

RATIONAL TAX REFORM IN GEORGIA

5 PILLARS OF RATIONAL TAX REFORM

- **Adequacy**—Solidify tax base to assure adequacy and lowest possible rates
- **Fairness**—Improve fairness of tax system—targeted tax relief
- **Updated**—Align tax base for a 21st century economy
- **Stability**—Improve ability to withstand downturns to assure stability
- **Transparency**—Increase accountability of tax expenditures

BALANCED APPROACH

- A balanced system relies on sales, property and income taxes
 - Less susceptible to economic shocks
 - Takes into consideration growth, stability, equity and other factors

GEORGIA TAX STRUCTURE SOLUTIONS

- **Tax Expenditure Report**
 - The first step in tax reform, a tax expenditure report is an annual report that would provide data and evaluation on the full cost of sales, income and property tax exemptions
- **Property Tax**
 - Homestead exemption and circuit breaker programs offer ways to lower property taxes without jeopardizing public services
- **Sales Tax**
 - Broad base and low rate by eliminating unnecessary exemptions and taxing some services
 - Increase cigarette tax
- **Income Tax**
 - Create an Earned Income Tax Credit
 - Broaden brackets and raise top rate
 - Peg standard deduction at the federal level
 - Decouple the Estate Tax

