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A GEORGIA SALES TAX FOR THE 21ST CENTURY

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Executive Summary

The sales tax has some significant advantages for Georgians, and voters seem to prefer new sales taxes to increases in income or property taxes. One advantage is the relatively small liability per transaction. Many Georgians have no idea how much sales tax they pay over the course of a year. Additional advantages include the fact that taxpayers understand the structure of the sales tax, the sales tax reaches virtually everyone and the state collects tax revenue from consumers who live in other states (e.g., tourists). With respect to its disadvantages, tax payments are not deductible from the federal income tax (while income and property tax payments are deductible), the sales tax yield can be surprisingly unstable over the business cycle and many Georgians believe the tax is regressive. Another important disadvantage of the Georgia sales tax is the collection of revenue from numerous firm-to-firm purchases. This revenue increases the cost of doing business in Georgia and masks the true burden of the sales tax to consumers. However, based on the recent actions of Georgia lawmakers and voters, the advantages appear to outweigh the disadvantages.

The volume of taxable sales in Georgia is equivalent to 50 percent of personal income in the state, ranking Georgia 18th highest among the 46 states that levy a retail sales tax. This relatively large sales tax base is due more to the heavy taxation of intermediate goods – business inputs – than to the coverage of the base on consumer purchases. In fact, Georgia taxes services more narrowly than do other states. Of 164 services that are taxable in at least one state, Georgia taxes only thirty-five. If all service purchases by consumers were taxed and special interest exemptions were removed, the state government could cut its tax rate below 3 percent and raise the same amount of revenue.

There are major policy choices facing Georgia with regard to the sales tax. First, it could broaden the base to include more services (a revenue gain). Second, it must consider the issue of whether the food exemption will be extended to all local government sales taxes (a revenue loss). Third, it could consider raising the sales tax rate while keeping the base narrow (a revenue gain). Fourth, it could move to eliminate some intermediate goods from the tax base thereby enhancing the economic development potential of the state (a short-term revenue loss). Finally, it could consider moving to less reliance on sales taxation in favor of more reliance on income or property taxes.

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There are several arguments to recommend expanding the sales tax base to services. It would increase the overall elasticity of the sales tax base, it would make the tax less regressive, it would increase fairness across consumers and it would generate significant revenue. Had the Georgia sales tax included all services in 1995, it could have raised the same amount of revenue at a rate of 2.64 percent.

In both the sales tax base and the sales tax rate, Georgia's local sales taxes require attention. At present, there is a complicated set of rules concerning the cap on the total local rate, and there are five different choices regarding local options (LOST, SPLOST, MARTA, HOST, and the education tax). In some cases food is included in the base – in others it is not. If the sales tax base is extended to services in the future, local governments would benefit, but if the state chooses to increase the state tax rate, they would not. With the sentiment in Georgia running heavily toward replacing property taxes with sales taxes, there is a premium on reforming the local sales tax in a comprehensive way. In particular, the following three issues ought to be considered:

- a common treatment of food for home consumption.
- a clear set of rules about local rate ceilings. One possibility is to allow local governments to choose their rates by referendum, rather than prescribing exactly what kind of local sales tax will be allowed.
- a clear set of rules about the relationship between property and sales taxes. If sales tax options are to be chosen by referendum, then voters need clear information on any property tax consequences.

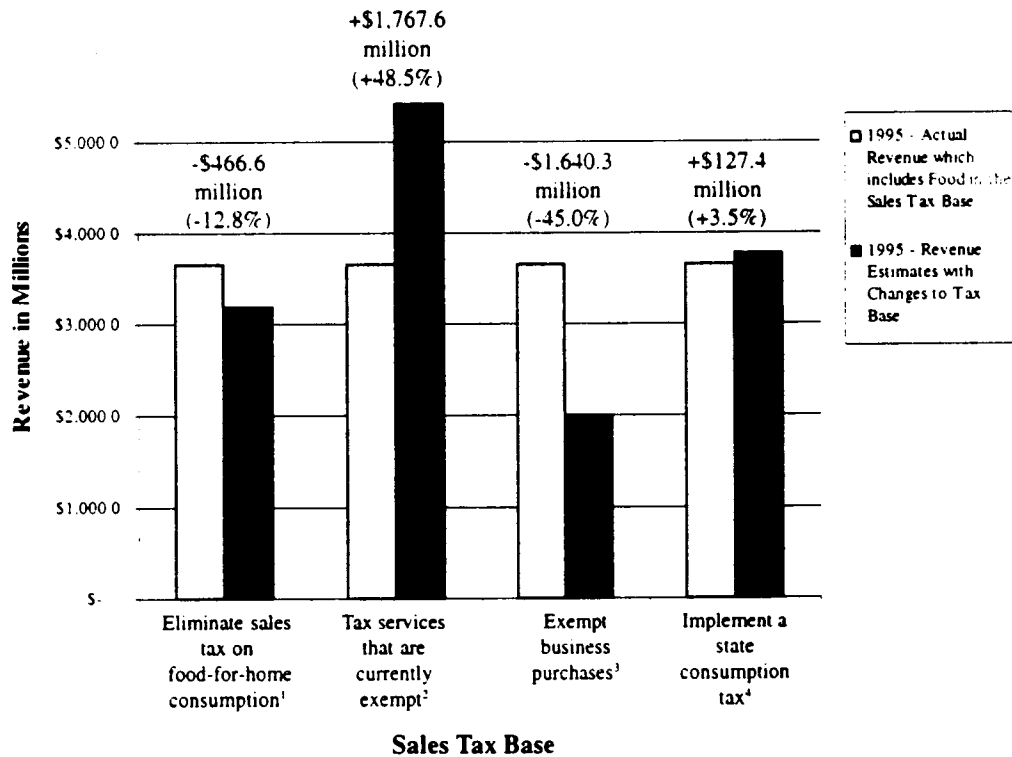
Finally, Georgia must decide how business purchases should fit into the sales tax base. Currently, purchases of goods that do not become part of a final taxable good are subject to the sales tax. Should these purchases be exempt? By one estimate, 45 percent of sales tax revenue comes from business purchases; thus, eliminating these purchases would result in a large revenue loss. On the other hand, excluding these purchases would increase the competitive position of the Georgia economy. Moreover, the taxation of business purchases may be passed on in the form of higher prices. Excluding these purchases from the tax base may eliminate this 'hidden' tax.

In this report, we discuss three central issues to sales tax policy: the taxation of services, the exemption of food and the tax treatment of business inputs. Our analysis of the above issues attempts to find the proper balance between voter acceptance of sales taxation and the concerns of economists.

Should Georgia Tax Services?

In 1995, exempt services "cost" Georgia almost \$1.8 billion in foregone revenue (Figure 1). Relative to total taxable spending for that year, these services represented an additional 48.5 percent that the Georgia sales tax failed to reach. In fact, of the 164 service categories identified by the Federation of Tax Adminis-

Figure 1. FY1995 Revenue Estimates for Selected Changes in the Sales Tax Base



1. In 1996, the Georgia legislature enacted a three-year phase-out of the Georgia sales tax on food-for-home consumption purchases. Sales tax on such purchases will be removed entirely on October 1, 1998.
2. This estimate is adjusted for consumer price response. Exempt, non-housing services include clothing repair and cleaning, barbershops and beauty parlors, water and sanitation, telephone and telegraph, domestic, medical care, personal business (less 1/2 funeral services), taxicab, insurance, clubs and fraternal organizations, and education services. The services total also includes estimates of the labor share of automobile and electronic repairs where the share is derived from the 1992 Census of Services. This estimate understates the gross labor charges by repair firms but we believe the alternative, total receipts by repair services, grossly overstates the revenue potential from these firms. This estimate includes the labor share of construction expenditures, but this sub-total is not adjusted.
3. This estimate is taken from Ring (1989).
4. Assuming the current sales tax base (i.e. with food), a switch to a consumption tax means adding services and subtracting business purchases.

trators (1997), 130 are exempt in Georgia. Moreover, the tax does not reach the largest service spending categories, including health, legal and construction services.¹ However, the taxation of services is a contentious issue, and both supporters and opponents have endorsed their stance with justifiable reasons. The following sections examine the arguments for and against expanding the sales tax base to include services.

Arguments for Taxing Services

It Is Fair.

A Georgia household faces a tremendous number of consumption options. Under Georgia's current sales tax, most services are exempt from taxation – resulting in an inequitable system. Table 1 emphasizes the bias in Georgia's current sales tax system by comparing two hypothetical families with identical consumption goals, but with different tax burdens. For example, the Adams family is taxed on admission tickets to a sports event but the Robinson family goes tax free to a sports club. However, a modern sales tax would treat everyone the same, irrespective of what they purchase.

Table 1. Illustrations of Unfairness in the Georgia Sales Tax Treatment of Services

<u>Event</u>	<u>The Robinson Family Is Not Taxed On</u>	<u>The Adams Family is Taxed On</u>
Improving Personal Appearance	A nose job, or new front teeth caps	A new wardrobe from upscale retailer
Spending a Windfall Inheritance	Hiring an architect to redesign the house	Buying a new car
Income Tax Preparation	Hiring an accountant to prepare their own tax return.	Buying software to prepare the annual tax return
Death	Paying a lawyer to handle Grandma's will	Buying Grandma's casket
Entertainment	Cable TV movie	Video tape rental
Sports and Recreation	A sports club membership	A season ticket to the Braves games
Improving the Golf Game	A golf lesson	A new set of golf clubs
The Family Business	Hiring a telephone answering service	Buying an answering machine
Romance	Junior's membership in a dating service	Junior's purchase of flowers for his date
Planning for Retirement	Subscription to an investment service on the Internet or a visit with an investment planner	Purchasing a book on how to invest

Source: Bahl and Hawkins (1997).

It Eliminates Obvious Loopholes.

In a complex society, many business transactions will fall somewhere in between goods and services. Because Georgia taxes goods and exempts services, rational Georgians will structure their transactions towards services. For example, a carpenter can sell a piece of custom furniture outright or the same carpenter can create furniture using the customer's nails and lumber. The latter is a service, only the nails and lumber are taxable, while the total retail value is taxed in the former. When business decisions are led by the sales tax rather than the market, it is time to change the sales tax.

It Will Lead to Less Distortion of Consumer Choices.

One criterion used to evaluate taxes is efficiency – the idea that taxes should not distort consumer behavior. Generally, consumers are better off if their consumption choices are determined only by their preferences and by market prices. Move them away from the most desired bundle of consumption, and their satisfaction is lessened. If a sales tax raises the price of goods relative to the price of services, the government is influencing consumer behavior. Consumers, in turn, will respond by increasing purchases of exempt commodities and decreasing purchases of taxable commodities. Therefore, sales tax not only is a burden on the household budget, but also reduces consumer satisfaction when it forces consumers to change consumption patterns. A tax on goods and services would not change relative prices; therefore, it would not create distortions.

The Rate Can Be Reduced.

The addition of more types of consumption to the sales tax base can lead to a significant lowering of the tax rate. For example, if services were taxed, food added back in, and business purchases exempt, Georgia could raise approximately the same state revenue with a 3.37 percent sales tax rate. One might think of it this way: everyone now pays a 4 percent sales tax rate so that certain consumer's can enjoy tax exemption. Remove this tax preference and all could benefit from a lower sales tax rate.

Revenue Growth Would Be Stronger.

For the typical U.S. household between 1974 and 1994, the purchase of services as a share of household consumption increased from 31 percent to about 42 percent, and Georgia is no exception. Indeed, over the past twenty years, the sales tax base did not grow as fast as the state economy.

The only way to sustain revenues in the face of such a trend is either to tax services or to continuously raise the tax rate. In an average year, the Georgia sales tax grows about 13 percent slower than the Georgia economy (Bahl and Hawkins, 1997). Slow revenue growth is not necessarily undesirable, but revenues must grow fast enough to satisfy expenditure demands. Moreover, it is unlikely that the demand for government expenditures in Georgia is growing 13 percent slower than state personal income.

The fastest growing component of consumption would be brought into the tax base if services were taxed. As a result, revenues would grow more or less in step with the state economy. More importantly, the pressure for future rate increases would be considerably lessened.

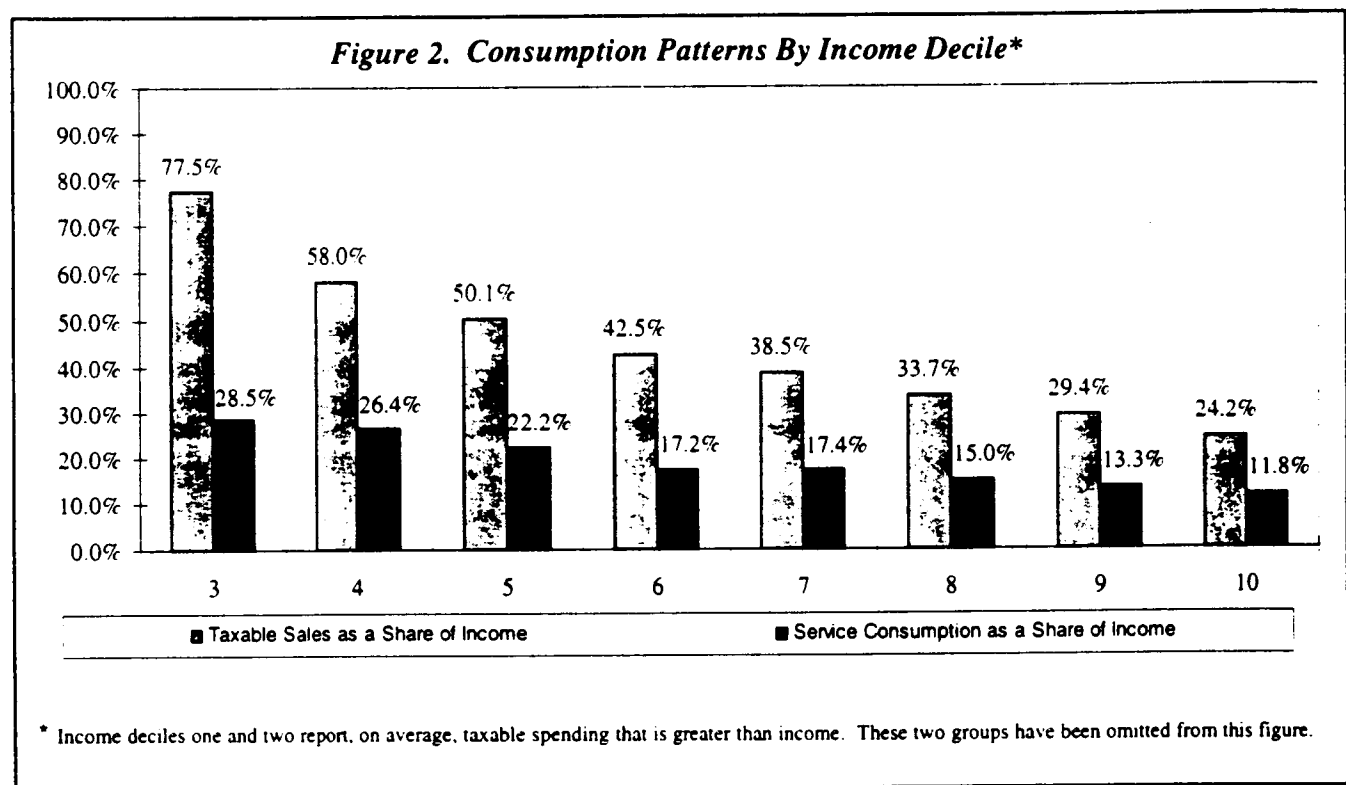
Revenue Growth Would Be Less Erratic.

State and local governments in Georgia operate smoothly when revenue sources are stable. Unfortunately, the sales tax is surprisingly unstable, and this instability increases when the tax base is narrow and weighted toward durable goods. In an expanding economy, purchases of automobiles and other big-ticketed items increase and sales tax collections soar (total sales taxes are paid up front). However, just the opposite occurs in a recession.

Georgia's sales tax revenue has shown this kind of cyclical behavior in recent years. For example, real tax revenue (i.e., adjusted for inflation) fell by 4.5 percent in 1992. In 1996, an expanding Georgia economy produced real sales tax revenue growth of 18.5 percent. Since the state cannot run a deficit, this variation disrupts the budgeting process. However, many services are characterized by a more stable performance over the business cycle. Thus, expanding the sales tax base to include services should lead to less cyclical behavior of revenues.

It Will Lessen Regressivity.

A sales tax is often criticized on equity grounds as being regressive. Opponents argue that sales taxes are disproportionately collected from poor households.³ This regressive pattern results because the poor consume a greater share of their income in taxable goods than do the rich. However, the taxation of services would be somewhat less regressive, as noted by the consumption patterns shown in Figure 2. If taxation of services leads to a lower general sales tax rate, one can expect a further reduction in tax structure regressivity.



Arguments Against Taxing Services

If Georgia decides to tax services, there will certainly be opposition (a) from sellers who must begin to collect and remit these taxes, (b) from consumers who benefit from the exemption of services, and (c) from those who simply oppose big changes of any type. Opponents will argue as follows:

Services Are More Difficult to Site.

In order to appropriately tax a purchase in Georgia, one needs to determine where the use of the good or service takes places, and apply the state and local tax rate for that location. In fact, the "situs" problem is considered by some to be the most difficult aspect of taxing services.³ With some services, e.g. legal

services, it is difficult to determine where the service is used. Local governments face an even more challenging problem: determining in which jurisdiction the service took place. An example is banking services. A resident of a suburban county may use his or her neighborhood bank as well as the downtown branch located in a different county where he or she works.

Taxation of Services Is Unfair to Georgia Businesses.

Georgia has a large number of service providers who serve other businesses. If these transactions are taxed, the state will tax both input purchases and final sales. As a result, the cost of doing business in Georgia increases, which in turn masks the true burden of the retail sales tax.⁴ A Georgia sales tax on services could exempt business purchases, but this would be difficult and costly to enforce.

Audit Costs Are Relatively High.

There are three primary reasons why a sales tax on services will be more expensive to administer and will increase audit costs to the state. The first reason applies to tax base expansion in general, while the second and third reasons are unique to service taxation. First, expanding the tax base will increase the number of firms required to collect and remit sales taxes. This growth will lead to a corresponding increase in Georgia Department of Revenue paperwork and inquiries, and should lead to more audits.

Second, the rate of compliance will be lower and audit costs will be higher for certain service providers relative to firms who currently collect the Georgia sales tax. For example, for some services, e.g. child-care and swimming pool cleaning, service providers are often part of an informal economy. These providers do not always have business licenses, commercial checking accounts, or offices; thus, attempts to convince these providers to voluntarily register with the Georgia Department of Revenue could be very difficult.

Finally, retailers face certain incentives to register with state sales tax authorities that do not apply to service providers. Retailers incur fines and interest assessments for evading the sales tax, and they can purchase raw materials tax free. For a service provider, however, raw materials may be minimal and thus not provide much of an incentive to register in Georgia.

Should Georgia Extend the Food Exemption to Local Governments?

In early 1996, the Georgia legislature enacted a three-year phase-out of the Georgia sales tax on food-for-home consumption purchases.⁵ Our estimate is that the phase-out will reduce sales tax revenue by 12.8 percent (Figure 1). The tax rate on these purchases is currently one percent and the state sales tax on these food purchases will be removed entirely on October 1, 1998. In this section, we consider the merits of the food exemption policy. The state food exemption will not likely be repealed – only one state has ever reversed this policy. However, an important question that remains for the Georgia legislature is whether the food exemption should be extended to all local government sales taxes.

Arguments Over Food Exemptions

The strongest arguments in favor of an exemption on food-for-home consumption are: (1) it provides tax relief to every Georgia household, and (2) it provides disproportionate relief to low-income households. While the first argument is more political than economic, the second reason is centered around equity. As a share of total spending, food-for-home consumption declines as income increases. Since poorer households spend a larger share of their annual budget on food, they will benefit most from the exemption.

Apparently, these two arguments carry a great deal of weight, since most states do not tax food. However, opponents of this exemption have presented persuasive arguments supporting the tax on food-for-home consumption. With proposals to exempt food from the local sales tax almost certain to find their way to the policy agenda, it is useful to review these arguments.

The Equity Case for a Local Government Food Exemption Is Not Strong.

A food exemption may provide little tax relief for the very poorest Georgia households because food stamp purchases are uniformly exempt from all state and local government sales taxes. The exemption does provide tax relief to the working poor since lower-income people do spend a greater share of their income on food (Table 3).

There are two qualifications that must be considered before one can say that food exemption leads to a less regressive sales tax. The first is that while the tax free status of food benefits the poor, it also benefits the not-so-poor. Bread and milk purchases receive a tax preference, but lobster and filet mignon purchases also receive one. The average poor household receives \$68 in state tax relief from food exemption while the wealthiest households average \$166 in tax relief (Bahl and Hawkins, 1997). In terms of the distribution of Georgia tax relief, 9.6 percent of the food tax relief goes to the poorest quintile (20 percent) of households in Georgia while the wealthiest households in Georgia receive 30.1 percent of the state's total tax cut.

The second qualification concerns replacing the revenue loss from the food tax exemption. One possibility is a higher sales tax rate, in which case increased tax burdens will fall on the poor. Another possibility is that expenditure growth will slow, which raises the question of who the beneficiaries of higher government expenditures will be. Finally, the revenue loss can be recouped by raising another tax. The latter possibility underlines the fundamental point. Singling out a tax on food as regressive does not address the larger issue, the vertical equity of a total tax structure, which is fundamentally more important than whether any particular tax is regressive.

Table 3. Profile of U.S. Food-for-Home-Consumption Spending in 1995

Maximum Household Income	Number of Households	Income Before Taxes	Food-for-Home Consumption	Food Spending as a Share of Total Income
\$5,000	4,693	\$1,769	\$1,705	0.96 ^a
10,000	9,827	7,543	1,823	0.24
15,000	8,744	12,417	2,208	0.18
20,000	7,729	17,342	2,732	0.16
30,000	12,658	24,603	2,612	0.11
40,000	10,652	34,604	2,907	0.08
50,000	8,200	44,409	3,359	0.08
70,000	10,375	58,365	3,598	0.06
Over 70,000	10,577	104,590	4,142	0.04

^a Examination of household-level records for these households reveals that they spend far more than they earn. Many analysts believe that these households are, in general, temporarily poor and spend according to typically higher-income years.

Source: U.S. Department of Labor. Bureau of Labor Statistics (forthcoming).

A Food Exemption Can Be Unfair.

In terms of equity across households, a food exemption is open to criticism. We all know someone who loves to cook and we all know someone who loves to eat out. With a food exemption, Georgia arbitrarily rewards the former group. Compounding the inequity is the fact that unprepared food is exempt no matter how luxurious.

It Increases Compliance and Administrative Costs.

Since a large portion of grocery store sales are still taxable, a food exemption increases compliance and administrative costs for the Georgia sales tax. Grocery store management has to monitor whether store personnel and automated cash registers correctly comply with the food exemption.⁶ State auditors must now examine specific transactions in each grocery store in order to determine whether the vendor is applying the exemption correctly.

The Local Tax Problem

Under the current state policy, food is taxable under existing local sales taxes and exempt under some, but not all, new local sales taxes.⁷ Thus, the effective sales tax rate on food will vary between zero and three percent across Georgia counties. If food is not taxed, then local government sales taxes should also exempt food purchases. But a blanket exemption constitutes an unfunded state mandate, where the state is forcing local governments to cut taxes when local budgets may not support the cut. How might the state government fund this mandate?

- It could authorize local governments to increase the sales tax rate, or to increase some other tax.
- It could develop a “hold-harmless” grant to compensate each county for its revenue loss.
- It could adopt a new formula grant with the total grant pool set equal to the statewide revenue loss due to food exemption.
- It could reassign certain local government expenditure responsibilities to the state level.
- It could bring services into the sales tax base.

Although the above options can be structured to cover the aggregate revenue cost, each approach has disadvantages. The first puts local governments in competition with the state in using the sales tax. The second results in an ad hoc grant that is impossible to update. The other three cover the total revenue loss to Georgia local governments, but the distribution of revenues across counties do not match the revenue loss due to the food exemption.

The alternative is to leave things as they are. Local governments can be given more independence, and can adopt an assortment of local exemptions and expanded base coverage. This option has some appeal: local governments will be more in charge of their own fiscal destiny. However, such variation in sales tax practice in a state with 159 counties introduces the likelihood of greater compliance errors and administrative costs, and it would stimulate increased “border shopping.”⁸

Dependable Tax Revenue Flows

Food is a stable household purchase item over the business cycle.⁹ If a state taxes food purchases, total sales tax collections will be more stable over the business cycle than if it does not tax food purchases. The Georgia sales tax is markedly less stable under its present structure, and some offsetting policy (e.g., a larger rainy day fund) must be considered. Stability in the revenue flow to local governments is particularly important because local governments provide so many essential services.

A Lower Burden

The food exemption reduces the effective price of eating at home (relative to eating out) which should induce consumers to purchase more food for home consumption and less food away from home.¹⁰ While we do not believe that extreme shifts in food purchase behavior have occurred in Georgia, we do believe that restaurant purchases have decreased relative to what they would have been.¹¹ The tax system drives consumers away from the consumption package they most prefer.

Public Acceptability

Tax policy is, in the final analysis, a political decision. Elected leaders are obligated to respond to wishes of voters, and the food exemption is clearly a popular form of tax relief. In Georgia, the exemption reached almost every Georgian, and many take pride in this fact. Others believe there is something morally wrong in the taxation of food and they will continue to support the exemption. If these voices clearly understand the shortcomings of a food exemption, the concerns of economists can be ignored.

Should Georgia Exempt Business Purchases?

Georgia allows a sales tax exemption for any purchase of goods that will be a component of a final, taxable good. This policy follows a strict accounting view of inputs, where raw materials are exempt and other “overhead” purchases are taxable. But the accounting view raises the specter of double taxation. When overhead is taxed, the tax may be cascaded forward in a higher consumer price (or cascaded backward in lower firm profits).

There are three reasons to worry about this double taxation. First, it harms the competitive position of the Georgia economy. Second, the tax environment influences decisions by management – tax-exempt inputs will be substituted, when possible, for non-exempt tax inputs. One area where this substitution can occur is internal production of inputs rather than outsourcing. Finally, some firms make large taxable purchases, e.g., computers and delivery trucks, while others do not. If two hypothetical firms both generate \$2 million in Georgia sales, why should just one be burdened with a large sales tax liability on overhead?

In attempting to remove business purchases from the sales tax, Georgia will move closer to a value-added tax. However, supporters of this tax can expect some opposition. The least persuasive of the counter arguments is the claim that a business should “pay its fair share.” i.e., the perception that businesses pay taxes. People (as consumers, workers, or owners), not firms, ultimately bear the burden of every tax. The “fair share” argument probably represents a belief that out-of-state owners of capital should pay Georgia taxes.

There are two problems with this perception. First, owners, if they can, are going to pass any tax on to Georgia consumers (with higher prices) and Georgia labor (with lower wages). The burden may end up on local consumers and workers. Second, even if the perception is true, it suggests a weaker competitive position of Georgia in attracting industry. Anyway, if

Value-added Tax

Imagine a Georgia sales tax that applies to every transaction – the type of product does not matter and the type of purchaser does not matter. At the end of the month, each firm adds up the total sales tax it collected and subtracts the total sales taxes it paid. Under such a tax there is no special tax preference for certain business inputs versus others. Such a pure sales tax, which is really a value-added tax, is the simplest and most fair way to tax what consumers remove from the economy. The value-added tax approach to sales taxation would reduce the cost of doing business in Georgia. It would lead to an increase in new capital for the state and it would replace the pot-pourri of capital exemptions that are currently listed in state law. Michigan and New Hampshire have made use of a tax similar to this. The experience is that it is difficult to implement. Among the difficulties are: administrative problems since inputs are purchased from other states; the disadvantaged position of low value-added status; the incentive for states to adopt protectionist policies; and the difficulties in treating the financial sector.

the objective is to shift the tax burden on to owners of capital, the corporate income tax is a far better choice.¹²

The business tax poses some especially difficult policy choices for Georgia. On the one hand, the taxation of business inputs interferes with business decisions, weakens Georgia's competitive economic position, and it has an uncertain and hidden incidence. On the other hand, its abolition would cost perhaps more than one-third of sales tax revenue (Figure 1).

Conclusion

The Georgia sales tax contains many flaws. It is far from a general consumption tax because it does not tax all personal consumption, and it does tax some business inputs. It treats people differently, depending on what they consume, and it disrupts business decisions that could reduce economic growth in the state. One might expect public outrage over these tax design flaws, but passionate negative feelings about the sales tax do not dominate the policy debate. Thus, one option for Georgia policymakers is to take advantage of public indifference; to continue the sales tax on physical goods with exemptions for food and most services, and with large collections from business purchases.

In this paper, we have diagrammed a flat sales tax, or a sales tax that applies one low rate to all consumer purchases. With this tax, vendors (and auditors) do not have to distinguish between taxable and exempt goods and services, Georgia can offer an attractive tax environment to new employers, and households will not consider exemptions in their decision between consumption bundle A and consumption bundle B. Clearly, Georgia wins with this tax.

Endnotes

1. A more detailed discussion of the Georgia tax treatment of services is in Bahl and Hawkins (1997).
2. The conclusion that the sales tax is regressive is not unanimous among economists who study taxation. Metcalf (1994), for example, argues that the sales tax is nearly proportional.
3. Situs problems exist for the current Georgia tax structure as well. With entertainment services, for example, the service is generally sited according to where the customer enjoys the service. The situs problem is also managed in states like Hawaii and New Mexico where 152 of the 164 service classifications are taxed (Federation of Tax Administrators (1997)).
4. Most economists believe a large portion of any sales tax on firm-to-firm transactions is passed on to customers in the form of higher prices. Since customers do not know how sizable these taxes are, the true burden of the sales tax is hidden.
5. The Georgia exemption essentially covers purchases of food in establishments where people generally do not eat on the premises and where the food is not hot. The exemption does not cover non-food purchases at grocery stores, food purchases in restaurants (even "to go" purchases) or any alcoholic beverage purchases.
6. To fully understand how difficult compliance can be, we suggest the reader ask his or her grocer whether the Georgia sales tax applies to purchases of baking soda, vinegar, cooking wine, ice, vitamins and tuna for the family cat. These items blur the line between food and non-food, and no exemption policy can draw a perfect line.
7. Food is exempt under any new local option or special local option sales taxes but not the local sales tax for education.
8. "Border shopping" refers to the case where the shopper leaves his/her home county and drives to another county or state to take advantage of a lower sales tax rate.
9. Dye and McGuire (1991) confirmed this belief with national data on different types of consumption.
10. In fact, there is some evidence that wealthy households will most likely take advantage of the price differential between food at home and food in a restaurant (see Hawkins (1998)). This type of behavior response is contrary to the public position for most advocates of a food exemption.
11. Of course, consumers like to eat out. But since the food exemption, Georgians should now believe their dollars "go even further" at the grocery store.
12. Of course, out-of-state owners of capital will also try to pass the corporate income tax on to Georgia consumers (with higher prices) and Georgia labor (with lower wages) if they can.

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