



# CAPITAL RETAIL REPORT



December 5, 2008

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### New Members

GRA would like to welcome new members Serendipity Gifts and More, Verizon Wireless, THP, Griffin-Spalding Chamber of Commerce, and the Newton County Chamber of Commerce.

### Department of Revenue Commissioner to Meet With GRA Executive Committee

When the GRA Executive Committee meets on December 10, Department of Revenue Commissioner Bart Graham will be 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 (please see article below).

### Georgia Counties Seek Sales Tax Collection Power

Counties from all across Georgia are asking Senator Chip Rogers to sponsor legislation which would allow them to collect sales taxes locally. They cite inefficiencies, lack of detailed information and lag in payment as the main reasons that they would like to have that power transferred from the Department of Revenue to local jurisdictions. Please see SR1167 below.

**SR 1167, Local Sales Tax Collection Study Committee**, Chaired by [Senator Chip Rogers](#), with, [Senator Tim Golden](#), [Senator Emanuel Jones](#), [Senator Mitch Seabaugh](#) and [Senator John Wiles](#), created a Senate Local Sales Tax Collection Study Committee.

Current Georgia law requires that the process of collecting local sales and use taxes be collected on behalf of counties and cities by the state revenue commissioner; and that the state revenue commissioner charge each local taxing jurisdiction a fee of 1 percent of the amount collected.

At the hearings held by the Study Committee it was made abundantly clear that many Georgia counties and cities would prefer to make their own arrangements for the collection of their taxes.

### **What could this mean for you?**

Currently all taxes are collected by the State Department of Revenue and then returned to the counties. This process is cumbersome and counties and cities complain that it takes 90 days to turn collections



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around. The Department of Revenue does not deny the lag, but cites poor participation by the retailers in the use of electronic reporting and remittance as the main culprits.

If, counties and cities get the right to collect sales taxes this means many more reports and checks for retailers who have a presence in more than one jurisdiction. It also means that every retailer will have a far greater chance of being audited.

In addition, counties and cities could contract with an independent firm to collect taxes and perform audits. Those companies could then be paid an incentive to collect additional taxes and perform more audits.

This process could involve more reports, not less; more audits, and more penalties; and while retailers, for the most part are honest and accurately report and remit sales tax collections, more invasive scrutiny and oversight.

Many local governments are also asking for detailed reports, vendor by vendor, of sales tax collections. Arguments they espouse are based upon a need to know if local investments by government in development or promotion are paying off in terms of sales tax revenues collected. Do you want every county and city official knowing what you sales are?

[http://www.legis.ga.gov/legis/2007\\_08/fulltext/sr1167.htm](http://www.legis.ga.gov/legis/2007_08/fulltext/sr1167.htm)

## **Vendor's Allowance in Jeopardy?**

Faced with declining revenues some states are looking at cutting vendor's sales tax allowance. Could the Georgia General Assembly follow this trend? We keep our ears to the ground and will provide more information to you as it becomes available.

## **Free Webinars for Employers – on the Employee Free Choice Act**

Organized labor is down but not out, and unions have pinned their hopes on an aggressive agenda designed to turn the tide in their favor. If they succeed, organizing activity will increase dramatically, and unwary employers may find themselves unionized before they know what even hit them. Now that the election is over, what can we expect under the next administration?

The law firm of Morris, Manning & Martin is providing an opportunity to you to find out what lies ahead in terms of proposed legislation that would include some of the most sweeping labor reforms in recent history. Are you ready for mandatory card check imposed by the Employee Free Choice Act? Have you assessed your internal structure under the standards proposed by the RESPECT Act? Get the inside scoop from labor lawyers who will tell you what to expect and when. Our experts will offer a practical, phased approach designed to get you ahead of the curve while there's still time to protect your business.

The one hour webinars are free, but do require registration.

[To view webinar dates and to register please visit our website »](#)



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If you have questions, please contact Gail Rice at [gpryce@laborlawyers.com](mailto:gpryce@laborlawyers.com) or 404-231-1400.

## 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](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 17<sup>th</sup>, 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](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 17<sup>th</sup>, 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](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](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 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](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](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.



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[http://www.legis.ga.gov/legis/2009\\_10/fulltext/hb5.htm](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](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](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](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](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](http://www.legis.ga.gov/legis/2009_10/versions/hb23_LC_34_1947_pf_2.htm)

**HB 25 – Estimated Tax Liability Sales and Use Tax Returns,** sponsored by Martin Scott, Republican 2<sup>nd</sup>, 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](http://www.legis.ga.gov/legis/2009_10/fulltext/hb25.htm)

## **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,

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



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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.