



Metro Atlanta Chamber of Commerce 2006 Legislative Wrap-up

The 2006 Georgia General Assembly Session ended near Midnight on Thursday, March 30th. The Metro Atlanta Chamber of Commerce had an active agenda, and successfully executed that agenda during the session. Perhaps the most important work accomplished this session was stopping or amending legislation that could be harmful directly to businesses or the general business climate in the region. Below is a comprehensive final summary of legislation supported, opposed or monitored during the session.

For complete session reports on these and additional issues, please visit our newsletter archives at [2006 President's Newsletter Archives](#)

Budget Provides Key Funding for Rapid Rail, Water District and Facilities Fund

1. Rapid Rail Funded Again by Assembly

For over five years, the Metro Atlanta Chamber has been engaged with the Southeastern Economic Alliance, a consortium of chambers in the Southeast that is working together to bring modern, intercity rail to the region. United States Senator Johnny Isakson is a strong supporter and has obtained \$2,750,000 in federal high-priority projects to plan the corridor between Charlotte and Atlanta.

The General Assembly agreed to fund a small (\$75,000) but important line item for freight and passenger rail planning along the Interstate 85 Corridor. These funds would continue to allow the Georgia Department of Transportation to draw down on the federal funding in order to continue planning work to modernize operations in the rapidly growing corridor in conjunction with the South Carolina, North Carolina and U.S. Departments of Transportation.

The Metro Atlanta Chamber actively supported this funding and worked very hard to keep the money in the budget while it was in conference committee.

2. Biotech Facilities Fund Receives Funding Boost in 2007

State funding in the amount of \$2 million was already in place for the biotech facilities fund. These funds provide loans to build specialized facilities for biotech companies just getting their start. This year the facilities fund, based on the Governor's recommended budget, received a \$5,000,000—or 250 percent—increase in funding in the FY 2007 Budget (HB 1027).

The Metro Atlanta Chamber has identified the biotech industry as a high-growth industry which will create quality jobs for the region. Last year, Georgia moved up from 11th to 8th in the ranking for the number of biotech facilities in each state and the Metro Atlanta Chamber continues to work to attract companies in this industry.



3. Water Planning District Continues to Receive State Support

In 2001, the Metro Atlanta Chamber was instrumental in establishing the Metropolitan North Georgia Water Planning District to better manage water quality and water quantity in the Metro area. The Metro Atlanta Chamber continues to support the district through lobbying efforts.

The FY 2007 Budget once again includes funds in the amount of \$250,000 for the Water District. The continued funding support demonstrates the state's support of the Water District's work.

Alternative Investment Legislation Runs Out of Time

SB 427, sponsored by Senator Judson Hill, would have allowed state retirement funds to invest in private equities to support venture capital projects. Forty-three other states allow this type of diversified investment. Under the language of the legislation, alternative investments would have been made in private pools and with issuers that have at least \$100 million in assets, including committed capital, at the time the investment is initially made or committed to be made.

This Senate bill sailed through with relatively few legislators opposing it until it reached the final step in the legislative process—the House Floor. On the House floor, the bill was debated and legislators expressed political concerns and confusion about the bill. In the vote on its passage, the bill failed. The House voted to reconsider the vote, but in the end, SB 427 was tabled on the 39th legislative day. Despite a furious lobbying effort by the Metro Atlanta Chamber, the Georgia Chamber of Commerce, the Regional Business Coalition and others, the bill was not brought off the table for consideration during the hectic 40th legislative day and expired.

The Metro Atlanta Chamber obviously supports this initiative and will actively work for final passage and enactment in the 2007 Session. Pension fund investment in private equity will boost our state's economic development efforts, especially in the high-tech and bio-science sectors of our economy. It will also generate higher investment returns and diversify the state's portfolio.

Telework Tax Credit Passes Assembly

The Telework Tax Credit will provide companies a tax credit of up to \$1200 for equipment purchased per employee who participates in an approved telework plan. There is also a \$20,000 tax credit available for costs associated with creating and monitoring the company's telework plan. The tax credit will begin in 2008, and will also be available in 2009. Companies who wish to take advantage of the program in 2008 must register between October 1, 2007 and November 30, 2007.

The Metro Atlanta Chamber supported the passage of this legislation. This tax credit should be an incentive for companies to promote telework. Certainly telework has the potential of reducing traffic in the metro Atlanta area, and with fewer cars on the road, there should be improved air quality in the metro area.



Eminent Domain Reform Enacted

Last year, the U.S. Supreme Court, in *Kelo v. City of New London, Connecticut*, affirmed the constitutionality of eminent domain takings, with just compensation, for economic development as a “public purpose” under the takings clause of the Fifth Amendment. Since then, many states, including Georgia, have moved to enact legislation to prohibit the type of property transfer at issue in *Kelo*.

Georgia’s response to the decision, HB 1313, reached well beyond the scope of the *Kelo* decision, and involves significant changes to existing law regarding the condemnation of property by governmental entities. The bill will substantially restrict the exercise of eminent domain for redevelopment purposes. After a conference committee agreed on compromises to the House and Senate versions, HB 1313 passed on the 40th legislative day.

Mandatory Commuter Rail Referendum Bill Halted

Although HB 1033 never made it out of the House Transportation Committee before crossover day, the bill’s supporters sought to add the language to another bill, SB 150 (the Peachtree Streetcar bill) while it was in the House Transportation Committee and on the House floor. This proposed commuter rail referendum amendment sought to mandate a special referendum in every jurisdiction before funding could be committed to any commuter rail project. This requirement certainly would have a drastic and detrimental impact on the Lovejoy and Athens commuter rail initiatives.

The Metro Atlanta Chamber actively opposed the bill and the amendment attempts, and both times the amendment was withdrawn by its lead proponent, Rep. Steve Davis of McDonough.

Business Incentives Study Committee Passes

HR 1128, sponsored by Ways and Means Chairman Larry O’Neal, created the House Business Incentive Study Committee.

The resolution recognizes that state and local governments receive revenues which are generated from taxes on businesses; and that the granting of various economic incentives has greatly encouraged the location or relocation of business facilities in other states. The resolution also acknowledges that a careful study of these incentives should be undertaken. The committee, made up of five House members, must make a report of its findings and recommendations with suggestions for proposed legislation, if any, on or before December 1, 2006.

The Metro Atlanta Chamber supported this resolution and will work to inform the study committee through examples of successes and setbacks, attributed to economic development incentives, or lack thereof, in attracting high-growth industries and quality jobs to the region.

Retrofit Plumbing Bill Stopped

Legislation that would require metro Atlanta residents and employers to retrofit their toilets, faucets and showerheads or face having their water cut off was not passed out of the Senate Rules Committee and, therefore, did not pass this year.



SB 575, sponsored by Columbus Senator Seth Harp, would have applied only to accounts in metro Atlanta and would have mandated a retrofit of pre-1993 plumbing fixtures such as toilets, showerheads, etc. (since 1993, the only toilets and other fixtures allowed to be sold were low flow). Beginning with the oldest accounts, each water utility would have required 10% of their customers to replace their fixtures or have their water service terminated. The process would have been repeated for the next nine years until all the non-compliant fixtures were replaced.

The Metro Atlanta Chamber opposed SB 575 and actively worked to stop this legislation. The bill was contrary to the Metropolitan North Georgia Water Planning District's adopted conservation plans, put an unfair burden on local governments and rate payers and was legally unworkable.

Inverse Condemnation Measure Fails to Pass

SR 1040, sponsored by Senator Chip Pearson, proposed a state-wide referendum for voter approval of an amendment to the state constitution dealing with the issue of "inverse condemnation." SR 1040 passed the Senate Judiciary Committee, but technically expired in the Senate Rules Committee.

Today, inverse condemnation is an action whereby a property owner seeks compensation for government actions that amount to a "taking" of the owner's property without just compensation. The legislation would have authorized the General Assembly to greatly expand the basis for legal claims by property owners against local governments for inverse condemnation. The implementation of zoning, land use regulations, quality of life ordinances and environmental regulations would have been the likely target of this bill.

The Metro Atlanta Chamber opposed this legislation and actively worked to ensure it was not acted upon by the full Senate. The Metro Atlanta Chamber believes that this legislation undercuts home rule and threatens private property rights, as property owners have a reasonable expectation that local governments will enforce community ordinances that protect their property values.

Biomedical Bill Successfully Amended, But Runs Out of Time

As introduced, SB 596 encouraged the pursuit of research on stem cells from umbilical cord blood, amniotic fluid, and placental tissue, by creating a new "umbilical cord blood bank." The Metro Atlanta Chamber fully supported this section of the original bill.

In another section, however, SB 596 imposed criminal penalties for some aspects of stem cell research, including up to 10 years in prison and up to \$100,000 in fines. The legislation included language that punished a proposed method of producing stem cells, known as "therapeutic cloning."

In partnership with the biomedical community, the Metro Atlanta Chamber opposed this section, and advocated for it to be dropped from the legislation given the devastating effect that an ill-defined bill could have on the Metro Atlanta Chamber's efforts to attract biotechnology innovation and investment to Georgia.



The Metro Atlanta Chamber fully supported SB 596 in its amended form, but worked diligently to prevent problematic amendments as it moved through the legislative process. SB 596 passed the full Senate and House as amended, and was sent to a conference committee to work out disagreements about the House amendments. The conference committee successfully worked out their differences and produced a conference committee report. The Senate, however, failed to take up the conference committee report before concluding the 40th legislative day and the measure was thus not adopted.

Property Tax Cap Amendment Bottled Up in House

After passing the House Ways and Means Committee, HR 162 failed to pass the House Rules Committee, and was not considered by the full House this year.

HR 162 would have authorized a state referendum asking voters if they would like to cap property assessment increases of real property at 3% per year or the consumer price index, whichever is lower.

The Metro Atlanta Chamber opposed HR 162. This legislation would be a radical shift in the way ad valorem taxes are assessed and would apply to every county, city and school district in the state. Property tax caps would create severe funding constraints for fast-growing school systems, particularly in the metro Atlanta area. Our system of taxation would also no longer be based upon fair market value. Over time, the property tax burden would be shifted to property recently acquired at which time the tax assessment would be readjusted.

Education Initiatives Amended and Passed; Education Funding Prioritized

1. Budget: 4 Percent Pay Raise for Teachers; Funds for Graduation Counselors

The FY 2007 budget included a 4 percent, across-the-board pay raise for teachers (\$217 million), and was a central part of Governor Perdue's education package.

The budget also included \$16.8 million to fund a High School Completion Counselor in every high school.

2. 65 Percent Classroom Spending Rule Enacted

SB 390, "the 65% solution," received approval from the General Assembly, which will require 65 percent of state, federal and local funds to be spent "in the classroom." The bill now awaits the Governor's signature.

As the bill traveled through the Legislature, the Metro Atlanta Chamber shared concerns with the Governor and members of the House and Senate Education Committees. In the final passage of the bill, several amendments were added to address some of the problems the Metro Atlanta Chamber identified in the bill. The amendments included in the bill's final version include: 1) a hardship waiver (which will allow a system that fails to meet the 65% requirement a waiver when the system cannot meet the mandate due to an unexpected event or situation); 2) a change in the definition of "direct classroom expenditure" to replace "athletics" with "physical education" (prior to this amendment, high school athletic functions would have been included in the 65% classroom spending



mandate; the change to “physical education” clarifies that athletics are NOT considered in the mandate); and 3) a change in the definition of “total operating expenditures” to exclude from the definition any mandate by law or State Department of Education Board rule passed on or after January 1, 2006, to add specific non-classroom staff positions (this amendment applies to the High School Completion Counselors that were funded this year for every high school in the state). The schools affected by the legislation will have three years to meet the requirements.

3. Truth in Classroom Size Bill Passed by Assembly

HB 1358, the Governor’s “Truth in Class Size” legislation which requires reductions in class sizes in kindergarten through eighth-grade, passed the General Assembly and awaits the Governor’s signature. The Assembly approved \$163 million for class size reductions in the 2007 budget.

The bill limits class sizes in core courses, such as math, science, social studies and arts, from kindergarten through middle school. First through third-grade classes in those subjects would be limited to 21 students. Students in classes from fourth to eighth-grade would be restricted to 28 students. Kindergarten classrooms would be capped at 18 students or 21 if the teacher has a full-time aide.

The Metro Atlanta Chamber generally supports education initiatives where success can be measured. This bill has the potential for fostering a better classroom environment for student learning and achievement, especially in the lower grades. The Chamber will be monitoring the progress of academic improvements as a result of reduced class sizes.

Risk Insurance Pool Bill Amended to Remove Burden on Business

HB 1359 would have provided a health insurance plan for high-risk, uninsured individuals. The bill’s original funding mechanism created an assessment on private insurance companies and self-insured corporations of up to \$2 per policy, per month to fund the high-risk pool.

The Metro Atlanta Chamber opposed HB 1359 because the funding mechanism placed a burden on businesses which is unbalanced, and unduly punishes large employers that provide comprehensive health care benefits to employees.

The bill was amended in the Senate Insurance and Labor Committee to remove this controversial funding mechanism. HB 1359, however, was never acted upon by the Senate Rules Committee, and expired at the end of the session