



STATE OF GEORGIA

OFFICE OF THE GOVERNOR

Nathan Deal
GOVERNOR

For Immediate Release
May 7, 2014

Contact: Office of Communications
(404) 651-7774

Deal: April revenue offers mixed results

Gov. Nathan Deal announced today that Georgia's net tax collections for the month of April totaled \$1.68 billion for a decrease of nearly \$50 million, or 2.9 percent, compared to the month-ended April 2013. Year-to-date, net tax revenue collections totaled \$14.73 billion for an increase of nearly \$654.75 million, or 4.7 percent, compared to the same point last year.

Year over year comparisons for April were affected by two factors that are not expected to affect subsequent months' revenues:

- April 2013 net revenues were boosted by a spike of more than \$170 million over the prior April in individual income tax payments for returns, estimated payments, and assessments compared to April 2012. This spike was related to taxpayers accelerating capital gains and other income into tax year 2012 to avoid anticipated higher federal income tax rates in 2013. This shifted tax liability for Georgia's FY 2014 and later years to FY 2013. As a result of that one-time shift in tax liability, this year's April payments dropped by \$102 million compared to last year, but still reflected strong growth when compared to April revenue collections prior to 2013. The impact of the one-time tax shift was anticipated in the governor's conservative revenue estimate for the Amended FY 2014 budget, and year-to-date revenue growth continues to exceed the level built into that estimate.
- April 2013 net revenues were boosted by about \$40 million by the voiding of accumulated refund checks whose validity had expired. This reduced the net individual and corporate income tax refunds paid in April 2013.

Changes within the following major tax categories explain the net tax revenue increase in April:

Individual Income Tax: Individual Income Tax collections for April 2014 totaled nearly \$867.75 million, down from a total of \$1.015 billion in April 2013, for a decrease of \$(147.25) million or -14.5 percent compared to FY 2013.

The following notable components within Individual Income Tax combine for the net decrease:

- Individual Income Tax Return payments in April were down \$(87.25) million or -14.5 percent
- Income Tax refunds issued (net of voided checks), which totaled \$597.5 million, were up \$76.75 million or 14.8 percent
- Individual Income Tax Withholding for the month was up nearly \$31.75 million or 4.2 percent
- All other Individual Tax categories including Estimated payments and Assessments were down \$(15) million

Sales and Use Tax: Gross Sales Tax collections increased \$26.5 million, or 3.1 percent, compared last April, which was the first month in which the traditional automobile Sales Tax was displaced by the Title Ad Valorem Tax (see Tax Reform* note below) that went into effect last Spring. Net Sales Tax collections increased \$53 million or 12.7 percent compared to FY 2013, largely due to a large change in the adjusted Local Distribution, which was affected by a large payment reversal and subsequent correction in April. Refunds were up slightly in the amount of \$0.5 million.

Corporate Income Tax: Corporate Income Tax collections for April 2014 decreased \$(10.75) million, or -9.1 percent, compared to FY 2013 when net Corporate Tax revenues totaled nearly \$118.5 million.

The following notable components within Corporate Income Tax make up the net decrease:

- Corporate Tax refunds issued (net of voided checks) were up \$23.25 million or 137.5 percent
- Corporate Estimated payments were up in April by \$9.5 million or 10.8 percent
- All other Corporate Tax categories, including S-Corp and Return payments, increased \$3 million

Motor Vehicle Tag & Title Fees: Fee collections totaled slightly more than \$94.75 million, which was nearly \$47.5 million higher than last April when TAVT collections began pursuant to HB 266 (see additional detail below).

***Tax Reform Impacts:** HB 386 and HB 266 had significant impacts on Georgia's tax structure that influenced current month and year-to-date revenue collections across multiple tax collection categories. The increase in Motor Vehicle Tag & Title Fees is the result of the March 1, 2013 implementation of a new Title ad Valorem Tax (TAVT). Sales Tax collections have been impacted by the elimination of the auto sales tax, reduction in the sales tax on energy used in manufacturing, implementation of the Georgia Agricultural Tax Exemption program, and reinstatement of the sales tax holiday. Individual Income Tax has been impacted by the marriage penalty reduction effective January 1, 2013.

GEORGIA DEPARTMENT OF REVENUE
Comparative Summary of Net Revenue Collections
(unaudited - 000's)

	For the Month Ended			
	April 2014 (FY 2014)	April 2013 (FY 2013)	\$ Change	% Change
Tax Revenues:				
Income Tax - Individual:	\$ 867,618	\$ 1,014,938	\$ (147,320)	-14.5%
Sales and Use Tax - General:				
Sales and Use Tax - Gross (Footnote 2)	\$ 870,189	\$ 843,663	\$ 26,526	3.1%
Local Sales Tax Distribution (Footnote 1)	\$ (395,236)	\$ (421,064)	\$ 25,828	6.1%
Sales Tax Adjustments/Refunds	\$ (5,240)	\$ (5,786)	\$ 545	9.4%
Net Sales and Use Tax - General	\$ 469,713	\$ 416,813	\$ 52,899	12.7%
Motor Fuel Taxes:				
Prepaid Motor Fuel Tax	\$ 44,594	\$ 45,393	\$ (799)	-1.8%
Motor Fuel Excise Tax	\$ 37,652	\$ 36,304	\$ 1,348	3.7%
Total Motor Fuel Taxes	\$ 82,246	\$ 81,697	\$ 549	0.7%
Income Tax - Corporate	\$ 107,691	\$ 118,435	\$ (10,743)	-9.1%
Tobacco & Cigar Taxes	\$ 16,965	\$ 18,224	\$ (1,258)	-6.9%
Alcoholic Beverage Taxes	\$ 14,495	\$ 14,463	\$ 32	0.2%
Estate Tax	\$ -	\$ (15,352)	\$ 15,352	100.0%
Property Tax	\$ 1,133	\$ 1,494	\$ (361)	-24.1%
Motor Vehicle - Tag, Title & Fees (Footnote 2)	\$ 94,848	\$ 47,458	\$ 47,390	99.9%
Total Tax Revenues	\$ 1,654,710	\$ 1,698,170	\$ (43,460)	-2.6%
Other Revenues:				
Other Fees & Taxes (Footnote 3)	\$ 23,902	\$ 30,580	\$ (6,677)	-21.8%
Total Taxes and Other Revenues	\$ 1,678,612	\$ 1,728,750	\$ (50,138)	-2.9%

<u>GENERAL FUND</u>	Year-to-Date			
	FY 2014	FY 2013	\$ Change	% Change
Tax Revenues:				
Income Tax - Individual	\$ 7,405,724	\$ 7,307,747	\$ 97,977	1.3%
Sales and Use Tax - General:				
Sales and Use Tax - Gross (Footnote 2)	\$ 8,174,994	\$ 8,458,000	\$ (283,005)	-3.3%
Local Sales Tax Distribution (Footnote 1)	\$ (3,818,523)	\$ (3,885,375)	\$ 66,852	1.7%
Sales Tax Adjustments/Refunds	\$ (63,627)	\$ (81,465)	\$ 17,837	21.9%
Net Sales and Use Tax - General	\$ 4,292,844	\$ 4,491,160	\$ (198,316)	-4.4%
Motor Fuel Taxes:				
Prepaid Motor Fuel Tax	\$ 467,638	\$ 450,420	\$ 17,218	3.8%
Motor Fuel Excise Tax	\$ 366,913	\$ 352,558	\$ 14,355	4.1%
Total Motor Fuel Taxes	\$ 834,551	\$ 802,978	\$ 31,573	3.9%
Income Tax - Corporate	\$ 735,823	\$ 613,706	\$ 122,117	19.9%
Tobacco & Cigar Taxes	\$ 179,094	\$ 172,846	\$ 6,249	3.6%
Alcoholic Beverage Taxes	\$ 145,900	\$ 143,915	\$ 1,986	1.4%
Estate Tax	\$ -	\$ (15,352)	\$ 15,352	
Property Tax	\$ 37,210	\$ 51,405	\$ (14,195)	-27.6%
Motor Vehicle - Tag, Title & Fees (Footnote 2)	\$ 879,928	\$ 280,335	\$ 599,593	213.9%
Total Tax Revenues	\$ 14,511,075	\$ 13,848,739	\$ 662,336	4.8%
Other Revenues:				
Other Fees & Taxes (Footnote 3)	\$ 220,092	\$ 227,709	\$ (7,617)	-3.3%
Total Taxes and Other Revenues	\$ 14,731,167	\$ 14,076,448	\$ 654,719	4.7%

Footnotes:

- The Local Distribution has been adjusted with an end-of-month accrual to reflect Sales Tax payment activity after the actual distribution 3 days before month-end.
- Effective March 1, 2013, legislation (H.B. 266) went into effect to establish a new Title ad Valorem Tax in lieu of Automobile Sales Tax collected at the point of sale and replacing the annual ad valorem "birthday" tax paid on the assessed value of vehicles purchased before January 1, 2012. Due to the corresponding shifting of tax revenues from Sales Tax to Motor Vehicle (TAVT), gross Sales Tax collections are lower and Motor Vehicle fees much higher relative to collections in FY 2013.
- "Other Fees & Taxes" includes payments that have been deposited in the bank, but for which returns may not yet have been processed. The undistributed amounts are then re-classified (as returns are processed) to the proper and respective revenue account. "Other Fees" also includes Unclaimed Property collections.