

**Georgia Tax Reform Council - Fact Finding Meeting  
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As an industry that has collectively made its share of tough personal and business decisions over the last few years, we would like to start by saying we appreciate the task you have been handed in what might well lead to a complete overhaul of Georgia's state tax laws.

As you consider how state and local income, property and sales taxes are affecting government revenues and taxpayers' wallets, we understand the council faces some very difficult choices, not all of which will be politically popular. Again, we have a deep-seeded appreciation for the task.

Certainly you have been asked to hear and recognize many voices on the subject over the last few months in the charge to develop recommendations for the upcoming legislative session.

Over the last several weeks and again today, you have heard and will hear from Georgia carpet manufacturers on the critical issue of tax reform. I've been ask by the Carpet & Rug Institute Board of Directors to provide you with some perspective on the magnitude of the carpet industry manufacturing in the State Of Georgia and the industry's economic impact in Georgia.

Whitfield County, and specifically, the city of Dalton, GA is known globally as the "Carpet Capital of the World" and for good reason. Almost 70 percent of the carpet produced domestically is done so within 65 miles of where you are sitting today. There are a total of 125 carpet and rug manufacturers within the state of Georgia and the industry directly employs over 54,000 people who contribute to the state's tax pool.

At the manufacturing mill level, we have seen sale of soft floor covering drop from almost \$12 billion in sales in 2007 to \$8.6 billion last year. The numbers for this year will be similar based on the estimates we have thus far. Generally, carpet gets marked up anywhere from 15 to 40 percent at the retail level, easily making the industry a solid \$15 Billion industry.

The carpet industry's impact is great on this region, this state, and the nation. It remains one of the last bastions of US manufacturing as very little carpet is imported into our country. We all have a common goal of instituting policies that are fair, effective, and geared toward economic growth and jobs. The tax reform suggestions made by CRI's members will result in a stronger carpet industry and a more economically vibrant Georgia economy.