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At Ga. Legislature, wisdom and justice sacrificed for obsession

6:45 am January 19, 2010, by Jay

Last year, with the economy collapsing and state tax revenue already in free fall, Georgia legislators paused on their way out the door to pass a major last-minute tax cut.

Fully implemented, the 50 percent reduction in capital-gains tax would have cost the state \$400 million a year. Gov. Sonny Perdue wisely vetoed the measure, pointing out the impact it would have on an already ravaged state treasury.

At the time, I thought that tax cut was the very height of legislative foolishness. I now confess to being foolishly, completely wrong. Legislative foolishness works much like housing prices, I fear, spiraling higher and higher until the day it brings everything crashing down around it.

This year, the problems with the budget are even more severe than in 2009. The healthy reserves that once cushioned spending cuts have been exhausted. After sustaining \$3 billion in cuts from a budget already recognized nationally as lean and efficient, another \$1.5 billion in cuts or tax hikes must somehow still be found.

Even worse, the current budget has been balanced only with \$1.4 billion in federal aid; in 18 months, that money too is scheduled to disappear, creating yet another gaping hole that must be closed.

Unfortunately, the fat in that budget is long gone; much of the flesh is gone too. Legislators will be cutting into the bone, with significant impact on the future of Georgia and its most vulnerable citizens.

In the months ahead, children in need of medical care may be kicked off state-subsidized health insurance. Schools already struggling to provide an adequate education will have to make do with fewer teachers, more crowded classrooms and less instruction time. Environmental protection programs, the justice and prison systems, all face substantial cuts in funding. The damage being done to the state and its people will be long term.

Much of that is unavoidable, given the economy. The state must balance its budget, and month after month of double-digit declines in revenue have created a very harsh reality that must be confronted.

Yet as the session began, leaders such as Lt. Gov. Casey Cagle are promising to “focus very deeply on cutting taxes,” including reviving the capital-gains tax reduction that was vetoed a year ago by Perdue.

That’s unbelievable.

Let’s look a little deeper at that proposal, shall we? It would cut the state’s capital gains tax — assessed on profits from sale of stocks and other property — by 50 percent. Last year, the Washington-based Institute on Taxation and Economic Policy did an analysis of that proposal. It would save the top 1 percent of Georgia taxpayers — those making more than \$400,000 a year — an average of more than \$6,000 a year. Those making between \$162,000 and \$403,000 would save a lot less: an average of \$315. Remaining

taxpayers would save almost nothing.

So, at a time of deep and painful budget cuts striking in many cases at the most vulnerable among us, Cagle and others believe it is good policy to cut the budget still deeper to pad the bank accounts of Georgians already doing quite well.

The most basic duties of state government are to educate its children and protect its people, particularly the young and others who are unable to protect themselves. These are the bare minimums required of a moral, caring society. To put it in the only terms that seem to matter in certain circles, they are also the bare minimums expected by employers who might bring well-paying jobs to Georgia.

The willingness to abdicate those goals suggests that a state supposedly governed by the motto "Wisdom, Justice and Moderation" is ruled instead by ideological obsession.

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