

Georgia lawmakers propose eliminating state income tax, critics warn of risks

Archith Seshadri, WJBF Augusta, Mon, September 15, 2025

ATLANTA (WJBF) – Georgia lawmakers and Lt. Governor Burt Jones are pushing a bold plan to phase out the state's income tax, a move supporters say could make the state more competitive for jobs and businesses. But critics warn it could come at a steep cost. Currently, eight states in the U.S. do not levy a state income tax, including Florida and Tennessee. Georgia, meanwhile, collects roughly \$16 billion a year from income taxes, making up nearly half of the state's total revenue.

Political analyst Bill Crane says while eliminating the tax could attract companies, it would leave a massive hole in the budget. "Without a replacement source, and you remove 40 percent of the income, you need to jack the crap out of sales tax, or create a whole bunch of new funding vehicles such as taxing services, taxing lawyers, taxing doctors, putting taxes on things that don't exist now," Crane said. A new state special committee will hold public meetings through December to draft proposals for the 2026 legislative session, looking at ways Georgia could phase out its income tax, citing the state's budget surplus.

But Crane warns that losing \$16 billion in annual revenue would not only affect state-funded programs like education, roads, and prisons, it could also trigger the loss of federal matching dollars tied to state spending. Supporters argue the move would make Georgia a stronger magnet for new businesses. Opponents fear it would increase sales taxes and strain public services. For now, Georgia's income tax rate stands at 5.19 percent, following a recent cut.

Ohio's \$12 Billion shadow budget: How corporate tax breaks are costing you more

Cleveland.com, Sep. 15, 2025

If you're wondering why your tax bill keeps growing while corporations seem to pay less and less, Monday's Today in Ohio podcast has some eye-opening answers: Ohio has quietly eliminated approximately \$12 billion in taxes that would normally fund schools, parks, and essential services – all without voter approval. This shadow budget of tax exemptions, credits, and deductions overwhelmingly benefits businesses and wealthy individuals, while shifting the financial burden to regular taxpayers, especially property owners. It's one reason Ohio has a property tax crisis. Homeowners are furious about paying way more than their fair share.

A story by Anna Staver showed 177 different tax breaks, ranging from reasonable exemptions like no sales tax on food to eyebrow-raising carve-outs for specific businesses. "The burden has been shifting and shifting and shifting from the wealthy, from the business owners, from the employers, to all to regular people. And that's why they're so mad," said Chris Quinn. Some of these tax breaks sound almost comical – like the "Bambi exemption" that lets builders avoid sales tax on materials for deer farms and horse barns, or the "Les Wexner credit" created specifically for the L Brands mogul to buy conveyor belts for his massive warehouses. Even the cosmetics giant Avon received its own special tax carve-out in 2008.

But the real money is in broader business exemptions. The single largest tax break is a nearly \$5 billion exemption on manufacturing equipment. "What really galls me about this is that lawmakers love to rail against big government spending," said Leila Atassi. "But they're perfectly comfortable handing out billions in tax breaks to their favorite industries. And no questions asked, and every dollar of those 12 billion is in exemptions is effectively a spending decision, only it doesn't get the same sunlight or accountability as the budget."

The system lacks oversight. Ohio created a tax expenditure review committee in 2016 to examine which breaks made sense, but lawmakers let it fizzle after reviewing just 15 sales tax exemptions and then scrapped the committee entirely in the 2022 budget. Quinn highlighted the fundamental problem with Ohio's approach to taxation: "Nobody has ever taken a holistic approach in Ohio to how we pay for services," he said. "We've never sat back and said, okay, let's make a list of all the stuff we have to pay for and... want to pay for... And then who should pay for it?" This disjointed approach has created a system of one-offs, without accountability, where decisions are made without considering ramifications and where businesses continually shed tax responsibilities.

Inflation is hitting some Americans harder than others

Danielle Kaye, BBC Business, 16 Sept. 2025

There's a divide in the US economy between the haves and the have-nots. And accelerating inflation, driven in part by tariffs, could make it worse. Government data points to the early stages of businesses passing on the costs of US President Donald Trump's sweeping import tariffs to consumers. Still, inflation remains well below its peak, and a debate continues over the extent to which tariffs will lead to a sustained rise in the pace of price hikes.

But Americans like Yanique Clarke are feeling the pinch. Yanique, a nursing student in Manhattan who identifies as lower-income, said while shopping for groceries at a Target store this week that "prices are really drastically high" for meat, vegetables and fruit. "It's quite a while now, but it's getting higher," she said. And it's not just groceries. When she was recently back-to-school shopping for her 13-year-old daughter, Yanique found those prices to be "very much higher compared to previous years". What Yanique sees in the grocery and clothing aisles aligns with data from the Labor Department, released on Thursday. In August, prices for several tariff-exposed products ticked up: clothing prices, for instance, rose 0.5% from the previous month. Grocery prices also increased 0.6% in the month to August, with particularly strong gains for coffee, a product that is sensitive to tariffs.

Economists noted that the growth in food prices, which tend to be volatile, might also be driven by the Trump administration's immigration policies, as mass deportations suppress the workforce in the food and agriculture sectors and boost labour costs. But how Americans experience the rising prices for everyday goods is far from uniform. "Lower-income households are almost tailor-made to be exposed to tariffs," said Ernie Tedeschi, director of economics at the Yale Budget Lab. Mr Tedeschi was previously an economist in the Biden administration. Those with less disposable income tend to spend more of their budget on imports, Mr Tedeschi said. Moreover, the type of imports that have disproportionately borne the burden of tariffs so far this year, such as imports from China, tend to be lower-priced goods, he added.

A report from the Yale Budget Lab released earlier this month found that, as of June, core goods prices were 1.9% above pre-2025 trends, suggesting that tariffs are raising prices for window coverings, appliances and electronics, among other basic products. Corporate executives are taking note of the consumer divide. McDonald's CEO Chris Kempczinski warned earlier this month that higher-income Americans are still able to spend freely while everyone else falters. It is part of why the chain is expanding its value menu, to entice price-conscious customers. "Particularly, with middle and lower-income consumers, they're feeling under a lot of pressure right now," Mr Kempczinski said. "It's really kind of a two-tier economy," he added.

Back at the Manhattan Target store, Nancy Garcia glanced at price tags in the clothing section. "Now I'm doing more price comparison," she said. "I'm comparing, is this on sale at the supermarket? But even the supermarket has gotten really expensive." Nancy, who works in the publishing and gifts industry, said she considers herself to be middle-income. Through her work, she has heard small retailers raise concerns about tariffs affecting their bottom line. But she said it is unclear whether the supermarkets and chains where she tends to shop are raising prices because of tariffs, or if "people are taking advantage".

Sylvia Sealy, who lives in the New York City borough of Brooklyn, was looking at the clothing racks at a discount department store in Manhattan this week, lamenting what she viewed as skyrocketing prices for everything from groceries and clothes to building materials. "Since tariffs started, I check around for prices," said Sylvia, a part-time nurse who also identified as middle-income. "If there's something in this store for \$15, you could get it somewhere probably for \$12. So you shop in that way more now. Before, you just go and you buy."

Recent reports show emerging signs of strain on less affluent Americans. Data from the Census Bureau showed inflation-adjusted household income rose last year only for the highest earning households. Those in the low and middle-income brackets, on the other hand, did not see statistically significant changes. And a study from the Boston Federal Reserve last month found that low and middle-income consumers are facing higher levels of credit card debt than they did before the coronavirus pandemic. It is wealthier Americans who are increasingly propping up the consumer economy, the study showed. Overall, the consumer is doing reasonably well, said Ryan Sweet, chief US economist at Oxford Economics. But those with less of a savings cushion are poised to be hit particularly hard by tariffs, he added. "When you peel back the layers of the onion, it's clear that we have a very bifurcated consumer," he said.