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By Rusty Paul

The tension between the House and the Governor’s office stepped up a degree or two this week when the House scrambled many of his proposed cuts and omitted some of his additions when it approved a highly amended supplemental budget.

The supplemental – or mid-term adjustment - is the first of two budgets the legislature passes each session. The supplemental budget makes changes to the current year’s spending plan, but it serves as a precursor to the FY 21 or “big budget” that the House appropriators now take up.

The House restored cuts in public health, mental health, agriculture and the accountability courts designed to help drug offenders find treatment and avoid incarceration.

The $28.1 billion big budget as proposed by the Governor includes $400 million in additional cuts, but includes his promised pay hikes for teachers and state employee earning less than $40,000. So far, the appropriations disagreements have been largely conducted behind closed doors, avoiding a public war of words; however, both sides make their differences clear in private conversations.

**Lien Law Revisions** – Sen. Lindsey Tippens bill to restore traditional lien waiver rights and standards easily passed the Senate Judiciary Committee, typically a difficult hurdle for this type of legislation. In fact, it passed with no dissent or amendments.

It is now in the Senate Rules Committee awaiting a floor vote. The bill is needed to correct a Georgia Appeals Court ruling which held that waivers signed during the billing/payment process do, in effect, waive a contractor’s lien rights even if the contractor subsequently goes unpaid and the waiver is canceled.

**Warranty Legislation** – another Appeals Court ruling capped warranty periods at eight years even if longer warranties are provided to a building owner. The Georgia Building Authority’s general counsel and the Attorney General’s office assert the ruling is not as perverse as some originally feared.

The case is on appeal to the Georgia Supreme Court, so the legislation is currently in abeyance waiting to see if the Supreme Court will accept the case. If it does, that indicates the high court’s concern over the lower court’s decision.

If the Supremes don’t accept the case, a number of groups are then inclined to develop legislation to fix the perceived issues. Stay tuned.
Business License Fees – a number of groups – construction and otherwise – are supporting Rep. Shaw Blackmon’s bill to end the gross receipts tax method of calculating business license costs. Under the current law, different types of businesses are treated differently, so a sense of unfairness exists.

Doctors, lawyers, accountants and other professionals are in what is colloquially called “the $400 Club,” meaning they pay a flat $400 per practitioner for business licenses, while other businesses pay a fee based on the organization’s gross revenue less payments to subcontractors and revenues earned outside the State of Georgia.

Thus, businesses of similar size may end up paying widely varying amounts for their business licenses. Rep. Blackmon’s bill would end the gross receipts calculations and assess a flat rate for all business types.

The $400 fee has not been raised in more than 30 years, so conversations currently focus on significantly raising the professionals’ flat fee and then require local governments to develop a flat fee rate for other business.

The bill has had two hearings within the House Ways & Means Committee and is still being worked on to reach a consensus among the interested parties on how to make this new system work while making it revenue neutral to local governments.

Major Tort Reform – a bill to substantially reform Georgia’s tort laws for the first time in 15 years was introduced this week. Pushed by the business community, the bill seeks to rebalance some of the legal tactics and court rulings that have shifted the scales of justice more toward plaintiffs at the expense of businesses being sued. Details will be forthcoming.