

GEORGIA BRANCH, AGC 2010 LEGISLATIVE SESSION REPORT – WEEK 3

by Mark S. Woodall; Georgia Branch, AGC's Governmental Affairs Director
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Earlier today, Georgia Branch, AGC's Young Leadership Program hosted a legislative luncheon and tour of Georgia's State Capitol. Nearly 40 attendees heard from our newly appointed Secretary of State Brian Kemp during the luncheon held atop the Sloppy Floyd Building. The group then walked across the street to visit the Capitol for a tour and the opportunity to participate in the legislative process.

Below are summaries of several key topics and/or current legislative proposals Georgia Branch, AGC is engaged in during these early weeks of the 2010 session.

AGC Advocates for Additional Infrastructure Investment in our State Budget as way to help Jump Start

Georgia's Economy: Georgia Branch, AGC is following AGC of America's lead in advocating for additional infrastructure investment in our state budget as a way to help jump start Georgia's ailing economy. However, Georgia has limitations on the amount of debt we can carry annually from General Obligation Bond Debt Service. Georgia has a 10% constitutional limit on General Obligation Bond Debt Service and is currently one of only 7-states enjoying an AAA bonding rating. This AAA rating allows us to enjoy a competitive advantage over other states because of our lower finance rates. As Georgia's state revenue pie continues to shrink in this down economy we must find creative ways to fund our infrastructure needs without jeopardizing our AAA bonding rating.

AGC of America has developed a comprehensive recovery plan for the industry, titled *Build Now for the Future: A Blueprint for Economic Change*. While the nation continues to suffer through a recession, the construction industry is experiencing depression-like conditions. According to virtually every economic measure, construction businesses and their employees have been disproportionately affected by the economic downturn. In Georgia our construction unemployment numbers register as some of the highest in the country. AGC of America's recovery plan outlines a series of commonsense incentives, tax credits and policy changes designed to stimulate new private- and public-sector demand for construction.

Listed below are links to reports that make the case for additional infrastructure as a way to help jump start our economy.

- Georgia statewide economic report: <http://www.agc.org/galleries/econ/GAstim.pdf>
- AGC of America's Blueprint for Economic Recovery: <http://blueprint.agc.org/>

HB 1023 & HB 1024 (Jobs, Opportunity and Business Success Act of 2010) by Rep. Tom Graves (R-Ranger)

Representative Tom Graves (R-Ranger) announced that Georgia is open for business with the introduction of the Jobs, Opportunity, and Business Success Act of 2010 (JOBS Act of 2010). This legislation tracks many of the recommendations found in AGC of America's *Build Now for the Future: A Blueprint for Economic Change* which is designed to stimulate the state's economy by providing tax credits, cuts and incentives to create, expand and attract new businesses in Georgia.

Graves' JOBS Act of 2010 contains eight initiatives designed to spur job creation in Georgia and recognize the private sector, not government, as the driving economic force to recovery. The act is comprised of two pieces of legislation, House Bill 1023 and House Bill 1024.

House Bill 1023 contains:

- **Creation of the Year for Georgia Entrepreneurs:** Allowing Georgians the opportunity to start a new business with no state fees could remove the only hurdle many entrepreneurs need to begin.

- **Angel Investor Tax Credit:** An income tax credit of up to 50% of an investment made in small or start up Georgia businesses with 20 or fewer employees. The income tax credits would be available after 2 years of investment. The total *Angel Investor* tax credit pool would be limited to \$10 Million per year (adjusted for inflation).
- **Quarterly Credit Towards Unemployment Insurance Tax:** For each eligible employee hired who is receiving State Unemployment benefits, a company will receive a quarterly credit towards their unemployment tax.
- **\$2,400 Tax Credit for the Hiring of the Most Difficult to Employ:** Any Georgia company which hires a person who is difficult to employ and is currently receiving unemployment benefits and has been unemployed for at least four weeks, shall receive a tax credit of \$2,400 after 24 months of consecutive employment.
- **Elimination of the Net Worth Tax:** The net worth or intangible tax is a holdover from a 1930's law that taxes wealth accumulation. The Tax Foundation advocates the elimination of this tax as we are only 1 of a handful of states that still retain it.
- **A Triggered 50 Percent Reduction of the Capital Gains Tax for all Georgia Taxpayers:** Georgia currently has the 15th highest Capital Gains tax in the country and the second highest in the Southeast, with two of our neighboring states at zero percent.

House Bill 1024 contains:

- **Gradual Phase out of the Sales Tax Deposit on Small Businesses:** Phases out an outdated tax deposit that is required for Georgia Businesses. Once implemented, this will return nearly \$200 million of working capital to Georgia's small business that is held on deposit with the state.

SB 306 (Hands Free/Blue Tooth Driving) by Senator Bill Heath (R- Bremen)

In the first legislative action of the session, the Senate voted unanimously to clarify the law regarding the use of hands-free communications devices while driving. SB 306 by Senator Bill Heath (R-Bremen) would allow drivers to use Bluetooth-type devices while talking on their cell phones. The legislation now goes to the House for its consideration. Other measures have been introduced in the House and Senate that would outlaw texting or cell phone usage while driving without a hands free device.

Water

The House and Senate Natural Resources & Environment Committees met this week to receive updates on tri-state water issues. The committees were addressed by DNR Commissioner Chris Clark, Governor Perdue's Executive Counsel Nels Peterson, and Water Contingency Task Force Co-Chairmen John Brock and Tim Lowe. The Task Force was appointed by Governor Perdue and charged with developing water solutions in the event the City of Atlanta is permanently denied the use of water from Lake Lanier. Legislators were informed they would soon receive final recommendations of the Task Force and discuss possible legislative solutions to address the problem.

SB 311 (Water Savings and Conservation Act of 2010) by Senator David Shafer (R- Duluth)

This bill requires the Environmental Protection Division of the Georgia Department of Natural Resources to inspect water infrastructure throughout the state and inform local governments of needed repairs. The local government can then either submit a plan to address the problems or allow another local government to do so in exchange for the water recovered from the repaired piping.

Transportation

The House and Senate Legislative leadership and the Business Community are again pushing for regional funding options for our statewide transportation needs. As legislators await Governor Perdue's transportation legislation, the Department of Transportation voted to change accounting procedures - a decision the Governor, Speaker

Ralston and other legislative leaders strongly oppose. Georgia Branch, AGC remains hopeful transportation funding legislation will pass this year, but once again, we are off to a poor start.

SB 339 (GUCA Utility License) by Senator Mitch Seabaugh (R-Sharpsburg)

Georgia Branch, AGC is working with Georgia Utility Contractors Association (GUCA) and Senator Mitch Seabaugh on legislation clarifying licensed Utility Contractors can bid for and perform Utility Contracting work. Evidently there are a number of local jurisdictions that are requiring a general contractor license to bid for and perform work on utility systems.

SB 184 (Lien Law) by Senator Dan Weber (R-Dunwoody)

Georgia Branch, AGC was very involved in the Senate Lien Law Study Committee and the development and ultimate passage of SB 374 during the 2008 session. The law went into effect on March 31, 2009, and we believe it benefits all impacted parties. Certain changes made to the lien law did not extend to the public and private payment bond sections of Georgia's code. SB 184 was introduced in 2009 and was developed to help reconcile time frames and notice requirements in our Lien Law with our private and public payment bond sections of the code.

The bill's sponsor, Senator Weber has raised concerns with current language in the Lien Law regarding the Affidavit of Non-Payment provisions. At a luncheon last week, Senator Weber expressed his interest in eliminating the Notice of Non-Payment requirements from the law. At the request of AGC and others, Senator Weber indicated that he would not use SB 184 as a vehicle to accomplish this change, but would instead introduce a stand-alone bill. This new direction will likely cause some division within the industry. Georgia Branch, AGC has not yet seen the proposed language, but has committed to participate in the deliberations on this topic and will provide more information to our membership as it becomes available.

HB 926 (Banking Requirements) by Rep. Mills (R-Gainesville)

The House overwhelmingly passed House Bill 926 which will allow state-chartered banks to more easily renew loans or lines of credit to customers in good standing. The measure passed 165-1. Current law prevents state-chartered banks from renewing or restructuring loans or credit for any customer if the action would cause the bank to exceed its legal lending limit. The legal lending limit is the maximum amount a bank can lend to a single borrower whether it is a single person or a business. This bill gives more flexibility to state-chartered banks whose legal lending limit has been lowered because of declining capital on their balance sheet.

Georgia Branch, AGC's positions on legislative proposals is developed under the direction of our Chapter's Legislative Committee and Board of Directors. If you have questions about a topic in this report or want to call attention to an issue not in this report, please email Mark S. Woodall, Director, Governmental Affairs at woodall@agcga.org.