

Fiscal Research Center

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Georgia Budget Notes



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BUDGET BRIEF: PER CAPITA TAXES AND INCOME

Alan Essig

Introduction

One way of looking at how the state budget has grown during the 1990's is to look at Georgians per capita state taxes as compared to Georgians per capita personal income. Has the tax burden of Georgians increased during over the past 10 year when comparing taxes to incomes? How does Georgians tax burden compare nationally and among southern states?

Georgia Per Capita State Tax and Per Capita Income

Between Fiscal Year (FY) 1993 and FY 2003 Georgians per capita state taxes (unadjusted for inflation) grew by 30.3 percent, while Georgians per capita income increased by almost 45 percent. Per capita state taxes as a percentage of per capita income fell from 6.02 percent in FY 1993 to 5.41 percent in FY 2003. The tax collections as a percentage of income averaged 6.01 percent between FY 1993 and FY 2001. (See Table 1)

Per Capita State Tax and Per Capita Income 50 State Comparison

In FY 2002, Georgia had the 13th lowest per capita state tax burden, the 28th highest per capita income, and the 15th lowest state taxes as a percentage of income of the 50 states. Of the 16 states of the Southern Legislative Conference, Georgia had the 7th lowest per capita tax burden, the 6th highest per capita income, and the 8th lowest state taxes as a percentage of income. Table 2 shows how Georgia compares to the 16 states of the Southern Legislative Conference (SLC) in regards to state taxes as a percentage of per capita income.

The Fiscal Research Center mission is to promote the development of sound public policy and public understanding of issues concerning state and local governments. Georgia Budget Notes address specific budget issues confronting Georgia's state government and are issued periodically.

For more information contact David L. Sjoquist, Director, or Sally Wallace, Associate Director, at 404-651-2782, or visit our website at frp.aysps.gsu.edu.

TABLE 1: PER CAPITA STATE TAXES AS PERCENTAGE OF PER CAPITA INCOME

Fiscal Year	Tax Collections ¹	Georgia Population ²	Per Capita Tax	Per Capita Income ³	Tax Collections as Percentage of Income
1993	\$8,249,864,703	6,894,000	\$1,197	\$19,886	6.02%
1994	\$8,906,515,809	7,046,000	\$1,264	\$20,841	6.07%
1995	\$9,625,658,475	7,328,000	\$1,314	\$21,806	6.02%
1996	\$10,446,184,459	7,501,000	\$1,393	\$23,055	6.04%
1997	\$11,131,393,549	7,685,000	\$1,448	\$23,911	6.06%
1998	\$11,718,182,319	7,864,000	\$1,490	\$25,447	5.86%
1999	\$12,696,109,796	8,046,000	\$1,578	\$26,536	5.95%
2000	\$13,781,937,492	8,186,000	\$1,684	\$28,103	5.99%
2001	\$14,688,987,803	8,384,000	\$1,752	\$28,523	6.14%
2002	\$14,005,479,208	8,560,000	\$1,636	\$28,821	5.68%
2003	\$13,624,846,657	8,731,000 ⁴	\$1,560	\$28,821 ⁵	5.41%

TABLE 2: PER CAPITA SHARE OF STATE TAXES AS PERCENTAGE OF PER CAPITA INCOME FOR SLC STATES: FY 2002

States	Per Capita Tax ⁶	Per Capita Income	Tax Collections as Percentage of Income
West Virginia	\$1,971	\$23,688	8.32%
Arkansas	\$1,857	\$23,512	7.90%
Kentucky	\$1,948	\$25,579	7.62%
Mississippi	\$1,646	\$22,372	7.36%
Oklahoma	\$1,732	\$25,575	6.77%
North Carolina	\$1,867	\$27,711	6.74%
Louisiana	\$1,638	\$25,446	6.44%
Alabama	\$1,533	\$25,128	6.10%
SLC Average	\$1,667	\$27,325	6.10%
U.S. Average	\$1,853	\$30,941	5.99%
Georgia ⁷	\$1,608	\$28,821	5.58%
South Carolina	\$1,399	\$25,400	5.51%
Missouri	\$1,592	\$28,936	5.50%
Maryland	\$1,982	\$36,298	5.46%
Virginia	\$1,752	\$32,922	5.32%
Florida	\$1,484	\$29,596	5.01%
Tennessee	\$1,345	\$27,671	4.86%
Texas	\$1,316	\$28,551	4.61%

Discussion

During the 1990s, as incomes of Georgians increased, the percentage of income used to fund state government stayed relatively constant. In other words, the tax burden of Georgians did not increase. Until the recession hit Georgia during FY 2002, tax revenues as a percentage of personal income remained at around 6 percent. One reason for this is that between FY 1993 and FY 2001 Georgians received over \$1 billion in tax cuts. Georgia has been below both the national and SLC average in

regards to tax revenues as a percentage of personal income. In other words, between FY 1993 and FY 2001, the overall state tax burden of Georgians appeared to be lower than the state tax burden of citizens in most other states.

The recession caused a large decrease in tax revenues in both FY 2002 and FY 2003. During this period, the population continued to increase by approximately 2 percent per year and per capita personal income increased by 1 percent in FY 2002. This resulted in tax revenues as a percentage of personal income to decrease from 6.1 percent in FY 2001 to 5.4 percent in FY 2003. If tax collections as a percentage of income remained at the 1990's average of 6 percent in FY 2003, the state would have collected over \$1.47 billion more in revenues. In addition, an average of 6 percent would still leave Georgia at or below the national and SLC average, and with a tax burden no higher than in FY 1993.

NOTES

1. Audited collections from Governors Budget Report FY 1996 through FY 2004.
2. United States Census Bureau, <http://www.census.gov>.
3. United States Bureau of Economic Analysis and Bureau of the Census <http://www.bea.doc.gov/bea/regional/statelocal.htm>.
4. The population figure for FY 2003 assumed a 2 percent growth over the July, 1 2002 census report of Georgia population.
5. The actual 2003 personal income statistics are not available.
6. United States Census Bureau, <http://www.census.gov/govs/www/statetax.html>.
7. The FY 2002 Georgia Per Capita tax of \$1,608 in Table 2 is based on data as reported to the United States Census Bureau. The FY 2002 Georgia Per Capita tax of \$1,636 is based on actual audited collections as reported in the Governors Budget Report. The Census data does not include all revenues collected.