

The Atlanta Journal-Constitution

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WEATHER

Spottyskies
High: 78, Low: 62
30% chance of rain



Friday: Chance of showers, 76/61

Saturday: Mostly sunny, 82/62

Sunday: Mostly sunny, 83/62

Details on the back of **Metro**

\$1

Today's news

Europeans move closer to Libyan intervention

France, Italy and Britain are sending military officers to advise rebels seeking to overthrow Moammar Gadhafi, and the French say they're stepping up airstrikes. **A2**

ajc Truth-O-Meter
PolitiFact Georgia
"Seniors will have to find \$12,500 for health care because Republicans voted to end Medicare."

- Democratic Congressional Campaign Committee. True or not? **B2**

AJC exclusive Tax bill's final days

How tax overhaul fell apart

E-mails show attempts to make figures match promises.

With time running out, questions unanswered, leaders pulled the plug.

By **Chris Joyner**
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Hundreds of frantic e-mails sent between legislative staffers and Georgia State University economists during the final days of the General Assembly show a desperate attempt to rework the tax bill to make it match the promises of Republican leaders.

The messages show David Sjoquist, director of the GSU Fiscal Research Center, was asked to rework estimates of what the plan would do to your

tax bill and the state's revenue projections nearly 40 times in the final two weeks of the legislative session. Meanwhile, staffers in the Capitol were massaging the numbers to answer complaints from both Democrats and conservative groups that the plan would increase taxes on ordinary Georgians while cutting them for the rich.

The exchanges, obtained by The Atlanta Journal-Constitution, show regular miscommu-

nication, mistakes and frustration between the groups as time grew short to get the plan to a vote. The 11th-hour confusion about the data contributed to House leaders' decision to pull the plug.

With legislators promising to tackle tax reform again, there will be discussion about better ways to process tax data while coming up with a plan.

Tax legislation continued on A14

E-mails expose frustration

Tax legislation

continued from A1

In one April 5 e-mail, Sjoquist agreed to run yet another version of the income tax.

"But it may be more efficient if you could tell us what they are trying to accomplish," he wrote to Lindsey Napier, a tax attorney working for Republican leaders.

Republicans were trying to lower the personal income tax rate, eliminate most deductions and deliver on their promise to cut income taxes for everybody. That's different from the package of recommendations released in January by the Special Council on Tax Reform and Fairness.

The tax council had recommended lowering the individual and corporate income tax rates and giving new tax incentives to business and agriculture, while doing away with most deductions and tax credits and expanding the sales tax to a host of goods and services. Lawmakers pared those recommendations down dramatically amid intense lobbying from different groups.

"I am really concerned with what is happening with the income tax proposal," Sjoquist, a tax council member, wrote in a March 28 e-mail. "The council's objective was to simplify the tax, to flatten the rate ... to eliminate the incentives due to itemization and deduction of retirement income, and to lower the rate."

The Republican proposal does none of that, he said. Instead, the bill "seems to be driven by revenue and rate goals, not by good tax policy."

House Speaker David Ralston pulled the plug on the effort on April 11, blaming the failure on shifting data from Georgia State. House Majority Leader Larry O'Neal, R-Bonaire, said it was the right thing to do because he was uneasy about the GSU data.

"We were asking them to help us model numerous scenarios," he said of the university center. "What we would find out from changing very, very few variables is we would get dramatic changes that didn't make sense otherwise."

Both Georgia Tech economist Christine Ries and O'Neal said the state must find other sources for tax data if lawmakers are to take up a tax overhaul in the future.

"I would go to three outside sources and have them run a set of numbers and I would compare them," Ries said.

Ries said Georgia Tech has asked her to form a committee

to look into starting such a center at her university.

O'Neal described Sjoquist's March 28 e-mail as an ideological "temper tantrum."

"We weren't asking them for political advice or ideological advice," he said. "We were asking them to model scenarios and give us results."

O'Neal said the lack of timely, reliable data dogged the process from the beginning, and the problems only got worse. But House Minority Leader Stacey Abrams, D-Atlanta, said the real problem is that Republicans were fiddling with a complex economic problem in an attempt to get a predetermined result.

"What I take exception to is accomplishing that goal in the shadows and quickly and with political pressure put on the participants," she said.

Ries, who served on the tax council and generally supported the Legislature's efforts, said she agrees with Sjoquist's assessment.

"I think that's absolutely fair. The question is whether you press on because the whole idea is good," she said. "The reason it got so complicated is the leadership was trying to respond to all the groups in Georgia."

In the end, lawmakers focused on delivering a plan that cut taxes for every Georgian while flattening the state tax code. "That can't be done mathematically," Ries said.

Ries said the backers of the plan should have educated state residents on how the plan would help the state grow, even if it meant a nominal increase in their own taxes.

But Ries did not give the GSU center a pass either. The center is contracted to produce fiscal notes on bills for the General Assembly, but Ries said the tax overhaul bill is more complex than any other bill.

She said Sjoquist and other employees of the center were slow to respond to requests for data from the tax council.

"We were so frustrated by having to rely on that one source," she said, adding that council members were "begging for numbers" to complete their work. In the end, the data used to produce the January report was flawed "but nobody knew it," she said.

Sjoquist would not comment on the criticisms leveled at the center, but he did respond to them in an April 13 letter to Ralston. In the letter, Sjoquist admitted errors made along the way, but he said those errors were the result of being asked to quickly deliver complex answers to difficult questions.

"When we found a problem, we tried to respond as fast as possible to the multiple requests we received over the past two months or so," he wrote. "In fact, we probably should have taken more time, and let the numbers sit and then go back over them a cou-

ple of times to make sure we didn't make mistakes."

In the final days of the session, questions usually demanded a same-day response, e-mails show.

The next opportunity to take up tax changes may come this summer during a legislative session to redraw electoral districts with new census data. Gov. Nathan Deal said Wednesday he would add the tax issue to the session only if the plan is "more manageable."

"We do not want to get into a prolonged session relating to tax reform coupled with what's going to be a very contentious issue with redistricting," he said.

Staff writer Aaron Gould Sheinin contributed to this article.

How we got the story

The Atlanta Journal-Constitution has followed the tax overhaul effort since the Special Council on Tax Reform and Fairness started its work last July. When the effort fell apart, we filed an open records request with Georgia State University for correspondence between the General Assembly and the GSU Fiscal Research Center. The request produced hundreds of e-mails between the center, legislative staff and lawmakers.