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NEWS RELEASE

Commission Asks Legislature to Remove Sales Tax on Energy Used in Manufacturing *Commission Sends Letter to Lawmakers*

ATLANTA, October 14, 2011—Citing lost jobs and an inability to compete with its neighboring states, the Georgia Public Service Commission is asking the Georgia General Assembly to consider removing sales tax on energy sales used in manufacturing during the 2012 Legislative Session. The Commission unanimously approved a letter to be sent to all legislators.

“Largely due to the higher cost of energy here,” the letter states, “Georgia has lost more than a billion dollars in investment in new and expanded manufacturing plants in just the past couple of years and the jobs that would have been secured or created by virtue of that investment.”

The Commission notes that Alabama, Florida, South Carolina, Virginia and Texas charge no sales taxes on energy used in the manufacturing process while Louisiana, North Carolina, Mississippi and Tennessee charge reduced tax rates on sales of energy used in manufacturing.

“Georgians, like their fellow citizens across the country, are anxious about the economy and the loss of jobs, particularly manufacturing jobs.” The letter further states, “They believe that manufacturing is central to American’s economic strength and national security.”

The full text of the letter can be found below.

October 7, 2011
The Honorable
Georgia State Senate/ Georgia House of Representatives
Atlanta, GA 30334

Dear Senator/Representative:

With an unemployment rate that is among the highest of any state in the country, providing a business environment within Georgia that secures existing jobs and creates new jobs for

Georgians should be among the highest priorities of the Governor and General Assembly. Manufacturing employment is rebounding in many other states at a faster rate than in Georgia. The principal reason, according to manufacturers across the state, is that it is more expensive to produce their products in Georgia than elsewhere, especially in the Southeast. Georgia remains non-competitive with its neighboring states, and nearly all states, by taxing energy used in manufacturing. Taxing energy used in manufacturing places Georgia's manufacturers at a distinct disadvantage with competitors across state lines. Because energy is second only to labor, and in some cases exceeds the cost of labor as a cost of production, this added tax burden is significant. Because energy cost is such a large component of manufacturing, it heavily influences decisions regarding investment in new technology, plant expansions, labor force curtailments, and workforce realignments. This is particularly true for companies with manufacturing operations in multiple states.

There has been and continues to be broad bi-partisan support in the General Assembly for the repeal of the sales tax on energy used in manufacturing. The Governor, Lieutenant Governor and Speaker of the House have all endorsed the wisdom of the repeal as critical to retaining existing jobs and attracting new jobs to Georgia. Largely due to the higher cost of energy here, Georgia has lost more than a billion dollars in investment in new and expanded manufacturing plants in just the past couple of years and the jobs that would have been secured or created by virtue of that investment. The cost of further delaying a decision to repeal the sales tax on energy is further investment outside of, rather than within Georgia and the continued erosion of Georgia's manufacturing base.

A look at the situation in our neighboring southeastern states shows that Georgia is at a definite disadvantage. Alabama, Florida, South Carolina, Virginia, and Texas charge no sales taxes on energy used in the manufacturing process. Louisiana, North Carolina, Mississippi, and Tennessee charge reduced rates on sales taxes on energy used in manufacturing. Furthermore, Georgia is one of only ten states in the entire nation which still charges sales tax on energy with either no exemption or exempts energy costs entirely.

Georgians, like their fellow citizens across the country, are anxious about the economy and the loss of jobs, particularly manufacturing jobs. They believe that manufacturing is central to America's economic strength and national security, want America to regain its manufacturing might and leadership, and will support public policy and strategy that encourages manufacturing growth.

Dealing with this matter during the 2012 Session of the General Assembly would be consistent with the shared goals of Georgians and this Commission to make Georgia the most attractive state for manufacturing investment and job creation in the U.S. The future of the nearly 350,000 Georgians who are employed by the 9,900 manufacturing companies located in Georgia is at stake.

Sincerely,

Stan Wise
Chairman
Georgia Public Service Commission
Chuck Eaton
Doug Everett
Tim Echols
Lauren "Bubba" McDonald, Jr.