



The State Senate
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2007 UPCOMING SESSION ISSUES

This document is a report of selected issues that are likely to be addressed during the 2007 Session of the Georgia General Assembly, and is solely intended to provide a general overview. If more information on a particular area of interest is needed, please contact the Senate Research Office.

The following issues are found on the corresponding page numbers:

- **AGRICULTURE AND CONSUMER AFFAIRS** Page 1
- **BANKING AND FINANCIAL INSTITUTIONS** Page 1
- **EDUCATION AND YOUTH AND HIGHER EDUCATION** Page 2
- **FINANCE** Page 2
- **HEALTH AND HUMAN SERVICES** Page 4
- **INSURANCE AND LABOR** Page 5
- **JUDICIARY** Page 6
- **NATURAL RESOURCES AND THE ENVIRONMENT** Page 7
- **PUBLIC SAFETY AND HOMELAND SECURITY** Page 9
- **REGULATED INDUSTRIES AND UTILITIES** Page 10
- **RETIREMENT** Page 11
- **SCIENCE AND TECHNOLOGY** Page 12
- **STATE AND LOCAL GOVERNMENTAL OPERATIONS** Page 12
- **TRANSPORTATION** Page 13
- **VETERANS AND MILITARY AFFAIRS** Page 14

2007 UPCOMING SESSION ISSUES

AGRICULTURE AND CONSUMER AFFAIRS

SEPTAGE DISPOSAL

Septic systems are used to treat and dispose of small volumes of wastewater, usually from homes or businesses that are located relatively close together. Septic systems are also referred to as on-site wastewater treatment systems and private sewage systems. Safe disposal of waste is necessary to protect the health of individuals where public sewerage is not available. Many diseases, such as dysentery and typhoid, are transmitted from one person to another through the fecal contamination of food and water, largely due to the improper disposal of human wastes. Furthermore, chemical pollutants in individual drinking water supplies have been attributed to groundwater pollution caused by improper subsurface disposal of on-site sewage.

Septage removal permits are issued by the Department of Human Resources (DHR) or a County Board of Health. There are three options for septage disposal in Georgia: treatment at a wastewater treatment plant; treatment at a separate handling facility; and land disposal. Disposal treatment at wastewater treatment plants and separate septage handling facilities are regulated through the Department of Natural Resources, Environmental Protection Division (EPD). Requirements for septage disposal by land disposal are as follows: land disposal sites that accept septage from a single pumping and hauling business are regulated through the DHR, and land disposal sites that accept septage from more than one pumping and hauling business are regulated through the EPD.

There are approximately 2 million active septic tank systems in Georgia. Some local governments are unable to receive additional sewage at municipal wastewater treatment facilities because they are already at full capacity and cannot provide a separate handling facility for treatment of sewage. Individuals and companies engaged in the business of pumping out these systems, therefore, argue that they do not have reasonable options for the disposal of septage. Senate Resolution 818, passed during the 2006 Legislative Session, created the Senate Septage Disposal Study Committee to address these issues. Legislation may be introduced in the 2007 Legislative Session based on the Committee's recommendations.

BANKING AND FINANCIAL INSTITUTIONS

IDENTITY THEFT

Identity theft occurs when one person obtains another person's identity to commit fraud or deception for economic gain. A stolen name, social security number, or personal bank or credit card account number is all that the thief needs to steal an identity. The Federal Trade Commission estimates that 10 million Americans have their identities stolen each year. Many states have passed legislation increasing criminal penalties for persons convicted of identity theft. Legislation may be introduced in the 2007 Legislative Session strengthening Georgia's identity theft law.

IDENTITY THEFT PASSPORT

Many states have passed legislation that allows victims of identity theft to apply for an identity theft passport through law enforcement agencies and the Attorney General's Office. The identity theft passport is a card that identifies the person as a victim of identity theft, thus providing victims of identity theft with a method of demonstrating to law enforcement and creditors that their identity has been stolen. The victim can present this document to a law enforcement officer to help prevent his or her arrest for an offense committed by someone else or to a creditor to aid in the creditor's investigation of fraudulent charges. The General Assembly may consider legislation in the upcoming session to provide similar protection to victims of identity theft in Georgia.

EDUCATION

INCREASED GRADUATION RATES AND DROPOUT PREVENTION

The Georgia General Assembly continues to answer the call for more programs and funds aimed at dropout prevention in Georgia schools. The legislature appropriated \$15 million for dropout prevention to the Department of Education (DOE) last year. Those funds are being used by DOE to: create a Graduation Specialist position in DOE, hire graduation coaches in high schools throughout the state, develop a Graduation/Dropout Prevention Toolkit for school personnel, and provide leadership and school improvement personnel in "Needs Improvement" schools, focused on dropout prevention and increasing graduation rates. The DOE also developed the Peach State Pathway document to guide educational and career planning for students in grades 6 through 12.

During the last Legislative Session, legislators drafted regulations concerning mandatory attendance and student withdrawals from school. This year, the discussion will possibly focus on legislative initiatives that change the compulsory school attendance age for students; provide graduation coaches for students in middle grades; and, offer students career coaches beginning in elementary school through high school and into college. It is also possible that legislation will be drafted to further develop regulations that make parents partners with the schools in the educational decisions of their student(s).

HIGHER EDUCATION

FINANCING HIGHER EDUCATION

The House Higher Education Finance and Formula Study Committee was created during the 2006 Legislative Session with the purpose of comprehensively reviewing the University System of Georgia's (USG) funding formula adopted in 1982. As a result of fluctuations in the economy and funding constraints within the state budget, modifying and possibly developing performance-based components within the formula may be possibilities for the future funding of higher education. The House Committee's recommendations are due by the convening of the 2008 Legislative Session.

Postsecondary institutions increase tuition rates in order to fund their programs. This has become a heavier and heavier burden for student families in recent years. Colleges and universities typically state two reasons for such tuition increases: to maintain the ability to compete for faculty members and students, and to offset reductions in state support.

In response to this issue, the Board of Regents approved the Guaranteed Tuition Plan in April. The Plan became effective during the 2006 fall semester at postsecondary institutions in Georgia. The new tuition policy provides a guaranteed tuition rate for four years for undergraduate students entering public four-year institutions and for three years for public two-year undergraduate college entrants. Each year the tuition rate will be revised and approved by the Board of Regents for the next incoming freshman class. The revised tuition rate will then be guaranteed for the corresponding freshman class for the next three or four years.

The newly administered Guaranteed Tuition Plan will remove the guesswork associated with college tuition for families and students. Tuition rates will become more reliable and less volatile from year to year. In addition, the Plan will encourage students to graduate within a specific amount of time, so as not to incur a tuition rate increase each additional year of enrollment at the institution.

FINANCE

TAX REFORM

The Senate created the Limited Taxation Study Committee and the Senate Comprehensive Tax Reform Study Committee during the 2006 Legislative Session to examine various aspects of tax reform at the state level.

The Senate Limited Taxation Study Committee

This Committee was organized to consider whether a tax expenditure limitation (TEL) would benefit the taxpayers of Georgia. A TEL is budget mechanism intended to restrain the growth of state budgets whether the concern is based on too much revenue, excess spending, or both. A TEL may be statutory or constitutional. The Limited Taxation Study Committee has considered information from various interest groups, policy groups, and has examined an historical analysis of the state budget. Currently, over 75 percent of the state's annual budget is appropriated to education, healthcare, and criminal justice. These areas are growing faster in actual cost and population served than overall inflation and population growth. Since 1990, the state's Medicaid population has grown 126 percent while the state's prison population has grown 153 percent; this is significant considering the state's overall population growth was only 39 percent.

The Georgia Budget and Policy Institute argues that Georgia does not have a problem with spending despite the fact its budget has grown at a faster rate than population. Although tax burdens remain historically low, programs such as teacher salary increases, tougher crime penalties, and property tax relief have propelled the growth of Georgia's budget. The Georgia Public Policy Foundation asserts that the Georgia General Assembly must adhere to some basic economics in order to uphold the principles of minimizing the tax burden on taxpayers by limiting exemptions to ensure a broad-based tax, lower rates, and to avoid picking winners and losers under Georgia tax's policy.

The Senate Comprehensive Tax Reform Study Committee

This Committee is meeting in conjunction with its House counterpart to receive a wide array of testimony regarding the state's current tax policies. The committees have heard testimony from a host of state agencies, departments, and legislative policy groups. Among the issues discussed during the Committee hearings were concerns relating to sales in Georgia's border counties, casual sales of automobiles, tax on business inventory and intermediate business transactions, ad valorem taxation of property, and the increasing amount of tax exemptions offered to various interest groups. Some of these exemptions apply to sales tax on food consumed at home, government sales, repair services, and raw materials used in manufacturing. Georgia offers a vast array of state tax exemptions; in Fiscal Year 2004, they equaled \$9.8 billion. During the last two Legislative Sessions, Georgia has added 14 new state exemptions. Had there been no existing exemptions, over this same period of time, Georgia would have taken in nearly \$15 billion at the 4 percent state sales tax rate. According to the Andrew Young School of Policy Studies, elimination of all exemptions would entirely eliminate income tax with billions to spare.

Another area of concern heard by the Committee relates to the state hotel/motel tax. The Georgia General Assembly enacted the tax in the mid 1970's, and it now is levied in over 200 taxing districts applying 23 different local versions. The tax is levied to self-promote tourism, but it is regarded as complicated and confusing, and is in need of simplification.

SALES TAX HOLIDAY

The General Assembly is expected to enact the annual sales tax holiday for school supplies and energy efficient home appliances during the 2007 Legislative Session. This year, Georgia taxpayers saved an estimated combined total of \$11.25 million. The 2005 estimated savings for Georgia consumers was \$10.38 million.

The increase is due to growth in per capita income and population (Georgia is growing at about 140,000 persons annually) and the inclusion of the Energy Star energy efficient appliance and good sales tax exemption. The Energy Star exemption is estimated to have saved consumers approximately \$600,000 during the sales tax holiday.

HEALTH AND HUMAN SERVICES

UNINSURED GEORGIANS

Approximately 1.7 million Georgians are currently without adequate health insurance. Nearly 20 percent of residents under the age of 65 are uninsured, many of whom are employed and earning more than \$54,000 a year. The most significant factor contributing to the increasing number of uninsured Georgians is the mounting cost of health care coverage. As insurance premiums continue to skyrocket, employers are shifting more costs to employees. Companies are being forced to cut back on insurance coverage for their workers; some have even dropped health benefits altogether.

According to the Department of Community Health, lack of health insurance has significant effects on a person's physical and emotional health. People without insurance tend to delay seeking medical care until they are extremely ill, which often requires more costly treatment—treatment that likely exceeds their ability to pay. Ultimately, failing to receive adequate and timely medical care causes the overall well-being of the community to decline. On average, the uninsured miss twice the number of days of work than do persons with health insurance. Sick children who do not obtain treatment miss more school, which also causes parents and guardians to miss work in order to care for them. Furthermore, certain manageable conditions, such as diabetes, eventually develop into serious, acute diseases if a person does not receive timely, consistent care.

The Healthcare Transformation Senate Study Committee was created pursuant to Senate Resolution 5 in order to address the overall healthcare system in Georgia. The Committee is considering ways to transform the current system and ultimately lower insurance costs, improve and promote overall well-being, and reduce the dramatic number of uninsured citizens. Former U.S. House Speaker and founder of the Center for Healthcare Transformation, Newt Gingrich, recently spoke to the Committee and suggested strengthening healthcare in Georgia through increased personal responsibility and a modernized system. Legislation calling for promotion of Health Savings Accounts, electronic prescribing, and increased incentives for consumers who purchase health insurance will likely be introduced during the 2007 session.

TRAUMA CARE

Trauma constitutes the leading cause of death for individuals ages one to 44. It is the 5th leading cause of death for all age groups, and injuries from trauma are the leading cause of disabilities. Georgia's trauma death rate is 20 percent above the national average, and if Georgia reached the national average, 600 lives would be saved each year.

Trauma centers are different from general hospital emergency departments because they provide on a 24-hour, seven-days a week basis, teams of surgeons and other specialists capable of handling the most severe injuries within the "golden hour." The golden hour is the first hour after the trauma occurs as it relates to when skilled intervention begins. It is the difference between life and death, or life-long disability.

Only 15 of the 152 licensed acute care hospitals in Georgia are designated as trauma centers. Of these, only four have a Level I trauma care designation. Unfortunately, the costs associated with running a Level I trauma care center are significant, and funding is a major obstacle. Among the growing pressures our trauma care centers face, the most significant are: funding; rising health care costs; increases in the number of underinsured and the uninsured; and, physicians' growing unwillingness to provide on-call trauma care.

During the 2006 Legislative Session, Senate Resolution 785 passed, creating the Joint Comprehensive State Trauma Services Study Committee to study the needs of the state's trauma care system, and based on its findings, make recommendations to the legislature as to how to develop and fund a statewide trauma network.

INSURANCE AND LABOR

THE INSURANCE PREMIUM TAX

Traditionally, insurance companies are taxed on the premiums they write. Georgia's insurance premium tax rate is currently one of the highest in the nation and over twice the national average. The revenue from the premium tax has proven to be a great windfall for the state and local governments in Georgia. In 2004 alone, the premium tax generated over \$300 million for the state and over \$335 million for local governments. All state revenue collected from the premium tax is deposited in the state's general fund.

Tax Rate and Structure

The structure of the insurance premium tax in Georgia is quite simple, and since 1955, there has been no change in the premium tax rate or in the tax base. The tax base is the gross direct premiums received on policies issued in Georgia. Georgia's tax rate is 2.25 percent. The state also collects an additional tax on premiums and disburses it to local governments. These local taxes are an additional 1.0 percent of the life, accident and sickness, and HMO premiums, and 2.5 percent of property and casualty premiums. Therefore, the true tax rate on property and casualty premiums is 4.75 percent while life, accident and sickness, and HMO premiums are taxed at 3.25 percent.

Retaliatory Tax

Authorized under O.C.G.A. §33-3-26, the retaliatory tax essentially penalizes a company domiciled in a state with a premium tax rate that is higher than that of Georgia. Likewise, a Georgia company writing in a state with a premium tax rate lower than Georgia's will have to pay the computed difference to that particular state. For example, if a Tennessee property and casualty company writes a policy in Georgia, it pays Georgia's 4.75 percent tax. If a Georgia company sells a policy in Tennessee, which has 2.50 percent rate, Tennessee collects its 2.50 percent plus the 2.25 percent difference from the Georgia-based company. In the simplest of terms, a Georgia-based insurer writing policies in any state with a lower insurance premium tax than Georgia's will always have to pay Georgia's 4.75 percent rate.

Possible Action

The reduction or eventual elimination of the state's portion of the premium tax would significantly reduce a Georgia-based insurer's burden of paying the retaliatory tax when writing in other states. A reduced tax would also encourage new insurers to move to Georgia while preventing Georgia-domiciled companies from re-locating to other states. Finally, a reduced tax would benefit the consumer by lowering insurance premiums.

HEALTH INSURANCE RISK POOLS

Over the past two years, the legislature has attempted to establish a health insurance risk pool. The pool is intended to provide health insurance coverage to medically uninsurable Georgians who are without group coverage through an employer, earn too much money to qualify for public benefits, and suffer from chronic or terminal conditions for which the individual market refuses to provide coverage. Unlike employer-sponsored group plans, insurers are not required to accept all applicants in the individual market. The legislation attempts to provide comprehensive coverage for those individuals who have been locked out of the individual market.

Cost To Purchase a Policy Through a High-Risk Pool

Risk pool premiums are always more expensive than coverage sold by private insurers because states set premiums at some multiple of average private plan premiums. In most state pools, premiums are 1.5 to 2 times higher than those charged by private insurance companies.

Financing High Risk Pools

Generally, establishing a solid financing mechanism is the greatest obstacle to maintaining a risk pool. Of the possible funding mechanisms proposed, either (1) an assessment on all health insurance carriers and self-insureds in the state, based on the number of people each carrier or self-insured covers, or (2) utilizing the state portion of the insurance premium tax, are the most likely options for funding a risk pool in Georgia.

Both options have their critics; an assessment would unfairly penalize employers who provide health care benefits for their employees by levying a virtual tax on each policy while tapping into the state premium tax would cost the state over \$300 million in revenue.

UNEMPLOYMENT INSURANCE PROGRAM

Unemployment insurance (UI) pays temporary cash benefits to workers who have lost jobs through no fault of their own. The UI system is administered as a federal-state partnership. To finance the program, the State levies and collects payroll taxes from employers. The State undertakes most UI administrative activities related to both paying benefits and collecting from employers the payroll taxes that support the program. The funds collected are managed in a trust fund administered by the federal government.

For 2007, a majority of Georgia's 200,000 employers will see their unemployment insurance taxes slashed by a combined \$100 million. Georgia now has the second most solvent unemployment insurance trust fund and the lowest unemployment insurance tax rates in the Southeast. However, history has shown that the trust fund's solvency is fleeting and can become very unstable during periods of high unemployment. Some of the specific issues the legislature may address in 2007 concerning the unemployment insurance program include the following:

- The UI system operates counter-cyclically, paying out benefits during recessionary times and collecting revenue during recovery times. Is there a better alternative to this pattern which would provide for a more stable trust fund balance in times of recession and recovery periods?
- How many months' worth of benefit payments should Georgia's UI trust fund maintain to provide an adequate reserve of money available to be paid as benefits?
- What is the ratio of Georgia's UI trust fund balance to Georgia's annual total wages in covered employment that would fund an adequate reserve?
- Is Georgia's UI experience rating system and benefit financing model sound and sustainable? Should the system and the model be amended or revamped?

JUDICIARY

CIVIL COMMITMENT FOR SEXUAL PREDATORS

Several states have established a new procedure to keep extremely dangerous sexual offenders, classified as sexually violent predators, away from the public in the most permanent manner that is constitutionally feasible. Civil commitment is based on the reality that sexually violent predators generally have personality features that render them highly likely to engage in sexual violence unless prevented from doing so. Existing involuntary commitment procedures in Georgia for the mentally ill are insufficient to address the risks posed by sexually violent predators, but some form of alternate confinement is necessary to ensure that these offenders are not set free once their prison terms are complete.

For example, the state of Washington requires that every sex offender be evaluated prior to release from prison. If the offender is determined to be a sexually violent predator, the highest risk category, he or she is recommended for commitment. Prior to civil commitment, sexual offenders are entitled to several layers of due process protection: a probable cause hearing before a judge, frequent mental health evaluations, a civil commitment trial where a prosecutor must prove beyond a reasonable doubt that the offender is a sexually violent predator, and annual reviews once civil commitment has been imposed.

Last year, Senate Bill 521 was introduced in an effort to create a civil commitment process in Georgia; the bill did not pass, and may be re-introduced during the upcoming

Legislative Session. SB 521 would have created a new code section to allow for civil commitment in certain aggravated sexual offense cases. The bill also ensured that frequent mental health evaluations were closely linked with the new sentencing procedures, so that only those sexual offenders most likely to re-offend would be subject to civil commitment.

COURT FINES AND SECURITY

In 2006, Senate Resolution 1027 created the Senate Study Committee on Court Surcharges and Additional Fines in order to remedy the disjointed system of surcharges currently in place. There are more than 20 fees that can be charged to a litigant, depending upon whether the case involves a traffic violation, a civil complaint, or one of hundreds of crimes. Several judges testified before the Committee that the system needs repair; for instance, in a simple charge of a speeding violation, the surcharges often cost more than the fine itself. These charges are prohibitive to pro se defendants and low income people, thus creating a barrier to justice. During the 2007 session, legislation may be introduced to improve the system by one of several methods: allowing judges to have discretion when applying the surcharges; funding some state programs through the state budget rather than charging litigants; establishing required training for judges on how to apply the surcharges; or unifying the surcharges by charging a flat fee to every case rather than basing the surcharges on the type of case.

A related issue stems from the March 2005 court shooting in Fulton County by a criminal defendant who allegedly overpowered several guards, stole a firearm, and used it to fatally shoot a deputy, a court reporter, and a judge. Contrary to the central purpose of the Study Committee, which is to lessen the hardship of multiple fees on the court system, Senate Bill 494 posed a possible solution during the 2006 session, which was to create a new technology and security fee for every civil court case. The collected funds would have been used solely to utilize new technology and to meet increased security needs for judges and court personnel. This bill did not pass last year, but increased court security will likely be addressed during the 2007 legislative session with the additional consideration of limiting new surcharges on litigants.

NATURAL RESOURCES AND THE ENVIRONMENT

STREAM BUFFERS

Chapter 391-3-16 of the Georgia Environmental Protection Division's (EPD) rules for Environmental Planning Criteria establishes, pursuant to the Official Code of Georgia Annotated (O.C.G.A.) § 12-2-8, a basis for local governments to use in the development of a water supply watershed so as to ensure that drinking water standards are met. Such criteria accomplish this by establishing buffer zones around streams and by specifying allowable impervious surface densities within the watershed. The EPD has proposed a rule change to Chapter 391-3-16 that allows a local government to grant a variance for stream buffer requirements in certain situations if the local government has an approved Stormwater Management Plan that includes a water quality monitoring program.

Senate Bill 510, which stalled in the House during the 2006 Legislative Session, contained a provision requiring the EPD to establish a variance procedure from minimum standards which impose a stream buffer wider than the statutory buffers of 50 feet for buffers adjacent to trout streams and 25 feet for all other waters. This legislation included an exemption for single-family homes and allowed local governments to adopt a stormwater ordinance in lieu of complying with the minimum standards.

The purpose of a stream buffer is to protect water quality, clean stormwater runoff by filtering out pollutants, shade waterways to keep temperatures cool, and protect essential wildlife habitat. However, many argue that imposing a large buffer results in a regulatory "taking." Government agencies are authorized under Georgia law to exercise the power of eminent domain to condemn or "take" private property for public use. However, a government agency may also over-regulate a piece of property to the point that it has no practical use, essentially condemning the entire property. This is referred to as "inverse condemnation" or a "regulatory taking," and is defined as the inadvertent

physical taking of an individual's real property by a government agency. Arguments which propose that stream buffer set-back requirements result in a regulatory "taking" relate to the 100 foot set-back stream buffer requirements imposed in water supply watersheds.

The Senate Inverse Condemnation Study Committee, created pursuant to Senate Resolution 457 during the 2005 Legislative Session, issued a final report recommending that the General Assembly recognize the impact of stream buffer set-back requirements on a property owner's use of his or her land and provide alternatives that allow for the protection of water quality. Public comment on the EPD's proposed rule change reflected local government concerns relating to the administrative costs, time, and skills associated with implementing a variance procedure, stormwater plan, and water quality monitoring program. If not resolved during the rule-making process, legislation may be introduced to address these issues.

ALTERNATIVE FUEL INFRASTRUCTURE

According to the American Automobile Association's Fuel Gauge Report on July 20, 2006, gasoline prices in Georgia reached an average high in Atlanta of \$2.990 and an average low of \$2.850 in Augusta. This represents an average increase of 16.1 cents from June 20, 2006. At one point in July, crude oil prices reached \$78.40 per barrel. Current world oil demand is estimated at 86 million barrels a day and by 2035, world oil demand is estimated to be 140 million barrels a day. Development and production of alternative fuels, such as ethanol, are considered viable options to reduce the nation's dependence on foreign oil.

Ethanol, also known as ethyl alcohol or grain alcohol, can be used as an alternative fuel or as an octane-boosting, pollution-reducing additive to gasoline (E85 is representative of 85 percent ethanol and 15 percent gasoline). The majority of ethanol is produced from corn, but it can also be produced from many other crops including wheat, barley, milo/sorghum, and sweet potatoes. New technology will allow ethanol to be made from "cellulosic" feedstocks, including corn stalks, grain straw, paper pulp, municipal solid waste, switchgrass, and other sources.

By Executive Order, Governor Perdue has charged the Georgia Environmental Facilities Authority (GEFA) with the responsibility of assembling stakeholders to develop a long-term, comprehensive statewide energy strategy and with developing an implementation strategy that ensures that Georgia fully leverages federal renewable energy incentives. The final State Energy Plan is expected to be completed by December 2006.

The Georgia Department of Natural Resources, Environmental Protection Division was charged with streamlining the permitting and regulatory processes to ensure all proposed renewable energy facilities receive a 90-day permit review. The Executive Order also requires all state-owned fueling facilities to maximize the purchase of gasoline blended with ethanol and diesel fuel blended with biodiesel for use in state vehicles, when available and economically practicable. A separate Executive Order creates a State Facilities Energy Council responsible for recommending energy policies, purchasing strategies, and optimizing strategies for state facilities which will reduce the state's energy consumption.

Several ethanol plants are either in production or in development in Georgia. However, while the new ethanol industry is growing, other issues must be resolved before its potential in Georgia can be fully realized. These issues relate to the transportation of ethanol, the quality of the ethanol fuel, and the lack of infrastructure in the State. Section 1342 of the Federal Energy Policy Act of 2005 addresses infrastructure concerns by providing a tax credit equal to 30 percent of the cost for alternative refueling property, up to \$30,000 for business property. This tax credit is scheduled to expire on December 31, 2009. Other states, such as Illinois, Iowa, Ohio, and Tennessee, have created infrastructure grant programs. Legislation may be introduced in the 2007 Legislative Session to create such a program in Georgia so as to ensure that an FFV can be driven and fueled at E85 stations throughout the state.

PUBLIC SAFETY AND HOMELAND SECURITY

NONPARTISAN ELECTIONS – COUNTY SHERIFFS

Many Sheriffs in Georgia are supporting legislation that will allow them to run as non-partisan candidates. During the past two Legislative Sessions, the General Assembly introduced but failed to pass Senate Bill 80 and House Bill 241, which authorized counties to allow for the nonpartisan election of sheriffs.

ILLEGAL IMMIGRATION

By the 2006 Legislative Session, statewide concerns over the presence of 300,000 to 800,000 illegal immigrants in Georgia and their impact on the state's health care, educational, labor, business, and criminal justice systems spurred the passage of Senate Bill 529 – The Georgia Security and Immigration Compliance Act. Significant provisions of the legislation include the following:

- Requires all public employers to register and participate in the Federal Work Authorization Program by July 1, 2007 in order to verify information on all new employees.¹ In addition, all public employers, government contractors, and government subcontractors are required to register and participate in the program in order to verify information on all new employees prior to entering into any contract in connection with the physical performance services within this state. This provision is phased in as follows:
 - July 1, 2007 for all public employers, government contractors, and government subcontractors with 500 or more employees;
 - July 1, 2008 for such entities with 100 or more employees; and
 - July 1, 2009 for all such entities;
- Requires verification of eligibility for adult applicants for public benefits;
- Establishes penalties for human trafficking;
- Authorizes the enforcement of federal immigration and custom laws by Georgia state patrol officers and for such officers to receive training in the enforcement of such laws;
- Requires all Georgia employers to verify the legal status of any employees hired on or after January 1, 2008 in order to claim a state income tax deduction on such employees' salaries;
- Requires employers to withhold a 6 percent tax from contract workers who are unable to provide a valid taxpayer identification number or Social Security number;
- Requires county, municipal, and regional jails to determine the legal status of prisoners charged with a felony or DUI; and
- Establishes and enforces standards of ethics for individuals who provide immigration assistance, also known as "Notorios," and for those who are not licensed attorneys.

Although Georgia was the first state to pass comprehensive legislation cracking down on the illegal immigration problem, it is not the only state to address the issue. Several states have opted to take a more piecemeal approach to dealing with the problem. Some legislation that other states have passed which contain provisions not found in SB 529 include the following:

Employment

Colorado's HB 1001 requires contractors to verify the work status of their employees before applying for economic development incentive awards. Contractors receiving awards and later found to employ unauthorized workers must repay the award and will be ineligible for another award for five years.

Louisiana's SB 753 allows contracting state agencies to investigate a contractor's hiring policies to discover if any unauthorized immigrants have been employed. The district attorney can issue an order to fire undocumented workers, and, if the contractor does not comply within ten days of receiving notice, the contractor is subject to penalties of up to \$10,000.

¹The Federal Work Authorization Program is a national program for the electronic verification of work authorization operated by the U.S. Department of Homeland Security which enables employers to verify the employment eligibility of all job applicants. The program was established under the Illegal Immigration Reform and Immigrant Responsibility Act of 1996.

Pennsylvania's HB 2319, known as the Prohibition of Illegal Alien Labor on Assisted Project Act, prohibits the use of labor by illegal immigrants on projects financed by grants or loans from the state government.

Identification/Drivers' License

Colorado's SB 110 provides funding for a full-time investigator in the attorney general's office assigned to investigate the counterfeiting of identification documents.

Law Enforcement

Colorado's HB 1014 instructs the state attorney general to pursue reimbursement from the federal government for all costs associated with illegal immigration, including incarceration, education, and health care.

Ohio's SB 9 requires a list of all unauthorized immigrants currently serving prison terms to be compiled and given to the U.S. Immigration and Customs Enforcement Agency (ICE) to determine if ICE wishes to gain custody of any undocumented prisoner. Aliens currently serving prison terms will be released to the custody of ICE upon completion of their prison term.

Trafficking

Colorado's SB 225 creates a division in the Colorado State Patrol Department of Public Safety to address human smuggling and human trafficking on state highways.

REAL ID

On May 11, 2005, Congress passed the Real ID Act creating national standards for the issuance of state driver's licenses and identification cards. The Act establishes certain standards, procedures, and requirements that must be met by May 11, 2008 if state-issued licenses and IDs are to be accepted as valid identification by the federal government. Real IDs must include, at a minimum: name, birth date, sex, ID number, a digital photograph, address, and a "common machine-readable technology" that will be selected by the Department of Homeland Security. The card must also contain "physical security features designed to prevent tampering, counterfeiting, or duplication of the document for fraudulent purposes." The Department of Homeland Security is permitted to add additional requirements, such as a fingerprint or a retinal scan.

These standards are likely to alter long-standing state laws, regulations and practices governing the qualifications for and the production and issuance of such IDs in every state. They also will require substantial investments by states and the federal government to meet the objectives of the Act. Aside from the unrealistic and quickly approaching deadline of May 2008, the Georgia Department of Drivers' Services estimates that the cost to implement the REAL ID program in Georgia will range from \$10-\$20 million. However, no money has been appropriated by Congress. Even with full funding and an aggressive state implementation plan, however, the difficulties of complying with unpublished regulations by the statutory deadline of May 2008 are insurmountable.

REGULATED INDUSTRIES AND UTILITIES

STATEWIDE VIDEO FRANCHISING

Consumer Choice for Television Act

Legislation may be introduced in the 2007 Legislative Session relating to video franchise reform, which is designed to speed cable TV competition and boost broadband deployment by eliminating the need for new entrants to negotiate separate, individual agreements with every locality where they wish to offer service. The U.S. Government Accountability Office found that rates in markets with two or more cable providers averaged 15 percent less than in markets where there was just one provider. The following states have passed similar legislation authorizing competition for video services: Texas, Indiana, North Carolina, South Carolina, Kansas, Virginia, California and New Jersey.² Generally, the varying bills authorize companies to obtain state-

² Louisiana Governor Kathleen Blanco vetoed the measure which passed the Louisiana Senate 27-10 and the House by 73-26.

authorized certificates allowing statewide franchising instead of being required to apply through the local governing authorities to obtain franchising rights.

Most statewide franchise measures require franchisees to pay the towns in which they provide service the same percentage of video revenues as is paid by the incumbent cable providers, usually up to 5 percent. Most statewide franchise measures, however, do not include build-out requirements, although franchisees are not permitted to discriminate against areas based on measures of income. Proponents of franchise reform contend that new entrants will use lower-priced services to target consumers currently priced out of cable. Companies hoping to invest billions of dollars in new broadband fiber optic networks have been trying for several years to win local franchises the conventional way. However, there are tens of thousands of local franchising jurisdictions across the nation and there are 600 in Georgia alone.

Interested parties, such as the Association County Commissioners of Georgia, Georgia Municipal Association, Cable Television Association of Georgia, and BellSouth have been conducting meetings to discuss the emerging issue. Senator David Shafer held a hearing before the Senate Regulated Industries Committee on this issue.

LOCAL GOVERNMENT PROCUREMENT

Prior to 2000, there was no comprehensive state law governing government expenditures for major projects, including school construction; moreover, municipal corporations were governed only by their local ordinances. The construction industry seeks to revisit the law so that general and utility contractors may derive an "appropriate amount of information to make intelligent bids," according to the Georgia Branch of Associated General Contractors. Additionally, the contracting industry seeks to find means to prevent bonding capacity from being tied up by delays or smaller projects. True competitive bidding generally keeps the winning bid low; however, liability for cost overruns falls onto the contractors or the local taxpayers.

According to the Association County Commissioners of Georgia and the Georgia Municipal Association, "Georgia counties and cities believe the current procurement law works fine. However, we stand willing to discuss ideas to maintain a positive relationship with contractors, better protect the public coffers from waste, and assure taxpayers receive quality work and goods for the lowest possible price. A secondary objective is to avoid any statutory modifications that expose local governments to liability in the bidding process."

RETIREMENT

ACTUARIAL STUDIES

Retirement legislation is unique to the General Assembly because the Retirement Committee hears legislation during the first session of the biennium and then forwards recommended legislation to the office of the State Auditor to oversee an actuarial study of the legislation. The actuarial study determines the fiscal impact of legislation on the state budget.

In 2005, the Committee was assigned 38 bills, and 21 were signed into law. One major focus of the Committee in the upcoming Session will be to become more efficient with the taxpayer dollars spent on actuarial studies because such studies have a starting price of \$5,000 taxpayer dollars each. The Committee will, henceforth, factor in recent legislative history in terms of forwarding legislation for actuarial study. If the actuarial study determines that legislation is not sustainable by the budget, the Committee will reserve the right to table such legislation prior to appropriating an additional \$5,000 of taxpayer money.

PEACE OFFICERS' ANNUITY AND BENEFIT FUND

House Bill 101, passed during the 2006 Legislative Session, authorizes the Board of Trustees of the Peace Officers' Annuity and Benefit Fund to grant credible service toward retirement to active members for service as a peace officer prior to January 1,

1976. During the 2007 Legislative Session, the General Assembly may appropriate funds sufficient to cover one-half the amount determined by the actuary of the Fund as necessary to grant the creditable service.

STATE PENSION PLANS

With mounting pressure on state pension plans, due to the aging population, the Committee will work to provide opportunities for Georgia's retirees to diversify their pension dollars. Georgia's retirees deserve a choice of alternative retirement opportunities in the safest manner while maximizing the ability to increase individual retirement accounts. The Committee will continue to perfect the Public Retirement Systems Investment Authority Law which allows state employee retirement systems (excluding the Teachers Retirement System) to invest assets in certain types of alternative investments with appropriate safe guards to protect privacy rights which exclude direct investments and investing more than 1 percent of the pension assets in pension assets.

MILITARY CREDIT

The Committee will work with Georgia's veterans to ensure that military credit is managed in such a manner that it reflects the deep appreciation all Georgians have for our troops and veterans while maintaining a respect for the reality of the state budget.

SCIENCE AND TECHNOLOGY

CYBER STALKING

During the 2006 Session, the Senate passed legislation which prohibiting a person from initiating, conspiring, or assisting in transmitting a commercial electronic message from a computer in Georgia, or to an e-mail address the sender knows is held by a Georgia resident, if the message contains advertising material for persons over 18 years of age unless the subject line begins with "ADV:ADLT." This legislation is expected to be debated again in conjunction with discussion of protecting minors from cyber stalkers by regulating social networking websites such as Myspace.com.

PHISHING

"Phishing" is the act of sending an [e-mail](#) to a user falsely claiming to be an established legitimate [enterprise](#) in an attempt to scam the user into surrendering private information that will be used for identity theft. The e-mail directs the user to visit a [Web site](#) where he or she is asked to update personal information, such as passwords and credit card, social [security](#), and bank account numbers, that the legitimate organization already possesses. The Web site, however, is fake and set up only to steal the user's information. Legislation passed the Senate but not the House in the 2006 Legislative Session prohibiting this type of practice. This legislation may be re-visited again in the upcoming Legislative Session to ensure Georgia citizens are protected from this type of identity theft.

STATE AND LOCAL GOVERNMENTAL OPERATIONS

VOTER VERIFIABLE PAPER TRAILS

During the 2006 Legislative Session, Senate Bill 500 instructed the Secretary of State to implement a pilot program for the use of direct recording electronic voting equipment equipped with a permanent paper record of votes cast in the November 2006 general election and any run-off. This pilot program was selected for one precinct each in Bibb, Camden, and Cobb Counties. By all reports, the test was successful in all three precincts. The elector was able to view a permanent paper record of his or her vote and was provided with the opportunity to make changes before casting his or her ballot. Additionally, a survey was conducted by the University of Georgia of voters' response to the test.

Public hearings will be conducted and a report will be provided to the Legislature. It is expected that the Committee will hold a hearing on the report and possibly consider legislation implementing a voter verifiable paper trail.

MUNICIPALIZATION

Over the last two years, the Legislature has provided many county residents the opportunity to vote on incorporation. These votes resulted in the formation of the cities of Sandy Springs, Johns Creek, and Milton in Fulton County. In 2007, the residents of the proposed cities of South Fulton and Chattahoochee Hills Country will have the opportunity to vote. Voters in new cities have the ability to elect a city council and establish local ordinances and regulations.

During the 2006 Legislative Session, legislation passed the Committee to allow voter approval for the incorporation of the City of Dunwoody in DeKalb County. However, the General Assembly determined that impact studies and statistics were needed, and created the DeKalb County Government Study Committee to examine issues related to DeKalb County. Legislation might be introduced to allow voter approval for incorporation of the City of Dunwoody and other possible cities during the 2007 Legislation Session.

MILTON COUNTY

The General Assembly may consider legislation recreating Milton County in the northern section of Fulton County. Milton County ceased to exist in 1932 after merging with Fulton County. If Milton County is formed, it would be required to develop its own commission, county services, and a new school district. However, the Georgia State Constitution only allows 159 counties. The General Assembly could either: adopt a constitutional amendment increasing the number of counties allowed in Georgia or, merge two other counties to maintain 159 counties total.

CITY-COUNTY CONSOLIDATION

Under this concept, a city and county government merge into one jurisdiction to offer consolidated government services. Currently, Georgia has five government consolidations: Athens-Clarke (1991), Augusta-Richmond (1995), Columbus-Muscogee (1971), Cusseta-Chattahoochee (2003), and Georgetown-Quitman (2006). Recently, the Macon City Council has discussed the unification of Macon and Bibb County governments and has asked the Middle Regional Development Center draw new district lines for voting. The General Assembly may consider legislation providing for such consolidations.

VOTER ID

The General Assembly passed Voter ID Bills in both 2005 and 2006. With the recent court challenges to this law, a constitutional amendment to require a photo ID is anticipated.

TRANSPORTATION

TRAFFIC CONGESTION

The most significant factor cited by businesses and families as a disincentive to relocate to Georgia is traffic congestion. The Committee will work with both the Department of Transportation and the Atlanta Regional Commission to guarantee that this issue is considered in the process of determining the priority level of transportation projects in Georgia.

In an effort to boost tourism traffic in some of Georgia's scenic, less traveled areas while, simultaneously, helping to reduce congestion on the I-75/I-85 connector, the Committee will work to establish a series of Alternative Tourist Routes divided in balanced geographic areas across the State.

AIR TRANSPORTATION

The new fifth runway at Hartsfield-Jackson International Airport took 20 years from proposal to final construction to complete. Most experts agree that Georgia and Atlanta must address the future of air transportation in this region of the state. A number of other states in the South are currently planning airports to compete with Hartsfield-Jackson Airport over the next twenty years. Legislation may be considered in the upcoming Session to ensure the State establishes plans to accommodate future air travel needs for business, tourism, and cargo.

SHIPPING TRADE

International shipping trade is a growing economic market. As other East Coast states look to expand their ports, Georgia must be prepared to explore all options. The Committee will study new transportation projects that are occurring in several foreign nations. These studies will help the General Assembly determine the most efficient and expeditious means of transporting agricultural products to ports.

GRAFFITI

The recent outbreak of graffiti on state-owned road signs, within a few miles of the State Capitol on the I-75/85 Connector, is of great concern for transportation budgeting, economic development and tourism, as well as public safety. The Committee will work with the Department of Transportation to see that this issue is addressed in a proper and timely manner.

FUNDING

One major reason a city or state loses potential business relocation is concern about traffic congestion impeding the ability of the business to carry out its functions. Working families also consider traffic congestion and longer commutes in deciding where to live and raise their families. The Committee will work with the Department of Transportation, the Atlanta Regional Commission, and Georgians for Better Transportation to guarantee that a fair balance is in place in the process to assign priority status to transportation projects in an effort to take these concerns into consideration.

VETERANS AND MILITARY AFFAIRS

GEORGIA HERO SCHOLARSHIP

In 2005, the General Assembly passed the Georgia Helping Educate Reservists and their Offspring Scholarship (HERO) grant. To be eligible for a Georgia HERO Scholarship, an individual must meet one of the following criteria:

1. Be a Georgia resident who is an active member of the Georgia National Guard or U.S. Military Reserves who was deployed outside the United States for active duty service on or after May 3, 2005 to a location designated as a combat zone and served in such combat zone for 181 consecutive days; or
2. Be a daughter or son whose parent is a Georgia resident who was a member of the Georgia National Guard or U.S. Military Reserves who was deployed outside of the United States for active duty service on or after May 3, 2005 to a location designated as a combat zone and served in such combat zone for at least 181 days, or was killed, totally disabled or was evacuated from such combat zone due to severe injuries during any period of time on active service.

The legislature may revise this statute to include former members of the Georgia National Guard and Reserves who have been honorably discharged and who served in a combat zone for at least 180 consecutive days. As the law now reads, as soon as a qualifying service member has been honorably discharged, that member ceases to be qualified for the HERO grant.