



GGFOA

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Promoting Excellence in Governmental Finance

Message from the President

Greetings,

Hope you are all coping well with these dog days of summer we've been experiencing lately in the great state of Georgia. Speaking of 'great', I'm sure you've all heard some of the buzzing going on about this controversial new resolution introduced by Speaker of the House, Glenn Richardson, known as HR 900, or GREAT. It stands for Georgia Repealing Every Ad Valorem Tax, which pretty much sums it up.

The GGFOA Board decided that this was such an important topic that it warranted the majority of space in this newsletter. Additional information will also be posted on our website to help keep everyone up-to-date on this weighty subject. Feel free to research this topic through other organizations also, such as GMA and ACCG – lots of good info. Considering the potentially drastic ramifications for government finance officers if GREAT passes, we urge you strongly to educate yourselves on this topic and learn how you can get involved.

Special thanks to incoming GGFOA President Brad Bowers for sharing a plethora of information on this topic with all of us. Hope you can all be with us at the annual conference in Savannah to hear more about this and many other topics of interest to our members. If you haven't done so already, be sure to register right away. See you then!!!

Respectfully,

Paul J. Salvatore

“The Great Plan”

Tax Reform

Speaker of the House, Mr. Glen Richardson, has developed a proposal to completely eliminate all property taxes in Georgia which he calls *“The Great Plan for Georgia”*. The Association County Commissioners of Georgia (ACCG) has met with Speaker Richardson to obtain information on the proposed tax reform.

The Speaker was candid in his responses to the representatives from ACCG and stated that many of the details are not in place and that the proposal is a work in progress. He stated that he intends to have an actual draft containing the details out for review in the near future. The Speaker expressed desire to listen to the concerns expressed by ACCG and accept new ideas.

The ACCG has written a *“Memorandum”* to County Commissioners that provides in detail the information obtained at the meeting. Included in this *“Memorandum”* are issues for consideration regarding tax reform and tax reform alternatives. You can find this letter in its entirety at http://www.accg.org/library/GREAT_plan_eliminate_tax.pdf.

There are a lot of unanswered questions at this point. Based on comments received from talking to some of the legislators, ACCG has stated that the primary focus is on property tax relief. There is a fear that the Constitutional Amendment to eliminate property tax will pass easily, but the new sales tax plan in the enabling legislation will get tied up as very powerful business and professional groups get involved. The ACCG feels very strongly that the property tax and sales tax issues must be addressed together.

Due to the seriousness of this reform, GGFOA is providing this information in order for you to begin informing your elected officials and local civic groups. The Speaker and many representatives have a grassroots effort currently going on to educate the public on this plan and gain their support (**Speaker Richardson’s Presentation can be found at www.thegreatplanforgeorgia.com**). Not included in their educational efforts are critical details on how the additional sales tax will work. It is critical that local governmental officials educate themselves on *“The Great Plan”* and speak with their legislators asking questions and pursuing details. Any concerns should be expressed in public. The time to act is now. This very well could be the biggest change ever proposed in Georgia and could change the state forever.

GGFOA has updated its website with information on *“The Great Plan”* that you will find informative.

Additional websites to use for your educational purposes on “The Great Plan” are:

www.accg.org Association County Commissioners of Ga.

www.gmanet.com Georgia Municipal Association

www.legis.state.ga.us/legis/2007_08/sum/hr900.htm State of Georgia website

www.congress.org/congressorg/state/main/?state=GA Find your representative

Tax Reform Alternatives *(excerpt from ACCG Memorandum)*

1. Improve existing tax system by reducing sales tax and property tax exemptions, conducting more sales tax audits, provide targeted tax relief using circuit breakers, simplify property tax digest preparation process and raise local fees established by the state to reflect actual service delivery costs.
2. Increase the Homeowners Tax Relief Grants to homeowners or create a similar grant program that would reduce the property tax burden on all property owners. This grant could be funded by the revenues generated from an expanded sales tax base. The local governments would retain their home rule authority and their ability to generate revenues from property taxes.
3. Make the income tax more progressive by expanding the tax brackets and reducing all income tax rates by offsetting the lost revenues with new sales taxes from an expanded sales tax base. The increased local sales taxes from the expanded base could be used to offset property taxes.
4. Eliminate property taxes on vehicles and replace the lost revenue with constitutionally protected state revenue grants.

UNANSWERED QUESTIONS PERTAINING TO “THE GREAT PLAN” *(excerpt from ACCG Memorandum)*

- ✦ How will this proposal help cities pay for the \$6.5 billion in water, sewer, roads and other capital needs of cities?
- ✦ How will the state decide how to divvy up the revenue for local governments? What formula will the state use? Who will decide this formula?
- ✦ Is the state going to start deciding which services are more important for each community?
- ✦ What if a local government has an emergency need for revenue?
- ✦ What if the people in the city want services that the city can't afford to fund based on what the state gives the city? Shouldn't they (or those who are elected to make local budget decisions) be allowed to decide to pay more in order to get more services?
- ✦ Why should city councils have their budgets set by legislators from other parts of the state?
- ✦ Will the sales taxes paid by people in each city and county be returned to that city and county like the property tax is or will they be exported to other areas of the state?
- ✦ Won't this proposal result in the redistribution of wealth?
- ✦ Won't this proposal result in a tax increase since people will not be able to deduct property taxes from their federal tax return, and will ultimately pay more in sales taxes than they currently do in property taxes?
- ✦ How will the state enforce compliance from service providers such as beauticians, mechanics, lawyers, doctors, accountants, and house cleaners who are not accustomed to collecting and remitting sales taxes?
- ✦ Why should voters in one city have to get approval from 2/3 of the General Assembly (i.e. people who do not live in their city) in order to vote to issue bonds for city projects (parks, fire trucks, police cars, etc.)?
- ✦ Why should a super majority be required to enact SPLOST or property taxes for bonds when only a simple majority is required to elect state and local officials?
- ✦ Why should SPLOST be able to be used for O&M when it does not produce enough revenue to fund municipal projects as it is?
- ✦ Will a county have to pay for a tax commissioner and tax assessor even if there are no property taxes?
- ✦ Is it efficient to have a tax commissioner and tax assessor in each county if their only purpose is to collect limited taxes for bonds?
- ✦ What would the legislature say to the federal government if the federal government decided to collect all revenue and distribute to the states what they think the states need to provide services?
- ✦ Will the cost of city employee pensions increase and who will pay that cost?

Georgia Government Finance Officers Association

22nd Annual Conference

GGFOA will hold its annual conference from October 7 to 10 at the Savannah Marriott Riverfront in Savannah, GA. The conference--entitled "High Performance in Financial Management: Step Into the Winner's Circle"--will feature Ira Blumenthal from Co-Opportunities, Inc., as the keynote speaker and Mark Vitner, Director and Senior Economist with Wachovia Bank, as the business luncheon speaker.

Some of the scheduled topics include:

- *Legislative update*
- *Accounting, Auditing and Financial Reporting Updates*
- *GASB Update - What you need to know*
- *Investment Strategies*
- *Monitoring Internal Controls*
- *Performance Measurements*
- *Open Records Act*
- *Financial Policies and Procedures*
- *Communicating Effectively with Elected Officials and the Media*
- *Disaster Preparedness*

The conference will kick off with an enjoyable evening of dining and entertainment on a riverboat cruise along Savannah's beautiful waterfront. The three-day conference that follows offers informative sessions that address a broad array of financial, leadership, and management issues. Participants will also have free time to enjoy golf, tennis, and other activities.

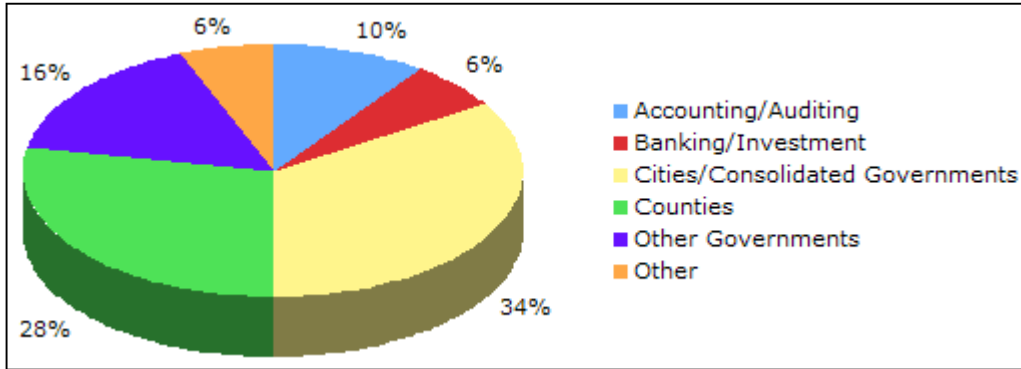
Come Join Us in the Winners Circle! We look forward to seeing you there!

For complete information, including the conference agenda and registration and lodging fees, go to www.ggfoa.org/conference/index.php.

GGFOA MEMBERSHIP

GGFOA serves the government finance profession of the state of Georgia. Founded in 1985, the association now has a membership of more than 650 finance professionals. GGFOA members are from state, county, and city governments as well as school districts, colleges, universities, authorities, specials districts, and private firms.

Membership Classification

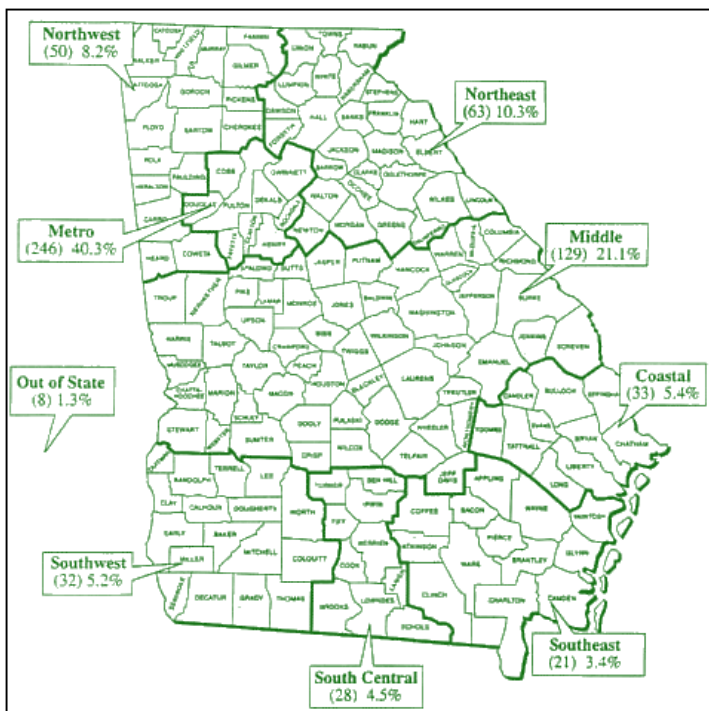


Government Finance—78 percent of membership

Includes finance officers or other representatives of cities and consolidated local governments, county governments, and other government entities such as the state, special districts, authorities, boards of education, and institutions of higher education.

Nongovernmental Associates—22 percent of membership

Includes representatives from accounting and auditing, banking, investment banking, underwriting, debt management, legal, consulting and various other firms providing services to governments. In addition, this group includes educators, students, and others who have an interest in government finance.



JOB OPPORTUNITIES

The GGFOA website maintains a list of job opportunities. If you have a job opening that you would like posted to our website please submit the job position information at <http://www.ggfoa.org/jobs/submit.php>.

Currently the following job opportunities are noted on the website:

- *Finance Director/CFO, Bulloch County*
- *Finance Director, City of Cairo*
- *Sr. Fund Accountant, CH2M Hill OMI/City of Sandy Springs*
- *Accounting Division Manager, City of Monroe*
- *Accountant/Property Tax Administrator, City of Kennesaw*
- *Public Service Faculty Position, Carl Vinson Institute of Government - UGA*

For details on each of these posting please go to <http://www.ggfoa.org/jobs/index.php>.

Georgia Government Finance Officers Association

The Georgia Government Finance Officers Association (GGFOA) was established in 1985 as a nonprofit organization with a mission to promote and foster excellence in governmental financial management through programs that enhance the abilities of the governmental finance professional.

The GGFOA provides more than 650 members throughout the state of Georgia with educational programs, a technical referral network, and information concerning legislation and accounting policies that may affect the finance professional.

The association is dedicated to six core professional values:

- Education/enrichment
- Sharing information and resources
- High standards of practice
- Service to profession
- Integrity, creativity, and accountability
- Fellowship

National GFOA: News

The national GFOA encourages all GGFOA members to view their 2007 Legislative Agenda at the following website:

http://www.gfoa.org/index.php?option=com_content&task=view&id=93

Additional information about these issues may also be found under the “federal government relations” section of the GFOA’s website.

**GEORGIA GOVERNMENT FINANCE OFFICERS
ASSOCIATION**

For more information on GGFOA organization, please contact our central office as listed below, or visit our website at www.ggfoa.org.

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GGFOA

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