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Georgia Association of Training, Employment and Supports



THE GATES PORTAL

2011 Session Wrap-up



By Dawn A. Randolph, MPA
GATES Legislative Consultant

The Georgia General Assembly ended as scheduled on April 14th. Of course, not before there was major drama over tax reform holding other legislation in limbo until they pulled the plug on any proposal April 11th. Republican Leadership in the House could not get a handle on the exact impact the recommendation to cut personal income tax from 6-4.5% while eliminating itemized deduction would have on Georgians. Minority Leader Stacey Abrams, Democratic Leader and a Tax Attorney, pointed out early and along the way that the middle (\$20,000-\$180,000) class would see their income taxes increase while those making over \$180,000 would see some benefit. However, the proposal also placed a sales tax on motor vehicle repairs, maintenance, service and casual sales between individuals as well as a new sales tax on telecommunication services. These recommendations were far short of the original tax reform package proposed by the *Special Tax Council* comprised of the state's leading economists and business leaders. There seems to be political will to tackle this much needed revamp of the tax code, the question is how serious will Republican Leadership be in the coming months as an election season draws near. Speaker David Ralston said he plans to ask Governor Deal to include the tax reform issue during the Special Session to begin August 15th along with the very politically charged redistricting purpose of the decennial special session that will redraw congressional and legislative districts across Georgia.

Tax Reform - To be or not to be, that was the Question

To recap once more, Monday morning, April 11th, the committee met and passed out HB 388. Rep. Channell reviewed the new elements of the bill. A few changes were made to address the financial disparity

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Special
Announcements



**GATES Board
Meeting**
Friday, Apr. 29
9:30 AM
Location -
Goodwill North GA
- Decatur Office

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revealed by financial analysis. The largest change proposed moving the state income tax on individuals from 6% to 4.6% and then 4.55% in 2013 and creating a large standard deduction to avoid a tax increase on the middle class. The bill also placed sales tax on auto repairs, casual sales of vehicles and telecommunications services while exempting sales tax on energy in the manufacturing and agricultural processes, just as previous versions had done.

No TAX bill. Speaker Ralston addressed the press and explained that the fiscal analysis and financial impact of the bill was becoming a challenge because the numbers and projections were in question. Economist and GSU Fiscal Policy Center Director David Sjoquist clearly explained they were working with data from the 2005 tax-year, which they applied tax changes to and then projected forward to 2012 taking into account economic and demographic projections. No easy task if you don't have nice fresh data. Ralston indicated he would be looking for alternative sources to parse the data. During the rest of the week reporters constantly went back and forth reporting on the schism between the Democrats, TEA Party, and Republican Leadership over the numbers and impact, even though the issue was dead.

While most were relieved they did not have to vote on a tax bill both House and Senate Republican Leadership expressed the need to bring the issue back either during the Special Session or next year once there was confidence in the financial impact on the state and individuals.

FY 2012 Budget

The House and Senate Budget Conference Committee signed off Tuesday morning on the FY 2012 Budget (HB78) and both chambers voted on passage by the end of the day. Since March revenue figures looked so good (10.7% over the previous year) the Governor did raise his revenue projection slightly by \$47million. However, the state budget is \$3 billion less than it was just a few years ago and most programs have received between an 8-15% cut in funding. Cuts in contracts to CRPs and other providers remained at \$391,362 state dollars as originally recommended by the Governor - so no surprises and no extra cuts. Which is a victory in the short run.

Legislation of interest

SB33 - Zero-based budgeting was back again this year. While it passed both chambers last year Governor Sonny Perdue vetoed the bill. At the beginning of the session the Senate voted on a veto override but the House did not go along with that and new bills were introduced (HB33 & SB33). Changes were made along the way. The House included the idea of combining the House and Senate Budget Offices, which had been the norm up until just a few years ago; however the Senate would not agree to lose its own Budget staff. Because of this large difference a conference committee was appointed but the session ran out before a compromise could be reached. Zero-based budgeting would require each state agency to have its entire budget reviewed every few years. Right now only about 10% of an agency's budget is under review each session, this is usually the part being cut. The rest is in what is called "continuation". Republican leadership would like to look further under the hood. But what most states have discovered in

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their pursuit of this intense budget scrutiny is that it takes time, brings out even more special interests and does little to change that agencies budget.

STATUS - Assigned to a conference committee that did not have time to meet prior to sine die, will probably be considered again next session. The companion bill was HB33. Neither bill passed both chambers.

HB87 - Immigration Reform bill passed both chambers and the Governor has indicated he will sign it. This bill was highly politically charged and I am sure there are many nuances in the bill. However, the one thing that will impact most employers is the requirement for using E-Verify if you have 10 or more employees to ensure you are hiring and employing people who are in the country legally. This will apply to non-profit organizations as well as for profit.

STATUS - Awaiting signature of the Governor

HB 214 - Rep. Channell sponsored a bill to create an independent **Department of Public Health**. The bill received overwhelming support from both chambers as it moved through the process with only a few technical changes along the way. The House originally voted 151-9 and then the Senate passed the bill 46-7. The Senate made a few technical changes requested by the Governor, the House agreed on the final version, doing so on March 31st with a vote of 142-18.

STATUS - Awaiting signature of the Governor

HB 265 - Legislation has been sponsored by Rep. Jay Neal to create a joint committee, **Special Council on Criminal Justice Reform for Georgians**, to study the criminal justice system and alternatives to incarceration with strong bi-partisan support from many legislative leaders and the Governor. The bill moved through the House quickly and was approved by a vote of 169-1 and the Senate finally passed the bill 51-2 on April 12th.

STATUS - Awaiting Governor's signature

HB 343 - Rep Sharon Cooper introduced a bill for crisis stabilization and community detoxification services to help the state comply with the Department of Justice Settlement Agreement. The bill experienced some refinement along the way to address the concerns of the Hospital Association. It easily passed the House 150-5 on March 14, 2011 and then the Senate 52-0. The Senate made few changes and so it went back to the House the final day for a final vote passing it 158-2.

STATUS - Awaiting Governor's signature

HB 464 - on March 3, 2011 Rep. Michael Harden introduced a bill that would require random drug testing for recipients of specified public assistance programs. The bill defines programs that are state public assistance or state administered federal public assistance by the Department of Human Services, not to include public assistance related to medical care or for children under 18 years old. It directs DHS to cancel public assistance for individuals who fail a drug test or refuse to take a drug test. The cost of the drug test is born by the recipient in the bill.

STATUS - Assigned to House Judiciary but no committee meetings

have occurred to consider the bill yet. Available for consideration next year.

Links for your reference:

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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Georgia Association of Training, Employment and Supports

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

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