



Reimagining Revenue:

How Georgia's Tax Code Contributes to Racial and Economic Inequality

*Georgia needs a stable, equitable revenue system
in order to fund our shared priorities like:*



Health Care



Services for
Families with
Low Incomes



Public Schools

However, Georgia's revenue system is **outdated and regressive**. Historic policies and practices such as slavery, Jim Crow and the poll tax have combined with modern injustices (like discrimination in hiring, mass incarceration and barriers to broadband access in areas like Georgia's Black Belt, where slavery was once concentrated and a large number of Black families still reside) to create a segregated economy, one where people of color have less wealth and lower incomes than their white counterparts.

Race/Ethnicity of Household	Median U.S. Wealth (2019)	Median U.S. Income (2019)
White	\$188,200	\$69,000
Black	\$24,100	\$40,300
Hispanic	\$36,200	\$40,700
Other/Multiple Races	\$74,500	\$55,700

Revenue Policies that Contribute to Inequities

Historic Policies

- ➡ Georgia's poll tax disenfranchised potential Black voters or required them to pay a steep price to cast their ballot. Enslaved people under 60 had to pay approximately \$5,329 when adjusted for inflation.
- ➡ Local officials and assessors weaponized the state property tax, which ended in 2016, so that Black landowners paid greater rates than white landowners for similar land. Discrimination in housing laws and real estate practices also contributed to the devaluation of black-owned property and communities.

Modern Policies

- ➡ Because Georgia's Sales and Use Tax does not include digital downloads or services such as landscaping or accounting that are used more by white people, Black Georgians pay an estimated 30% more of their share of income on sales tax than their white counterparts.
- ➡ Georgia's income tax system suffers from an outdated bracket structure, increasingly preferential treatment for the highest income earners and massive amounts of revenue lost to corporate subsidies. Reductions in the top income tax rate only exacerbate racial inequities as people of color disproportionately make up the bottom 80% of income earners, with white Georgians making up a larger share of the top income bracket than would otherwise be expected under an even distribution.
- ➡ Corporate subsidies are largely unchecked, and 90% of benefits go to those in the top 20%, earning in excess of \$100,000 annually, who are disproportionately white.
- ➡ Criminal legal system fines and fees imposed by state and local governments further worsen racial and economic inequalities and are deeply rooted in a racist history that places a disproportionate burden on people of color. Because of disparate policing practices and other factors, Black adults are incarcerated at twice the rate of their white peers, representing 51% of the population in state jails and 60% of those in prisons.

There are opportunities for targeted changes in our tax code that would advance racial equity

- ✔ Reforming Georgia's sales tax to include business services, professional services and other areas of the economy currently carved out.
- ✔ Improve transparency around credits, subsidies and tax expenditure programs to ensure that future policy decisions are antiracist, inclusive and equitable to benefit residents statewide.
- ✔ Enact an Earned Income Tax Credit and Child Tax Credit and strengthen the Child and Dependent Tax Credit to be fully refundable. These credits that benefit families and workers with low or moderate incomes already exist at the federal level and benefit people of color throughout the state.
- ✔ Pause costly corporate tax credit programs until the state can implement a comprehensive system of evaluation, including racial equity in job and wealth creation as a key metric to determine the return on investment, and eliminate credits and programs that do not create sufficient economic activity and equitable job creation.

Learn more at gbpi.org/ReimaginingRevenue