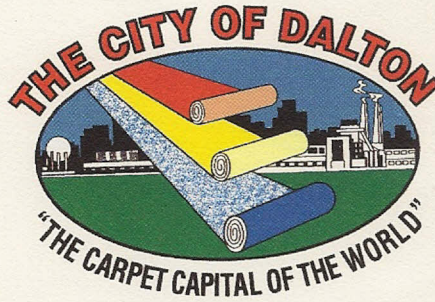


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I would like to express the importance of manufacturing to local, state, and national economies. A manufacturing job brings far more value to an economy than a service job. There are 8 counties in Georgia which I call jobs manufacturing counties. What I call job manufacturing counties are those whose employment to population ratio is above 50%. Fulton County is number one @ 74%. Even after this sharp housing down turn, Whitfield County is still 2nd @ 63%. Thanks to our manufacturing base, we are still a jobs engine for all of Northwest Georgia. A manufacturing economy is the most stable funding source for government. Even with the sharp down turn in our industry, the City of Dalton has been able to reduce property taxes every year for the last three years by a cumulative 30%. Dalton Utilities, our municipal owned utility, although their business is off sharply, has been able to keep very low rates and will be debt free next year. This is all thanks to the carpet industry. Our State's tax and regulatory policies are some of the most unfavorable toward manufacturers in the southeast. We are the only state that taxes energy that goes into manufacturing and our expensing of capital purchases is more punitive than the federal governments. Our tax policy needs to be reformed to where it heavily favors manufacturing. Also any tax reform needs to encompass all forms of taxation in the State of Georgia. Sales taxes can have a very onerous effect on business activities also. The way we collect revenue needs to be efficient and very easy for businesses to comply with. I do not support local government's collecting the tax and submitting it to the state. I believe that is considered onerous to businesses. And also, local governments would have to build staffs to do this. I believe the state needs to do one of two things. First, look @ outsourcing it to a data processing company with point-of-sale technology to collect and distribute taxes to the appropriate governments. If this is not workable, then the State of Georgia needs a serious technology upgrade w/ point-of-sale collection capabilities like numerous other states. The HB 277 which is a bill requesting regional commissions to pass one cent sales taxes to fund the department of transportation should be included in any review of Georgia's tax policy. This tax if passed by all regional commissions will be a one and a half billion dollar tax increase for Georgians. This will practically double the DOT's budget. This will also make us even more uncompetitive to our surrounding states because of the few exemptions from this one cent tax because the tax on energy which goes into the manufacturing is not one of them. I believe there are other important things that need to be funded for economic development, such as education, not roads taking the priority. With two of the best deep water ports in the world, the largest airport in the world, the best interstate system in the south, the best railroad network in the south, institutions of higher learning like Georgia Tech, University of Georgia, with the right tax and regulatory policy, there is no reason why Georgia should not be a manufacturing powerhouse. In order to get the State of Georgia's economy moving again, it will take more manufacturing jobs because these are the only good jobs that most Georgians are trained to do.

Mayor David Pennington

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