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No proof state tax breaks paying off

Millions of dollars in tax breaks designed to help create jobs have been handed out by state, but officials don't have any proof it's paying off.

Corporate tax breaks add up to big bucks. Between 2004 and 2007, their value was estimated at \$265 million.

In 2006, the state Department of Audits and Accounts issued a report recommending the Department of Revenue start collecting data to assess the benefits of those tax credits.

A follow-up report, issued by auditors late last month, says that's yet to happen.

"The state continues to forgo a significant amount of revenue due to tax credits without evaluating the costs or benefits," the new report states.

Bert Brantley, spokesman for Gov. Sonny Perdue, said Revenue Department officials have taken the position that it's not their job to assess whether tax credits approved by the Legislature "are working."

But, given current economic conditions, there's a growing sentiment at the Capitol that the tax credits need closer scrutiny once they're in place, Brantley said.

What's an open question, he said, is: "What is the right agency to do that?"

Brantley pointed out that Perdue's staff does research each tax credit passed by the General Assembly before it is signed into law by the governor.

"We've vetoed a good deal of them that didn't make sense -- much to the chagrin of the legislators that pushed for them," he said.

Alan Essig, executive director of the Atlanta-based Georgia Budget and Policy Institute think tank, said the audit points to a major flaw in the state's accountability system.

"We have no idea what the benefits are. We have no idea what the job creation has been," Essig said.

State officials wouldn't stand for that if it were a child welfare program, he said.

But "for some reason, if it's a business tax credit, there is no need for accountability," Essig said. "It's insane."

Legislators typically pass about a dozen tax breaks of one kind or another each legislative session, sometimes with little debate. Some of those tax credits have gone to companies that move their heGeorgia is doling out millions of dollars in tax breaks designed to help create jobs, but officials don't have any proof it's paying off, state auditors say.

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After the 2009 session, Perdue vetoed a bill granting new tax breaks to businesses for creating jobs after senators tacked on a last-minute amendment cutting in half the tax on long-term capital gains, such as stocks and bonds.

When the bill was passed on the final day of the session, House leaders said they didn't even know how much the capital gains tax cut would cost. Opponents put the tab at \$340 million and said it mostly would go to the state's wealthiest residents. Supporters said it would free up money for investors to create businesses and jobs.

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