



August 26, 2010

Mr. Chairman, members of the Council,

My name is Tim Ligon. I am the Chief Financial Officer of Goodwill Industries of the Middle Georgia and the CSRA (which is the Augusta and Aiken trade area), and I appreciate the opportunity to speak with you today on behalf of the Georgia Goodwill Association. The Georgia Goodwill Association represents all of the Goodwill facilities and programs throughout Georgia with our home centers in Atlanta, Macon, Savannah, and Columbus. Currently we have 137 locations in the state.

As you may know, all Goodwill Industries are 501(c) (3) corporations which put people to work. While the various Goodwill locations undertake a variety of activities, we all provide job training and employment services to people who are having trouble finding and keeping work, and/or want to change careers. With our support, Goodwill participants overcome employment hurdles caused by physical, emotional and developmental disabilities, limited job skills, poverty and other challenges. To fund these services, we primarily sell donated clothing, books, furniture and household goods.

I want to talk about two issues. The first is sales tax exemptions for nonprofits in general and the Georgia Goodwill Industries in particular. The Goodwill Industries of Georgia and the state itself have mutually benefited from legislation exempting qualifying nonprofit job training organizations from paying state sales and use taxes. All Goodwills are still paying local taxes.

The original law was enacted in 2006 and was renewed in 2008 for two more years. This sales tax exemption- along with several others- was allowed to expire by the 2010 Georgia General Assembly.

***Building lives, families, and communities — one job at a time.***

5171 Eisenhower Parkway ♦ Macon, GA 31206 ♦ (478) 475-9995 ♦ Fax: (478) 471-4845

***[www.goodwillworks.org](http://www.goodwillworks.org)***



My general concern is for all 501(c)(3) organizations which benefit from or formerly had a sales tax exemption. I hope that as the Council conducts its work it will evaluate nonprofit exemptions in a way that factors in the social mission that nonprofits provide.

While I am extremely passionate about the social mission and public services that nonprofit organizations provide the citizens of the state, especially in today's economic times, I think that the case for restoring the sales tax exemption for qualifying job training organizations is particularly compelling, even if only on an economic basis.

The specific benefit to the Georgia Goodwills was an approximate \$440,000 net savings that was reinvested back into capacity building, specifically in facilities and services. The State's Return on Investment for the \$440,000 has been:

- 770 new jobs have been created by the Georgia Goodwills from 2006 – 2009.
- 163,943 Georgians have been provided job training and placement services since 2006.
- 48,088 Georgians were provided job training and placement services in 2009, up from 20,450.
- 30,584 Georgians have gone to work over the past 3 years. Working Georgians have a substantial impact on the economic health of our state.
- 9,199 Georgians went to work in 2009, up from 4,423 individuals benefiting from Goodwills mission of job training and placement in 2005.
- \$18.2 million was paid in sales and use tax from the sale of donated goods in our retail locations. As you know these sales fund our job training and placement services.
- \$6.6 million was paid in 2009 in sales and use tax from our retail locations. This is up from \$4.0 million in 2005.

***Building lives, families, and communities — one job at a time.***

5171 Eisenhower Parkway ♦ Macon, GA 31206 ♦ (478) 475-9995 ♦ Fax: (478) 471-4845

***[www.goodwillworks.org](http://www.goodwillworks.org)***



Over the next 6 years using current trends, restoring the tax exemption will help Goodwill's mission of providing "quality job training and job placement":

- Place over 93,000 unemployed Georgians in jobs
- Generate \$10 billion in new purchasing power
- Generate over \$3.5 billion in new payroll taxes
- Collect over \$60 million in sales and use taxes for Georgia.
- Divert about 460 million pounds of solid waste from landfills.

Goodwill Industries makes economic sense for our state, and I respectfully request that you recommend the restoration of this particular exemption.

#### **Imposition of Sales and Use Taxes by Other States**

- Forty-five states have a sales tax.
- Approximately 31 states exempt 501(c) (3) organizations
- Four states exempt Goodwill by name or criteria, Georgia criteria is below.
- Approximately 13 states do not exempt nonprofits.

#### **The Sales Tax Exemption which Expired Applied to 501(c) (3) s which:**

- Provide job training and employment services to persons with Disabilities and workplace disadvantages.
- Use majority of revenues for job training and placement.
- Specialize in retail sale of donated items.

The second issue I'd like to mention is concerning local property tax exemptions for 501(c) (3) organizations. Generally 501(c) (3) nonprofit organizations in Georgia have been exempt from paying ad valorem (property and other) taxes.

***Building lives, families, and communities — one job at a time.***

5171 Eisenhower Parkway ♦ Macon, GA 31206 ♦ (478) 475-9995 ♦ Fax: (478) 471-4845

***[www.goodwillworks.org](http://www.goodwillworks.org)***



However, in recent years a trend had emerged in which Goodwills and other non profits, specifically in Macon and Columbus and the Athens Salvation Army facilities had each been presented with property tax bills.

1. Some properties were taxed because both organizations were operating stores on land that they own. And as you know these retail outlets finance their charitable operations through the sale of donated goods.
2. Others because they were securing income by holding events on property they own, even though the events were serviced by those in Hospitality training programs.
3. Others for receiving rental income from tenants who were in place when the property was acquired by the nonprofit.

The emergence of this new interpretation is cause for alarm among charitable organizations statewide, as it has trend potential and poses a danger to many nonprofit organizations, including housing authorities, chambers of commerce, museums, health care facilities, and other charitable foundations. The nonprofit community is anxiously awaiting a Georgia Supreme Court ruling concerning the Nuci Foundation in Athens. If that decision does not clarify the instances in which nonprofits may generate income, I hope the Tax Reform Council will at least note this issue to the General Assembly so that it may be addressed legislatively in 2011, if necessary.

Thank you again for your time and attention.

Tim Ligon  
Chief Financial Officer  
Goodwill Industries of Middle Georgia and CSRA  
[TLigon@goodwillworks.org](mailto:TLigon@goodwillworks.org)  
(478) 471-4870

***Building lives, families, and communities — one job at a time.***  
5171 Eisenhower Parkway ♦ Macon, GA 31206 ♦ (478) 475-9995 ♦ Fax: (478) 471-4845

***[www.goodwillworks.org](http://www.goodwillworks.org)***