

**Welcoming Remarks**  
**Special Council on Tax Reform and Fairness for**  
**Georgians**  
**Wednesday, July 28, 2010**

**Good afternoon, my name is Larry O'Neal and I am delighted to welcome you to this inaugural meeting of the citizen's Tax Council created by HB 1405. First and foremost I want to thank all of you sincerely for your willingness to serve. Each and every one of you brings a unique benefit to this committee, and you should know that each of you has been selected to serve due to your superlative reputation in your respected fields of endeavor. All of you in your own way are**

**extraordinarily well qualified for the mission of this council.**

**We realize that the mission of this council is incredibly ambitious. We are, in effect, asking you in a very short time to do something no one else to my knowledge has ever been able to do before. We are asking you to examine the entire tax code of Georgia, all 19 separate platforms of it, and suggest reformation of our code that will make it more stable, balanced, and reliable from the revenue generation perspective. Fair, transparent, understandable, easy and inexpensive to comply with from the taxpayers' perspective, and more importantly how we can make Georgia the most business friendly tax**

**environment for job creation and job sustainment of any state in the country.**

**Our tax code has been cobbled together over many years one legislative session at the time. Even though we are very closely aligned with the federal tax code with corporate and personal income tax matters, we have over time created many state specific tax preferences in the form of income tax credits most of which either once or currently target economic development initiatives, conservation initiatives, or public housing initiatives. We ask you to examine all of our tax credits from the perspective of effectiveness today and in the future to assure our citizens are getting the benefits these credits were designed to produce.**

**Over 1/3 of our revenues each year are generated from sales and use taxes, yet over the years one legislative session after another we have promulgated into law at last count 119 specific exemptions from Georgia sales and use tax liability. We are asking you to examine each of these exemptions from the standpoint of fairness, compliance, and revenue generation stability. Many think that a tax code through specific exemptions that picks winners and losers among competitive businesses is fundamentally flawed for the long term, and not flat enough for the ordinary citizen to understand. To my knowledge, we currently do not have quantifiable criteria for evaluating either the cost or impact of sales and use tax exemptions. In simple terms do**

**we get the best bang for our buck and how can we tell. One of your challenges is to help establish quantitative methodology that can be consistently applied to evaluate statically and dynamically every exemption both currently and prospectively. I am not aware that any other state has ever been successful in developing an acceptable and reliable effectiveness test formula. Exemptions, tax credits and all tax preferences at all levels of government actually could be considered preferred appropriations essentially concealed year after year from the sunshine of the appropriation process. I hope you will help us shine some light on these very complex issues with your deliberations of this council.**

**Furthermore, we are also asking you to examine the tax code in its entirety from the standpoint of fair and equitable enforcement. I am a firm believer that tax cheats cheat all honest taxpayers. We need all the help we can get with uniform, equitable and expeditious enforcement of our tax code.**

**We charge you as well with an analysis of taxpayers costs of compliance with our tax code. Compliance cost especially to business interest is an embedded regressive cost accessed on inputs rather than outputs. I could go on and on with my own personal wish list, but I fear that you all might get up and leave. Yes, as I said we know the mission of this council is very ambitious but I also have great confidence that this council will**

**substantially exceed even the most ambitious expectations.**

**I pledge to assist you in anyway you desire but I also pledge to fiercely defend your independence. You are designed to be self guided and not political. I am confident that under your own governance you will collaboratively achieve great things for Georgia.**

**Again, thank you sincerely for your willingness to serve. Now it is my distinct honor to introduce to you a man that I am proud beyond words to express it to call Mr. Speaker. Ladies and gentlemen of the council, my good friend, Georgia's good friend, a great American, the Honorable David Ralston, Speaker of the House.**