

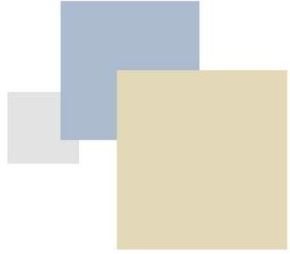


# With Billions At Stake, Georgia's Tax Expenditures Lack Transparency

Overview of State Tax Credits  
& Recommendations for Improvement

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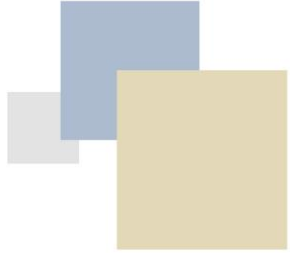
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# Who We Are

The Georgia Budget and Policy Institute's mission is to advance lasting solutions that expand economic opportunity and well-being for all Georgians. We envision a fair and inclusive Georgia where all people prosper.

Our aim is to inspire informed debate and decision-making, advancing our vision of a fair and inclusive Georgia where everyone can prosper.



***Largest Corporate Tax Breaks  
Expected to Cost Georgia Over  
\$2.7 Billion in FY 2024***

***State Tax Expenditures Expected  
to Total \$10.9 Billion***

Source: Georgia Department of Audits and Accounts, "Georgia Tax Expenditure Report for FY 2024".



# GEORGIA LAGS IN TRANSPARENCY

- State ranks 50/50 in terms of information released on recipients of top tax credit programs and economic development incentives.
- Current system limits economic analyses to 10 per year, with insufficient resources for comprehensive review
- No consistent framework among sunset provisions or review: State lacks cyclical process for all tax credits to be evaluated at regular intervals/renewed with legislative oversight
- Little public information offered to Georgians on where billions in state dollars are going (recipients/projects, award values, job count and related data)



# GEORGIA LAGS IN TRANSPARENCY

- Most states (65%) have provisions that require or incentivize hiring residents over non-residents to qualify for tax credit programs, but Georgia does not
- Georgia does not cap large-scale incentive programs like 87% of other states that offer similar tax expenditures
- Most states (74%) permit disclosure of individual companies or projects receiving tax credits, but Georgia does not

*Source: Georgia Department of Audits and Accounts October 2022*

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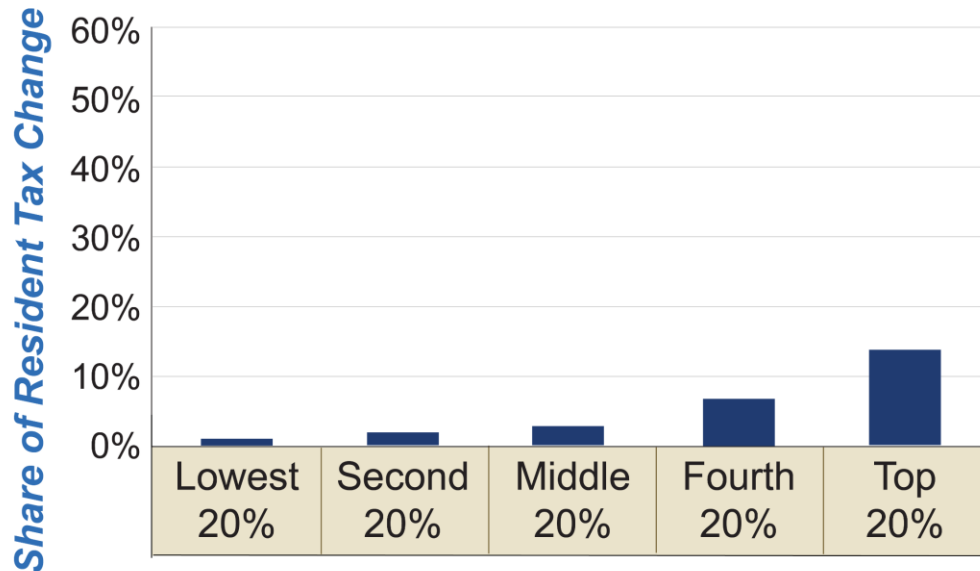
# NEIGHBORING STATES LEAD GEORGIA IN TRANSPARENCY LAWS

- Florida (3 years), Alabama (4 years) and Tennessee (4 years) have adopted tax credit review cycles, in which all credits must be evaluated regularly
- South Carolina [also recently started disclosing](#) company names, award values, and new jobs count for its major incentive programs.
- Alabama [recently enacted legislation](#) to require the state Department of Commerce to disclose online names of companies that receive economic development incentives

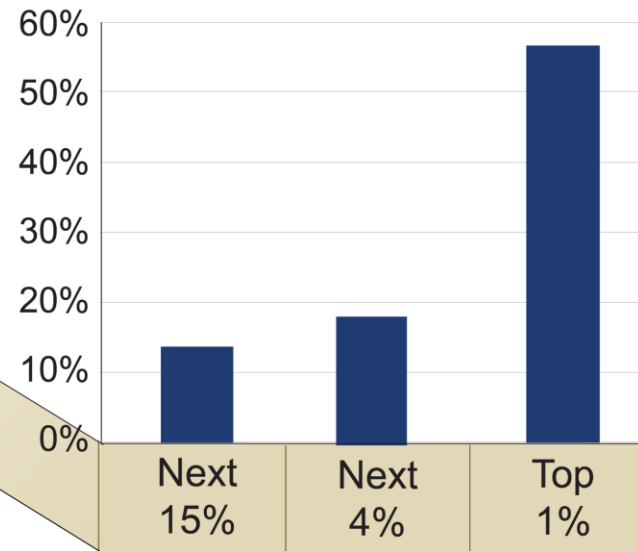
# 75% OF STATE JOBS TAX CREDITS BENEFIT TOP 5 PERCENT

**Over 75 Percent of Corporate Tax Credits Go to Top 5 Percent—Those Earning \$234,000 or More Annually**

*All Georgia Residents, 2019 Incomes*



*Breakdown of the Top 20%*



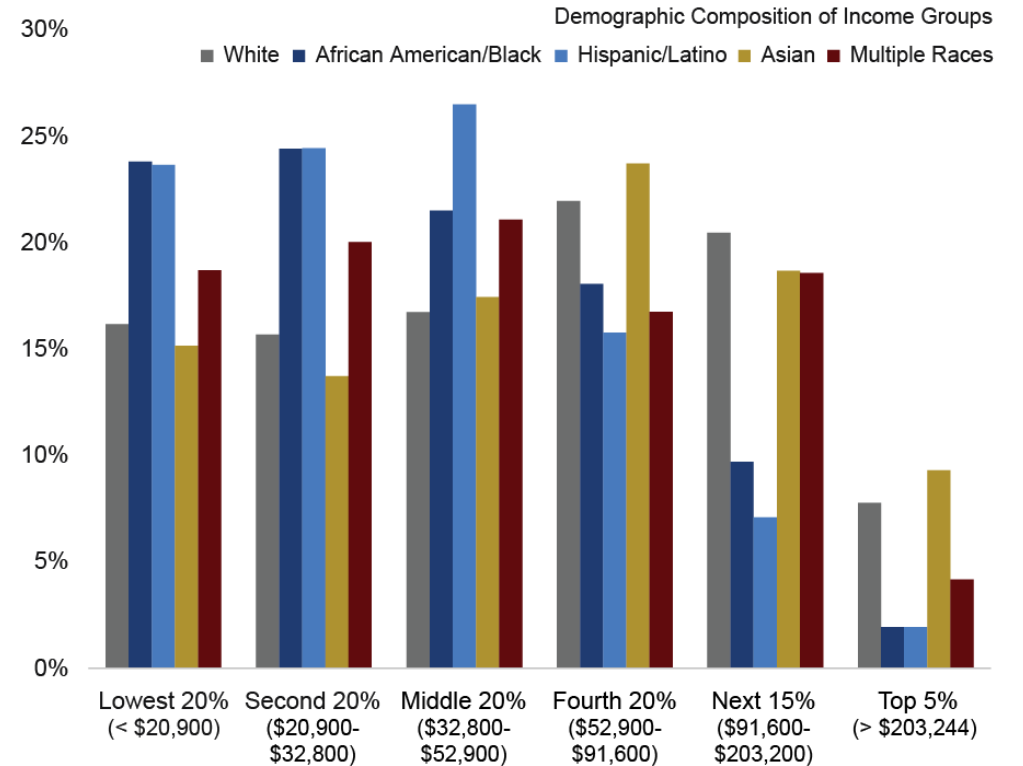
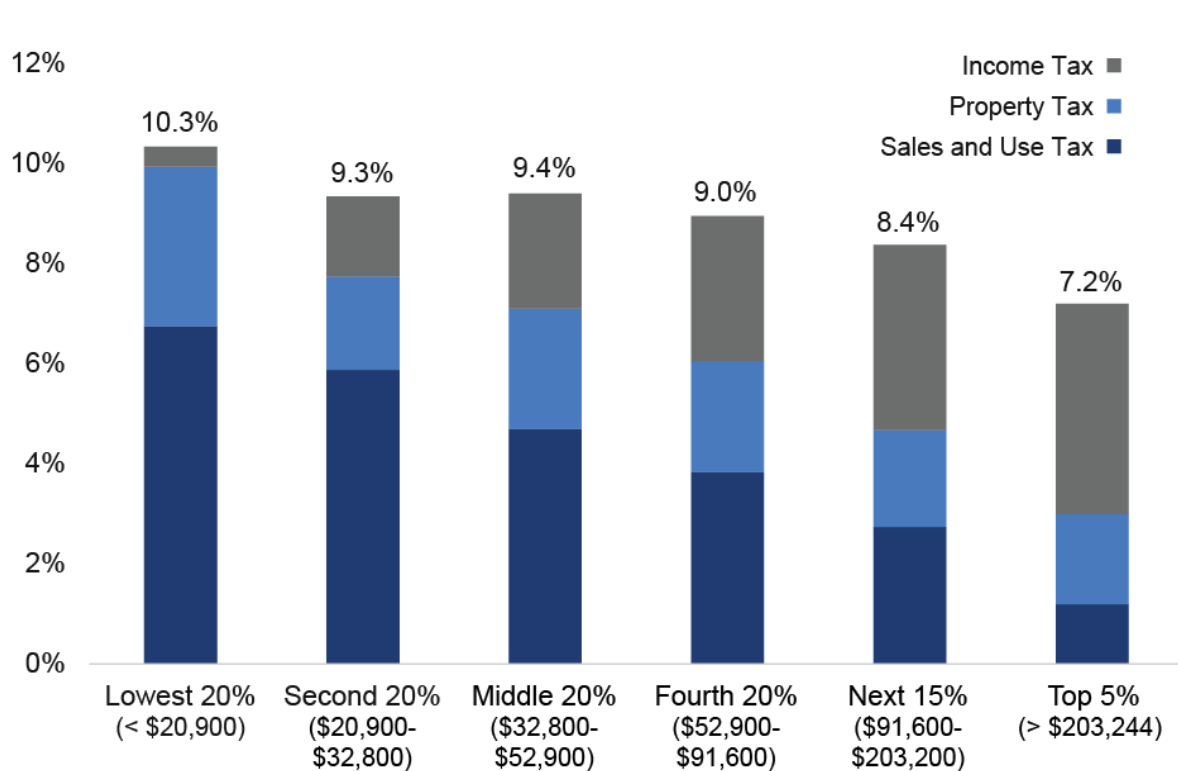
GBPI Analysis includes:

Jobs Tax Credit, Quality Jobs Tax Credit, Employer's Credit for Approved Retraining, and Research Tax Credit – Credits

(\$476 million total, FY 2022)

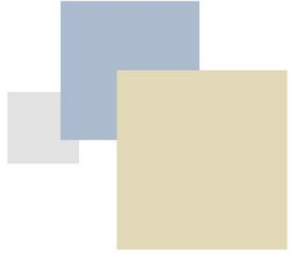
Source: Institute on Taxation and Economic Policy, February 2021.

# Georgians with Lowest Incomes Pay Highest Share of Income in State and Local Taxes



Source: Institute on Taxation and Economic Policy, June 2023.

# KEY RECOMMENDATIONS

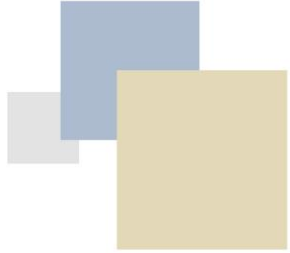


1. Enact a regular review process to comprehensively evaluate the effects of all tax credits and incentives issued by the state, with public reporting and legislative oversight

## Legislative Oversight:

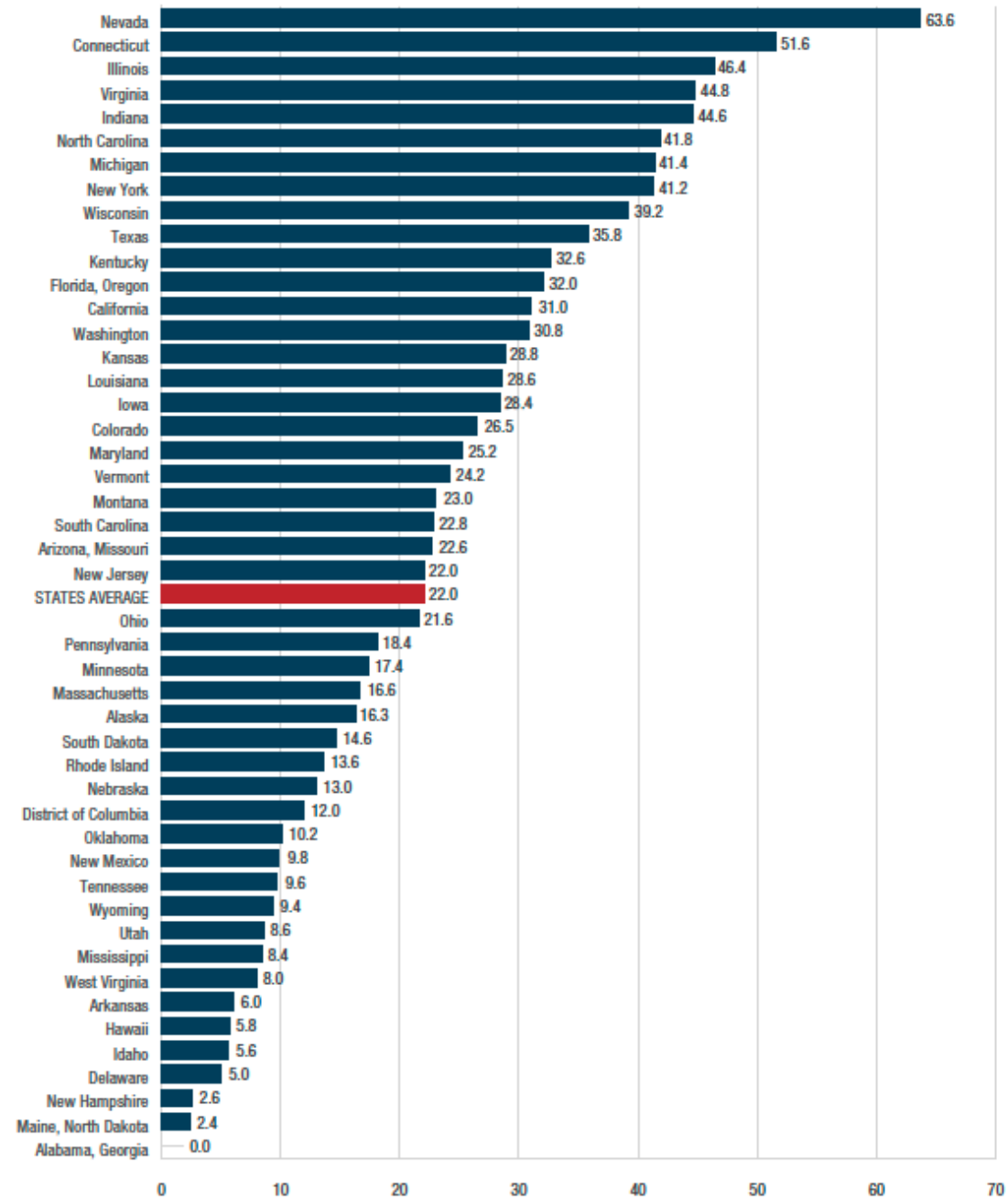
The General Assembly could also create a permanent joint tax review committee to oversee this process

Feature	Includes
Accessibility	<ul style="list-style-type: none"><li>• Regular publication</li><li>• Incorporated into the budget process</li><li>• Available on the Internet</li></ul>
Scope	<ul style="list-style-type: none"><li>• All tax expenditures, including those with lower costs or those benefitting few taxpayers</li><li>• Explicit and implicit tax expenditures</li><li>• Tax expenditures enacted by the state that affect local government</li></ul>
Detail	<ul style="list-style-type: none"><li>• The cost of the tax expenditure, using current data</li><li>• The cost in future years, to allow for comparison with other proposed expenditures</li><li>• A description of the tax expenditure</li><li>• The relevant legal citation and year of enactment</li><li>• Details on the taxpayers who benefit from the tax expenditure</li><li>• Separate reporting for the state and local revenue losses, where applicable</li></ul>
Analysis	<ul style="list-style-type: none"><li>• Classification of tax expenditures using the same categories as direct spending</li><li>• The stated purpose of each tax expenditure</li><li>• Evaluation of the extent to which that purpose has been accomplished</li><li>• Examination of outputs, such as jobs created, distributed to populations disaggregated by race/ethnicity and gender</li><li>• Analysis of the distribution of benefits by income level and size of business</li></ul>



2. Require annual disclosures of recipients, award values, and data on jobs created (including wages) for all state tax credit and incentive programs.

Figure 1: State transparency scores and rankings from best to worst, 2022 (scores out of 100)



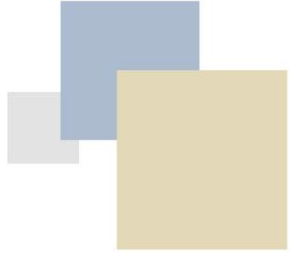
Source: Good Jobs First, April 2022



# KEY RECOMMENDATIONS

## Safeguard and Monitor the Use of Tax Subsidies and Incentives

3. Add sunset dates of no more than five years from the date of enactment for all tax credits and incentive programs
4. Require automatic state audits on recipients of tax credits/incentives over \$1 million
5. Require in-state residency for all credits issued based on number of employees and hiring
6. Require public reporting on total number of transferrable credits sold, with annual reporting of credits issued & total outstanding credits.
  - Include public reporting on outstanding tax credits deferred to be used in a subsequent fiscal year, as part of total outstanding credits.



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