

House Resolution 261

By: Representatives Royal of the 140th, Sims of the 130th and Borders of the 142nd

A RESOLUTION

1 Creating the House Study Committee on Sales and Use Tax Simplification; and for other
2 purposes.

3 WHEREAS, Georgia is one of 45 states, plus the District of Columbia, that levies a sales
4 tax; and

5 WHEREAS, sales tax revenue accounts for more than one-third of the state's annual budget;
6 and

7 WHEREAS, Georgia's sales tax, while levied on the consumer, must be collected by
8 vendors; and

9 WHEREAS, Internet and other remote vendors are currently not required to collect sales tax
10 and remit it to the state; and

11 WHEREAS, Georgia residents have a legal obligation to pay a use tax equivalent to the sales
12 tax on Internet and other out-of-state purchases; and

13 WHEREAS, collection of the use tax is very difficult and never has been a successful way
14 of collecting the tax owed to the state; and

15 WHEREAS, simplification of the sales tax system so that the remote vendors could collect
16 and remit a sales tax to the state would relieve Georgia consumers of the burden of
17 registering and filing returns and remittances for the use tax on out-of-state purchases; and

18 WHEREAS, sales made via the Internet and catalogues on which no Georgia sales or use tax
19 is collected significantly reduce overall sales tax revenue; and

1 WHEREAS, a study by the University of Tennessee estimates that Georgia lost \$439 million
2 in untaxed remote sales in 2001 and projects the revenue loss to grow to \$1.5 billion by 2006;
3 and

4 WHEREAS, the growth in Internet sales is far outpacing the sales growth at traditional "brick
5 and mortar" businesses that employ Georgia residents, pay taxes, and otherwise contribute
6 to the local economies in which they operate; and

7 WHEREAS, the growing losses in sales tax revenue to the state and local governments place
8 at risk many vital services, including education, public safety, transportation, and others and
9 will force affected governments to seek revenue from increased property taxes or other
10 sources; and

11 WHEREAS, untaxed sales made via catalogue or the Internet put Georgia-based businesses
12 that must collect sales tax at a competitive disadvantage; and

13 WHEREAS, simplifying the sales tax system in cooperation with other states would reduce
14 that administrative burden of the sales and use tax for both the state and companies doing
15 business in Georgia, thereby improving compliance and revenues; and

16 WHEREAS, thirty-four states and the District of Columbia have signed an agreement or
17 passed legislation to work toward a simplified sales tax system that would make it viable for
18 remote vendors to collect sales tax and remit sales tax to the states; and

19 WHEREAS, Georgia is not presently a part of the nationwide effort to simplify the sales tax
20 so as to accommodate the collection of sales tax from remote vendors, thereby halting the
21 erosion of the state's sales tax revenues.

22 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES that
23 there is created the House Study Committee on Sales and Use Tax Simplification to be
24 composed of:

25 (1) Eight members to be appointed by the Speaker of the House; and

26 (2) One representative from each of the following organizations to be appointed by the
27 Speaker of the House to provide input to the committee:

28 (A) Georgia Municipal Association;

29 (B) Association County Commissioners of Georgia;

30 (C) Georgia Electronic Commerce Association;

- 1 (D) Georgia Food Industry Association;
2 (E) Georgia Retail Association;
3 (F) International Council of Shopping Centers, Georgia Chapter; and
4 (G) Department of Revenue.

5 The Speaker of the House shall designate a member of the committee as chairperson of
6 the committee.

7 BE IT FURTHER RESOLVED that the committee shall undertake a study of the conditions,
8 needs, issues, and problems mentioned above or related thereto and recommend any action
9 or legislation which the committee deems necessary or appropriate. The committee may
10 conduct such meetings at such places and at such times as the chairperson may deem
11 necessary or convenient to enable it to exercise fully and effectively its powers, perform its
12 duties, and accomplish the objectives and purposes of this resolution. The legislative
13 members of the committee shall receive the allowances provided for in Code Section 28-1-8
14 of the Official Code of Georgia Annotated. All other funds necessary to carry out the
15 provisions of this resolution shall come from funds appropriated to the House of
16 Representatives. The allowances authorized by this resolution shall not be received by any
17 member of the committee for more than five days unless additional days are authorized. In
18 the event the committee makes a report of its findings and recommendations, with
19 suggestions for proposed legislation, if any, such report shall be made on or before December
20 1, 2003. The committee shall stand abolished on December 1, 2003.