

Statement submitted to The Special Council On Tax Reform and Fairness For Georgians  
By Bill Tinley, City Councilman for the City of Waynesboro *Bill Tinley*  
at a public hearing at the Double Tree Hotel in Augusta, Georgia on August 30<sup>th</sup>, 2010.

**First, I would like to address the property tax, "the tax everybody loves to hate".**

This tax is one that no-one likes and is the easiest for politicians to demagogue.

The facts, City and County officials do not establish property values nor do they have any input into the process of property valuation.

They do not tell the county tax assessors to increase the value of the tax digest. They only have the power to set the millage rate to be applied to the tax digest in order to produce a balanced budget as required by State Law.

The Official Code of Georgia Annotated (O.C.G.A. Title 48) establishes the Georgia Department of Revenue and outlines how it operates.

The Georgia Department of Revenue establishes the criteria for property tax valuation and mandates that the county tax assessors must follow those criteria or subject the counties to fines and penalties.

Local tax digests must be submitted to the State Department of Revenue for approval each year and each county digest is audited every three years for compliance.

If the Legislature is serious about being dissatisfied about property valuations and the way property is assessed, then I suggest that the quickest and most efficient way to address the issue is to require the Department of Revenue to study its present system and make adjustments where necessary to ensure that the system is more modern and equitable.

**Next, I would like to address tax collections and submit to you three recent newspaper articles.**

First, an article from the "Gwinnett Daily Post" of Lawrenceville, Georgia, dated June 25<sup>th</sup>, 2010.

Headline : "Rexall Grill owes \$500,000 in taxes, Fees"

Article quote : The Duluth greasy spoon owes \$248,400 in taxes from the past five years.

With interest, penalties and a collection fee, the number soars to \$503,336.60.

"A Duluth mainstay for 41 years."

Next, an article from "The Augusta Chronicle" dated July 26<sup>th</sup>, 2010.

Headline : "Five Hotels Raided Over Unpaid Taxes"

Article Quote : Thirty revenue agents and officers from other agencies seized five

Augusta hotels at 8:00A.M. for their failure to pay sales taxes and withholding for their employee's income taxes according to Department spokesman Reg Lansberry.

The owner said "he felt like a victim because the agents laughed at the prospect of seeing him deliver nearly \$1 million."

Lansberry said that the Department has made 37 similar "Padlock Raids" in the past two years and that the Augusta incident was routine and not motivated by external circumstances.

The owner had a history of tax liens dating back to 2005.

The last article from "The Gainesville Times", Gainesville, Georgia, dated July 26,2010.

Headline: " Study says Georgia has shortchanged Hall County"

Article: A study commissioned by the local governments that estimates the State has shortchanged the county more than \$25 million in sales tax revenue over three years.

Hall County is one of four counties selected to participate in a Department of Revenue

Pilot Study that compared local business license data with Department of Revenue records.

Cross checks in the pilot study revealed 957 Hall County businesses that were not on the

Department's sales tax list and 680 businesses that were reporting sales taxes to the State but did not hold a business license in Hall County.

Frank Norton Jr., who conducted the study, said his data showed that The Department of Revenue's payments were inconsistent and on average were between 20 per cent and 46 per cent below what he calculated they should have been.

**In summary**, the Georgia Department of Economic Development Travel Guide lists over 2,500 places for lodging in Georgia. The newspaper article addresses only 5.

The Georgia Restaurant Association has more than 3,000 members. The newspaper article only addresses one.

Georgia has 159 Counties. The newspaper article only addresses one.

These newspaper articles point out the potential millions of dollars of revenue that are not being collected because of inefficiencies and either lack of personnel or lack of commitment in the Georgia Department of Revenue. Those millions of dollars could possibly be used to help lower taxes for the citizens of our State.

**In closing**, The Georgia Department of Revenue is a creation of The State Legislature(Title 48). The Georgia Department of Revenue is funded by The State Legislature. The Legislature has oversight of The Georgia Department of Revenue . Therefore, any plan to reform our State Tax system should begin with The Georgia Department of Revenue.

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Updated: 7:15 AM Jun 26, 2010

## Rexall Grill owes \$500K in taxes, fees

It's a tab that would take 100 years for even the most regular Rexall Grill patron to rack up. The Duluth greasy spoon owes \$248,400 in taxes from the past five years. With interest, penalties and a collection fee, the number soars to \$500,336.60.

Posted: 8:09 PM Jun 25, 2010

Reporter: By Camie Young, Senior Writer

Email Address: [camie.young@gwinnettdailypost.com](mailto:camie.young@gwinnettdailypost.com)

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LAWRENCEVILLE — It's a tab that would take 100 years for even the most regular Rexall Grill patron to rack up.

The Duluth greasy spoon owes \$248,400 in taxes from the past five years. With interest, penalties and a collection fee, the number soars to \$500,336.60.

Proprietor Sandra "Gail" Herrin was given the delinquent bill May 24 and was forced to close Wednesday.

Herrin has not returned a phone call seeking comment, but Linda Alley, the pharmacist who owns Rexall Drugs and the name, location and furnishings for Rexall Grill, said her business partner was overwhelmed following the death of her husband.

Alley has no hard feelings and plans to hire Herrin as manager after a public auction of Herrin's company assets are sold. Since Alley owned all the restaurant equipment, that leaves the tables and Coca-Cola memorabilia that adorned the walls for the July 6 auction.

Then, Alley plans to reopen the restaurant under her own business license.

As a Duluth mainstay for 41 years, patrons are anxiously awaiting the return of the restaurant, as Alley plans to rehire all of the workers and keep the menu. The only thing that will change, she said, is she will take control of the finances.

That returns the famous grill to the previous management design, which Leonard Anglin began in 1969, when he opened the grill as part of a pharmacy shop run by his son.

"Nobody gave me a head's up it was a problem, said Alley, who bought the pharmacy from Anglin in 1998, when Herrin began running the grill on her own, renting the space.

If all goes well with the auction and health inspections, Alley hopes to reopen the grill July 7 or 8.

“I think in the long run, this will be a blessing for her and for me,” Alley said Thursday.

**Find this article at:**

<http://www.gwinnettdaily.com/home/headlines/97207629.html>

Check the box to include the list of links referenced in the article.

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# The Augusta Chronicle

## Five hotels raided over unpaid taxes

Source URL: <http://chronicle.augusta.com/news/metro/2010-07-26/five-hotels-raided-over-unpaid-taxes>

By Walter C. Jones  
Morris News Service  
Monday, July 26, 2010

ATLANTA — The owner of five Augusta hotels raided and padlocked by the Georgia Department of Revenue Monday morning said at midday that he is all paid up.

Thirty revenue agents and officers from other agencies seized five Augusta hotels at 8 a.m. for their failure to pay sales taxes and withholding for their employees' income taxes, according to department spokesman Reg Lansberry.

Owner Jugal Purohit said that all of his hotels are open for business but that the revenue agents had told his 350 guests to leave. He will rebuild his occupancy from scratch, starting with reservations for tonight.

"With the economy, we got behind in payments, but we reported the figures all the time to show we are sincere," he said.

Purohit, who has done business in Augusta for 20 years and has been a U.S. citizen for 10, said he felt like a victim because the agents laughed at the prospect of seeing him deliver nearly \$1 million.

"They treated me like a dog," he said.

His attorney, Bill Trotter, speculated that the raid could have had a political motive because Democrats have promised to increase tax compliance through private collection companies contracted by local governments as a way to generate \$1 billion they intend to use to fund their initiatives.

Revenue Commissioner Bart Graham has countered that the outstanding tax is a far smaller amount and that privacy concerns prohibit the local contracts.

Still, Trotter said, the arrival of so many officers at the businesses was pure melodrama.

"We're just stunned by the unnecessary, intrusive show of force that the department showed this morning. Totally unnecessary," Trotter said. "We think they wanted to make a big show."

Lansberry said that the department has made 37 similar "padlock raids" in the past two

years and that the Augusta incident was routine and not motivated by external circumstances.

The agency was prepared to either close the hotels or bring in a hotel-management company to operate the units until the government got its due, he said.

The hotels are Ramada Inn & Suites, Staybridge Suites, Country Inn & Suites, Best Western and Days Inn & Suites.

**RAINIER EHRHARDT/STAFF**

**A Best Western and a Country Inn & Suites near Washington Road are two Augusta hotels owned by Jugal Purohit that were raided Monday morning by the Georgia Department of Revenue. Failure to pay sales taxes was among the charges. \n*"They treated me like a dog."***

**-- Jugal Purohit,**

hotel owner, about Department of Revenue agents who closed five of his hotels Monday\n**A Ramada Inn, Staybridge Suites and Days Inn & Suites owned by Purohit were also targeted. Purohit said that the tax issue has been resolved.**

**Links:**

- [1] <http://chronicle.augusta.com/sites/default/files/editorial/images/feed/msms/photos/4340241.jpg>
- [2] <http://chronicle.augusta.com/sites/default/files/editorial/images/feed/msms/photos/4340244.jpg>
- [3] <http://chronicle.augusta.com/sites/default/files/0727Hotels4RAE.jpg>

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## Study says Georgia has shortchanged Hall County

County has lost out on \$25M over 3 years, report says

Melissa Weinman

[mweinman@gainesvilletimes.com](mailto:mweinman@gainesvilletimes.com)

July 26, 2010

Hall County, its cities and school boards met Monday at the Georgia Mountains Center to ask their legislative delegation for help making changes at the state level to bring home more sales tax dollars.

Rep. James Mills, Rep. Carl Rogers and Sen. Butch Miller, along with Dennis Pitts, a field representative and job advocate in Lt. Gov. Casey Cagle's office, heard a study commissioned by the local governments that estimates the state has shortchanged the county more than \$25 million in sales tax revenue over three years.

"I think we've scratched the surface," said Frank Norton Jr., who conducted the study. "There are lots of little holes in this system."

Pitts said a senior adviser to the lieutenant governor likely will be talking to Cagle Friday about the information.

Hall County is one of four counties in the state that were selected to participate in a Department of Revenue pilot study that compared local business license data with Department of Revenue records.

"I can tell you the lieutenant governor is very upset with the (Department of Revenue) commissioner as far as agreeing to put this pilot program in place," Pitts said. "And then there's been no connection, there's been no dialogue with Phil (Sutton, assistant county administrator) who's worked on behalf of the four counties above and beyond the call of duty. We're engaged with it, and I should know a little more later in the week."

The Gainesville City Council, Hall County Board of Commissioners and the Gainesville and Hall County school boards commissioned Norton's study, which is a separate investigation from the Department of Revenue pilot study and showed a number of issues with the current system.

Cross checks in the pilot study revealed 957 Hall County businesses that were not on the department's sales tax list and 680 businesses that were reporting sales taxes to the state but did not hold a business license in Hall County.

"Separately, Frank's group took a careful look at the commodity report that the



Revenue Department generates ... and compared that with certain businesses in Hall County to try to get his own feel for, are we collecting as much as we should?" Assistant County Administrator Phil Sutton said.

Norton's study looked at numbers reported from Hall County retailers on food, gas and automobile sales compared with state sales tax money returned to the county from the years 2007, 2008 and 2009.

Norton estimates the county should have received \$25.8 million more in sales tax money over the three-year period.

His data showed the Department of Revenue's payments were inconsistent and on average were between 20 percent and 46 percent below what he calculated they should have been.

"That builds a lot of schools. It subsidizes a lot of employees. It helps lower the overall tax base for a community of our size. It helps major industrial recruitment. It helps water systems, sewer systems, roads and our citizens," Norton said. "Now, we may be wrong. We may be off 50 percent. But that's 12.5 million."

He pointed out that major events — such as the opening of a new Target, Wal-Mart and Home Depot — generated additional commerce in the county that did not return in the form of sales tax.

"There's been negligible effect of over 1 million square feet of additional retail occupancy between 2007 and 2009," Norton said. "To me, that doesn't correlate."

Commissioner Steve Gailey expressed concerns over online sales, which do not contribute to state sales tax.

"There's a tremendous amount being bought over the Internet," Gailey said.

Norton said it is just one piece of the puzzle.

"We're missing all of that," Norton said. "But it's not \$25 million."

Sutton said there were a number of accomplishments that came out of this year's General Assembly that will help solve some of the county's dilemmas.

One problem Sutton and Norton encountered in their study was that the Department of Revenue's database was not accessible to local governments.

House Bill 1093 now allows counties collecting business occupation taxes to ask businesses for their sales tax identification numbers so the county can verify that the business is paying both state and local taxes.

Additional auditors should also help reduce issues.

The General Assembly budgeted \$9.8 million to hire 145 tax compliance auditors who are expected to pay for themselves by collecting an estimated \$900,000 each — or \$128 million total — from businesses who aren't complying with the system.

But local officials agree they need to work with legislators to do more.

"Where's our money going?" Oakwood Mayor Lamar Scroggs said. "Somebody needs to stand up. Our money needs to be counted in Atlanta, Ga."

Mills said the legislators are on their side.

"We're working real hard to bring all the dollars we can back," Mills said. "The reason we're here today is because the lieutenant governor and delegation saw this as a problem ... and we're trying to fix it."

Rogers said the next governor will need to stand behind changing the system as well.

"They've got to sign the bill," Rogers said.

<http://www.gainesvilletimes.com/section/6/article/35798/>