



CAPITAL RETAIL REPORT

April 8, 2009

THIS WEEK'S LEGISLATIVE ISSUES QUOTE TO PONDER

This week's Capitol Retail Report highlights just some of the bills passed during the 2009 Session of the Georgia General Assembly. Many more bills and their fate can be found at:

http://www.georgiaretail.org/governmentaffairs/documents/13CRRDetail_April_7_2009.pdf

The JOBS Act - Will Amendments from Conference Committee Lead to a Veto?

The JOBS Act is comprised of House Bills 481 and 482. These are made up of a series of tax cuts, fee suspensions and incentives to hire unemployed Georgians and a bill dealing with the ad Valorem inventory tax. Both chambers agreed to the same version of House Bill 482 which eliminated the state inventory tax on businesses. However, after passing different versions of House Bill 481, that bill was sent to conference committee to create a version of the bill that both chambers could agree to support.

Critics are already pointing out that the added language, on capital gains and the net worth tax, may cost too much.

The final version of **HB 481** will:

- **Create a quarterly tax credit towards the unemployment insurance tax for each eligible employee hired.** This credit would be applied towards the employer's future unemployment insurance contributions for the hiring of someone who is receiving state unemployment benefits.
- **Create a \$2,400 income tax credit for each eligible employee hired.** This credit will be available to those who hire an employee that has been unemployed for at least 4 weeks and remains employed for at least 24 weeks. To receive the credit, the employee's initial hire must be prior to July 2010.
- **Start a "New Business Tax Holiday."** Under this legislation, the \$100 fee will be waived for all new businesses formed over the next year. This component would create a 1 year "holiday" on new filings for LLC's, Limited Partnerships, and For Profit Companies.
- **Phase out of the Sales Tax Deposit.** This section of the Act phases out an outdated tax on Georgia business capital. This is a fee charged to all Georgia businesses which have \$5,000 or more in sales tax collections each month. Taking the average sales tax collection amount each month, the DOR requires the business to forward fund a deposit of working capital. This deposit is held for perpetuity or until the business fails, whichever comes first. Phasing out this deposit will put much needed capital back into Georgia's businesses.
- **Abolish the Net Worth Tax.** This tax was originated in 1931 and charged to all businesses based on their net worth. It's a deterrent to savings and investment in assets. Currently, even businesses that have a negative net worth are taxed.
- **Cut the Capital Gains Tax in half.** This tax is charged to all individuals and businesses that save and invest in assets, whether its stocks, certificate of deposits, savings accounts, collectibles or real estate. This provision would provide a deduction of 50% of all Long Term Capital Gains from an individual's taxable income.

http://www.legis.ga.gov/legis/2009_10/versions/hb481_Sen_ctee_sub_LC_18_8351S_11.htm



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HB 482 – Removing The Tax On Business Inventory, which would exempt all the inventory of a business from state ad valorem taxation, was approved by the Senate and awaits action by the governor, whose staff is making a lot of noise this week and hinting at a possible veto.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb482.htm

HB 481 and HB 482 sponsor, Representative Tom Graves, says, "Please fax your support for HB 481 and HB 482 to Governor Sonny Perdue at 404-657-7332."

HB 485 – Jobs Tax Credit for Retailers Increasing Port Traffic, sponsored by Representative Larry O'Neal, (R) 146th, will grant any business enterprise located in a tier two or tier three county which has a distribution facility of greater than 650,000 square feet, and which was in operation in this state prior to December 31, 2008; and which distributes product to retail stores owned by the same legal entity or its subsidiaries as such distribution facility; and has a minimum of 8 retail stores in this state in the first year of operations; and has increased its port traffic of products during the previous 12 month period by more than 10 percent above its base year port traffic is qualified to claim a job tax credit for jobs created before January 1, 2015.

http://www.legis.ga.gov/legis/2009_10/versions/hb485_LC_18_8240S_hs_4.htm

Status: Passed by both houses, awaiting action by the governor

2009 Sales Tax Holidays set for July 30 through August 2 and October 1 through October 4

HB 120 – The Sales Tax Holiday, would be reauthorized by this bill for 2009.

Status: Passed by both houses, awaiting action by the governor

HB 439, The Best Act, was passed by the House and Senate with the language keeping retailers covered for retraining tax credits.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb439.htm

Status: Passed by both houses, awaiting action by the governor

HB 186 – Teleworking Tax Credits, sponsored by representatives Chuck Martin, (R) 47th, Karla Drenner, (D) 86th and Clay Cox, (R) 102nd, would allow tax credits for teleworking arrangements.

http://www.legis.ga.gov/legis/2009_10/sum/hb186.htm

Status: Passed by both houses, awaiting action by the governor

SB 80 - Food Standards, Labeling, and Adulteration, sponsored by senators, John Bulloch (R) 11th, John Crosby, (R) 13th, George Hooks, (R) 14th, Ross Tolleson, (R) 20th, Ralph Hudgens, (R) 47th and Freddie Sims, (D) 12th, would provide requirements for the testing of samples or specimens of foods by food sales establishments for the presence of poisonous or deleterious substances.

http://www.legis.ga.gov/legis/2009_10/sum/sb80.htm

Status: Passed by both houses, awaiting action by the governor

HB 233 – Freeze on Property Taxes, sponsored by Representative Edward Lindsey, (R) 54th, would provide for a two-year moratorium on increasing the assessed value of real estate.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb233.htm

Status: Passed by both houses, awaiting action by the governor

HB 334 – Lowering the Threshold for Electronic Payment of Sales Taxes, sponsored by representatives David Knight, (R) 126th, Allen Peake, (R) 137th, Larry O`Neal, (R) 146th, and Jay Roberts,



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(R) 154th, would lower the threshold for requiring electronic funds transfer of sales tax revenue to the Department of Revenue from \$5,000 per month to \$1,000 on January 1, 2010 and \$500 per month on January 1, 2011.

http://www.legis.state.ga.us/legis/2009_10/fulltext/hb334.htm

Status: Passed by both houses, awaiting action by the governor

HB 439 – Income Tax Credits for Employee Re-Training, sponsored by representatives Larry O`Neal, (R) 146th and Ron Stephens, (R) 164th, would provide income tax credits for retraining staff.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb439.htm

Status – Passed by both houses, awaiting action by the governor

HB 441 – Filing for Sales Tax Refunds, sponsored by Representative O`Neal, (R) 146th, would require a taxpayer who wishes to expedite the payment of a sales and use tax claim for refund to file a bond with Department of Revenue Commissioner. The commissioner, in turn, must issue the refund within 30 days of the date of the posting of the approved bond. Any assessment of tax, interest, penalties, fees, or costs related to the payment of such refund claim shall be made within three years after the date that such refund was paid by the commissioner.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb441.htm

Status: Passed by both houses, awaiting action by the governor

HB 485 – Requirements for Claiming Credits for Port Traffic, sponsored by Representative Larry O`Neal, (R) 146th, would allow a \$1,250.00 job tax credit to a business enterprise which increased its port traffic of products during the previous 12 month period by more than 10 percent above its base year.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb485.htm

Status: Passed by both houses, awaiting action by the governor

HR 624 - Fees Study Committee, sponsored by Representative Larry O`Neal, (R) 146th, would create a study committee to review the fees collected by the sheriffs, probate judges, superior court clerks, tax commissioners, and magistrate judges; with the intent to ensure that the person receiving the service pays for most or all of the service, rather than shifting the cost to the property taxpayers, the fees should more closely reflect the cost of providing the service; and would ensure that a review, evaluation, and updating of those fees occurs to ensure that the cost of providing the service is reflected accurately by the fee charged. The committee's report will be due on December 1, 2009.

http://www.legis.ga.gov/legis/2009_10/fulltext/hr624.htm

Status: Failed to make it to the House Floor for consideration

HB 614 - Georgia Prescription Monitoring Program Act, sponsored by Sharon Cooper, (R) 41st, and Ron Stephens, (R) 164th, would require the reporting by those filing prescriptions for scheduled substances.

http://www.legis.ga.gov/legis/2009_10/versions/hb614_LC_33_3111S_hs_4.htm

Status: Passed by the House on March 12, failed in the Senate

SB 56 - Georgia StopMeth Log, will establish a real-time electronic logbook system maintained either by the Georgia Bureau of Investigation or by a program, approved by the bureau, which will work in conjunction with other federal or state law enforcement agencies.



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To the extent funds are available; the Georgia Bureau of Investigation is authorized by this bill to establish a StopMeth Log. It may utilize any federal, state, or other grant funds available or donations for the initiation, implementation, and operation of the electronic log.

Where the Georgia Bureau of Investigation has provided access to the StopMeth Log by making the system available through the Internet, a pharmacy or retailer will be required to enter into the StopMeth Log information pertaining to each transaction involving the sale of a product containing ephedrine, pseudoephedrine, or phenylpropanolamine as required by this article. Such entry shall be made at the time of the sale. Information to be entered on the StopMeth Log must include the full name, address, and date of birth of the purchaser, the date of purchase, and the quantity purchased or attempted to be purchased.

The system developed by the state to collect such information must be able to accept the information from pharmacies or retailers in the form being utilized by pharmacies or retailers. Pharmacies or retailers will not be required to incur any additional costs to change their reporting systems to provide such information.

The bill will require that any person purchasing, receiving, or otherwise acquiring or attempting to acquire a product containing ephedrine, pseudoephedrine, or phenylpropanolamine must produce proof that they are 18 years of age or older. That proof is a current, valid photographic identification.

http://www.legis.ga.gov/legis/2009_10/fulltext/sb56.htm

Status: Passed by both houses, awaiting action by the governor

QUOTE TO PONDER

"Some regard private enterprise as if it were a predatory tiger to be shot. Others look upon it as a cow that they can milk. Only a handful see it for what it really is - the strong horse that pulls the whole cart." -

Winston Churchill

Thank you,

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About GRA: The Georgia Retail Association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, and grocery stores has been serving the state's business community since 1961. The Georgia Retail Association represents an industry with more than 71,300 retail establishments, and more than 715,000 employees - about one in five of Georgia's workers – with annual sales of more than \$115 billion.