



February 28, 2018

Senate Majority Leader Bill Cowsert  
Georgia State Senate  
236 State Capitol  
Atlanta, Georgia 30334

Chairman Chuck Hufstetler  
Senate Committee on Finance  
121-C State Capitol  
Atlanta, Georgia 30334

Dear Majority Leader Cowsert and Chairman Hufstetler,

On behalf of the National Taxpayers Union (NTU) and our members in Georgia and across the country, I write to urge passage of comprehensive, pro-growth tax reform currently being considered by the State Senate. HB 918 makes necessary changes to the state's outdated tax code, which hasn't been modernized in decades. Most importantly, the bill decreases the tax burden on Georgian families and businesses by cutting the individual and corporate code. NTU commends the House for passing this bill and implores the Senate to swiftly send this to the Governor's desk.

Following the passage of landmark tax reform at the federal level, Georgia lawmakers have an historic opportunity to bring meaningful change to the state's code. Tax cuts included in HB 918 would offset an estimated \$5.2 billion income tax windfall for the state government generated by base-broadening changes in the federal tax law. Lawmakers should follow the lead of neighboring North Carolina, which has provided a model for what pro-growth tax reform and conservative fiscal policy should look like. Done correctly, and with a long-term mindset, tax reductions will ensure Georgia taxpayers and businesses continue to flourish for years to come.

HB 918 makes many significant changes to the benefit of individuals, families, and businesses of all sizes.

First, Georgia's corporate tax rate has not changed since the legislature set it at 6 percent in 1969. The state ranks just 36th out of all 50 states on the [State Business Tax Climate Index](#), according to data provided by the Tax Foundation. Three of Georgia's neighbors - Florida (5.5 percent), South Carolina (5 percent), and North Carolina (3 percent) - all levy a lower rate than

Georgia. Reducing the corporate income tax rate down to 5.5 percent is a strong first step to better compete with neighboring pro-business states in attracting investment.

Second, the state's top individual income tax rate is one of the highest in the south, and significant reform to the individual code will provide taxpayers much-needed relief while improving the state's economy and creating jobs. Under this legislation the individual tax rate, which was last changed in 1937 will be gradually lowered to 5.5 percent by 2020. Further, the standard deduction will double for taxpayers regardless of their filing status (\$4,600 for individuals and \$6,000 for joint filers).

Lower individual rates are also good for business. Nearly 98 percent of businesses in Georgia are considered "pass-through" businesses, and pay tax via the individual income tax code rather than the corporate tax code. And for small businesses, more savings in their pockets will allow them to hire workers at the margin, invest in capital-intensive equipment, or expand their services.

Legislators continue to strive to make the Peach State a better place to live, work, and start a business, and this legislation is further evidence of that. NTU is proud to support this substantial taxpayer relief proposal that will make Georgia's tax code fairer, simpler and more competitive with neighboring states.

Sincerely,

Thomas Aiello  
Policy and Government Affairs Associate