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September 7, 2010

Dear Members of Special Council on Tax Reform and Fairness for Georgians:

We want to thank each of you for taking on the task of creating a tax reform plan for our state. As local government officials, we are well aware of the needs for some changes but ask that you be sensitive to the impact on local government and school systems of proposed changes. In many cases, state, local and school system revenues are interconnected and have some of the same revenues especially sales tax and property tax. Particularly during this period of economic downturn state governments need to take a hard look at how to reduce spending. Our city has made strategic reductions in spending by challenging management and employees to be inventive and think "outside the box" to keep our finances in order. So far, we have been successful.

We have a few specific areas to suggest for you to examine as you complete your work. Those areas are as follows:

1) Collection of Sales Tax or Compliance

Several cities and counties participated with the Georgia Department of Revenue in a Pilot Project that compared a list of businesses with actual sales tax paid. The pilot project produced significant evidence that many businesses do not pay their required sales tax. We think it is unfair for honest businesses to pay while others do not pay. This issue is important for the state but also for local governments and schools. Other states like Alabama allow local governments to collect sales tax and they have demonstrated that a higher collection rate can be accomplished by using local collections.

2) Exemptions

All exemptions for sales tax should be examined for their real benefit to the entire state and to their fairness to other businesses and products. Certainly exemptions should not run forever and be periodically evaluated.

3) Remote Vendors

Remote vendors include catalog, home shopping networks, and internet sales. Shopping trends indicate that more and more retail sales take place at what is becoming the traditional way to shop. The State, as well as local governments, would benefit greatly if sales taxes were paid on all these transactions. With existing computer technology, a method could be implemented to create an easy to use process. Local businesses that not only pay sales tax but property tax and business licenses are penalized when internet sales take place and no sales tax is collected.

4) Charges for Service

The State should consider charging for services where possible. An example would be entrance fees at state parks in lieu of closing. Most citizens have grown accustomed to paying for services and other fees can also be used to improve certain services.

One other suggestion would be to consult management and staff in specific departments for their input. Our city staff has been very effective in not only cutting expenses but innovative in optimizing our revenues.

We hope these suggestions will help you as you deliberate the various issues. Thank you for having this session in Rome.

Sincerely,

Wright W. Bagby
Mayor

Duane Reid
Mayor Pro-Tem

Kim Canada
Commissioner

Bill Collins
Commissioner

Jamie Doss
Commissioner

Sue Lee
Commissioner

Evie McNiece
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Milton Slack
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c: John Bennett, City Manager