

2022 Georgia General Assembly Budget Week



Budget Week

The Georgia General Assembly met throughout the week for Budget Week. The week consisted largely of legislators listening to presentations by state departments and other entities that receive state funding. The week was also filled with meetings spearheaded by state leaders as they came to an agreement over what is allocated in the budget. Senator Blake Tillery, Chairman of Senate Appropriations is the key legislator on the Senate side, and Representative Terry England, Chairman of House Appropriations, is the key legislator on the House side. On Wednesday, House Committees received a shakeup as Speaker Ralston and Leadership announced Chairmanship changes to multiple committees.

While legislators worked diligently throughout the week, no Legislative Days were used. The Georgia General Assembly will reconvene on Monday, January 24th for Legislative Day 5. The calendar reads as follows:

January 24 - Legislative Day 5
January 25 - Legislative Day 6
January 26 - Legislative Day 7

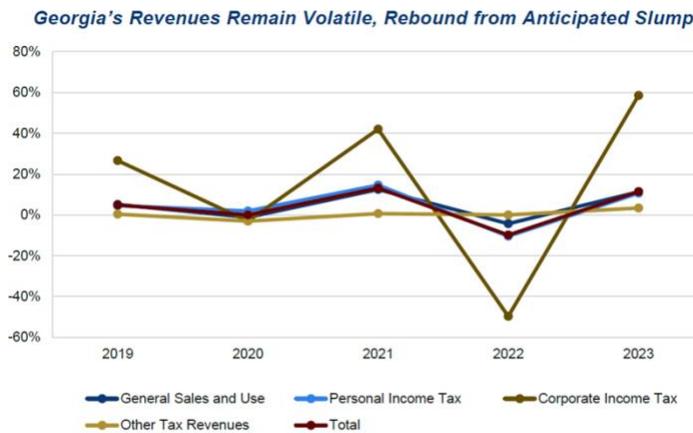
New Chairmanships

On Wednesday, January 19th, Speaker Ralston announced the following changes to House Committee leadership positions including Chairmanships and Vice-Chairmanships:

Banks & Banking Chairman - Rep. Noel Williams
Code Revision Chairman - Rep. John LaHood
Legislative & Congressional Reapportionment Chairman - Rep. Houston Gaines
Special Committee on Election Integrity Chairman - Rep. Stan Gunter
Creative Arts & Entertainment Chairman - Rep. Kasey Carpenter
Rules Vice-Chairman - Rep. Mandi Ballinger
Juvenile Justice Vice-Chairman - Rep. Beth Camp
Transportation Vice-Chairman - Rep. Marcus Wiedower
Judiciary Non-Civil Vice-Chairman - Rep. Tyler Paul Smith

State Finances

Fiscal Year (FY) 2023 will include an 11 percent increase in state spending that will add approximately \$3 billion in funding for the Georgia state government. This year's budget is the largest budget in the state's history. The FY 2023 budget will restore the state's funding back to pre-pandemic levels and looks to mitigate the economic impact of the COVID-19 pandemic. The increase will bring along with it a raise for teachers, improvements to Georgia's health care system, new construction projects, pay raises for state and federal employees. Rebounding state revenues pushed the state's Amended Fiscal Year 2022 revenue estimated upward by nearly \$1.1 billion in personal income taxes and more than \$500 million across both corporate income taxes and state sales and use taxes.



Source: Governor's Budget Report Amended FY 2022 and FY 2023; Governor's Budget Report Amended FY 2021 and FY 2022.

With Georgia's state saving's account, also known as the Revenue Shortfall Reserve (RSR), at a record maximum level of \$4.3 billion and over \$4.7 billion in flexible funding granted to the state under the federal American Rescue Plan, the FY 2023 budget could present a springboard to make up much of the ground lost to the COVID-19 pandemic and position the state with sufficient resources to achieve long sought-after improvements to its education and health care systems.

Education

On Wednesday, January 19th, State Superintendent Richard Woods spoke before the joint appropriations committee. During the hearing, Superintendent Woods spoke on transparency and a State Board rule that would require that districts display annual operating budgets. The Chief Financial Officer of the Department of Education also spoke on the Fiscal Year 2022 Amended Budget. Included in the Amended Budget include:

- Quality Basic Education (QBE)
 - Austerity Eliminated - \$382,696,501
 - One-Time Salary Supplement - \$317,970,680
 - Midterm Adjustment for Growth - \$93,054,433
 - State Charter School Supplement - \$14,582,761
 - Special Needs Scholarship - \$2,912,902
- Other Program Significant Recommendations
 - Funding for 1,747 Buses Statewide - \$188,001,658
 - One-Time Salary Supplement to Non-QBE Funded Instructional Staff - \$28,232,288
 - Austerity Cuts Reduced - \$5,576,587
 - Includes Agriculture Education, GNETS, Preschool Disabilities Services, RESAa, State Schools, CTAE, Tuition for Multiple Disability Students
 - Increase Funds for \$5,000 Pay Increase for State Employees - \$2,537,489
 - Restore Funding for Georgia Milestones (Currently required by federal law to administer assessments this year) - \$2,392,938

Transportation

On Tuesday, January 18th, Georgia Department of Transportation Commissioner Russell McMurry, presented before the joint Appropriations Committee. Commissioner McMurry gave an overview of the Federal Infrastructure bill as well as presented his changes for the Amended FY 22 budget and proposal for FY 23.

The Federal Infrastructure Bill will give \$567 billion to USDOT and \$633 billion for non-transportation related projects. It is important to note that \$65 billion of the money for non-transportation projects will be given to broadband infrastructure. The federal infrastructure bill will provide Georgia with almost 28% increase to transit from the FTA. To date, Georgia has been provided with \$464 million and over the next five years, Georgia will have been given \$10.5 billion.

The Commissioner presented his changes for the amended FY 22 budget. The most important change to note is reduction of Capital Construction by almost \$19 million. This is a result of increasing costs of materials. For example, asphalt concrete is up 35% from the previous year.

In the FY 23 budget, Capital Projects make up 46% of the Georgia Department of Transportation's budget. LMIG for FY23 is up almost \$5 million dollars bringing the total amount of LMIG money that can be distributed to just over \$200 million. The Georgia Department of Transportation's budget has an increase of \$48.8 million from FY22.

Healthcare

In his Thursday address, Governor Kemp unveiled a \$15 million blueprint to create a new Georgia exchange setup, which would be run by private insurers and brokers. The budget also proposes additional spending on mental health and developmental disabilities services.

In the proposal, it calls for \$1 million to expand the University of Georgia's Nursing Program to support up to 500 students a year for five years, and add up to 700 nursing students a year for the Technical College System of Georgia. His plan would also invest \$2.5 million for 136 residency slots and allocate \$1 million to Mercer University to address rural physician shortages.

The budget proposal also includes \$85 million for physicians through improved Medicaid provider rates and the elimination of an unusual "attestation" requirement.

The budget includes the following, but is not limited to:

- \$7,807,113 for a 10% increase in outpatient core services for addictive diseases and mental health.
- \$6,176,524 to expand behavioral health and substance abuse crisis capacity.
- \$4,500,000 for three additional Assisted Outpatient Treatment programs.
- \$85,403,385 to bring equity to Medicaid provider rates and support existing physicians through the elimination of attestation.
- \$28,184,166 to extend postpartum coverage from 6 to 12 months.
- \$124,337,680 for the implementation of the state reinsurance program to reduce insurance premiums statewide.
- \$15,518,086 to implement the state healthcare exchange to increase health insurance access statewide.

Legislation

HB 99 (Rep. Ron Stephens) - This bill would provide for access to employee toilet facilities in retail establishments. This bill is in the House Judiciary Committee.

HB 122 (Rep. John Corbett) - This bill will provide for the extension of deadlines for a manufacturers' sales tax exemption for concrete mixers. This bill was passed by the House Ways and Means Committee.

HB 147 (Rep. Heath Clark) - This bill would create a licensure by endorsement where a licensed professional establishes residency in Georgia and (1) holds a current license to practice such occupation or profession issued by another state that was acquired prior to moving from another state and establishing residency in this state for which the training, experience, and testing are substantially similar in qualifications and scope to the requirements under this state to obtain a license; (2) is in good standing in such other state; and (3) passes any examination that may only be required to demonstrate knowledge of the laws and rules and regulations of this state specific to the practice of the profession, business, or trade for which such license by endorsement is being sought. The House read and referred to the Committee on Regulated Industries.

HB 302 (Rep. Martin Momtaham) - This bill would restrict local governments by removing the ability to determine a regulatory fee amount based on the number of square feet of a new construction project or the cost of all other construction projects. Under current law, the amount of the regulatory fee charged must approximate the cost of the regulatory activity performed by the local government. This bill would require that the proceeds of the regulatory fee be used to fund the regulatory activity but would not require the local government to establish a separate account for the funds. Additionally, current law provides a nonexclusive list of industries that may be subject to local government regulatory fees. This bill would remove from that list taxicab and limousine operators and boxing promoters. This bill passed the Georgia House of Representatives 91-65. The Senate read and referred to the Finance Committee.

HB 435 (Rep. Victor Anderson) - This bill will provide for the exemption of certain contracts procured competitively by the state or organizations relating to contract and bidding requirements for public works. This bill failed to pass the Georgia House of Representatives 80-86, but was reconsidered with an amendment and passed. The Senate read and referred to the Governmental Oversight Committee.

HB 469 (Rep. Ron Stephens) - This bill would revise procedures, conditions, and limitations relating to tax credits for the rehabilitation of historic structures. This bill was passed by House Ways and Means. This bill passed the Georgia House of Representatives. The Senate read and referred to the Finance Committee where it was passed.

HB 476 (Rep. Dale Washburn) - This bill would create the Georgia Professional Engineers and Land Surveyors Board, an independent state agency attached to the Secretary of State for administrative purposes only. This bill passed the House Regulated Industries Committee, and was also passed by House Rules. This bill passed the Georgia House of Representatives 163-2. It also passed the Senate Committee on Regulated Industries and Committees.

HB 586 (Rep. Sam Watson) - This bill would extend the sunset date for the exemption for projects of regional significance regarding sales and use tax. This bill passed out of House Ways and Means and was passed by the House. The Senate read and referred to the Finance Committee where it was passed.

HB 910 (Rep. David Ralston) - This bill is for supplement appropriations for State Fiscal Year July 1, 2022 – June 30, 2022. This bill has been assigned to the House Appropriations Committee.

HB 911 (Rep. David Ralston) - This bill is for general appropriations for State Fiscal Year July 1, 2022 – June 30, 2023. This bill has been assigned to the House Appropriations Committee.

HB 912 (Rep. David Ralston) - This bill is for supplement appropriations for State Fiscal Year July 1, 2022 – June 30, 2022. This bill has been assigned to the House Appropriations Committee.

HB 913 (Rep. David Ralston) - This bill is for supplement appropriations for State Fiscal Year July 1, 2022 – June 30, 2022. This bill has been assigned to the House Appropriations Committee.

HB 914 (Rep. David Ralston) - This bill is for general appropriations for State Fiscal Year July 1, 2022 – June 30, 2023. This bill has been assigned to the House Appropriations Committee.

HB 915 (Rep. David Ralston) - This bill is for general appropriations for State Fiscal Year July 1, 2022 – June 30, 2023. This bill has been assigned to the House Appropriations Committee.

SB 45 (Sen. Bruce Thompson) - This bill would provide for individuals moving to the state to obtain a license by endorsement to practice certain professions in this state. This bill was passed by the Senate, and the House read and referred to the Committee on Regulated Industries.

SR 298 (Sen. Brandon Beach) - This bill would create the Senate Annexation Study Committee. This bill is currently in Senate Rules.

