

**Testimony before the Special Council on Tax Reform and  
Fairness For Georgians**

**Henry Colley  
Vice President – Sprint Food Stores**

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Good afternoon Mr. Chairman and members of the Special Council. Thank you for allowing me the opportunity to be here today and thank you for taking the time to come to the Augusta area. My name is Henry Colley and I am Vice President of Sprint Food Stores, headquartered in Wrens, Georgia, just down the road from here. Our company has Georgia roots that go back more than 50 years and we have grown to the point where we now operate 11 stores and provide jobs for more than 200 Georgians in eastern Georgia through our retail, wholesale and propane businesses. We also operate one store in South Carolina, but more on that later.

I want to thank you for your efforts in seeking to reach some long term solutions related to tax policy in our state, as opposed to quick fix ones that might poll well. It is in that light that as a retailer who operates along Georgia's border, our business success depends on a fair tax policy that realizes that such policies do not stop at Georgia's border and if not properly vetted, can have major implications on our livelihoods.

Earlier this year, I attended a hearing where I heard a preacher tell the committee members that it was "ok to lie to a lobbyist". For the record, I am NOT a lobbyist. I came here today to simply to put a face on the many businesses that would be severely impacted should my home state of Georgia implement tax policy which would place many of us in a severe competitive disadvantage. I am speaking specifically of previous proposals that would have sought to implement large increases in Georgia's tax on tobacco products. Advocates for this short term fix often like to tell you that it polls well and that only 30 percent of people would oppose it. Let me share another number with you – 40 percent. That's right, tobacco sales to legal customers are by far our largest producer of revenue that support our businesses and make up 40 percent of the inside sales of a typical location. It's these sales to our legal customers that are an integral part of our company's ability to make payroll. The fact that Georgia continues to consider such a tax policy, even if it polls well, during these challenging times for our company and many other retailers may be an indication of a possible big disconnect between elected officials and those of us trying to keep the lights on.

Here's the reality. I operate stores here in Augusta. Just across the river in North Augusta, South Carolina we face competition from retailers who look a lot like us and sell the same stuff. Similar situations exist in Savannah and Columbus and all along our border. If we opt to place Georgia retailers at a competitive disadvantage for products, which as I already mentioned, are the number one source of revenue for our stores, we simply encourage retailers to



look elsewhere for future expansion. Is there anyone in this room who really doesn't feel that this sort of lopsided advantage would not have severe implications for us and our employees, and the companies that supply our business? It is certainly my hope that this Council would not seek in its recommendations to endorse any tax policy that target businesses such as ours who have invested in the state, paid taxes, and provided jobs. You have a real chance to get it right. I am proud that we have been able to create over 200 good jobs in my home state without the benefit of special tax incentives or handouts. All we ask is that you clearly understand that tax policy cannot be created in a vacuum on matters this important to our future. I understand that that one of the overriding goals of the Council is to recommend growth friendly tax policy. Any policy that puts retailers at a competitive disadvantage to similar businesses across our borders clearly does not meet this criteria. Specifically for our company, this means that we suspended new development in the Augusta area and that our next two locations will be on the other side of the river.

In my brief time before you this afternoon, I also want to address tax policy as it relates to motor fuel. Convenience stores are the place where our nation's drivers buy the majority of their motor fuel. Just like tobacco, tax policy on motor fuel cannot be developed that does not realize its implications across our borders. Many of you may think that Georgia has one of the lowest motor fuel taxes in the country at 7.5 cents per gallon. That is correct. As now as Paul Harvey said...the rest of the story. What you may not realize is that Georgia is

one of the few states in the country, and the only one in the southeast that also adds state and local sales taxes to motor fuel. Currently, here in Augusta, that adds a total of 18.182 cents per gallon to the cost of motor fuel. South Carolina, on the other hand has a "higher" fixed motor fuel tax of 16 cents per gallon, but no sales taxes on motor fuel, resulting in Georgia currently having a higher combined tax of 9.68 cents per gallon. But it only gets worse. Because the sales tax goes up as gas prices increase, this disadvantage only increases with higher prices. Several years ago when prices went sky high, Georgia's combined gasoline taxes were amongst the highest in the Southeast. The state got a nice windfall while others suffered the pain at the pump.

I am not here today asking anyone for a bailout. We never have. We can compete with anyone if given at least a level playing field and a tax policy that recognizes that borders do not provide barriers to competition in retailing. They don't and a customer who crosses the border, which in many cases is simply a block long bridge, takes not only his tobacco and motor fuel business, but the rest of his market basket, further impacting our business. In most retailing environments the customer is not going to make two stops.

Thank you again Mr. Chairman and members of the Special Council for allowing me to share some candid remarks here in Augusta. I do so in a respectful manner, however the nature of the impact of what you are considering demands straight talk. It is appropriate that today you are in a border town because those

of us who have sought to operate here are closely watching to see that any recommendations that come forward to the General Assembly truly do recognize that tax policy does not stop at the border. I will be happy to answer any questions at the appropriate time.