

Joint Tax Credit Review Panel

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Overview

- My Background
- Senate Bill 6 and Tax Credit Reviews
- Relevant Economics of Taxation
 - Efficiency vs. Equity
 - Theory of the Second Best and Optimality
 - Tax Incentives and Competitiveness
 - Some Macro Trends
- Recommendations



Dr. Greg George

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- Director CEA
- Testifying Expert – Multi-State Tax Cases
UDITPA
- Lead Economist OLOST PAC
- Senate Finance Sub-Committee on Tax Reform
– Chaired by Senator Judson Hill.
- Opportunity Zone Liaison

Senate Bill 6 – Key Takeaways



- “Spirit” of the Bill
- Independent Economic Review Component
 - Economic Impact Studies
 - Jobs and “Economic Development”
 - Other Public Interest Considerations
- A Note on the Efficacy of Economic Incentives
 - They work.
 - They can work too well.

Economics of Taxation



- Efficiency vs. Equity
 - Cost of Taxation (Goods vs Services)
 - Progressive vs. Regressive
 - General Fairness – Distributive, Retributive, and Procedural
- Theory of the Second Best
 - Complex Systems with Pre-existing Distortions
- Tax Competitiveness – SE States 2.5% - 6.5%

Macro Trends

- New Jobs:
 - Prompt Engineer
 - Shout Caster
 - Alethicist
 - Influence Manager
- Demographics
- Growth Industries through 2032:
 - Healthcare, Social Services 45% of New Jobs
 - Professional Sciences, Technical Services 21%
 - Fintech, Logistics, Chip Manufacturers

Recommendations

- Be Intentional and Forward Looking
- Consider the Social Welfare Implications of Your Decisions - Quality of Life vs. Standard of Living
- Eliminate Failures
- Focus on Labor Intensive Industries
- Keep an Eye on the Competition
- Think Long Term

Thank You!



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