

The CROAA *d*visor

Volume 4, Issue 2

September 2005

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

Important Dates

Nov 30 - Dec 1, 2005

2005 ACCA

Legislative Conference

Florence, AL

For information contact

lquiller@acca-online.org

January 10 -

April 26, 2006

Regular session of the
Alabama Legislature

March 4-8, 2006

Annual NACo

Legislative Conference
Hilton Washington & Towers

Washington, DC

Legislative Update

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

Sometimes our use of a word or term is disjointed from its actual meaning – take the term “holiday”, for example.

We all know that a “holiday” is a day when the courthouse is closed and we get to stay home and do whatever we want to do, within reason, of course. Our good friend Webster says that a “holiday” is a day marked by the “general suspension of work in commemoration of an event” or a “period of relaxation”.

Hum? If a holiday is a time of rest, then would someone please explain the concept of a “Sales Tax Holiday”?

A Sales Tax Holiday certainly isn’t a “general suspension of work”, at least not for the government employees who collect taxes or the retailers who receive the payments from the general public. And a Sales Tax Holiday won’t be a “period of relaxation” either; unless the term is supposed to mean that the “sales tax” itself should get a break from work and go on “holiday”.

Over the last year, the concept of “relaxing” the collection of sales tax for a period of time related to the beginning of the school year has become a popular notion around the country. So as we begin to take an early look at the 2006 regular session, I guess we should be prepared to respond to

the “holiday” idea here in Alabama and how we believe it will impact local revenue and our ability to audit.

During the 2005 regular session, legislation was introduced proposing a three-day “Sales Tax Holiday” for the suspension of state sales taxes on items traditionally related to “back-to-school” purchases. The bill also would have authorized local governments to hold their own “holiday” during the same time.

The ACCA and CROAA opposed this legislation for a number of reasons – it will be VERY difficult to administer, it will reduce revenue to state and local governments and the legislation completely ignored the provisions of the Streamline Sales Tax Agreement that detail how such a “holiday” is to be conducted, just to name a few.

It was interesting during committee testimony on this legislation last year that those groups who have advocated the strongest for Alabama’s involvement in the Streamline Sales Tax Agreement, said that the provisions of the agreement regarding “holidays” are too “complicated” and should not be used by Alabama! Wow.

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LEGISLATIVE UPDATE (Cont from page 1)

President’s Note

By: Keith Crawford - CROAA President, Jefferson County

The Alabama Association of County Commissioner’s 77th annual convention was a great success. Our County Revenue Officers Association provided 20 hours of continuing education with such speakers as Dr. Tommie Singleton with University of Alabama in Birmingham’s Accounting and Information Services Department and Curtis Stewart Manager with Alabama Department of Revenue’s Privilege License section. Each represented their agencies well and was requested back by all that attended.

Our business meeting was adjourned leaving certain items on the table to be brought up during a special meeting which I will announce at a later date. Due to hurricane Katrina and the over whelming gasoline prices County Commissioners have begun to reduce travel. CROAA is currently exploring different methods of holding our meeting such as conference call or video conference.

Please help me welcome our new CROAA Officers Sandra Schledorn – Vice President and Brenda Mead- Secretary/Treasurer.

Surfing USA

State and Local Government on the net: <http://www.statelocalgov.net/>

One of, if not the best government site on the internet. First pick a state and then click go. It will provide links to virtually every state agency, county, city, or town located within the state you choose.

CCH Tax News: <http://tax.cchgroup.com/news/q1news.asp>

Looking for daily updates regarding tax related issues? Follow the links and enter your email.

Google: www.google.com

Google offers a free news alert service. Simply type in sales tax in the search box and click news directly above. On the left hand side of the screen click on "news alerts" and fill out the form. Next thing you know you will begin receiving your news updates on sales tax.

Government Finance Officers Association: www.gfoa.org

The Homepage for thousands of government finance employees.

Educational Class Offerings

CGS - Auburn University

The following classes are being offered by the Center for Governmental Services at Auburn University. For more information about these and other class offerings, contact CGS at 1-800-446-0376, or visit them online at <http://www.auburn.edu/outreach/cgs/cre.htm>

November 2-4, 2005

CRE I: Sales & Use Tax Examination: The Legal Environment

Hoover (20 hours)

December 8-9, 2005

AMROA Winter Workshop Conference

Auburn (12 hours)

April 5-7, 2006

CRE II: Minimum Examination Program for Local Government Revenue

Hoover (20 hours)

UPACE

The following classes are being offered by UPACE. For more information about these and other class offerings, contact UPACE at 256-782-5918 or visit them online at www.coned.jsu.edu

September 14-15, 2005

Orientation of Administrators Duties and Responsibilities
Montgomery (12 hours)

October 12-14, 2005

Local Tax Options
Pelham (20 hours)

October 12-13, 2005

General Management & Supervision I
Montgomery (12 hours)

New Employee Spotlight

The Cullman County Sales Tax Office is proud to announce the hiring of Jannie S. Ratliff as the Department's new Revenue Examiner. Jannie has worked in various business sectors for over 25 years. She has three years audit experience with Price Waterhouse Coopers (formerly Coopers & Lybrand) and fifteen years of internal auditing in the areas of communications, non-profit organizations and HUD based Section 8 and public housing programs. She has a B.S. degree in Accounting and Business Administration from Troy State University and an Associates degree from Wallace State Community College in Hanceville, AL.

NEWS and NOTES

- On July 29, 2005 Portfolio Recovery Associates, Inc. (PRA) completed the acquisition of Alatax, Inc. Alatax, founded in 1980, is an Alabama based company that specializes in government collections. Although most of its clients are located in Alabama - where it operates as Alatax - the company recently has begun expanding into surrounding states where it operates as Revenue Discovery Systems.

PRA is a company that purchases, collects and manages portfolios of defaulted consumer receivables. Alatax President Kennon Walthall and Executive Vice President Stephen Morris have both signed long-term employment agreements and will continue to manage the company.
- Dr. Don Terry Veal has been named Director of Auburn University's Center for Governmental Services, having previously served as Associate Director of the Center. Dr. Veal is honored to have the opportunity to work with CROAA members and looks forward to working more closely with the organization in the future.
- Don Allen, Tuscaloosa County, wanted to extend a sincere thank you to everyone who attended his retirement party as well as to those of you who weren't able to attend but sent him a note wishing him a happy retirement.

Now, I understand the idea behind relaxing sales taxes on the purchase of school supplies. And one can argue that the concept is worth further study. But putting the concept into practice without evaluating the details would be just as unwise as simply adopting the Streamline Sales Tax Agreement without looking down the road.

Here are three examples that illustrate the difficulty.

First, it will be very difficult to issue a “holiday” that does not allow for the purchase of standard items in the name of “school supplies.” For example, could businesses around the state stock up on copy paper during this holiday? Could consumers purchase baseball shoes or work boots without paying taxes?

The sponsor of the legislation admitted that he warmed up to the idea of a sales tax holiday in Alabama after purchasing a souvenir t-shirt while on vacation in another state. Wonder if the lawmakers over there intended for the souvenir shirt to fall under the definition of back-to-school purchases?

Additionally, such a “holiday” will not actually benefit those at whom it is aimed – the poor – as much as it will benefit those persons who have a large amount of disposable income that can

be used to make purchases on one particular weekend.

And, the purchasing of items without paying sales taxes requires retailers to make computer changes that are routine for the big national chain stores, but that are expensive and inconvenient for the local retailer. These necessary changes in collection rules will also make it more difficult to administer and to audit.

Those who advocate the “holiday” as a way to help the less fortunate can achieve their goals in a much more direct way without reducing sales tax revenue and without putting an administrative burden on the retailers and tax collectors.

Because the state’s sales tax AND income tax are earmarked for use in the state’s education budget, the goal of helping the poor can be accomplished by providing an income tax credit based upon the age of the filer’s dependent children. The deduction could be tied to an easy-to-determine estimate of the expenditures that will be made on a child’s cloths and other school related items.

And that’s just one idea. There are probably others that can be explored before we start sending our sales tax - and our revenue - on an extended “period of relaxation.”

Getting to know your Representatives in Washington

Alabama’s Representatives play a vital role in shaping our state. Click on their website and get to where they stand on the issues.

Representative Jo Bonner Alabama 1st District
<http://bonner.house.gov>

Representative Terry Everett Alabama 2nd District
<http://wwwc.house.gov/everett>

Representative Mike Rogers Alabama 3rd District
<http://www.house.gov/mike-rogers>

Representative Robert B. Aderholt Alabama 4th District
<http://aderholt.house.gov>

Representative Robert E. Cramer Alabama 5th District
<http://cramer.house.gov>

Representative Spencer Bachus Alabama 6th District
<http://bachus.house.gov>

Representative Artur Davis Alabama 7th District
<http://www.house.gov/arturdavis>

Senator Jeff Sessions
<http://sessions.senate.gov>

Senator Richard Shelby
<http://shelby.senate.gov>

Congratulations

This past year Sharon Hunt and Dana Long, of Baldwin County completed their educational requirements for the Certified Revenue Examiner and CROAA Certification programs.

Alabama’s Lone Sales Tax Holiday

By: Kevin Caputo - Revenue Examiner - Madison County

In the last issue of the CROAA Advisor I included a section on state sales tax holidays. It discussed that twelve states, of which Alabama was not part of, and the District of Columbia currently had some form of sales tax holiday.

Well, recently I received an email to the contrary. The City of Montgomery, Alabama has a sales tax holiday. This past July 2, 2005 was their second such date. Next year they are planning a two day exemption for August 5 and 6.

There are very few restrictions to the 3.5% exemption. Items not included in the holiday include automobiles, manufacturing products and agricultural products.

The State of Alabama and Montgomery County do not participate in the program.

Should I find any more such sales tax holidays in the State of Alabama, I’ll be sure to pass them along in any future issues of the *Advisor*.

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 2005 e-commerce sales increased 6.4% from the fourth quarter 2004. Total retail sales increased 1.5% for the same period.

Second quarter 2005 e-commerce sales increased 7.2% from the first quarter 2005. Total retail sales increased 2.6% for the same period.

E-commerce sales in the 2nd Quarter 2005 accounted for 2.1% of total sales, while in the 2nd quarter 2004 e-commerce sales were 1.9% of total sales.

The Census Bureau will be releasing its figures for the third quarter 2005 on November 22, 2005 and fourth quarter figures on February 24, 2006

Source: The Census Bureau of the US Department of Commerce

COUNTY TAX COLLECTIONS

A comparison analysis of:

3rd Quarter 2005 vs. 3rd Quarter 2004 (April, May, June)
Year to date: FY 2005 vs. FY 2004

COUNTY	Q3 2005 versus Q3 2004	FY 2005 YTD versus FY 2004 YTD
Baldwin	16.70 %	22.34 %
Cullman	8.65 %	6.24 %
Jefferson	8.77 %	6.69 %
Madison	6.85 %	6.59 %
Mobile	8.56 %	12.73 %
Morgan	2.56 %	1.41 %
Shelby	12.37 %	14.15 %
St. Clair	8.94 %	7.21 %
Tuscaloosa	7.58 %	8.72 %