Senate Resolution 756 threatens to disrupt Georgia’s long-term finances and harm the state’s ability to remain an attractive state for families and businesses

- Passing the amendment creates a rigid formula in Georgia’s constitution that inflicts a series of never-ending automatic revenue cuts based on arbitrary targets. This formula is harmful to Georgia’s growth, especially if coupled with House Bill 238’s proposal to create a flat income tax of 5.4 percent, which is detailed in a companion GBPI analysis.
- Lower revenue could harm Georgia’s capacity to meet increasing educational and infrastructure needs of a swelling population. After growing by 3.7 million people from 1990 to 2015, Georgia is expected to grow by another 3.8 million people from 2015 to 2040.
- New workers and families will require quality schools, well-maintained infrastructure and adequate community services such as health care and public safety.
- Income taxes have kept up with Georgia’s growing needs in recent decades while sales tax collections have lagged. Those trends will likely continue because income taxes are inherently better at keeping up with a changing economy.

Forcing arbitrary formula into Constitution threatens reserves and AAA bond rating

- Future legislators and governors need flexibility to ensure Georgia continues to raise the resources to meet its growing needs.
- A similar tax amendment passed in 2014 raised alarm with bond rating agencies. Industry leader Moody’s noted “A significant strength of state management lies in its broad powers and resources to manage its finances in the face of volatility… Georgia’s constitutional cap has stripped the state of that option with respect to its personal income tax.”
- Proposed cap in surplus funds amounts to less than 10 percent of current revenue. That could undermine state’s ability to prepare for rainy days.