

Tax proposal fails, budget passes as 2011 session concludes

By Rep. Debbie Buckner

The 2011 regular session of the Georgia General Assembly reached final adjournment late in the evening of April 14, with lawmakers having agreed on a number of major legislative actions while leaving other issues unresolved at this time. This week's report covers the final three legislative days, and next week I will present a comprehensive wrap-up of the session.

Tax Proposal Dies: Legislation that would have implemented only a few of the recommendations submitted by a special tax reform council appointed last year failed to reach either the House of Representatives or Senate floor for a vote before the end of the session. House Speaker David Ralston said the proposal, HB 388, had been based on flawed economic data and would be held over for further analysis before the 2012 session to determine whether the bill would actually be a tax increase or a tax decrease for most Georgians, as well as its impact on overall revenues. In the version of the measure that came out of the Special Joint Committee on Georgia Revenue Structure, the state income tax rate would have been reduced from 6 percent to 4.6 percent in fiscal year 2012 and to 4.55 percent in fiscal year 2013. Sales tax would have been exempted on the energy costs of manufacturing firms, but new taxes would have been imposed on auto repair service, person-to-person automobile sales and telecommunications services, including satellite TV subscriptions.

The proposal's demise was ensured when House Democrats pointed out that 82 percent of Georgia families would pay more taxes. Their income tax cut would have been minimal and less than the new sales taxes they would pay. Also, HB 388 would have increased the state's budget deficit by at least another \$130 million, with no discernable positive effect on the proposal's major goal, which was job creation. Moreover, the legislation was developed by a one-sided, partisan approach and violated generally accepted practices of transparency and due consideration. Its failure is good news for our state.

FY 2012 Budget: Both the House and Senate gave final approval April 12 to an \$18.3 billion state budget plan for fiscal year 2012, which begins July 1. HB 78 was finalized by a conference committee that worked out differences between the House and Senate versions of the legislation. The budget includes \$47 million in spending added last week when Gov. Nathan Deal raised the revenue estimate for next year, following a strong month of tax collections reported for March. The proposal reduces Medicaid reimbursement rates for physicians by 0.5 percent and incorporates a 20 percent increase in health insurance premiums for educators and other state employees in response to a \$273 million deficit in the State Health Benefits Plan. HB 78 now goes to the Governor, who can sign or veto the entire budget or individual line-item appropriations.

Immigration Enforcement: Lawmakers gave final approval March 14 to legislation intended to crack down on illegal immigration in Georgia. If signed into law by Gov. Deal, HB 87 would require all businesses with at least 10 employees to use the federal government's E-Verify system to determine the work eligibility of all new hires. Similar to an Arizona law enacted last year, local and state police would be empowered to detain people while their immigration status is checked. The bill would also increase the penalty for using fake identification to get a job to 15 years in prison and up to \$250,000 in fines. People who, while committing another offense, knowingly transport, harbor or encourage illegal immigrants to come to Georgia could face 12 months in prison and a \$1,000 fine. I voted against HB 87 out of concern its enactment would impose an unfunded mandate on local law enforcement agencies, bog down many small businesses with red tape and hurt Georgia's economy, especially the agriculture and tourism industries. The Governor has 40 days to sign or veto legislation passed during this year's session.

Sunday Sales: The House voted April 12 to approve legislation that would authorize the Sunday package sale of alcoholic beverages in communities where voters approve such sales in a referendum. Under SB 10, referendums on Sunday package sales of beer, wine or liquor could be held in cities and counties where those products are legally sold the rest of the week. Under the bill, Sunday sales would be limited to the hours of 12:30 to 11:30 p.m. County commissioners or city council members in each community would have to take action to call for the referendum, the date for which would be set by the Election Superintendent in accordance with current law. SB 10 now goes to the Governor for his signature.

Landfill Changes: Final approval was given to HB 274, which if signed by the Governor would allow local governments to put yard waste and grass clippings in local landfills and would extend the \$1 per tire disposal fee for the purpose of creating a solid waste trust fund. I voted against this measure because new industries that could potentially locate in Georgia use yard waste as a raw material. This change in policy is backward thinking and will fill our landfills more quickly, also opening Georgia up to having co-mingled waste imported from other states that have banned yard waste from their landfills.

Ethics Disclosures: The House voted April 12 to approve amended legislation that would close a loophole in the state's ethics laws to require lobbyists to report spending on entertaining legislative staff members. The measure was an amendment to SB 160, a bill that would allow utilities to contribute directly to the campaigns of political candidates. The House also passed SB 163, which would require persons making third-party expenditures for or against political candidates to identify themselves on any campaign materials they finance. Both SB 160 and SB 163 won final approval in the Senate on April 14 and are now on the Governor's desk.

Other Legislation: In other action last week, the House gave final approval to SB 81, which would provide for mental and physical examinations of licensees or applicants for the practice of pharmacy and pharmacy technicians; SB 115, which would exclude foster care payments from the calculations of gross income for determination of child support obligations; SB 140, which would increase the bonding power of the Georgia Higher Education Facilities Authority from \$300 million to \$400 million; SB 141, which would create the Martin Luther King Jr. Advisory Council to help coordinate annual activities related to

the holiday observing Dr. King's birthday; SB 156, which would remove the requirements for certain audits relating to the emergency telephone number 911 system; SB 166, which would extensively revise the requirements for continuing care providers and facilities.

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