


**Georgia Department of Revenue**

**Southeastern Accounting Show**  
August 19, 2011

Doug MacGinnitie, Revenue Commissioner

FASTER. FRIENDLIER. EASIER.



**Georgia Department of Revenue**

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**Responsibilities**

Statewide Tax Administration	4.5 million taxpayers
Alcohol & Tobacco Industry Regulation	18,000+ licensees
Motor Vehicle registrations	8.6 million



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## Statewide Tax Administration

- **Income** (6%)
  - Individual
  - Corporate
- **Sales & Use** (6% - 8%)
- **Property** (¼ mil)
- **Motor Fuel** (\$0.30 per gallon – June 1)
- **Alcohol & Tobacco**
- **Miscellaneous**



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## Alcohol & Tobacco Industry

- **Law Enforcement**
  - Alcohol
  - Tobacco
  - Coin Operated Amusement
- **License & Permits** (3 tiers)
  - Retail / Retail Consumption
  - Wholesale
  - Importers / Broker / Manufacturer
- **Excise Tax**
  - Processing
  - Collections





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## Motor Vehicle

State Database (8.6m vehicles)

- License Plates/Tags
  - Production
  - Distribution
- Registrations
- Titling
- Insurance



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## Miscellaneous

- Local Government Services
- Unclaimed Property
- Lottery Pre-Clearance



## Georgia Department of Revenue

### Current Staffing

- 1276 Employees

### Statewide Locations

- 10 Regional Offices  
Albany, Athens, Atlanta, Augusta, Columbus, Douglas, Lithia Springs, Macon, Rome and Savannah
- Metro ATL HQ
- Hapeville – Processing Center & Motor Vehicles

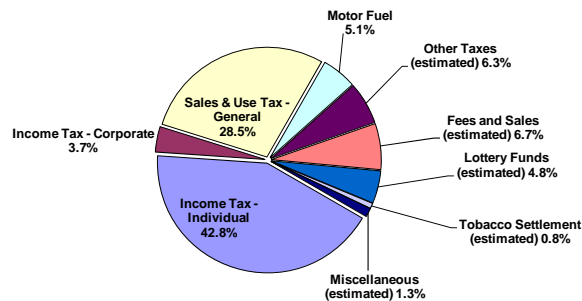



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### FY 2011 Total Approximate Revenues

Total: \$17,911,082,480

*(some figures are estimated due to funds still in-transit)*






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## Georgia Tax Revenues

	FY 2008 Reported	FY 2009 Reported	FY 2010 Reported	FY 2011 Actual
<b>Taxes: Revenue</b>				
Income Tax - Individual	\$8,829,480,886	\$7,814,552,113	\$7,016,412,171	\$7,658,952,788
Income Tax - Corporate	941,966,726	694,718,310	684,700,740	671,171,606
Sales and Use Tax - General	5,796,653,340	5,306,490,689	4,864,691,463	5,098,137,310
Motor Fuel	994,790,336	884,091,188	854,359,788	921,070,039
Tobacco Taxes	239,691,526	230,271,910	227,180,405	228,461,921
Alcoholic Beverage Tax	167,397,928	169,668,539	169,019,330	159,028,266
Estate Tax	12,325	82,990		
Property Tax	80,257,696	83,106,994	86,228,331	76,286,025
<b>Taxes: Other</b>				
Insurance Premium Tax	348,218,618	314,338,992	274,367,273	360,669,593
Motor Vehicle License Tax	296,648,374	283,405,915	282,515,540	295,338,386
<b>Total Taxes</b>	<b>\$17,695,117,755</b>	<b>\$15,780,727,640</b>	<b>\$14,459,475,041</b>	<b>\$15,469,115,937</b>



### Georgia Department of Revenue

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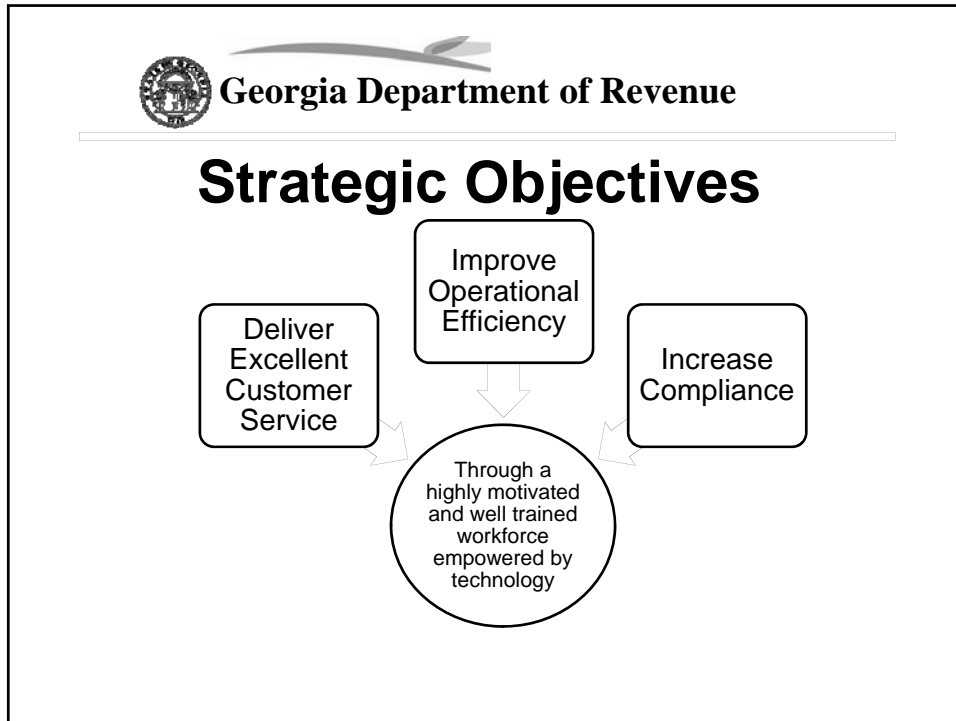
## National Comparison All State Taxes

2008		2009		2010	
Rank	Per Capita	Rank	Per Capita	Rank	Per Capita
44th	\$1,863	48th	\$1,636	49th	\$1,492

### Local Taxes

2008	
Rank	Per Capita
24th	\$1,605

Source: GA State Fiscal Research Center



The section features the Georgia Department of Revenue logo and name at the top. Below this, the title "Customer Service" is centered. A bulleted list follows, detailing performance metrics and workforce morale. To the right of the list is an illustration of a woman wearing a headset and working at a computer.

- Answer the phones!
  - Calls Answered increased from 22,999 in May of 2010 to 58,890 in May 2011.
  - Average Speed of Answer decreased from 14 minutes in 2010 to 28 seconds in May 2011.
  - Missed calls decreased from 60% to 6%
- Website
- Morale of workforce



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## Customer Service

- Payment Plans
- Offer-in-Compromise




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## Increase Operational Efficiency

### Major Technology Initiatives

- Integrated Tax System – transform 23 disparate systems into a consolidated platform
- Georgia Tax Center – electronic self-service portal
- Tax Compliance Data Warehouse – identify non-registered businesses for Sales and Use Tax, Withholding, and Corporate Tax




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## Increase Operational Efficiency

<b>Integrated Tax System (ITS)</b>	<b>Tax Types</b>	<b>Live Date</b>
	• Sales Tax	May 2009
	• Withholding	Dec 2009
	• Corporate	Oct 2010
	• Individual	Nov 2011 (Scheduled)
	• Alcohol & Tobacco, Motor Fuel & Other	Aug 2012 (Scheduled)



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## Benefits of Using GTC

<b>Self Service – Customers can do the following:</b>	
	• Register for access and view info online
	• File returns on-line
	• Submit an amended return
	• Make payments
	• Request a waiver of penalty
	• Request a refund
	• Request address corrections/changes, file a protest





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## Increase Operational Efficiency

Increase percentage of electronically filed returns

- 3.27 million individual returns (76%) filed electronically in FY 2011

Implement Check 21 technology

- Reduced check deposit time from 4 days to 3 days in FY 2011




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## Increase Operational Efficiency

Implemented postcard project to mail tax booklets upon request

Pilot project to issue debit cards instead of refund checks

ACH Payments – Electronic debit and credit payments no longer required to be sent 2-3 days before statutory due date




## Georgia Department of Revenue

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# Increase Compliance

\$9.04M appropriated in FY2011

Position Title	FY 2010 Positions	Additional Positions	Cost	FY 2011 Collections
Tax Compliance Auditors	122	95	\$6,175,000	\$15,089,000
Revenue Agents	203	40	2,200,000	31,530,000
Special Investigation Agents	4	6	495,900	
Fraud Detection Group Financial Analysts	6	4	181,000	35,500,000
<b>TOTAL</b>	<b>353</b>	<b>153</b>	<b>\$9,051,900</b>	<b>\$82,119,000</b>



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# Increase Compliance

\$13M appropriated in FY2012

Position Title	Additional Positions	Cost	Estimated FY12 Collections
Tax Compliance Out of State Auditors	14	\$1,900,000	\$2,800,000
Revenue Agents (Field)	55	4,130,000	19,200,000
New Regional Office (North East GA)	22	1,593,000	8,300,000
OSI Financial Analysts	12	632,000	14,700,000
Alcohol and Tobacco Investigators	10	983,000	1,600,000
Excise Tax Auditors	3	195,000	500,000
Call Center Staff (+20 seasonal temps)	20	1,220,000	
Revenue Processing Temp Staff		2,350,000	
<b>TOTAL</b>	<b>136</b>	<b>\$13,003,000</b>	<b>\$47,100,000</b>



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## Increase Compliance

### Investigate and Prosecute Tax and Preparer Fraud

- 2/2/10 Alexander Brown, a former employee of Georgia Public Broadcasting ("GPB")
- 7/16/10 Linda Lindo, Cynthia Elliott and Shawn Jarrett
- 11/16/10 David Drucker, a Whitfield County physician
- 3/30/11 Hugh Zeigler, a Brunswick restaurant owner
- 4/12/11 Quintia Brown and Deantionne Wolfe
- 4/14/11 Lawanda Harkness, a former DOR staffing agency employee
- 5/11/11 Daniel and Holly Kaylor and Misti Butler, Fannin County cabin rental owners
- 5/24/11 Jackie Young Elvine, a Twiggs County tax preparer
- 6/3/11 Mary Jeanette Jamieson, a former state representative
- 7/8/11 April Brown and Michelle Powell-Brooks



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## 2011 Legislation





## Georgia Department of Revenue

### Income Tax

**HB 168 – Annual IRC Update Bill;** for 2010 and 2011 tax years, adopts certain provisions of recent federal tax acts for Georgia income tax return purposes.

- For 2010 and 2011, the I.R.C. Section 179 deduction for Georgia purposes is now \$250,000, and the related phase out is \$800,000.

**HB 325 – Qualified Education Expense Income Tax Credit** amendments:

- \$50M credit cap will now be increased annually until January 1, 2018 based on the Consumer Price Index.
- The taxpayer now has 60 days instead of 30 days after preapproval to make the contribution.
- The Department must establish a web-based donation approval process and update the remaining cap amount on its website.
- Provides that the donor's tax credit is not affected if preapproval was granted before a sanctioned SSO is removed from the DOE approved SSO list.



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### Income Tax (continued)

**HB 346 – Deferred Comp Earned by Nonresidents; Conservation Credit Now Transferable; Clean Energy Credit**

- **Deferred Comp** – Nonresidents are generally taxable on deferred comp attributable to Georgia; as a transition rule, tax applies only to that portion of stock option income or deferred compensation income earned by nonresidents on or after January 1, 2011.
  - The Georgia portion is determined using a "days worked in Georgia" method.
- **Conservation Income Tax Credits** – Can be sold beginning with the 2012 tax year.
  - Proper notice of sale must be given to DOR, and the buyer is subject to the seller's remaining credit carry-forward period.
  - If the seller was not entitled to the credit, the Department will disallow the credit claimed by the buyer.
- **Clean Energy Property Tax Credit** – Extended for 2 years to clean energy property placed into service by December 31, 2014.
  - For credits allowed for calendar years 2012, 2013, and 2014, the credit must be taken in four equal installments beginning with year first allowed.
  - Cap is increased from \$2.5M to \$5M for calendar years 2012, 2013, and 2014.
  - Once the cap is reached, the Commissioner shall add taxpayers to a waiting list for the following years, prioritized by the date of the taxpayer's application.



## Georgia Department of Revenue

### Sales & Use Tax

**HB 168** – Revises the sales and use tax laws in Title 48 to enable Georgia to become a full member of the **Streamlined Sales and Use Tax Agreement** as of August 1, 2011.

- Modifies/adds definitions for dietary supplements, over the counter drugs, tobacco, food and food ingredients, prosthetic devices, and sales price;
- For the sales tax bad debt deduction, adopts the Internal Revenue Code definition of bad debt, adjusted to exclude:
  - financing charges or interest;
  - sales or use taxes charged on the purchase price;
  - uncollectible amounts on property that remain in the possession of the seller until the full purchase price is paid;
  - expenses incurred in attempting to collect any debt; and
  - repossessed property;
- Allows a refund claim when bad debts exceed taxable sales for a period, without interest;
- Allows dealers 120 days from a DOR request to document an exempt sale;
- Effective April 27, 2011.



## Georgia Department of Revenue

### Sales & Use Tax (Continued)

**HB 234** – **Georgia Tourism Development Act**; also extends the exemption for aircraft parts sold in the course of providing maintenance or repair services.

- Creates a program of tax refunds for companies creating new tourism attractions or expanding existing tourism attractions.
- Up to 25% of the qualified costs can be recovered from refunds of the sales and use taxes collected at the attraction over a period up to ten years.
- Effective July 1, 2011.

**HB 256** – Repeals and replaces the existing **911 charge for prepaid wireless service** formerly collected by the Department of Community Affairs.

- Replaces it with a new 911 fee of 75 cents per retail transaction to be collected at the retail point of sale, to be administered by the Department of Revenue.
- Effective January 1, 2012.

**HB 322** – Amends the **jet fuel exemption** for qualifying airlines to allow up to \$20M of exemption on state sales and use taxes in the period July 1, 2011 through June 30, 2012.

- Up to \$10M of state sales and use tax exemption is available for the subsequent fiscal year, and then the exemption shall expire.
- The exemption also applies to the 1% Clayton County (and any other county's) special purpose local option sales tax.
- **Pro rata distributions** – Also repeals a statutory sunset date so that the revenue commissioner's authority to make distributions of unidentifiable sales and use tax proceeds is made permanent.



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### Property

#### **HB 95 - Forest Land Protection Act** amendments

- If a single tract is required to have separate covenants because it crosses county lines, the total acreage can be combined to meet the 200 acre minimum requirement for each county covenant.
- After partial conveyance of a tract under a FLPA covenant, if either the owner of the retained portion or the transferred portion breaches the covenant, only the owner of the portion in breach is liable for the penalty and interest; the portion not in breach continues under the original covenant. A breach no longer implicates the entire original tract.
- Effective May 11, 2011.