



April 20, 2010

Georgia Taxpayer Protection Pledge Signers

Dear Georgia Pledge Signer,

I write today to clarify our position on House Bill 1055 and thank those of you who honored your Pledge for standing firm against high taxes and keeping your promise to your constituents.

Our recent statement that HB 1055 does not violate the Taxpayer Protection Pledge is being misconstrued by some as an endorsement of the hospital bed tax increase. It certainly is not. We have opposed Gov. Perdue's hospital tax since our letter on January 20, when we noted that HB 307 was a toxic mix of high taxes on Georgians and increased dependence on federal bailouts. We sent an alert to the entire legislature on March 24 reiterating our opposition to that bill.

HB 307 subsequently underwent a number of changes. It was amended in the Senate to include the elimination of the insurance premium tax. ATR remained opposed, as the tax cut was to be triggered by a \$500 million reserve buildup and did not fully offset the hospital bed tax increase. We thank those legislators who worked to defeat that proposal.

When HB 1055 was amended by the House to include the hospital bed tax, the elimination of the statewide property tax, and tax reductions on retirement income, this was a net tax cut on Georgians. The reserve buildup requirement does not exist in HB 1055; the tax cuts begin on January 1. When fully phased in, with the hospital bed tax expiring in three years and the statewide property tax completely eliminated in 2016, HB 1055 represents a net revenue reduction for the state – and a net tax reduction for Georgia citizens.

To be clear: The Taxpayer Protection Pledge is a promise to oppose and vote against any bill that increases total taxation. To vote against a net tax cut because one opposes other increases inside the larger bill is certainly not a violation of the Pledge.

I understand that some Pledge signers have reservations with the bill and voted against it. I share some of those reservations. Specifically, I see another fight on the horizon to ensure the hospital bed tax is not extended. ATR will work tirelessly to ensure that it sunsets in three years, and that the phaseout of the property tax is seen to completion. Our initial statement on the passage of HB 1055 reflects this.

For those of you that opposed the hospital bed tax from the beginning, ATR appreciates your work on behalf of taxpayers. You faced considerable pressure from a Governor that has repeatedly fought for high taxes.

Do not allow our position to be distorted by those seeking to justify tax increases. We will continue to advocate for a smaller tax burden in Georgia moving forward, including substantive, permanent reductions to marginal tax rates across the board.

If we can be further helpful to you, please do not hesitate to contact me at gnorquist@atr.org or ATR state affairs manager Joshua Culling at jculling@atr.org.

Onward,

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