



Metro Atlanta Chamber of Commerce 2005 Wrap-up

Metro Atlanta Chamber Priority Legislation

The legislature concluded its 2005 session on Thursday, Mar 31. The Metro Atlanta Chamber had many successes in this year's session.

Transportation Funding Formula Now Changed

The number one item on the legislative agenda for the Metro Atlanta Chamber of Commerce was revamping the funding formula the Georgia Department of Transportation uses to allocate funds around the state.

Senate Bill 4, by Senator Mitch Seabaugh (R – Sharpsburg) originally added interstates to the list of funds exempted from the balancing formula. Legislators from rural areas questioned the fairness of this proposal. A compromise, proposed by Rep. Tom Graves (R – Fairmount), removes all exemptions and guarantees that each congressional district will get an equal portion of 80 percent of the DOT's total project budget while allowing the remaining 20 percent to be spent on most needed projects anywhere in the state.

The 80/20 split will give each district approximately \$816 million in transportation funds over the next five years. Under the old congressional balancing scenario, the metro Atlanta region would have received almost \$400 million less in road funding over the next five years. The 80/20 with no exemptions will allow the region to keep that funding.

The substitute version of SB 4 passed the state House of Representatives, 141-12. The House agreed to the Senate version Thursday afternoon, March 31st. SB 4 now awaits the Governor's signature.

Headquarters Tax Credit on Hold for 2005

One of the goals of the Metro Atlanta Chamber of Commerce is attracting and retaining quality jobs. The economic development department of the Metro Atlanta Chamber of Commerce aggressively pursues headquarters facilities to relocate in Georgia. Competition is fierce and incentives are increasingly necessary to win these companies.

During the 2005 session, the Metro Atlanta Chamber of Commerce worked with the chair of the Ways and Means Income Tax Subcommittee, Rep. Jeff Lewis (R – Cartersville), to introduce HB 468. HB 468 modifies the headquarters tax credit to provide a better incentive for headquarters companies relocating to Georgia. Bills that impact revenue must have a fiscal note of the expected impact. HB 468 was introduced past the cutoff for fiscal notes for this year but there is momentum to move forward with this legislation in 2006.

The Metropolitan North Georgia Water Planning District Receives Funding

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

In the FY 2006 budget, funds in the amount of \$250,000 have been included for the District and is now headed to the Governor's desk for his signature. These funds demonstrate the State's support of the District's work.

Several pieces of legislation that would have been problematic for the District were introduced but did not move. HB 53 and HB 55 both create restrictions on the District's ability to use interbasin transfers. HB 510 would have given residents an "opt out" of a municipal sewer system for a septic tank. Legislation of this type appears to be on hold while the Georgia Environmental Protection Division works on the statewide water plan, due out in 2007.

High Speed Rail Corridor Study Receives Funding

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 high speed rail to the region. Sen. Johnny Isakson has been a strong supporter and has obtained an earmark for \$750,000 to study the corridor between Charlotte and Atlanta. Funds in the amount of \$203,500 to match Georgia's portion of the match have been added to the FY 2006 budget, which now awaits the Governor's signature.

Biotech Facilities Fund Included In Supplemental Budget

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

Funds, in the amount of \$2 million in the FY 2005 supplemental budget, are in place for the biotech facilities fund. These funds provide loans to build specialized facilities for biotech companies just getting their start. The supplemental budget has passed both the House and Senate and awaits the Governor's signature.

Other Issues

Education

All three of the Governor's education bills have passed and await his signature.

Flexibility

The final bill, SB 35, addresses flexibility issues and passed in the final days of the session. It includes postponing class size reduction requirements for two years and allowing expenditures to be used system-wide rather than having to be spent where they are earned for one more year. It also seeks to address drop-out rates by requiring minors under the age of 18 to have a high school diploma, GED or evidence that the minor is pursuing either. SB 35 also provides

charter schools a blanket exemption from all state and local laws that govern public education and modifies the funding formulas for charter schools.

Master Teacher Program

SB 34 establishes a "master teacher" program so that teachers with at least three years of experience may apply for master teacher status and become an academic coach. The master teacher receives extra pay. It also creates an incentive to National Board certified teachers to teach in schools that are designated as "high priority." The bill now awaits the Governor's signature.

Virtual High School

SB 33 creates a "virtual high school" online. Students that want advanced classes that may not be offered in their school or students that need extra help are candidates for the classes.

Economic Development

Single-factor Tax Structure

HB 191 changes the formula used to assess corporate income tax for multi-state corporations in Georgia which will now be calculated on corporate sales alone. This measure will shift more of the tax burden to out-of-state companies that have a large amount of sales in Georgia, but little investment by way of jobs or facilities. Georgia will be the first state in the Southeast to implement this single factor formula which is estimated to save Georgia corporations close to \$1 billion annually. HB 191 also eliminates a loophole on royalty taxes to make up for the revenue the state would lose as a result of the tax break. The Governor signed HB 191 on April 6th.

Tort Reform

SB 3, which made sweeping changes in tort reform, was signed into law on February 16th and became effective immediately.

SB 3 limits the caps to \$350,000 per entity for a total of \$1,050,000. The legislation also eliminates joint and several liability in cases involving multiple defendants, strengthens expert witness provisions, limits liability for emergency rooms and personnel, addresses venue reforms where there are two or more defendants and creates offers of settlement.

SB 19 toughens the process for determining class status in a Georgia-based class action lawsuit. SB 19 also creates a provision where a defendant against whom a class action is certified could immediately appeal the decision as a matter of right. Immediate appeal of certification decisions prevents the situation in which parties engage in years of expensive litigation under a ruling on the class certification, only to have the appeals court reverse the class certification determination. SB 19 passed both House and Senate and awaits the Governor's signature.

Confidentiality

HB 218, a controversial bill dealing with confidentiality for companies in economic development negotiations was tabled in the Senate. The media portrayed unrelated zoning issues as part of the bill as well as misinterpreting how incentives are offered to companies.

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HB 218 would have protected the name of the company, facility requirement information as well as the financials of the company which are often required to qualify for state loans or grants. Companies request confidentiality on these issues because they do not want their competition to have access to this information, nor do they want to create uncertainty among their employees as they move through the evaluation process.

Pension Fund Investments

HB 482 and SB 280 would have allowed the state employee's pension plan to include a small percentage of private equity investments, however, neither bills passed this year.

The Metro Atlanta Chamber of Commerce has a standing position of supporting this type of legislation. Georgia's high tech and biotech businesses rely on venture capital investment to grow jobs and often seek investments from Georgia-based venture firms. Georgia venture capital firms have indicated that the lack of investment from Georgia hinders their ability to attract investments from other state's pension funds. Currently 43 states do allow one or more of their pension plans to invest in private equity.

Minimum Wage Mandates

HB 59 does not allow any city to establish a living wage, including as a criteria for projects. This legislation passed both the House and Senate and is now headed to the Governor's desk

HB 59 nullifies an ordinance the City of Atlanta passed in January. The ordinance had established preferential consideration for contractors that had qualified as "certified living wage" companies with the City. .

Eminent Domain

HB 86 and HR 87, both tabled for this year, would have placed restrictions on the use of eminent domain specifically for purposes related to economic development. This legislation is a reaction over a case in Connecticut that is now in the Supreme Court. There have been no cases of eminent domain abuse in Georgia.

Transportation

MARTA

SB 99, which allows the MARTA board to remove a member that has breached MARTA's code of ethics awaits the Governor's signature. SB 129 prohibits panhandling and the sale of goods on buses and trains. It too awaits the Governor's signature.

SB 114 and SB 115, were tabled in the MARTOC committee. These two bills would have provided funding flexibility with how funds are used for capital or operating costs.