



# CAPITAL RETAIL REPORT



July 3, 2009

**"GRA and you, together we make retail work."**

## **GEORGIA ACTIVITY**

**ALABAMA FIRM PUSHES FOR LOCAL SALES TAX COLLECTION OPTION  
ATLANTA RAISES PROPERTY TAXES  
ATLANTANS TO PAY 12.5 PERCENT MORE FOR WATER AND SEWER SERVICE  
KRAFT SHOPPING FOR A \$50M DEVELOPMENT SITE IN GEORGIA**

## **NATIONAL ACTIVITY**

**LEGISLATION AIMED AT SOFT DRINKS, JUICE AND MILK  
WHITE HOUSE OPEN TO NEW TAX ON HEALTH BENEFITS  
CAP AND TRADE BILL PASSED BY THE U.S. HOUSE**

## **QUOTE TO PONDER**

### **Alabama Firm, Georgia Legislators Push for Local Sales Tax Collection Option**

On Friday, June 26, 2009 I attended an extremely important hearing of the Georgia House Budget and Fiscal Oversight Committee. A company called Revenue Discovery Systems (RDS) from Alabama is trying to convince the Georgia legislature to hire them to collect sales taxes, or to change the law so that each of Georgia's 159 counties can decide individually whether they want to collect sales taxes, have the Department of Revenue collect the taxes, or contract with some outside firm to collect sales taxes (RDS).

David McCloud and Pete Yontz of RDS strongly recommended allowing a county-by-county approach to collecting sales tax revenue. A county-by-county collection and audit system would be a nightmare for any business having outlets in more than one of Georgia's counties. **And** allowing the publication of sales tax receipts by store location would be bad for every retailer that wants to keep sales information private.

While I was told in advance that the committee would be hearing no other testimony, Chairman Huston did allow me to address the committee. In addition, I shared the prepared written testimony with each committee member.

This is a crucially important issue and there is a lot of frustration with the Department of Revenue over their delay in sharing local sales tax receipts with the counties, who then share them with the cities within those counties. The counties are also seeking more point of sale information.

Usually helpful Representative Calvin Hill from Canton said that he would like to "fire" the Georgia Department of Revenue and hire RDS immediately. He also would like to provide more information on point of sale, including proprietary sales information. Representative Chuck Martin from Alpharetta, recognizing how competitive retail is, spoke against sharing individual store sales information.

Representative Katie Dempsey, from Rome, who was responsible for having RDS there, said that she would like to pilot the program of local collection of taxes in Floyd County.

In response to my comments, Committee Chair Penny Houston from Nashville, Georgia, said that the committee would not take any action that would place the retail industry in jeopardy.



# CAPITAL RETAIL REPORT

Having said that, I would appreciate your support on this issue. This issue is far from being dead, so would you please send an email message or fax to the following committee members asking them not to support the local collection of sales tax receipts.

## House Budget & Fiscal Affairs Oversight Committee

<b>Penny Houston</b> , Chair, Republican, 170 <sup>th</sup> 404-656-0202 (phone) 404-651-8086 (fax)	<a href="mailto:pennhouston@windstream.net">pennhouston@windstream.net</a> <a href="mailto:penny.houston@house.ga.gov">penny.houston@house.ga.gov</a>
<b>Bobby Reese</b> , Vice Chair, Republican, 98 <sup>th</sup> 404-656-0256 (phone) 404-651-8086 (fax)	<a href="mailto:bobby.reese@house.ga.gov">bobby.reese@house.ga.gov</a>
<b>Katie Dempsey</b> , Secretary, Republican, 13 <sup>th</sup> 404-656-0213 (phone) 404-657-7752 (fax)	<a href="mailto:katie.dempsey@house.ga.gov">katie.dempsey@house.ga.gov</a>
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<b>Bubber Epps</b> , Democrat, 140 <sup>th</sup> 404-656-0126 (phone) 478-755-9046 (fax)	<a href="mailto:bubberepps@gmail.com">bubberepps@gmail.com</a>
<b>Chuck Martin</b> , Republican, 47 <sup>th</sup> 404-463-2247 (phone) 404-463-2249 (fax)	<a href="mailto:chuck.martin@house.ga.gov">chuck.martin@house.ga.gov</a>
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<u>Ex officio member:</u> <b>Larry O'Neal</b> , Republican, 146 <sup>th</sup> 404-656-5103 (phone) 404-656-6385 (fax)	<a href="mailto:larry.oneal@house.ga.gov">larry.oneal@house.ga.gov</a>

## Atlanta Votes to Raise Property Taxes

The Atlanta City Council voted on Monday, June 29, 2009 to raise city property taxes. In a narrow 8-7 vote, the Council increased the property tax rate from 7.12 mills to 10.12 mills. The Atlanta City Council took the action to close a \$56 million budget gap and end furloughs of city employees. For the average city homeowner, the increase amounts to \$250 on a \$240,000 home. On a million dollars worth of inventory or business property that amounts to \$1,042 per \$million.

## Atlantans to Pay 12.5 Percent More for Water and Sewer Service

The Atlanta City Council voted in June, 2008 to raise water and sewer rates in each of the next four years to help pay for the \$4 billion program to overhaul its aging sewer system and to continue improving water



# CAPITAL RETAIL REPORT

quality. That increase went into effect on Wednesday, July 1, with water and sewer bills are going up 12.5 percent.

The new rates will also affect some customers in south Fulton County and Sandy Springs.

## **Kraft Shopping for a \$50M Development Site in Georgia**

Kraft Foods, the nation's largest food company, known for brands such as Oscar Mayer meats, Nabisco cookies and Cheez Whiz, is targeting Atlanta's south side for up to a 1.1 million-square-foot warehouse and distribution center that could create at least 200 new jobs.

Kraft, based in Northfield, Illinois, could follow similar moves made by other food companies, including General Mills, which announced it was launching a new distribution center in Social Circle, and The J.M. Smucker Company, which earlier this year said it was locating a southeast hub near Hartsfield-Jackson Atlanta International Airport. It would also continue the positive momentum created in recent weeks by NCR Corporation's decision to relocate its headquarters from Dayton, Ohio, to Duluth.

## **Legislation Aimed at Soft Drinks, Juice and Milk**

The beverage industry is working hard to defeat a proposed discriminatory tax on "sugared beverages." This discriminatory nuisance tax would apply to all caloric beverages – soft drinks, energy drinks, sports drinks, juice and flavored milk.

Members of Congress are working to improve health care in America and reform our nation's healthcare system. We have no clear indication of what this "new" system will look like or, more importantly, how it will be financed. A discriminatory tax on sugar sweetened beverages is not the answer to REAL healthcare reform. A tax won't teach Americans how to live healthier lifestyles.

To that end, we need your help. The Georgia Retail Association has united with a broad-based coalition of Georgians and Georgia companies to join the Americans Against Food Taxes Coalition ([www.nofoodtaxes.com](http://www.nofoodtaxes.com)). The coalition will work to prevent the enactment of this regressive nuisance tax. We need you to log on, to join and to help SPREAD THE WORD among your suppliers and customers so that they can also quickly become part of this coalition. Please also share this link and e-mail with employees, family members and friends to sign the coalition's petition.

## **White House Open to New Tax on Health Benefits**

On Sunday, June 28, 2009 the Obama White House left open the possibility that the president would break a campaign promise and raise taxes on people earning less than \$250,000 to support his health care overhaul agenda.

During the presidential campaign, in Dover, New Hampshire, President Barack Obama said, "I pledge that under my plan, no one making less than \$250,000 a year will see any type of tax increase, not income tax, not capital gains taxes, not any kind of tax." However, a tax on benefits would reverse that campaign promise.

An Obama campaign ad accused John McCain of favoring "taxing health benefits for the first time ever ... taxing health care instead of fixing it. We can't afford John McCain." A second Obama ad called McCain's



# CAPITAL RETAIL REPORT

approach "the largest middle-class tax increase in history." Driving the point home, it contended the "McCain tax could cost your family thousands. Can you afford it?"

Under the current proposals, a tax on health benefits would affect only those with what Congress calls "pricey" health plans. The concept would be to tax as income the portion of health benefits worth more than a specified limit. Officials are considering several options, including one that would set the limit at \$17,240 for family coverage and \$6,800 for individuals.

Plans worth more than that would be taxed; those worth less would see no increase.

## **Cap and Trade Bill Passes with the Help of Republican Congressman**

H.R. 2454, the American Clean Energy and Security Act of 2009 (ACES), also known as the Waxman-Markey bill passed in the U.S. House of Representatives late Friday evening, June 26, 2009. It was the votes of eight Republican House members who made the difference.

Should the bill garner enough support in the Senate, it could be an economic disaster for retailers.

Georgia Delegation – Four yes votes, nine no votes

Yes: Sanford Bishop (D) 2<sup>nd</sup>, Hank Johnson (D) 4<sup>th</sup>, John Lewis (D) 5<sup>th</sup>, David Scott (D) 13<sup>th</sup>

No: John Barrow (D) 12<sup>th</sup>, Paul Broun (R) 10<sup>th</sup>, Nathan Deal (R) 9<sup>th</sup>, Phil Gingrey (R) 11<sup>th</sup>, Jack Kingston (R) 1<sup>st</sup>, John Linder (R) 7<sup>th</sup>, Jim Marshall (D) 8<sup>th</sup>, Tom Price (R) 6<sup>th</sup>, Lynn Westmoreland (R) 3<sup>rd</sup>

The margin of passage was very close and the defection of eight republicans made its passage possible. Those eight are:

Representative John McHugh, New York 23<sup>th</sup>

Representative Frank A. LoBiondo, New Jersey, 2<sup>nd</sup>

Representative Chris Smith, New Jersey, 4<sup>th</sup>

Representative Dave Reichart, Washington, 8<sup>th</sup>

Representative Mark Steven Kirk, Illinois, 10<sup>th</sup>

Representative Mike Castle, Delaware (Delaware has one representative in the House)

Representative Leonard Lance, New Jersey, 7<sup>th</sup>

Representative Mary Bono Mack, California 45<sup>th</sup>

## **QUOTE TO PONDER**

"To me, consensus seems to be the process of abandoning all beliefs, principles, values and policies. So it is something in which no one believes and to which no one objects." **Margaret Thatcher**

Thank you,

John C. Heavener, MSM, CAE  
President, Georgia Retail Association

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# CAPITAL RETAIL REPORT

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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.