



**AARP Georgia** T 1-866-295-7281  
999 Peachtree Street, NE F 404-881-6997  
Suite 1110 TTY 1-877-434-7598  
Atlanta, GA 30309 [www.aarp.org/ga](http://www.aarp.org/ga)

## **Rick D'Arezzo testimony**

### **AARP Georgia**

### **Georgia Special Council on Tax Reform and Fairness for Georgians**

**September 7, 2010**

**Rome, Georgia**

I am Rick D'Arezzo, from Cartersville. I am a retired U.S. Navy captain with 22 years in nuclear submarines and then in the reserves in the Naval intelligence program. After my retirement from the military, I was a consultant to the nuclear industry. Currently I serve as the state president of AARP Georgia and that is who I am representing today. AARP has almost a million members in Georgia.

AARP Georgia supported the passage of House Bill 1405 and applauds the creation of this tax council. We agree that Georgia needs a systematic study of its revenue structure. We appreciate this opportunity to make comments.

Five broad principles guide AARP's evaluation of tax options. Proposals to reform the tax code should take into account these principles which have some overlap with the principles proposed by the economists on your council. Those principles are:

**Equity**—Tax revenue sources should distribute the tax burden according to people's ability to pay and people with comparable incomes should be taxed at comparable rates.

**Economic neutrality**—Taxes should be as neutral as possible and should not unduly hinder economic growth, induce inflation, or discourage savings.

**Administrative efficiency**—Taxes should be simple for taxpayers to understand and comply with, and as easy as possible to administer.

**Revenue**—The tax system must produce sufficient revenue to pay for important national, state, and local priorities and maintain fiscal stability.

**Social and other policy goals**—A balance must be struck between using the tax system to address social policy goals and raising adequate revenues simply and equitably.

AARP believes states should take steps to minimize the impact of sales tax on low-income people. Exempting basic necessities and providing sales tax credits to low-income residents make the sales tax less regressive. We oppose efforts to raise taxes on groceries. A recent email survey of almost 2000 of our members in Georgia resulted in 86% being opposed to restoring the state portion of the sales tax on groceries. Most

states have eliminated, reduced, or offset the tax as applied to food for home consumption. South Carolina is the state that most recently eliminated its sales tax on food (effective November 1, 2007). Only two states continue to apply their sales tax fully to food purchased for home consumption without providing any offsetting relief for low- and moderate-income families. They are Alabama and Mississippi.

We do support the move to expand the sales tax base to include taxes on services.

We also support increasing the tax on tobacco. Five states have increased cigarette taxes so far in 2010, compared to 18 states in 2009.

Thank you again for the opportunity to present comments from AARP Georgia.