



CAPITAL RETAIL REPORT



December 19, 2008

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New Members

GRA would like to welcome new members The Stock Market from Conyers and Bulgari from Buckhead.

Let Your Voice Be Heard in 2009

2009 is right around the corner - please consider being an active participant in GRA's legislative efforts. The more our retailers participate - the more effective we can be in advocating for the retail industry in Georgia!

Please contact me if you have any questions about your membership or any topics of interest you would like to see reported in upcoming weekly Capitol Retail Reports.

Wishing You a Safe, Happy, and Prosperous Holiday Season!

It's Official - State Senator Eric Johnson Running for Lieutenant Governor

Confirming speculation that has been circulating for months, Eric Johnson, President Pro Tem of the Georgia Senate, has formally launched his bid for lieutenant governor in 2010. By formally announcing Johnson is forced by Senate policy to give up his Senate leadership.

As the Senate's presiding officer, the lieutenant governor plays a key role in shaping the state's legislative agenda. However, under Lieutenant Governor's Mark Taylors tenure from 2003 to 2006, Johnson played that role as the leader of the majority party in the Senate

He's hired veteran campaign strategist Derrick Dickey who worked for the Georgia Food Industry Association and the Georgia Association of Convenience Stores in 2008 on the Sunday Sales Bill.

So far Senator David Shafer of Duluth, a former state GOP chairman, is the only other announced opposition for the office of Lieutenant Governor. However, possible bids from Senator Tim Golden, a Democrat from Valdosta, and Senator David Adelman, a Democrat from Atlanta have been rumored.



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Jerry Keen Steps Out of the Race for Governor

This week House Majority Leader Jerry Keen told a hometown audience on St. Simons Island that he will not be a candidate for Governor's office in 2010. This announcement ended lots of speculation that the St. Simons Republican Representative would run for higher office in the near future.

Department of Revenue Commissioner Meets With GRA Executive Committee

When the GRA Executive Committee met on December 10, Department of Revenue Commissioner Bart Graham was there to express his concerns over the proposal by counties that they be allowed to collect sales taxes and audit retailers independently of the Georgia Department of Revenue.

He also added that the vendors allowance might be cut from 3% to 2% to make up for some revenue shortfalls.

(Please see articles on both issues in the December 5, 2008 Capitol Retail Report at www.georgiaretail.org).

Sunday Alcohol Sales

State Senator Seth Harp, a Republican from Midland, plans to reintroduce the Sunday sales legislation when the General Assembly begins on January 12, 2009. Senator Harp sees the issue as a way to increase tax revenues by millions of dollars in a year when the state is grappling with a budget deficit that could top \$2 billion.

The state excise tax on alcoholic beverages is one of the few taxes where revenues have continued to climb even as the economy has worsened.

For the fiscal year that began July 1, 2008 the alcohol excise tax that stores pay to wholesalers rose by 1.8 percent even as most other revenue sources plummeted.

Georgia is one of only three states that ban stores from selling any kind of alcohol on Sundays. The other two are Connecticut and Indiana.

The bill would give local governments the option to permit Sunday alcohol sales. Voters in those areas would then have to approve the change.

A spokesman for the Distilled Spirits Council of the United States said that allowing liquor sales statewide would bring up to \$4.8 million in increased taxes and a Publix spokesperson said the sale of beer and wine at grocery stores on Sunday would result in \$1.4 million in extra excise taxes and at least \$3.3 million in new sales tax revenue.

Tobacco Tax Increase Proposed By Stephens

State Representative Ron Stephens, a Republican from Savannah, has said that he will introduce legislation again in 2009 to raise the tax on cigarettes to \$1 per pack. He proposes using the additional revenue to help fund state sponsored medical insurance programs. However, the Georgia Code may preclude tying such tax revenue to specific expenditures. In addition, when cigarette taxes were raised in New Jersey, income actually dropped. We will provide more information on this when the bill is filed

Regulators Adopt New Credit Card Rules



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On Thursday, December 18, 2008 the Federal Reserve, the Treasury Department's Office of Thrift Supervision and the National Credit Union Administration adopted sweeping new rules for the credit card industry designed to shield consumers from arbitrary increases in interest rates on existing account balances among other changes.

The rules, which take effect in July 2010, will allow credit card companies to raise interest rates only on new credit cards and future purchases or advances, rather than on current balances.

Most of the rules were first proposed in May and drew more than 65,000 public comments — the highest number ever received by the Federal Reserve. They also restrict such lender practices as allocating all payments to balances with lower interest rates when a borrower has balances with different rates.

In addition, consumers will have to be given 45 days notice before any changes are made to the terms of an account, including slapping on a higher penalty rate for missing payments or paying bills late. Under current rules, companies in most cases give 15 days notice before making certain changes to the terms of an account.

The changes could cost the banking industry more than \$10 billion a year in interest payments, according to a study by the law firm Morrison & Foerster.

Roughly 16,000 companies in the U.S. issue credit cards. The biggest lenders include Discover Financial Services LLC, Bank of America Corp., Citigroup Inc., JPMorgan Chase & Co., Capital One Financial Corp., American Express Co. and HSBC Holdings.

Previously Reported, Pre-Filed Legislation

SB 7 - Truth in Testimony Act, sponsored by Senator Ed Tarver, would allow committee and subcommittee chairmen to require a person providing testimony before the committee to take an oath before testifying. Curiously, the bill would not apply to legislators. A similar bill introduced in 2008 did not make it out of the Senate.

http://www.legis.ga.gov/legis/2009_10/fulltext/sb7.htm

SB 9 – Removing the Requirement that Concealed Weapons Must Be Kept in a Holster, sponsored by Senator John Douglas, Republican 17th, would allow individuals to conceal a weapon in a person's clothing, handbag, purse, attaché case, briefcase, or other closed container, as well as a holster.

http://www.legis.ga.gov/legis/2009_10/fulltext/sb9.htm

SB 10 - Single Dose Pseudoephedrine (60 Milligram Or Less) From Controlled Substances, sponsored by Senator John Douglas, Republican 17th, would remove the exception for pseudoephedrine in a single dose unit of 60 milligrams or less, when a single dosage unit is 60 mg. or less or when manufactured in an extended release form with a dosage unit of 240 mg or less from the list of controlled substances, thereby making it available by prescription only.

http://www.legis.ga.gov/legis/2009_10/fulltext/sb10.htm

HR 1 – Cap on Assessments, Representative Edward Lindsey, a Republican from Atlanta, along with House Majority Leader Jerry Keen as cosponsor, have sponsored a resolution calling for a constitutional amendment to cap the rate of property tax reassessment at the lesser of 3 percent or the rate of inflation.

http://www.legis.ga.gov/legis/2009_10/sum/hr1.htm

HR 3 – Provided for an Immediate Consideration of Gubernatorial Vetoes, sponsored by Kevin Levitas, an Atlanta Democrat, would call for an immediate consideration of a vote to override a veto by



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the other Chamber of the General Assembly. (During the 2008 session, the House voted to override 12 vetoes by Governor Sonny Perdue, but Senate allowed one to come to a vote.)

http://www.legis.ga.gov/legis/2009_10/fulltext/hr3.htm

HB 4 - Income Tax Credit for ad Valorem Taxes, sponsored by Representative Kevin Levitas, a Democrat from Atlanta, would allow a credit against qualified ad valorem tax expenses in an amount not to exceed the actual amount expended. The tax credit, as proposed by Levitas, could not exceed the taxpayer's income tax liability, nor could the amount of unused tax credit be used against succeeding years' tax liability. No such tax credit shall be allowed the taxpayer against prior years' tax liability. The qualifier is that in any tax year in which the commissioner determines that the aggregate amount of state reserve funds is less than \$500 million, no tax credit shall be claimed or allowed under this Code section for that tax year.

http://www.legis.ga.gov/legis/2009_10/versions/hb4_LC_18_7682_pf_2.htm

HB 5 - Income Tax Credit for Qualified Ad Valorem Tax Expenses, sponsored by Representative Kevin Levitas, a Democrat from Atlanta, would provide a credit for ad Valorem taxes on real property and personal property used for business or commercial purposes. This bill also contain the qualifier that in any tax year in which the commissioner determines that the aggregate amount of state reserve funds is less than \$500 million, no tax credit shall be claimed or allowed under this Code section for that tax year.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb5.htm

HB 6 - Sales and use tax for energy or water efficient products; sponsored by Representative Kevin Levitas, a Democrat from Atlanta, would provide for an exemption from sales and use tax with respect to certain sales of certain energy efficient products or water efficient product; with a sales price of \$1,500.00 or less per product purchased for noncommercial home or personal use from 12:01 A.M. on October 1, 2009, and concluding at 12:00 Midnight on October 4, 2009.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb6.htm

HB 17 – Elimination of Corporate Income Taxes, sponsored by Tim Bearden, a Republican from Villa Rica, entitled the Small Business and Jobs Protection Act of 2009," would eliminate corporate income taxes, beginning January 1, 2010.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb17.htm

HB 18 – Elimination of ad Valorem Inventory Taxes, was also pre-filed by Representative Tim Bearden, a Republican from Villa Rica. The bill "Small Business and Jobs Protection Act of 2010," would exempt the inventory of a business from ad Valorem taxes.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb18.htm

HB 19 – Use of Cell Phones While Driving, sponsored by Mary Margaret Oliver, a Democrat from Decatur, would amend Title 40 of the Official Code of Georgia to make it a misdemeanor, subject to one point, for the use of wireless communication device while driving.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb19.htm

HB 23 – Prohibiting Cell Phone Use by Teens While Driving, sponsored by Matt Ramsey, Republican 72nd, Tom Rice, Republican 51st, Edward Lindsey, Republican 54th would amend Title 40 of the Official Code of Georgia to make it a misdemeanor, subject to one point, for the use of wireless communication device while driving.

http://www.legis.ga.gov/legis/2009_10/versions/hb23_LC_34_1947_pf_2.htm



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HB 25 – Estimated Tax Liability Sales and Use Tax Returns, sponsored by Martin Scott, Republican 2nd, would remove the requirement for a merchant to file a return and remit to the revenue commissioner for estimated sales and use tax liability.

http://www.legis.ga.gov/legis/2009_10/fulltext/hb25.htm

Quote to Ponder

"They're telling you that you can't take care of yourself. You can't be trusted with what you put in your mouth or what you sign on the mortgage dotted line. So they'll tell you what to put in your mouth and they'll save you from what you signed on that dotted line. Does anyone see a trend here? Personal responsibility has now become government responsibility." **Neil Cavuto**, FOX News

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.