
Are You Ready to Pay Higher State Taxes?

On January 7, 2011, the Special Council on Tax Reform and Fairness submitted to the Special Joint Committee on Revenue Structure recommendations that cannot be significantly changed by anyone.

Meaning, legislators elected by the people to represent the people's interests have less influence on changing Georgia's tax structure than the eleven appointees designated by H.B. 1405.

H.B. 1405 passed the Georgia General Assembly in 2010 to create two new political bodies –
(1) an eleven-member 2010 Special Council on Tax Reform and Fairness for Georgians and
(2) a twelve-member Special Joint Committee on Georgia Revenue Structure.

The Special Council on Tax Reform and Fairness. When members were appointed in 2010, the only elected official on the Council was Governor Sonny Perdue, who is no longer governor and no longer answers to voters. Therefore, no current Council member is obligated to voters.

Council appointees specified by name in the bill were Governor Sonny Perdue and four economists – Dr. David Sjoquist, Georgia State University; Dr. Jeffrey Humphreys, University of Georgia; Dr. Roger Tutterow, Mercer University; and Dr. Christine Ries, Georgia Tech. The six additional members required by the bill are the chairman of the 2010 Georgia Chamber of Commerce, the chairman of the 2010 Georgia National Federation of Independent Business, plus two citizens appointed by the Lieutenant Governor¹ and two by the Speaker² of the House.

The Council was created to examine Georgia's tax code and by January 10, 2011 *recommend a new structure* to be "as growth-friendly and as job-friendly" as they could make it. After holding eleven fact-finding sessions around the state last summer, the Council decided to phase out two percent of the six-percent state income tax and install a consumption tax on sales and services, while eliminating or sun-setting practically all of the state's 110 sales tax exemptions.

The Special Joint Committee on Georgia Revenue Structure is the only group authorized to handle the Council's recommendations. The Joint Committee consists of the Senate President Pro Tem, House Speaker Pro Tem, majority leaders of the House and Senate, minority leaders of the House and Senate, chairman of the Senate Finance Committee and chairman of the House Ways and Means Committee, plus additional appointees – two representatives and two senators.

H.B. 1405 requires the Council recommendations to bypass the regular committee process and assigns this legislation *directly and only* to the Special Joint Committee. Other legislators cannot change or amend the Joint Committee's proposal and no other committee is authorized to handle it. Legislation passed by the Special Joint Committee goes directly to the House floor for a vote and, if passed by the House, goes to the Senate for an up or down vote.

¹ D.E. "Skeeter" McCorckle, President/CEO of McCorkle Nurseries, Inc.; pioneered "re-wholesale" concept; served on the Farm Bureau, the Horticulture Advisory Committee; past president Southern Nursery Assn.; Augusta State Univ. grad. Bradford Dickson, Sandy Springs; Manager/Coordinator Tarpley & Underwood's Tax Practice; Emory & GSU degrees.

² Council Chairman A.D. Frazier, Mineral Bluff; Partner in Affiance, LLC, a Georgia-based bank consulting firm; AB & JD from UNC, Chapel Hill; Harvard Business School Advanced Management Program grad; North Carolina Bar member. Roy Fickling, Macon; Owner/President of Fickling & Co., Inc., a regional real estate firm based in Macon; BA in Banking & Finance from University of Georgia.

Recommendations for Tax Hikes

Taxes NOT listed, include the food tax to be reinstated and a cigarette tax increase to 68 cents per pack.

APPENDIX I		
Sales Taxation of Services - Revenue Estimates (in 1000s of 2009 dollars)		
Description	Sales tax base 2008	State tax revenue
Clothing Services (CS)		
Shoe repair and other shoe services	\$4,457	\$178
Repair, alteration, and tailoring for clothing and accessories	\$22,438	\$898
Watch or jewelry repair	\$18,082	\$723
Clothing storage	\$5,051	\$202
sub total	\$50,028	\$2,001
Household Utilities and Related Expenses (HURE)		
Garbage and trash pick-up	\$332,921	\$13,317
Septic cleaning	\$11,093	\$444
Water softening	\$17,236	\$689
sub total	\$361,249	\$14,450
Other Household Services (OHS)		
Household appliance and equipment service contracts	\$1,041,262	\$41,650
Housekeeping services	\$417,225	\$16,689
Gardening or lawn care services	\$405,951	\$16,238
Household appliance and equipment repair	\$75,506	\$3,020
Other home services and small repair jobs around the house	\$67,809	\$2,712
Home security system service fees	\$76,334	\$3,053
Installation charges for home electronics	\$5,554	\$222
sub total	\$2,089,642	\$83,586
Miscellaneous (MISC)		
Moving, storage and freight express	\$166,119	\$6,645
Laundry and dry cleaners	\$190,383	\$7,615
Professional photography fees	\$48,898	\$1,956
Pet services	\$129,072	\$5,163
Veterinarian expenses for pets	\$386,900	\$15,476
Haircuts, styling, and other related services	\$1,021,962	\$40,878
Safe deposit box rental	\$13,088	\$524
Downloads of books, music, etc.		negligible
sub total	\$1,956,422	\$78,257
Membership Fees		
Global positioning services (GPS), such as OnStar	\$7,413	\$297
Golf courses, country clubs, and other social organizations, health clubs, swimming pools, and fitness and weight loss centers	\$447,532	\$17,901
Credit card membership fees	\$5,961	\$238
Shopping club membership such as Costco and Sam's	\$26,553	\$1,062
Direct or online dating services	\$922	\$37
sub total	\$488,381	\$19,535
Vehicle Maintenance, Repairs, and Equipment Installation		
Tire purchases and mounting	\$218,072	\$8,723
Audio equipment and installation	\$3,703	\$148
Video equipment and installation	\$6,143	\$246
Body work and painting	\$54,871	\$2,195
Clutch or transmission work	\$64,237	\$2,569
Drive shaft or rear-end work	\$6,976	\$279

Brake work	\$104,488	\$4,180
Steering or front end work	\$37,706	\$1,508
Engine cooling system work	\$38,948	\$1,558
Motor tune-up	\$80,010	\$3,200
Oil change, lubrication, and oil filter	\$123,579	\$4,943
Front end alignment, wheel balancing, and wheel rotation	\$23,996	\$960
Shock absorber replacement	\$7,776	\$311
Battery purchase and installation, tire repair misc. repairs	\$92,033	\$3,681
Exhaust system work	\$17,066	\$683
Electrical system work	\$48,043	\$1,922
Engine repair or replacement	\$120,169	\$4,807
Vehicle accessories and customization	\$20,879	\$835
Vehicle cleaning services and cleaning supplies	\$8,300	\$332
sub total	\$1,076,995	\$43,080
Other Vehicle Related Expenses		
Auto repair service policies	\$67,086	\$2,683
Towing charges	\$16,194	\$648
Automobile service clubs	\$62,444	\$2,498
sub total	\$145,724	\$5,829
Total	\$6,118,413	\$246,738
Estimates provided by Georgia State University Fiscal Research Center based on data from the Department of Labor Consumer Expenditure Survey		

The preceding chart is Appendix I of the recommendations of the 2010 Special Council on Tax Reform and Fairness for Georgians, January 7, 2011, authorized by H.B. 1405 of 2010, authored by Representative O'Neal.

Proposed New Taxes for Georgia Consumers (Listed in 1000s of Dollars Above)

Total \$246,738,000 in Addition to the Continued 4-Percent Income Tax

- \$ 2,001,000 – shoe repairs, alterations and storage of clothes, and watch and jewelry repairs
- \$ 14,450,000 – garbage pick-up, septic cleaning and water softening
- \$ 83,586,000 – service charges for household appliances and equipment repair, housekeepers, lawn care, small repairs around the house, security systems, and electronic installation
- \$ 78,257,000 – moving, storage and freight; laundry and dry cleaners; professional photos; pet and veterinarian expenses; haircuts, styling, etc.; and safe deposit box rentals
- \$ 19,535,000 – GPS (OnStar, etc.); golf courses, country clubs, etc.; health clubs, swimming pools, fitness centers, etc.; credit card fees; shopping club fees (Costco, Sam's), direct/online dating
- \$ 43,080,000 – assorted vehicle maintenance, repairs and equipment installation, etc.
- \$ 5,829,000 – auto repair service policies, towing and automobile service clubs

\$246,738,000 – Total Recommended Annual Additional Consumption Taxes

Handling of this issue will be different. H.B. 1405 that created the 2010 Special Council on Tax Reform and Fairness for Georgians, also, created the 12-member Special Joint Committee on Georgia Revenue Structure to handle Council recommendations. Therefore, legislation proposed by the Council will not be assigned to a standing committee, but will go directly to the Special Joint Committee that may change it ever so slightly. Legislation passed by the Joint Committee goes directly to the House floor for a vote and, if passed, proceeds to the Senate for another up or down vote.

ACTION – Oppose this massive tax hike by contacting the Special Joint Committee members as follows:

Co-Chair Senator Heath, 404 656-3943; Co-Chair Representative Channell, 404 656-5103; Senator Williams, 656-0089; Representative Jan Jones, 656-5072; Senator Rogers, 463-1378; Representative O'Neal, 656-5052; Senator Brown, 656-5035; Representative Abrams, 656-5058; Senator Steve Thompson, 656-0083; Senator Cowsert, 463-1383; and two representatives not yet named.

H.B. 25 Revokes College Benefits for Illegal Aliens

Representative Tom Rice pre-filed H.B. 25 on November 17, 2010. However, he did not officially introduce it during the two days of the session. They were used for the Inauguration January 10 and the State-of-the-State Address January 12. Due to weather conditions, the legislature did not meet the other three days that week. The General Assembly is holding budget hearings during this week, January 17 – 21, and reconvenes January 24 for day three.

H.B. 25 removes postsecondary (college) education from the list of benefits available to illegal aliens. That aligns State law with federal law in 8 U.S.C. Section 1623. H.B. 25 requires college applicants to execute a signed sworn affidavit verifying their lawful presence in the United States. The affidavit must document the following: The applicant is a citizen of the U.S. or a legal permanent resident, age 18 or older, or entered the U.S. under the federal Immigration and Nationality Act. If the latter, the alien number issued by the Department of Homeland Security or other federal immigration agency must be provided.

H.B. 25, also, states, “If an applicant for postsecondary education benefits is under 18 years of age, the applicant shall be required to execute the signed and sworn affidavit within 30 days following such applicant’s eighteenth birthday to continue the enrollment process or attendance at a postsecondary educational institution.”

Until H.B. 25 is officially introduced and assigned to a regular standing committee, it will be handled by the Special Joint Committee on Immigration Reform, that will decide whether it qualifies for the General Assembly’s proposed immigration agenda.

Background. On September 29, 2010, House Speaker David Ralston and Lieutenant Governor Casey Cagle announced the creation of the Special Joint Committee on Immigration Reform. The task of the 14-member Joint Committee on Immigration is to draft legislation that stems the flow of illegal immigration activity in Georgia.

Speaker Ralston said, “The creation of this joint committee was inspired by the federal government’s continued failure to deal with the problem of illegal immigration and its drain on taxpayer resources in Georgia. I expect this committee to look at every legislative solution available to the General Assembly that picks up where Washington, D.C. has let us down.”

Lieutenant Governor Cagle made this statement: “A respect for the rule of law is one of the basic founding tenets of our state and nation. If the federal government continues to neglect its responsibility to enforce the law, we’re going to use every option at our disposal to lessen its impact in Georgia. The members of this committee will take a broad, in-depth look at ways to confront this problem and offer concrete solutions to improve the regulations we have on the books already.”

ACTION – Support. Ask the following members of the Special Joint Committee on Immigration to pass H.B. 25: Co-Chairman Representative Ramsey, 404 656-7146; Representatives Dempsey, 656-0213; Casas, 656-0254; Austin, 656-0287; Harden, 656-0188; Morris, 656-5099; Allison, 656-0188; Co-Chairman Senator Murphy, 656-7127; Senators Grant, 656-0082; Mullis, 656-0057; Rogers, 463-1378; Heath, 656-3943; Miller, 656-6578; Bulloch, 656-0040.

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