

House Resolution 779

By: Representative Stephens of the 164th

A RESOLUTION

- 1 Creating the House Study Committee on Sales and Use Tax Simplification; to provide for
- 2 duties and responsibilities of the committee; to provide for participation in certain interstate
- 3 discussions; and for other purposes.
- 4 WHEREAS, Georgia is one of 45 states, plus the District of Columbia, that levies a sales tax;
- 5 and
- 6 WHEREAS, sales tax revenue accounts for more than one-third of the state's annual budget;
- 7 and
- 8 WHEREAS, Georgia's sales tax, while levied on the consumer, must be collected by vendors;
- 9 and
- 10 WHEREAS, Internet and other remote vendors are currently not required to collect sales tax
- 11 and remit it to the state; and
- 12 WHEREAS, Georgia residents have a legal obligation to pay a use tax equivalent to the sales
- 13 tax on Internet and other out-of-state purchases; and
- 14 WHEREAS, collection of the use tax is very difficult, and there has never been a successful
- 15 way of collecting the tax owed to the state; and
- 16 WHEREAS, simplification of the sales tax system so that remote vendors could collect and
- 17 remit a sales tax to the state would relieve Georgia consumers of the burden of registering
- 18 and filing returns and remittances for the use tax on out-of-state purchases; and
- 19 WHEREAS, sales made via the Internet and catalogues on which no Georgia sales or use tax
- 20 is collected significantly reduce overall sales tax revenue; and

21 WHEREAS, a study by the University of Tennessee estimates that Georgia lost \$439 million
22 in untaxed remote sales in 2001 and projected the revenue loss to grow to \$1.5 billion in
23 2006; and

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

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

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

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

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

39 WHEREAS, Georgia is not presently a part of the nation-wide effort to simplify the sales tax
40 system which would accommodate the collection of sales tax from remote vendors, thereby
41 halting the erosion of the state's sales tax revenues.

42 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES that
43 there is created the House Study Committee on Sales and Use Tax Simplification to be
44 composed of five members of the House of Representatives to be appointed by the Speaker
45 of the House of Representatives. The Speaker of the House of Representatives shall
46 designate one of the members to serve as chairperson of the committee. The committee shall
47 meet at the call of the chairperson.

48 BE IT FURTHER RESOLVED that the committee shall undertake a study of the conditions,
49 needs, issues, and problems mentioned above or related thereto and recommend any action

50 or legislation which the committee deems necessary or appropriate. The committee may
51 conduct such meetings at such places and at such times as the chairperson may deem
52 necessary or convenient to enable it to exercise fully and effectively its powers, perform its
53 duties, and accomplish the objectives and purposes of this resolution. The members of the
54 committee shall receive the allowances authorized for legislative members of interim
55 legislative committees from the funds appropriated to the House of Representatives but shall
56 receive the same for not more than three days unless additional days are authorized. All
57 other funds necessary to carry out the provisions of this resolution shall come from funds
58 appropriated to the House of Representatives.

59 **BE IT FURTHER RESOLVED** that representatives from the State of Georgia should
60 participate in interstate discussions to develop a simplified sales and use tax system.

61 **BE IT FURTHER RESOLVED** that in the event the committee makes a report of its findings
62 and recommendations, with suggestions for proposed legislation, if any, such report shall be
63 made on or before December 1, 2009. The committee shall stand abolished on December 1,
64 2009.