

News from GATES...

Georgia Association of Training, Employment and Supports



THE GATES PORTAL

Legislative Update - Heading For the Turn



By Dawn A. Randolph, MPA
GATES Legislative Consultant

Normally we don't know three weeks in advance when the session will adjourn, but this year it is nice to know that we do have a schedule in place until adjournment and we are coming around the bend and see the finish line. The session will be in five full days this week, March 28 - April 1st to focus on legislation which has crossed over to the other side. This includes the FY 2012 Budget, which the Senate will vote out of Appropriations on Monday and probably pass from the chamber by Wednesday. It also includes a new tax reform bill that will begin an initial revision of the tax structure for Georgia, more details on that later. Then the legislature will take off a full week and a day for Spring Break to return on April 12th for day 39 and finish on April 14th for day 40.

FY 2012 Budget

As mentioned in the previous legislative update the Senate Budget Subcommittees met to review the House version of the budget. This budget is \$18.25 million and only a slight increase over the current budget. The Senate Subcommittee Chairs met with Appropriations Chairman Jack Hill over the past few days to formulate the Senate's version of the budget. There is ongoing discussion about how to cover the first interest payment of \$24 million due in September on the \$672 million federal loan to keep the Unemployment Trust Fund solvent to pay out claims. There has been a lot of coverage about the issue this

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Special
Announcements



**GATES Board
Meeting**
Friday, Apr. 29
9:30 AM
Location - TBA

THE PORTAL is a regular publication of GATES. If you have staff or others associated with your organization that you would like to

week (see AJC article [here](#)) because Georgia is continuing to borrow to pay out unemployment claims but will not go to employers to replenish the Trust Fund. Suggestions are being made to take the interest payment from Medicaid (House proposed \$18 million of Medicaid toward this) and possibly from Workforce Development programs in the Department of Labor. Unfortunately no specific programs or Medicaid cuts have been discussed in public. However, no one is looking at Voc Rehab for any further cuts at this time.

Since it appears the Senate will have some changes to the budget there is talk of actually having a conference committee for the big budget, while they did not have one for the amended budget.

Tax Reform

Finally the *Special Joint Committee on Georgia Revenue Structure* met to discuss its proposal for tax reform this session. While this was the committee's fourth meeting, the first three were sessions to hear from the [Special Council on Tax Reform and Fairness for Georgians](#) about their findings and recommendations. Thursday's, March 24th, committee meeting was the first time the committee showed its cards.

Co-Chairman Mikey Channell explained they have fulfilled the requirement of the legislation creating the *Special Council* by introducing a bill (HB 385) that contained all the recommendations. In introducing that legislation they heard from the folks back home and have drafted a new proposal that is revenue neutral focused on creating jobs in Georgia immediately. Rep. Channell expects this bill to be introduced today, Monday, March 28th. He and his co-chairman, Senator Bill Heath, said they are close to a consensus and need to finalize some of the details. Rep. Channell stated, "*Main objective is to attract jobs to Georgia now with a revenue neutral revision with parts of the tax code*".

Rep. Channell first listed items not included:

In this initial tax reform bill they are **NOT** going to tax:

- Girl Scout Cookies (or Boy Scout Popcorn)
- Groceries
- Vet Services
- Haircuts and other professional services
- Legal Services
- Memberships
- Prescriptions
- Increase Cigarette or alcohol tax

And are **NOT** going to eliminate:

- Exemption for non-profits organizations
- Senior income tax exemptions
- Current business and special interest group tax exemptions

Rep. Channell explained they were not able to get to all the tax issues in this initial proposal. They have decided to focus on the portions of the recommendations that would immediately pass and have an impact on job creation. He stressed the committee feels they have a responsibility to dig deeper and validate the impact of each of these types of sales, income and other taxes. He went on further to say what

receive *THE PORTAL*, please send their email address to:
Charles Hall,
chall@asqinfo.net

they would do with this initial tax reform bill is to:

- Cut the personal income tax from 6% to 4.5% - Georgia current has nearly a flat tax and this lowers the rate. However in lowering the rate it appears that they will also limit itemized deductions for Georgia filers. So while the rate is cut the amount owed will probably be close to the same;
- Eliminate sales tax on energy used in the manufacturing process, mining and agriculture;
- Eliminate telecommunication franchise fees and replace it with a 7% tax on all telecom services, including satellite TV; and,
- Place sales tax on auto repairs and the casual sale of motor vehicles, boats and aircraft (except in the case of family to family sales).

Rep. Stacey Abrams, Democratic Minority Leader and a Tax Attorney, questioned the confidence in the revenue projections in the proposal. Rep. Channell and House Ways and Means Chairman Larry O'Neal both stated they are confident with the revenue estimates and believe they are sustainable. Rep. Abrams went on to express her concern that there was very little margin if the numbers don't add up or the economy doesn't perform as predicted even in the conservative modeling of the data. She also wondered how this would impact itemized filers versus those who just take the standard deduction each year.

Once the bill is introduced the full details will be revealed and it cannot be amended. However, while many thought this was a dead issue it will get a full two weeks of debate before the session finishes up on April 14th. Ironically, just one day before annual tax forms are due.

Links for your reference:

AJC Article on the insolvency of the Unemployment Trust Fund

<http://www.ajc.com/business/georgia-has-no-plan-884852.html>

Special Council on Tax Reform and Fairness for Georgians

<http://fiscalresearch.gsu.edu/taxcouncil/>

Georgia General Assembly

<http://www.legis.ga.gov>

Georgia Budget and Policy Institute

<http://www.gbpi.org/>

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Call for Information

THE PORTAL is a communication tool for GATES and GATES members. If you have stories about your organization, staff announcements, program descriptions, or other information you want to share with other GATES members, please send the info to Charles Hall, chall@asginfo.net



GATES

Georgia Association of Training, Employment and Supports

44 Broad Street
Suite 503
Atlanta, GA 30303
Phone: 404-523-6674

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