



The Capitol Report
January 12th, 2007
Provided by The Georgia Railroad Association
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The first week of the 2007 Georgia General Assembly was predictably uneventful, highlighted by a short budget message from Governor Sonny Perdue and legislative committee assignments. The legislature is in recess today and all of next week for budget hearings.

Adverse Possession among top priorities for legislative session.

As reported at the end of the 2006 legislative session, adverse possession will be a top priority for GRA in 2007. Rep. Mack Crawford who sponsored the legislation last year is eager to reintroduce it again on behalf of GRA. During the interim GRA has had conversations with the Georgia Realtors Association to avoid any potential conflicts during the session. Georgia Realtors Association will bring this before their Board of Directors and we hope to hear next week if we have their support. GRA anticipates having the legislation drawn up after the recess week next week.

Business Incentives Report Issued.

The House Study Committee on Business Incentives issued its report to the House of Representatives just prior to the start of the 2007 legislative session. The report makes the following six recommendations.

1. **Allow the BEST Tax Credits to offset a portion of business withholding tax liability.** BEST credits help accelerate capital investment while increasing state and local sales and property tax revenues.
2. **Offer improved training credits.** Offer employees training in technical schools and offer HOPE grant money for training employees and then apply the training to college or technical school credits.
3. **Streamline and simplify tax and/or business incentives.** Allow credits to be applied against payroll taxes when there is no income tax liability.
4. **Provide for a review of current sales and use tax.** Consider a sales tax exemption for energy used in manufacturing, and change rules pertaining to repair and maintenance of machinery and parts.
5. **Increase the percent of expenditures allowed for R&D tax credit.** Simplify the rules and allow more tax credits for research and development.
6. **Provide some sort of confidentiality for the recruitment of new business.** Set a point in the recruitment process for release of information to the media.

GRA will continue to pursue a state sales tax exemption on diesel fuel.

State Budget hits \$20 billion milestone.

Governor Perdue presented a \$20.2 billion budget proposal to the General Assembly this week, an increase of \$1.6 billion over the current budget. Education remains the single largest component of the budget, and includes \$178 million to fund a 3% pay hike for teachers.

The Governor's budget proposal includes \$5.1 million in more international marketing for the state's economic development efforts, with new offices in India, China, and France. Economic incentives for the new Kia plant in west Georgia would total \$40.5 million.

The Governor also proposes an additional \$50 million for purchasing undeveloped land for environmental protection, and \$19 million for new boat ramps on Georgia rivers and lakes.

House committees expanded: key changes on Senate committees.

House Speaker Glenn Richardson substantially increased the membership on the Ways & Means and Transportation committees, but there were few other surprises in committee appointments. Chairmen on all of the key House Committees are the same as last year.

Rep. Chuck Sims is the new Vice-Chairman of the Ways & Means Committee, and new members on this tax legislation panel include Republicans Jan Jones, David Knight, Edward Lindsey, Don Parsons, Allen Peake. Steve Tumlin and Roger Williams, and new Democrats are Bob Bryant and Howard Mosby.

The House Transportation Committee grew from 26 to 36 members. The new members are Republicans Jill Chambers, Harry Geisinger, Mark Hamilton, David Ralston, Donna Sheldon, Barbara Sims and Mark Williams, and Democrats Mike Glanton, David Lucas, and Wade Starr.

There were a number of changes in leadership of Senate committees, including the appointment of Senator Chip Rogers as Chairman of the Finance Committee, replacing Senator Mitch Seabaugh who had just succeeded to that chairmanship after the close of the 2006 session.

Senator Chip Pearson replaced Senator Jeff Mullis as Chairman of the Economic Development Committee after Mullis was appointed as the new Chairman of the Senate Transportation Committee.

In an interesting development, Democrat Tim Golden was not only given a seat on the Senate Appropriations Committee, but was named Secretary of that budget writing panel. Golden, a long-time pro-business lawmaker, was also given a seat on the Senate Finance Committee while retaining his existing positions on the Insurance and Labor and Higher Education committees.

In another move that could reduce partisan wrangles in the Senate, Lt. Governor Casey Cagle appointed long-time Democratic Senator Terrell Starr as a key advisor on his staff.

Georgia DOT sees changes in Board members.

Elections were held yesterday for a few seats on the DOT Board. In two open seats members ran unopposed. Rudy Bowen a developer from Gwinnett County won his seat and former House Majority Leader Larry Walker of Perry won his seat. After the Congressional districts were redrawn in 2005 that put sitting board members in the same district in two different races. Billy Langdale defeated Ward Edwards 14 to 10 and Garland Pinholster defeated Johnny Gresham 19 to 10.

EPD to begin rule making process for locomotive emissions?

A representative from GA EPD contacted GRA this week to inform the association that they are in the beginning stages of looking at possibly imposing regulations on locomotive emissions. The first meeting likely to take place in February or March will be informational gathering meeting only. EPD will use the GRA office to notify the shortlines of meeting dates.

Upcoming events:

Railroad Day at the Capitol --- date is yet to be determined
Spring Conference at St. Simons May 29-31

Please remember to use the website: www.georgiarailroad.org to stay current on GRA activities.

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