

## Tax Facts: Georgia Families and Businesses are Not Overtaxed

### Proposals Would Hurt Families, Businesses, Communities and the Economy

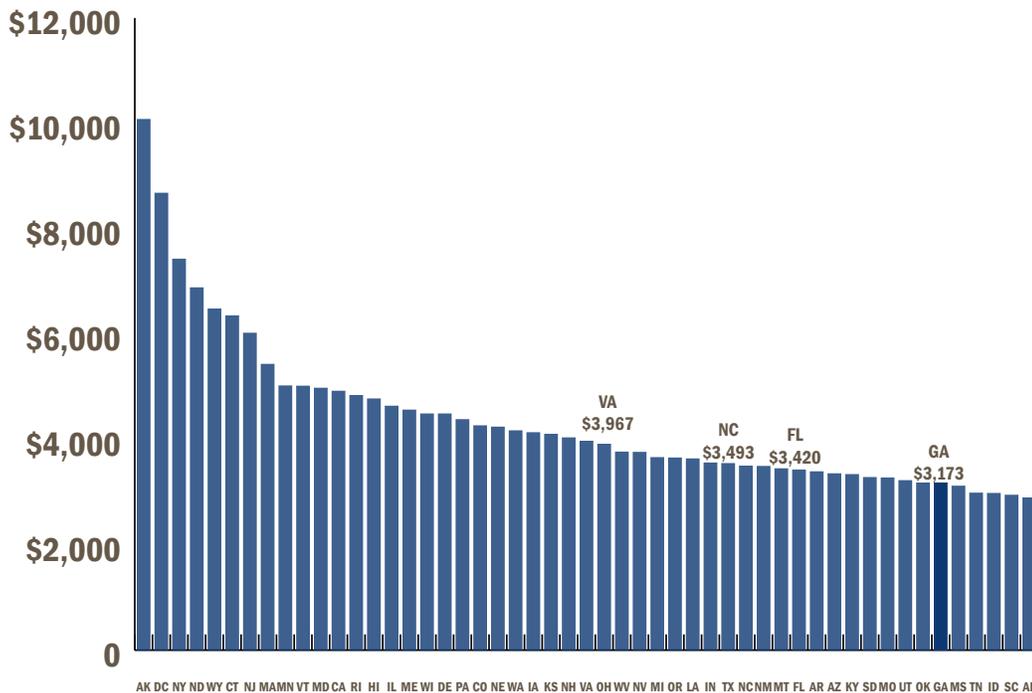
By Wesley Tharpe, Policy Analyst

Georgians today pay less in state and local taxes compared to residents of most other states and taxpayers in Georgia's own recent past. Georgia businesses are taxed less than businesses in most other states, too. This low-tax status holds true across all of the major taxes that Georgia's state and local governments levy, including income and property taxes. Because Georgia's taxes are considerably lower than most states, lawmakers have a lot of room to increase revenues while keeping state taxes competitive.

**Fact No. 1: Georgia residents pay some of the country's lowest state and local taxes.**

Individual Georgia taxpayers spend a smaller share of their annual earnings on state and local taxes than residents of most other states. Georgia's state government ranks next to last in the country, 49th, in state revenue per capita. The average Georgian paid \$1,781 in state taxes in 2013, \$901 less than the national average. Adding local taxes to the mix, Georgia ranks 46th out of 50 states and the District of Columbia in revenue collected per person. Georgia's state and local governments collected an average of \$3,173 per person in taxes in 2011, the last year of available data. That is \$1,123 less than the national average and well below several of Georgia's chief regional rivals, as shown below.

**Georgians' Combined State and Local Tax Bill on Low End**  
State and local taxes per capita, 2011



Source: Federation of Tax Administrators; U.S. Census of State and Local Government Finances

**Fact #2: Georgia's low-tax rank holds true across all major state and local taxes.**

In addition to having low taxes overall, Georgians also pay less in each of the different types of taxes levied by their state and local governments than most taxpayers in other states. For example, each year Georgians pay on average \$134 less in personal income taxes and \$368 less in property taxes than residents of the country as a whole, according to the most recent data available. Georgia's state and local governments rank below the national average for all major tax categories, by a lot in some cases as shown in the following table.

**Georgia Below National Average on All Major Taxes**

State and local taxes per capita, FY 2011

	Georgia	Rank (Out of 51)*	U.S. Average	GA-U.S. Difference
Personal Income	\$781	31	\$914	(\$134)
Corporate Tax	\$68	40	\$156	(\$87)
Property	\$1,055	34	\$1,423	(\$368)
Sales	\$871	28	\$967	(\$97)
Excise & Selective Sales	\$312	49	\$512	(\$199)
All Other Taxes	\$56	51	\$249	(\$193)
<b>Annual Total</b>	<b>\$3,173</b>	<b>46</b>	<b>\$4,296</b>	<b>(\$1,123)</b>

Source: U.S. Census of State and Local Government Finances

Notes: 'Excise and Selective Sales' includes levies like motor fuel and cigarette taxes. 'All Other Taxes' includes miscellaneous items like motor vehicle licenses and severance taxes on natural resources.

\*Includes the 50 states and District of Columbia

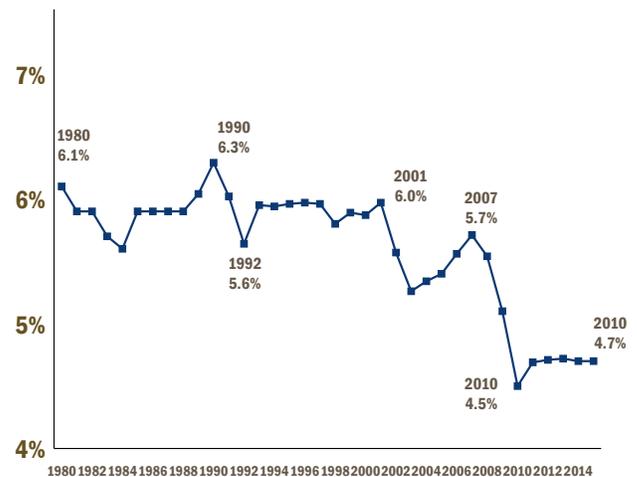
**Fact No. 3: Georgians pay a smaller share of income in taxes than the last generation.**

Georgia's taxes today are low compared not only to other states but also to Georgia's own recent past. From 1980 until the start of the millennium, Georgians routinely paid about 6 percent of their annual income in state taxes. But that share dropped dramatically during the last decade due to a combination of state tax cuts, new business tax breaks and two recessions. Revenues as a share of personal income fell from 5.7 percent in 2007 to a historic low of 4.5 percent in 2010. Revenues ticked up slightly to 4.7 percent in 2014 and are projected to stay the same in 2015.

If Georgians in 2015 were willing to pay 5.6 percent of their income in state taxes, the lowest that level reached in the 1990s, the state would gain an estimated \$3.8 billion in annual revenue. That is enough to fully fund K-12 education for the first time in years while also making other critical investments like transportation and public safety.

**Georgia Collecting Much Less than in Past**

State taxes as a share of personal income, 1980-2015



Source: Governor's Budget Reports and U.S. Bureau of Economic Analysis

**Fact No. 4: Georgia businesses are taxed less than firms in most other states.**

Georgia businesses also pay some of the lowest state and local taxes in the country. Companies doing business in Georgia paid an effective state and local tax rate of 3.7 percent in 2013, according to the nonpartisan Council on State Taxation. That compares to a national average of 4.7 percent in that year and ranks Georgia 44th among the states on the effective tax rate it applies to the private sector.

