

Fiscal Research Program

**PROFILE OF GEORGIA
STATE REVENUES
1974 - 1999**

M. Kathleen Thomas

**FRP Report No. 48
October 2000**



**Georgia State
University**

Andrew Young

School of Policy Studies

Acknowledgements

I would like to thank Professor David L. Sjoquist and Professor Sally Wallace for comments and editorial support.

Table Of Contents

Executive Summary iv

Introduction..... 1

State Revenue by Type of Tax8

 A. Personal Income Tax.....8

 B. General Sales and Use Tax.....12

 C. Corporate Income Tax 14

 D. Excise Taxes 15

Conclusions..... 18

Technical Notes 19

Executive Summary

This report provides detailed information on the trends in major revenue sources for Georgia from 1974-1999. The goal of this report is to assist policymakers in understanding how state revenues change with employment, income, and the overall state of the economy. The types of taxes profiled include general sales and use taxes, excise taxes, personal income taxes, and corporate income taxes. In 1999, these taxes comprised 96 percent of total net tax revenue in Georgia (*Georgia Department of Revenue 1999 Statistical Report*).

Georgia has seen revenues steadily grow since 1992, benefitting from a strong national economy. Revenues are reported over time in three different ways:

- nominal, or unadjusted for inflation,
- real, or adjusted for inflation, and
- adjusted real.

Adjusted real revenues are an estimate of the revenues Georgia would have received if some major changes in state tax law had *not* taken place over the time-period. These include the 1-percent sales tax hike of 1989, the exemption of food from sales tax beginning in 1996, and the changes in the personal income tax code in 1998.

Adjusted real revenues illustrate the revenue consequences of major changes in state tax law, and can aid state legislators in forming and revising tax policy in the future. Real revenues are approximately 7 percent higher than adjusted real revenues in 1999. Even though food exemptions and the changes in the personal income tax code reduced tax revenues, the 1-percent sales tax hike more than offset the revenue loss due to those changes.

Georgia relies primarily on the general sales tax and the personal income tax to generate revenue. In 1999, 84 percent of total net revenue came from the sales and personal income tax. The other 16 percent came from the corporate income tax, the excise tax and other miscellaneous taxes. Georgia experienced mostly positive growth in real per capita revenues over the 25-year period. Exceptions include the excise tax, which consistently declined over time, and the corporate income tax that experienced negative growth from 1985-1990, corresponding with the recession of

Profile of Georgia State Revenues 1974 – 1999

the early nineties. As a general rule, total state revenues tend to move with the overall economy, indicating potential problems in supporting the public sector if the economy experiences a serious downturn in the future. State revenues could be better protected if policymakers broaden the base of the sales and personal income tax, or increase the importance of other types of taxes in generating revenue for Georgia.

Introduction

Over the last 25 years Georgia has posted positive growth in real state revenues for 21 of 25 years. Total real¹ revenues have grown by 125 percent from 1974 to 1999 with an average annual growth rate of 5 percent. This report provides an overview of total state revenue and revenue growth for the fiscal years 1974 to 1999 by the following types of taxes: general sales and use taxes, excise taxes, personal income taxes and corporate income taxes. Although the former list is not exhaustive, these taxes provide the bulk of state revenue in Georgia. A more complete listing of net revenue collections in 1999 is available in Table 1.

The primary purpose of this report is to inform policymakers about the state of Georgia revenues both currently and over time. Specifically, policymakers will be able to examine how state revenues change with employment patterns, income, and the overall state of the economy. This report also compares existing revenues against the revenues that *would have been* collected in the absence of major changes in state law in recent years. Consequently, policymakers will be better equipped to anticipate changes in revenues due to outside forces and to recognize the revenue consequences of major changes in state tax law.

The following points provide a summary of the major highlights of Georgia state revenues:

- Georgia has realized steady growth in real revenue since 1992, benefiting from the strong economic expansion of the nation and the region (see Table 2).
- Georgia experienced only 4 years of negative growth in real revenue over the 25-year period examined in this report.
- In the absence of any other changes, state revenues would have been consistently lower in the last decade if Georgia had not instituted the 1 percent rate hike in the sales tax in 1989. Chart 1 indicates that the revenue gain due to this rate change outweighed the countering revenue effects of the tax cut due to food exemptions and changes in the personal income tax code.

¹Real values are nominal values adjusted for inflation.

Profile of Georgia State Revenues 1974 – 1999

TABLE 1. NET REVENUE COLLECTIONS BY TYPE OF TAX, FISCAL YEAR 1999

Type of Tax	Level of Revenue (\$)
Beer	79,629,311
Beer Licenses	897,499
Cigar and Cigarette	92,045,484
Cigarette and Cigar Licenses	16,350
Coin-Operated Amusement Machines, Licenses	1,980,675
Contractors Fees	4,100
Corporate Income Tax	800,406,824
Corporation Net Worth Tax	25,388,604
Estate Taxes	111,192,262
Financial Institutions Occupations Tax	12,516,380
General Property Digest	40,600,491
General Sales and Use Tax	4,479,223,316
Intangible Property	170
Intangibles, Recording Fees	1,099,278
Interest and Other Property Tax Revenues ²	763,955
License Tags	176,506,493
Liquor	35,294,260
Liquor Licenses	545,052
Local Sales Tax 1% Collection Fees	28,602,657
Mileage Tax	(9,236,427)
Motor Fuel Distributors' Fees	1,380
Motor Fuel Truck Fees	179,450
Motor Fuels	420,490,876
Other Collections	7,203,952
Other Taxes or Fees	39,952,931
Personal Income Taxes	5,700,758,165
Property Tax Transfer Fees	0
Public Utilities, Ad Valorem Tax	8,308
Title Registration Fees	42,335,056
Utility Fees	1,137,481
Wine	18,184,960
Wine Licenses	701,266

Source: Georgia Department of Revenue 1999 Statistical Report.

²Property taxes fall primarily under the purview of local jurisdictions as a source of revenue.

Profile of Georgia State Revenues 1974 – 1999

TABLE 2. TOTAL STATE NET REVENUE 1974-1999

	Nominal Revenue	Real Revenue 1999 Dollars	Annual Growth in Real Revenue	Adjusted Real Revenue ^{a,b,c} 1999 Dollars	Annual Growth in Adjusted Real Revenue
1974	\$1,454,888,357	\$4,934,743,774	-6.5%	\$4,934,743,774	-6.5%
1975	\$1,485,596,516	\$4,615,068,055	2.1%	\$4,615,068,055	2.1%
1976	\$1,607,948,444	\$4,713,245,704	6.5%	\$4,713,245,704	6.5%
1977	\$1,826,490,424	\$5,017,565,429	6.7%	\$5,017,565,429	6.7%
1978	\$2,094,166,147	\$5,354,621,748	1.2%	\$5,354,621,748	1.2%
1979	\$2,353,857,341	\$5,418,436,151	-2.4%	\$5,418,436,151	-2.4%
1980	\$2,624,812,872	\$5,287,804,840	1.1%	\$5,287,804,840	1.1%
1981	\$2,911,453,072	\$5,346,779,012	1.3%	\$5,346,779,012	1.3%
1982	\$3,161,547,531	\$5,417,002,058	4.6%	\$5,417,002,058	4.6%
1983	\$3,389,302,926	\$5,667,023,605	8.0%	\$5,667,023,605	8.0%
1984	\$3,818,550,405	\$6,119,991,102	10.5%	\$6,119,991,102	10.5%
1985	\$4,373,971,602	\$6,762,363,537	6.5%	\$6,762,363,537	6.5%
1986	\$4,739,023,189	\$7,199,503,236	3.4%	\$7,199,503,236	3.4%
1987	\$5,090,622,068	\$7,447,723,483	4.5%	\$7,447,723,483	4.5%
1988	\$5,532,660,034	\$7,786,012,681	4.7%	\$7,786,012,681	4.7%
1989	\$6,086,780,522	\$8,151,675,445	6.7%	\$8,151,675,445	-4.1%
1990	\$6,802,401,679	\$8,696,608,916	-3.7%	\$7,820,425,568	-3.7%
1991	\$6,861,630,535	\$8,379,154,996	-1.1%	\$7,532,860,341	-0.9%
1992	\$6,992,517,064	\$8,289,274,865	8.7%	\$7,462,419,697	8.8%
1993	\$7,826,860,743	\$9,008,478,224	5.3%	\$8,118,890,999	5.1%
1994	\$8,444,864,060	\$9,483,354,100	4.8%	\$8,535,018,690	4.8%
1995	\$9,115,243,250	\$9,934,120,840	5.9%	\$8,940,708,756	6.0%
1996	\$9,928,508,322	\$10,523,712,265	3.8%	\$9,476,602,894	5.3%
1997	\$10,543,106,460	\$10,924,340,983	3.5%	\$9,980,704,201	5.8%
1998	\$11,090,776,897	\$11,308,509,940	6.7%	\$10,564,276,203	6.2%
1999	\$12,068,477,627	\$12,068,477,627		\$11,220,921,061	

Sources: *Georgia Department of Revenue 1999 Statistical Report* and *Bureau of Labor Statistics*.

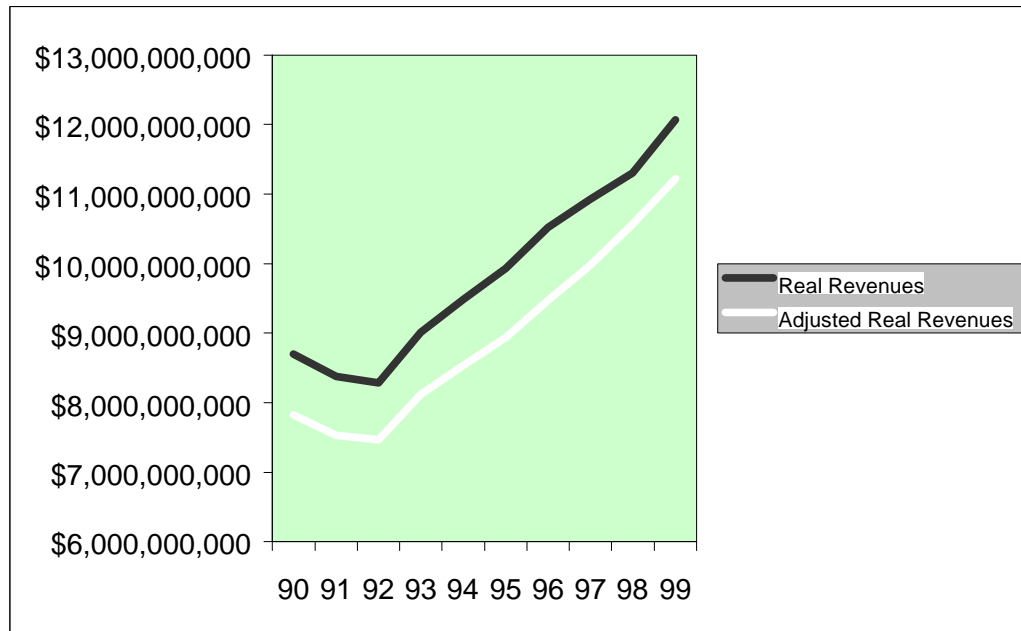
a. The sales tax rate increased from 3 to 4 percent on April 1, 1989. Real revenues are adjusted as if the change did not take place in order for the figures to be comparable over time.

b. Food became exempt from the sales tax starting in October 1996. Adjustments have been made to FY97-FY99 so revenues do not reflect this change. See *Technical Notes* for more details.

c. HB 1162 made changes to the personal income tax that resulted in a \$205 million tax reduction effective January 1, 1998. (See *Georgia Department of Revenue Statistical Report 1998*.) Real revenues are adjusted in FY98 and FY99 so as not to reflect the change.

NOTE: Growth rates in year t are reported as $(\text{Revenue}_{t+1} - \text{Revenue}_t) / (\text{Revenue}_t)$

CHART 1. REAL REVENUES AND ADJUSTED REAL REVENUES WITHOUT MAJOR TAX CHANGES: 1990-1999



- State revenue tends to rise with increases in total nonfarm employment in Georgia (see Chart 2). In fact, as employment has grown over this period, state revenues have grown even more.
- The distribution of state revenue by type of tax tends to follow the average U.S. state distribution (see Chart 3), save the selective use tax and the individual income tax. Georgia relies less on the selective use tax relative to the rest of the nation and more on the individual income tax.
- Real per capita state tax revenues³ tend to move in tandem with real per capita state personal income from 1974-1997⁴ (see Chart 4). This indicates that tax revenues move in the same direction as the overall economy. Analysis reveals that for every 10 percent increase in real per capita personal income, real per capita state tax revenue increases by 8 percent. For example, average per capita income is \$20,000 for the 23-year period, and average state tax revenue for the period is \$1,100 per person. If per capita

³Tax revenues are adjusted for major changes in the tax code.

⁴Personal income data are from the *Regional Economic Indicator Survey 1969-1997*, and this limits the comparison to a 23-year period.

Profile of Georgia State Revenues 1974 – 1999

CHART 2. STATE REVENUE AND EMPLOYMENT IN GEORGIA

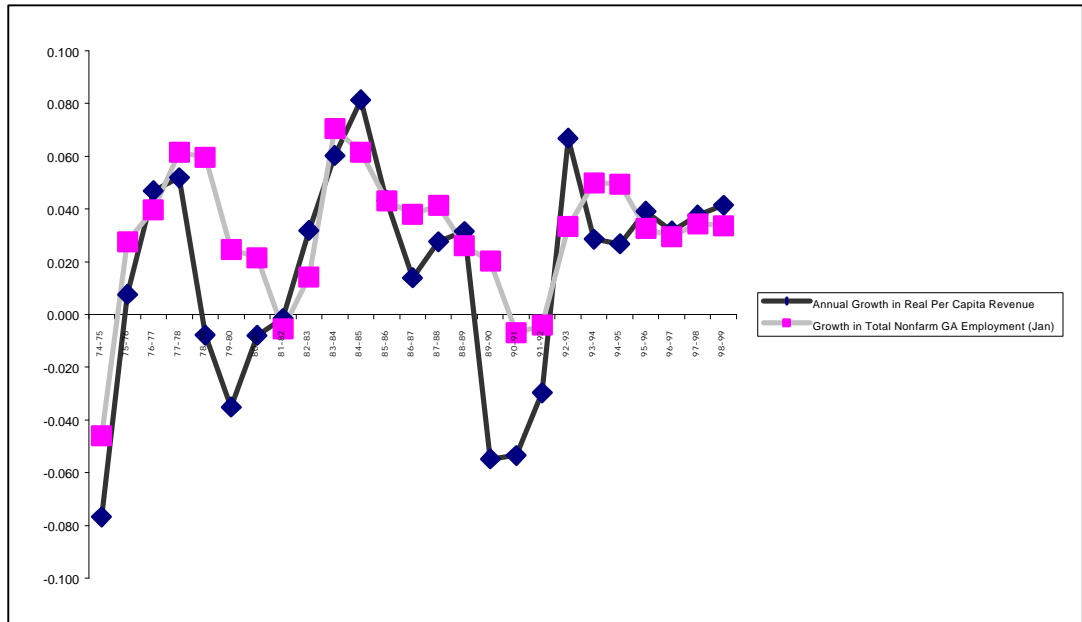


CHART 3. 1998 PERCENT DISTRIBUTION OF GEORGIA STATE REVENUE COMPARED TO THE U.S. STATE AVERAGE

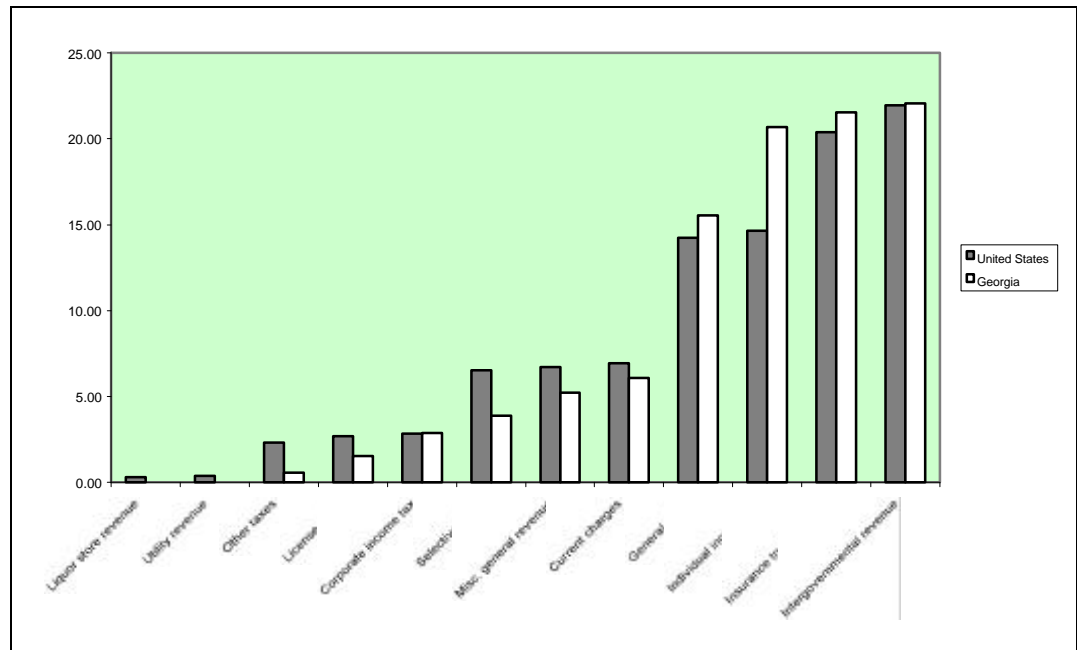
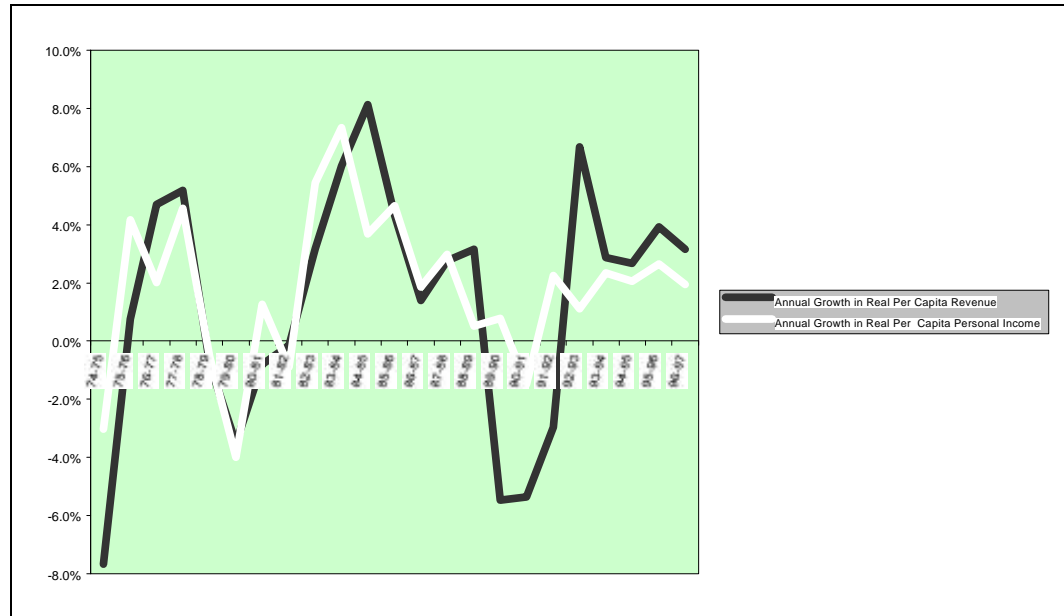


CHART 4. HOW STATE TAX REVENUES MOVE WITH THE OVERALL STATE ECONOMY 1974-1997



income rose to \$22,000, then per capita state tax revenue would increase to \$1,188, barring any other tax law changes.

- Georgia has also seen expansive growth in population over the last 25 years (see Table 3). Population growth creates competing factors in the determination of state tax revenues. The tax base and revenues can increase with increases in population as income and economic activity grows. However, growing populations can also increase costs because the state must provide more public services.
- Real per capita revenues have increased 46 percent from 1974-1999 with an average annual increase of 1.8 percent. Note how much smaller this increase is compared with the real revenues not adjusted for population changes.
- While per capita revenues have generally increased, Georgia experienced 7 years of negative growth in real per capita revenue over the 25 year period, most of which correspond with national recessions (see Table 3).

The remainder of this report provides detailed information on the trends in major state revenue sources over the 25 year period.

Profile of Georgia State Revenues 1974 – 1999

TABLE 3. REAL PER CAPITA REVENUE 1974-1999

FYE JUNE	POPULATION	REAL PER CAPITA REVENUE ^A	ANNUAL GROWTH IN REAL PER CAPITA REVENUE
1974	4,999,419	\$987	-7.7%
1975	5,064,075	\$911	0.8%
1976	5,132,812	\$918	4.7%
1977	5,219,697	\$961	5.2%
1978	5,295,751	\$1,011	-0.8%
1979	5,401,384	\$1,003	-3.5%
1980	5,463,105	\$968	-0.8%
1981	5,568,345	\$960	-0.2%
1982	5,649,792	\$959	3.2%
1983	5,728,250	\$989	6.0%
1984	5,834,954	\$1,049	8.1%
1985	5,962,661	\$1,134	4.3%
1986	6,084,666	\$1,183	1.4%
1987	6,208,467	\$1,200	2.8%
1988	6,316,142	\$1,233	3.1%
1989	6,411,099	\$1,271	5.5%
1990	6,506,531	\$1,202	-5.3%
1991	6,621,279	\$1,138	-3.0%
1992	6,759,474	\$1,104	6.7%
1993	6,894,092	\$1,178	2.9%
1994	7,045,900	\$1,211	2.7%
1995	7,188,538	\$1,244	3.9%
1996	7,332,225	\$1,292	3.2%
1997	7,486,094	\$1,333	3.8%
1998	7,636,522	\$1,383	4.1%
1999	7,788,240	\$1,441	-

Sources: *Georgia Department of Revenue Statistical Reports (1974-1999)*, *Bureau of the Census (population estimates)*, and *Bureau of Labor Statistics (CPI estimates)*.

a. Real per capita revenues are also adjusted for the sales tax rate change and food exemptions.

State Revenue by Type of Tax

The revenue structure of the state of Georgia is similar to that of many states in the U.S. with the exception of Georgia's relatively heavy reliance on the personal income tax. Georgia also relies on the general sales tax somewhat more than the average state. This section of the report presents highlights of the growth trend of these and other major state revenue sources for the period 1974-99.

- Georgia receives most of its revenues from the personal income tax and the general sales and use tax. In 1999, Georgia received 84 percent of total net revenue from the personal income tax and the general sales and use tax (see Chart 5).
- Georgia relies significantly less on the corporate income tax and the excise tax as a source of revenue (see Chart 5).
- Georgia experienced mostly positive growth in real per capita revenues from 1975-80, 1980-85, 1985-90, 1990-95 and 1995-99. Exceptions include the excise tax, which declined over all time periods, and the corporate income tax that experienced negative growth from 1985-1990. The positive growth in sales, personal income and corporate income tax revenue was much smaller from 1990-95 compared to other periods. This fall in revenue corresponds with the recession in the early nineties (see Chart 6).

A. Personal Income Tax

The personal income tax has been the state's revenue work horse for most of its history. The tax is levied via a progressive marginal tax rate structure, but the top tax bracket (taxed at a marginal rate of 6 percent) begins at a relatively low level of income.

- Real per capita net revenues from the personal income tax have increased by 217 percent since 1974 with an average annual increase of 8.7 percent (see Chart 7).
- Revenues from the personal income tax have grown relatively steadily from year to year, save the economic recession in the early 90's (see Chart 7).

Profile of Georgia State Revenues 1974 – 1999

CHART 5. 1999 GEORGIA NET TAX REVENUE BY TYPE OF TAX

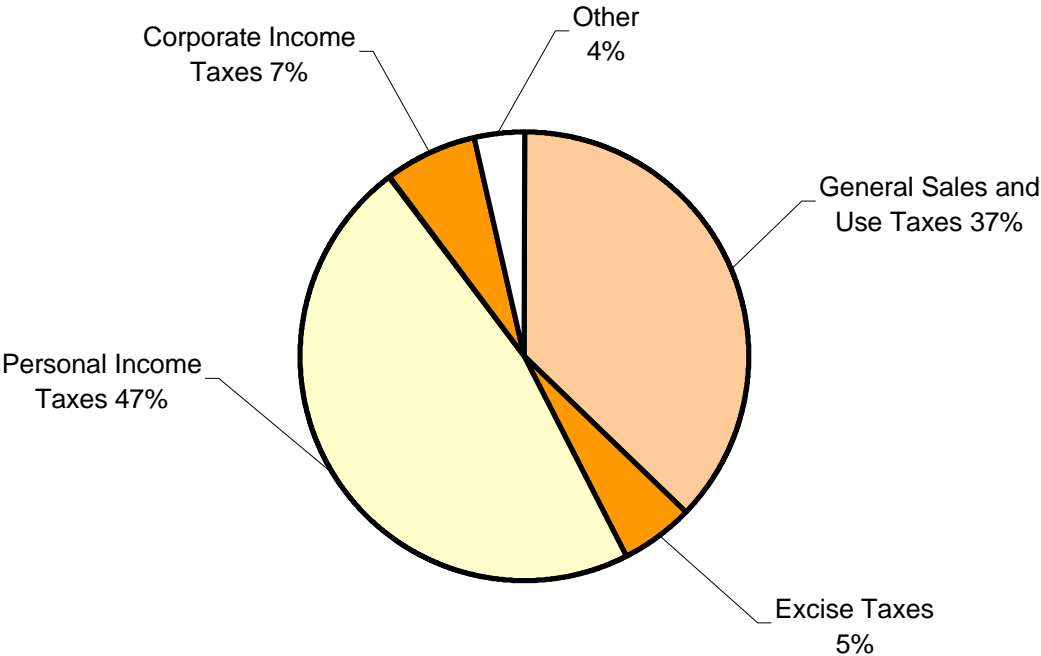
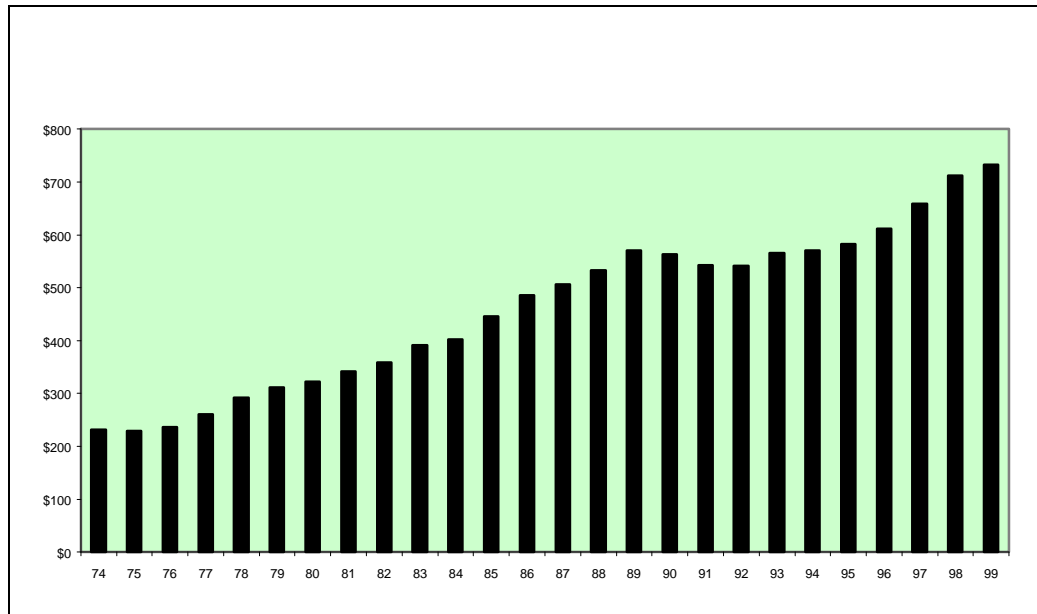


CHART 6. GROWTH IN REAL PER CAPITA REVENUES BY TYPE OF TAX

Insert Here

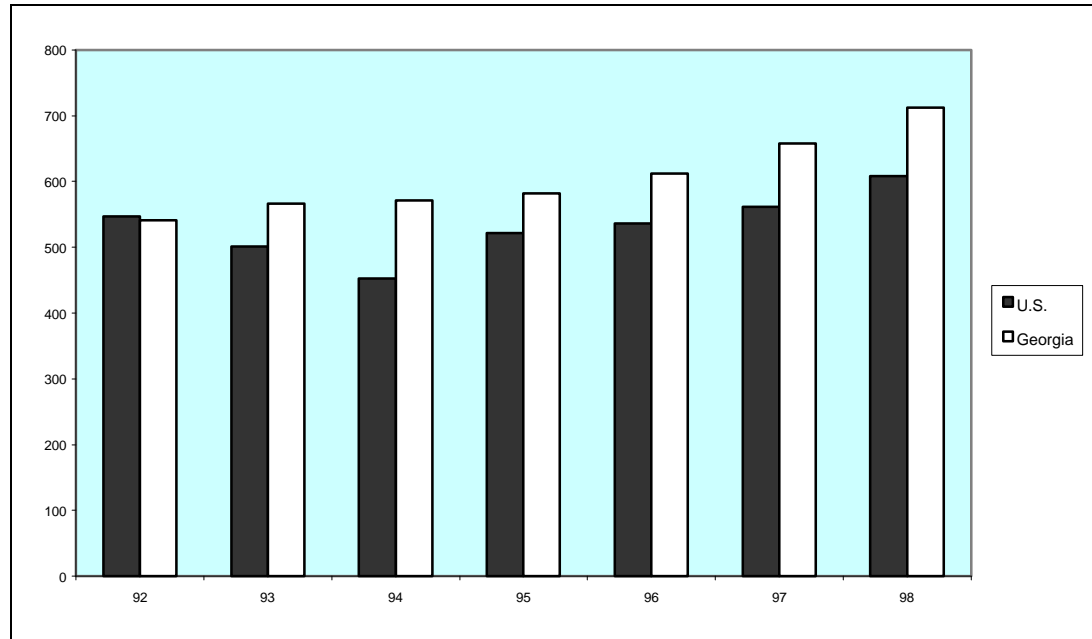
**CHART 7. REAL PER CAPITA NET REVENUES FROM PERSONAL INCOME TAXES
GEORGIA 1974-1999**



- The smaller increase in per capita revenues from the personal income tax from FY1998 to FY1999 coincides with House Bill 1162 going into effect on January 1, 1998. This bill provided Georgia taxpayers with the largest tax cut in state history, with increases in personal exemptions for income taxpayers and their dependents, as well as higher deductions for the blind and elderly⁵ (see Chart 7).
- Analysis indicates that for every 10 percent increase in real per capita personal income, real per capita personal income tax revenue increases by 23 percent. For example, average per capita revenue from the personal income tax is \$440 from 1974-1997 while average per capita personal income is \$20,000. If income rose to \$22,000, then per capita personal income tax revenue would rise to \$541.
- Real per capita revenue from the personal income tax has been higher than the U.S. average through most of the 1990's (see Chart 8).

⁵Georgia Department of Revenue 1998 Statistical Report.

CHART 8. REAL PER CAPITA PERSONAL INCOME TAX REVENUE 1992-1998

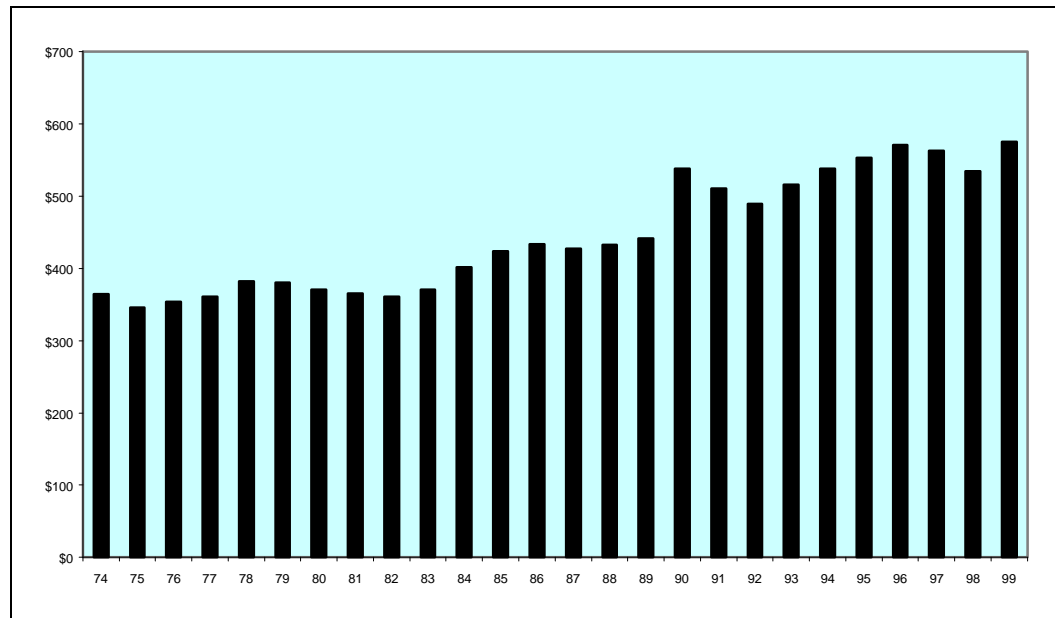


B. General Sales and Use Tax

The general sales and use tax is an important state as well as local government revenue source in Georgia. The state revenues generated from the general sales and use tax account for about 15.5 percent of total general revenue, making it the second largest tax resource for the state. Over the last 25 years we have witnessed two major changes to the sales tax--the rate increase in 1989 from 3 to 4 percent and the elimination of food from the base of the state sales tax beginning in 1996.

- Real per capita net revenues from the sales tax have increased 58 percent since 1974 at an average annual rate of 2.3 percent (see Chart 9)
- The sales tax rate was increased from 3 to 4 percent on April 1, 1989, causing the spike in real per capita revenues in the 1990 fiscal year (see Chart 9).
- Revenues also taper off with the recessions in the early 1980s and 1990s.

CHART 9. REAL PER CAPITA NET REVENUES FROM GENERAL SALES AND USE TAXES GEORGIA 1974-1999

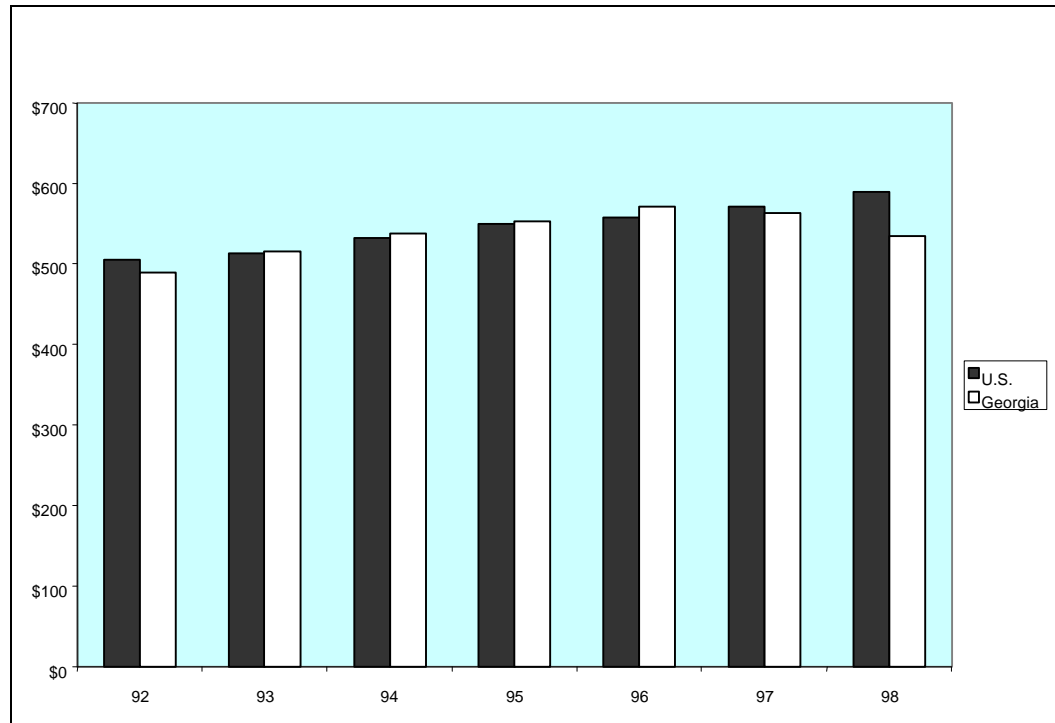


- Note the declines in general sales revenue from fiscal years 1996-1998. House Bill 265 reduced the four-cent sales tax on food and beverages by two cents on October 1, 1996, by one cent on October 1, 1997, and by the final one cent on October 1, 1998.⁶ Per capita real revenues grew from the fiscal years 1998 to 1999, despite the final phase-out of the food tax. Food, as a percentage of sales and use tax revenue fell from 23 percent in the fiscal year ending June 30, 1998 to 13.9 percent in the fiscal year ending June 30, 1999⁷ (see Chart 9).
- Analysis indicates that for every 10 percent increase in real per capita personal income, per capita sales revenue increases by 12 percent. For example, average sales revenue from 1974-1997 is \$437 per person and per capita personal income is \$20,000. If income rises to \$22,000, than sales revenues will rise to \$489 per capita.
- Real per capita revenues in Georgia from the general sales tax are very close to the U.S. average from 1992-1997. In 1998, Georgia sales revenues fall behind the U.S. average more significantly (see Chart 10).

⁶Georgia Department of Revenue 1996 Statistical Report.

⁷Georgia Department of Revenue 1998 and 1999 Statistical Reports.

CHART 10. REAL PER CAPITA GENERAL SALES REVENUE 1992-1998

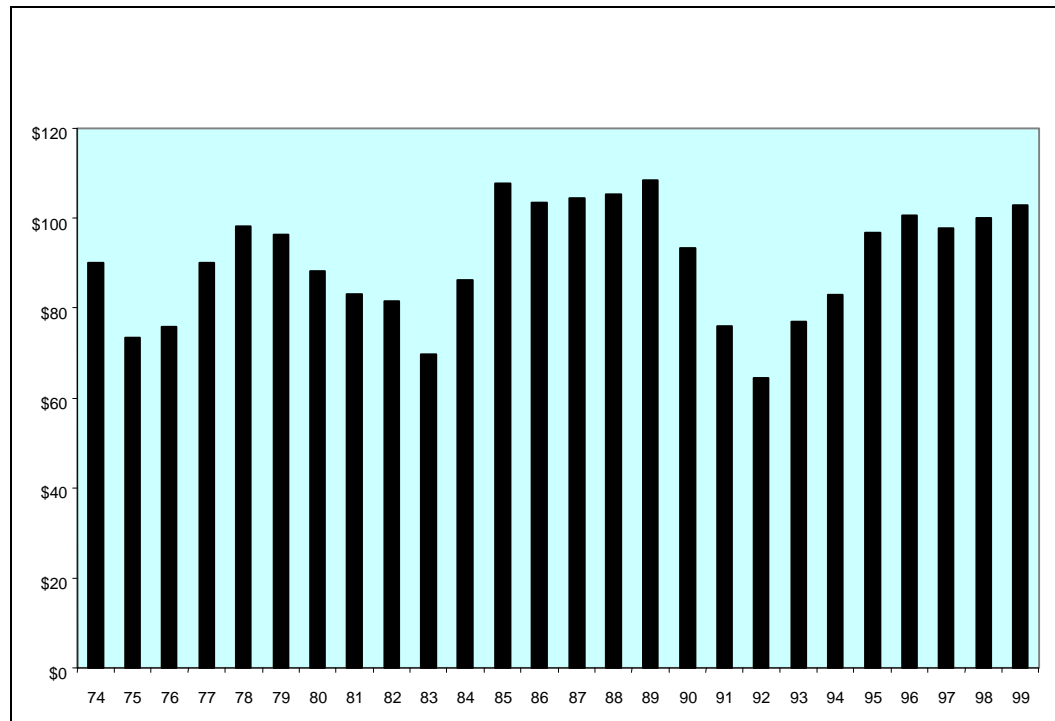


C. Corporate Income Tax

The corporate income tax has been a less important source of state revenue over the last several decades than the personal income tax or general sales tax. Similar to national trends, corporate tax revenues in Georgia have risen and fallen with the business cycle. Corporate tax revenues in general have grown slowly.

- Real per capita net revenues grew only 14 percent since 1974 at an average annual rate of 0.6 percent (see Chart 11).
- Of all the major sources of state revenue, corporate income taxes follow the peaks and valleys of the overall economy most definitively (see Chart 11).
- Analysis indicates that for every 10 percent increase in real per capita personal income, real per capita revenues from the corporate income tax increase by 3 percent. This is a much weaker positive relationship between income and tax revenue compared to the sales tax and the personal income tax. Average per capita revenue from the corporate income tax is \$90 from 1974-1997 and average real per capita personal income is \$20,000. If income

CHART 11. REAL PER CAPITA NET REVENUES FROM CORPORATE INCOME TAXES IN GEORGIA 1974-1999



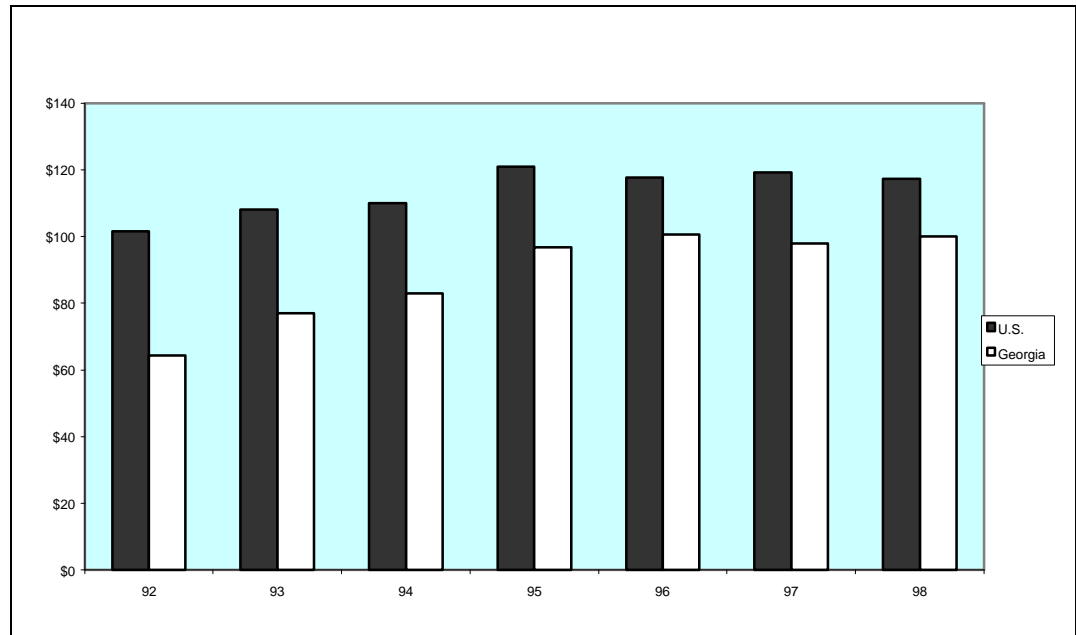
rises to \$22,000, then corporate income tax revenues would only rise to \$93 per person.

- Real per capita revenue from the corporate income tax in Georgia is significantly less than the U.S. average (see Chart 12).

D. Excise Taxes

Excise tax revenues (selective sales taxes) have fallen dramatically over the period 1974-99. State excise taxes are imposed on a number of goods, but most excise tax revenues are derived from the taxation of alcohol, tobacco, and gasoline.

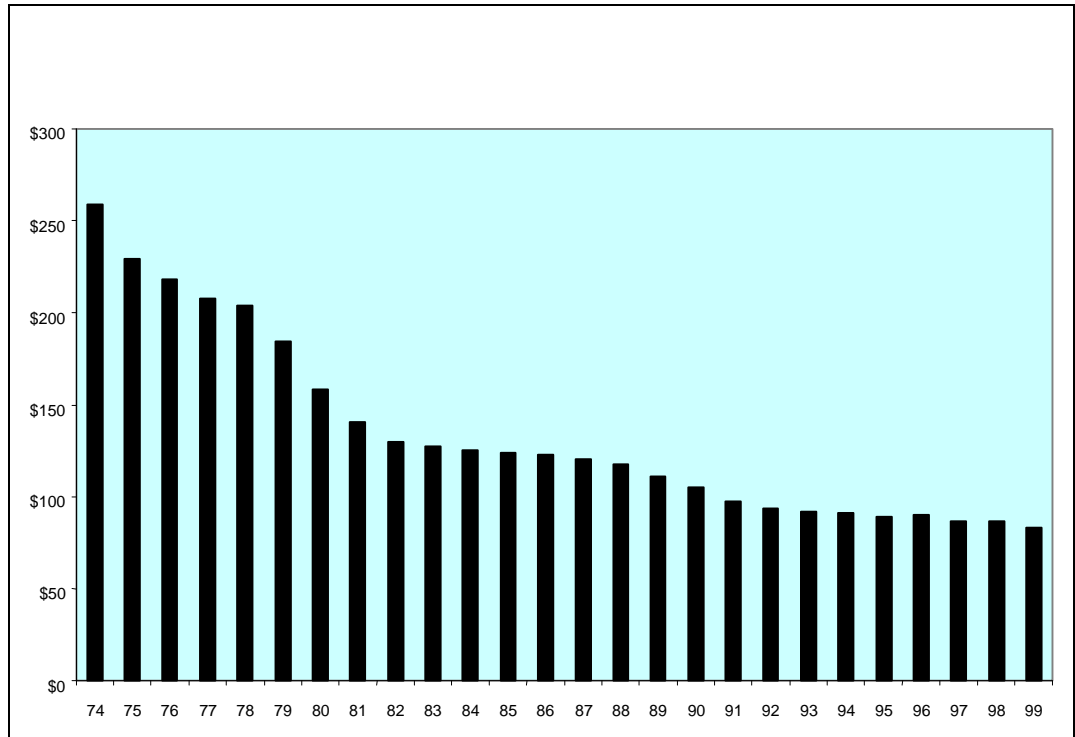
CHART 12. REAL PER CAPITA CORPORATE INCOME TAX REVENUE 1992-1998



- The excise tax⁸ is the only tax considered here that consistently falls over the 25-year period as a source of state tax revenue. This is due, in part, to tobacco taxes. The cigarette tax was last raised in 1971, and currently, Georgia has the fifth lowest cigarette tax in the nation.
- Real per capita net revenues from excise taxes fell 68 percent from 1974-1999 at an average annual rate of 2.7 percent (see Chart 13).

⁸Excise taxes include motor fuels, cigar and cigarettes, liquor, beer and wine. Georgia excise taxes cannot be compared to the U.S. average over time because U.S. data on selective sales taxes include more than just motor fuels, tobacco and alcohol taxes.

CHART 13. REAL PER CAPITA NET REVENUES FROM EXCISE TAXES IN GEORGIA 1974-1999



- This is the only tax profiled in this report that generates less revenue when incomes rise. Analysis indicates that for every 10 percent increase in real per capita personal income, per capita revenues from excise taxes fall by 21 percent. Average real per capita revenue from the excise tax is \$138 for the 1974-1997 period, and average real per capita personal income is \$20,000. If income rises to \$22,000, then excise tax revenue will fall to \$109 per person. This phenomenon is due in large part to the general decline in the consumption of alcohol and tobacco on a per capita basis nationwide through the early 1990s. There is some evidence that this trend is reversing itself in the latter part of the 1990s.

Conclusions

The purpose of this report was to highlight major trends in state revenues for Georgia. Total state revenues have grown steadily from 1974, except for the brief decline in the recession of the early 1990's. Tax revenues tend to move in the same direction as the overall economy. If more state residents are working and personal incomes are rising, then tax revenues will tend to grow as well.

The major types of taxes in Georgia are the general sales and use tax, the personal income tax, the corporate income tax and the excise tax. These taxes accounted for 96 percent of total net tax revenues in 1999. In 1974, excise taxes were just as important as sales and personal income taxes as a source of revenue for Georgia. Over the past 25 years, excise taxes have fallen in importance, but the sales and personal income tax continue to be the top revenue generators. General sales tax revenues from 1992 to 1998 closely follow the U.S. average. However, Georgia collects more personal income tax revenue on a per capita basis than the average state in the U.S.

Net revenues from corporate income taxes have fluctuated with the business cycle. The corporate income tax remains a small source of revenue for Georgia compared to the other taxes profiled in this report. It is much less responsive to increases in personal income compared to the general sales and personal income taxes.

If there is any word of caution derived from examining these trends in state revenues it is that the state relies very heavily on revenue sources that move significantly with the economy. When the economy is growing, the combined growth of the personal income and general sales tax is impressive. When the economy falters, these revenue sources slow considerably. Since the state relies most heavily on these two sources of tax revenue under their current structure, this could make the state's budget more vulnerable to economic downturns than it would be if the state diversified its tax base. The state's revenues could be better insulated against swings in the general economy either by broadening the base of certain taxes (personal income and sales) to make them less susceptible to economic downturns and/or expanding the use of other revenue sources.

Technical Notes

1. The *Consumer Price Index* (CPI) reflects changes in the average level of prices for a market basket of goods purchased by the typical American consumer. The CPI is most often reported with the base year (=100) as 1982-84. Real values are calculated in this report by using 1999 as the base year. The June CPI (1999=100) is calculated in the following manner:

$$[\text{June CPI (1982-84=100) in year } t / \text{June CPI (1982-84=100) in year 1999}] * 100$$

2. Revenues are also adjusted for the change in the sales tax rate, as if the 1 percent rate hike did not occur. Because the rate increased from 3 to 4 percent, a 25 percent deduction from the revenues from sales and use taxes is taken beginning in FYE 1990. In that year, 40.3 percent of total tax revenues came from the sales tax. Consequently, \$3,504,733,393 is the portion of real revenues from sales and use taxes. That portion is reduced by 25 percent (or \$876,183,348) to \$2,628,550,045. The remaining portion of real tax revenues from all other sources (100 percent-40.3 percent = 59.7 percent) is then added back in to complete the adjustment for the change in the sales tax rate:

$$[(\$8,696,608,916 * 0.597) + \$2,628,550,045] = \$7,820,425,568.$$

3. Bahl and Hawkins (1998)⁹ estimate that the three year phase-out of the Georgia sales tax on food for home consumption purchases will reduce sales tax revenue by 12.8 percent. A 12.8 percent loss in real sales revenue in FYE 1999 is \$573,340,584. Divided equally over three years, the loss of \$191,113,528 is added back into sales revenue so the change in food exemption is not reflected from FYE 1997 to FYE 1999.

⁹Bahl, Roy and Richard Hawkins. "A Georgia Sales Tax for the 21st Century." *FRP Report 11*. Andrew Young School of Policy Studies, Georgia State University. April 1998.

Profile of Georgia State Revenues 1974 – 1999

4. HB 1162 increased the personal exemption for taxpayers and dependents for Georgia income tax to \$2700 each. It also increased the deduction for the blind and elderly from \$700 to \$1300. The Georgia Department of Revenue estimates this reduced revenues by \$205 million, annually. This amount is added back into FY98 and FY99 so the change in income tax law is not reflected in the adjusted figures. The FY98 addition is adjusted for inflation so \$209.2 million is added back in instead of the \$205 million added in FY99.

About The Author

M. Kathleen Thomas is a Principal Associate with the Fiscal Research Program of the Andrew Young School of Policy Studies at Georgia State University and Research Scholar at the University of Texas at Dallas in the Cecil and Ida Green Center for the Study of Science and Society. She is currently studying the access, selection, and success of minority students in higher education, as well as other issues related to the Texas Schools Project. She will graduate from Georgia State University in December with a Ph.D. in economics.

About The Fiscal Research Program

The Fiscal Research Program 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 Program'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 Program (FRP) 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 FRP, 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 FRP maintains a position of neutrality on public policy issues in order to safeguard the academic freedom of authors. Thus, interpretations or conclusions in FRP publications should be understood to be solely those of the author.