Changes in Tax Distributions to Georgia Counties: 2010-2015

An overview of how recent legislation has affected Georgia Counties

Analysis by the UGA/Center for Agribusiness & Economic Development, based on data received from the Georgia Department of Revenue

What Changes?

- Several tax revisions went into effect in Georgia in 2013
- Includes changes to ad valorem taxes/sales taxes for automobiles, sales & use tax exemptions on agricultural inputs, farm machinery, and energy.
- How are these legislative changes affecting Georgia Counties?

Digging Deeper

- Closer examination of changes
- Based on DOR "Commodity Reports" of sales tax distributions broken down by business type as defined by North American Industry Classification System (NAICS) codes.
- Provides a method to look at a breakdown of county taxes before and after the legislative changes

NAICS Major Commodity Sectors

- Accommodations Sector
- Car & Automotive Sector
- Construction Sector
- Food & Grocery Sector
- General Merchandise Sector
- Home Furnishings Sector
- Manufacturing Sector
- Miscellaneous Services Sector
- Other Retail Sector
- Other Services Sector
- Utilities Sector
- Wholesale Sector

Georgia Department of Revenue, Local Government Services Division. Jan 12, 2010

STATEWIDE FIGURES

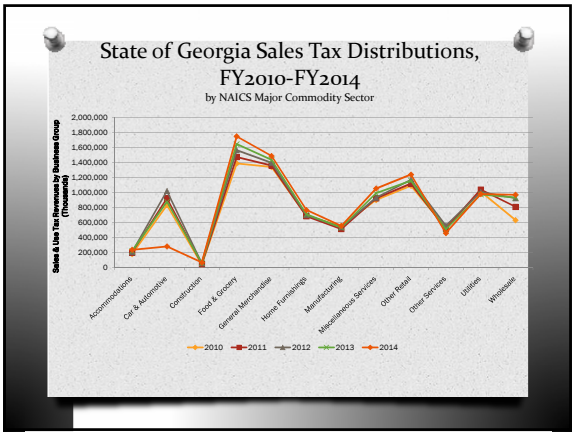
Sales and Use Tax Revenues by Business Group (Thousands)

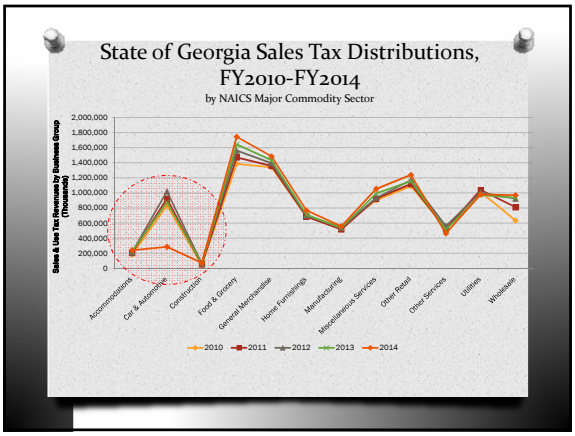
	FY2010	FY2011	FY2012	FY2013	FY2014
Accommodations	$ 181,437	$ 201,754	$ 208,044	$ 221,696	$ 239,002
Car & Automotive	$ 831,936	$ 924,001	$ 1,020,368	$ 877,563	$ 288,772
Construction	$ 43,217	$ 49,459	$ 60,352	$ 62,041	$ 69,314
Food & Grocery	$ 1,387,058	$ 1,472,134	$ 1,562,526	$ 1,643,849	$ 1,746,942
General Merchandise	$ 1,339,806	$ 1,359,914	$ 1,396,157	$ 1,433,731	$ 1,485,867
Home Furnishings	$ 692,166	$ 685,867	$ 699,906	$ 710,159	$ 767,792
Manufacturing	$ 553,695	$ 514,814	$ 538,874	$ 534,055	$ 555,161
Miscellaneous Services	$ 900,789	$ 923,651	$ 932,264	$ 990,159	$ 1,052,854
Other Retail	$ 1,090,584	$ 1,118,443	$ 1,169,833	$ 1,158,049	$ 1,239,132
Other Services	$ 531,718	$ 518,969	$ 560,363	$ 511,939	$ 461,314
Utilities	$ 1,012,472	$ 1,039,326	$ 1,006,630	$ 974,826	$ 980,271
Wholesale	$ 633,194	$ 810,195	$ 924,923	$ 933,064	$ 970,112
Total	$ 9,198,072	$ 9,618,527	$ 10,080,240	$ 10,051,131	$ 9,567,761

Note: The passage of HB 266 to implement a Title ad Valorem Tax (TAVT) on the purchase of new and used automobiles has led to the shifting of tax revenue out of Sales Tax and explains the large decrease in the Car & Automotive category from FY2013 to FY2014.

Source: State Accounting Office of Georgia, Local Government Services Division and Finance Department, Georgia Department of Revenue

Source: Georgia Department of Revenue, 2014 Annual Report


State of Georgia Sales Tax Distributions, FY2010-FY2014
by NAICS Major Commodity Sector
Sales & Use Tax Revenues by Business Group (Thousands)
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
Accommodations
Car & Automotive
Construction
Food & Grocery
General Merchandise
Home Furnishings
Manufacturing
Miscellaneous Services
Other Retail
Other Services
Utilities
Wholesale
2010
2011
2012
2013
2014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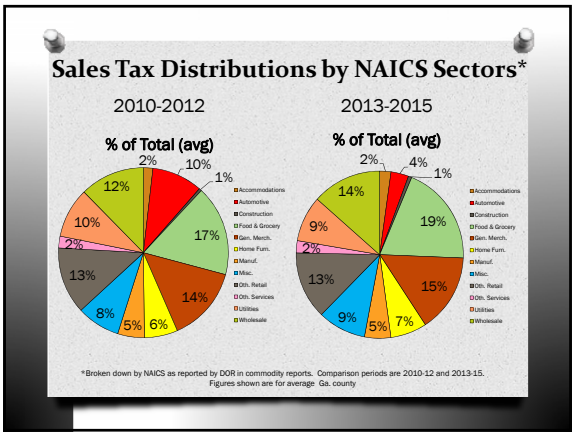
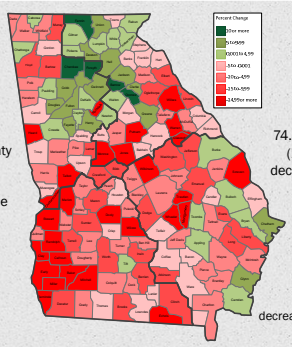

Sales Tax Distributions by NAICS Sectors*
2010-2012
% of Total (avg)
2%
10%
1%
12%
10%
2%
17%
13%
14%
8%
5%
6%
2013-2015
% of Total (avg)
2%
4%
1%
14%
9%
2%
19%
13%
15%
9%
5%
7%
Accommodations
Automotive
Construction
Food & Grocery
Gen. Merch.
Home Furn.
Manuf.
Misc.
Oth. Retail
Oth. Services
Utilities
Wholesale
*Broken down by NAICS as reported by DOR in commodity reports. Comparison periods are 2010-12 and 2013-15.
Figures shown are for average Ga. county

COUNTY COMPARISONS

Percent Change in Total Sales Tax Distributions



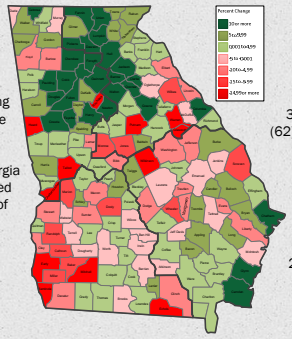
The average Georgia county distributions declined by -6.8% over the time period

74.8% of counties (119) showed a decrease over this time period

57% (91) experienced decreases of over 5%

January 2010 to December 2012 compared with January 2013 to December 2015

Percent Change in Total Sales Tax Distributions MINUS Car & Automotive Sector Distributions



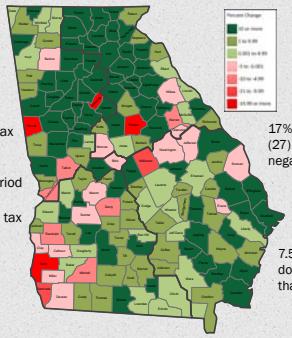
After removing figures for the Automotive sector, the average Georgia county showed an increase of 0.92%

39% of counties (62) experienced a decrease in distributions

26% (42) were down by more than 5%

January 2010 to December 2012 compared with January 2013 to December 2015

Simulation: Percent Change in Total Sales Tax Distributions PLUS Title Ad Valorem Tax (TAVT) Distributions*



The average Georgia county tax distributions increased 8.8% over the time period when including TAVT PLUS sales tax distributions

17% of counties (27) showed a negative change

7.5% (12) were down by more than 5%

January 2010 to December 2012 compared with January 2013 to December 2015

*Based on Ga DOR TAVT report by county. This map does not account for admin fees.

Summary

- Looking at 36 month period before and after tax changes, avg. Ga. County Sales tax distributions decreased by -6.8%. There were 119 counties that demonstrated this pattern (75%) and 91 with decreases of more than 5%.
- After removing data for Car & Automotive sector, 62 counties showed decline. The avg. (without automotive) for all counties was +0.92%. This change shows 62 counties demonstrating a decrease (39%) and 42 with decreases of more than 5%.
- Including TAVT distributions made back to counties, the avg. Ga. County increased by +8.8%. There were 27 counties that still showed decline, 12 over 5%.
- In addition, counties receive administrative fees which were not counted in the totals represented in the map.

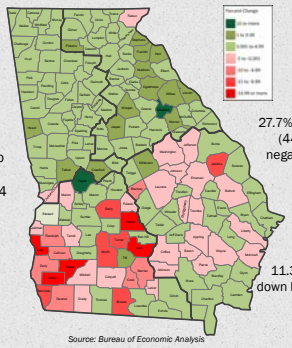
Conclusions

- Modifications to Georgia tax code went into effect in 2013, shifting tax revenue on car purchases from Sales into TAVT
- Georgia Department of Revenue reports document Sales and Use Tax Distributions to counties, which help to shed light on distributions before and after the tax changes.
- What is the cause of increases or decreases? Exact causation cannot be explicitly determined because sales taxes can be affected by a wide variety of national, state, and local economic conditions. Examples might include the mix or diversity of businesses within a county, businesses closing, job growth/loss, changes in income or spending, etc.

Something to Consider:

Percent Change in average earnings per job, 2013-2014

The average change in earnings per job was +0.52% from 2013-2014



27.7% of counties (44) showed a negative change

11.3% (18) were down by more than 5%

Source: Bureau of Economic Analysis

Endnotes

The DOR Commodity Reports contain totals which represent the 1% LOST, or if no LOST in county, represent ELOST. Researchers at CAED assumed a 3% county sales tax rate for each county in order to simulate and estimate corresponding TAVT figures.

Notes from DOR regarding TAVT figures:

1. These numbers take into account title ad valorem tax ("TAVT") revenues with adjustments made for bad checks, refunds, and other similar adjustments. CY 2013 Collections began March 1, 2013 when changes went into effect.
2. O.C.G.A. §48-SC-1 requires the first portion of the distribution be used to "true up" the loss of county annual ad valorem revenues by ensuring that counties receive enough TAVT so that (along with ad valorem tax continuing to be received) the county will receive a total amount of funds that is at least what they would have received in calendar year 2012.
3. Any amounts received over the "true up" are distributed into three "buckets": the first 1/3 goes to the local board(s) of education and the second 1/3 and third 1/3 are distributed in accordance with a statutory formula tied to local option sales taxes.
4. O.C.G.A. §48-SC-1 allows the county to retain an Administration Fee for collecting and distributing the state portion.

Contact Information

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