

Address to the Special Joint Committee on Georgia Revenue Structure

2010 Special Council on Tax Reform and Fairness for Georgians

Tax Council Representatives:

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Communications Services Tax, Ancillary Recommendations

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Recommendations

- **Communications Services Tax**
 - Recommends repealing the current sales and use taxes and franchise fees on video and telecommunications services and instituting a 7% tax on all “communication services” (not to include Internet access services which states are prohibited from taxing by the Internet Tax Freedom Act). To prevent tax pyramiding, the Council further recommends an exemption from the sales and use tax for property and services used by communications service providers for the purpose of providing communications services. This change in the taxation of communications services is expected to generate approximately \$166 million in state revenues according to an industry study.
- **Services Impacted:** landlines, cell phones, satellite, cable (does not include internet access as prohibited by federal law)

Administrative & Governance Policy

Recommendations

1. Establish a tax court, independent of the Department of Revenue, to hear tax appeals and provide dispute resolution that is fair, equitable, simple, and transparent.
2. Establish a Commission to study local property taxation policy.
3. Consider allowing local governments and school boards the option of using special purpose local sales and use taxes that are currently dedicated to capital projects, leftover from completed capital projects, or from capital projects never initiated due to a change in the nature or need of the project, for maintenance and operations upon voter approval, if property taxes and/or inventory taxes are reduced in a corresponding amount.

Administrative & Governance Policy

Recommendations

4. Review the organization, practices, and processes of the Department of Revenue to better serve the businesses and citizens of Georgia.
5. Establish better alignment of the Department of Revenue with local governments relative to timely reimbursements, transparency and accounting of payments, and pursuit of identifying abuse and uncollected sales tax revenues.
6. Review the state's tax revenue structure every 4-8 years immediately following the gubernatorial election cycle
7. Establish look-back analyses for effectiveness of credits and exemptions decisions
8. Seek to rebuild reserves to protect the state's AAA bond rating

Endorsements

- Georgia Chamber of Commerce
- National Federation of Independent Business
- Georgia Farm Bureau
- Georgia Traditional Manufacturers Association (GTMA)
- Georgia Poultry Federation
- Georgia Green Industry Association (GGIA)
- Georgia Cattlemen's Association
- Georgia Agribusiness Council