

Georgia Industry Legislative Update

Week Number 7

The State Capitol was not exactly quiet this week with the gnashing of teeth and moans of anguish from Appropriations' Members regarding the difficult cuts in the 2011 budget. Public safety warned of the dangers of cutting law enforcement budgets; while healthcare advocates begged not to see further cuts to Medicaid, and Department of Education told lawmakers they may have to consider cutting instructional time and days if they want to make a significant impact on trimming the budget.

Budget

Legislators debated the Governor's water and transportation bills during the break. The Appropriations committee has no choice but to continue cutting state agencies and revising the Governor's original budget. The Governor's proposed budget includes cuts to all state agencies, from college tuition hikes, to pari-mutuel betting and hospital taxes, all ideas are being considered. "I think everything has to be on the table," stated Speaker Ralston.

As reported by House Majority Whip Ed Lindsey (R-Atlanta), the Amended Fiscal Year 2010 budget (HB947) is \$17.4 billion; this is almost 20% less than the 2009 budget of \$21.2 billion. The 2010 budget will be close to 2005 spending levels, and if adjusted for both population and inflation, will be near mid-1990's levels. Revenue collections for Fiscal Year 2010 are down 12.9% (\$1.286 billion) for the year to date. Some of the Governor's recommendations to achieve budget savings include:



- Furlough Days (6 days for teachers and state employees) - \$261 million
- Recapture funds for other post employment benefits- \$140 million
- Savings from State Health Benefit Plan- \$65 million
- Executive Branch Agency reductions (Most at 8%) - \$338 million
- K-12 Reductions - \$65 million
- Legislative (at 8%) and Judicial Reductions – over \$10 million
- Debt savings due to favorable rates and AAA rating - \$88 million

The Governor's whole proposed budget for FY 2011 is just over \$18 billion. Of this, over \$16 billion in the General budget is controlled by the Georgia General Assembly. The remaining \$2 billion consists of all lottery funds, revenue from motor fuel taxes and the Brain and Spinal Injury Trust Fund, are dedicated by state constitution to specific appropriation purposes.

This is the Governor's proposed 2011 General budget assigned:

- 56% \$8.9 billion K-12 and Higher Ed 1.6 million K-12 students; 160,000 teachers; 30,000 higher Ed students; 35 Colleges and Universities
- 14% \$2.2 billion Community Health Medicaid, PeachCare, state health benefit plan, county public health departments
- 8% \$1.2 billion Debt Sinking Fund Bond payments
- 6% \$1 billion Corrections 54,000 inmates; 37 prisons
- 5% \$800 million Behavioral Health including 7 state-run mental health hospitals



Mental Health, Developmental Disabilities

- 3% \$500 million Human Services Including Child Welfare, TANF, Aging, Adoption, Foster Care Services
- 2% \$320 million Technical Colleges 160,000 students; 65 colleges and branches
- 6% \$1.1 billion Everything Else (this covers 40 agencies and all branches of government)

Transportation

Under current law, transportation funds are divided between congressional districts. [HB 1218](#) would divide the state into twelve transportation regions and voters in each region would have the opportunity to decide whether to implement a 1% sales tax to fund transportation projects. The vote would take place during the presidential primary election in 2012.

Regional project decisions would be initiated by the Georgia DOT's Director of Planning with input from local governments. Individual counties would not be able to opt out of the plan. Currently, HB 1218 includes off-road fuels as being the subject to the regional 1% tax.

Environmental

[HB 1094](#) and [SB 370](#)- Water; examine practices, programs, policies; develop programs for voluntary water conservation; reports of measurable progress- Senators Ross Tolleson, John Bulloch, Bill Cowsert, George Hooks, Dan Weber, and Bill Heath and Representatives Lynn Smith, Matt Ramsey, Terry England, Judy Manning, Edward Lindsey, and Jimmy Pruet- The Governor's "Water Stewardship Act of 2010" was heard in the state Senate and House last week. The Senate version, **SB 370**, passed out of committee with these key changes:

- Requirement that water loss audits be reported to the state Environmental Protection Division and posted online;
- An exemption from the sub metering requirement for new office buildings; and
- Creating active, inactive and unused categories for agricultural water withdrawal permits.



The House version, **HB 1094**, was amended in an Environmental Quality subcommittee, but did not pass.

DNR's Environmental Protection Division Director Allen Barnes told the Joint Appropriations Committee that his division has been cut 43% since 2008.

Federal Issues:

SR 801- Urge Congress to Oppose Cap & Trade Legislation-

Senators Chip Pearson, David Shafer, Chip Rogers, Jeff Mullis, and Ralph Hudgens- This resolution urges Congress not to pass "cap and trade" legislation.

Bill Status: *Senate Read Second Time*



SR 822 -Transportation Dept.; urged to seek waiver from Federal Highway Administration to allow retail developments along interstate highway-

Senators Jeff Mullis, Doug Stoner, Chip Pearson, Jack Murphy, Bill Jackson, and Ross Tolleson- This resolution urges the Georgia Department of Transportation to seek a waiver from the Federal Highway Administration in order to allow retail developments in rest areas along the interstate highway system and for other purposes.

Bill Status: *Senate Read Second Time*

Other Bills Of Interest:

***SB 393** and **SR 1013** – Legislation introduced by Senator Bill Heath to alter the way some important state officials are chosen. Currently, the Commissioner of Agriculture, Insurance, Labor and the State School Superintendent are elected by the voters. These pieces of legislation would make changes to allow the Governor to appoint these positions beginning in 2014.

Bill Status: *Senate Read and Referred*

Other News of Interest:

Carol Porter, the wife of House Minority Leader DuBose Porter (D-Dublin), has declared her intention to oppose Lt. Governor Casey Cagle in November's election. Carol Porter will join her husband on the campaign trail as he pursues the Democratic nomination in Georgia's gubernatorial race.