

VALDOSTA - LOWNDES COUNTY
CHAMBER OF COMMERCE

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March 6, 2008

State Legislation Update

Affordable Health Insurance:

The Chamber supports the creation of insurance products that provide incentives to reward healthy lifestyles similar to premium discounts for good drivers. Establish a "Georgia Healthcare Innovations Fund" to initiate a statewide wellness pilot program for self-insured employers and community partnerships. The pilot program will showcase "Best Practices" in prevention, disease management, technology, incentives and consumer education. Evidence-based guidelines that demonstrate a return on investment will substantiate prototype designs for fully-insured products.

Related bills:

SB 153: Provides for the development of consumer driven health insurance plans by the Commissioner of Insurance; to allow such plans to include wellness and health promotion programs

Status: Senate Passed Mar 20, 2007; House Second Read Mar 28, 2007

Background:

- The Wellness Program was developed by Valdosta business leaders
- Presented to business/political leaders in Atlanta and Washington DC in past 6 months
- State officials are interested in further developing the funding aspect of the program
- Specific legislation for an Innovations Fund/Wellness Program does not currently exist
 - The Program has been briefed to senate and state administration officials
 - A \$150,000 Planning Grant has been requested to create a Wellness Pilot Program design team
 - The design team will study incentives for wellness & disease management programs
- SB 153 proposes plans/programs to be developed under the Commissioner of Insurance
 - Passed the Senate in 2007 and will be reviewed by the House in 2008
 - This bill may assist in future development of the Wellness Program
- Other healthcare bills exist, but none contain elements urged in the Chamber's position

Tax Reform:

The Chamber supports a tax policy that creates a fair, pro-business tax climate in Georgia and which respects the importance of local control and accountability for raising and spending our tax dollars. We will monitor and keep our members informed on various tax reform proposals as they take shape in the 2008 legislative session.

Specific bills:

HR 900: Assigned to House Tax Reform Subcommittee; not yet introduced

SR 686: Ad Valorem Taxation: Freeze values of existing residential/commercial property (2-3%)

Status: Senate Passed Feb 12; House Second Read Feb 14

SR 796: Ad Valorem Taxation: Freeze valuation of real property except certain adjustments (2-3%)

Status: Senate Passed Feb 12; House Committee Favorably Reported Feb 21

SR 859: Ad Valorem Taxation: Repeal the levy except in the case of emergency

Status: Senate Passed Feb 14; House Second Read Feb 20

HB 979: Property Tax Reform Amendment; Provide Implementation of “The Great Plan”

Status: House Committee Favorably Reported Feb 21

HR 1246: Proposes to amend the Constitution to provide for tax relief from Ad Valorem property taxes

Status: House Committee Favorably Reported Feb 21

Background:

- HR 900 may not be introduced, but many of its components are being introduced as separate legislation
- Concerns
 - Local control v. State authority shifts
 - Taxing power is transferred but not the responsibility of government services
 - School districts become dependent upon a less stable source of revenue (sales tax)
 - Out-of-state property owners would no longer pay taxes (\$900M revenue loss)
 - It will create a greater tax burden in other areas
 - Property Tax revenue would be replaced by expanded sales/service taxes
 - Terminating property tax would eliminate federal property tax deductions, thus increasing the federal tax burden
- Governor recommended elimination of the state portion of property tax on homes and automobiles during his State of the State speech—he will propose tax cuts in his 2008 budget

Alternative Energy:

The Chamber supports legislation to implement public policies that emphasize: (1) energy efficiency and conservation, (2) conversion to more environmentally friendly forms of energy generation, including nuclear, (3) research and development of alternative energy and bio-fuels. With a strong agricultural base, progressive business environment, and cutting edge research at its colleges and universities, Georgia is positioned to be a leader in the development of environmentally sensitive alternative energy.

Related bills:

HB 829: Promotes the development of renewable energy and energy efficiency by implementing renewable energy and energy efficiency portfolio standards for electric suppliers

Status: Not yet introduced to subcommittee

HB 840: Provides for voluntary portfolio standard goals for renewable energy for public utilities

Status: Not yet introduced to subcommittee

Background:

- Legislation passed in 2007 that provides a 5-year exemption of sales/use tax for new alternative fuel facilities dedicated exclusively to the processing and production of ethanol, biodiesel, and butanol
- Other legislation exists regarding energy use/products, but not to the extent of the Chamber’s position in terms of efficiency, conservation, conversion, research, or development

State Sales Tax Exemption on Energy for Manufacturing:

The Chamber supports an exemption provided with respect to State (not local) sales and use tax for the cost of energy (natural or artificial gas, electricity, or any other energy) used directly in the production of manufactured goods.

Specific bills:

HB 272: Provides a partial exemption for a period of time from state sales tax for energy used in manufacturing

Status: House Committee Favorably Reported February 29

HB 237: Exemption from state sales and use tax regarding the sale of certain manufacturing equipment

Status: House Passed February 29

Background:

- This has been a top priority for many organizations for the past few years
- Passed by the Ways & Means Committee in 2007, however, it capped annual sales tax at 2007 levels rather than eliminating the tax entirely
 - First time voted out of committee
 - Achieve support of capped tax levels; vetoed by Governor
 - Recommitted to Ways & Means in April 2007

- Rep. Jeff Lewis has drafted new language for 2008
 - New language calls for a partial exemption for a limited period of time
 - Original language called for a permanent exemption without a time period

Water Resolution:

The Chamber supports the legislation creating the Statewide Comprehensive Water Management Plan with emphasis on continued data collection, appropriate funding for proposed regional water planning districts and equitable consideration to municipal, agriculture and industrial users throughout the state. Retention, storage and reuse of water must be evaluated along with conservation. Economic impact studies must be carried out in conjunction with environmental impact.

Specific bill:

HR 1022: Signed by Governor February 6 (HR 1022)

The Governor, Lt. Governor, and Speaker of the House will make appointments to the State Status: Regional Water Councils. The Chamber is organizing an effort to identify capable individuals and present their nomination to the local delegation.

Background:

- How best to proceed with Regional Water Councils
- Current Valdosta/Lowndes County strategy is to identify potential council members
 - A balanced council representation would include agriculture, forestry, industry, commerce, municipal, local governments, water utilities, regional development centers, tourism, recreation, and environmental
- Need to provide names to local delegation by April
- Solicit your help in identifying capable individuals

Renewal of Sales Tax Holiday:

The Chamber supports a sales tax holiday at the beginning of the school year that would exempt sales tax on back-to-school items. The exemption would last at least four days, with consideration of extending the duration and moving the exemption to July for 2008. An additional sales tax holiday would exempt tax on energy efficient products for at least four days in 2008.

Specific bill:

HB 948: Provides for an exemption with respect to the sale of certain school supplies, clothing, footwear, computers, and computer related accessories for a limited period of time

Status: House Committee Favorably Reported February 29

Background:

- A favorable General Assembly vote is expected for 2008
- 2008 period is July 31 – August 3
- Growing concern among some members that cost is not worth continuing
- HB 895 is another sales tax holiday bill for the purchase of energy/water efficient products

State Tax Exemption on Passive Retirement Income:

The Chamber supports legislation to exempt passive retirement income as a means of encouraging the “Boomer Generation” to settle in Georgia. With our position in the Southeast, mild climate, and affordable housing, this additional incentive will make our state an attractive option to neighboring competitors.

Specific bill:

HB 195: Amends the amount of retirement income excludable from Georgia taxable net income

Status: The Governor called for this bill; not yet introduced to the Income Tax Subcommittee

Background:

- The Senate passed its version in 2007
- The House failed to pass in 2007 in favor of more broad-based tax reform
- It is a popular bill to encourage more retirees into Georgia
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- This bill may get swept up with other tax bills during the HR 900 debate

Business Owner's Property Rights:

The Chamber opposes legislation that would weaken business owner's private property rights.

Specific bill:

HB 89: Relates to the carrying and possession of firearms, so as to change certain provisions regarding the transportation of certain firearms

- **House agrees with Senate amendment January 31**
- **Senate disagrees with House amendment February 1**

Status: - **House conference committee appointed February 1**
- **Senate conferees appointed February 5**
- **As of Feb 28, the conference has not been scheduled**

- The bill passed in the Senate is a heavily watered-down version of the original
- The Senate passed amendments to achieve the language it sought to ensure the rights of business owners and employers were supported
- Disagreement within the House concerning Senate Amendments has resulted in a conference committee, but the result of that conference is unknown at this time
- SHRM (Society for Human Resource Management) is calling for the Governor to veto the bill and recognize business owner property rights