



*Georgia School
Superintendents
Association*

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Georgia Budget & Policy Institute

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FY 2009 Revenue Outlook

- FY 2008 Revenues Declined by 1.4%
 - ⊙ 4th quarter declined by 7.3 %
- FY 2009 budget based on 8.4% revenue growth (\$1.48 billion)
 - ⊙ First quarter revenues declined 2.6%
- Governor projects \$1.6 billion shortfall (less than 1% decline).
- Georgia State University Economic Forecasting Center
 - ⊙ Projects 4% revenue decline in FY 2009 (\$2.2 billion shortfall)





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Georgia is a Low Tax and Spend State.

49th State Spending per Capita

43rd State and Local Own Source Revenues per Capita
(taxes, fees, etc.)

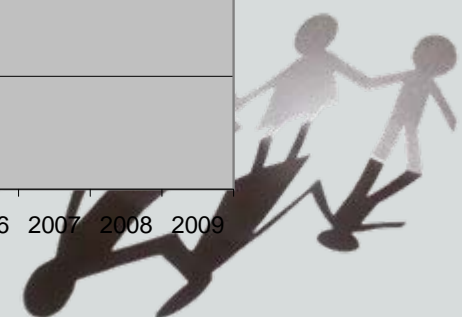
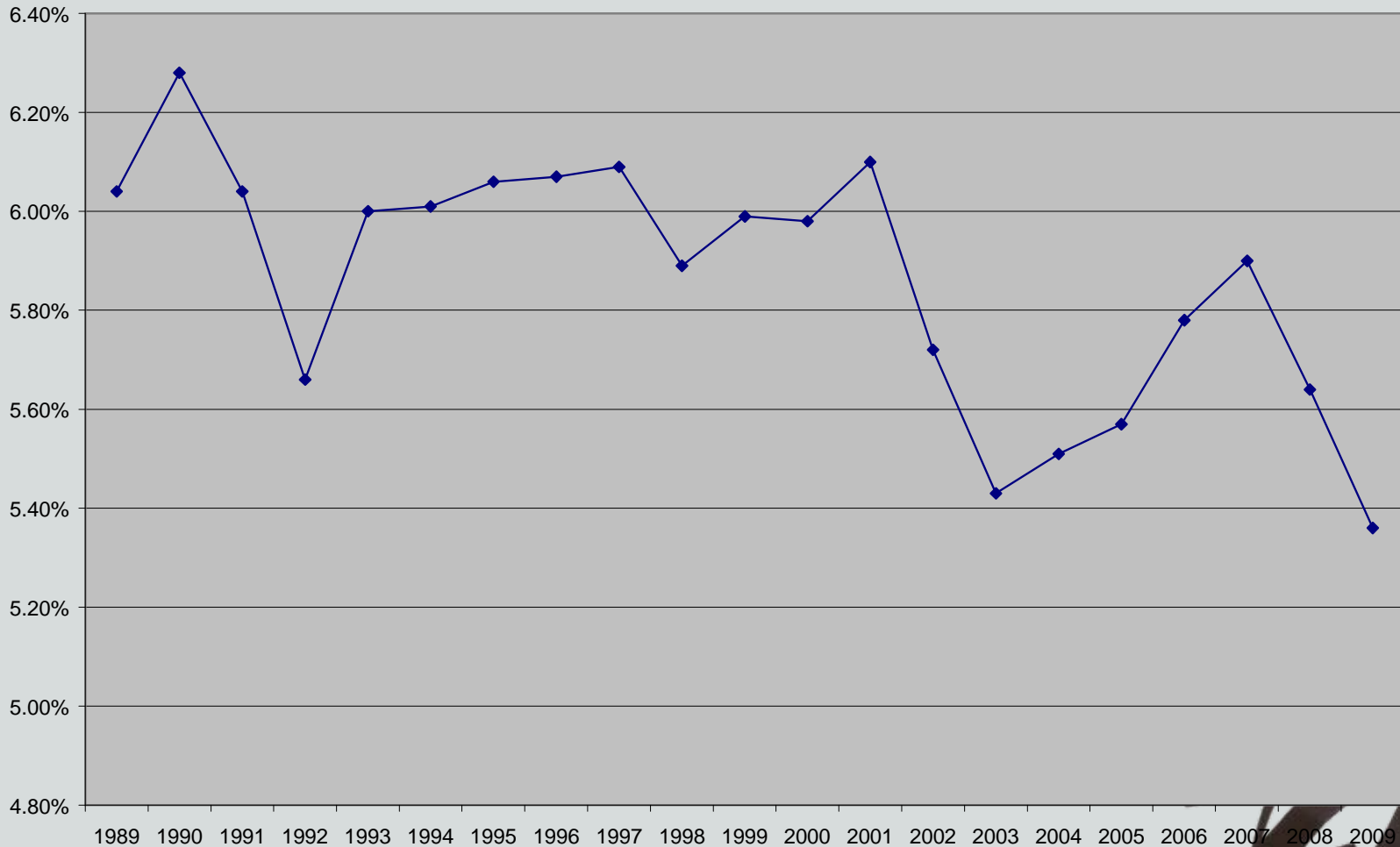
43rd State Tax Revenues Per Capita

41st State Revenue and State and Local Revenue as a Percentage of Income.





Revenues as Percent of Income FY 1989 - FY 2009

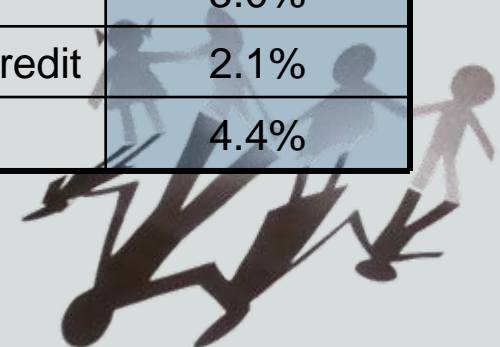


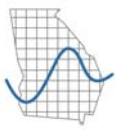


FY 2009 State Funds Budget Breakdown

Over 84% of the state budget is spent on education, healthcare, criminal justice, and social services. These three areas drive the state budget and are increasing both in cost and population faster than overall inflation and population growth.

Snapshot of State Spending	FY 2009 (\$20.1B)
Education	54.0%
Medicaid and PeachCare	11.3%
Criminal Justice	9.9%
Health and Social Services	9.0%
Transportation	4.3%
Debt Service	5.0%
Homeowners Tax Relief Credit	2.1%
All Other State Agencies	4.4%





Governor Deficit Reduction Plan (\$1.6 billion) FY 2009 and FY 2010

- Governor ordered:
 - ⊙ Medicaid and PeachCare cuts of 5% (\$108 million).
 - ⊙ Board of Education cuts of 2% (\$161 million)
 - ⊙ All other state agencies cut 6% (\$443 million)
 - ⊙ Cut Homeowners Tax Relief Grant (\$428 million)
- Agencies must also submit plans to cut budgets by 8% and 10%.
- Governor does not plan to use RSR at this time.





LONG TERM ISSUE: Expected Budget Growth

- Between \$500 million and \$1 billion in new revenues to pay for the basic growth in government in FY 2010
 - ⊙ Board of Ed & Board of Regents Growth
 - ⊙ Medicaid and PeachCare Growth
 - ⊙ Prisoner Growth and Aging of Prison Pop.
 - ⊙ New Debt Service





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Balanced Deficit Reduction Plan

- Targeted and prioritized budget cuts.
- Revenue enhancements.
- Strategic use of Revenue Shortfall Reserve.





Deficit Reduction Plan – Revenue Options

- Increase Cigarette Tax by \$1 pack - \$442 million
- Eliminate some special interest tax breaks - \$120 million
- 1% Income tax surcharge on family income above \$400,000 - \$225 million
- Reinstate Estate Tax - \$150 million
- Increase Sales Tax by 0.5 percent - \$700 million





Major Tax Proposals 2008 Session

- GREAT Plan
- Elimination of Ad Valorem Tax on Cars - \$670 million
- 10% Income Tax Reduction - \$1.2 Billion
- TABOR and local property tax/assessment caps – Limit growth of state and local governments.





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Comprehensive Tax Reform and Modernization

- Solidify tax base to assure adequacy
- Improve fairness of tax system
- Modernize tax base for a 21st century economy
- Improve ability to withstand downturns to assure stability
- Increase accountability of tax expenditures – Tax Expenditure Report





Comprehensive Tax Reform – Transparency and Accountability

- Tax Expenditure Report – treat tax expenditures as we treat budget expenditures.
 - ⊙ Highlight all tax breaks currently in law (sales, income, property).
 - ⊙ Estimate lost revenue.
 - ⊙ Cost-Benefit Analysis – Does tax policy make sense.
- Eliminate tax exemptions that do not make policy or economic sense.





Comprehensive Tax Reform – Tax Cuts

- Property Tax (Georgia 35th)
 - ⊙ Targeted tax relief through property tax circuit breaker (ability to pay).
- Income Tax
 - ⊙ Expand tax brackets
 - ⊙ Increase exemptions
 - ⊙ Index to inflation
 - ⊙ Enact State Earned Income Tax Credit
- Sales Tax
 - ⊙ Sales tax exemption energy for manufacturers

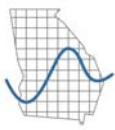




Comprehensive Tax Reform – Tax Increases

- Increase cigarette tax
- Reinstate estate tax
- Based on tax expenditure report, eliminate some income and sales tax exemptions
- Expand sales tax to some household services
- Increase top income tax rate
- Close corporate tax loopholes
- Increase sales tax rate





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Comprehensive Tax Reform

- To assure adequacy, tax cuts must be paid for.
NO FREE LUNCH!!!
- Budget policy and tax policy must be linked.
You get what you pay for!!!





Contact Info

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The screenshot shows the GBPI website homepage. At the top, there is a navigation bar with the GBPI logo and the text "Georgia Budget and Policy Institute". Below the navigation bar, there is a main header with the text "GEORGIA BUDGET AND POLICY INSTITUTE". The page is divided into several sections:

- Thoughtful Analysis... Sound Public Policy:** This section lists various resources such as "TAX REVENUE RESOURCES", "BUDGET & REVENUE FACTS", "NEWS & INFORMATION", "RESOURCES/LINKS", "DONATE/SUPPORT", and "ABOUT GBPI". There are also links for "Home", "Site Help", "Contact Us", "Current Newsletter", and "Archives".
- Who We Are:** This section describes GBPI as an independent, nonprofit, nonpartisan organization engaged in research and education on the fiscal and economic health of the state of Georgia. It provides a way to improve services to Georgians in need and to promote quality of life for Georgians.
- Register now for the 2008 Georgia KIDS COUNT Tour:** This section promotes the 2008 Georgia KIDS COUNT Tour, a series of community forums across the state. It includes a list of dates and locations for the tour, such as "Aug. 21 - Atlanta", "Aug. 28 - Macon", "Aug. 29 - Savannah", "Sep. 05 - Ocala", "Sep. 10 - Orlando", "Sep. 11 - Tallahassee", "Sep. 12 - Jacksonville", "Sep. 13 - Gainesville", "Sep. 15 - Tampa", "Sep. 16 - Miami", "Sep. 17 - Fort Lauderdale", "Sep. 18 - Orlando", "Sep. 19 - Jacksonville", "Sep. 20 - Tallahassee", "Sep. 21 - Gainesville", "Sep. 22 - Tampa", "Sep. 23 - Miami", "Sep. 24 - Fort Lauderdale", "Sep. 25 - Orlando", "Sep. 26 - Jacksonville", "Sep. 27 - Tallahassee", "Sep. 28 - Gainesville", "Sep. 29 - Tampa", "Sep. 30 - Miami", "Oct. 01 - Fort Lauderdale", "Oct. 02 - Orlando", "Oct. 03 - Jacksonville", "Oct. 04 - Tallahassee", "Oct. 05 - Gainesville", "Oct. 06 - Tampa", "Oct. 07 - Miami", "Oct. 08 - Fort Lauderdale", "Oct. 09 - Orlando", "Oct. 10 - Jacksonville", "Oct. 11 - Tallahassee", "Oct. 12 - Gainesville", "Oct. 13 - Tampa", "Oct. 14 - Miami", "Oct. 15 - Fort Lauderdale", "Oct. 16 - Orlando", "Oct. 17 - Jacksonville", "Oct. 18 - Tallahassee", "Oct. 19 - Gainesville", "Oct. 20 - Tampa", "Oct. 21 - Miami", "Oct. 22 - Fort Lauderdale", "Oct. 23 - Orlando", "Oct. 24 - Jacksonville", "Oct. 25 - Tallahassee", "Oct. 26 - Gainesville", "Oct. 27 - Tampa", "Oct. 28 - Miami", "Oct. 29 - Fort Lauderdale", "Oct. 30 - Orlando", "Oct. 31 - Jacksonville", "Nov. 01 - Tallahassee", "Nov. 02 - Gainesville", "Nov. 03 - Tampa", "Nov. 04 - Miami", "Nov. 05 - Fort Lauderdale", "Nov. 06 - Orlando", "Nov. 07 - Jacksonville", "Nov. 08 - Tallahassee", "Nov. 09 - Gainesville", "Nov. 10 - Tampa", "Nov. 11 - Miami", "Nov. 12 - Fort Lauderdale", "Nov. 13 - Orlando", "Nov. 14 - Jacksonville", "Nov. 15 - Tallahassee", "Nov. 16 - Gainesville", "Nov. 17 - Tampa", "Nov. 18 - Miami", "Nov. 19 - Fort Lauderdale", "Nov. 20 - Orlando", "Nov. 21 - Jacksonville", "Nov. 22 - Tallahassee", "Nov. 23 - Gainesville", "Nov. 24 - Tampa", "Nov. 25 - Miami", "Nov. 26 - Fort Lauderdale", "Nov. 27 - Orlando", "Nov. 28 - Jacksonville", "Nov. 29 - Tallahassee", "Nov. 30 - Gainesville", "Dec. 01 - Tampa", "Dec. 02 - Miami", "Dec. 03 - Fort Lauderdale", "Dec. 04 - Orlando", "Dec. 05 - Jacksonville", "Dec. 06 - Tallahassee", "Dec. 07 - Gainesville", "Dec. 08 - Tampa", "Dec. 09 - Miami", "Dec. 10 - Fort Lauderdale", "Dec. 11 - Orlando", "Dec. 12 - Jacksonville", "Dec. 13 - Tallahassee", "Dec. 14 - Gainesville", "Dec. 15 - Tampa", "Dec. 16 - Miami", "Dec. 17 - Fort Lauderdale", "Dec. 18 - Orlando", "Dec. 19 - Jacksonville", "Dec. 20 - Tallahassee", "Dec. 21 - Gainesville", "Dec. 22 - Tampa", "Dec. 23 - Miami", "Dec. 24 - Fort Lauderdale", "Dec. 25 - Orlando", "Dec. 26 - Jacksonville", "Dec. 27 - Tallahassee", "Dec. 28 - Gainesville", "Dec. 29 - Tampa", "Dec. 30 - Miami", "Dec. 31 - Fort Lauderdale".
- Recent Reports:** This section lists several reports, including "Georgia Minimum Wage Policy Brief (update)", "Disincentivizing the Tax Rankings (update)", and "Deficit Reduction Step Two: Bringing Other Voices Into the Planning Process".

