

## News from GATES...

Georgia Association of Training, Employment and Supports



# THE GATES PORTAL

## Two Days To Sine Die - Tax Reform dies and many bills hang in the balance



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While many in the state enjoyed spring break and hopefully a little time off the House and Senate Leadership met on the budget and revamped the tax reform bill while the majority of the legislature took time off from the session.

### **Tax Reform**

Members of the *Special Joint Committee on Georgia Revenue Structure* appeared concerned about the tax impact of removing the itemized deductions and spent the week revamping the tax bill into a new bill, HB 388. Monday morning, April 11<sup>th</sup>, the committee met and passed out HB 388. Rep. Channell reviewed the new elements of the bill. A few changes were made to address the financial disparity revealed by financial analysis. The largest change proposed moving the state income tax on individuals from 6% to 4.6% and then 4.55% in 2013 and creating a large standard deduction to avoid a tax increase on the middle class. The bill also placed sales tax on auto repairs, casual sales of vehicles and telecommunications services while exempting sales tax on energy in the manufacturing and agricultural processes, just as previous versions had done.

Both Chambers began their voting day at 1pm with the Senate facing two full pages of bills to debate and the House a mere two bills with plans to bring up the tax reform bill, HB 388, before the end of the day. Senate Rules require 3 legislative days for a bill to be considered

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Special  
Announcements



**GATES Board  
Meeting**  
Friday, Apr. 29  
9:30 AM  
Location - TBA

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and so the House would have to immediately transmit the bill over to the Senate to make it to the 40<sup>th</sup> day. By mid-afternoon rumors began to fly that the tax bill was in jeopardy. Finally by 5pm the House announced it would take about an hour break and come back to consider a local resolution.

No TAX bill. Speaker Ralston addressed the press and explained that the fiscal analysis and financial impact of the bill was becoming a challenge because the numbers and projections were in question. Economist and GSU Fiscal Policy Center Director David Sjoquist clearly explained they were working with data from the 2005 tax-year, which they applied tax changes to and then projected forward to 2012 taking into account economic and demographic projections. No easy task if you don't have nice fresh data. Ralston indicated he would be looking for alternative sources to parse the data.

While most were relieved they did not have to vote on a tax bill both House and Senate Republican Leadership expressed the need to bring the issue back either during the Special Session or next year once there was confidence in the financial impact on the state and individuals.

For now the issue is at rest.

#### ***FY 2012 Budget***

The House and Senate Budget Conference Committee met twice during the break; Senators Renee Unterman, Ross Tolleson and Appropriations Chairman Jack Hill met with Representatives Jan Jones, Larry O'Neal and Appropriations Chairman Terry England.

The two most critical issues they were awaiting resolution on were the revenue numbers for March and the financial impact of a tax bill. By Monday the tax bill was off the table and the March revenue figures came in at 10.7% over the previous year. Governor Deal expressed confidence that Georgia is growing itself out of a budget challenge and feels good about FY 2012 projections. However, the state budget is \$3 billion less than it was just a few years ago and most programs have received between an 8-15% cut in funding. So while the FY 2012 budget winds through the final stages of the legislative process many programs and services propped up by federal stimulus funding will experience budget cuts going into the new fiscal year.

#### **Links for your reference:**

*Special Council on Tax Reform and Fairness for Georgians*

<http://fiscalresearch.gsu.edu/taxcouncil/>

Georgia General Assembly

<http://www.legis.ga.gov>

Georgia Budget and Policy Institute

<http://www.gbpi.org/>

receive *THE PORTAL*, please send their email address to:  
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*THE PORTAL* is a communication tool for GATES and GATES members. If you have stories about your organization, staff announcements, program descriptions, or other information you want to share with other GATES members, please send the info to Charles Hall, [chall@asginfo.net](mailto:chall@asginfo.net)



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