

The CROAA *d*visor

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June 1, 2004

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

Important Dates

June 2-3 2004

Association of County Administrators Annual Conference, Windemere Conference Center
Gulf Shores, AL
(251) 955-2443

June 11, 2004

CROAA Annual Business Meeting, 10:30 am at the ACCA offices in Montgomery

August 17-19, 2004

76th annual ACCA Convention, Adams Mark Hotel, Mobile, AL
1-866-749-6071

Legislative Update

By: Sonny Brasfield - Assistant Executive Director - Assoc. of County Comm. of Alabama

The Alabama Legislature cut short the final day of the 2004 Regular Session, adjourning before 8 p.m. on Monday, May 17, 2004. This early adjournment resulted in the death of several pieces of legislation; however, few bills impacting sales and use tax were introduced this year.

There was little or no discussion of issues related to the Streamline Sales Tax Agreement or consolidation of sales tax collection efforts. Although the ADOR now mandates that all taxpayers "file" state sales taxes electronically, no legislation was introduced requiring those taxpayers to also "pay" sales taxes by electronic means.

A number of ACCA-supported bills were passed during the session, as well as a host of bills affecting county government. A detailed reporting of these can be found on the ACCA's website at www.acca-online.org.

There are a couple of new laws relating to the collection of revenue on the local level that warrant specific mention.

First, as part of the "fix" for this year's general fund budget, the Legislature passed a bill removing the contractors' sales tax exemption for all contracts awarded or altered on or after its effective date of July 1, 2004. The law also increases the distribution of the state sales tax to the general fund by an amount equal to the repealed exemption. The act states that its provisions will terminate on Oc-

tober 1, 2006.

The exemption was passed several years ago because many public entities were purchasing the materials for construction projects and simply bidding out the labor necessary to complete the project. In some cases there was confusion regarding the "tax exempt" nature of the purchases. The repeal of the exemption is likely to raise the questions about which contractors are entitled to the exemptions.

Second, on May 18 the new statewide tobacco tax increase went into effect. The new law prohibits future tobacco tax increases and requires the collection of cigarette taxes through the use of tobacco stamps. This change presents many challenges for county government. The Association is preparing a separate overview on the requirements of this new law. The utilization of stamps for collection of cigarette taxes will be a major challenge for county governments.

Third, another new law requires automobile dealers conducting "off-site" sales, such as tent sales, to buy a special license from the county for each sale. The dealers are restricted to no more than three off-site sales per year with each sale lasting no more than 10 days. The law took effect on May 17, so we realized that many county revenue officers are already issuing these new licenses.

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State Budget Gaps Shrink

Press Release: National Conference of State Legislatures

More than half the states are projecting surpluses by the close of the current fiscal year, a sharp contrast to the situation they faced a year ago, according to a new report by the National Conference of State Legislatures.

At this time last year, states were still struggling to close a cumulative \$21.5 billion budget gap. Now, they are working to close a total gap of \$720 million, according to *State Budget Update: April 2004*. Additionally, 32 are forecasting sur-

pluses by the end of FY 2004, which ends June 30 for most states. These projected surpluses are the result of improved collections in major revenue categories and the difficult paring of programs. The surpluses are not large. And they didn't accumulate painlessly.

Nine states expect surpluses below 1 percent of their general fund budgets. In Florida, Nevada, Oklahoma, South Dakota and Wyoming, the

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Who can be a member in CROAA?

By Sonya Breasseale, Senior Auditor, Jefferson County

The membership of the County Revenue Officers Association of Alabama consists of three types of members:

Regular Members:

Regular member must be employed in an office responsible for any portion of the collection or enforcement of taxes at the county level. If you meet this requirement you simply fill out an application and submit your annual dues and you become a member. As a regular member you are entitled to vote on matters such as the election of CROAA officers and directors, the ratification of the annual dues, and any amendments to the Associations' by-laws.

Associate Members:

Associate members can be individuals, companies or corporations (who are involved in the collection of local taxes or who

support the purposes and goals of the Association), elected officials, State of Alabama employees, or faculty and staff of institutions of higher education. If you meet these requirements, as outlined above, submit your application and dues to become a member. Associate members shall enjoy all the rights and privileges of regular members but may not hold office or vote on Association matters.

Honorary Members:

The membership and Board of Directors may grant honorary membership to persons, companies, or corporations that have supported the goals of the Association. Honorary members are not allowed to vote or hold office.

I am sure you can find a place to fit in so join us today. Contact acting CROAA Secretary/Treasurer Butch Burbage at (205) 669-3943.

Surfing USA

Alabama Ethics Commission: www.ethics.alalinc.net

This is the official website of the Alabama Ethics Commission. This site offers a fully searchable data base of all the Opinions of the Ethics Commission since 1995. Check the site for the date of the next free semi-annual class that informs and educates public officials and employees within the State of Alabama.

Morgan Keegan - Gene Pospicil: <http://www.gene.pospicil.mkadvisor.com/index.cfm?&disclaimer=accept&stamp=20030929082350> *If you are looking for some continuing education options, this may be one you are interested in. Click on the "CPA Continuing Education" link to learn more about the classes.*

Tax Policy Center: <http://taxpolicycenter.org/TaxFacts/tfdb/TFTemplate.cfm?topic2id=90>

Are you interested in knowing what Alabama and other states tax cigarettes, alcohol, gasoline, income and retail sales then this link is for you. Also, you will find information on IRS collections revenue by state. Other reports including property tax, tobacco, alcohol, and gasoline revenues can be found here as well.

CROAA Educational Update

By: Kirk Keith, Revenue Examiner, Tuscaloosa County

Your CROAA Certificate Program is beginning in 2004 at an exciting new pace. Your officers have allowed the University Partnership for Alabama Continuing Education (UPACE) to offer classes for you. The classes which you have taken previously at Auburn will apply toward your Certification and you can pick up where you are in the program.

UPACE is a three university partnership consisting of Jacksonville State, North Alabama and Troy State Dothan. We will be able to plan and conduct classes for you in different locations of the state to make your training more convenient. You will also be able to attend classes that are being conducted for the County Administrator Certificate Program. You will not

qualify for the Certified County Administrator Certification but you can use some of their courses as elective and continuing education hours for the CROAA Certificate.

UPACE Course Offerings

September 8-10

Course III - Enforcement of Licenses and Taxes - Shelby County (20 hrs)

September 15 - 16

General Management and Supervision (16 hours)

February 9-11, 2005

Course IV - Auditing for Tax Liabilities (20 hours)

Auburn University Course Offerings

June 2-3

Management & Supervision
Montgomery (20 hours)

June 24

Communicating Effectively for
Optimal Tax Collection
Hoover (8 hrs)

June 25

Lessons from the Front Line
Hoover (8 hours)

August 5

Serving the Taxpayer and the
Client - Cullman (8 hours)

August 6

The Political Environment of
Government Tax Collections
Cullman (8 hours)

President's Note

By: Ed Sims - CROAA President, Morgan County

I hope this message finds each of you well and in good spirits. Due to election commitments in Morgan County this month and next I only have a narrow space of time for our annual business meeting and election of officers. I sincerely hope that June 11, 2004 in the ACCA conference room at 10:30 am will be acceptable to everyone.

We will have a report from committees, election of officers, and an open discussion on electronic filing. Please, everyone attend, our future depends on each and every member.

If you have any questions or comments I can be reached by e-mail at esims@co.morgan.al.us.

I look forward to seeing each of you at the meeting.

How do we compare with other states?

The Tax Foundation reports that Tax Freedom Day will arrive on the 101st day of 2004 - Sunday April 11, 2004. Tax Freedom Day is the day when Americans will finally have earned enough to pay off their total tax bill for the year.

After peaking at an all time high of May 2, 2000 Tax Freedom Day has seen four consecutive years of decline. In fact, Tax Freedom Day is the earliest its been since 1967.

In Alabama the Tax Foundation reports that Tax Freedom Day came to Alabamians on April 1, 2004. Only Alaska had an earlier day of March 26.

In comparison to Alabama, Tennessee - April 1, Mississippi - April 2, Georgia - April 9, Florida - April 8.

The states with the latest Tax Freedom days were Connecticut - April 28, New York - April 27, New Jersey - April 19, Massachusetts - April 18.

To view the full report visit the following link:
<http://www.taxfoundation.org/sr129.pdf>.

LEGISLATIVE UPDATE *(Cont from page 1)*

With talk of a special session later this summer, it is important that revenue officers continue to communicate the positive aspects of local collection of taxes. In the meantime, we look forward to seeing you at the ACCA convention in Mobile August 17-19, 2004.

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 County, in the passing of his father Ralph Curvin.

STATE BUDGET GAPS SHRINK *(Cont from page 1)*

surpluses are larger than 5 percent. But this breathing room comes after three consecutive years of fiscal crisis, when states had to cut funding in such core areas as education, health care and corrections. Some states tapped rainy day funds, increased fees or raised taxes on items including cigarettes, health insurance and phone service to help make ends meet.

"States are turning red ink black," said NCSL Executive Director Bill Pound. "They should be praised for their diligence and their willingness to make tough and often unpopular decisions that were necessary to get through the fiscal crisis. States are also grateful for help from the federal government this past year."

At least two-thirds of states report higher-than-expected revenue performance in at least one major tax category. Personal income taxes were above estimates in 18 states, and on target in 12. Final figures won't be available for this category until next quarter. Twenty-two states report that sales tax collections are higher than forecasted. And corporate income tax collections are exceeding expectations in more than half of states. They're on target in 11 others.

Budgets don't look healthy in FY 2005 just yet, although they are an improvement over the fiscal situation states faced going into FY 2004. Thirty-three states are resolving budget gaps as they negotiate their FY 2005 budgets. The aggregate gap reached \$36.3 billion, half as high as the gap states faced going into FY 2004.

Some states are expecting a positive picture. At least 12 project surpluses, bringing the cumulative surplus to about \$1.9 billion. These surpluses continue to be modest, though, with Hawaii, Ohio, Oregon and Texas reporting surpluses equal to less than 1 percent of their budgets.

"The national economy seems to be improving," Pound said. "But all states have not felt the full strength of the recovery." Copies of *State Budget Update: April 2004* are free to members of the media. For a copy, contact the public affairs staff at press-room@ncsl.org.

Those who are not reporters may purchase a copy of the report for \$30 by contacting NCSL's publications department at 303-364-7700 or sending an email to books@ncsl.org.

Congratulations

Chris King on being appointed the new Director of Sales Tax in Cullman County.

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 first quarter of 2004 accounted for 1.9% of total sales, while in the first quarter of 2003 e-commerce sales were 1.6% of total sales. In the fourth quarter of 2003 e-commerce sales were 1.9% of total sales.

The Census Bureau will be releasing its figures for the second quarter 2004 on August 20, 2004 and third quarter figures on November 19, 2004.

Source: The Census Bureau of the US Department of Commerce - 05/21/04

COUNTY TAX COLLECTIONS

A comparison analysis of:

1st Quarter 2004 vs. 1st Quarter 2003 - (October, November, December)

2nd Quarter 2004 vs. 2nd Quarter 2003- (January, February, March)

Year to date: FY 2004 vs. FY 2003 (October - March)

COUNTY	<u>1st Quarter 2004</u>	<u>2nd Quarter 2004</u>	<u>FY 2004</u>
	<u>vs.</u> <u>1st Quarter 2003</u>	<u>vs.</u> <u>2nd Quarter 2003</u>	<u>vs.</u> <u>FY 2003</u>
Baldwin	14.14 %	11.68 %	12.90 %
Cullman	21.77 %	1.44 %	11.61 %
Jefferson	0.51 %	0.06 %	0.06 %
Madison	6.30 %	10.30 %	8.33 %
Montgomery	0.31 %	3.86 %	N/A
Morgan	2.79 %	9.37 %	5.85 %
Shelby	8.68 %	15.16 %	11.78 %
St. Clair	10.93 %	4.37 %	7.40 %
Tuscaloosa	8.33 %	10.92 %	9.66 %