Local revenues for counties and municipalities are comprised primarily of the local portion of the sales tax and the property tax. Well before the West Georgia Region slipped into the Great Recession, sales tax revenues had already peaked and started to decline. The local sales taxes in the West Georgia Region include a 1% LOST, SPLOST and ELOST, combining for a maximum of 3% in local sales taxes. Currently, all counties in the region impose all three of these taxes.

At the peak in 2006, these local sales taxes generated about $245 million in local tax revenues in the region. By 2009, those same taxes generated only $200 million, a total decline of 18.4% in retail sales tax revenue over the period, and since the sales tax rates did not change, this decrease represents the percentage reduction in retail sales activity lost during that period as well.

Douglas County experienced the largest decline in sales tax revenue in the region, dropping from $76 million in 2006 to $43 million by 2009. As of 2011, none of the counties in the region had yet regained the level of sales tax revenue generated during its peak year. Since 2009, however, the region overall has seen a recovery in sales tax revenue. In 2011, the region posted $224 million in sales tax collection.

At the state level, debate continues on the legislation that eliminated the sales tax on energy used in manufacturing. The new law is intended to increase Georgia’s appeal to manufacturing firms by lowering the costs associated with doing business within the state. Currently the State of Georgia does not track the taxes generated by sales to specific industries, so predicting the impact would be difficult. According to state officials, counties would have the option of levying the local portion of the tax themselves, but this would place those that opt for the tax at a competitive disadvantage.

As for the West Georgia Region, unemployment rates continue to remain above the national average in all five counties in the region. As of July 2012, the unemployment rates in two of the counties, Coweta and Paulding, were below the state rate of 10.3%. The number of initial unemployment claims...
Initial unemployment claims continue to trend downward for the region. The number of people filing initial claims for unemployment insurance on a year-over-year basis declined by 9.5% for July, as opposed to a decline of 35.6% in June. Since August 2011, year-over-year initial claims have declined by double-digit rates in every month. The largest declines in new claims in both absolute and percentage terms came from Carroll County, where claims fell by 225, a rate of change of -20.0% over the period. Carroll’s improvements outpaced both the Atlanta MSA overall (-8.6%) and the state (-8.2%). Haralson saw its new claims increase over the period, adding five new claims, an increase of 1.5%. Douglas County’s initial claims remained essentially flat for the year, adding only one claim.

Total employment in West Georgia continues to show signs of improvement. The most recent data indicate that four counties in the region are now experiencing total employment growth. The pace of job growth in Carroll and Paulding has picked up primarily because of an increase in manufacturing employment in both counties. Likewise, Haralson is now adding, rather than losing, jobs due to manufacturing growth even despite larger job losses in both government and service-providing industries than in the previous quarter. Goods-producing jobs have been at the heart of West Georgia’s employment recovery, with four counties substantially out-pacing the state in this area of job growth. Between 2010:Q4 and 2011:Q4, the state experienced a 0.1% increase in goods-producing jobs, while every West Georgia county but Douglas experienced growth rates between 1.8% and 6.5%. Though more recent unemployment data indicate a rising jobless rate for the region, this is not necessarily indicative of job losses, but of more laborers entering the workforce.
Between July 2008 and June 2009, the region’s unemployment rate increased even though the size of the labor force was falling. Discouraged West Georgia workers were leaving the labor force while still more workers were being laid off. After the summer of 2009, the unemployment rate began to slowly decline, and workers began re-entering the labor force. The good news is that since peak in summer 2009, the region has been experiencing declining unemployment rates despite adding more job-seekers to the market. However, the rate that our region is adding new workers is slower than it was prior to the recession (indicated by the flatter slope of the blue line after 2009), and at the current rate of decline, regional unemployment rates will not return to pre-recession levels for some time. Furthermore, the reduction in county-level unemployment rates has started to slow, and in Haralson, has actually risen above the July 2011 rates. As jobs re-appear and more optimistic workers re-enter the work force expect the unemployment rate to fall evermore slowly.

In Georgia, the lion’s share of tax revenues come from two main sources, the sales taxes (both state and local) and the state income tax. For the state overall, these revenues increased in the first month of fiscal year 2013 (which started in July 2012). Income tax revenue is up by 6.3% over the same month in the precious year, indicating that either those who are working are earning more, or more people are working. Sales and use tax revenues are also up over last year. Total revenues are up 3.1% in July 2012 as compared with the same month last year. Furthermore, local sales tax distributions increased from $3.91 to $3.96 billion, indicating that counties are generating more final sales and, as a result, more tax revenues. Most of the revenue used to support roads comes from our two motor fuel taxes, the excise and prepaid tax. Though in total, fuel tax revenues are up, the prepaid portion of the tax is down by 11.9% over last year. This is likely due to the lower prices of fuel in July 2012 and to an increase in discretionary driving.

Sales taxes at the county level are used for a variety of purposes, ranging from infrastructure to education. In the West Georgia Region, sales tax revenue in Douglas and Haralson started falling and bottomed out earlier than the remaining three counties. All counties but Carroll declined for three years before starting to recover. Carroll’s sales tax revenue declined for only two years. Douglas County’s retail sector was, by far, the hardest hit in the region. From 2006 to 2009, Douglas’ retail sales tax collections dropped by 43.0%. The next largest decline in sales tax revenues came from Haralson which dropped by 21.6% over the same period. Least affected was Coweta, which only saw sales tax collections drop by 9.9%.
West Georgia Banking (continued from page 1)

vantage with counties that do not. Carroll and Haralson’s industrial employment is at or above 20% of its total employment, indicating that for these two counties the initial revenue losses would be larger relative to other counties in the region.

The property (or ad valorem) tax is used to support local public services such as education as well as county infrastructure. The property tax differs from the sales tax in that county officials have the ability to adjust the millage rates to arrive at a level of revenue. A sales tax rate is fixed, and its revenue is determined by retail activity within the county borders. During times of rapid property value growth or decline, revaluations tend to lag behind market actual values.

In the West Georgia Region, none of the five counties have shown any signs of rebounding property values. Digests in all five counties in 2010 indicate that assessed values continued to fall. For the region, peak assessments occurred in 2008 at $15.6 billion. Between 2008 and 2010, assessed value in the region dropped by more than $2 billion, or by 13.3%. Though this represents a substantial decline in property tax revenues (assuming rates were held constant), it does not mirror the decline in housing sale prices experienced in these same counties. As new transactions in the real estate markets continue, and new comparables become available to local assessors, the property tax digest for West Georgia is going to continue to fall. As a result, local officials will be faced with increasingly more difficult fiscal choices in future years.

Update (continued from page 1)

in July 2012 is generally about the same or below the levels of a year ago in each of the region’s counties. Carroll County has seen the greatest improvement with the number of unemployment claims 20% lower in July 2012 compared to July 2011.

The most recently available employment data show a slight uptick in the job market in the West Georgia region. As summarized in the table on page 2, total employment increased in West Georgia region by 0.73% between 2010Q4 and 2011Q4. Four of the five counties in the region, Carroll, Coweta, Haralson, and Paulding, saw job growth over this one year period. The main drag on overall employment in the region continues to be the government sector, down 1.8% year-over-year. On the other hand, manufacturing employment expanded by 4.2% between 2010Q4 and 2011Q4. Recent housing data show some improvement in home building activity in the West Georgia Region as the number of single family housing permits was up by 8.5% in the first seven months of 2012 compared to same period in 2011.

A number of specific projects, business expansions, and other developments have impacted each of the counties in the region. In Carroll County, openings include a new Olive Garden restaurant in Carrollton, Chandler’s Furniture and Mattress in Villa Rica, and Pops Smokehouse and Grill in Whitesburg. An 160-unit apartment complex is now under development near the University of West Georgia (UWG). Campus construction projects include a new School of Nursing Building and a $26 million housing/dining complex. In the health care sector, Tanner Medical Center in Carrollton recently completed its $61 million upgrade of its emergency department and short stay unit. The long-awaited opening of the new VA Clinic in Carrollton is now scheduled for late September. In Coweta County, the multi-use conference complex (The Newnan Centre) is now under development near the proposed Haralson County recreation center is closer to fruition as the construction bidding process is now underway. In other Haralson County news, Buchanan Furniture and More recently opened for business. Paulding County has had some recent success in attracting new employment. These include the announced expansion of MG International, an auto parts manufacturer (adding 30 jobs) and a new conveyor systems manufacturer, Interroll, expected to add 60 jobs to Paulding’s employment base.