

The CROAA *dvisor*

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Interested in becoming a member? Please contact any of the above officers for membership information.

Important Dates

February 25, 2003
CROAA Meeting
Shelby County

**March 4 -
June 16, 2003**
Regular session of the
Alabama Legislature

SST Update

By: Bettye Griggs - Principal Auditor, City of Birmingham

The Streamlined Sales Tax Project (SSTP) continues its work toward completing items that were not ready for inclusion in the Agreement adopted by the Implementing States in Chicago on November 12, 2002. The agenda for the January 23-24, 2003, Tampa, Florida meeting, included work group sessions on Registration and Returns; Sourcing (drop shipments and florists); Bundling; and Certifications, Audits, and Exemptions.

In a somewhat unprecedented move, the Project hosted a full-day educational session relating to Digital Property and the Telecommunications Industry. The presentations were designed to provide a primer of communications basics (simple "land line" calls to sophisticated wireless calls, Internet business models: dial-up and broadband, etc.), and also to provide a glimpse into future technology. Understanding the processes involved should make it easier to make a judgment about when a taxable event occurs. The Project was urged to replace the defined term "digital property" with "digital product" which more accurately reflects the limited ownership rights that are transferred in a digital transaction.

Significant discussions took place during the Returns and Remittances work group session relating to who will be **required** to use the simplified electronic return and periodic information reports, as opposed to who will be **allowed** to use them. The prevailing sentiment is that all sellers should be given the option to use the simplified return. A proposal was offered during the session to allow sellers to file sales taxes, sellers use taxes **and** consumers use taxes on the simplified electronic return. Local jurisdictions viewed this proposal as an attempt to expand the purview of the Project. As a result, the work group chairman added a local government representative to the work group nucleus to address this and other concerns.

At the Project meeting, Scott Peterson of South Dakota was elected co-chair to fill the vacancy resulting from Charles Collins' retirement. A report was given on the status of the efforts of a coalition of remote sellers that will voluntarily begin collecting taxes beginning February, 2003. The next SSTP meeting will be March 27-28, 2003, Nashville Tennessee.

President's Address

By: Ed Sims - CROAA President, Morgan County

I hope this note finds each of you well and in good spirits. It is a pleasure to report that the Alabama Governmental Tax Administrators Executive Committee is making progress.

Donna Joyner is the contact person with the ADOR for local government to access the ARIS information system. To date, several counties and municipalities have already accessed the system. Donna is also a good person to contact with questions, as she is now also a liaison between the ADOR and local governments.

A joint audit program with the ADOR has begun in Tuscaloosa and Madison counties. I hope that we will be able to report on that in the next newsletter.

The Legislative session will begin soon, so be prepared to read introduced bills and assess their effect on local government, especially to your administration. Report any of your concerns to Sonny Brasfield, myself, one of the association's officers, or your legislative delegation.

Surfing USA

Google Search: <http://news.google.com/news?num=100&hl=en&q=%22Sales+Tax%22&btnG=Google+Search>

This site offers a listing of all sales tax related articles found anywhere on the internet. A MUST SEE!

Local Government Institute {LGI}: www.lgi.com

Need some help in your county? Then you might be interested in this site. LGI provides technical assistance to local governments. They develop "how to" and reference manuals and they provide services, information, and advocacy. They have worked with more than 4,000 local governments in all 50 states.

Tax Policy Center: www.taxpolicycenter.org

This site provides timely accessible analysis about tax policy. It covers federal, state, and local tax issues, tax reform, and its gives statistical information on the effects of taxation on various income groups. A good source of information.

Louisiana Association of Tax Administrators: www.laota.com

The state of Louisiana, like Alabama, allows its local governments to collect local sales taxes. This site is the homepage for its local agencies. The objectives of the LAOTA are to 1) Assist state and local tax administrators in the exchange of information and encourage uniformity in laws, regulations and administration, 2) To disseminate information tending toward the more efficient operation of local tax offices, 3) To encourage the practice of cooperation and the reciprocal exchange of information between all state and local tax administrators, 4) To increase the efficiency of each state and local tax administrator, by encouraging cooperation and the exchange of information

St. Clair County Sales Tax Department

By: Sandra Schledorn, Sales Tax Coordinator

St. Clair County has always administered its own taxes, but the Sales and Use Tax Department wasn't officially formed until 1993. To oversee the department one employee was hired to be the Coordinator. This employee is a Commission staff member and is under the supervision of the County Administrator.

The Coordinator is responsible for collecting the School Tax (levied in 1987), Sales Tax (1988), Use Tax (1992), and Rental/Lease and Lodgings Taxes (1994). The proceeds go to the County Board of Education and to the County General Fund. The revenues from these taxes have steadily increased an average rate of 7% per year, and make up approximately 41% of the annual General Fund budget.

St. Clair County contracts out its' auditing services. To date, we've had very good results from audits conducted both inside and outside the County. Delinquent accounts are handled in house. In those instances when legal procedures are necessary, the Coordinator and the County Attorney's office file court papers to obtain tax liens and garnishments. Court appearances can be nerve-wracking, but after a few times they become routine and predictable.

St. Clair County had a 2001 population of 66,500. We have twelve incorporated cities/towns. One city self-administers their own sales tax, while five others are collected by a contract company.

St. Clair County has a County Seat (Ashville) and a Satellite courthouse (Pell City). We were established in 1818, while Alabama was incorporated as a State in 1819. Thus the County slogan, "A County Older Than The State". We are home to Logan Martin Lake and the Homestead Hollow craft festival, and have several historic sites. Come see us!

HOLIDAY SPENDING: WEAKEST SINCE 1990

With post-holiday sales and merchandise returns completed, ShopperTrak's National Retail Sales Estimate (NRSE) reported that the 2002 holiday retail season grew by just 1.6% from 2001. This made 2002 the weakest holiday season on a year-over-year basis since 1990.

The NRSE also reported that retail sales for the months of November and December combined grew by only 2.0 percent from 2001, the weakest growth in more than ten years. Comparatively, sales for the same two months in 2001 grew by 5.6 percent over 2000.

Congratulations

The staff at the Cullman County Sales Tax Department wants to congratulate Becky Weeks on her promotion to Office Manger. She has been doing an excellent job.

The staff at the Madison County Sales Tax Department wants to congratulate Kevin Caputo on finishing his Masters of Accountancy from the University of Alabama in Huntsville in December.

Taxpayers' Bill of Rights

By: Butch Burbage - Finance Manager - Shelby County

The complete title is the Alabama Taxpayers' Bill of Rights and Uniform Revenue Procedures Act. Effective October 1, 1992, the complete chapter can be found in the Code of Alabama, 1975, Title 40, Revenue and Taxation, Chapter 2A.

The legislative intent is to provide equitable and uniform procedures for the operation of the department and for all taxpayers when dealing with the department. While originally for the ADOR, those of us in local County collections, must also follow these guidelines. It adopts a minimum procedure code and notes that other procedures may be adopted as long as those procedures are not inconsistent with the Chapter.

One key provision is that the taxpayer must be informed of his rights at or before an audit. The taxpayer must get a written description, in simple and non-technical terms, of what will be required during the audit and a statement of his rights. We give each taxpayer a simple tri-fold pamphlet listing the key points. We believe it meets the basic requirement under the Code Section and is much easier to understand.

One key point is that at or before the issuance of a preliminary assessment, the taxpayer must receive, in simple and non-technical terms, a written descrip-

tion of the basis for the assessment and any penalty asserted on the assessment. The taxpayer must also receive a written description of the method to request an administrative review of the assessment.

In Shelby County, we have established an administrative review process. The first step is an appeal to our local tax administration. We set up a time for the taxpayer to come in and present his side of the story. We try to keep this meeting informal and encourage a free exchange of information. The end result is a letter to the taxpayer indicating our conclusions and resulting adjustment, if any, to the assessment. The vast majority of our cases can be resolved at this point and the file can be closed.

The next step is to appeal to an Administrative Law Judge. We have a local Judge that will hear the appeal. Should the taxpayer still not be satisfied with the outcome, the final remaining step is to appeal the case to our local Circuit Court. In the time we have collected our own taxes, we have never had a case appealed to Circuit Court. We have found that as long as you treat the taxpayer in a fair manner, even if he doesn't agree with the findings, he will accept the conclusions. I believe that was the primary intent of the Taxpayers' Bill of Rights.

LOCAL TAXES: (Cont. from page 4)

institutions saw a cutback of 3.76%. In 2002, an additional 6.2% reduction in funding occurred. The outlook for 2003 and 2004 does not look much better. Already, preliminary projections for 2004 see an additional 5% reduction in benefits.

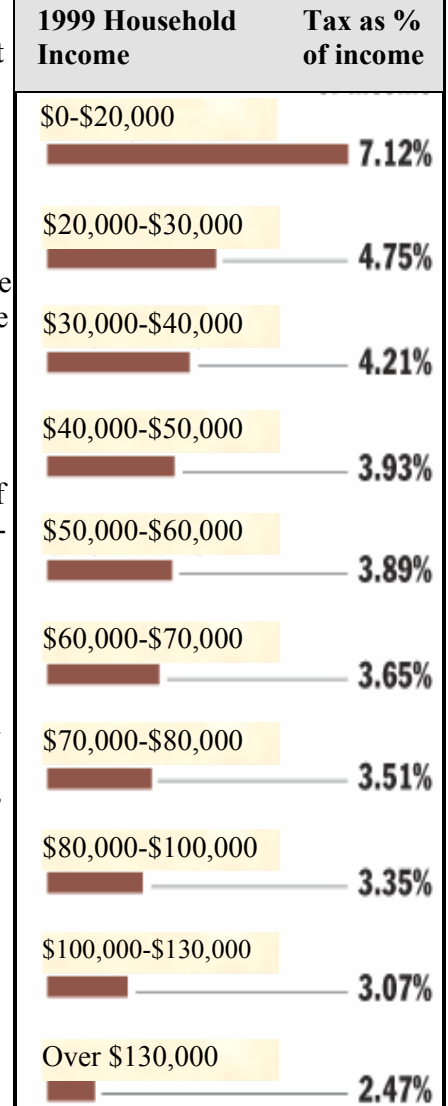
During the time of pro-ration, funding from the Madison County Sales Tax Department was increasing. In fiscal

year 2002, funding was up 5.1% from 2001. In fiscal year 2001, funding was up 7% from 2000.

Educating our children is important to the long term success of our state. With an educated workforce we will continue to be able to attract the likes of Mercedes, Honda and Hyundai in years to come. To do so, we need to see that ALL sources of revenue for funding our schools are protected in years to come.

Sales Tax Burden

Lower income people pay Proportionally more sales tax.



Source: Seattle Times online
<http://seattletimes.nwsource.com/news/business/taxes/qa/>

??DID YOU KNOW??

There are seven states with a Sales Tax but no Personal Income Tax.

These states are Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming

County Revenue Officers Association of Alabama

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

LOCAL TAXES PLAY A VITAL ROLE IN FUNDING OUR SCHOOLS

By: Kevin Caputo - CROAA Vice –President, Madison County

The Education Trust Fund {ETF} provides state level revenues to fund K-12 education, various scholarship programs, two and four year colleges and universities, public library services, performing and fine arts, and to other educational programs throughout the state. In the latest figures available from the Alabama Legislative Fiscal Office (Fiscal Year 1999-2000) the ETF had four main sources of revenue that made up 97.59% of the trust fund. These sources were State of Alabama income taxes (54.21%), sales taxes (32.29%), utility taxes (6.67%), and use taxes (4.42%). Various other sources make up the remaining 2.4%.

For many of the 128 school districts in the State of Alabama, the ETF is their main source of revenue, however it is not their only source. Schools also look to local revenue sources, such as local levies of sales tax and property tax. A case in point is the Madison County Schools system. For the 2002 fiscal year, the

system received 28.65% or \$26 million, of its \$90.85 million operating fund from local taxes. The 28.65% local funding was comprised of 45.32% (approx. \$11.2 million) sales taxes and 38.84% (approx. \$10.1 million) from property taxes. A variety of other taxes made up the 15.84% difference.

When the Madison County Commission passed the sales tax levy in 1985, the funds were pledged to pay financing for new school construction. Since that time the funds continue to be used in new school construction, but they are now also being used for paying teacher salaries and supplies.

Due to pro-ration, local taxes play more of a vital role in funding local schools. The state of Alabama has seen some dramatic cutbacks in funding over the past several years. In 2001, due to pro-ration, educational

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