

## Middle Georgia Community Action Agency, Inc.

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September 2, 2010



Good Afternoon Council Members

My name is Nancy Smith. I am the Executive Director of Heart of Georgia Community Action Council, Inc and Middle Georgia Community Action Agency Inc. This represents a service area of nineteen counties.

I am speaking on behalf of Georgia Community Action Association which is a professional organization serving twenty agencies across the state. Nationally, Community Action was formed by an Act of Congress almost fifty years ago and operates under a federal mandate to advocate for and to provide service to the disadvantaged citizens (primarily the financially disadvantaged) on almost every inch of American soil.

It is with great concern for the millions of Georgians standing on the cusp between financial dependency and financial independence that we are compelled to speak against the reinstatement of sales tax on food in the state.

Preventing poverty necessitates the creation and protection of jobs and businesses in this state. To this end, we work tirelessly to prevent more Georgian's from joining the ranks of the unemployed or underemployed. (Families we now refer to as the Great Recession's "New Poor.")

But poverty prevention also requires diligent efforts to minimize any increases in the family's cost of living. It is with concern that we alert you to the dramatic increases in energy, transportation, and food costs while the New Poor faces income reductions in the past five years. These cost increases are well documented within the 2008 Self Sufficiency Index prepared by Center for Women's Welfare at the University of Washington. The Self-Sufficiency Standard defines the income working families need to meet their basic necessities *without* private or public assistance. Basic minimum needs include: housing, child care, food, transportation, health care, miscellaneous expenses (clothing, telephone, household items). The Standard was calculated for 70 different family types for each county or area in a state.

Allow me to state that impact on grocery items in simple math.

According to the report's estimates on minimal food expenditures for a self-sufficient family (meaning a family that does not receive public assistance but is arguably at risk of



23 COUNTIES SERVED

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According to the report's estimates on minimal food expenditures for a self-sufficient family (meaning a family that does not receive public assistance but is arguably at risk of requiring public assistance) of four- two adults and two children- living in Bibb County Georgia (the county in which you are visiting), spends at least \$159.00 per week. Under the proposal entertained by this Council, this struggling working family would have to pay an additional \$6.40 per week before leaving the grocery store (assuming a 4% state tax). What could have been added to the grocery cart in lieu of \$6.40? It might be two gallons of milk, three cartons of eggs, two boxes of generic breakfast cereal, or 3 boxes of generic instant oatmeal.

Within one month, the food tax paid by this family would equal \$25.50. This is the equivalent of an oil change for the family vehicle, two pairs of children's shoes from Walmart, or a third of the family's monthly electric bill.

As many of you know, Community Action Agencies distribute federal heating assistance (LIHEAP) funds for the poor and elderly. These funds are typically exhausted before the needs of many can be met. This funding short fall puts many Georgia families at risk of heat disconnect during the winter months. In 2009, Georgia Community Action Agencies provided 217,000 households an average of \$345.00 each year. This represents \$74m of federal money to keep impoverished Georgian's warm during winter.

Interestingly enough, if one adds the montly expenditure of a proposed food tax for a year for a low income family it nearly totals this annual entitlement. (\$306.00- just \$39.00 short. )

While the tax may seem small, *in real terms*, it makes the difference between doing with *or doing without* for many Georgia families.

As Georgia's leaders, please examine every possible revenue-producing alternative before adding sales tax to food.

We are grateful that the Honorable Larry O'Neil, Chairman of the House Ways and Means Committee was successful in having legislation passed that will improve sales tax collections. This should be viewed as the first step toward increasing Georgia's revenue before sales tax on food in considered.

Look at Title 48 –Chapter 8 in the Georgia Code to identify a major cause of reduced revenues. Which is sales tax exemptions for special interests meant to satisfy industry lobbyists. Everything from fertilizer, to gold coins and bullion to jet fuel and grass sod. Each sales tax exemption should be evaluated on it's effectiveness in creating jobs and addressing the fundamental needs of the average Georgian.

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The average Georgian has no lobbyist. They do not have access to the "Green Door".

Our present economic circumstances rival those during the Great Depression and are predicted to get worse. The New Poor will not receive an increase in their income. Georgia should consider this fact before increasing those families' cost of living.

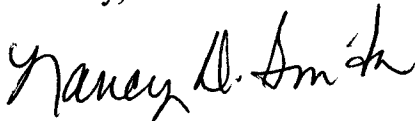
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As Georgia attempts to simplify and address inequities in our tax code, we need to be mindful that we are sending a message to each Georgian- young and old- about what we, as a State and as a culture, value. If we value the well-being of hard-working, long-suffering people determined to be independent of government subsidies, then we should send that message by refusing to tax their life sustaining food.

By doing so, Georgia can protect the welfare of this State, and not make Georgia a welfare state.

I thank you for allowing me to speak.

Sincerely,

A handwritten signature in cursive script that reads "Nancy D. Smith".

Nancy D. Smith  
Executive Director  
Middle Georgia Community Action Agency, Inc.