



**Special Council on Tax Reform and Fairness for Georgians
Macon, GA**

**Families First
September 2, 2010**

Good afternoon, Chairman Frazier, and members of the Council. I am Linda Lowe, representing Families First, the leading non-profit family service agency in Georgia. We appreciate the opportunity to speak with you today. Families First's mission is to ensure the success of children in jeopardy by empowering families. The goal is to enhance their self-sufficiency and their ability to actively participate in the community economically and civilly. We provide individual and family counseling, specialized foster care, adoptions, transitional housing, training in independent living skills, and advocacy on behalf of families. We appreciate the challenging task you have before you and your willingness to do it on behalf of the people of our state.

Dr. Bordeaux's excellent presentation to you outlined the principles for evaluating tax systems which we know you well understand: revenue raising capacity (including adequacy and stability), equity, effect on taxpayer choices (including efficiency and impact on growth); and simplicity of administration. Although it may be tempting to focus only on the taxes businesses pay and their impact on economic growth, we urge you to evaluate our tax structure taking into account all of the principles. It is necessary that the state generate sufficient revenues to allow it to perform essential functions. Business leaders understand that the particular taxes that apply to them are only a portion of what makes a state attractive. Public K-12 and higher education programs that provide an educated and productive workforce; transportation, ports and other

infrastructure; health care and environmental preservation and protection; public safety; and the quality of life that taxes buy are equally important in determining the business environment of a state and influencing the decisions companies make on where to locate, grow and expand. It is also necessary for the tax structure that generates the revenue to be fair to hardworking Georgians who must make ends meet.

The people we serve at Families First are some of the most vulnerable of Georgia's citizens -- families who are struggling with economic, health, mental health and other issues, children who are in the state's care because they cannot live with their families and young adults who are leaving the state's custody but are not yet equipped to live on their own. Providing appropriate and adequate services now is critical to their future success. Cutting assistance to these individuals only exacerbates the problem and continues the cycles of poverty and need for aid. Yet year after year, Georgia has cut funding for key programs. Support for human services and public health has eroded despite a growing population and greater need. Our children's education is being shortchanged, public safety is compromised, parks and recreational facilities are closed or not well maintained, and we are not keeping pace with infrastructure needs. Hospitals and doctors have suffered from low Medicaid payments, and many are on the financial brink. These shortcomings compromise Georgia's growth just as surely as would an onerous corporate tax rate.

The long, deep recession has led to some of the funding reductions, but our structural deficit approaching \$2 billion is also to blame. The legislation creating this Council acknowledges that an examination of Georgia's tax structure is long overdue. We believe that you can begin the process of taking a balanced approach to the fiscal crisis. For too long, we have focused only on the spending side of the ledger in balancing the budget. Governor Perdue

himself says spending cuts have gone into the bone. It is time to look at the income side of the ledger as well. Many other states faced with the same issues are rising to the circumstances.

Georgians deserve to live in a state that creates the conditions where businesses and families can survive and thrive. You have a golden opportunity to recommend solutions that will address problems we face today and help secure a prosperous future for our state and its citizens. We appreciate your efforts and stand ready to help you in any way we can.

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