

**GEORGIA STATE SENATE  
BUDGET AND EVALUATION OFFICE**

**Chairman's Column**

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Last week this column took a look at Georgia's revenue "portfolio" and reviewed updated 2007 information from 2007 U.S. Census information.

Georgia dropped in national ranking on expenditures and taxes apparently because of an increase in taxing and spending by local government according to an interpretation of that data.

This week examines Georgia's state revenues more closely.

**State Revenues - A Relative Weakness in Fees and Federal Contributions**

On the revenue side, the state continues to rank near the low end of states on a per capita basis while local governments are in the middle or near the top of the rankings. One interesting aspect of Georgia's revenue situation is that the state overall ranks relatively well in its core taxes, such as the income tax and sales tax. But, the state ranks last overall in its revenues per capita because the state continues to rank lower in terms of revenues brought in from the federal government and from revenues raised through various fees and charges including University System tuition and fees.

In 2007, the state retained its ranking of 43rd in the nation in tax burden per capita, bringing in around \$1,923 per person while local governments in Georgia ranked 22nd bringing in \$1,557 per person. Combined, this meant that Georgia ranks around 34th in the nation for both state and local tax burden per capita. Looking at the individual tax types combining state and local tax burdens, Georgia ranked 32nd in the nation in terms of property tax burden per capita, 25th for sales tax, 25th for individual income tax, and 39th for corporate income taxes.

**State Low, Local Governments High in Sales Taxes Rankings**

Property taxes are almost entirely local, while income taxes are almost entirely state. However, sales taxes are collected by both the state and local governments and at the local level are used heavily for capital investment. Splitting up the share between state and local shows that the state raises around \$799 per capita in sales tax, making it 42nd in the nation in terms of dependence on sales tax per capita, while local governments raised \$492 per capita in sales tax, putting them 4th highest in the nation compared to local governments in other states.

**Low Tuition Affects Low Fee Amount**

Georgia ranked 42nd on current charges and miscellaneous general revenue bringing in \$1,614 per capita. By far the largest amounts of charges for state and local governments come from charges from local hospital authorities and airport authorities, such as Grady Hospital in Atlanta and the Hartsfield-Jackson Airport. When we drop out these local revenues and look at state-only charges, the state ranks

49th in the country bringing in only \$537 per capita. Around half of these charges come from institutions of higher education, where the state ranks 46th in terms of revenues from higher education, at \$200 per person.

### **Federal Funds Relatively Low in Georgia**

Finally, Georgia's 2007 numbers for federal funds per capita are likely distorted by problems at the state Department of Transportation. In 2006, the state as a whole ranked 46th in the nation for per capita revenues from the federal government. In 2007, for no apparent reason, the state jumped to 31st in the nation. The per capita revenues went from \$1,223 to \$1,442. Looking at federal funds alone as reported by the Census, the state has typically ranked in the bottom 10 states for receipt of federal funds. This is likely driven by a variety factors, including Georgia being a donor state in transportation, receipt of fewer Medicaid dollars than other states, and Georgia's younger population relative to other states.

Hopefully, a further examination of both fees and federal payments will disclose the reasons for these weaknesses.