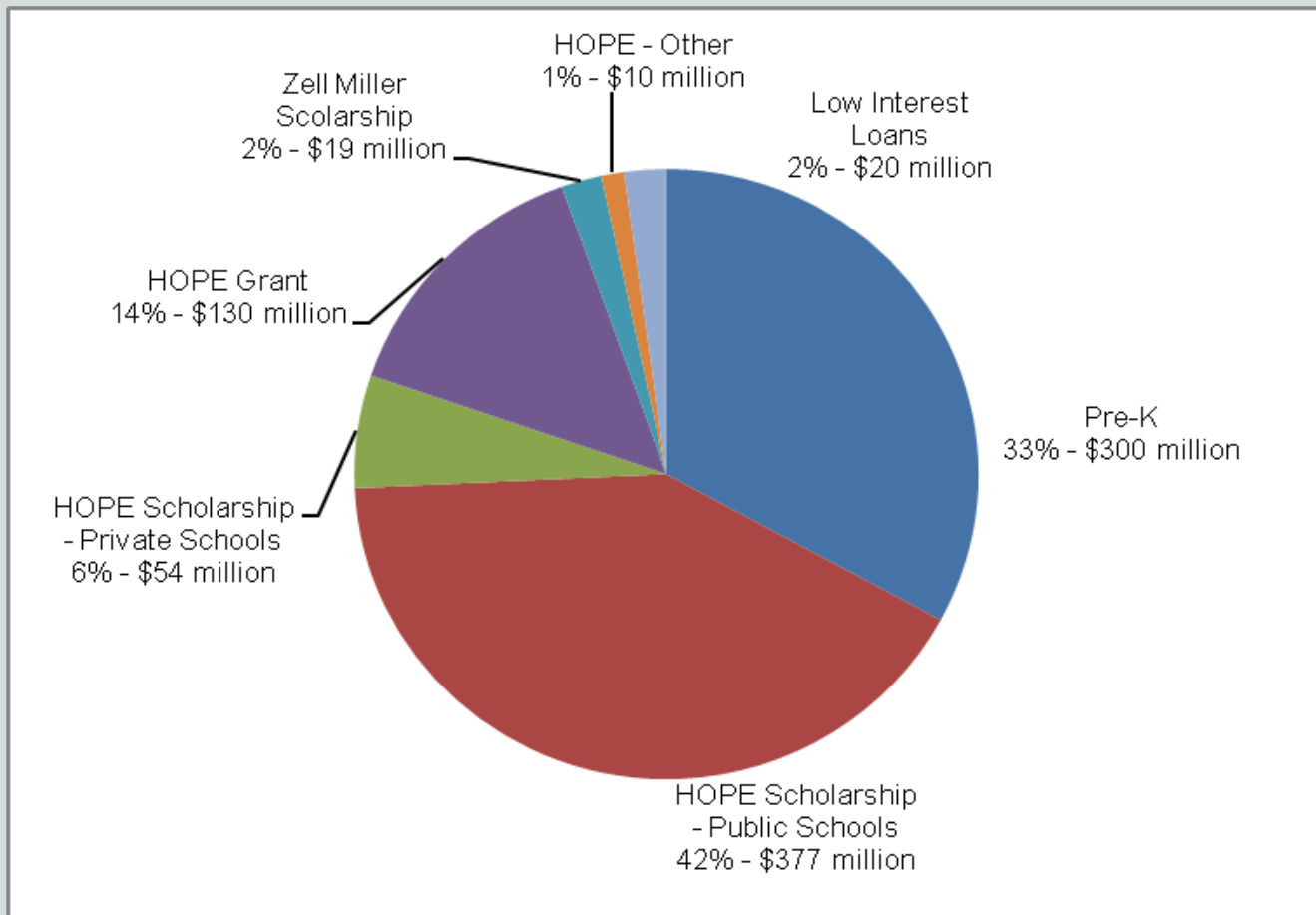


# Regents Funding Lags Behind Student Growth and Inflation



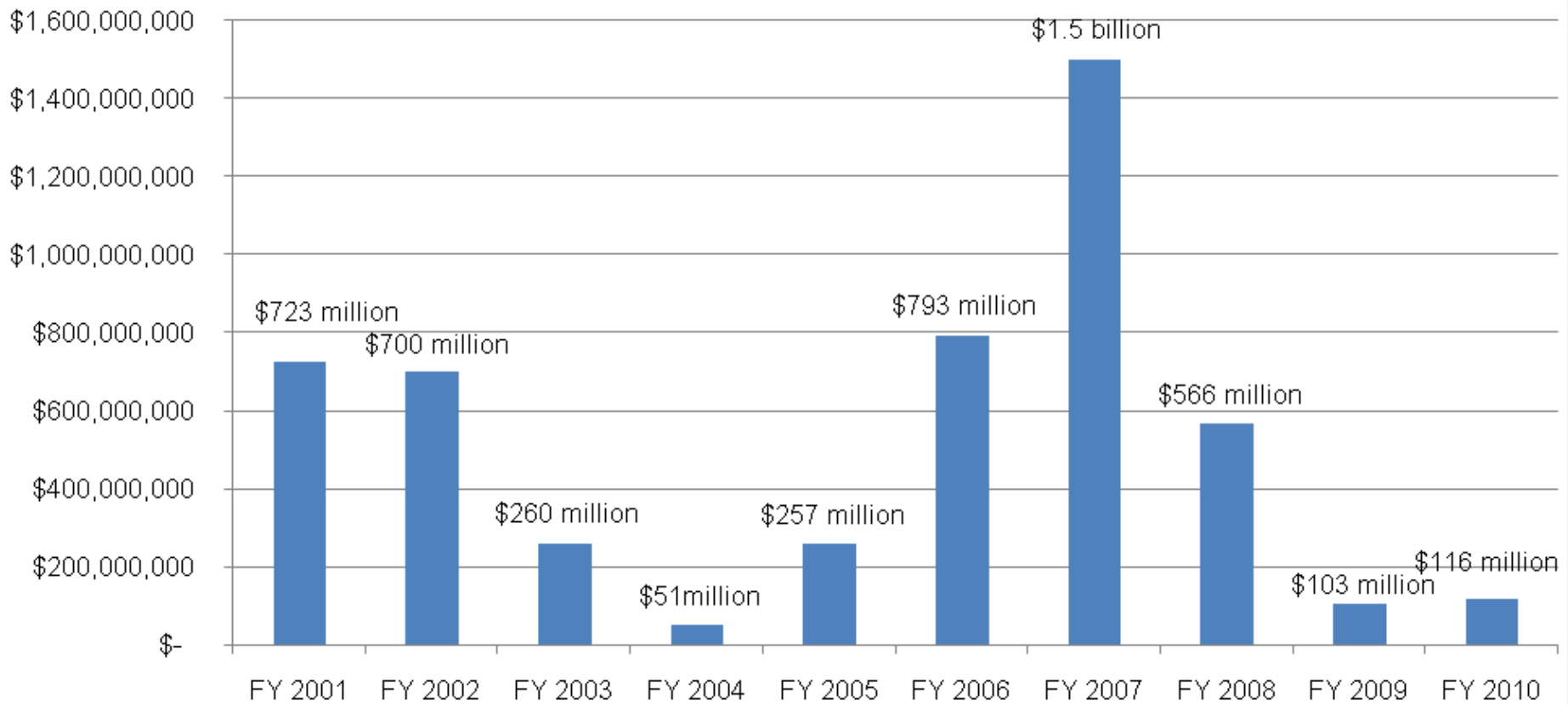


# FY 2012 Lottery Funds Budget (\$913 Million)



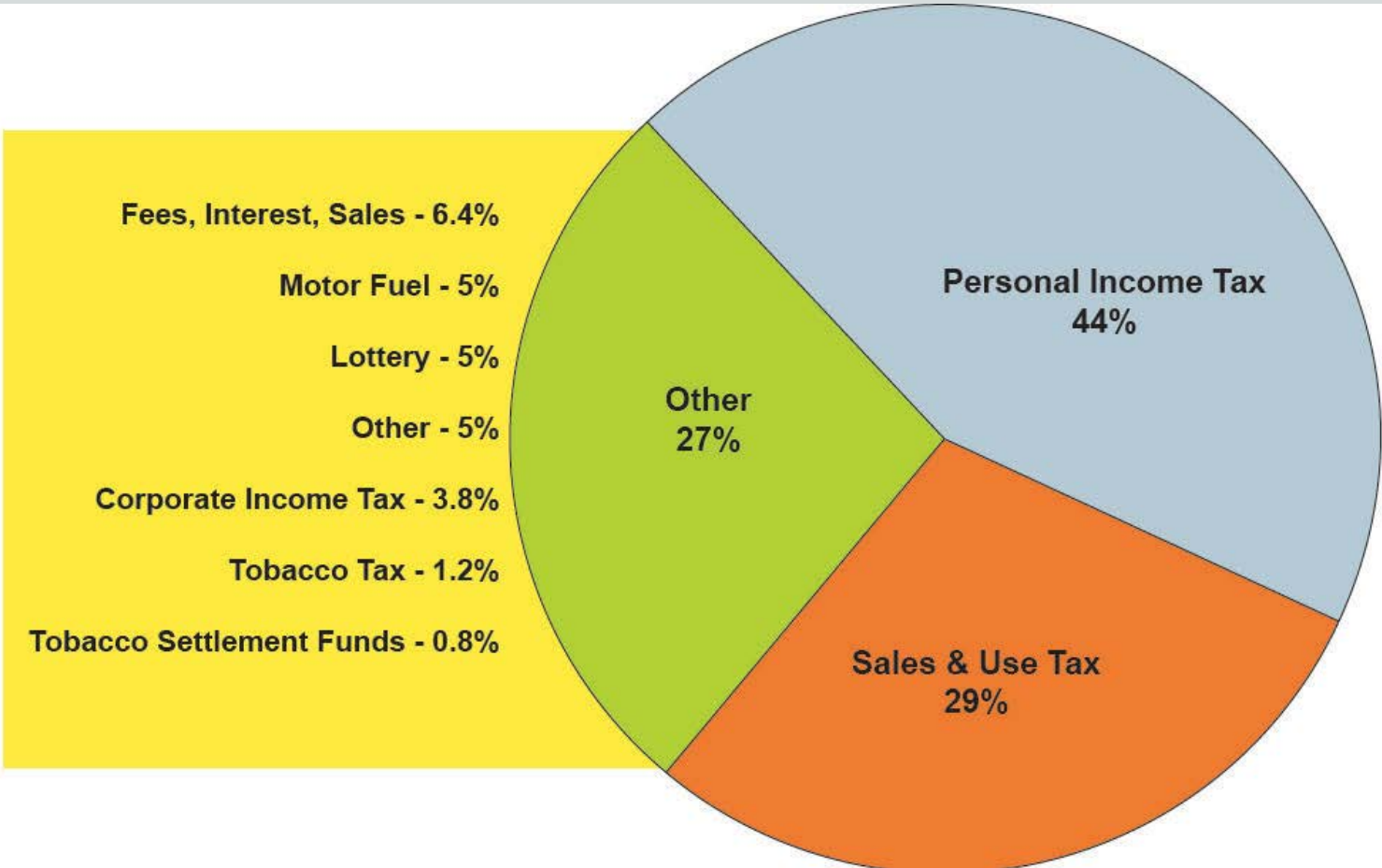


# Rainy Day Fund Needs to be Rebuilt



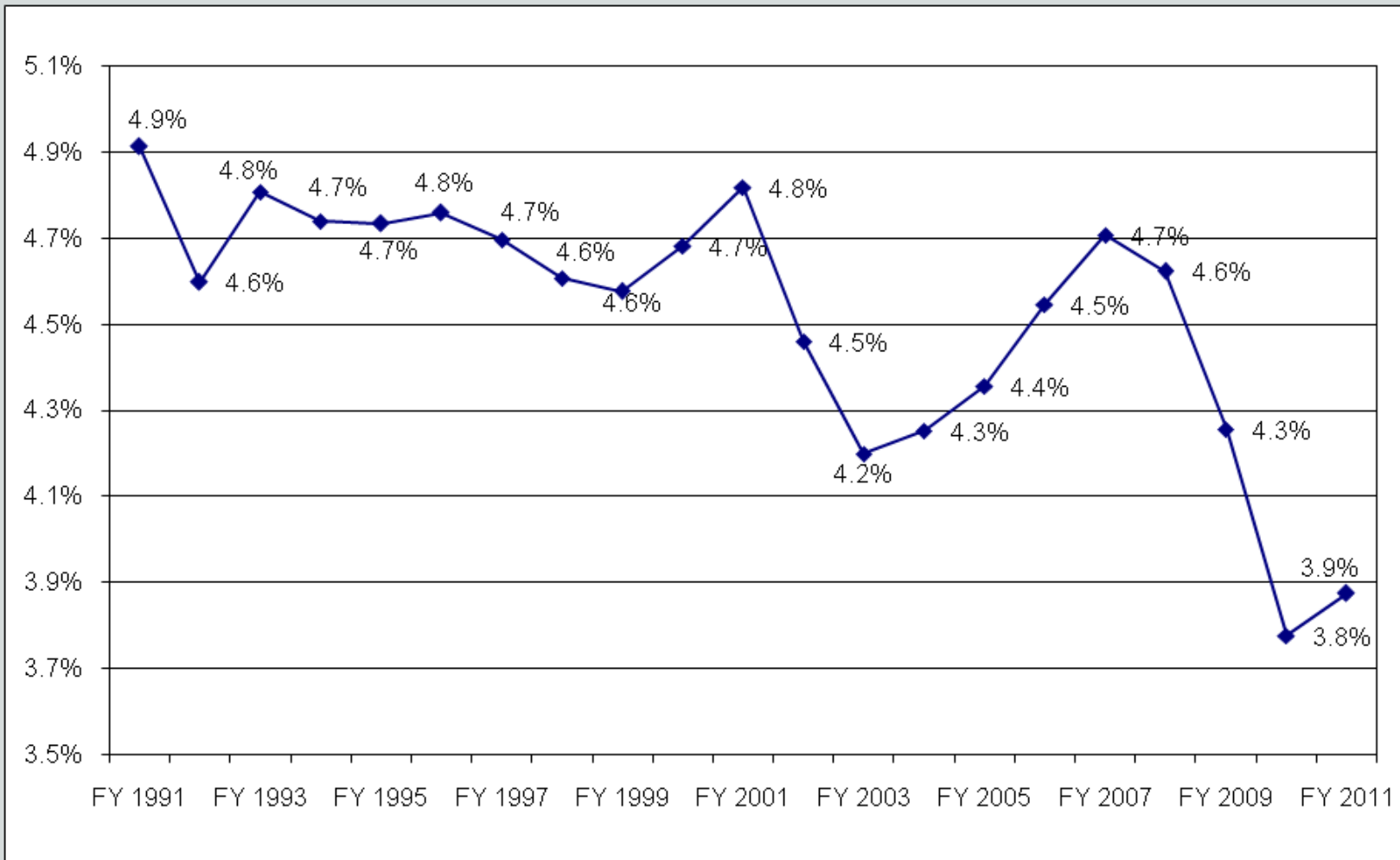


# Georgia Revenues





# Tax Reform: Adequacy - Revenues at Historic Low

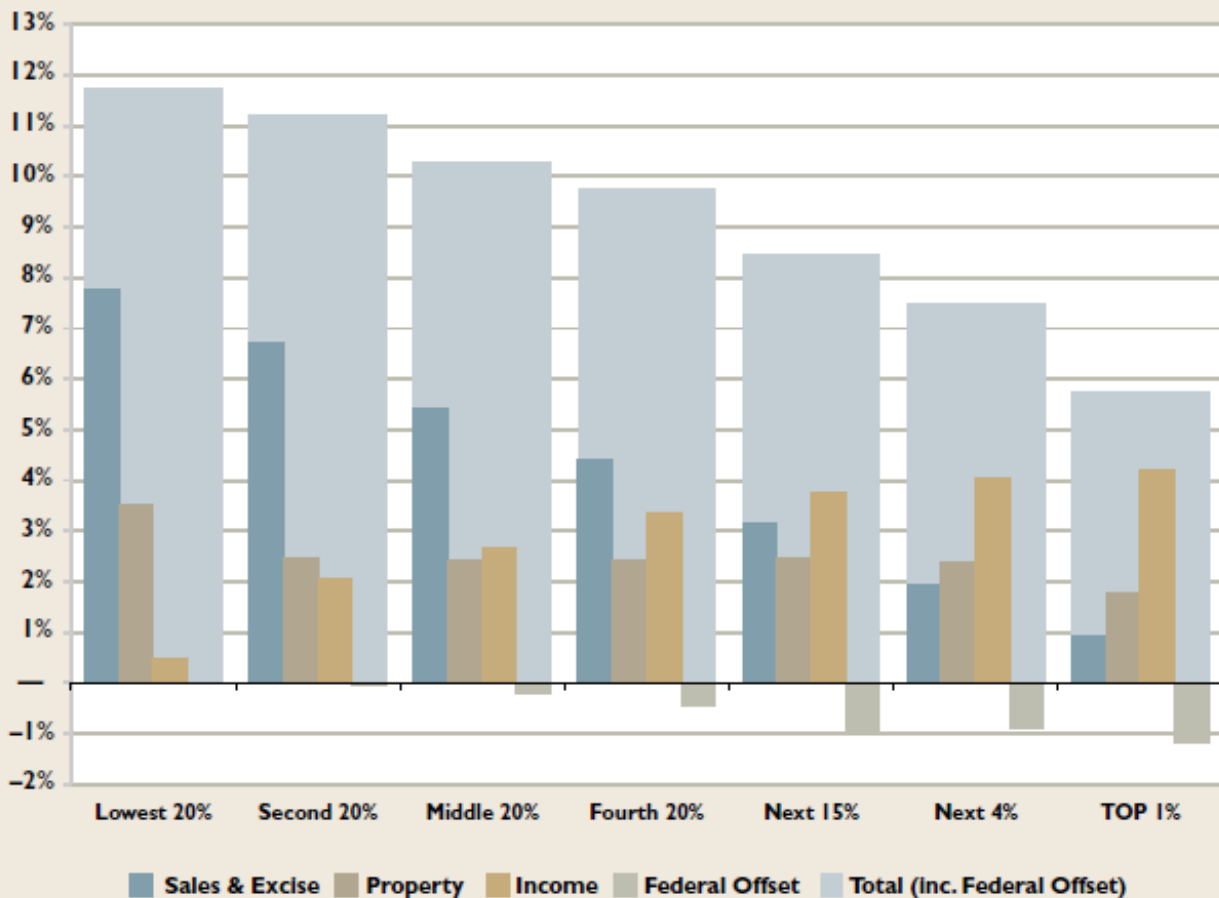




# Tax Reform: Fairness

- **19<sup>th</sup> most regressive state and local tax system**
- **Preferential treatment through credits and exemptions**

**Georgia State & Local Taxes in 2007**  
*Shares of Family Income for Non-Elderly Taxpayers*





# Tax Council Recommendations

- Decrease corporate and personal income tax to a flat 4% rate.
- Broaden sales tax to include some services.
- Eliminate and sunset various sales tax exemptions, including eliminating the grocery exemption.
- Eliminate business tax credits and create economic development fund.
- Increase cigarette tax by 31 cents.
- Adjustments to Motor Fuel Tax, Insurance Premium Tax, and Communications Services Tax.



# Special Joint Committee Recommendations

- House Bill 388
  - ⊙ Decrease income tax to 4.55% and Broaden Base
  - ⊙ Expand Sales Tax to Car Repair Services
  - ⊙ Expand Sales Tax to Person to Person Used Car Sales
  - ⊙ 7% tax on telecommunications
  - ⊙ New sales tax exemption for energy used in manufacturing, mining, and agriculture



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