

Members of the council

I am Greg Kirby and I am tax director of Beaulieu Group, one of the largest carpet manufacturers headquartered in Georgia. We have 17 separate facilities in the State of Georgia and employ over 4,000 Georgians. The manufacturing of carpet may appear simple; it is in fact a complex and technical process. Large purchases of materials in their rawest form along with substantial capital investments are required to make yarn. The same is true for processing the yarn and, ultimately, putting the yarn into carpet.

The world's flooring industry is centered in Dalton. However, the largest carpet manufacturers have operations all over the U.S. and some outside the U.S. In the last three years the industry shrank by 35% and we are producing carpet at 1985 levels. Certain legislative initiatives have helped stem the loss of jobs and have helped employers improve the skills of workers we have. The integrated plant legislation passed in 2008 and implemented in 2009 has reduced uncertainty as to the taxability of manufacturing inputs. This legislation has reduced the compliance burden and the cost of manufacturing inputs which allows us to invest our money and time into producing better products thereby creating more job security for Georgians.

The Georgia Retraining Credit has been especially helpful in providing our workforce an opportunity to better themselves personally and professionally. Recent changes to the law have made the credit calculation difficult, but it is still a valuable incentive to continue to improve skills of frontline employees. (You may want to elaborate here or be prepared to respond to a question about the law changes that have made the calculations more difficult.)

To keep jobs in Georgia the state needs a competitive tax structure. States that surround us have empty manufacturing buildings that we could occupy. They offer similar exemptions on most manufacturing inputs. There is a glaring and expensive exception, however. Georgia, unlike our neighboring states, taxes energy inputs. In our industry, energy is major manufacturing cost, third only to the cost of labor and raw materials. The cost of energy in Georgia is generally higher than other states. An energy tax is an added burden that places Georgia operations at a competitive disadvantage.

With regard to changes in income tax rates, our company's legal structure is an LLC which is treated as a partnership for tax purposes. Any reductions in corporate income tax rates would not benefit our shareholders unless similar reductions were made to individual rates.

We celebrate the opportunity to have input into a process that will make Georgia more competitive. Taxes and reduced complexity do influence corporate decision making. The information regarding the Council's guiding principles is encouraging. We certainly will be available should the Council seek more input.

Thanks.