

Georgia Industry Association Legislative Update

Week Number 2

Legislature in recess last week to work on the budget

As a result of continued declines in state revenues, Governor Perdue released his recommendations for the amended FY2010 budget and the recommended budget for FY2011 last Friday. The FY2010 amended budget calls for a further reduction of the state budget from \$18.6 billion to \$17.4 billion by the end of the fiscal year ending June 30. This includes between an 8%-9% cut on most state agencies. Three additional furlough days for all state employees has been requested by the Governor in the amended recommendations. An option for the individual school boards across the state is the choice to offset the furloughs by either using surpluses or cutting the budget in other areas.



Senate Appropriations Chairman Jack Hill said “with January marking the halfway point for fiscal year 2010, Georgia’s overall total revenue collection shortfall now stands at \$1.148 Billion or -13.7%. In December, for the first time in many months, individual income taxes actually increased. But currently, the state has \$271 million in reserves that have not been committed in the FY2010 budget. This is the equivalent of about 2 days of state operations.”

The FY2011 budget is projected at \$18.2 billion, which projects a 4.2% increase in state revenues. The FY2011 budget also includes a proposal to levy a provider tax on 1.6% on gross revenues of hospital and managed care organizations (excluding public hospitals) that treat Medicare patients. The proposed fee is estimated to generate \$344 million annually.

State agencies have spent much this week briefing the House and Senate Appropriations Committees on the budget recommendations. These discussions will continue over the next few weeks as legislators develop their own recommendations for the amended FY2010 and FY2011 budgets. We will continue to monitor these proceedings and provide additional budget updates.

Transportation

FY2010

- Reduce funds for airport aid grants (\$2.2 million)
- Reduce transit funds (\$2.2 million)
- Maintain LARP at \$60 million
- Maintain state aid at \$73 million

FY2011

- Reduce funds for airport aid grants (\$5.6 million)
- Reduce transit funds (\$2.2 million)
- Maintain LARP at \$60 million
- Reduce federal funding of state aid (\$36.9 million)
- Reduce federal funding of GDOT capital construction (\$62 million)
- Increase state and federal funding for planning- \$18.6 million

As a footnote, [HB938](#) by Representative Allen Peake of Macon seeks to establish various penalties for texting while driving and is understandably getting much attention in the media. 19 states already have passed similar laws.



Department of Natural Resources

FY2010

- Reduce funds for the Environmental Protection Division (EPD) Budget (state funds) from \$29.6 million to \$26.1 million, which includes cuts to contract funds for the environmental monitoring and funds for Clean Cities and the Clean Air Campaign.
- Reduce funds for the Hazardous Waste Trust Fund from \$3.2 million to \$2.9 million. This fund generates about \$14 million annually to assist local governments to remediate leaking landfills and other sites on the state's hazardous waste list.
- Eliminates funds for the Solid Waste Trust Fund. This fund generates about \$6.5 million annually to assist local governments with solid waste management, recycling and litter reduction efforts. (\$1.4 million)

FY2011

- Reduces EPD Budget from \$29.6 million in FY2010 to \$26 million in FY2011 representing a 7.5% cut
- Maintains funds for the Hazardous Waste Trust Fund at \$2.9 million
- Restores limited funds to the Solid Waste Trust Fund - \$747,000