ABC of Georgia Weekly Legislative Report - 2.10.20

By Rusty Paul

The legislature took a sudden, unexpected recess Wednesday after legislating for less than two weeks following the traditional MLK Day/Budget week recess. The reason? A squabble between legislative budget writers and the Governor’s budget office over access to financial documents used to draw up the Governor’s budget.

Legislators remain mystified by why the state’s revenues have flattened or dropped in one of the hottest economies in recent history. They want to see the proof for themselves, including the information the Governor used to decide a two percent cut in the current year’s spending and a four percent cut for the fiscal year starting July 1, 2020 were needed.

So far, the Office of Planning & Budget (OPB) has shared little of that data, so the House and Senate leadership decided to take almost two weeks off to give continued conversation a chance to produce the desired documents.

While the Governor called for two and four percent cuts, appropriators says OPB quietly added another percent to each of the two year reductions which further frustrates legislators. Plus, the cuts were allegedly made without consulting their various department heads, so popular programs face further reductions.

Long-time Capitol veterans can’t remember the General Assembly breaking for so long so early in a session.

Meanwhile, the behind the scenes politics started early and have ramped up quickly. Speaker Ralston invited Cong. Doug Collins, a minister, lawyer and candidate for US Senate to be the House Chaplain of the Day just before Collins announced his challenge to Kelly Loeffler, the Governor’s pick to succeed retiring Sen. Johnny Isakson – a move of direct defiance to Gov. Kemp.

Things have continued to ratchet up from there, though this time the Senate is equally disturbed by the lack of budget information coming from OPB.

Each session, the Capitol is divided among three power centers: House, Senate and Governor. And, in most sessions the House and Senate butt heads, with the Governor’s office generally harmonizing the differences by session’s end.

With the House and Senate united against the Governor’s office, it’s hard to know who will be the spreader of oil upon the roiled waters of the 2020 session.

Lien Law Moves Forward – When the Georgia Court of Appeals ruled that the routine lien waver that typically accompanies payment requests were actually wavers of the contractor’s contract rights, it threw standard industry practices into turmoil.

To make things right, a group of construction industry groups, including ABC, banded together to draft and promote corrective legislation that returns industry procedures to the way most people have normally understood and practiced it.

The first step in that process occurred Wednesday afternoon when the Senate Judiciary Committee unanimously approved SB 315, the corrective language introduced by Sen. Lindsey Tippens, himself a pipeline contractor. The bill now moves to the Senate Rules Committee to be scheduled for Senate floor action.
**HB 715** - This week, a House Ways & Means subcommittee held hearings on this bill eliminates the gross receipts tax for business licenses and prohibits permits costs from being tied to the value of a project. Gross receipts taxes for business licenses have been the norm for the past 30 years, but a Middle Georgia contractor who received a $40,000 business license fee when it expanded its operations into the metro Atlanta area. The contractor appealed to his state representative and HB 715 was born.

While it was later determined the contractor had miscalculated its gross receipts amounts and the license fee was reduced to $2000, a number of industry groups have jumped on the HB 715 bandwagon.

These groups want contractors to be charged a flat fee like accountants, lawyers and other professionals. Some contractors are unhappy that their revenues become publicly accessible and want the business license calculations to receive similar protections as state and federal income tax filings.

State law already prohibits local jurisdictions from charging more than the inspection costs when assessing permit fees.

Many jurisdictions determine the cost of operating their permitting departments and assess fees on a sliding scale based on a project’s value on the theory that larger jobs require more and more complex inspections.

Industry groups, however, want the permit to be based on the actual cost of the inspections for individual jobs, a calculation local governments say is impossible until after all the inspections are completed.

The committee listened to all sides and adjourned without taking action on the bill. It will return again at a later hearing.

**Warranty Legislation** – As noted previously, most observers expected the Georgia Building Authority would pursue corrective language after the Georgia Court of Appeals essentially capped warranties at eight years. However, several conversations with GBA revealed that its general counsel felt the ruling had no impact on its current warranties, which are typically 20 years for roof work, for example. That opinion was subsequently reinforced by an opinion from the Georgia Attorney General’s office. We discussed with several of the interested groups about next steps and what legislative action may be necessary. Any legislation would be developed after the current recess.

**Other Key Bills**

**HB 773** - Reciprocal Licensing – allows anyone holding a valid license in another state to obtain a Georgia license automatically without proving qualifications for obtaining a Georgia license and without approval of the relevant licensing board.

**HB 790/SB 310 - Structural Engineer** – Legislation creating a license for structural engineers passed the general assembly last year, but was vetoed by Gov. Kemp for failing to comply with certain requirements within the Secretary of State’s office. It has been reintroduced with new language complying with the Governor’s requirements and received a hearing before the Senate Regulated Industries & Utilities Committee, where it received approval. The bill now goes to the Senate Rules Committee to be scheduled for a floor vote.

**HB 126** – Left over from the 2019 session, this bill creates the GeorgiaBest program to create an employability skills training curriculum within the state technical colleges.

**HB 314** – Another bill held over from the 2019 session, removes the sunset provisions for sales and use tax exemptions for qualified job training organizations.