

The CROAA *dvisor*

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November 15, 2004

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Important Dates

December 1-2, 2004

Annual ACCA
Legislative Conference
Birmingham Marriott.
(205) 968-3775

December 2, 2004

CROAA Breakout Session
10:15 a.m. - 12:00 p.m.
ACCA Legislative Conf.

February 1 - May 16, 2005

Regular session of the
Alabama Legislature

March 4-8, 2005

Annual NACo
Legislative Conference

President's Note

By: Keith Crawford - CROAA President, Jefferson County

We, the County Revenue Officers of Alabama have experienced many successes over the past year. Every battle from "Stream Line Sales Tax" to "Electronic Tax Filing" has proven that our organization remains a force to be reckoned with and exactly what is needed to support local tax collection in Alabama. Our current goals should include expanded membership, improved educational program, possibly our own convention and self preservation as an organization and as local tax collectors.

Our membership allows our organization to thrive, and a strong organization is essential working in a state that allows self collection of local taxes. We must contact each county, regardless of who collects their taxes and encourage them to join us. Large groups may have been overlooked as fertile ground for new members. Without our members each county stands alone.

Our educational committee has made the recommendation and our membership agreed that the educational program be moved from Auburn University Center for Governmental

SSTP Update

The Streamlined Sales Tax Project burst onto the national scene in mid-2000. It's main purpose was to develop a system that would allow states to collect sales tax on otherwise non-taxable transactions involving remote sellers and e-commerce sales. Using a 2001 University of Tennessee study, the project predicted that by not taxing e-commerce sales states would incur revenue losses of \$13.3 billion in 2001, \$45.2 billion in 2006 and \$54.8 billion in 2011.

Studies to UPACE. There were many reasons to make the move and the new program is now up and running. There have been a few problems in the transition process but please be assured that your educational committee is working hard to correct those situations. Please remember that Auburn no longer speaks for this education program, all questions regarding certification and continuing education should be directed to your educational committee members.

Without our organization, each County Commission might have had only one choice for "Electronic Filing". The communication between our counties and our input created a true market that drove the cost down and produced savings to the counties and to the taxpayers. Our constant watch and the decisions we make provide a guidance and foresight into impending legislation and help shape new laws. We must remain vigilant as new legislation is passed, we must review each Revenue Act and encourage those that represent us in Montgomery in the direction Continued on page 2

Many argued that the initial study failed to take into consideration four factors that led to a vast overstatement of the potential losses cited. They were enforcement efforts through auditing, voluntary payment on income tax returns, sellers collecting and remitting tax, and taxpayers remitting consumer's use tax on their monthly returns.

In a March 11, 2003 study conducted by Direct Marketing Association Senior Continued on page 3

PRESIDENT'S MESSAGE (Cont from page 1)

of fair and reasonable "Sales and Use Tax Laws". We continue to pursue clear and decisive legislation on the nexus question, an issue that affects us all.

Suggestions are always welcome, without our membership who knows where our counties would be. CROAA would like to hear your input on legislation that could improve current revenue laws. In the coming year we hope our leadership continues to remain as strong as those who have preceded us.

On a personal note, I would like to ask each of you to take a moment to remember Roger Adams. Roger was a strong supporter of this organization and his influence help shape us into what we are today. Roger passed away while driving home from work in October 2001, his presence is missed here and most strongly in Jefferson County where I had the pleasure of working with him for several years.

Please feel free to contact me by e-mail at crawfordk@jccal.org or by phone at 205-325-8796.

Surfing USA

National Associations of Counties: <http://www.naco.org/>

This is the place to keep up with the happenings of the nations 3,141 counties.

National Association of State Budget Officers: <http://www.nasbo.org/>

An excellent source of information concerning the fiscal health of the federal and state governments. Some topics include reports on the Federal Budget, State Expenditures and Budget Strategies.

National Governors Association: <http://www.nga.org/>

Keep up to date with the happenings of the nation's governors. The site is updated daily with the latest headlines affecting state government.

National League of Cities: http://www.nlc.org/nlc_org/site/

Anything and everything you want to know about happenings of the nations cities. Browse through the website and read the

Educational Class Offerings

UPACE Course Offerings

February 9-11, 2005

Course IV - Auditing for Tax Liabilities
Shelby County (20 hours)

Auburn University Course Offerings

November 17-19, 2004

CRE III: Understanding Local Government Revenue
Birmingham (20 hours)

December 2, 2004

Serving the Taxpayer and the Client
Cullman (8 hours)

December 3, 2004

The Political Environment of Gov't Tax Collections
Cullman (8 hours)

December 9-10, 2004

AMROA Winter Workshop Conference
Birmingham (10 hours)

May 6, 2005

CRE Update
Auburn (8 hours)

May 11-13, 2005

Top 100 US Retailers

The July 2004 edition of STORES magazine, the official publication of the National Retail Federation, published a study of the 2004 Top 100 Retailers. The study, conducted by Trivarsity once again had Wal Mart as the Number 1 retailer in the United States. Below is the top 15. To view the Top 100 report visit:
<http://www.stores.org/pdf/04TOP100chart2.pdf>

Rank	Company	Sales
1	Wal Mart	258,681,000,000
2	Home Depot	64,816,000,000
3	Kroger	53,790,800,000
4	Target	48,163,000,000
5	Costco	42,545,552,000
6	Sears	41,124,000,000
7	Safeway	35,552,700,000
8	Albertsons	35,426,000,000
9	Walgreen	32,505,400,000
10	Lowe's	30,838,000,000
11	Ahold	26,951,000,000
12	CVS	26,588,000,000
13	Best Buy	24,547,000,000
14	K Mart	23,400,000,000
15	JC Penney	17,786,000,000

Our Deepest Sympathy

The Sales Tax Division of the Montgomery County Revenue Commission would like to express their deepest sympathy to Larry Curvin, Revenue Manager, Montgomery

?? DID YOU KNOW ??

A U.S. county is a local level of government below the state but above a city in a U.S. state or territory. The term county is used in 48 of the 50 states. Louisiana uses the term parishes and Alaska uses boroughs. Including those, there are 3141 counties in the United States, on average 63 per state. The state with the fewest number of counties is Delaware with three, and the state with the largest number is Texas with 254. In addition there is the District of Columbia, which is a unified city-county, as is San Francisco, CA.

The power of the county government varies widely from state to state as does the relationship between counties and incorporated cities. In New England, counties function only as judicial court districts (in Connecticut and Rhode Island, they have lost even those functions) and most local power is in the form of towns.

Many states have counties named after U.S. Presidents such as Washington, Madison, Polk, Jefferson, etc. Counties are also commonly named after famous individuals, local Native American tribes once in the area, cities located within the county, and land features (Cerro Gordo, Iowa, meaning "Fat Hill" in Spanish).

Congratulations

To Keith Crawford, Jefferson County and Janice Stewart, Mobile County on being elected the new CROAA President and Vice-President.

To Bruce Hamrick, Walker County, on being elected the new ACCA President.

SST UPDATE *(Cont from page 1)*

Economist Dr. Peter Johnson, he believed that the University of Tennessee study was seriously flawed. Dr. Johnson argued that should Congress change the definition of Nexus, the states would not see a windfall in sales tax revenues as cited in the University of Tennessee study.

The study released by Dr. Johnson cited revenue losses at approximately 10% of the previous study. For 2001 the estimated nationwide loss of uncollected sales taxes was approximately \$1.9 billion and for 2011 it was projected at \$4.5 billion.

The University of Tennessee further predicted the State of Alabama and its local jurisdictions would stand to lose \$177 million in 2001, \$604 million in 2006, and \$734 million in 2011. In the Tennessee study, Alabama's loss represented approximately 1.3 % of the total e-commerce loss. Applying this same percentage to Dr. Johnson's study, Alabama would stand to lose approximately \$32.5 million in 2003. When you take out exempt sales, non taxable sales and sales where taxes were paid, this figure appears to be even less.

According to Kenneth Daniel of KSSmallBiz.com there is another way to estimate the loss by using information provided by the U.S. Department of Commerce and a state's revenue figures. Each quarter the Department of Commerce releases its quarterly estimate on e-commerce sales. On a percentage basis e-commerce sales represented slightly over 1.6% of total retail sales in 2003. In 2003 the Alabama Department of Revenue reported revenue from sales and use taxes of approximately 1.8 billion

If Alabama (not including the local jurisdictions) "lost" the sales and use tax on 100% of its e-commerce retail sales, it missed 1.6% of \$1.8 billion or \$28.8 million in 2003. Mr. Daniels figures seem to more reflective of Dr. Johnson's than those of the University of Tennessee study.

The local jurisdictions of the State of Alabama are working hard each and every day. By being centrally located in each jurisdiction, revenue officials are able to work closely with their license departments, building officials, tax assessors in an effort to collect the local and e-commerce tax dollar.

In July 2004, the University of Tennessee released an updated report that lowered it previous estimates of lost revenues. It cited that fact that e-commerce was less robust than previously predicted and more vendors are now collecting and remitting sales and use taxes to the taxing jurisdictions. The updated report can be found online at <http://cber.bus.utk.edu/ecom/Ecom0704.pdf>

If you would like to read Dr. Johnson's report it can be found online at <http://www.the-dma.org/taxation/CurrentCalculationofUncollectedSalesTax.pdf>

County Revenue Officers Association of Alabama

c/o Association of County Commissions of Alabama
 100 North Jackson Street
 Montgomery, AL 36104

INTERNET FACT

First quarter 2004 e-commerce sales decreased 11.4% from the 4th quarter 2003. Total retail sales decreased 8.5% for the same period.

E-commerce sales in the second quarter of 2004 accounted for 1.7% of total sales, while in the second quarter of 2003 e-commerce sales were 1.5% of total sales. In the first quarter of 2004 e-commerce sales were 1.9% of total sales.

The Census Bureau will be releasing its figures for the third quarter 2004 on November 19, 2004 and fourth quarter figures on

COUNTY TAX COLLECTIONS

A comparison analysis of:
 3rd Quarter 2004 vs. 3rd Quarter 2003 - (April, May, June)
 4th Quarter 2004 vs. 4th Quarter 2003- (July, August, September)

<u>COUNTY</u>	<u>3rd Quarter 2004</u>	<u>4th Quarter 2004</u>	<u>FY 2004</u>
	<u>vs.</u> <u>3rd Quarter 2003</u>	<u>vs.</u> <u>4th Quarter 2003</u>	<u>vs.</u> <u>FY 2003</u>
Baldwin	17.43 %	15.37 %	14.83 %
Cullman	15.46 %	13.84 %	15.45 %
Jefferson	3.45 %	6.99 %	5.27 %
Madison	2.00 %	6.00 %	5.00 %
Mobile	4.32 %	(0.29 %)	2.87 %
Morgan	(9.69 %)	9.86 %	2.39 %
Shelby	17.45 %	13.40 %	10.20 %
St. Clair	17.11 %	9.99 %	13.01 %
Tuscaloosa	6.43%	5.32 %	8.47 %