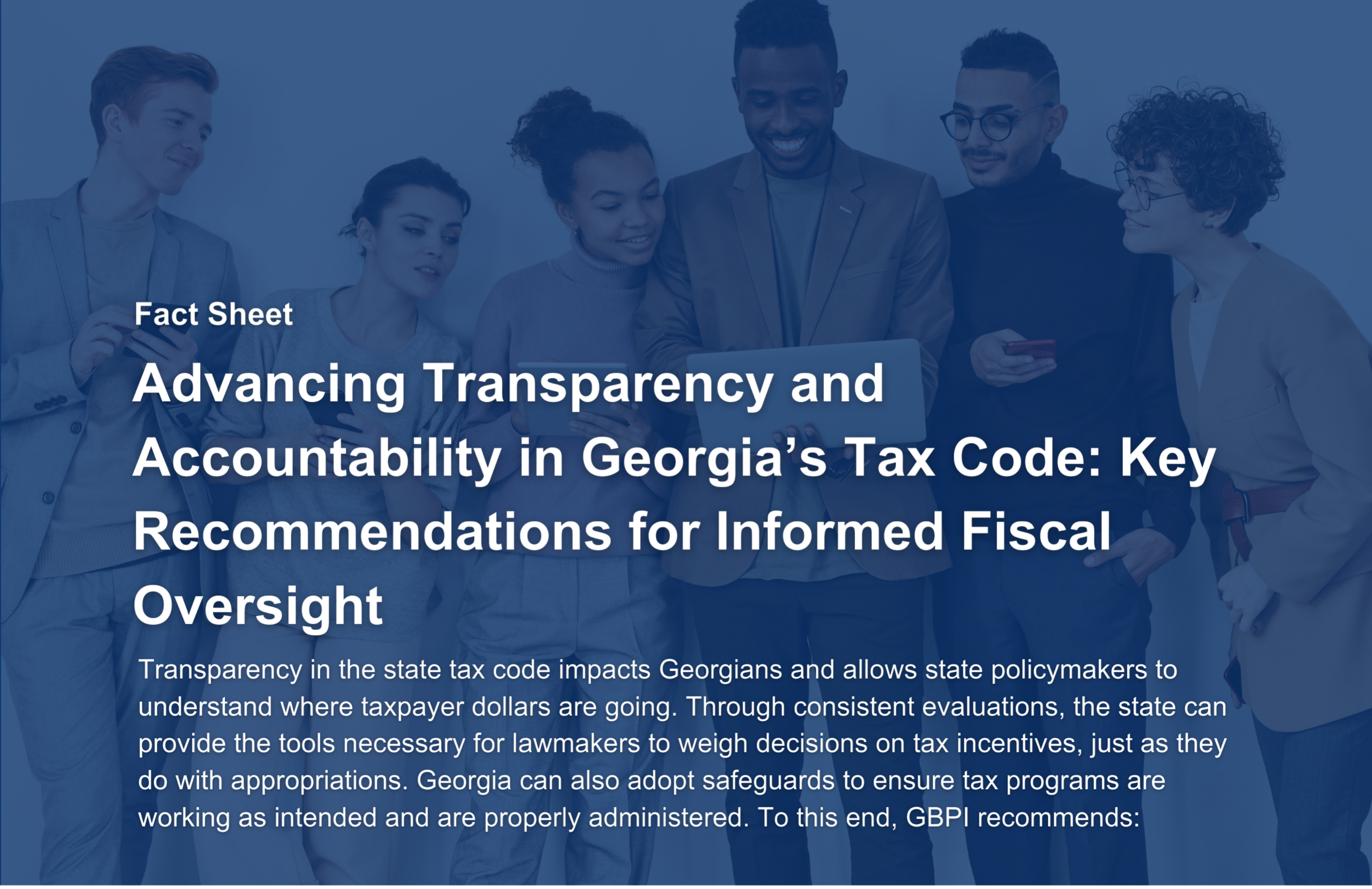

Fact Sheet

Advancing Transparency and Accountability in Georgia's Tax Code: Key Recommendations for Informed Fiscal Oversight

Transparency in the state tax code impacts Georgians and allows state policymakers to understand where taxpayer dollars are going. Through consistent evaluations, the state can provide the tools necessary for lawmakers to weigh decisions on tax incentives, just as they do with appropriations. Georgia can also adopt safeguards to ensure tax programs are working as intended and are properly administered. To this end, GBPI recommends:

1. Require that all tax credit and tax incentive programs issued by the state undergo a regular, standardized evaluation, with public reporting and legislative oversight. In the model of 2023's Joint Tax Credit Review Panel, the General Assembly could create a permanent joint tax review committee to oversee the evaluation process. This process should ensure that all state tax expenditure programs are comprehensively evaluated at least once every four years. Evaluations should follow best practices in other states (see Georgia presentation from Pew Charitable Trusts) and help connect evaluation findings to policymaking.

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2. Require annual public disclosures of recipients, award values and data on jobs promised and created (including wages) for all state tax credit and incentive programs. Data should be posted online and presented in a way that is easily accessible to Georgians. State clawback actions, in which credits are rescinded from recipients, should be disclosed when metrics for issued credits are not achieved.

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3. Add sunset dates of no more than five years for all tax credits and incentive program statutes.

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4. Require automatic state audits of recipients who receive tax credits or subsidies of $1 million or higher.

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5. Require comprehensive annual public reporting of transferable credits issued and outstanding, including those sold. This reporting system should include those tax credits that are deferred to be used in a subsequent fiscal year.

6. Companies receiving film tax credits should only be eligible to claim expenses for workers who are in-state residents. Additionally, there should be an overall annual cap to reflect the amount of state funds appropriated for the program.

7. Require public audits and reviews of economic development deals done through bond-lease agreements at both the state and local levels. Reports should be issued annually throughout the duration of such agreements.

8. As state leaders reduce resources allocated to programs deemed inefficient, lawmakers can prioritize implementing refundable tax credits to reduce poverty and boost incomes. Georgia should increase its current Child and Dependent Care Tax Credit (CDCTC) from 30% to 100% of the federal level and make it fully refundable, meaning recipients can claim the full value of the credit they are eligible for regardless of the amount they pay in state income taxes. This strategy recognizes that lower income residents pay a variety of other taxes, including sales and use taxes, gas taxes and other fees. Georgia could also boost take-home-pay for hundreds of thousands of families by following the lead of 31 states with an Earned Income Tax Credit (EITC), and 14 states with a Child Tax Credit (CTC).