



## The Capitol Report February 19, 2008

Provided by The Georgia Railroad Association

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*The General Assembly reconvenes today for the 19th legislative day.*

### **Panel gives new life to GREAT plan.**

A House Ways & Means subcommittee will meet this Wednesday and most likely move out to the full committee House Speaker Glenn Richardson's GREAT plan along with Lt. Governor Casey Cagle's property tax relief proposal. The Speaker explained his proposed substitute to the panel last week. While the substitute will impose new sales taxes on services, the Speaker said that it includes no new business-to-business taxes. Also exempt from the new sales tax will be child care, medical, and educational services.

Speaker Richardson's comments to the subcommittee indicate that the sales tax provisions are much like those in HB 979, which he introduced earlier in the session. The Speaker's comments also indicate that the property tax relief provisions will look more like those in SR 796 than those in his proposed Constitutional amendment, HR 1246.

SR 796, which proposes a Constitutional amendment to cap increases in tax assessments on real property, passed the Senate Tuesday. Introduced by Senate Finance Chairman Chip Rogers and backed by Lt. Governor Casey Cagle, SR 796 provides that the 2007 assessed value of residential property shall not be increased more than two percent in any tax year. The proposed amendment would limit increases in nonresidential assessments to three percent. The Speaker's earlier proposals did not provide property tax relief for non-residential property because business-to-business transactions are exempt from the new sales tax. While adopting the Senate approach on property tax relief, the Speaker did say that the House substitute will also curb increases in millage rates.

It is always a challenge for a Constitutional amendment involving taxes to garner the necessary two-thirds vote, but the prospects for this latest version of the GREAT plan do seem to be substantially improved. Still, several questions remain, including:

- How will the GREAT plan – with its new sales tax on services – mesh with the transportation funding bills now in the House and Senate transportation committees? Those bills also call for new sales taxes, and it's hard to imagine legislators voting for two sales tax increases in an election year.
- What will become of other tax bills now in the system, including property tax freezes and sales tax exemptions for business?

Some questions will likely be answered in the next few days – others may not be answered until sine die.

### **Transportation funding proposal would increase tax on diesel fuel.**

Transportation funding proposals introduced in the House and Senate Friday, February 8th were heard in the transportation subcommittee on Tuesday February 12th and appeared to be on a fast track until they were removed from Thursday's full committee agenda.

As introduced by House Transportation Chairman Vance Smith, HB 1139 would impose the new one cent tax over the current four percent sales tax and existing exemptions would not apply to the new tax. Testimony before the committee ranged from liking the increased tax (cities and counties) to those who opposed the removal of all exemptions--manufacturers. Chairman Smith has since told GRA that he is reworking the bill to keep in place for the new one cent tax the current exemptions. GRA did not testify before this subcommittee because we had not yet had an opportunity to speak with the sponsor. GRA has since met with the sponsor and explained the inequity of the additional 1% sales tax that railroads would have to pay when that 1% goes back to roads. We have proposed in writing to either:

- exempt railroad companies entirely from all sales and use tax on diesel fuel
- exempt railroad companies from the additional 1% sales and use tax
- apply the revenue collected from sales and use tax on diesel fuel to be allocated for infrastructure improvements to the state rail systems.

The subcommittee will meet again this afternoon to hear the substitute which has not yet been made available by the sponsor.

HB 1139 is the implementing legislation for HR 1226, a resolution proposing a Constitutional amendment to allow the imposition of the one cent tax and the dedication of that revenue to transportation projects. Ninety percent of the revenue from this tax would be dedicated to transportation infrastructure in the region where the tax was collected. Ten percent of the funds would be used in state-wide projects.

SR 845 proposes a Constitutional amendment that would allow counties, with the approval of voters, to impose an additional one cent sales tax to fund transportation projects. Senate Transportation Chairman Jeff Mullis introduced this local option measure as an alternative approach to Rep. Vance Smith's HB 1139 and HR 1226.

Even as the House Transportation Committee prepares to consider a new sales tax to fund improvements in transportation infrastructure, a House Ways & Means subcommittee will prepare to vote on Speaker Glenn Richardson's GREAT plan for funding property tax relief through a new sales tax on services. If both measures make it to the House floor, Representatives will have the opportunity to vote for two tax increases in this election year. Given legislators' general inclination to consider their own re-election prospects first, it is hard to imagine that both measures could win the necessary two-thirds vote to be placed on the November ballot.

#### **Bill Status:**

HB 268 Davis 109th, Franklin 43rd, Lane 167th to amend Article 9 of Chapter 9 of Title 46, relating to the Georgia Rail Passenger Authority, so as to repeal said article in its entirety; to provide for related matters. **Transportation**

HB 269 Davis 109th, Lakly 72nd to amend Chapter 9 of Title 32, relating to mass Transportation, so as to provide for a referendum to approve funding for a commuter rail project within or through a county or municipality. **Transportation**

HB 289 Roberts 154th Freeman 140th Williams 178th Sims 119th Hatfield 177th Peake 137th to amend Article 11 of Chapter 5 of Title 48, relating to ad valorem taxation of public utilities, so as to provide an exemption for eligible expenses for maintenance, repairs, and improvements of a railroad equipment company's railroad cars; to provide for related matters; to provide for a referendum. **Ways & Means**

HB 901 Bruce 64th, Kaiser 59th, Lunsford 110th, to amend Chapter 1 of Title 34 of the O.C.G.A., relating to general provisions relative to labor and Industrial Relations, so as to enact the "Parent Protection Act"; to provide for leave for employees to attend school conferences and medical appointments; to provide for a remedy; to amend Article 1 of Chapter 1A of Title 20 of the O.C.G.A., relating to early care and learning generally, so as to require day-care programs and preschool programs to provide written notice prior to school conferences; to amend Article 4A of Chapter 2 of Title 20 of the O.C.G.A., relating to community involvement in education, so as to require local school systems and private schools to provide written notice prior to school conferences. **Industrial Relations**

HB 979 Richardson 19th amend Titles 48 and 36, relating, respectively, to revenue and taxation and local government, so as to provide for implementation of the GREAT plan; to provide for the comprehensive revision of provisions regarding revenue and taxation; to change certain provisions regarding the State Board of Equalization; to provide for additional appeals regarding assessment of ad valorem taxes; to provide for procedures, conditions, and limitations; to provide for the imposition and collection of fees on certain motor vehicles; to provide for powers, duties, and authority of county tax commissioners and the state revenue commissioner regarding such fees; to provide for an income tax credit for low-income families on qualified food expenses. **Ways & Means**

HB 981 Butler 18th, McCall 30th, to amend Article 2 of Chapter 6 of Title 32 of the Official Code of Georgia Annotated, relating to dimensions and weight of vehicles and loads, so as to provide that concrete haulers are entitled to the same weight variance granted to feed and granite haulers. **Rules**

HB 1019 Lunsford 110th, Smith 129th, Mills 25th, Sheldon 105th, Graves 12th to amend Article 2 of Chapter 10 of Title 32, relating to the State Road and Tollway Authority, so as to enact the "Georgia Transportation Infrastructure Bank Act"; to create the Georgia Transportation Infrastructure Bank as an instrumentality of the state within the State Road and Tollway Authority; to provide for a short title; to provide for governance of the bank; to provide for the functions of the bank in general and in particular with respect to the financing of Transportation projects of government units; to define terms; to provide for the powers, duties, governance, and operations of the bank; to provide for capitalization of the bank and funding sources; to authorize the issuance of bonds by the authority for purposes of the bank. **Passed House Transportation Special Subcommittee on Transportation Funding**

HB 1026 Smith 126, Rogers 26, to amend Section 32-6-171 of the Official Code of Georgia Annotated, relating to the authority of the Department of **Transportation** to order removal, relocation, or adjustment of utility facilities, so as to provide that a utility may be exempt from certain requirements of notice and hearing when the department requires the removal, relocation, or adjustment of the facilities as a result of public road improvements. **Rules**

HB 1056 Davis 109th, Lunsford 110th to amend Article 4 of Chapter 8 of Title 50 of the Official Code of Georgia Annotated, relating to metropolitan area planning and development commissions, so as to define a certain term; to provide that no Transportation plan

developed by a metropolitan area planning and development commission shall become effective unless approved by the General Assembly. **Transportation**

HB 1077 O'Neal 146th amend Chapter 9 of Title 48 relating to motor fuel and road taxes, so as to change certain definitions regarding such taxes. **Ways & Means**

HB 1078 O'Neal 146th to amend Chapter 8 of Title 48, relating to sales and use taxes, so as to change certain definitions regarding such taxes. **Ways & Means**

HB 1079 O'Neal 146th amend Chapter 7 of Title 48 relating to income taxes, so as to change certain definitions regarding such taxes. **Ways & Means**

HB 1080 O'Neal 146th amend Chapter 6 of Title 48, relating to taxation of intangibles, so as to change certain provisions regarding the real estate transfer tax. **Ways & Means**

HB 1081 O'Neal 146th amend Chapter 5 of Title 48 relating to ad valorem taxation of property, so as to change certain definitions regarding such taxation. **Ways & Means**

HB 1123 Shaw 176th, Smith 129th, Sheldon 105th to amend Chapter 2 of Title 32, relating to the Department of Transportation, so as to require the commissioner of Transportation to file reports on matters of interest to the General Assembly. **Rules**

HB 1146 Freeman 140th amend Part 1 of Article 8 of Chapter 1 of Title 10, relating to sale of petroleum products, so as to prohibit the production, offering for sale, or sale of diesel fuel unless such fuel contains 2 percent biodiesel fuel. **Energy, Utilities and Telecom**

HR 1226 Smith 129th A RESOLUTION proposing an amendment to the Constitution so as to provide that funds derived from an additional 1 percent increase in the general state-wide sales and use tax shall be appropriated for any or all Transportation purposes; to authorize the General Assembly to allocate and specify and direct the use of such funds by general law; to provide that 90 percent of the funds are to be expended for Transportation purposes in the regional commission area where the funds were collected; to provide that 10 percent of the funds collected shall be expended for state-wide Transportation projects.

**Transportation**

HR 1246 Richardson 19th A RESOLUTION proposing an amendment to the Constitution so as to provide for tax relief from ad valorem property taxes; to provide for a short title; to authorize additional tax relief including the elimination of ad valorem property taxes for educational purposes; to provide for optional homeowner's incentive adjustments; to authorize the limited amending of conflicting local constitutional amendments; to provide for the automatic repeal of The Property Tax Reform Amendment unless specifically continued by general law; to provide for the revival and restoration of certain prior general and local constitutional provisions. **Ways & Means**

SB 233 Thompson 5th, Stoner 6th to amend Title 32, relating to highways, bridges, and ferries, so as to change certain provisions regarding collections, expenditures, and exemptions with respect to certain revenue regarding roads; to change certain provisions regarding priority of expenditures from the State Public Transportation Fund; to change certain provisions regarding allocation of state and federal road funds. **Transportation**

SB 359 Golden 8th, Pearson 51st, Stoner 6th to amend Chapter 7 of Title 50 of the Official Code of Georgia Annotated, relating to the Department of Economic Development, so as to provide legislative findings; to create a "Made in Georgia" program. **Passed Senate 2/13**

SB 371 Stoner 6th, Mullis 53rd, Seay 34th to amend Code Section 32-6-200 of the Official Code of Georgia Annotated, relating to the installation of protective devices at railroad grade crossings, so as to provide for legislative findings; to define a certain term; to provide that local school districts shall provide the Department of Transportation with information regarding rail crossings without active warning devices that are used by school buses; to provide that local school districts shall use best efforts to reroute buses to minimize use of such crossings; to provide for related matters; to provide for an effective date. **Senate Rules**

SB 410 Stoner 6th, Williams 19th, Seay 34th, Pearson 51st, Mullis 53rd amend Code Section 32-10-63, relating to powers of the State Road and Tollway Authority, so as to authorize the creation of a state congestion relief fund to be used for projects initiated by community improvement districts. **Rules**

SB 411 Williams 19th, Seay 34th, Mullis 53rd, Pearson 51st, Stoner 6th to amend Code Section 32-2-81, relating to the procedure for awarding design-build contracts, so as to eliminate the cap for awarding contracts under the design-build procedure. **Rules**

SB 417 Mullis 53rd, Seay 34th, Williams 19th amend Chapter 2 of Title 32, relating to the Department of Transportation, so as to require the commissioner of Transportation to develop and publish benchmarks and issue reports on the progress of construction projects; to require the commissioner to perform value engineering studies. **Passed Senate 2/14**

SB 420 Pearson 51st, Mullis 53rd, Williams 19th amend Chapter 7 of Title 12, relating to control of soil erosion and sedimentation, so as to exempt the Department of Transportation and its contractors from civil penalties levied for violations. Tabled in Senate 2/14

SR 341 Thompson 5th, Reed 35th, Stoner 6th A RESOLUTION proposing an amendment to the Constitution so as to provide that funds derived from motor fuel taxes may be appropriated for and grant made for all activities incident to providing and maintaining an adequate system of public roads and bridges in this state and for any or all Transportation purposes; to authorize the General Assembly to allocate and specify and direct the use of such funds by general law; to provide for submission of this amendment for ratification or rejection. **Transportation**

SR 428 Mullis 53rd, Staton 18th, Goggans 7th, Douglas 17th, Stoner 6th A RESOLUTION to create the Senate Railroad Safety and Security Study Committee. **Transportation**

SR 686 Johnson 1st, Rogers 21st, Williams 19th A RESOLUTION proposing an amendment to the Constitution so as to require the freezing of existing residential real property values and to provide that residential real property and interests therein shall be appraised for ad valorem taxation purposes at their fair market value as of the date of the owner's acquisition thereof; to provide for conditions and limitations regarding valuation increases; to provide for authority of the General Assembly with respect to the foregoing; to provide for the submission of this amendment for ratification or rejection. **House Ways & Means**

SR 687 Seabaugh 28th Williams 19th, Grant 25th A RESOLUTION proposing an amendment to the Constitution so as to authorize a local taxing jurisdiction to wholly or partially replace ad valorem taxation other than for bonded indebtedness with a 1 percent sales and use tax; to provide for procedures, conditions, and limitations; to provide for the submission of this amendment for ratification or rejection. **Finance**

SR 750 Pearson 51, Mullis 53rd, Rogers 21st, RESOLUTION urging the United States Department of Transportation to reconsider its mission and purpose. **House Transportation**

SR 796 Rogers, 21st, Williams 19th, Mullis 53rd RESOLUTION proposing an amendment to the Constitution so as to provide for ad valorem tax reform; to freeze the valuation of real property except for certain adjustments; to provide for procedures, conditions, and limitations for certain increases; to provide procedures for increasing or decreasing millage rates on taxes for educational purposes; to provide for the submission of this amendment for ratification or rejection; and for other purposes. **Ways & Means**

SR 822 Shafer 48th, Mullis 53rd, Reed 35th A RESOLUTION creating the Georgia-North Carolina and Georgia-Tennessee Boundary Line Commission; and for other purposes. Rules SR 863 Seay 34th, Mullis 53rd, Pearson 51st A RESOLUTION proposing an amendment to the Constitution so as to provide that funds derived from sales and use and motor fuel taxes with respect to jet fuel, aviation gasoline, and locomotive fuel shall be allocated for activities incident to providing and maintaining an adequate system of public-use airports and railroads in this state; to authorize the General Assembly to specify and direct the use of such funds by general law. **Finance**