

# POLICY *brief*

## REVENUE LOSSES FROM EXEMPTIONS OF GOODS FROM THE GEORGIA SALES TAX

The general sales tax is an important source of revenue for the state.<sup>1</sup> In fiscal year 1997, the Georgia state government collected \$3.9 billion in revenue from the state sales tax, representing about 37 percent of all state government tax revenue. Relative to other states, the Georgia sales tax base is broad; for the U.S., sales tax bases represent about 43.4 percent of aggregate personal income, while for Georgia it is about 61.5 percent of aggregate personal income.<sup>2</sup>

By Georgia law, the state sales tax is "...to tax the retail purchase, retail sale, rental, storage, use, and consumption of tangible personal property and the services described in this article..."<sup>3</sup> The law means that all goods sold at retail are taxed unless specifically exempt while all services are exempt unless specially included in the sales tax base by law. In this report we present estimates of the loss of revenue to the state government from most of the exemptions of specific goods or classes of goods from the sales tax base.<sup>4</sup> There are a few exemptions for which estimates could not be developed.

There are several reasons why exemptions are granted. First, there is the issue of equity. Sales taxes are regressive, i.e., sales amount to larger proportions of income for low income families than for high income families. The exemption of food from the sales tax was adopted, at least in part, to make the sales tax less regressive. Second, taxing certain items, for example, prescription drugs and medical devices is considered unfair.

Other exemptions are based on charity. Georgia, along with other states, exempt purchases by non-profit entities, including hospitals and nursing homes. Finally, there are exemptions granted as special consideration to business, for example as inducements for business to move to or stay in Georgia.

There are several strong arguments against granting sales tax exemptions. The most important is that such exemptions reduce the size of the tax base, necessitating a higher tax rate in order to raise the same level of revenue.<sup>5</sup> Second, exemptions increase the administrative burden by forcing vendors to distinguish between exempt and non-exempt purchases. Third, exemptions create inequities since they favor individuals who tend to purchase exempted goods.

The estimates of the loss of sales tax revenue from exemptions were made using data from many sources. The most current available data were used to construct the initial estimates of revenue loss. These estimates were then "updated" to 1997 by adjusting for inflation and growth. Table 1 contains a summary of the estimates of revenue loss, while Table 2 presents a detailed description of each exemption and lists the data sources used. There are several exemptions for which no reliable estimate could be developed.



**Table 1**  
**Estimates of Revenue Loss**

<b>A. Exemptions for property and services sold primarily to households</b>	
1.	Sale of lottery tickets ..... \$77,889,066
2.	Charges for rooms and lodging, more than 90 days ..... \$208,299,387
3.	Sale of water through water lines ..... \$32,742,537
4.	Sale of foods, etc. with food stamps and WIC vouchers ..... \$36,930,316
5.	Personal property brought into Georgia ..... \$163,461,692
6.	Casual sales of personal property ..... NA
7.	Credit allowances for trade-ins on property ..... \$657,722,298
8.	Charges for public transportation ..... \$10,381,269
9.	Sale of vehicles to handicapped veterans ..... \$29,326
10.	Charges for long distance telephone services ..... \$91,950,037
11.	Sale of food for home consumption ..... \$518,463,000
<b>B. Exemptions related to health care</b>	
12.	Purchase of medical equipment with Medicare and Medicaid ..... \$4,975,020
13.	Sale of prescription drugs and durable medical devices ..... \$101,807,433
14.	Sales to hospitals ..... \$38,982,576
15.	Sales to non-profit hospitals and nursing homes ..... \$148,551,520
<b>C. Exemptions related to farming and fishing</b>	
16.	Sale of raw materials used in farming and ranching ..... \$29,949,199
17.	Sale of machinery used in farming and ranching ..... \$9,835,214
18.	Sale of equipment used in harvesting lumber ..... \$209,644
19.	Sale of sugar to the keepers of honeybees ..... NA
20.	Sale of farm animals for breeding purposes ..... NA
21.	Sale of fuel used in heating structures used in poultry raising ..... NA
22.	Sale of bait for shrimpers ..... NA
<b>D. Exemptions related to education</b>	
23.	Sale of school lunches in public schools ..... \$6,145,554
24.	Sale of school lunches in private schools ..... \$780,110
25.	Sales to private elementary and secondary schools ..... \$19,597,237
26.	Sales to the University System of Georgia ..... \$46,546,760
27.	Sales to private colleges and universities ..... \$7,146,900
<b>E. Professional and business services</b>	
28.	Sales by parent-teacher organizations ..... NA
29.	Professional, insurance or personal service transactions ..... NA
30.	Fees for services rendered by repair people ..... \$60,583,494
<b>F. Exemptions for government agencies and nonprofit organizations</b>	
31.	Sales to federal, state and local governments ..... \$1,460,627,337
32.	Property furnished by governments to contractors for government work ..... \$313,220,918
33.	Sales to non-profit orphan homes ..... NA
34.	Sales to non-profit blood banks ..... NA
35.	Sales by the Rock Eagle 4-H Center ..... NA
36.	Sales by schools for extra-curricular activities ..... NA
37.	Sales to Consular Officials ..... NA
38.	Sale of components used in military craft ..... NA



---

**G. Exemptions related to religious entities**

39.	Sales of religious papers owned by religious entities .....	NA
40.	Sales by religious entities in fund raising activities .....	NA
41.	Sales of books recognized as Holy Scripture .....	NA

**H. Exemptions related to non-farm business**

42.	Sale to electricity when it is the major input used in manufacturing .....	NA
43.	Sale of property manufacturing for export .....	\$573,644,518
44.	Sale of machinery used in manufacturing .....	\$123,278,952
45.	Sale of raw materials used in manufacturing .....	\$2,309,672,641
46.	Sale of paper stock manufactured for export .....	NA
47.	Sale of property resulting from business reorganization .....	NA
48.	Sale of vehicles used in interstate commerce .....	NA
49.	Sale of material handling equipment used in warehouses .....	NA
50.	Sale of machinery for remanufacturing aircraft engines .....	NA
51.	Sale of machinery used to reduce pollution .....	\$25,234,411
52.	Use of cargo containers for international shipping .....	NA
53.	Sale of fuel and supplies to ships used in commerce .....	NA
54.	Transportation charges for interstate and intrastate commerce .....	\$438,231,681
55.	Gross revenues from coin-operated amusement machines .....	\$2,161,602
56.	Compensation allowed to vendors for collecting tax .....	NA
57.	Rental of films when admission is charged .....	NA

**I. Miscellaneous exemptions**

58.	Sale of motor vehicles to non-residents that are taken out of state .....	NA
59.	Sale of art and artifacts displayed in public museums .....	NA
60.	Excise tax for motor fuel if billed separately .....	NA
61.	Sale of grass sod made by sod producer .....	NA
62.	Sale of funeral merchandise when purchased from Georgia Crime Victims Emergency Fund .....	NA

NA: Estimates not attainable



---

**Table 2**  
**Description of Sales Tax Exemptions and Sources of Data Used in Estimation**

**A. Exemptions for property and services sold primarily to households**

1.     **Description:** The sale of lottery tickets.  
          **Authorization:** §48-8-3(55) Official Code of Georgia Annotated.  
          **Estimate:** \$77,889,066  
          **Data source:** *Georgia County Guide*.
2.     **Description:** Charges for rooms and lodging supplied for a continuous period of 90 days or more.  
          **Authorization:** §48-8-2(6) Official Code of Georgia Annotated.  
          **Estimate:** \$208,299,387  
          **Data source:** *U.S. Statistical Abstract*, 1995.
3.     **Description:** The sale of water delivered to customers through water mains, lines, or pipes.  
          **Authorization:** §48-8-3(20) Official Code of Georgia Annotated.  
          **Estimate:** \$32,742,537  
          **Data source:** *Government Finances* (preliminary), 1992.
4.     **Description:** Sales of tangible personal property where food stamps or WIC coupons are used as the medium of exchange.  
          **Authorization:** §48-8-3(53) Official Code of Georgia Annotated.  
          **Estimate:** \$36,930,316  
          **Data source:** *U.S. Statistical Abstract*, 1995.
5.     **Description:** Tangible personal property owned by non-domiciled persons which is brought into Georgia as a result of a change in domicile to Georgia.  
          **Authorization:** §48-8-3(19) Official Code of Georgia Annotated.  
          **Estimate:** \$163,461,692  
          **Data source:** *Current Population Report*, Bureau of Census, 1992-93.
6.     **Description:** The casual sale of tangible personal property.  
          **Authorization:** §48-8-3(42) Official Code of Georgia Annotated.  
          **Estimate:** NA
7.     **Description:** Credit allowances for trade-in of tangible personal property toward the purchase price of other tangible personal property.  
          **Authorization:** §48-8-3(42) Official Code of Georgia Annotated.  
          **Estimate:** \$657,722,298  
          **Data source:** *Census of Retail Trade*.
8.     **Description:** Sales or charges by counties, municipalities, and public transit authorities for the transportation of passengers. The fare exemption also extends to urban transit systems, except for charter and sightseeing service, which are operated by carriers subject to the jurisdiction of the Georgia Public Service Commission.  
          **Authorization:** §48-8-3(4-5) Official Code of Georgia Annotated.  
          **Estimate:** \$10,381,269  
          **Data source:** *U.S. Statistical Abstract*, 1995.



- 
9. **Description:** The sale of vehicles to certain, specified handicapped veterans who receive grants from the Veterans Administration to retrofit the vehicle.  
**Authorization:** §48-8-3(30) Official Code of Georgia Annotated.  
**Estimate:** \$29,326  
**Data source:** *U.S. Budget Appendix, 1996. U.S. Statistical Abstract.*
10. **Description:** Charges made for long distance telephone service.  
**Authorization:** §48-8-2(4)(B) Official Code of Georgia Annotated.  
**Estimate:** \$91,950,037  
**Data source:** *U.S. Statistical Abstract, 1995.*
11. **Description:** The sale of food for off-premises human consumption or use of eligible foods and beverages.  
**Authorization:** §48-8-3(57)(A and B) Official Code of Georgia Annotated.  
**Estimate:** \$518,463,000  
**Data source:** Bahl and Hawkins (1997), Table 21.

**B. Exemptions Related to Health Care**

12. **Description:** The sale or use of certain durable medical equipment and prosthetic devices paid for directly by funds of the state or the United States under Medicare or Medicaid.  
**Authorization:** §48-8-3(54) Official Code of Georgia Annotated.  
**Estimate:** \$4,975,020  
**Data source:** *U.S. Statistical Abstract, 1995.*
- 13a. **Description:** Sales of prescription drugs, prescription eyeglasses, and contact lenses.  
**Authorization:** §48-8-3(47) Official Code of Georgia Annotated.
- 13b. **Description:** Sale of insulin and insulin syringes.  
**Authorization:** §48-8-3(50) Official Code of Georgia Annotated.
- 13c. **Description:** Sale of oxygen prescribed by licensed physicians.  
**Authorization:** §48-8-3(51) Official Code of Georgia Annotated.
- 13d. **Description:** Sale of hearing aids.  
**Authorization:** §48-8-3(52) Official Code of Georgia Annotated.  
**Estimate for items 13a - 13d:** \$101,807,433  
**Data Source:** *U.S. Statistical Abstract, 1995.*
14. **Description:** Sales to hospital authorities.  
**Authorization:** §48-8-3(6) Official Code of Georgia Annotated.  
**Estimate:** \$38,982,576  
**Data source:** *AHA Hospital Statistics, 1994. U.S. Statistical Abstract, 1995.*
15. **Description:** Sales to non-profit licensed nursing homes or non-profit general hospitals or mental hospitals where the property or services sold is used exclusively in the operation of such home or hospital.  
**Authorization:** §48-8-3(7) Official Code of Georgia Annotated.  
**Estimate:** \$148,551,520  
**Data source:** *AHA Hospital Statistics, 1994. U.S. Statistical Abstract.*



---

**C. Exemptions related to farming**

16. **Description:** The sale of seed, fertilizers, insecticides, fungicides, etc. when used directly in tilling the soil and feed for livestock, fish or poultry when used in animal, fish, or poultry husbandry.  
**Authorization:** §48-8-3(25) Official Code of Georgia Annotated.  
**Estimate:** \$29,949,199  
**Data source:** *U.S. Statistical Abstract*.
- 17a. **Description:** The sale of machinery and equipment used exclusively for irrigation of farm crops when made to persons engaged primarily in producing farm crops for sale.  
**Authorization:** §48-8-3(26) Official Code of Georgia Annotated.
- 17b. **Description:** Machinery and equipment used on the farm to produce poultry and eggs or to hatch and breed poultry or to breed livestock.  
**Authorization:** §48-8-3(29)(A and B) Official Code of Georgia Annotated.
- 17c. **Description:** Machinery and equipment used on the farm to produce, process, or store fluid milk for sale.  
**Authorization:** §48-8-3(29)(C) Official Code of Georgia Annotated.
- 17d. **Description:** Farm machinery and equipment used to produce livestock for sale.  
**Authorization:** §48-8-3(29) Official Code of Georgia Annotated.
- 17e. **Description:** Machinery and equipment used by the producer for poultry, eggs, fluid milk or livestock for sale when the equipment is used to harvest farm crops used for feeding purposes.  
**Authorization:** §48-8-3(29)(E) Official Code of Georgia Annotated.
- 17f. **Description:** Machinery used directly in tilling the soil or in animal husbandry when the machinery is incorporated for the first time into a new farm unit in this state, and machinery bought to replace machinery in an existing farm unit in the state.  
**Authorization:** §48-8-3(29)(F- H) Official Code of Georgia Annotated.
- 17g. **Description:** The sale of rubber tired farm tractors and attachments sold to persons engaged primarily in producing farm crops for sale if the equipment is used exclusively for tilling, planting, cultivating, and harvesting farm crops; and equipment used exclusively in harvesting farm crops.  
**Authorization:** §48-8-3(29)(I) Official Code of Georgia Annotated.  
**Estimate for items 17a-17g:** \$9,835,214  
**Data Source:** *U.S. Statistical Abstract*.
18. **Description:** The sale or use of any off road equipment and attachments sold to persons engaged primarily in growing and harvesting timber.  
**Authorization:** §48-8-3(29.1) Official Code of Georgia Annotated.  
**Estimate:** \$209,644  
**Data source:** *Annual Survey of Manufacturing*, M93(A5)-1, 1993.
19. **Description:** The sale of sugar used as food for honeybees kept for the commercial production of honey and beeswax.  
**Authorization:** §48-8-3(27) Official Code of Georgia Annotated.  
**Estimate:** NA
20. **Description:** The sale of cattle, hogs, sheep, horses, poultry, or bees sold for breeding purposes.  
**Authorization:** §48-8-3(28) Official Code of Georgia Annotated.  
**Estimate:** NA



- 
21. **Description:** The sale of liquefied petroleum gas or other fuel used to heat structures where poultry is raised.  
**Authorization:** §48-8-3(49) Official Code of Georgia Annotated.  
**Estimate:** NA
22. **Description:** The sale of bait to licensed commercial fisherman for crabs.  
**Authorization:** §48-8-3(48) Official Code of Georgia Annotated.  
**Estimate:** NA

**D. Exemptions related to education**

23. **Description:** School lunches sold to pupils and employees of public schools.  
**Authorization:** §48-8-3(12) Official Code of Georgia Annotated.  
**Estimate:** \$6,145,554  
**Data source:** *U.S. Education Digest*, 1995 and *U.S. Statistical Abstract*.
24. **Description:** School lunches sold to pupils and employees of bona fide private schools which have been approved by the commissioner as organizations eligible to receive tax deductible contributions when application for exemption is made to the department and proof of the exemption is established.  
**Authorization:** §48-8-3(13) Official Code of Georgia Annotated.  
**Estimate:** \$780,110  
**Data source:** *U.S. Education Digest*, 1995 and *U.S. Statistical Abstract*.
25. **Description:** Sales of property and services to be used exclusively for education purposes to bona fide private elementary and secondary schools.  
**Authorization:** §48-8-3(10) Official Code of Georgia Annotated.  
**Estimate:** \$19,597,237  
**Data source:** *U.S. Education Digest*, 1995 and *U.S. Statistical Abstract*.
26. **Description:** Sales of tangible personal property to the University System of Georgia and its educational units.  
**Authorization:** §48-8-3(8) Official Code of Georgia Annotated.  
**Estimate:** \$46,546,760  
**Data source:** *U.S. Education Digest*, 1995 and *U.S. Statistical Abstract*.
27. **Description:** Sales of tangible personal property and services to be used exclusively for education purposes to private colleges and universities.  
**Authorization:** §48-8-3(9) Official Code of Georgia Annotated.  
**Estimate:** \$7,146,900  
**Data source:** *U.S. Education Digest*, 1995.
28. **Description:** Sales by any parent-teacher organization for extracurricular activities.  
**Authorization:** §48-8-3(56) Official Code of Georgia Annotated.  
**Estimate:** NA



---

**E. Exemptions for professional and business services**

29. **Description:** Professional, insurance, or personal service transactions and repair work when billed separately.  
**Authorization:** §48-8-3(22) Official Code of Georgia Annotated.  
**Estimate:** NA
30. **Description:** Fees or charges for services rendered by repair persons where the repair charge is separately billed.  
**Authorization:** §48-8-3(23) Official Code of Georgia Annotated.  
**Estimate:** \$60,583,494  
**Data source:** *Census of Service Industries*.

**F. Exemptions for government agencies and nonprofit organizations**

31. **Description:** Sales of tangible personal property to the United States government, the State of Georgia, its counties or municipalities, or any department of such governments  
**Authorization:** §48-8-3(1) Official Code of Georgia Annotated.  
**Estimate:** \$1,460,627,337  
**Data source:** *U.S. Statistical Abstract*, 1995.
32. **Description:** Transactions where tangible personal property is furnished by the United States government, the State of Georgia, its counties or municipalities, or any department of such governments to contractors to install or repair or extend public water, gas, or sewage systems of the governmental entity.  
**Authorization:** §48-8-3(2) Official Code of Georgia Annotated.  
**Estimate:** \$313,220,918  
**Data source:** *Government Finances*, 1990-91. *U.S. Statistical Abstract*, 1995.
33. **Description:** The sale of tangible personal property and services to non-profit orphans' homes.  
**Authorization:** §48-8-3(41) Official Code of Georgia Annotated.  
**Estimate:** NA
34. **Description:** Sales to qualified non-profit blood banks.  
**Authorization:** §48-8-3(46) Official Code of Georgia Annotated.  
**Estimate:** NA
35. **Description:** Sales of tangible personal property and fees and charges for services by the Rock Eagle 4-H Center.  
**Authorization:** §48-8-3(38) Official Code of Georgia Annotated.  
**Estimate:** NA
36. **Description:** Sales of public and private schools of concessions or tickets for admission to school athletic contests if the net proceeds are used solely to benefit the school or its students.  
**Authorization:** §48-8-3(39) Official Code of Georgia Annotated.  
**Estimate:** NA
37. **Description:** Sales to Consular Officials based on a Certificate of Diplomatic Exemption.  
**Authorization:** U.S. Treaty provisions.  
**Estimate:** NA



- 
38. **Description:** The sale of major components and repair parts installed in military aircraft, vessels, and missiles.  
**Authorization:** §48-8-3(40) Official Code of Georgia Annotated.  
**Estimate:** NA

**G. Exemptions related to religious entities**

39. **Description:** The sale of any religious paper which is owned and operated by religious institutions or denominations and no profit ensues to the benefit of any private person.  
**Authorization:** §48-8-3(15)(A) Official Code of Georgia Annotated.  
**Estimate:** NA
40. **Description:** Sales by religious institutions or denominations in fund raising activities where the number of fund raising days does not exceed 30 in any calendar year and the fund raising proceeds are used for certain specified purely charitable and religious purposes.  
**Authorization:** §48-8-3(15)(B) Official Code of Georgia Annotated.  
**Estimate:** NA
41. **Description:** The sale or use of Holy Bibles and similar books commonly recognized as being Holy Scripture.  
**Authorization:** §48-8-3(16) Official Code of Georgia Annotated.  
**Estimate:** NA

**H. Exemptions related to non-farm business**

42. **Description:** The sale of electricity used in the manufacture of a product if the direct cost of the electricity used in the manufacture exceeds 50% of the cost of all materials, including electricity, used directly in the product. For manufacturers located in the state on or before January 1, 1995, the exemption is phased in 20% increments for 1995 through 1999 and for manufacturers locating in Georgia after January 1, 1995, in 20% increments beginning on January 1 of the year following location in Georgia.  
**Authorization:** §48-8-2(6)(B) Official Code of Georgia Annotated.  
**Estimate:** NA
- 43a. **Description:** The sale of tangible personal property manufactured or assembled in this state for export when delivery is taken outside the state.  
**Authorization:** §48-8-3(31) Official Code of Georgia Annotated.
- 43b. **Description:** The sale of aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this state for use exclusively outside the state.  
**Authorization:** §48-8-3(32) Official Code of Georgia Annotated.  
**Estimate for items 43a and 43b:** \$573,644,518.  
**Data Source:** *Census of Manufactures*.
44. **Description:** The sale of machinery used directly in the manufacture of tangible personal property when the machinery is bought to replace or upgrade machinery in a manufacturing plant existing in this state or when incorporated for the first time in a new manufacturing plant in this state.  
**Authorization:** §48-8-3(34)(A, B, and C) Official Code of Georgia Annotated.  
**Estimate:** \$123,278,952.  
**Data source:** *Census of Manufactures*.



45. **Description:** The sale, use, storage or consumption of:

Industrial materials used to process, manufacture, or convert tangible personal property when the materials become a part of the finished product.

Industrial materials coated upon or impregnated into the product at any state of its processing, manufacture, or conversion.

Material, containers, sacks, bags, etc. used to package manufactured property for shipment or sale.

Authorization: §48-8-3(35)(A) Official Code of Georgia Annotated.

Estimate: \$2,309,672,641

Data source: *Census of Manufactures*.

46. **Description:** The sale, use, storage, or consumption of paper stock manufactured in this state into catalogs which will be delivered and used outside the state.

Authorization: §48-8-3(45) Official Code of Georgia Annotated.

Estimate: NA

47. **Description:** The sale, transfer, or exchange of property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate share in the newly formed business.

Authorization: §48-8-3(21) Official Code of Georgia Annotated.

Estimate: NA

48. **Description:** The sale of aircraft, watercraft, locomotives and rolling stock and major components thereof which will be used principally in interstate commerce.

Authorization: §48-8-3(33)(A) Official Code of Georgia Annotated.

Estimate: NA

49. **Description:** The sale of primary material handling equipment used directly in the handling and moving of tangible personal property in a warehouse or distribution facility in this state. This exemption applies only if it is part of an expansion of an existing facility at which expansion is worth \$10 million or more or if it is part of the construction of a new facility worth \$10 million or more.

Authorization: §48-8-3(34.1) Official Code of Georgia Annotated.

Estimate: NA

50. **Description:** The sale or use of machinery or equipment which is used directly in the remanufacture of aircraft engines or aircraft engine parts in a remanufacturing facility located in this state.

Authorization: §48-8-3(34) Official Code of Georgia Annotated.

Estimate: NA

51a. **Description:** The sale of machinery and equipment incorporated into a facility which is used primarily to reduce or eliminate air or water pollution.

Authorization: §48-8-3 (36) and §48-3-3 (60) Official Code of Georgia Annotated.

51b. **Description:** The sale of machinery and equipment for use in combating air and water pollution and any industrial materials used up in a recycling or burning process which contribute to pollution problems if not used up.

Authorization: §48-8-3 (37) Official Code of Georgia Annotated.

Estimate for items 51a and 51b: \$25,234,411

Data Source: *Survey of Current Business*, May 1995. *U.S. Statistical Abstract*, 1995.



- 
52. **Description:** The use of cargo containers owned by or leased to persons engaged in international shipment of cargo by ocean going vessels.  
**Authorization:** §48-8-3(39.1) Official Code of Georgia Annotated.  
**Estimate:** NA
53. **Description:** The sale of fuel and supplies for consumption aboard ships plying the high seas in intercoastal trade or foreign commerce.  
**Authorization:** §48-8-3(17) Official Code of Georgia Annotated.  
**Estimate:** NA
54. **Description:** Charges made for transporting tangible personal property made in connection with interstate and intrastate transportation of the property.  
**Authorization:** §48-8-3(18) Official Code of Georgia Annotated.  
**Estimate:** \$438,231,681  
**Data source:** *Census of Transportation, Communications, and Utilities.*
55. **Description:** The gross revenues from bona fide coin operated amusement machines which are otherwise required to be registered under Chapter 17 of Title 48.  
**Authorization:** §48-8-3(43) Official Code of Georgia Annotated.  
**Estimate:** \$2,161,602  
**Data source:** *Government Finances, 1991-92.*
56. **Description:** Compensation allowed to vendors for collecting tax.  
**Authorization:** §48-8-3(50) Official Code of Georgia Annotated.  
**Estimate:** NA
57. **Description:** The rental of videotape or motion picture film to any person who charges admission fees to view the videotape or film.  
**Authorization:** §48-8-3(24) Official Code of Georgia Annotated.  
**Estimate:** NA

**I. Miscellaneous exemptions**

58. **Description:** The sale or use within Georgia of objects of art, and other objects and artifacts which are displayed by museums that are open to the public.  
**Authorization:** §48-8-3(14) Official Code of Georgia Annotated.  
**Estimate:** \$1,755,074  
**Data source:** *County Business Patterns of Georgia, 1993 and Current Business Reports - Service Annual Survey, 1993.*
59. **Description:** The sale of motor vehicles to nonresidents for immediate transportation to and use in another state.  
**Authorization:** §48-8-3(44) Official Code of Georgia Annotated.  
**Estimate:** NA
60. **Description:** The federal retailers' excise tax if the tax is billed to the consumer separately from the selling price of the product, relating to motor fuel taxes.  
**Authorization:** §48-8-3(3) Official Code of Georgia Annotated.  
**Estimate:** NA



- 
61. **Description:** The sale of grass sod of all kinds when the sale is made by the sod producer or family member.  
**Authorization:** §48-8-3(62) Official Code of Georgia Annotated.  
**Estimate:** NA
62. **Description:** The sale of use of funeral merchandise, including burial containers and cemetery markers, when purchased with funds from the Georgia Crime Victims Emergency Fund.  
**Authorization:** §48-8-3(63) Official Code of Georgia Annotated.  
**Estimate:** NA



<sup>1</sup>For an overview of the Georgia sales tax, see Bahl and Hawkins (1997).

<sup>2</sup>Bahl and Hawkins (1997), Table 14.

<sup>3</sup>*Official Code of Georgia*, §48-8-1.

<sup>4</sup>The loss of revenue from the exemption of services is considered by Bahl and Hawkins (1997).

<sup>5</sup>This argument is presented more fully in Bahl and Hawkins (1997).

## REFERENCE

Bahl, Roy W. and Richard Hawkins. 1997. *The Sales Tax in Georgia: Issues and Options*. Fiscal Research Program, School of Policy Studies, Georgia State University.

## ABOUT THE AUTHOR

**Mary Beth Walker** is Associate Professor of Economics and Senior Associate in the Policy Research Center at GSU. She received her Ph.D. in economics from Rice University. Her primary research interests lie in the fields of statistics and econometrics. She has done applied research in a variety of areas, including low birth weight problems and taxation.

## RECENT PUBLICATIONS

*Revenue Losses From Exemptions of Goods from the Georgia Sales Tax*. This report presents estimates of the loss of revenue from exemptions of specific goods or classes of goods from the sales tax base. (November 1998)

*The Equity of Public Education Funding in Georgia, 1988-1996*. A study of the effect of Quality Basic Education on the level of equity of public education funding in Georgia. (October 1998)

*An Analysis of the Barnes and Millner Property Tax Relief Proposals*. An analysis prepared for the Georgia Public Policy Foundation. (October 1998, available from Kelly McCutchen, 770-455-7600)

*A Review of Georgia's Quality Basic Education Formula Fiscal Year 1987 Through 1998*. A review of how funding per student for each formula component of Quality Basic Education (QBE) changed between 1987 and 1998. (September 1998)

*Net Fiscal Incidence at the Regional Level: A Computable General Equilibrium Model With Voting*. An analysis of the net incidence of expenditures and taxes in Georgia using a computable general equilibrium model. (September 1998)

*An Analysis of the Economic Consequences of Modifying the Property Tax on Motor Vehicles in Georgia: Alternative Proposals and Revenue Effects*. An analysis of revenue effects and distribution consequences on eliminating tax on motor vehicles. (September 1998)

*The Taxation of Personal Property in Georgia*. A policy option for changing how Georgia taxes personal property. (August 1998)

*Insurance Taxation in Georgia: Analysis and Options*. An overview of issues associated with the taxation of the insurance industry in Georgia. (August 1998)

*The Structure of School Districts in Georgia: Economies of Scale and Determinants of Consolidation*. This paper suggests policy issues and implications using economies of scale. (July 1998)

## ABOUT FRP

The Fiscal Research Program is one of several prominent policy research centers and academic departments housed in the School of Policy Studies. The FRP, directed by Dr. David Sjoquist, provides research and technical assistance in the evaluation and design of state and local fiscal policy, including both tax and expenditure issues. These briefs are published periodically to provide an overview of important public policy issues currently facing the state. The FRP maintains a position of neutrality on public policy issues in order to safeguard the academic freedom of authors. Thus, interpretation or conclusions in FRP publications should be understood to be solely those of the author. For more information on the Fiscal Research Program, contact Jeanie Thomas at 404-651-0518.

*For a free copy of the study from which this Policy Brief is drawn, or any of the other publications listed, call the Fiscal Research Program at 404/651-4342, or fax us at 404/651-2737.*

*Georgia's Job Tax Credit: An Analysis of the Characteristics of Eligible Firms*. This report provides a review of Georgia's Job Tax Credit and makes recommendations for improving the JTC program. (June 1998)

*Interdistrict School Choice in Georgia: Issues of Equity*. This report explores the issue while focusing primarily on equity. (May 1998)

*Georgia's Corporate Taxes: Should the Corporate Income Tax be Repealed?* An analysis prepared for the Georgia Public Policy Foundation. (April 1998, available from Kelly McCutchen, 770-455-7600)

*The Georgia Individual Tax: Current Structure and Impact of Proposed Changes*. An analysis prepared for the Georgia Public Policy Foundation. (April 1998, available from Kelly McCutchen, 770-455-7600)

*A Georgia Sales Tax for the 21<sup>st</sup> Century*. An analysis prepared for the Georgia Public Policy Foundation. (April 1998, available from Kelly McCutchen, 770-455-7600)

*Georgia's Revenue Shortfall Reserve: An Analysis of its Role, Size and Structure*. This report explores Georgia's "rainy day" fund. (March 1998)

*Creating the Workforce of the Future: A Requirements Analysis*. This paper focuses on the theme of workforce preparation. (February 1998)

*Handbook on Taxation, 4<sup>th</sup> Edition*. A quick overview of all state and local taxes in Georgia. (January 1998)

*Economic and Community Development Research in Georgia Colleges and Universities, An Annotated Bibliography*. An annotation of work authored within the last ten years. (January 1998)

*The Georgia Income Tax: Suggestions and Analysis for Reform*. An examination of the state income tax and suggestions for reform. (November 1997)



## RECENT PUBLICATIONS

*The Sales Tax in Georgia: Issues and Options.* An overview of the sales tax and policy options. (October 1997)

*Economies of Scale in Property Tax Assessment.* An analysis of the relationship in Georgia between the cost of property tax assessment and county size. (September 1997)

*Sales Taxation of Telecommunications Services in the State of Utah.* An analysis of the sales and use taxation of telecommunications services with specific reference to Utah. (February 1997)

*Local Government Fiscal Effort.* An analysis prepared for the Georgia Future Communities Commission comparing the fiscal capability and actual revenues for Georgia counties and municipalities. (December 1996)

*Georgia Banking: An Overview.* A description of the current Georgia regulatory environment for the banking industry. (May 1996)

*Telecommunication Taxation: The Georgia Case.* An examination and assessment of the current structure of telecommunications taxation in Georgia. (May 1996)

*Local Government Fiscal Viability.* An analysis prepared for the Georgia Future Communities Commission of the fiscal capacity, expenditure needs and fiscal viability of counties across Georgia. (March 1996)

*Taxation and Economic Development: A Blueprint for Tax Reform in Ohio.* A collection of reports prepared for the Ohio Blue Ribbon Commission on Taxation and Economic Development. (1996, available only from Battelle Press, \$44.95, 800/451-3543)

*For a free copy of any of the publications listed, call the Fiscal Research Program at 404/651-4342, or fax us at 404/651-2737.*

Fiscal Research Program  
School of Policy Studies  
Georgia State University  
University Plaza  
Atlanta, Georgia 30303

Postal Number 10-26-16-300-000