

20 January 2017

LWVAF, Report from the Capitol, Week 2

This week was short with the MLK holiday and the presidential inauguration. There were for two days appropriations hearings on the FY18 budget and some additional exploration of the amended FY17 budget. The General Assembly will be in session Monday through Thursday next week, for Days 5 through 8.

The Governor's budgets can be found at www.opb.ga.gov and the tracking sheet for those recommendations can be found at www.house.ga.gov click on Budget Office, then Budget Documents. The tracking sheet changes when legislative amendments are made.

The amended budget annually seeks to true up the actual income with the budget income, and if actual income is greater, to find places to use it. Generally, the spending is limited to one time expenditures. Programs expected to continue are rarely started in the mid-year budget unless it has been provided for in the proposed next year's budget. This year, there is a wide replacement of vehicles, nearly 700 plus 12 GRTA buses for \$35 million, with Department of Public Safety getting the largest share, 368 vehicles. Nearly \$2 million is provided for criminal investigations in various departments. The 20% raise for state law enforcement officers is in this budget, as it was effective on January 1. Other recommendations:

- Education -- \$111 million to distribute to schools for students enrolling above the estimate when the original budget was adopted.
- Community Affairs -- \$50 million for the GA Cyber Range in Augusta for cybersecurity, and \$15 million for regional economic business assistance.
- Human Services -- \$28.6 million for out of home care, and \$13.5 million for an IT system for eligibility
- Economic Development -- \$26.5 million for unspecified projects
- Student Finance -- \$16.8 million for high school students taking college level courses, Move On When Ready
- Governor's emergency fund -- \$10 million for unspecified uses
- Forestry Commission -- \$10 million for equipment to fight fires
- Natural Resources -- \$8.9 million for hazardous waste cleanup, and \$440,000 for solid waste cleanup
- State Property Commission -- \$4.5 million for major renovations and repairs of state buildings
- University System -- \$3.5 million to develop with DOE and Student Finance K-3 formative assessments.

The budget for FY18, the next full fiscal year, is \$25 billion of which 83% is non-discretionary. The Rainy Day fund has reached \$2 billion. This money is available if revenues fall below amounts appropriated. It is fed not by direct appropriations, but by excess revenues and year end funds not spent. This is a vast improvement over the \$116 million which this governor inherited in January 2011.

Income taxes raise about half the funds for the state, a fact to remember when proposals to reduce the income tax are put forth. Education in its entirety is the biggest recipient of state funds, 53.6%. Some items appeared in nearly every department. The retirement systems, Employer Retirement and Teachers Retirement (\$178 million), increased significantly the percent of employer contribution. And health care costs for employees and prisoners increased. State law enforcement officers received a 20% pay increase (\$55 million), and \$117 million was recommended for recruitment and retention of top quality government employees, with 2% raises for state employees. Specific recommendations by department:

- Education
 - \$160 million for 2% raises for teachers, bus drivers, and school nurses.
 - \$85.9 million for Equalization Grants to school districts with lower than average tax base per student
 - \$73 million for increases for local school district buy in to the QBE formula because of rising property values, Local Five Mill Share
 - \$133 million for enrollment growth and training and experience salary increases for teachers.
 - \$241 million in bonds for school construction and renovations
 - \$7.5 million in bonds for purchase of school buses

- Higher Education
 - \$194 million for repairs and renovations of buildings
 - \$70 million for enrollment increases and square footage increases
 - \$38.5 million (lottery funds) to increase HOPE scholarships by 3% and meet increased need
 - \$10.9 million (lottery funds) to meet increased recipients of the Zell Miller scholarships
 - \$29.5 million for costs of high school students taking college level courses, Move On When Ready
 - \$3.7 million to increase Tuition Equalization Grants to \$1000 at private institutions.

- Transportation
 - \$85.8 million for capital construction projects
 - \$39.3 million for capital maintenance projects
 - \$13.5 million for grants to local governments for maintenance and improvements
 - \$23 million for routine maintenance
 - \$10 million for toll lanes for Northwest corridor, I-75 South, and I-85 lane extension

- Human Services
 - \$26 million for 19% raises for DFCS workers
 - \$31 million for children’s out-of-home care
 - \$4 million for per diem increases for foster care parents

- Health
 - \$6 million for a new Crises Center for people with mental illness
 - \$21 million for Medicaid for children with autism
 - \$55.5 million for health for prisoners
 - \$2.2 million for telehealth infrastructure
 - Funding for 126 graduate medical residency slots

NEW LEGISLATION

BUDGET

HB 43 Ralston – 7 H.Appropriations
 The Amended FY17 budget, through June 30, 2017.

HB 44 Ralston – 7 H.Appropriations
 The FY18 budget, from July 1, 2017 through June 30, 2018.

EDUCATION

HB 32 Chandler – 105 H.Judiciary Non Civil
 Prohibit sexual contact between any school employee or agent and a student. ***Currently, teachers and administrators are prohibited, but other employees are or not mentioned.***

ELECTIONS/ETHICS

HR 37 Caldwell – 20 H.Government Affairs
 Members of the General Assembly are to be term limited to 8 consecutive years, 4 terms. Each would have to set out a full term to become eligible to run again. Effective with terms beginning on or after January 2019. ***This provides no staggering of imposition of these term limits. Should every member of the General Assembly serve four consecutive terms, the entire membership will have to change in 2026. Elections are already in existence and have the power to change membership.***

REVENUE/TAXATION

HB 57 Stephens – 164 H.Ways & Means

Revises the income tax credit for rehabilitation of historic structures. The limit on credits is removed for historic structures which are not homes, currently \$5 million. The credits may be sold and resold, currently limited to one transfer of ownership. Effective 1-1-18 and automatically repealed 12-31-27, but the General Assembly could repeal earlier when the law would revert to its current state. ***If the General Assembly repeals, it can refashion these credits as it chooses and not be limited to a prior definition.***

HB 61 Powell – 171 H.Ways & Means

Retailers who do not now collect sales tax (e-tail and catalog sales) are to either begin collecting and remitting it to the state or notifying each buyer that taxes are due, and filing with the state annually in January of the next year an itemized statement of every buyer in GA and the amount of purchases each has made the previous tax year. A retailer is defined as one with annual sales of \$250,000 in the state or 200 transactions. ***This only requires the collection of the state sales tax of 4%; local taxes are not required to be collected. Think Amazon and other on line retailers.***

HB 62 Powell – 171 H.Ways & Means

Court actions relative to tax collection by out of state retailers can be directly appealed to the state Supreme Court.

#####

Sally FitzGerald, Capitol Observer

sallyfitz@bellsouth.net

League of Women Voters – Atlanta/Fulton

www.lwvaf.org

Know the issues. Join the conversation. Make a difference.

L.17.Wk2.20Jan