

Members
Senate Finance Committee
2005-2006

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Senator Emanuel D. Jones, 10th
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Senator Chip Rogers, 21st
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Senator Terrell Starr, 44th
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Senator Steve Thompson, 33rd
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Senate Finance Committee

2005-2006 Legislative Session

1. The quorum of the Finance Committee shall be five (5) members.
2. The Chairman shall determine which bills and resolutions are to be considered and the order in which said measures are considered.
3. The Chairman shall have the authority to refer bills and resolutions to subcommittees for study. Such subcommittees in turn shall have the authority to make recommendations on such measures to the full Committee.
4. The Committee shall convene, recess, and adjourn upon the order of the Chairman.
5. Any member or members of the committee who disagree with the majority report of the committee shall be privileged to file a minority report if they so desire.
6. These rules may be amended upon a motion duly made and subsequently approved by two thirds of the members of the committee.
7. A bill, resolution or other matter will be considered only after presentation by its principal author or a legislator whom he designates to do so. In the event more than one member of the General Assembly has signed a measure, the principal author shall be the one whose name appears first in the list of authors.
8. Where these rules are silent on a specific issue, the Rules of the Senate, as adopted, shall govern.

Minutes
Senate Finance Committee
January 12, 2006

A meeting of the Senate Finance Committee was held on Thursday, January 12, 2005 in Room 450 of the Capitol. Chairman Cagle, 49th, called the meeting to order at 9:00 a.m.

Members present included Chairman Cagle, 49th, Senator Williams, 19th, Senator Heath 31st, Senator Chance, 16th, Senator Rogers, 21st, Senator Goggans, 7th, Senator Jones, 10th, and Senator Johnson, 1st.

HB 970 (Representative Roberts, 154th) Liquid propane and natural gas; state tax temporary exemption; provisions

In the absence of Representative Jay Roberts, 154th, Chairman Cagle called upon Senator Seabaugh, 28th, to speak to the legislation.

Senator Seabaugh stated that the price of natural gas and liquid propane gas has increased dramatically in recent months, and the Governor has recommended that the state cut the tax on natural gas and liquid propane gas from 4% to 2%.

This tax decrease would be in effect from January 1, 2006 until April 30, 2006 for natural gas and from January 1, 2006 until March 31, 2006 for propane gas. Senator Seabaugh stated that the reason for the difference in the ending dates is because the propane gas tanks are filled in advance, whereas natural gas is used on a daily basis. Senator Heath asked if agricultural users were exempt from the reduction, and Senator Seabaugh responded that they are exempt.

Chairman Cagle commended the Governor on this legislation which will assist low income citizens with high bills. He stated that this will cost the state approximately \$10 million. Senator Chance moved "Do Pass," and Senator Heath seconded. Motion passed unanimously.

There being no further business, Chairman Cagle adjourned the meeting at 9:20 a.m.

Respectfully submitted,

/s/ Senator Ronnie Chance, Secretary

/s/ Mary Whiting, Recording Secretary

Minutes
Senate Finance Committee
January 26, 2006

The Senate Finance Committee and the Economic Development Committee had a Joint Hearing on Thursday, January 26, 2006 in Room 450 of the Capitol. The meeting was a hearing regarding the closings of the Ford and General Motors Plants in Atlanta. Chairman Cagle called the meeting to order at 1:00 p.m.

Finance Committee members that were attending the meeting were Senator Cagle, 49th, Senator Thompson, 44th, and Senator Heath, 31st.

Economic Development Committee members that were attending the meeting were Senator Mullis, 53rd, Senator Carter, 13th, Senator Whitehead, 24th, Senator Brown, 26th, Senator Schaefer, 50th, Senator Hooks, 17th, Senator Zamarripa, 36th, and Senator Rogers, 21st.

Senator Cagle opened the meeting by stating that this was a hearing only regarding the closing of the GM plant in Doraville and the Ford plant in Hapeville. He stated that these closings would have a major impact on Georgia's workforce. The focus of this hearing is to examine the impact, and determine what we as a state can do to protect the workers and communities involved.

Chairman Cagle stated that it is his view that government cannot create jobs, but what we can do is to create the right environment and infrastructure for jobs to flourish. It is on these issues that he hoped to have the focus of our attention at this meeting today.

Senator Cagle stated that this is not a time for finger pointing or blame games; but instead we should look for solutions that will benefit the citizens that elect us. Along those lines, he hoped to focus the hearing today on the following issues.

First, what is the state doing and planning to do to assist the workers directly impacted by these closings? Is there any new legislation that may be needed to best serve the workers and their families?

Secondly, he asked what the likely redevelopment prospects of both sites are. What steps can the state make to put those sites to the most beneficial use as possible?

Finally, what can we do over the long term to insure that we can continue to attract the kind of jobs our citizens want and deserve to Georgia? Are we on track to grow the industries of the future in such areas as biotechnology, logistics, and nanotechnologies?

Senator Cagle asked also if there were additional steps such as further tax reductions that we can take to move forward in these various areas?

Senator Cagle thanked the individuals from the Georgia Department of Economic Development, Georgia Department of Labor, and other key players who are present today for our hearing. These are critical and important questions to our state's economic future, and he looks forward to focusing on them today.

Senator Cagle asked for Senator Mullis to make comments.

Senator Mullis thanked everyone for being in attendance today. He stated that this is a crucial issue to Georgia's future. We have some important people at the meeting today to discuss the current issue and what is taking place to help guide the loss of these jobs, and state what we are doing to promote other jobs as well. The general public will be asked to speak after we hear from our selected guests.

Senator Cagle stated that there is a sign up sheet for speaking to the committee. He called upon Commissioner Craig Lesser of the Department of Economic Development to speak to the committee.

Commissioner Lesser thanked the committee for inviting him to speak. He stated that the auto manufacturing industry is in a state of change. He stated that as we know on Monday, January 23, 2006, Ford announced 14 plant closings with up to 30,000 layoffs nationwide. Last fall GM said it will cut its workforce by 30,000, and Daimler Chrysler just announced the second round of job cuts bringing their total to 14,000. Unfortunately we have two of those plant closures here in Georgia.

Commissioner Lesser stated that the question we are asking of course is why this has happened. Everyone has an opinion, and a few of those reasons are high production costs, soaring gas prices, increased global competition, stagnant car designs, and the high cost of retiree benefits and pensions, among other things.

The real truth is that it is probably a mix of all five reasons and then some. The state fought hard to keep the Georgia plants open and producing. The state continued a 50 year relationship with the GM plant in Doraville, when just 3 years ago plant invested \$150 million to retool the facility. Following that we kept in touch as we do with all of Georgia's major businesses, by assigning a major project manager to call upon the company several times a year.

Commissioner Lesser stated that the state tried repeatedly to keep in touch with corporate management to see if there was anything we can do. We even put together an internal team to begin calling on suppliers last April. Our fantastic relationship with local plant managers at the Doraville site helped us make some headway, but in the end GM in

Michigan stated simply that this was not about incentives and was not about state assistance. It was about tough business decisions.

The state has still not given up that fight as long as GM owns that facility and hard working Georgians continue to be one of the most productive workforces in the company and in the country. The Department of Economic Development is in the process of setting another meeting to make another Georgia pitch with GM.

Commissioner Lesser stated that more than 3 years ago we found that Taurus was at the end of its life cycle. We began a process with Ford to determine Ford's future in Georgia would look like. The first project that we worked with the company was a brand new state of the art plant within 50 miles of Atlanta. After an extensive search the company decided on a site on I-20 in Morgan County.

As we began to engage the local community, Ford came back to us with a plan to revitalize the Hapeville plant. The company simply could not afford the more than \$1 billion dollar price tag to build a new plant. We responded to Ford's needs and began work on a project that would close the factory for 9 months to retool for a new model, and within that time employees would be retrained on the new equipment and be able to build cars on the first day the plant opened. The talks were very successful, and we got so far as to draw a preliminary agreement that the state, local, and company officials were reviewing.

This plan called for the company to qualify for the mega project investment tax credit, training and equipment through the quick start sales tax exemption on new equipment, road work from DOT and local property tax abatement. The plan called for a minimum of 1800 retained jobs at the factory and up to 1000 new jobs as the suppliers adjusted to a just in time inventory system. The Department estimated as much as \$500 million annually in new revenues for Georgia suppliers, a great deal for the state, a great deal for Ford, and a great deal for the local community. Over 100 million dollars in state and local incentives were in the deal.

Through these three years under the Governor's direction, the Department of Economic Development has built strong relationships with both companies, locally with Ford and in Michigan. They met with Ford officials monthly. Last July Deputy Commissioner Chris Clark even met with Bill Ford, Chairman of Ford in Chattanooga. Not only did the CEO know that we were in negotiations, but he knew the details of those talks. Mr. Ford was very complimentary of the state's effort, even to the point of mentioning Governor Perdue's strong leadership.

A couple of months later as both sides reviewed the agreement, Commissioner Lesser stated that things of course changed. Ford's third quarter revenue figures were released, and they were not good. As a matter of fact there was such a shock over the numbers that

the company told the Department to halt progress on the project, as they decided to reevaluate every aspect of their operations.

Of course, the Department of Economic Development continued working with local Ford officials and local county and community officials, including those folks at Hapeville. Around the same time we received our first open records request from the Atlanta newspapers, but of course the timing could not have been worse. We were trying to convince Ford that Georgia is business friendly and ready to help them succeed. The AJC wanted to spread the company's business plans across the front page. If revealed at that time we felt the work and documents would have shown every Ford competitor around the world their plans and directions.

The Department alerted Ford, and the company was forced to file a lawsuit seeking to block the release of documents. Thankfully, a judge agreed with the company and issued a temporary restraining order. Lawsuits, courtrooms, and restraining orders were not what I would call a business friendly environment.

Then in December, 2005 rumors started circulating about extensive plant closings, and for the first time we heard Hapeville mentioned in those rumors. This was not what we hoped to hear, given our extensive work with the company and the plants history of high efficiency and productivity, which is a credit to the determined Georgians working at that site.

The Department worked with the Ford team and requested meetings with senior decision makers. Governor Perdue sent a letter to company President, Mark Fields, asking what more the state could do to help them decide to keep the Hapeville plant open.

Commissioner Lesser stated that he was able to secure a three way conference call with Ford Executive Vice President, Ann Stephens and Governor Perdue. Although it has been portrayed by some as just a random conference call, instead it was a working session with the principal decision makers at Ford.

Company officials asked us not to come to Michigan, as other states were lining up in what we thought were veiled publicity stunts in front of the Headquarters of Ford Motor Company. The calls we had were of greater value than anything else that we or any other state could do. The company had been inundated with visits from elected officials, and we honored their requests. We were committed to keeping the lines of communication open. We were treating them as our customer, and it did not make sense to defy a direct request from that customer.

As we all know now, the decision did not go our way, but we left things on great terms with both local Ford representation and corporate officials which we feel quite good about. We have been working on the premise that the way we conduct ourselves during

this process may pay dividends down the road as Ford reemerges as a stronger company. The challenge now is to ensure that the Ford closure has as little an impact as possible on the state.

The two issues that we identified early on are employee education and retraining, and of course the use of the property itself. As we all know the Doraville plant is currently slated to continue to operate until 2008, and we will continue to work with GM to win new work for this plant.

So much of the work being done on workforce issues are related to the Hapeville Ford plant which will be idled later this year and officially closed next year.

As far as employee education and retraining is concerned, there are a number of options available, and some employees will be eligible for Hope Scholarships and Hope grants, depending on their qualification criteria.

The Department of Technical and Adult Education has stepped up and volunteered to lead an education team that will ensure that every employee who wants to participate is taken care of whether they qualify for the Hope programs or not. The DTAE has offered to hold those programs at the plant itself.

Commissioner Lesser thanked Commissioner Michael Vollmer and his team at Department of Technical and Adult Education for their willingness to step up and lead this team. He also thanked Commissioner Michael Thurmond and his staff at the Department of Labor who of course will be an integral part in leading and serving the needs of displaced workers.

There has also been a site team that has been identified and led by the local community, and the Department of Economic Development will provide expertise and knowledge to this group, but it is important to know that this effort will be led by our locals. It is also important to remember that this property is owned by Ford, so close communication with the company on their plans will be absolutely critical and crucial to the success at the end of this.

There will be many that will come forward with ideas, and we appreciate everyone that wants to contribute with some input. In the end this team will ensure that there are no gaps in planning and communication, with the end goal of attracting the best use for this property.

The Department will form similar teams to work on the issues in Doraville, if the closing does in fact become eminent. In both cases we are reaching out to another group of businesses that have not received the same amount of exposure, such as suppliers and small businesses that rely on these plants. Our regional existing industry team is already

calling on regional suppliers, and the governor's small business and entrepreneur office will be part of the effort to help the small companies that live in the shadow of that plant.

Commissioner Lesser stated that he is absolutely convinced that we have done everything that we could to keep these plants open in Georgia, and we will continue to fight for every job. The problems these companies are facing are simply bigger than any individual state can solve.

Chairman Cagle thanked Commissioner Lesser for his effort and strong leadership on behalf of our state. He asked for questions from the Senators.

Senator Hooks asked how many Ford plants are closing in the Southeast. Commissioner Lesser stated that he believes there are 14, and that there is an extraordinarily changing dynamic in the auto industry. The domestic automakers are facing extraordinarily difficult times with the potential for bankruptcy suggested by some. We will not know that until the companies make their decisions. They are changing their strategies based on a global events as these are no longer just North American companies serving a North American market, these are global decisions, global strategies, and issues that quite frankly are way beyond what individual states can do.

Senator Mullis asked Commissioner Lesser what the state is doing as a state to replace some of these jobs. What kind of effort is the Department of Economic Development making?

Commissioner Lesser stated that the state has a very extensive effort to work on bringing new business into the state, expanding existing business, and he mentioned the Governor's office of small business and entrepreneur. Most of the jobs in this state come from small businesses. Small business as defined by the federal government is under 500 employees. More than 80% of our new jobs in the state come from expanding existing business and small business. That is where we concentrate much of our activity, on expanding those opportunities.

Commissioner Lesser stated that as Chairman Cagle pointed out, the state does not really produce jobs, but the state is hopefully in the position to enhance the business climate, so that business people will create more investment, invest more money, and create more jobs in this state. We also need to have an attractive business climate for businesses not only around North America, but around the entire world to come and invest in Georgia. Hence the very aggressive marketing campaign not only across north America, but in the rest of the western hemisphere, in Europe and Asia as well.

Chairman Cagle asked for further questions and called upon Senator Rogers, 21st. Senator Rogers asked Commissioner Lesser if it would be fair to characterize his efforts in working with these two large employers as the state doing everything they could?

Commissioner Lesser responded by saying that they have done all they could.

Senator Zamarripa, 36th asked a question regarding the Hapeville saga, the redevelopment of the Ford plant, which even as recent as two or three years ago was going to go away, and we were making provisions for the new plant that he chronicled, were there any plans drawn up then to use the property?

Commissioner Lesser stated that he was not aware of any, but he is working with the City of Hapeville, Fulton County, and Clayton County, and he thinks the plans can be revised. He stated that the critical issue as we move forward is to keep in mind that the Ford Motor Company owns the site, and we have to be sensitive to working with the company as a team. We can all come together to come up with the very best possible resolution.

Chairman Cagle called upon Senator Whitehead, 24th for a question. Senator Whitehead asked if Commissioner Lesser knew of a change of attitude when Ford learned that they could not be protected from their proceedings which could be divulged in the AJC?

Commissioner Lesser stated that it appeared to be a troubling series of events, and that is when the lawyers really began getting involved. Senator Whitehead stated that he has seen that happen with one of the large Japanese firms in his district that would not negotiate with them. Some type of legislation is needed to help with the situation.

Chairman Cagle asked Commissioner Lesser if he has quantified what the financial impact will be for the state. Commissioner Lesser stated that they have not done that.

Chairman Cagle next called upon Commissioner Michael Thurmond of the Department of Labor to speak to the Committee. Commissioner Thurmond thanked Chairman Cagle and Chairman Mullis for addressing this critical issue facing our state. He stated that the primary responsibility of the Department of Labor is to provide support and assistance to Georgians who lose their jobs through no fault of their own.

Commissioner Thurmond stated that clearly Doraville and Hapeville present major challenges for the Labor Department and the State of Georgia. He stated that the Department of Labor is working with the other state departments to do all we can to assist these hard working men and women who have been impacted by this. The information sheet that he passed out lays out the programs and assistance that the Department of Labor will provide for those who are eligible for these services.

One thing Commissioner Thurmond wanted to mention is that Hapeville and Doraville are symptomatic of a broader problem facing our state and nation as we continue to hemorrhage manufacturing jobs. These jobs are high wage jobs and have really been the backbone of the workforce here in our country. Over the last 10 years more and more we have seen of these jobs disappear, and they are being relocated or outsourced offshore,

because it is difficult to compete with cheap foreign labor. The question is how do we respond to these challenges as a state?

Commissioner Thurmond stated that the Department of Labor and other leaders of this state have a responsibility to respond. The first level of response must be to the men and women who are being impacted. These individuals have work ethic; they are the salt of the earth. The first step then is to secure them financially, so that they can continue to support themselves and their families. We have already made contact with the union leaders and management of both sites as well as some of the proprietors. One of the things that is being overlooked is that these closures will ripple out to the economy, as suppliers have come to grip with the fact that they are losing a primary customer, and other businesses as well.

Some economists suggest that for every one manufacturing job that is lost, there are two or three other jobs that are lost in the broad economy. That presents a challenge for all of us. We will be there to provide unemployment insurance assistance and financial training, but one of the big challenges that we are going to face is that we are dealing with people who have supported themselves with their work all of their lives, and there is resistance to government assistance and support. That is particularly true of men who are very hesitant to reach out and get the support, when they have supported themselves and their families all of their lives.

When Brown and Williamson closed in Macon, we set up a transition center inside the Brown and Williamson plant. After several months we realized that no one was coming for help, and we had to go back and recalibrate, talk to the union leaders, and we found that hope was being held out that something would occur to save the plant and jobs. Secondly is the resistance to reach out and get support is hard for them. When you are 56 years old and have not been inside a classroom for 25 years, going back to a college or technical school is not an easy move to make for men and women who have been away from that process so long.

We can and will address the challenge, but Commissioner Thurmond stated that this is going to be a very difficult and long term process. The emotional and psychological damage is even greater. You cannot quantify that in terms of dollars and cents. When other plants have closed, there have been threats against oneself and families, and domestic violence increases, sometimes drug addictions, alcohol addiction, etc., and the problems are many.

One thing that this Joint Committee can help with is to reach out to the Department of Human Resources to ask them to help us to go on site to provide emotional and psychological counseling. A job loss is like a death in the family, and this is particularly true with auto workers. They often have had generations working in the same plant. What we have lost is not just jobs but a way of life and more importantly a way of life for

blue collar workers, the majority of them non-college educated who want to get access to the middle class in America. That is the glory and importance of manufacturing labor, and when we lose it, we lose a major part of the American economy.

Commissioner Thurmond stated that these are things we will do and continue to work with agencies gathered here today, but we need the support of this Joint Committee, and we appreciate your interest as we move forward, in addressing the needs of these well deserving Georgians.

He stated that the bottom line is that the Georgia Department of Labor is there for the men and women who lose their jobs through no fault of their own. There is nothing to be ashamed of, no reason not to reach out, it is not welfare, not something given, it is something that has been earned by the men and women who work. We need to really reinforce that challenge. Commissioner Thurmond thanked the Chairmen and Joint Committees and asked for questions from the Committee.

Senator Hooks thanked him for his comments, and he asked a question regarding the Georgia cotton producers that are sending all of their cotton to China. He asked what was the wage of the average worker in China as compared to the average worker in America?

Commissioner Thurmond stated that he did not know what the wages were in China, but that he thinks it is not very much. He stated that half of the construction cranes that exist in the world today are in China. How do we compete? He stated that he believes that our main workforce development resource is our public schools in the State of Georgia. We cannot have 50% of our kids dropping out of school and expect to compete with cheap labor. Companies that are leaving the south actually left the north half a century ago. They came south because of cheap labor. He stated that he does think that we can compete with better skills, better training, and better educating people. The first investment has to be in our education system, which is where we prepare our workers to compete in the global arena.

Senator Cagle called upon Commissioner Lesser for further questions.

Commissioner Lesser stated that he could not agree more with Commissioner Thurmond. He stated that we are graduating 30,000 engineers per year. In China and the rest of Asia, they are graduating 600,000. That statistic should support what Commissioner Thurmond is saying. We cannot compete on the basis of low wages; that is gone. We have to compete with a more educated workforce competing with innovation and high quality.

Commissioner Lesser stated that this is not about us competing with other surrounding southeastern states, we are now in an era where we are now competing on the world

scale, and we have to be sensitive to what is happening everywhere else in the world. Other countries are doing some things that will not only allow them to catch up with us, but to propel themselves forward if we do not do something concerning education.

Chairman Cagle called upon Senator Schaefer, 50th for a question regarding technical colleges. Commissioner Lesser stated that the DTAE is the arena which would come into play with the workers from Doraville and Hapeville. Commissioner Thurmond stated that we need to invest the resources and energy to make sure that every child has access to those opportunities.

Chairman Cagle called upon the Georgia State University state economist, Mr. Ken Henghney to speak. Mr. Henghney stated that we have about 5,000 total workers from the combined plants with an average wage of about \$65,000. That is an annual payroll of \$323 million, so it is a significant amount of money. That is about \$13.6 million in income tax revenue for the state.

Mr. Henghney stated that there are some factors to mitigate that. Some of the workers will be retiring with retirement pay. Typically some union contracts will have an extended payment period where workers will continue to draw wages and salaries and that tends to mitigate the impact.

Senator Rogers, 21st asked Mr. Henghney a question regarding demand for products. Is it healthy for the economy to occasionally have this kind of thing? Mr. Henghney stated that it was a normal part of the free market economy. The business model of the two manufacturers is no longer working, and it sets the stage for new players to enter the market to create jobs that are economically viable in the current market.

Chairman Cagle summarized the discussion and stated that clearly there are people hurting in Georgia relative to their future and their job, and the key is that the state stands ready to meet those needs. The good thing is that more jobs are being created every day, and there is certainly a bright hope for each person in Georgia. We certainly are sympathetic and understanding of the immediate danger they are facing.

Chairman Cagle thanked the Mayor of Doraville, Mr. Ray Jenkins, for attending the meeting. Mr. Jenkins spoke briefly to the Committee and thanked them for trying to do something. The City Administrator of the City of Hapeville, Mr. Robin Howarth was introduced to speak briefly. He stated that they hoped to regenerate the City of Hapeville.

Chairman Cagle called upon Bishop Kates, Mr. Mitchell Smith of the United Auto Workers, Mr. Buddy White of Norfolk Southern, and Mr. Doug Polley of North Georgia Building Trades to make brief comments from the audience.

Chairman Cagle thanked everyone for their participation in this Joint Hearing. There being no further business, the meeting was adjourned at 2:30 p.m.

Respectfully submitted,

/s/ Senator Casey Cagle, Chairman

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Finance Committee
February 8, 2006

A meeting of the Senate Finance Committee was held on Wednesday, February 8, 2005 in Room 450 of the Capitol. Chairman Cagle called the meeting to order at 3:30 p.m.

Members present included Chairman Cagle, 49th, Senator Heath 31st, Senator Chance, 16th, Senator Rogers, 21st, Senator Goggans, 7th, Senator Jones, 10th, and Senator Johnson, 1st.

HB 173 (Representative Lunsford, 110th) Ad valorem tax, veterans organizations; exemption

In the absence of Representative Lunsford, Chairman Cagle called upon Senator Seabaugh, 28th, to speak to the legislation.

Senator Seabaugh stated that Henry County veterans own three helicopters and 40 aircraft for use in demonstrations. The issue is that Henry County wants to charge ad valorem tax on the value of the helicopters, and the veterans do not have the money to pay for it. He stated that the legislation would exempt the veterans from this tax.

Chairman Cagle stated that we have a Substitute for the Committee members to consider which the Association of County Commissioners have brought forward. He recommended that the Finance Committee pass this bill as a Committee Substitute to make the language cleaner.

Chairman Cagle asked for questions and stated that this is a local matter.

Senator Johnson moved "Do Pass by Substitute", and Senator Rogers seconded. Motion passed unanimously.

HB 1080 (Representative Golick, 34th) Income tax credit; qualified child and dependent care expenses; provide

Chairman Cagle called upon Representative Golick to speak to the legislation. Representative Golick stated that he is representing Governor Perdue and that the bill is the Governor's proposed child care tax credit. Approximately 200,000 Georgia families take advantage of the federal child care tax credit. The Governor proposes to establish child care tax credit on the state level which would be a percentage of the established

federal child care tax credit. For the tax year 2006 the state child care tax credit would be 10% of the federal credit. For tax year 2007 it would be 20%, and 2008 it would be 30%, and it would top out there. It would be at that level thereafter.

For a family with one child at 10% the range would be \$60 - \$105. For a family with two or more children, the range would be \$360 - \$630 by 2008. For these packages it would be \$50,000,000. It provides a credible benefit for working families. Senator Rogers asked Representative Golick whether there had been discussion regarding child care credit for stay at home Moms. Representative Golick stated that these conversations are ongoing and may be possible in future tax years.

Senator Thompson arrived at the meeting at 3:50 p.m.

Senator Heath asked Representative Golick questions regarding the second year of the fiscal note.

Chairman Cagle closed the discussion and asked for a motion.

Senator Chance moved "Do Pass," and Senator Heath seconded. Motion passed unanimously.

HB 1042 (Representative Williams, 4th) Annual accounting periods; treatment of taxable years; amend provisions.

In the absence of Representative Williams, Chairman Cagle called upon Ed Maney from the Department of Revenue. Mr. Maney stated that it was a simple bill and regards 52-53 week tax years. Taxpayers whose year ended January 2nd or 3rd would have to wait another whole year to file. Senator Thompson asked Mr. Maney for a clarification of the bill regarding January 1st -3rd.

Chairman Cagle asked for further questions and then called for a motion. Senator Thompson moved "Do Pass" and Senator Jones seconded. Motion passed unanimously.

HB 81 (Representative Day, 163rd) Homestead exemption; unremarried surviving spouse of deceased spouse.

In the absence of Representative Day, Chairman Cagle called upon Senator Johnson, 1st to speak to the legislation. Senator Johnson stated that this legislation regards homestead exemption for widows who inherit a home. The surviving spouse will be able to remain in the home without further tax added (the widow tax.) Senator Thompson stated that this is the right thing to do. Chairman Cagle stated that this is to preserve the homestead exemption. Senator Jones asked whether this might be penalizing the spouse who might remarry.

Chairman Cagle stated that he does not know what the author's intent was, but if we want to get it broadened, we can do that in the future. Unfortunately we cannot amend this bill because it is Engrossed. Senator Heath questioned where we would draw the line regarding the exemption.

Chairman Cagle asked for a motion regarding the underlying bill. Senator Heath moved "Do Pass," and Senator Goggans seconded. Motion passed unanimously.

There being no further business, Chairman Cagle adjourned the meeting at 4:30 p.m.

Respectfully submitted,

/s/ Senator Ronnie Chance, 16th
Secretary

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Finance Committee
February 14, 2006

A meeting of the Senate Finance Committee was held on Tuesday, February 14, 2006 in Room 450 of the Capitol. Chairman Cagle, 49th, called the meeting to order at 3:30 p.m. Members present included Chairman Cagle, 49th, Heath 31st, Goggans, 7th, Jones, 10th, Thompson, 33rd, and Johnson, 1st.

HB 194 (Representative Martin, 47th) Income tax credit; teleworking for limited period of time

Chairman Cagle opened the meeting by calling on Representative Martin to speak to his legislation. Representative Martin stated that the document that he is working from is LC 18 5271S. He stated that Chairman Cagle asked him to produce a substitute, and that it is the same language that he had in the bill last year, but it did not get out of Rules. He worked this past summer on the Governor's task force on teleworking; revising it and trying to capture the fiscal impact on the State of Georgia and to modify it accordingly. The language is the same, but on Page 1, line 16 he reduced the limit of tax credit up to \$1,200. Last year it was \$1,500.

On Page 3, line 7, there is an amount that was \$40,000 and now it will be capped at \$20,000 for a tax credit. On Line 29, Page 3, the legislation sunsets this credit after 2 years. He stated that on Line 28-29, they changed \$5 million to \$2 million.

The only other change that was made in the bill is that all the dates have been moved forward one year. The bill will now begin in 2007. One other item is on Page 1, line 15, and it states "expenses incurred during the taxable year pursuant to a telework agreement." By definition that telework agreement cannot take effect until the bill takes effect. Therefore it cannot take effect on today's date, and most probably will not take effect for a few months. When that telework agreement does take place on or before October 1st, 2006, on Line 19, Page 3, that would affect 2007 and beyond. In reality it would not be giving someone credit for expenses that they had already incurred.

Chairman Cagle asked for questions from the Committee.

Senator Thompson asked Rep. Martin if he has information regarding start-up costs from the Department of Revenue. He wondered if that would be a cost factor, since it will be for a few years. Rep. Martin stated that he has worked with the Department of Revenue and the Governor's office regarding this.

Chairman Cagle called upon Mr. Randy Keith, Chair of the Technology Leadership Coalition. He stated that they have been working on the legislation for a couple of

sessions. He wanted to thank the Committee for hopefully passing this legislation. It is a step in the right direction to do something about traffic congestion and the quality of life of our workers in the state, as well as to enhance the quality of our air. Chairman Cagle thanked him for his leadership.

Chairman Cagle called upon Mr. Jason Rooks of the Georgia Conservation Voters. Mr. Rooks thanked the Committee also for the bill.

Chairman Cagle then called upon Mr. Hunter Hopkins of the Georgia Chamber of Commerce to speak to the legislation. He stated that he wanted to reiterate their support of the bill. He thinks it is good for the state regarding environmental impact.

Chairman Cagle called upon Mr. Alan Essig, lobbyist for the Georgia Budget and Policy Institute. Mr. Essig stated that he hopes the legislature will look at the tax structure of the state. He complimented the author of the bill.

Chairman Cagle stated that there should not be a fiscal impact, because there is a \$2 million cap.

Senator Thompson moved “Do Pass by Substitute,” and Senator Jones seconded. Motion passed unanimously.

Senator Rogers, 21st arrived at the meeting at 3:40 p.m.

Senator Thompson, 33rd, left the meeting at 3:40 p.m.

SB 525 (Sen. Williams, 19th) Tax executions; change provisions regarding issuance; definition; procedures

Chairman Cagle stated that Senator Williams had left the Capitol to go home to see his wife on their anniversary. Therefore he called upon Mr. Mike Vacquer to speak to the legislation.

Mr. Vacquer stated that Senator Williams asked him to assist in the legislation. He stated that the subject matter of SB 525 is tax executions. It sets a time limit of 90 days for the former owner of property where ad valorem taxes have become delinquent, to be able to prove to the tax collector that the property has been transferred by deed, and the liability for payment of ad valorem taxes has subsequently been assigned to the transferee by written agreement. There is no provision in current law for this time limit.

Mr. Vacquer stated that this legislation also allows for an execution to be issued against the new owner only after the new owner has been sent a notice of the delinquent tax bills and that the tax collector intends to issue an execution against such delinquent property in

the new owner's name unless that bill and all applicable interest is paid within 30 days of the notice. Current law does not have these provisions for execution against the new owner.

Chairman Cagle stated that the bill tightens up the issue of delinquent tax notification and called upon Senator Jones for a question. Senator Jones asked why the bill provides 90 days. Mr. Vacquer stated that there was no specific reason, and it seemed like a reasonable time. Mr. Vacquer stated that this is a consumer friendly bill.

Senator Heath moved "Do Pass," and Senator Johnson seconded. Motion passed unanimously.

Senator Chance arrived at the meeting at 3:50 p.m.

HB 1107 (Representative Roberts, 154th) Income tax credit; imposition, rate, and computation; real property; amend

Chairman Cagle called upon Representative Roberts to speak to the legislation. Representative Roberts stated that he was bringing forth this bill for the Governor. It is the land conservation tax credit legislation. What the bill does is to create an income tax credit incentive for a donation of conservation land or easement. It allows taxpayers to claim credit against state income tax liability for 25% of the fair market value of the donated property up to a maximum of \$250,000 for an individual and \$500,000 for a corporation.

Representative Roberts stated that other states have this in place, and it is working well there. He thinks it helps to increase land that will be in greenspace for perpetuity. The governor has recommended that an additional \$5 million to go into the budget for these grants to local governments for land conservation projects to build on the land conservation act that was passed last year.

Chairman Cagle stated that this is a great initiative. It is a great way to preserve our land in the free enterprise way and system. He applauds the Governor for the legislation.

Chairman Cagle called upon Mr. Hans Neuhauser with the Georgia Land Trust Service Center. Mr. Neuhauser stated that this bill is modeled on a similar program in North Carolina which has been in place since 1983. In that period of time North Carolina's land conservation tax credit program has been responsible for conservation of over 108,000 acres. The estimated value of these lands exceeds \$300 million dollars. The cost to the state over the 23 years is less than \$54 million. In other words for every dollar in land value, the state pays less than \$.18 cents.

Rep. Roberts stated that we can expect the Georgia tax credit program will be highly effective in conserving land on a voluntary basis and will be fiscally efficient. Support for the measure is broad and bi-partisan. It passed in the house 156 – 0.

Senator Goggans moved “Do Pass,” and Senator Johnson seconded. Motion passed unanimously.

SB 65 (Senator Brown, 26th) Revenue Commissioner; investigate property tax valuations; provide authority.

Chairman asked if there was anyone present to speak regarding SB 65, because Senator Brown’s mother passed away. Our thoughts go out to him. Chairman Cagle stated that he told Senator Brown that he would bring out the bill at a later date.

SR 34 (Senator Cagle, 49th), CA, Sales Tax; educational purposes; change certain imposition requirements.

Chairman Cagle stated that this is his bill, and it is a Constitutional Amendment. He stated that we have passed this bill out several times. Basically what it does, it is a change in the Constitution relative to the E-SPLOST, the educational special purpose sales tax. The bill grants more options to local school boards. Right now the law states that 100% of the \$.01 sales tax that is levied is for school construction. However, in some instances throughout our state, there are opportunities where systems need to utilize the sales tax revenue for school construction but also for maintenance and operation, creating more flexibility for the local school systems to meet their needs in funding education. It means that they do not have to use it for that, it simply means that it is an option for the voters if the school board deems it necessary.

Chairman Cagle stated that he thinks it is the right public policy decision. He stated that many of us can recall Jerry Keen’s legislation that was looking at using a 3 cent sales tax to be levied for funding the schools and replacing the property tax. There was much resistance to that as he traveled around the state. There were several obvious glaring problems relative to that issue, but this legislation is another way of addressing that issue, because it does just give local school systems more tools to not only take the burden off the backs of property owners, but also giving them more flexibility of the utilization of those funds.

Chairman Cagle stated that last year on the floor of the Senate there was some opposition to this legislation. He stated that we were not successful in passing it, primarily because of the 5 year limitation. There were some that would argue that this taxation method is not designed for an on-going process. He stated that he personally believes that it is not

the case, that anytime we allow the voters the opportunity to control a tax, we are acting justly to our constituents. Therefore he would defend it on that basis.

Senator Cagle stated that basically, this is what the bill does. Option # 1 is to continue to do what we are doing under the Constitution. Option # 2 is that we would utilize 75% of the funding for school construction and 25% for maintenance and operation, giving them that flexibility. The third option would be that they could utilize the sole receipts for maintenance and operation. There are approximately 8 different school systems that are operating under the old Constitution that have that \$.01 cent sales tax that they use for maintenance and operation going forward, so it certainly has proven that it works and works very well.

Chairman Cagle asked for questions from the Committee and stated that he knew that Senator Heath has an Amendment that he would like to offer.

Chairman Cagle called upon Senator Jones for a question. Senator Jones stated that he remembers the bill from last year, and his concern was regarding voting on this every 5 years.

He stated that the school systems get hooked on it for maintenance and operation and will not want to stop using it for that purpose. He stated that he strongly opposed the bill last year, and he strongly opposes it this year as well.

Senator Heath stated that in local school systems in a rapidly growing area, the legislation would give them a little flexibility that they wouldn't have otherwise.

Chairman Cagle stated that he agrees with Senator Heath, but that he respects the view of Senator Jones and appreciates him as a person.

Chairman Cagle stated that the idea that no school board has requested this is not in his view a valid argument. The reason he states this, is because of the way the bill is structured, in that nothing has to change. If a school board wants to continue to do what they are currently doing, they can operate under those means. If a school board has built all the schools or a big portion of the schools, they can opt to use the funds for maintenance and operation.

Senator Jones stated that school systems can become dependent on the funds for maintenance and operation. He also stated that the Superintendent in Henry County is opposed to the legislation, because it would insert confusion over the funding.

Senator Heath stated that he has an Amendment to SR 34. His amendment would edit Line 24 from 25% to 10% of the total enrollment and Line 26 from 25% to 10%.

Chairman Cagle asked for a motion on the Amendment to SR 34. Senator Heath moved “Do Pass,” and Senator Rogers seconded. Motion passed. Voting for the Amendment were Senators Heath, Rogers, Chance, Goggans, and Johnson. Opposed to the Amendment to SR 34 was Senator Jones.

Chairman Cagle then asked for a motion on [SR 34](#). Senator Johnson moved “Do Pass by substitute,” and Senator Rogers seconded. Motion passed. Voting for the bill were Senators Johnson, Goggans, Chance, Heath, and Rogers. Opposed to the bill was Senator Jones.

There being no further business, Chairman Cagle adjourned the meeting at 4:20 p. m.

Respectfully submitted,

/s/ Ronnie Chance, Secretary

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Finance Committee
February 28, 2006

A meeting of the Senate Finance Committee was held on Wednesday, February 28, 2006 in Room 450 of the Capitol.

Chairman Cagle, 49th, called the meeting to order at 3:30 p.m.

Members present included Chairman Cagle, 49th, Senator Williams, 19th, Senator Heath, 31st, Senator Chance, 16th, Senator Goggans, 7th, Senator Jones, 10th, and Senator Johnson, 1st.

SB 562 (Senator Weber, 40th) Georgia Higher Education Facilities Authority Act; create

In the absence of Senator Weber, Chairman Cagle called upon Mr. Tom Daniel of Board of Regents of the University System to speak to the legislation. Mr. Daniel stated that he appreciates this opportunity to speak to the Finance Committee. He stated that this is a bill which Senator Dan Weber and Senator Tommy Williams worked up over the summer. It would allow the State of Georgia to issue bonds for certain types for the university system and DTAE facilities. This would be very helpful to the University System, as it would give the University System another avenue in which to use to finance certain kinds of facilities without using general obligation bonds.

Mr. Daniel stated that he has a chart that the committee can use, and Mr. Bill Bowes will be glad to answer any questions that committee members might have. This would be very advantageous to the institutions in the university system. It would give us an opportunity to finance facilities such as dormitories, recreational facilities, parking decks, and things that have a dedicated revenue stream, without having to use the precious general obligation bonds for those kinds of activities.

Chairman Cagle asked if there was a cap of \$300 million. Mr. Daniel replied that there was a cap, and there would be an authority appointed by the Governor, Speaker, the President Pro Temp, and the Committee on Committees. They would work with GSFIC, and we would be required to have the approval of GSFIC before any of these bonds can be issued, so there are certainly adequate safeguards.

Chairman Cagle asked if it is correct that these bonds would be considered in the state debt. Mr. Daniel replied that they would not be considered in the state debt.

Senator Williams asked if the \$300 million will be per institution. Mr. Bowes replied that it was the total outstanding balance for the authority itself.

Senator Weber, 40th arrived at the meeting.

Senator Williams asked how much total outstanding balance there is right now within all the other systems and privatized projects, and Mr. Bowes stated that there is about \$2 billion outstanding balance. Chairman Cagle asked if they already have the authorization to do that, and Mr. Bowes stated that they do under a different vehicle and stated that the real objective in this legislation as Tom Daniel stated, is that it provides another very valuable alternative.

Mr. Daniel stated that of the things it will help us to do that we cannot do right now with the privatized bills, is to pool a lot of the small projects that we have on campus, bring them together, and do a single bond issuance and save a lot of money on transaction costs. He also stated that they believe that over time the credit ratings on those bonds would be much better than would be achieved if each institution were doing their own financing. This will be a part of the total funding strategy, but this adds greatly to it, and he thinks it will help the small institutions.

Senator Williams asked if all the institutions and all the foundations only have \$2 billion in debt and this is \$300 million. Mr. Bowes stated that it is correct, and what it provides for in addition is the refinancing of existing bonds. That can be very beneficial in those circumstances where institutions that have a higher rate than they might be able to get under this, and that will lower their costs.

Chairman Cagle stated that this will help Georgia Southern University, Georgia State, Georgia Tech, University of Georgia, and Gainesville College. Chairman stated that he will entertain a motion.

Senator Heath moved “Do Pass,” and Senator Jones seconded. Motion passed unanimously. Chairman Cagle congratulated Senator Weber.

[HB 1157](#) (Representative Burkhalter, 50th) Income tax credit; employers providing retraining programs; change provisions

In the absence of Representative Burkhalter, Chairman Cagle asked Ed Maney of the Georgia Department of Revenue to speak to the legislation. Chairman Cagle stated that this legislation is pertaining to the income tax credit.

Mr. Maney stated that he is with the Georgia Department of Revenue. This bill will allow a qualifying airline that has trapped retraining products or in they are in a loss position, to use these retraining credits for 10 years against withholding.

Without further questions or discussion, the Chairman stated that he would entertain a motion “Do Pass.”

Senator Chance moved “Do Pass,” and Senator Goggans seconded. Motion passed unanimously.

HB 1182 (Representative Burkhalter, 50th) Sales and use tax exemption; certain hall of fame attractions; provisions

In the absence of Representative Burkhalter, Chairman Cagle called upon Ed Maney from the Department of Revenue to speak to this legislation as well. Mr. Maney stated that the legislation is a sales and use tax exemption for the materials for construction of a stock car museum. He also stated that there is a beginning date and a sunset date, and it also requires that the facility should be operated by a 503c corporation, similar to what the legislature has done for the Georgia Aquarium and the Atlanta Symphony Orchestra Hall.

There were no questions regarding the legislation, and Senator Williams moved “Do Pass,” and Senator Goggans seconded. Motion passed unanimously.

HB 560 (Representative Martin, 47th) Ad valorem tax; co assessors; valuation appeal; change certain provisions

Chairman Cagle called upon Representative Martin to speak to his legislation. Representative Martin stated that this legislation is simple, with changes only to the paragraph in Lines 19 through 22. The effect that these changes will have is basically on the Board of Tax Assessors. At present they can invoke double jeopardy on the taxpayer. If the taxpayer appeals their assessment and the value set by the Board of Equalization, and then they come back and find an “error” in the file, after the freeze is in place, they can abandon the freeze based on a simple error.

What this legislation seeks to do is to remove the finding of an error for being the sole fault for removing that freeze. Essentially the Board of Equalization takes two bites of the apple with the taxpayer. Representative Martin stated that it was brought to his attention by a taxpayer from his area, and they went through the whole process and they came back after setting the valuation and found an error, and did away with the freeze.

Chairman Cagle asked if there were any questions. Senator Jones moved “Do Pass,” and Senator Heath seconded. Motion passed unanimously.

SR 871 (Senator Reed, 35th) Fulton County Industrial District; repeal amendment

Chairman Cagle called upon Senator Reed to speak to the legislation. Senator Reed stated that this bill needs to be recommitted for assignment to the State and Local Governmental Operations Committee. Senator Johnson asked if it was not going to be a constitutional amendment anymore. Senator Reed stated that it cannot be committed as a statewide bill, since it will only affect one county. It does not have to go to the voters statewide. This bill calls for a county-wide referendum in Fulton County.

Senator Reed stated that he had met with the Secretary of the Senate who stated that this should be local legislation. Legislative Counsel stated it should be handled as local legislation, and outside counsel stated the same. Senator Johnson stated that although the bill amends the Georgia Constitution, it will only be a referendum in Fulton County?

Senator Reed stated that the only people who will be voting on this will be Fulton County residents, which is why it would be incorrect to move it on the path that it was on. Chairman Cagle stated that the bill would be recommitted.

There being no further business, Chairman Cagle adjourned the meeting at 4:10 p.m.

Respectfully submitted,

/s/ Senator Ronnie Chance, 16th, Secretary

/s/ Mary Whiting, Recording Secretary

Minutes
Senate Finance Committee
March 6, 2006

A meeting of the Senate Finance Committee was held on March 6, 2006 at 2:00 p.m. in Room 450 of the Capitol.

Members present were Chairman Cagle, 49th, Senator Jones, 10th, Senator Heath, 31st, Senator Chance, 16th, Senator Rogers, 21st, and Senator Starr, 44th.

HB 1040 (Rep. Williams, 4th) Carpet samples; raw material cost; fair market valuation; definitions

Chairman Cagle called the meeting to order at 2:05 p.m. In the absence of Representative Williams, Chairman Cagle called upon Senator Thomas, 54th, to speak to the legislation.

Senator Thomas stated that this is a housekeeping bill for the carpet industry. The legislation defines the “total raw material cost” of carpet samples as the manufactured cost of the sample which includes the supplies used in the manufacturing of carpet, carpet sample display services, and inbound freight charges. This raw material cost does not include labor or overhead for assembling or producing samples or outbound freight charges.

Senator Thomas stated that there are no revenue implications. These samples are manufactured to be given away.

Chairman Cagle called upon Mr. Roy Bowen, lobbyist for the Association of Georgia’s Textile, Carpet, and Consumer Products Manufacturers to speak to the legislation. He expressed his appreciation to the Committee for the legislation.

Senator Starr moved “Do Pass,” and Senator Heath seconded.
Motion passed unanimously.

SR 817 (Senator Shafer, 48th) CA: Taxpayers’ Dividend Act; restrict amendments that increase appropriations

Chairman Cagle called upon Senator Shafer to speak to the legislation. Senator Shafer stated that this resolution is the “Taxpayers Dividend Act,” and it is a Constitutional Amendment.

It proposes changes in the way that we handle the Supplemental Budget.

Senator Shafer stated that he has two suggested changes which he would like to make and presented a Committee Substitute. The bill would provide that if there were extra money left over in the budget, that money would first of all fund the educational formula, then it could only be used to retire state debt to increase the reserve fund. Any other additional spending would require a 2/3 vote of the House and Senate.

What the legislation is designed to do is to prevent the legislature from adding pork barrel projects to the Supplemental Budget which receives much less scrutiny than the General Budget. The changes that he would like to propose are on Page 1, line 20 after debt, he would like to add “increasing reserve funds,” and on that same line, Page 1, line 20, striking the word “both” and insert “any combination of such purposes.”

Senator Rogers asked Senator Shafer a question regarding increasing the reserve funds and whether that would still put us within the limits of how much goes into that fund? Would it go beyond the limits of what goes into the rainy day fund? Senator Shafer stated that it would be at the General Assembly’s discretion.

Chairman Cagle called upon Mr. Allan Essig, lobbyist for the Georgia Budget and Policy Institute to speak to the bill regarding surpluses.

Senator Rogers moved “Do Pass by Substitute,” and Senator Jones seconded. Motion passed unanimously.

SB 585 (Senator Shafer, 48th) Tax Executions; provide ad valorem property taxes governed by Title 48

Chairman Cagle called upon Senator Shafer to speak to SB 585. Senator Shafer stated that he has a Substitute to SB 585 which has two minor changes, and SB 585 deals with the sale of tax liens, sometimes referred to as a fi-fay.

There has been a recent court decision which puts in question the right of tax commissioners to sell tax liens for taxes which have not yet been paid. This bill was brought as a request of the Fulton County School Board that depends on the revenue from the sale of tax liens to meet their operating expenses. It will allow tax commissioners to sell tax liens, and also puts in place an additional protection for the taxpayer whose tax lien is sold.

Senator Shafer continued his explanation regarding SB 585, and he stated that if a person does not pay the property taxes, then the Commissioner can place a lien on your property. The person can sell the property to pay the lien, or he can sell the lien to a private investor, thereby getting immediate cash for the county. Under this bill he will be required to notify the taxpayer whose lien has been sold, that the lien has in fact been transferred to a third party.

Senator Shafer stated that the bill has two additional protections for the taxpayer. It requires the investor to hold the lien for a certain period of time before it is foreclosed upon. It also requires the third party to annually notify the taxpayer of the increase because of the interest that has accrued on the tax lien and gives that taxpayer an opportunity to redeem it.

Senator Rogers asked how long they will have to hold it, and Senator Shafer stated that the transferee or the person who buys the tax lien shall not be authorized to exercise any right to enforce collection of an execution until 12 months after the date of the transfer or 24 months after the tax gives rise to the execution of the original deed.

Senator Starr moved “Do Pass by Substitute,” and Senator Chance seconded. Motion passed. Senator Jones abstained.

[SB 597](#) (Senator Pearson, 51st) Tax Executions; provide ad valorem property taxes governed by Title 48

Chairman Cagle called upon Senator Pearson to speak to his legislation. Senator Pearson stated that the bill changes one word: the Board of Equalization to the Board of Assessors. It authorizes recovery of litigation costs and attorneys fees incurred by the taxpayer following a successful appeal, where the final valuation is determined to be 80 percent or less (set by the tax assessors) for commercial properties or 85 percent or less for other properties.

Chairman Cagle called upon Clint Mueller of the Association of County Commissioners of Georgia to speak to the legislation. He stated that they are fine with the bill. Chairman Cagle also called upon Gwen Copeland of the Georgia Municipal Association for comments, and they stated that they are fine with the legislation.

Senator Heath asked the Chairman a question regarding line 11 of the bill regarding the county Board of Equalization as to commercial property. He would like to change equalization to tax assessors and he may do that on the floor of the Senate.

Senator Williams arrived at the meeting at 2:30 p.m.

Senator Starr moved “Do Pass,” and Senator Chance seconded. Motion passed unanimously.

[SB 620](#) (Senator Carter, 13th) Motor Vehicle Rental Companies; imposition

Chairman Cagle called upon Senator Carter to speak to the legislation. Senator Carter stated that this is a simple bill regarding the rental car industry. Currently there is a specific statutory permission for rental car companies to charge an additional fee for

licensing and titling with a fee ranging from \$1.00 to \$2.25 per day. There are some companies charging the fee and some do not charge it, which creates an uneven playing field when it comes to the rates being charged.

This bill is a consumer friendly measure in that when consumers request the base rate for a rental car fee, they will know that the base rate does not have embedded in it a fee associated with licensing and titling. Similar measures have been passed in Ohio and Wisconsin, and the language has been approved by the Department of Revenue.

Chairman called upon Chuck Mills from Enterprise Rental Cars. He stated that the bill is trying to bring clarity to this. Many of the charges have been included in the base rate. Senator Heath asked a question regarding the assurance that when a rental car company puts a line item on a bill stating that it is to recover local ad valorem taxes for governments, do the taxes actually get to the right people imposing that tax?

Chairman Cagle stated that it is not a tax but rather it is a fee, although it is implied as a tax, because the taxes were already paid at the time of purchase of the vehicle. Senator Jones stated that he supports the legislation because he has a fleet of rental cars, and this will clarify the issue for the consumer.

Senator Jones moved “Do Pass,” and Senator Starr seconded. Motion passed unanimously.

HB 1014 (Representative Tumlin, 38th) Sales and use tax; government contractor; automatic repeal date; extend

In the absence of Representative Tumlin, Chairman Cagle called upon Senator Wiles, 37th to speak to the legislation. Senator Wiles stated that the legislation repeals previously set sunset dates for sales and use tax exemption for overhead materials purchased by United States government contractors. The new sunset date is January 1, 2009. Senator Wiles stated that the Department of Revenue does not oppose this legislation.

Senator Rogers moved “Do Pass,” and Senator Starr seconded. Motion passed unanimously.

SR 1104 (Senator Harp, 29th) CA: Ad Valorem Tax; bona fide conservation

Chairman Cagle called upon Senator Harp to speak to the legislation. Senator Harp stated that this is a Constitutional Amendment to extend the conservation easement already used by agriculture. It will authorize an exemption from the covenant requirement for bona fide conservation use property as to stream buffers for purposes of current use assessment for ad valorem taxes.

Senator Starr moved “Do Pass,” and Senator Rogers seconded. Motion passed unanimously.

Senator Jones left the meeting at 2:40 p.m.

SR 1085 (Senator Cagle, 49th) CA: Income Taxation; exclusions for taxpayers 62 and 65 yrs/older

Chairman Cagle introduced his legislation and stated that this Constitutional Amendment would affect retirement income excluding \$50,000 for taxpayers 62 or older and a complete income exclusion for taxpayers 65 years of age or older. This would go before the voters and begin on January 1, 2009.

Senator Rogers moved “Do Pass,” and Senator Chance seconded. Motion passed unanimously.

HR 1081 (Representative Smith, 113th) Joint Higher Education Finance and Formula Study Committee; create

Chairman Cagle called upon Representative Smith to speak to his legislation. Representative Smith stated that this legislation will create a joint study commission on higher education which will be dissolved in 2008. It will create a study committee consisting of 3 Senators and 3 House members, 3 members appointed by the Governor, one appointed by the Chancellor of the University System, and one appointed by the Commissioner of the Department of Technical and Adult Education.

Chairman Cagle asked Mr. Tom Daniel of the Chancellor’s Office to make comments. Mr. Daniel stated that it is appropriate for this to be examined by the Governor’s Office, OPB, and the Legislature.

The Committee will conduct a review of the financing of the Board of Regents of the University System of Georgia and the Department of Technical and Adult Education and recommend revisions to the funding formulas used for the Board of Regents and the Department of Technical and Adult Education.

The Committee will also evaluate alternatives for a performance-based funding component for financing the Board of Regents and the Department of Technical and Adult Education. They will also develop a prioritized implementation schedule for any proposed changes in financing.

Chairman Cagle stated that it has been brought to his attention that the Governor needs to appoint the Chairperson and Vice Chairperson as opposed to the Committee on Assignments and Speaker appointing.

After discussion regarding the Chairperson and Vice Chairperson, Representative Smith agreed to amend the method of choosing the Chairperson. The appointed members would choose the chairperson. The committee shall meet at the call of the Chairperson.

Senator Williams moved "Do Pass as amended by Substitute," Senator Rogers seconded. Motion passed unanimously.

There being no further business, Chairman Cagle adjourned the meeting at 3:00 p.m.

Respectfully submitted,

/s/ Senator Ronnie Chance, Secretary

/s/ Mary Whiting, Recording Secretary

Minutes
Senate Finance Committee
March 14, 2006

A meeting of the Senate Finance Committee was held on March 14, 2006 in Room 450 of the Capitol. Members present were Chairman Cagle, 49th, Senator Williams, 19th, Senator Johnson, 1st, Senator Heath, 31st, Senator Chance, 16th, and Senator Rogers, 21st. Chairman Cagle called the meeting to order at 1:30 p.m.

HB 1272 (Representative Graves, 12th) Sales and use tax exemption; nonprofit volunteer health clinics; provide

Chairman Cagle called upon Representative Graves to speak to the legislation. Representative Graves stated that this legislation provides a sales tax exemption for personal property used in conjunction with nonprofit nursing homes, in-patient hospice, nonprofit general or mental hospitals, or not for profit volunteer health clinics. He stated that there are approximately 33 of these health clinics throughout the state. The clinics provide healthcare for those who are uninsured. All of their funds and services are volunteered or donated.

The fiscal note cost to the state is \$3 million. Representative Graves stated that it is not much when compared to what we are providing. These clinics are able to save the state approximately \$200 to \$400 million each year. Chairman called upon the Department of Revenue and the Committee for questions. Senator Johnson asked if these clinics are federally funded. Representative Graves responded that from his understanding these clinics are free community based clinics.

Senator Rogers moved “Do Pass,” and Senator Johnson seconded. Motion passed unanimously.

HB 1018 (Representative Lewis, 15th) Sales and use tax; biomass material; certain exemptions; provide

Chairman Cagle called upon Representative Lewis to speak to HB 1018. He stated that it is a simple bill, but it could have a big impact on the State of Georgia. What the bill does is to remove the sales tax on the use of biomass materials as defined in Paragraph B, Section 1, and the materials are used to generate electricity. The fiscal note shows an impact of between \$4,000 and \$32,000.

Representative Lewis stated that this does have statewide application, although we are building a plant in Clayton County. The plants can be built anywhere. This is a tax

incentive to create an incentive to build here. When the plant is built it will be a 135 megawatts electrical generating plant. It will be about a \$250 million capital investment, and over the 2 year construction period it will employ about 350 workers. After that it will employ about 50 to 70 full time workers.

Chairman Cagle asked the audience and committee if there were questions. Chairman recognized Tom Harrell of Summit Energy to speak to the legislation. Summit Energy is a subsidiary of Yellow Pine Industries. They look at this as an economic opportunity for the state. Summit Energy looked at two sites in Alabama, because Alabama has no sales tax on this type of biomass material purchase, nor does South Carolina which was another site.

Mr. Harrell hopes to get this project into Georgia because 135 megawatts will light up 135,000 homes. He thinks this is good policy, because they would much rather see that the \$20 million in energy costs to buy fuel to be paid to Georgia farmers, timber owners, and peanut and pecan growers, rather than to a coal mine in Kentucky.

Senator Williams asked a question regarding the plant.

Mr. Harrell stated that the plant in question is in Clayton County in the southwest Georgia in the Fort Gaines area. They will use wood waste, peanut, and pecan shells to produce electricity. Otherwise those products will just fill up the landfills as waste.

Senator Rogers moved "Do Pass," and Senator Chance seconded.
Motion passed unanimously.

HB 1293 (Representative Royal, 171st) Conservation use covenant; breach; provide for additional acts

Chairman Cagle called upon Representative Royal to speak to the legislation. He stated that HB 1293 is the conservation use covenant statute. It states that anyone who is 67 years old and has owned property 15 years or has inherited the property may enter for the first time a 10 year covenant and may after 3 years breach out. The only penalty will be the cost for the year of the breach. Chairman Cagle stated that this will help our senior citizens.

Senator Heath moved "Do Pass," and Senator Chance seconded. Motion passed unanimously.

Senator Johnson left the meeting.

HB 1012 (Representative Millar, 79th) General obligation bonds; requirements; provisions

Chairman Cagle called upon Representative Millar to speak to the legislation. Representative Millar stated that there is a substitute on the table. The legislation regards debt issuance reports which is Section 1 of the Substitute, and that is the new part of the bill. It is a pro-consumer bill. Chairman Cagle called upon Clint Mueller of ACCG to speak to the legislation. Mr. Mueller stated that it was a good bill.

Senator Williams moved “Do Pass by Substitute,” and Senator Rogers seconded. Motion passed unanimously.

HB 1310 (Representative O’Neal, 146th) Revenue and taxation; comprehensive revisions of provisions; provide

Chairman Cagle called upon Representative O’Neal to speak to his legislation. Representative O’Neal stated that this legislation is a housekeeping bill and is business friendly. He also stated that he wanted compliance. Chairman Cagle asked Mr. Alan Essig, lobbyist for the Georgia Budget and Policy Institute if he wished to speak to the legislation, and he declined.

After a brief description of the bill, Senator Rogers moved “Do Pass,” and Senator Chance seconded. Motion passed unanimously.

HB 834 (Representative Roberts, 154th) Sales tax exemption; fuel for certain swine raising purposes

Chairman Cagle called upon Representative Roberts to speak to the legislation. Representative Roberts stated that it provides a tax exemption from state sales and use tax for sale or use of liquefied petroleum gas which is used in swine raising. The bill is sunsetted for a 2 year period. The fiscal note is for about \$140,000.

Senator Goggans moved “Do Pass,” and Senator Williams seconded. Motion passed unanimously.

HB 1120 (Representative Scott, 2nd) Dealers’ sales and use tax; estimated liability; change provisions

Chairman Cagle called upon Representative Scott to speak to his legislation. Representative Scott stated that the legislation amends the requirements for dealers by increasing the threshold for estimating tax liability from \$2500 to \$5000. This will be a

tax break for 4,000 small businesses. Chairman Cagle asked Mr. Bobby Lenihan of the Department of Revenue if they had any remarks regarding the bill. Mr. Lenihan stated that it was revenue neutral.

Senator Heath moved “Do Pass,” and Senator Chance seconded. Motion passed unanimous.

HB 1219 (Representative Smith, 70th) Sales and use tax exemption; school supplies; energy efficient products; provide

Chairman Cagle stated that Representative Smith was not able to attend the meeting, so the Chairman spoke to the legislation.

Senator Cagle stated that this is the Georgia state sales tax holiday legislation, and the fiscal note is attached. The tax free items include clothing, school supplies, footwear and equipment with a sales price of \$100 or less. Personal computers are included with a sales price of \$1,500 or less. It also includes energy efficient products with a sales price of \$1500 or less per product.

Senator Cagle stated that this legislation has meant a lot to the retailers throughout Georgia. It also helps our families to purchase their goods tax free. Chairman Cagle asked Mr. Alan Essig, lobbyist for the Georgia Budget and Policy Institute, if he had any comments, and he declined.

Senator Rogers moved “Do Pass,” and Senator Williams seconded. Motion passed unanimously.

There being no further business, Chairman Cagle adjourned the meeting at 2:00 p.m.

Respectfully submitted,

/s/ Senator Ronnie Chance, Secretary

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Finance Committee
March 16, 2006

A meeting of the Senate Finance Committee was held on March 16, 2006 in Room 450 of the Capitol. Chairman Cagle called the meeting to order at 2:30 p.m.

Members present were Chairman Cagle, 49th, Senator Williams, 19th, Senator Heath, 31st, Senator Rogers, 21st, Senator Thompson, 44th, and Senator Goggans, 7th.

HB 1121 (Smith, 131st) Sales and use tax exemption; National Infantry Museum and Heritage Park; provisions

Chairman Cagle called upon Representative Smith to speak to the legislation. Representative Smith stated that the purpose of the legislation is to exempt from sales and use tax the construction materials for the new National Infantry Museum and Heritage Park. He also stated that the fiscal impact is between \$900,000 - \$1.5 million on the state level, and about up to \$1.1 million on the local level.

Chairman Cagle asked Representative Smith if the locals were all satisfied with the cost, and he stated that they had donated up to two acres of land for the new facility.

Senator Heath moved "Do Pass," and Senator Rogers seconded. Motion passed unanimously.

HB 1249 (Reece, 27th) Ad valorem taxation exemption; watercraft in inventory; provide

Chairman Cagle called upon Representative Reece to speak to the legislation. Representative Reece thanked the Chairman for putting his legislation on the agenda for today's meeting. He stated that HB 1249 is a bill that allows for an inventory tax exemption for watercraft held by a dealer for resale at year end. It does not raise the ad valorem tax on any consumer purchases, and those taxes would still be collected by the county government. The fiscal note is an impact of \$2,700 to the State of Georgia and \$226,000 in local property tax revenue.

Representative Reece stated that the reason he brought this legislation is that over the past several years we have seen a decline in boat sales in Georgia; however, our contiguous states have seen an increase in boat sales. One item that those boat dealers have is that they do not pay inventory tax on inventory held at year end. The boat industry in Georgia is a strong participant in the Boat Show which is in early January, and they have to increase boat inventory when most businesses are decreasing inventory at year end.

Senator Thompson asked Representative Reece if this is no different but on a much smaller scale than what the General Assembly did for auto dealers in the last few years. Representative Reece stated that they trying to make our boat industry a little more competitive.

Senator Rogers moved “Do Pass,” and Senator Heath seconded. Motion passed unanimously.

HB 848 (Butler, 18th) Homestead exemption; senior citizens; actual levy amount

Chairman Cagle called upon Representative Butler to speak to the legislation. Representative Butler stated that the legislation calls for a referendum this November, 2006 to ask the voters if they would like to eliminate the state portion of property taxes for seniors age 65 and older. The fiscal note for 2008 is \$6.8 million, for 2009 it is \$7.9 million.

Senator Thompson asked Representative Butler if the average savings that a senior citizen would realize is \$14.37. Representative Butler stated that it is for the average price house, although it would be different for each person. Senator Thompson commended Representative Butler for bringing this legislation. Chairman Cagle called upon Senator Heath for a question. He asked whether the \$14.37 is not the savings, but the cost which would depend on the value of the home.

Representative Butler stated that the Substitute seeks to take different charitable organizations and operate retail sales such as Salvation Army and Good Will in cases where they own the property rather than renting, and they would not pay property taxes.

Chairman Cagle called upon Representative Chuck Martin, 47th to speak to the legislation. He stated that this substitute includes legislation that is in Ways and Means, HB 1388. The fiscal note that goes with it is \$1.2 million of which 99% would be carried by the local government. These properties are already exempt, but with retail sales there is a question whether they are really exempt. He expressed appreciation for Representative Butler including this portion of [HB 1388](#) into his legislation, [HB 848](#).

Chairman called upon Mr. Tom Bauer, lobbyist for Good Will Industries. He thanked the Committee for the legislation and stated that the Committee is doing a fine job.

Senator Thompson moved “Do Pass by Substitute,” and Senator Goggans seconded. Motion passed unanimously.

HB 1361 (Martin, 47th) Redevelopment Powers Law; change certain definitions

Chairman Cagle called upon Representative Martin to speak to the legislation. Representative Martin stated that this is a Committee Substitute from Ways and Means and that the vast majority of the changes in the bill are on the first page where ad valorem property taxes are defined. What he seeks to do on this page is that only 10% of a municipality or county government taxable powers act may be included under the redevelopment powers act.

Chairman Cagle called upon Ms. Gwen Copeland, lobbyist for the Georgia Municipal Association for an opinion on the bill. She stated that they are fine with bill. Chairman called on Mr. Robert Highsmith who stated that he spoke with Mr. Clint Mueller from the Association of County Commissioners of Georgia regarding the bill, and they have no problem with it. Senator Thompson stated that it looks as though there are benefits in the legislation, and Representative Martin stated that there were.

Senator Thompson moved “Do Pass,” and Senator Goggans seconded. Motion passed unanimously.

HB 429 (Smith, 168th) Setoff debt collection; claimant agencies; include public housing authorities

In the absence of Representative Smith, Chairman Cagle called upon Representative Burmeister (119th) to speak to the legislation. She stated that the bill is in regard to the Housing Authorities that we as a General Assembly created throughout the state. After they have tried to collect bad debt from renters, the legislation provides that the Housing Authorities can be added to the list of agencies that can collect the debt through the Department of Revenue through income tax refunds.

Representative Burmeister stated that this legislation passed out of Ways and Means unanimously, then passed out of the House unanimously. Currently on the books there is approximately \$1.4 million owed in bad debt owed to 188 Housing Authorities. There is actually \$9.6 to \$9.7 million owed, because bad debt is written off in 6 months. Some housing authorities will go under this year unless something is done, and they need assistance in collection.

Chairman Cagle called upon Bobby Lenihan of the Department of Revenue to speak to the legislation. Mr. Lenihan stated that it is a great concept, but it is bad public policy. They have indicated their opposition all along in the House. The Department of Revenue has been asked by the Hospital authorities and other state agencies to collect for them as well. The Department would have to withhold income tax refunds, and it would slow down the system. The state would be collecting for outside agencies. Our state needs to

look at having a special agency within the Department of Revenue for collections which could be funded, such as the agency that South Carolina has.

Chairman Cagle stated that because of the opposition, he is going to hold the bill. He asked for Representative Burmeister to work with Mr. Bobby Lenihan to see if they can come to an agreement. He will bring it back up next week. Senator Cagle has an amendment to put on the bill, and he thinks there is common ground, and he hopes everyone will work toward that.

Chairman Cagle adjourned the meeting at 3:20 p.m.

Respectfully submitted,

/s/ Senator Casey Cagle, Chairman

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Finance Committee
March 21, 2006

A meeting of the Senate Finance Committee was held on March 21, 2006 in Room 450 of the Capitol. Chairman Cagle called the meeting to order at 1:30 p.m.

Members present were Chairman Cagle, 49th, Senator Williams, 19th, Senator Johnson, 1st, Senator Heath, 31st, Senator Chance, 16th, and Senator Jones, 10th, and Senator Goggans, 7th.

HB 1403 (Rep. Martin, 47th) Sales and use tax; certifying additional municipalities; change provisions

Chairman Cagle called upon Representative Martin to speak to the bill. Representative Martin stated that this bill comes to Finance from the House Ways and Means Committee. What it seeks to do is a special definition of newly expanded qualified municipalities. That is a municipality that exists within a county where a new qualified municipality exists.

Basically that limits the scope of this bill to Fulton County, because of the City of Sandy Springs which was created by legislative act last year. This bill only affects Fulton County as of today, but of course it will affect other counties in the State of Georgia if more cities are created. What it does is that it amends current law regarding distribution of SPLOST funds to local cities to include in funding formula and inclusion of the new cities created in that county.

Senator Williams moved “Do Pass,” and Senator Goggans seconded. Motion passed unanimously.

HB 1305 (Representative Amerson, 9th) Seed – Capital Fund; investments; provisions

Chairman Cagle called upon Representative Amerson to speak to his bill. Representative Amerson stated that this is a housekeeping bill for our seed capital fund. The bill allows Georgia to be a limited partner in emerging high tech companies based in Georgia. It would allow Georgia to be an accredited investor according to the rules of the Securities and Exchange Commission. There were no questions of the Committee.

Senator Chance moved “Do Pass,” and Senator Goggans seconded. Motion passed unanimously.

HB 1160 (Representative Knight, 126th) Taxable net income; certain companies; provide adjustments

Chairman Cagle called upon Representative Knight to speak to his legislation. Representative Knight stated that this legislation was brought to him by the Georgia Society of C. P. A.'s. What they found in the code was an area of double taxation in regard to the LLC's at the state level. This bill simply seeks to correct language that will do away with that double taxation and put it at the same level as our LLP's. Chairman Cagle called upon Senator Williams for a question. Senator Williams asked if this is a \$25 million loss for the state. Representative Knight stated that it was over the period from 2006 – 2010.

Chairman Cagle called upon Bobby Lenihan from the Department of Revenue to make comments on the bill. Mr. Lenihan stated that he has worked with Representative Knight on the bill, and they have no problem with the bill.

Senator Williams moved “Do Pass,” and Senator Heath seconded. Motion passed unanimously.

HB 1244 (Representative Scott, 2nd) Motor fuel; public mass transit; change certain provisions

Chairman Cagle called upon Representative Scott to speak to the legislation. Representative Scott stated that this is a clean-up measure. This bill exempts transit buses from the motor fuel tax. This bill extends the exemption to include rural county systems and public university transit systems.

Chairman Cagle called upon Senator Heath for a question. Senator Heath stated that on line 15, page 1 it says “49 U.S.C” and asked if that was supposed to be a period after the C. Representative Scott stated that it was supposed to be a period after C and should be corrected in a substitute.

Senator Heath moved “Do Pass by Substitute,” and Senator Williams seconded. Motion passed unanimously.

HB 1502 (Representative Royal, 171st) State revenue commissioner; property appraisal and assessment; provide

Chairman Cagle called upon Representative Royal to speak to the legislation. Representative Royal stated that this legislation was requested by the Department of Revenue and the Georgia Forestry Commission. This will give the Department of

Revenue authority to make rules and regulations regarding conservation use properties. There were no questions among the committee members.

Senator Williams moved “Do Pass,” and Senator Jones seconded. Motion passed unanimously.

HB 1506 (Representative Houston, 170th) Businesses; revocation of certificate of registration; prohibit certain sales

Chairman Cagle called upon Representative Houston to speak to the legislation. Representative Houston stated that she brings HB 1506. The bill changes the penalty for someone who knowingly and willingly tries to defraud the State of Georgia out of sales tax. This was brought to her attention by a constituent who purchased some cigarettes to see what the tax would be. It was rung up as a lottery ticket instead of cigarettes.

Representative Houston has the support of the Convenience Stores Association and other organizations. This is a huge problem in the state. There were no questions of the committee.

Senator Goggans moved “Do Pass,” and Senator Jones seconded. Motion passed unanimously.

HB 429 (Representative Smith, 168th) Setoff debt collection; claimant agencies; include public housing authorities

Chairman Cagle stated that there is a Substitute for HB 429 in the folders of the Committee. This is a bill that the Department of Revenue is opposed to at this point. The bill allows the Housing Authority to petition the Department of Revenue in collecting bad debt. There was discussion at the last meeting, and the Chairman stated that he had instructed Representative Burmeister to talk with the Department of Revenue. There has not been a consensus built around that issue, however the Chairman has agreed to move the bill along.

The Substitute (LC 18 5562S) deals with creating the change. Section 1 was **HB 1144**, and Jill Chambers sponsored bill, which did not make it out of the House. It makes a slight change in the definition of the Housing Authority code. This change will give the Housing Authorities a couple of extra avenues to enter into public private deals to build mixed income housing.

Chairman Cagle stated that this is a positive approach. He knows that there was a lot of activity at East Lake, and this is the right model for the state in trying to allow these mixed deals for individuals that may be in subsidized homes, but still be in contact with those who are paying the full rent price. It gives them a greater incentive to operate

within to be able to get out of a poverty situation and more into a more stable environment. Anytime we can encourage public private partnerships like this, it is good for the state and individuals.

Chairman Cagle called upon Senator Heath for a question. Senator Heath stated that he has concerns about putting the Department of Revenue in a role of collections. He thought that everyone else that does make collections certainly gets rewarded for a doing it, some kind of percentage or fee for doing it. Senator Heath thinks we should look at that issue.

Senator Heath stated that the other thing is that it seems that the monies that we would be collecting for public housing authorities are a very, very small percentage of their total revenue. He thinks that if a person enters into a contract, he should pay it, and we need to enable people to collect that, but he does have concerns about that. He wondered if the Committee should consider a fee structure to use for collecting that.

Chairman Cagle stated that he knew there were concerns about this legislation and the Department of Revenue is concerned about adding this to the mix. There are those that would say that public housing authorities are quasi government entities and should be on the list. We have denied many others that have wanted to be on the list to have access there, and this is somewhat contentious.

Chairman Cagle stated that he has agreed to move the bill along with this other change. Obviously it has to go back to the House, and he hopes that dialog can continue on this.

Chairman Cagle asked the Department of Revenue representatives if they would like to make any comments. Mr. Bobby Lenihan stated that he still thinks it is a bad policy decision for the Department.

Chairman Cagle called upon Senator Williams for a question to the Department of Revenue. He asked if there were any other groups or agencies that they collect for. When they collect money for an agency, does the Department of Revenue charge for it?

Mr. Lenihan stated that they do charge back expenses up to \$50,000, but in this situation, he thinks that there is nothing in the act that would allow them to do that, and that is what they would like to look at. There are other agencies with more debt than the Housing Authorities, and they would like to be able to work out a way and a funding mechanism in Appropriations to be able to do this the right way. Mr. Lenihan stated that they do not oppose the concept, but they think they have tremendous accounts receivable at the state level, and to add another \$1 million obligation and let the Housing Authorities set off is something they should address.

Senator Rogers arrived at the meeting.

Chairman Cagle stated that he has agreed to move the bill along and it still has to go back to the House, therefore he would like a motion.

Senator Heath moved “Do Pass by Substitute,” and Senator Chance seconded. Motion passed. Senator Jones voted “No.”

HB 304 (Representative Burmeister, 119th) Business and occupation tax; certain regulatory fees by local governments

In the absence of Representative Burmeister, Representative Dodson, 75th, spoke to the legislation. He stated that he has a Substitute which is LC 5578 S which is a carryover from last year. The bill has been worked through by everybody and finally agreed on by the Association of County Commissioners of Georgia and the Georgia Municipal Association.

Representative Dodson stated that what the bill does in Section 1 is that it lays out six ways that a permit can be imposed. Section 2 deals with weekends or holidays in that they can do the work and go in within 24 hours to get the permit. The Georgia Municipal Association put in Paragraph 4 of Section 2.

Page 6, Minutes, Finance Committee, March 21, 2006

Chairman Cagle called upon Mr. Bruce Widener, lobbyist for Conditioned Air of Georgia. Mr. Widener answered a question from Senator Johnson.

Chairman Cagle then called on Senator Balfour for a question. Senator Balfour stated that he did not know that there was already a substitute, and he has another substitute which is an amendment to Section 1 of the Committee Substitute. He stated that it would codify that state law would supersede county or city law. The counties and cities could not make something legal that the state has made illegal.

Chairman called upon Gwen Copeland of the Georgia Municipal Association to speak to the Amendment. She stated that they have a little concern regarding what Senator Balfour is proposing.

Chairman Cagle also called upon Mr. Robert Highsmith, lobbyist for Holland and Knight, who also expressed concern over the legislation. Senator Heath asked Mr. Highsmith “what is a vehicle for hire?” Mr. Highsmith stated that it is a taxi.

Chairman Cagle stated that he would take up the Amendments and would begin with Amendment # 1 regarding vehicles for hire.

Senator Johnson “Do Pass,” and Senator Chance seconded. Motion passed. Voting for Amendment #1 were Senators Cagle, Johnson, and Chance. All opposed were Senators Heath and Jones.

Chairman Cagle then took up Senator Balfour’s Amendment # 2. Senator Jones moved “Do Pass,” and Senator Chance seconded. Motion passed unanimously.

Chairman Cagle then took up the bill, Substitute to [HB 304](#), LC 18-5578-S. Senator Jones moved “Do Pass by Substitute” and Senator Chance seconded. The motion passed unanimously.

[HR 773](#) (Jones, 46th) Sales tax for educational purposes; authorization under certain conditions – CA

Chairman Cagle called upon Representative Jones to speak to the legislation. Representative Jones stated that HR 773 calls for a statewide referendum to change the current provisions of SPLOST for education construction, so that an independent city school system could opt out of SPLOST, and the county school systems could continue forward. This would only affect 21 counties. Five school systems in the state cross over into the county line.

Chairman Cagle stated that there is a Substitute, and Representative Jones stated that it removes the opportunity for a negotiated agreement and removes the need for a concurrent referendum. Chairman called upon Senator Williams for a question, and he asked about dividing up the money in a district.

Chairman Cagle called upon the Department of Revenue to comment. Mr. Bobby Lenihan spoke regarding the opt-in and opt-out issue.

Chairman Cagle stated that the Committee will take this issue up at tomorrow’s meeting of the Senate Finance Committee.

There being no further business, the meeting was adjourned at 2:40 p.m.

Respectfully submitted,

/s/ Senator Ronnie Chance, Secretary

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Finance Committee
March 22, 2006

A meeting of the Senate Finance Committee was held on March 16, 2006 in Room 450 of the Capitol. Chairman Cagle called the meeting to order at 2:30 p.m.

Members present were Chairman Cagle, 49th, Senator Williams, 19th, Senator Heath, 31st, Senator Rogers, 21st, Senator Thompson, 44th, Senator Chance, 16th, and Senator Goggans, 7th.

HB 111 (Representative O’Neal, 146th) Income tax, change definitions

Chairman Cagle announced to the Committee that Representative O’Neal was not able to attend the meeting; but that Senator Heath would speak to the legislation and that he has a substitute to the bill.

Senator Heath stated that this comes to us as a result of changing the way that business is conducted in the state. It is lengthy but a very straightforward piece of legislation. It comes with the approval of the Revenue Department. As far as he knows there is no opposition to the legislation.

Chairman Cagle stated that this has been agreed upon by the Senate Economic Development Committee, the Department of Revenue, and the Governor’s Office. Senator Heath stated that it protects the state and the business people in the state.

Senator Thompson moved “Do Pass by Substitute,” and Senator Rogers seconded. Motion passed unanimously.

HR 773 (Representative Jones, 46th) Sales tax for educational purposes; authorization under certain conditions – CA

Chairman Cagle called upon Representative Jones to come forward. Senator Cagle stated that Representative Jones has a constitutional amendment that is dealing with E-SPLOST. In current law there is the ability for local jurisdictions, particularly with independent school systems to negotiate to have a concurring resolution that they have to be granted, and it gives them an ability to negotiate a split or to use FTE count.

Chairman Cagle stated that there have been issues relative to having the call for the concurring resolution as well as utilizing that to grant leverage on getting more money out of a larger school system. What Representative Jones came with is an opt in-opt out approach to things.

The Chair however has a substitute that basically requires it to be levied on FTE count. He stated that we are not going to be granting the ability for systems to hold hostage others. We wanted basically for the funds to follow the students. Having said that, Chairman Cagle stated that Senator Heath also has a substitute which has something a little different, and they have worked on this over the last months.

Chairman Cagle called upon Senator Heath to speak to his substitute. Senator Heath stated that after hearing the discussion he thinks that it is what he set out to do. His Substitute is LC 18 5627S, and he asked for the committee to look at Page 3, line 22. What it says is that if you live in an independent school district and attend a county school district, those dollars would go with the kid to the county school district. Likewise, if you live in a county school system, those dollars would go with the kid to the county school system. If you live in a county school district and attend a city or independent school district, those dollars would follow that kid there. The independent districts portion would be all the kids who live in that district and attend, plus the ones that live outside the district and attend, minus the ones who live in the district and attend outside the district. That is spelled out in the Substitute LC 18 5627S.

Chairman called upon Senator Thompson for a question. Senator Thompson stated that this language can be confusing. Chairman Cagle stated that this is only E-SPLOST dollars that we are talking about. We are doing it based on FTE count, so whatever your full time student equivalent is for the county system, the independent system, and even for another independent system if that is the case, those funds will be allotted equally among that FTE count. That is the way he has it in his substitute. Senator Thompson stated that he understands that, but if we go to FTE count, why would not the numbers just straighten it up?

Senator Heath stated that the issue is whether it is based on where they live or where they attend. His amendment for the bill states that the dollars follow the kid where they attend.

Senator Thompson asked if that would not be the same as the FTE count. Senator Heath stated that from his understanding the FTE count does not follow the children.

Senator Thompson stated that this would be necessary to accomplish what he and the Chairman want to accomplish.

Chairman Cagle stated that hypothetically if a child lives in Hall County and goes to an independent school system (City of Gainesville,) if they are enrolled in that independent school system and the tax is levied within Hall County, then they will get the FTE count for that student, despite where the kid lives. Is that correct? You do not take money from Habersham if that is their residency and bring it down to Hall County, because that is not the way the situation works.

Senator Heath stated that his amendment seeks to address the issue of when you have a school system which is in more than one county and one implements an ESPLOST. If Habersham implements an ESPLOST, and they are collecting it for the people that live in Habersham County, and they have a kid in Habersham County that is going to Gainesville City Schools, those dollars need to come down to Gainesville City Schools for that year.

Chairman Cagle stated that the tax is being levied in one jurisdiction and being sent to a different jurisdiction.

Senator Heath stated that the City of Bremen goes into Carroll County in an industrial area. It raises a tremendous amount of money because it is in an interchange of the interstate. But it is in Carroll County. The City of Bremen provides all of the services, but there are no children that live in the Carroll County portion of Bremen. There are a lot of children in Carroll County who go to Bremen Schools. The taxpayers of Bremen are paying to educate those kids, and those tax dollars from any county that levies the tax needs to stay there to educate those kids.

Senator Thompson stated that he thinks that the FTE Count accomplishes everything that he is trying to do. Senator Heath states that is true, except when it crosses a county line.

Senator Heath moved “Do Pass by Substitute,” (LC 18 5627S)
There was no second.

Senator Thompson then moved “Do Pass by Substitute,” (LC 5636S) Senator Chance seconded. Motion passed. Voting for were Senator Senators Thompson, Chance, and Cagle. Opposed were Senators Rogers and Heath.

[HB 893](#) (Representative Jones, 46th) Sales tax, educational purposes; amend certain provisions

Chairman Cagle called for the enabling legislation to [HB 773](#) which is HB 893 and asked Representative Jones to speak to the companion legislation.

Representative Jones stated that this legislation, [HB 893](#) by Substitute (LC 18 5637S), amends current law to allow the levy of sales tax for a county school district and one or more independent school districts.

Senator Chance moved “Do Pass,” and Senator Rogers seconded. Motion passed. Voting for the legislation were Senators Chance, Rogers, and Thompson. Opposed was Senator Heath.

HB 1301 (Representative Martin, 47th) Sales and use tax exemption; certain food and groceries; food bank; provide

Chairman Cagle called upon Representative Martin to speak to the legislation. Representative Martin stated that this legislation has a fiscal note attached. The bill seeks to exempt non profit food banks from sales tax on eligible food and beverages as defined by federal food stamp act of 1977. This will be in effect from July 1, 2006 to June 30, 2008.

Senator Thompson moved “Do Pass,” and Senator Chance seconded. Motion passed unanimously.

HB 841 (Representative Stephens, 164th) Sales tax exemption; qualified job training organizations

Chairman Cagle called upon Representative Stephens to speak to the legislation. Representative Stephens stated that the legislation authorizes an exemption from sales and use tax for the sale or use of tangible property to a qualified job training program. He stated that this is one of the better bills that the House has passed this year, because it is a win/win situation. An example of this would be for Goodwill Industries. This will help our landfills because Goodwill can retrain people to repair and recycle items and sell them rather than throwing them away.

Senator Heath moved “Do Pass,” and Senator Chance seconded. Motion passed unanimously.

HB 1030 (Representative Smith, 129th) Guardianships and estates; amend certain provisions

In the absence of Representative Smith, Chairman Cagle called upon Mr. Bobby Lenihan of the Department of Revenue to speak to the legislation. He stated that the legislation amends current law regarding hotel/motel tax levied by local governments. It authorizes local governments to levy a 5 percent tax in which a 5000 square foot convention center is located and owned by a development authority and leased to a charitable trust which is run by a nonprofit organization. The legislation specifically assists Callaway Gardens.

Senator Chance moved “Do Pass,” and Senator Rogers seconded. Motion passed unanimously.

HB 1187 (Representative Willard, 49th) Appraisal; county staff; change certain provisions

In the absence of Representative Willard, Chairman Cagle called upon Mr. Bobby Lenihan of the Department of Revenue to speak to the legislation. He stated that the legislation adds another county classification (Class IX) for counties having 275,000 or more parcels of real property. Additional appraisers are authorized counties under class IX.

The chief Appraiser or other appraiser staff of county board of tax assessors under class IX will fall under county civil service system and management of county manager. In the Class IX counties, members of county board of tax assessors will be nominated by the chairperson of the county commission and approved by the commission. Members will serve four year terms under a two-term limit.

Senator Rogers stated that the legislation needs a sunset after a three year period, and it needs to be amended. Chairman Cagle discussed adding a sunset with Attorney Joe Scheuer of Legislative Counsel, and he stated that he could work it into the legislation. Senator Thompson moved "Do Pass as amended," Senator Heath seconded. Motion passed unanimously.

Chairman Cagle then called for a motion on the bill. Senator Chance moved "Do Pass by Substitute," and Senator Heath seconded. Motion passed unanimously.

There being no further business, Chairman Cagle adjourned the meeting at 3:15 p.m.

Respectfully submitted,

/s/ Senator Ronnie Chance, Secretary

/s/ Mary Whiting, Recording Secretary