

**OCTOBER 21, 2010
SPECIAL COUNCIL ON TAX REFORM AND FAIRNESS FOR GEORGIANS**

GOOD MORNING!

**MY NAME IS RICHARD ROYAL AND I REPRESENT THE COALITION FOR
A COMPETITIVE GEORGIA WHICH CONSISTS OF:**

**AMERICAN CHEMISTRY COUNCIL
GA AGRIBUSINESS COUNCIL
GA FARM BUREAU
GA FORESTRY ASSOCIATION
GA MINING ASSOCIATION
GA PAPER & FOREST PRODUCTS ASSOCIATION
GA POULTRY FEDERATION AND
GA TRADITIONAL MANUFACTURERS ASSOCIATION**

**I SERVED IN THE GA HOUSE OF REPRESENTATIVES FOR 25 YEARS AND
RETIRED AT THE END OF 2008. I SERVED ON THE HOUSE WAYS &
MEANS COMMITTEE IN MANY CAPACITIES FOR 21 YEARS AND ALSO
SERVED AS CHAIRMAN OF THE COMMITTEE.**

**I ALSO SERVED UNDER FOUR DIFFERENT GOVERNORS: JOE FRANK
HARRIS, ZELL MILLER, ROY BARNES AND SONNY PERDUE. ONE THING
THAT ALL FOUR HAD IN COMMON WAS THAT THEY WERE PRO-
BUSINESS AND PRO-JOBS. ALL PRESENTED LEGISLATIVE AGENDAS
WHICH NOT ONLY SOUGHT TO BRING NEW BUSINESSES AND NEW JOBS
INTO OUR STATE, BUT TO ALSO ENCOURAGE EXISTING INDUSTRIES TO
RETAIN AND CREATE ADDITIONAL JOBS.**

**DURING HEARINGS OF THE SPECIAL COUNCIL ON TAX REFORM, I
HAVE HEARD COMMENTS THAT GEORGIA'S TAX CODE IS
ANTIQUATED. I ALSO HAVE HEARD THAT WE HAVE A HODGE PODGE
OF TAX EXEMPTIONS AND INCENTIVES WHICH ARE OUT OF DATE.
MANY OF THE EXEMPTIONS AND INCENTIVES WERE ADOPTED BEFORE
I ARRIVED AT THE LEGISLATURE, BUT I WAS AT THE TABLE WHEN
ADDITIONAL MEASURES WERE CREATED.**

**WHY WERE THEY ADOPTED? TO BRING EQUITY AND FAIRNESS INTO
GEORGIA'S TAX CODE.**

**OUR STATE ECONOMY HAS EVOLVED OVER THE YEARS FROM
PRIMARILY AGRARIAN, THEN AGRARIAN AND MANUFACTURING AND
FINALLY AGRARIAN, LESS MANUFACTURING AND MORE SERVICE
ORIENTED.**

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ALMOST EVERY TAX EXEMPTION AND INCENTIVE THAT PASSED DURING MY TENURE HAD TWO OBJECTIVES IN MIND; TO CREATE A LEVEL PLAYING FIELD FOR THE BUSINESS OR INDUSTRY AFFECTED AND TO ENHANCE OUR STATE'S COMPETITIVENESS AMONG OTHER SOUTHERN STATES, NATIONALLY AND IN THE CHALLENGING GLOBAL ARENA. SOME MAY BE OUTDATED TODAY, BUT I SUBMIT THAT THE MAJORITY ARE STILL VALID IN OUR HIGHLY COMPETITIVE ECONOMY.

I HAVE ALSO HEARD, IN MORE THAN ONE MEETING, THE IMPORTANCE OF GEORGIA'S AAA BOND RATING. HAD THE STATE OF GEORGIA TOLERATED AN ANTIQUATED TAX CODE, HOW COULD WE HAVE POSSIBLY MAINTAINED THIS BOND RATING? I SUBMIT TO YOU THAT THIS ENVIABLE BOND RATING IS, AT LEAST IN PART, DUE TO A TAX CODE WHICH WAS BALANCED AND RESPONDED TO ECONOMIC PRESSURES AND REVENUE FLUCTUATIONS.

LISTED IN YOUR BACKGROUND MATERIALS IS A COPY OF THE 1995 JOINT STUDY COMMISSION ON REVENUE STRUCTURE. MEMBERS OF THAT COMMISSION INCLUDED THEN SENATOR SONNY PERDUE, AN ECONOMIST FROM THE UNIVERSITY OF GEORGIA, GEORGIA SOUTHERN UNIVERSITY AND GEORGIA TECH, MYSELF AND OTHERS. THIS STUDY COMMISSION WAS STAFFED BY GEORGIA STATE UNIVERSITY AND INCLUDED DR. ROY BAHL AND DR. DAVID SJOQUIST.

ALTHOUGH THERE WERE WAYS SUGGESTED TO IMPROVE OUR TAX POLICY, WE FOUND IN GENERAL THAT THE THEN CURRENT TAX CODE AND TAX POLICY HAD SERVED THE STATE WELL. HOWEVER, THE COMMISSION DID FIND THAT GEORGIA SHOULD:

- 1. REDUCE THE INCOME TAX BURDEN**
- 2. ADJUST THE CORPORATE INCOME TAX TO MAKE IT MORE INVESTOR FRIENDLY**
- 3. REDUCE THE PROPERTY TAX BURDEN**
- 4. EXPAND THE SALES TAX BASE TO INCLUDE MORE SERVICES**

THE COMMISSION SERIOUSLY EVALUATED THE OPTION OF REMOVING THE SALES TAX ON FOOD FOR HOME CONSUMPTION AND THIS OPTION WAS REJECTED.

I WOULD LIKE TO SHARE A TRUE STORY AND THEN I WILL CLOSE. SEVERAL WEEKS AGO, I HAD THE OPPORTUNITY TO ATTEND A COUNTY GOVERNMENT MEETING AT WEST POINT, GA, THE NEW HOME OF KIA.

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THERE WAS A PRESENTATION BY KIA IN WHICH THE COMPANY TOLD OF ITS GOALS IN TERMS OF PRODUCTION AND JOBS. KIA HOPES TO BUILD 300,000 VEHICLES PER YEAR AND REACH AN EMPLOYMENT LEVEL OF 2500 JOBS.

THESE ARE VERY COMMENDABLE NUMBERS AND THE STATE OF GEORGIA DOES APPRECIATE THE TREMENDOUS INVESTMENT BY KIA AND OTHERS LOOKING TO LOCATE IN OUR STATE. THESE JOBS ARE HIGH PAYING AND VERY SECURE FOR STATE RESIDENTS.

ON THE OTHER HAND, WAY DOWN IN MY HOME TOWN OF CAMILLA, GA THERE IS A POULTRY COMPANY WHICH PROCESSES 1.3 MILLION CHICKENS PER WEEK, HAS BEEN IN OPERATION FOR 15 YEARS, HAS AN INVESTMENT OF OVER \$400 MILLION AND GUESS WHAT? THEY EMPLOY 2500 GEORGIANS. I TELL YOU THIS TO EMPHASIZE THE DIVERSITY OF OUR STATE. WE ARE A STATE THAT IS HOME TO ALL TYPES OF INDUSTRY, BOTH LARGE AND SMALL AND YET GEORGIA IS ONE OF ONLY TEN STATES THAT CURRENTLY FAILS TO PROVIDE SALES TAX EXEMPTIONS ON ENERGY USED IN MANUFACTURING. WE MUST HAVE A TAX CODE THAT ALLOWS INDUSTRY TO COMPETE IN A GLOBAL, FREE MARKET BUSINESS CLIMATE.

I URGE YOU TO WEIGH EACH EXEMPTION AND EACH INCENTIVE VERY CAREFULLY TO ENSURE THAT GEORGIA BUSINESSES REMAIN COMPETITIVE IN THE MARKET PLACE. OUR ECONOMIC FUTURE AND OUR AAA BOND RATING ARE IN YOUR HANDS!