

June 30, 2022

Fiscal Research Center

The Shape of Georgia's Economic Recovery from the COVID Recession

Robert D. Buschman, Ph.D.
FRC Associate Director

Presentation to the Georgia Fiscal Management Council

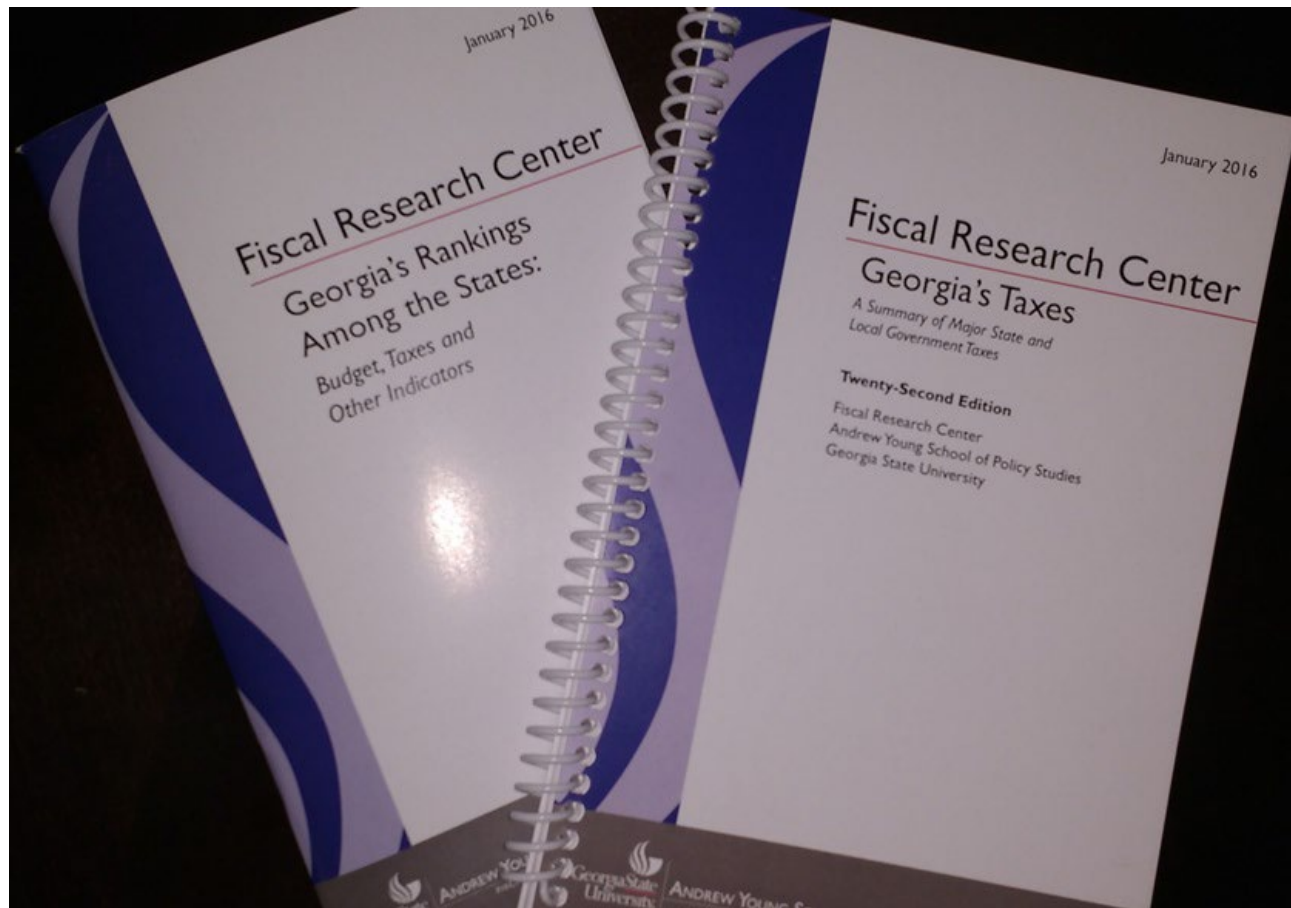
About the Fiscal Research Center (FRC)

Non-partisan academic think tank that leverages the Andrew Young School of Policy Studies' public finance expertise to assist Georgia's state and local policy-makers on questions of tax and economic policy.

- **Technical assistance to state government:**
 - **"Fiscal notes"**
 - **Georgia Tax Expenditure Report**
<http://opb.georgia.gov/tax-expenditure-reports>
 - **Tax Incentive Evaluations**
 - **Study committee support and other**
- **Technical assistance to local governments:**
 - **Incorporation studies**
 - **Revenue analysis and forecasting**
- **Technical assistance projects outside Georgia**
- **Academic research**

frc.gsu.edu

Annual publications

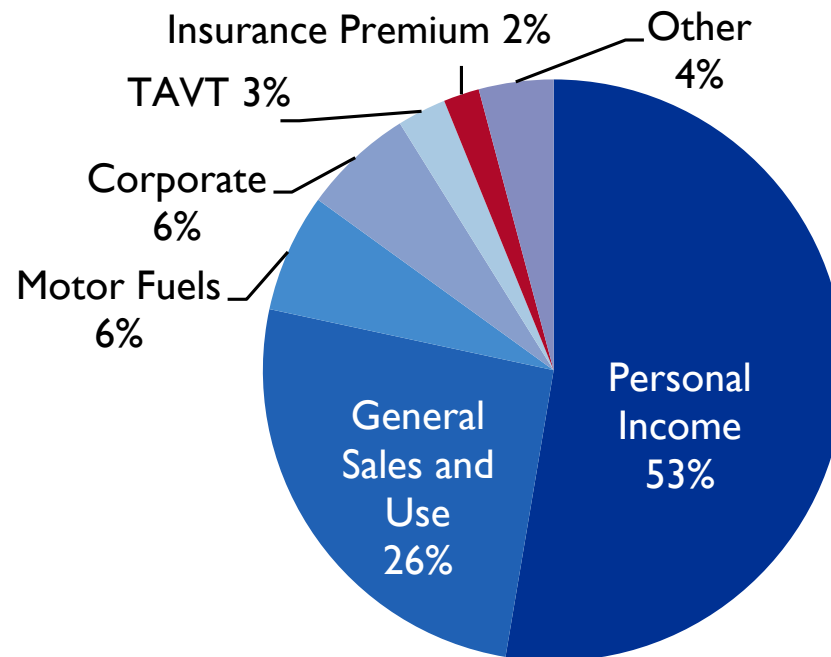


frc.gsu.edu

Annual publications: Georgia's Taxes

State General Fund Tax Collections

Fiscal Year Ending June 30, 2021



frc.gsu.edu

Annual publications: Georgia's Taxes

For each state and local tax:

- *Tax Base and Rate Structure*
- *Major Exemptions and Special Provisions (if any)*
- *Administrative Responsibilities and Payment Dates*
- *History of Major Changes*
- *Revenue Production (5 years)*
- *Comparisons with Other States*
- *Georgia Code References*

frc.gsu.edu

Annual publications: Georgia's Rankings Among the States



Per Capita State & Local Taxes, FY 2019

RANK	STATE	IN \$	RANK	STATE	IN \$
1	New York	10,213	25	New Hampshire	5,191
2	North Dakota	8,560	26	Alaska	5,115
3	Connecticut	8,308	27	New Mexico	5,073
4	New Jersey	7,950	28	Nevada	4,850
5	Hawaii	7,848	29	Utah	4,841
17	Colorado	5,617	41	Kentucky	4,203
18	Wyoming	5,564	42	Georgia	4,125
19	Nebraska	5,563	43	Arizona	4,099
►	50-State Average	5,418	44	Missouri	4,079
20	Iowa	5,393	45	Florida	3,987

frc.gsu.edu

Fiscal Notes

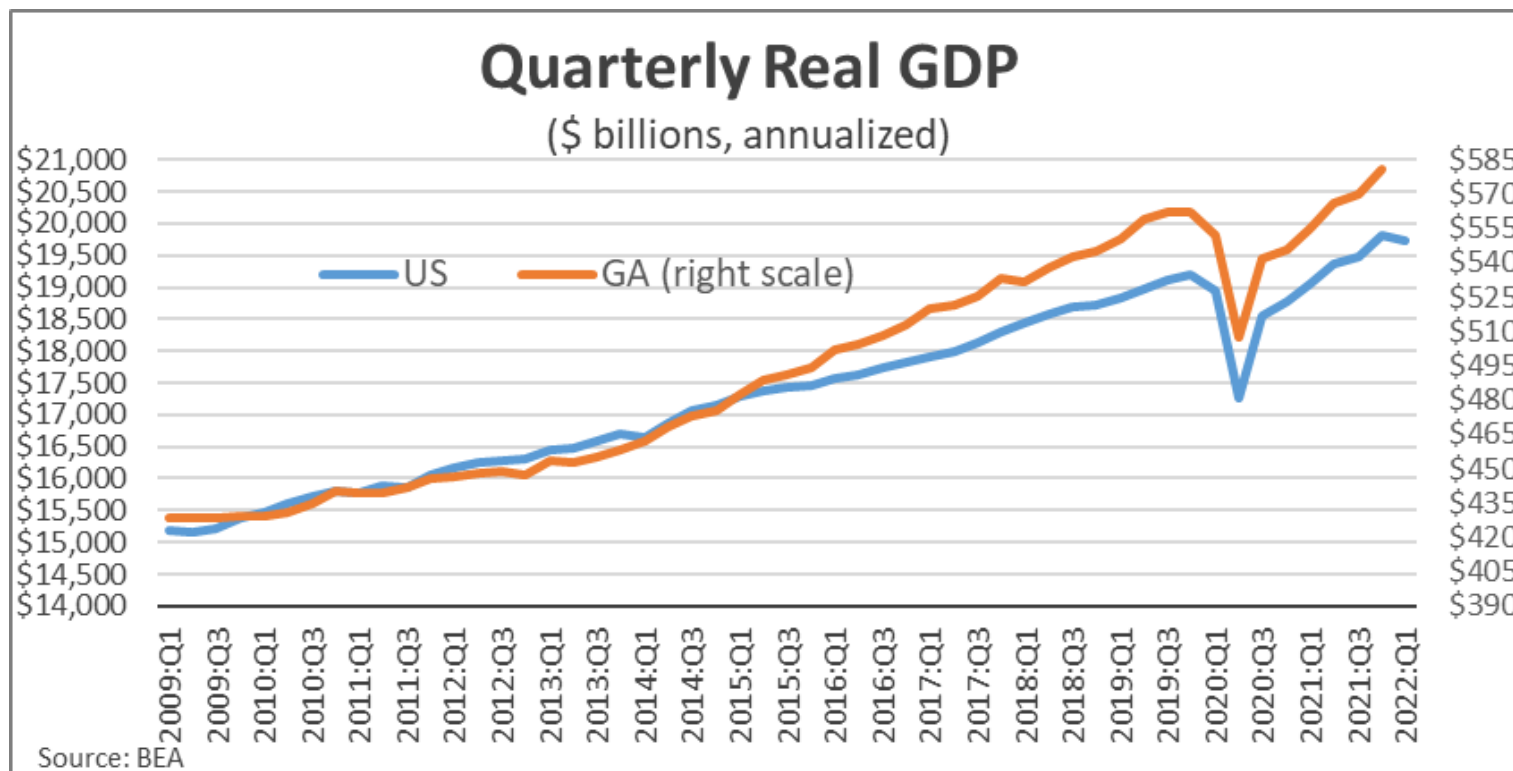
- *Analysis of impact of proposed legislation on the state budget.*
- *Responsibility of the Office of Planning and Budget (OPB) and the State Auditor (Audits).*
- *For revenue related fiscal notes, the state contracts with the FRC for the analysis and estimates necessary.*
- *The FRC has been preparing such revenue fiscal notes since 2005.*

The Shape of Georgia's Economic Recovery from the COVID Recession

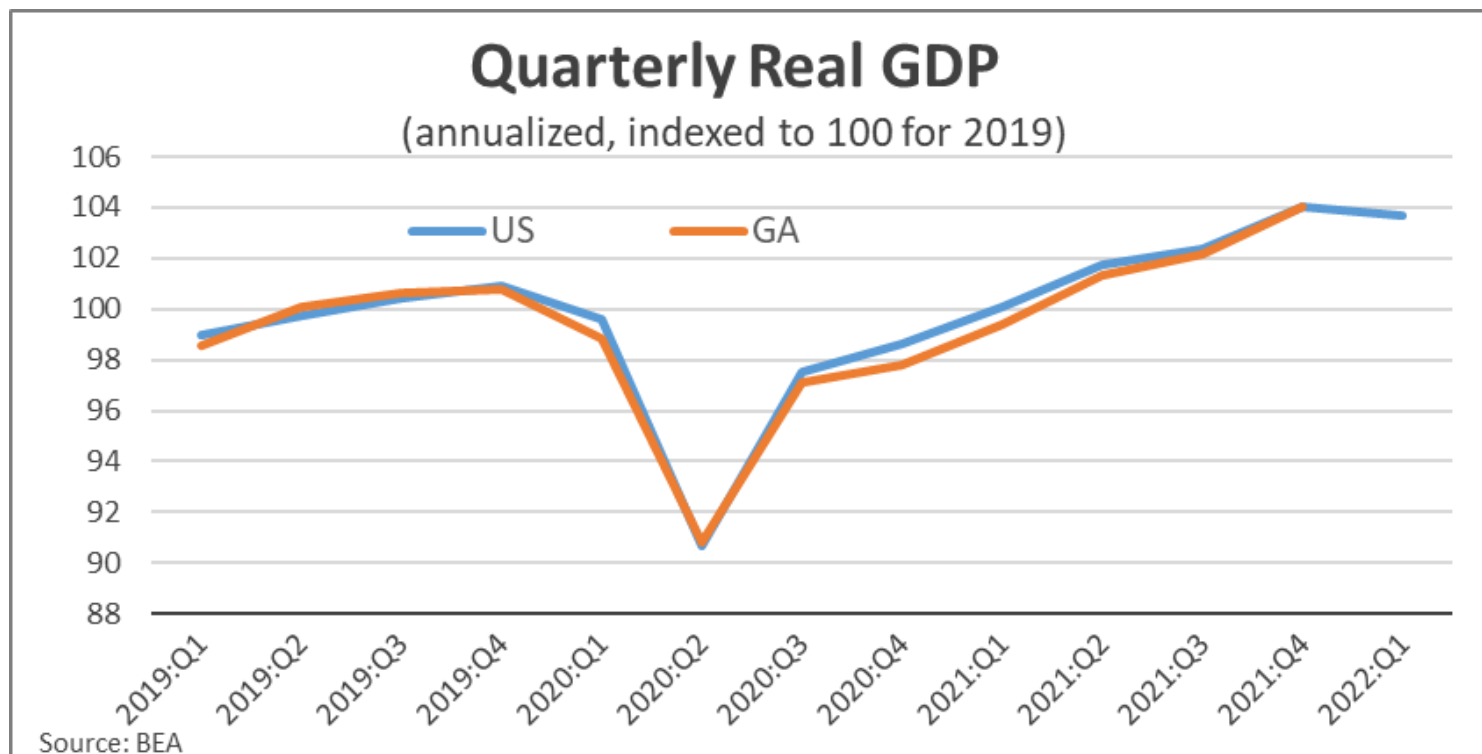
Overview:

- *How has the COVID-19 pandemic impacted Georgia's economy and state revenues, and how is the recovery going?*
 - *What has been the economic impact?*
 - *Real GDP*
 - *Employment*
 - *Income*
 - *Consumer spending*
 - *How has the pandemic impacted state revenues?*
 - *Sales taxes*
 - *Income taxes*
 - *What's the outlook?*

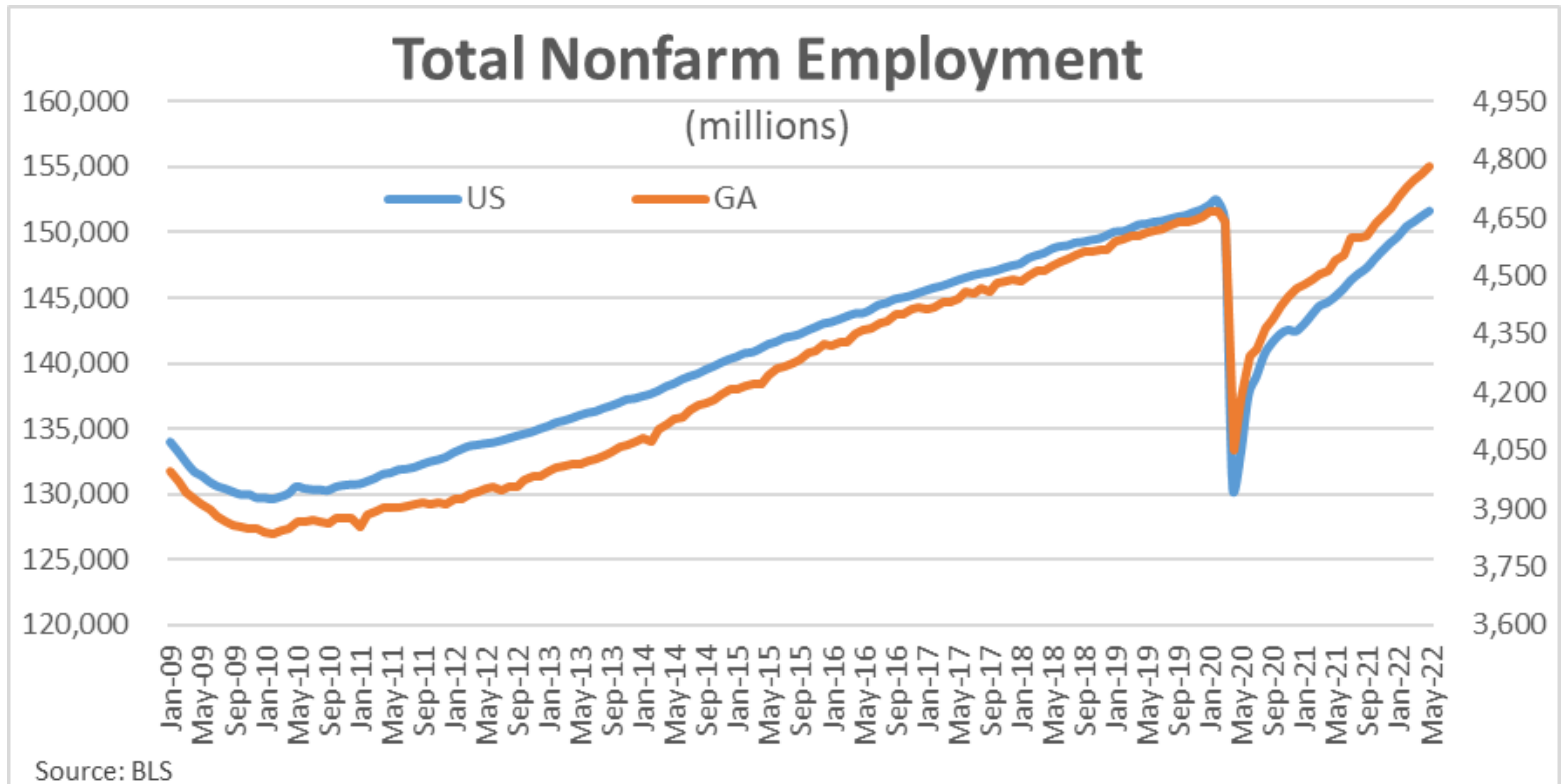
Real GDP: US and Georgia



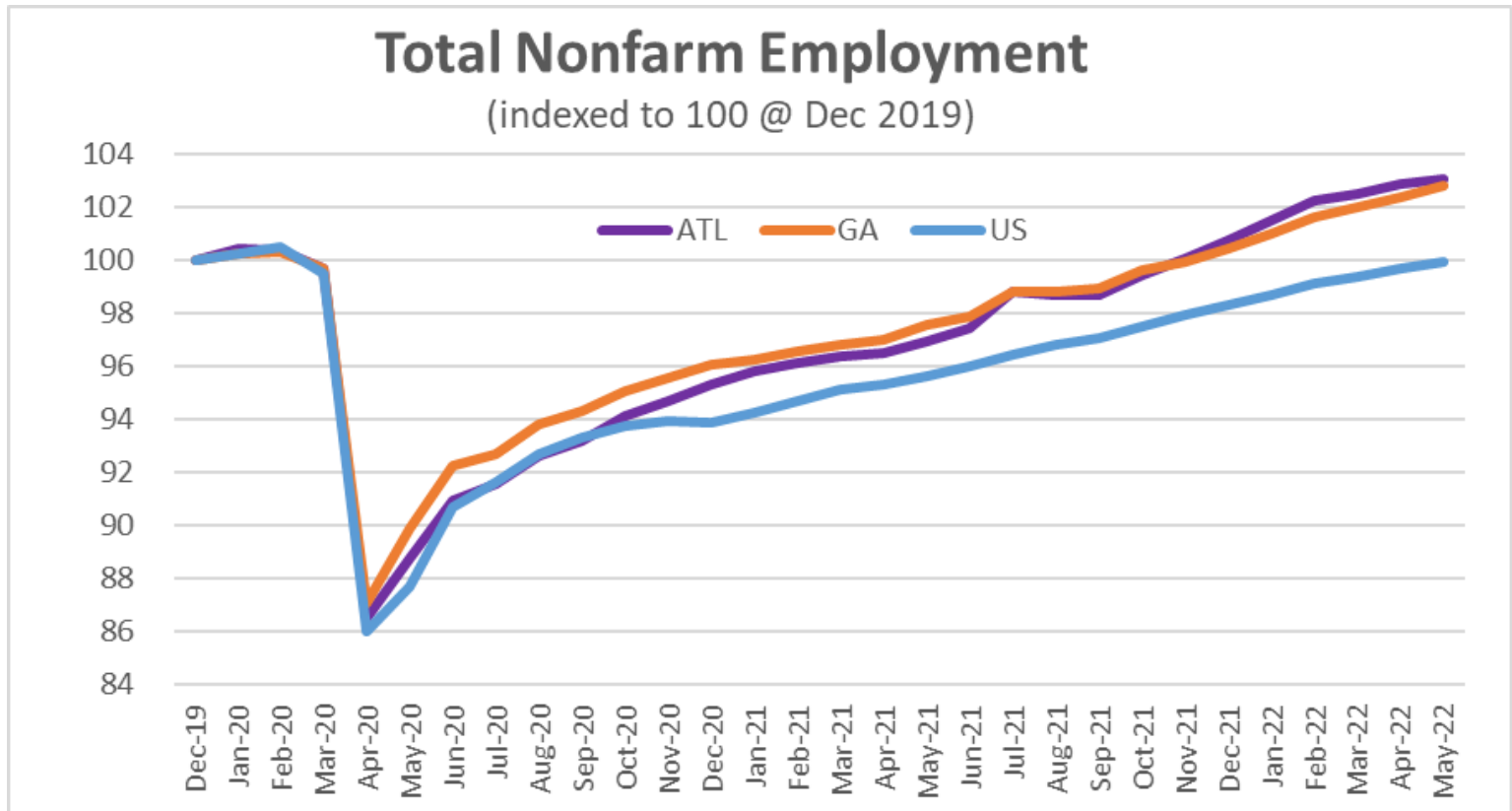
Real GDP: US and Georgia



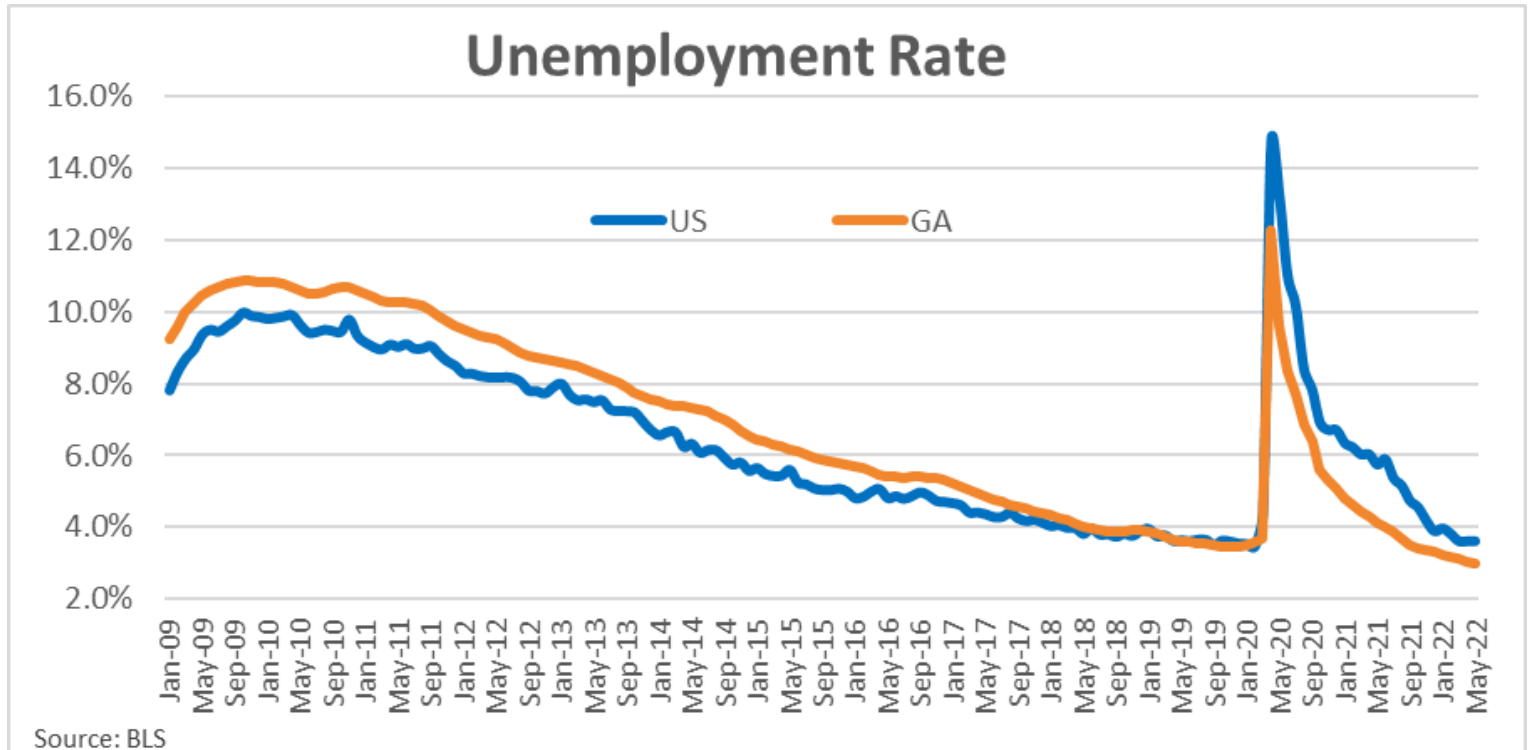
Employment



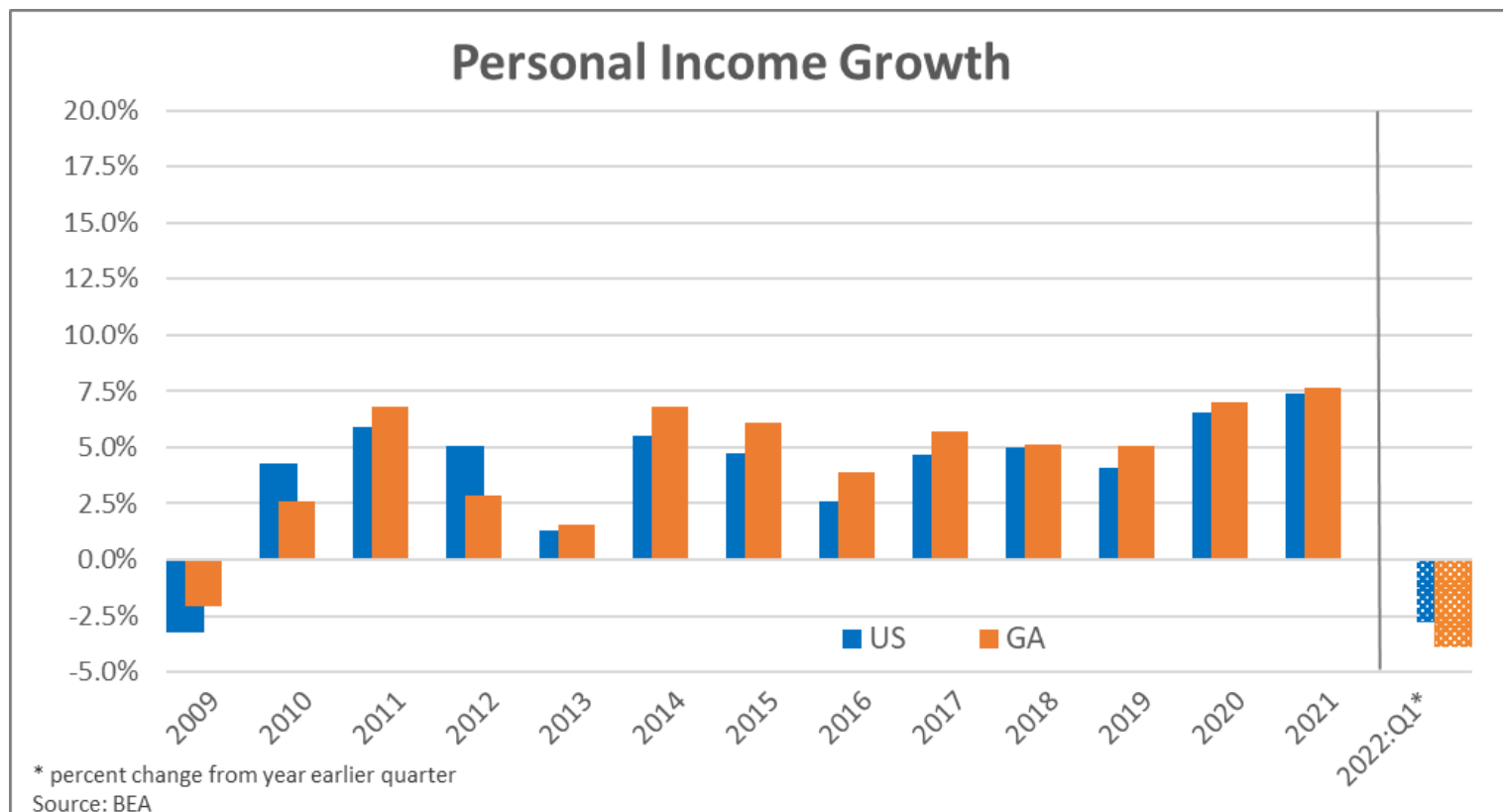
Employment



Employment

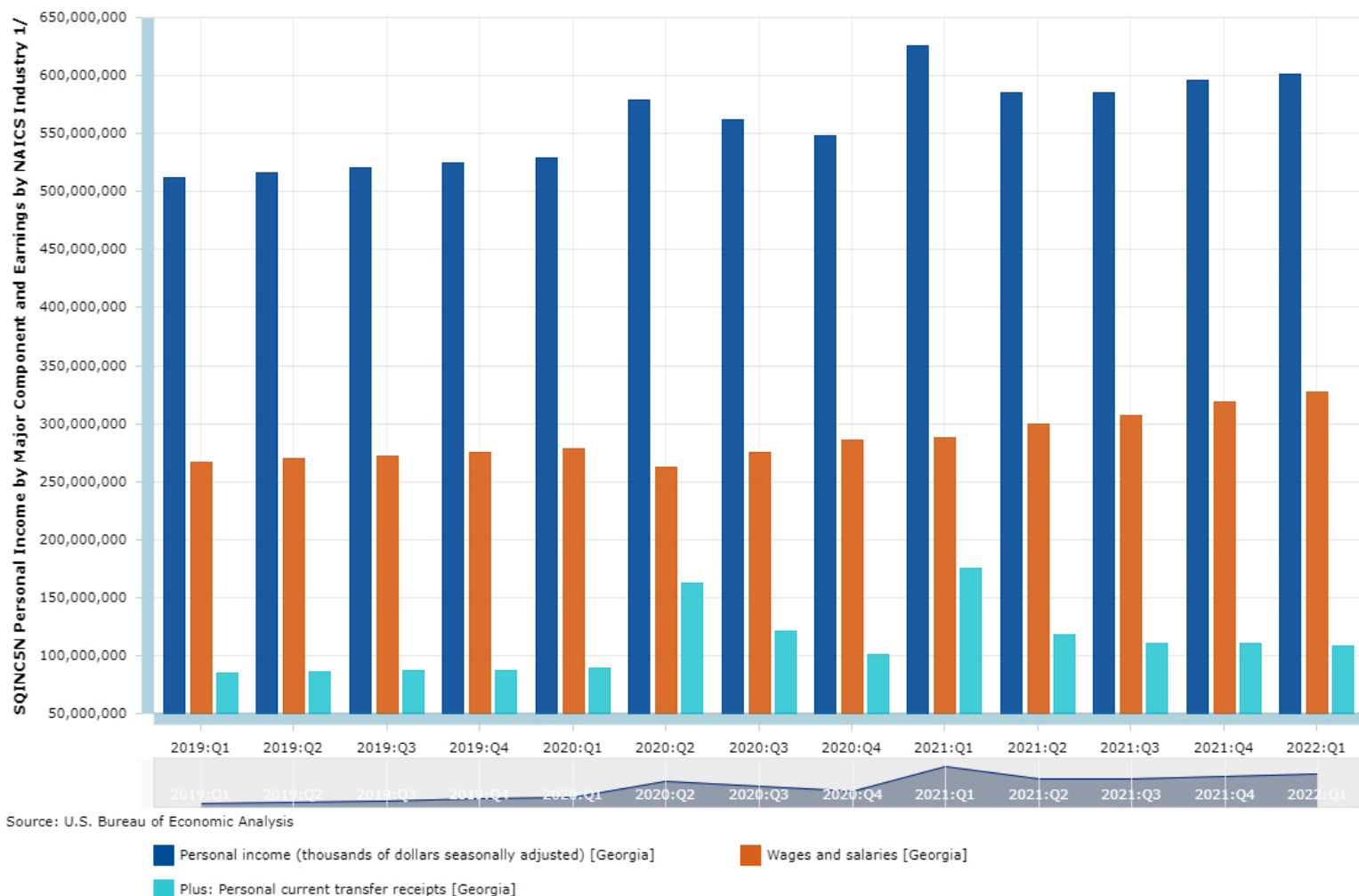


Personal Income: US and Georgia



Personal Income: Select Sources, Georgia

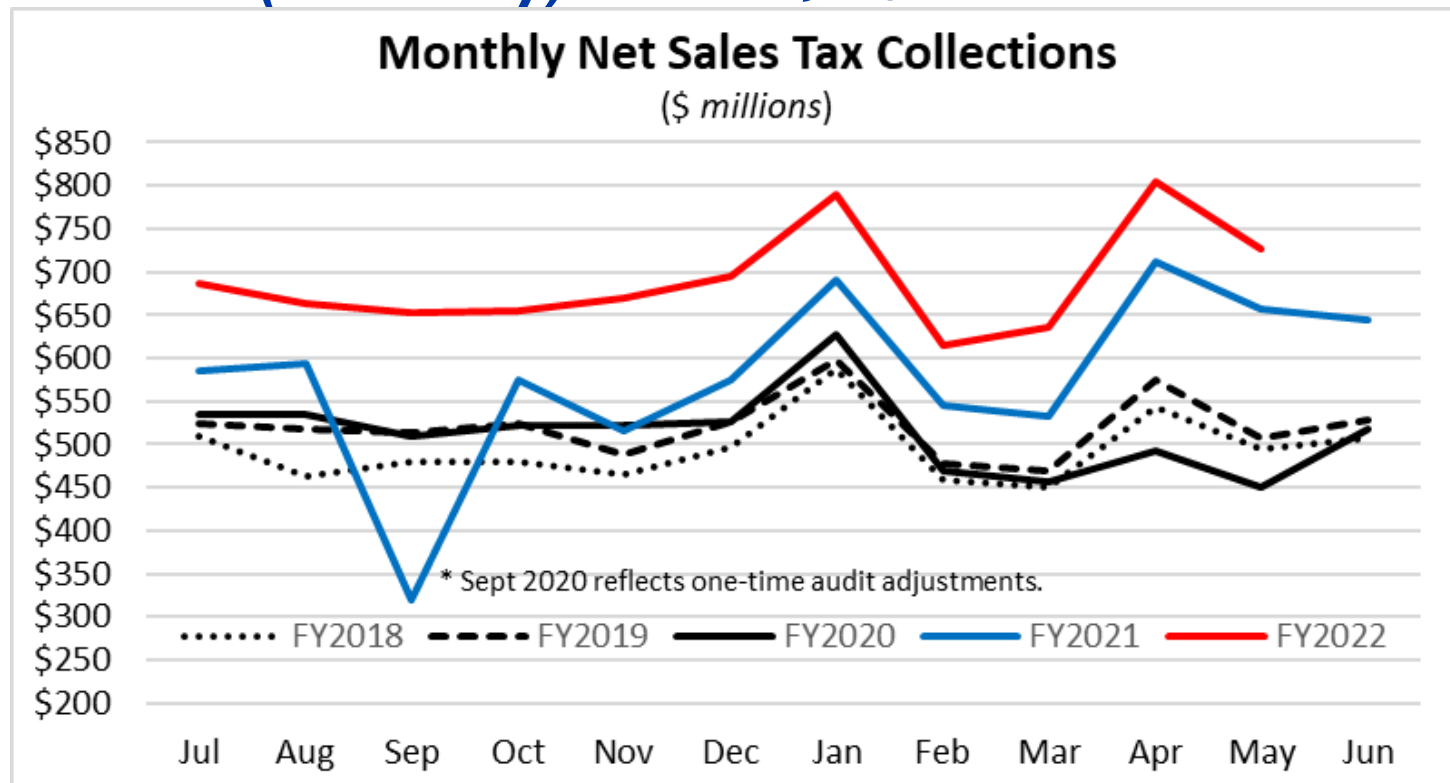
SQINC5N Personal Income by Major Component and Earnings by NAICS Industry 1/



Source: U.S. Bureau of Economic Analysis

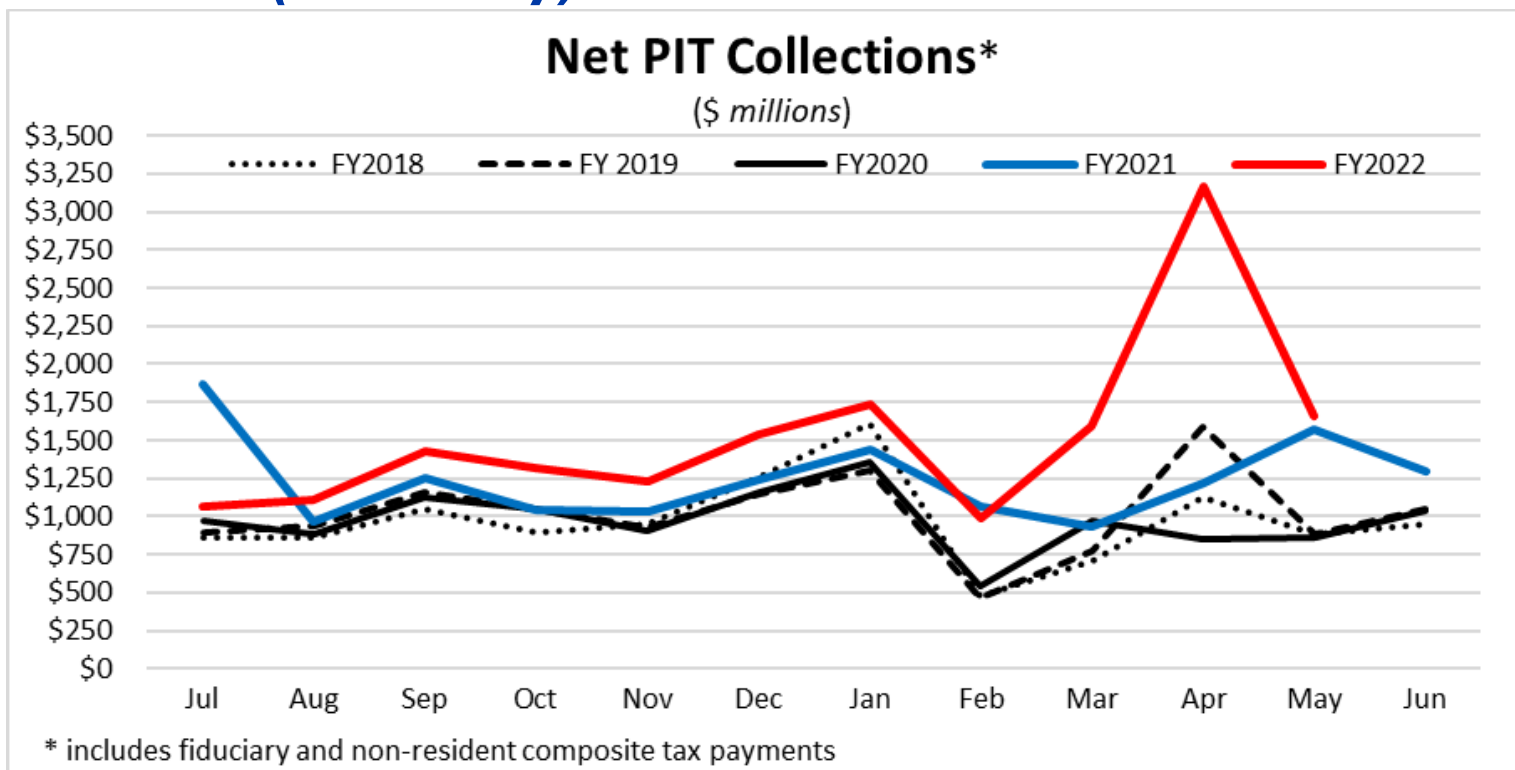
State Sales Tax Collections

- **Fiscal Year 2020: -1.4%, -\$89 million**
- **FY 2021: +12.7%, +\$785 million**
- **FY 2022 (YTD May): +20.5%, +\$1.29 billion**



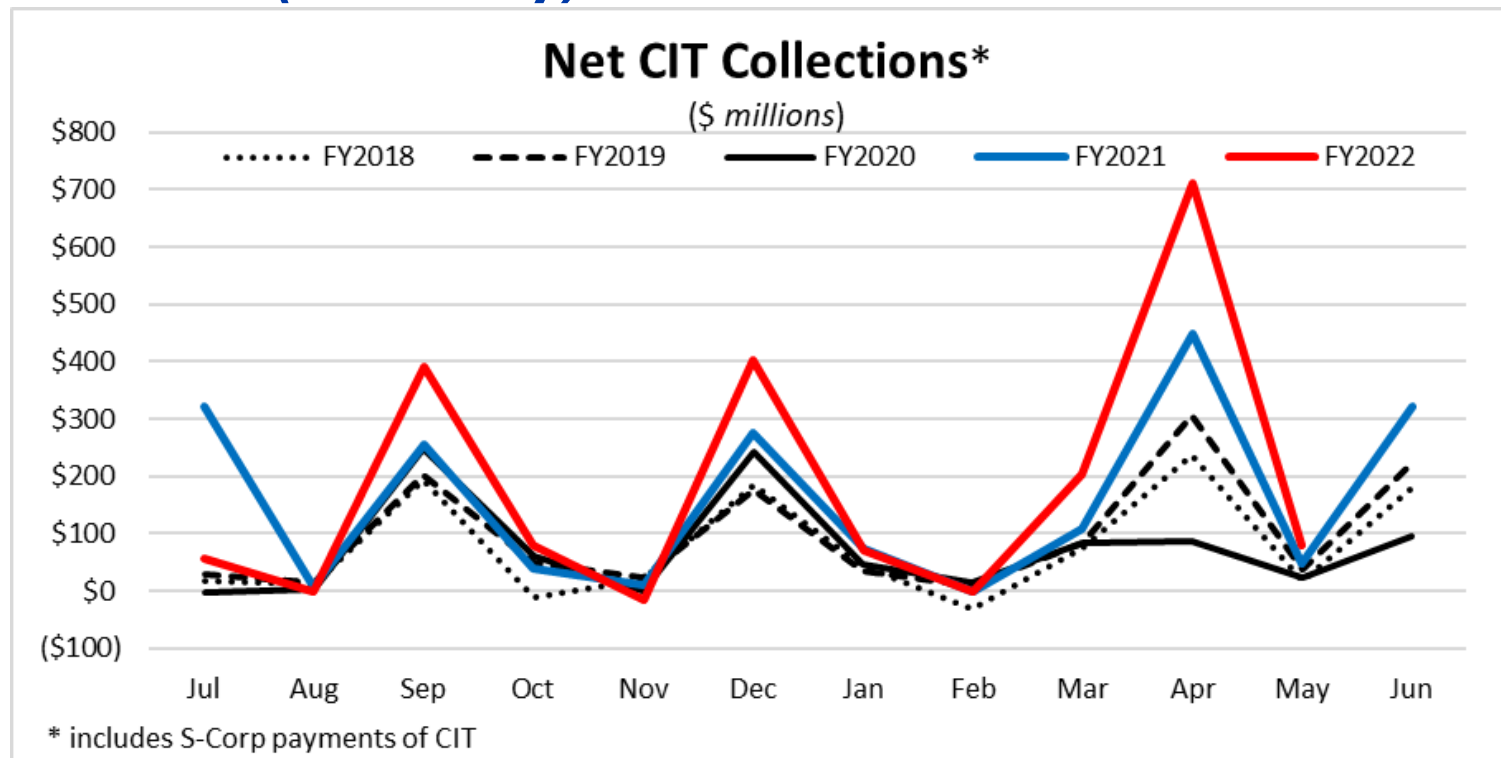
Personal Income Tax Collections

- **FY 2020 (adj): +1.9%, +\$231 million**
- **FY 2021 (adj): +14.6%, +\$1.81 billion**
- **FY 2022 (YTD May): +30.1%, +\$3.89 billion**



Corporate Income Tax Collections

- **FY 2020 (adj): -3.0%, -\$38 million**
- **FY 2021 (adj): +42.0%, +\$518 million**
- **FY 2022 (YTD May): +42.5%, +\$605 million**



Other observations:

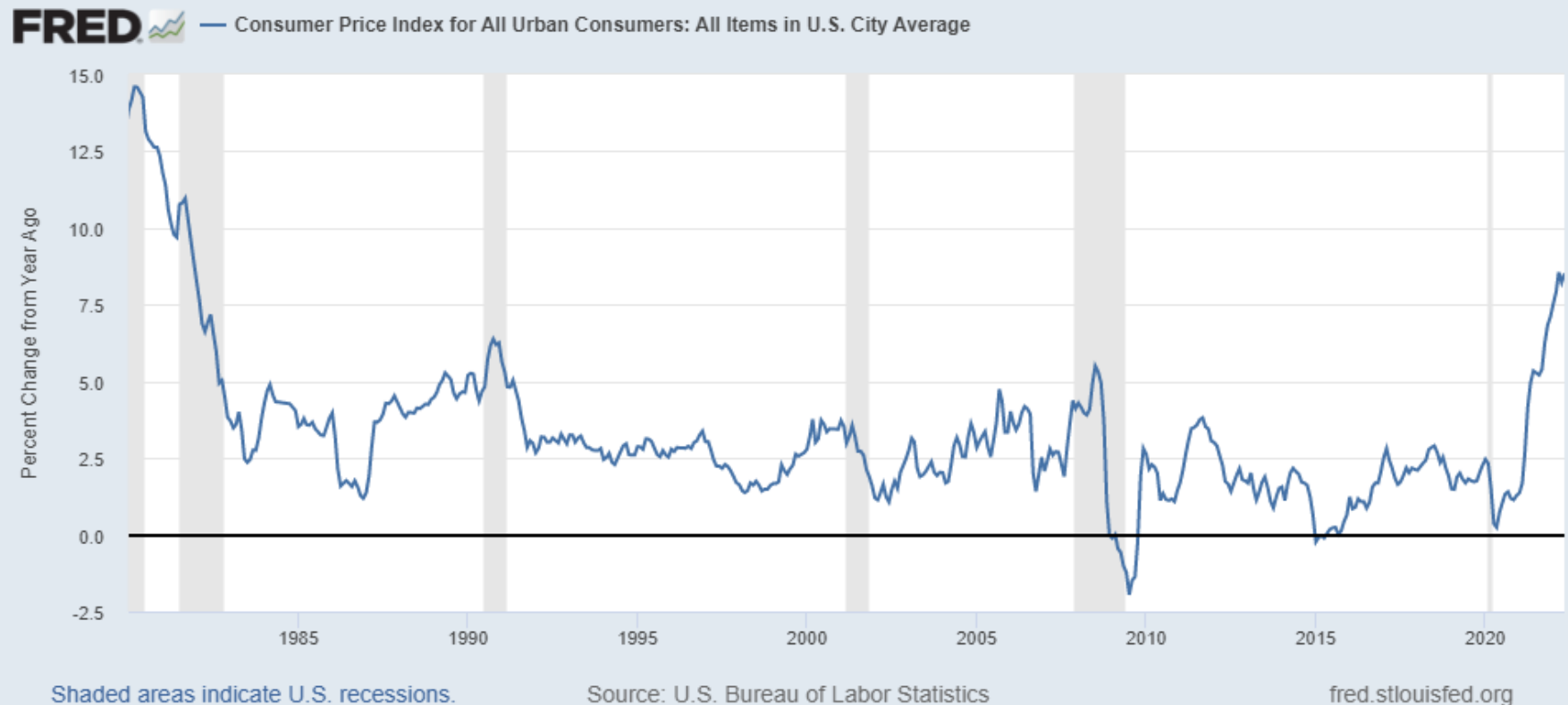
- **Motor vehicles TAVT revenues**
 - ***FY 2020: -23.5%, -\$203 million***
 - ***FY 2021: +10.7%, +\$71 million***
 - ***FY 2022 YTD: +9.8%, +\$65 million***
 - ***Pent-up demand, restrained by supply issues***
- **Total tax collections**
 - ***FY 2020: -0.4%, -\$92 million***
 - ***FY 2021: +13.6%, +\$3.16 billion***
 - ***FY 2022 YTD: +24.0%, +\$5.73 billion***

Outlook for FY 2023: *cautious*

- *PIT revenues have benefitted from financial markets ... **last year***
- *Supply problems remain*
- *Labor shortage, but **layoffs starting***

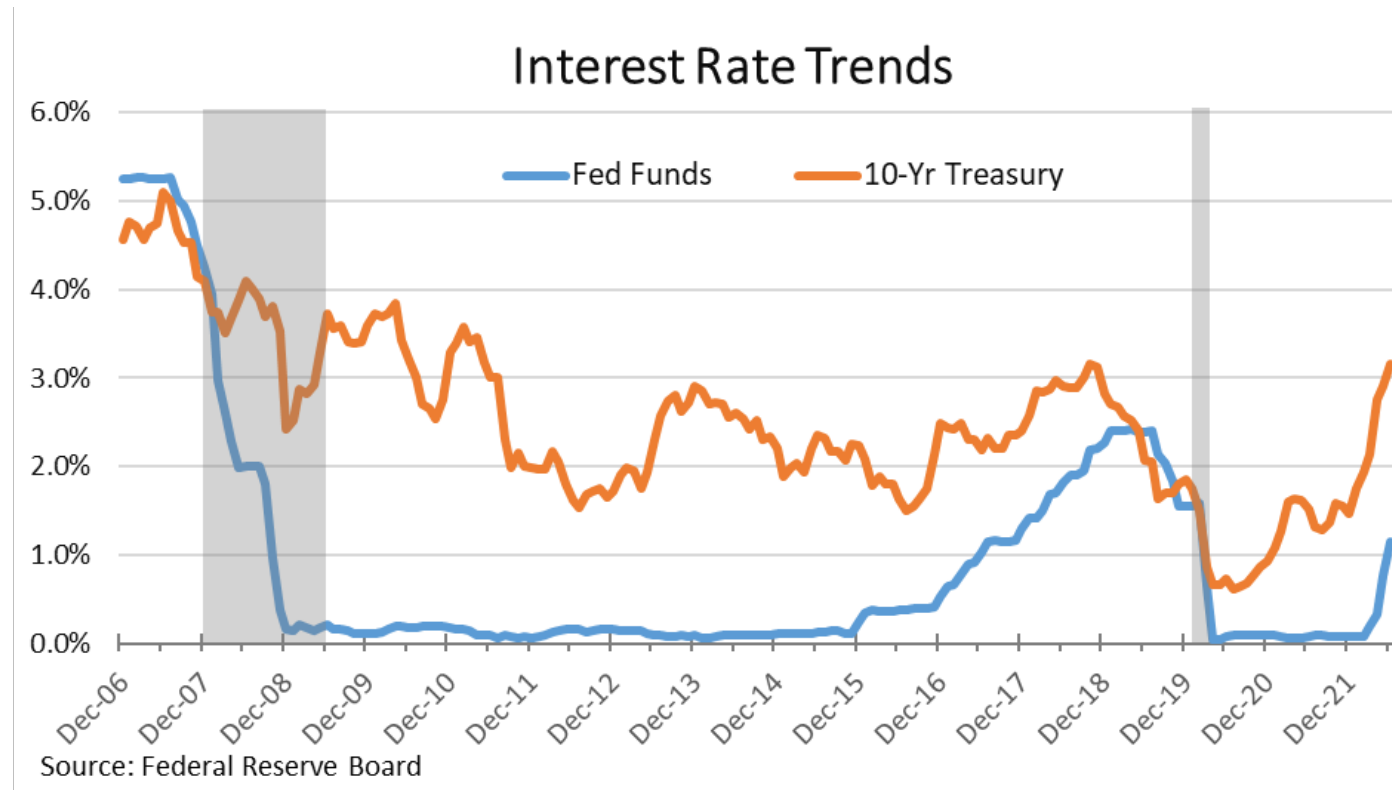
Outlook for FY 2023: **cautious**

- **Inflation setting 40-year records**



Outlook for FY 2023: **cautious**

- **Fed rate hikes of $\frac{1}{4}$ pt in March, $\frac{1}{2}$ pt in May, $\frac{3}{4}$ pt in June and more coming**



Questions?

Contact info:

Bob Buschman

rbuschman1@gsu.edu