

**GEORGIA STATE SENATE
BUDGET AND EVALUATION OFFICE**

Chairman's Column

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"I HAVEN'T RECEIVED MY REFUND!"

Some have noted that they are experiencing delays this year in the receipt of refunds or even in the state cashing their payments. Georgians have the option to file their state tax returns either electronically (over the internet) or using traditional paper forms. When returns are filed electronically, they do not need to be physically opened, nor do they require data entry. For this reason, the time required to process and to issue refunds for returns filed electronically has stayed consistent - and quick - at 6 to 10 days. While the processing of electronic claims has stayed the same, working through this year's paper claims is taking longer.

In prior years, the Department of Revenue would process a paper return in 4 to 10 weeks. However, recent budget cuts have increased the time taken to process paper returns. In the amended FY09 budget, the state had to find around \$2 billion in cuts because of the economic downturn and agencies were asked to submit proposals to reduce spending. The Department of Revenue proposed to reduce its budget by \$2.4 million by eliminating two shifts of temporary workers that were used to process paper claims.

At the same time that capacity dropped, the number of claims filed has stayed roughly consistent. So, with an equal workload and less capacity, a backlog has developed. The date that a return was filed has a direct effect on when citizens can expect to receive their return. It is a given that everyone is more anxious to receive their refund this year because of the economy.

According to the Revenue Department, here are the turnaround times for paper returns based on the date the Department received them:

- Prior to April 1st - 10 to 12 weeks
- April 1st to 10th - 12 to 14 weeks
- After April 10th - 14 to 20 weeks

MORE INSIGHT ON GEORGIA'S STATE REVENUE

INDIVIDUAL INCOME TAXES - "Incoming is down, Outgoing is Up"

Individual Income Taxes - In the 2009 Fiscal Year, only two months, September and November exceeded the previous years same month, and only by about \$30 million each.

The other eight months total a decline of some \$884 million in FY09 under FY08.

Individual Income Taxes are 50% of state revenues. Some categories making huge decreases were Estimated Payments - \$353 million or 28.6% and individual returns down \$177 million or 25.6%.

Conversely, refunds to individuals are up \$71 million but only 3.8%. Individual income tax payments to the state are down by \$145 million and refunds are up on over 200,000 returns totaling \$70 million.

SALES TAXES

Sales tax revenues have declined 8.31% YTD. This is a shade better than the 9.83% that Individual Income Taxes have declined YTD.

The distribution to local governments has declined about the same amount as the overall decline, - 7.8% which is somewhat of a surprise, because it shows that local sales tax revenues are declining at approximately the same rate as state sales taxes.

Within categories, home furnishings were up in May by about 9% and manufacturing sales tax collections were up about 10% for May. Automotive sales taxes were down 44% over May of 2008.

Motor Fuel continues to lag, down by 13.7% combined, with the drop in fuel prices decreasing the sales taxes by 19%. Additionally, usage by the gallon continues to decrease excise tax collections some 7.4% YTD.

Corporate Income Taxes are off 26.7%. Refunds are up 54.5%, estimated payments down 20%, S Corp income taxes down 36% but assessments were up 289% or \$47 million.

Whether there are green shoots of recovery sprouting or just more weeds due to the rain is debatable.