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Weekly Legislative Report # 17

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Everyone Can Get Tested

Any Georgian who wants a COVID-19 test can get one, whether or not they have symptoms. So said Gov. Brian Kemp last week shortly after letting his broad shelter-in-place executive order expire on April 30th. Sixty-six state testing sites have been set up at various locations around Georgia in addition to the private entities, hospitals and doctors' offices that initiate tests. The announcement coincided with reports that there was a backlog of 4,000 test specimens at inundated labs, but Kemp said that issue was being resolved. The state is expected to receive 210,000 test kits from the federal government via weekly shipments during May in an effort to keep pace with demand. In recent weeks Georgia has moved from 45th to 29th in the nation for the number of COVID-19 tests administered per capita.

Making the Budget Work

A joint meeting of the House and Senate Appropriations Committees was held via video conference last week with the proceedings carried on two streaming sites for public monitoring. There was tremendous interest in the hearing based on previously reported instructions that state agencies must re-work their FY21 budget requests with cuts of 14% from their FY20 base. While the Governor had previously requested 6% cuts for FY21, several large sectors, such as Medicaid were exempted. At that point, Kemp's budget recommendations also still included raises for school teachers. The latest instructions, jointly sent from the House and Senate Appropriations Chairs and the Governor's budget office, offered "no exceptions." The House's video streaming site registered more than 1,300 viewers tuned in.

Economist Paints the Big Picture

UGA's Dr. Jeffrey Dorfman, the state's official economist, laid out the big picture for legislators Wednesday -- State revenues are down and we're just beginning to get a hint of how much. While it currently looks like the state could be short an estimated \$1 billion for the budget year ending June 30, those figures are based on April sales tax collections, which actually reflect March sales. The economic slow-down didn't really start until mid-March. It's expected that much of the \$1

billion drop in April's figures will be made up from the state's \$2.5 billion rainy day fund. There are still two months left in the current budget year. Dorfman's main message to legislators was, "We won't know the speed of the economic recovery until we see how consumer confidence evolves." He showed a slide that revealed consumers are still frightened by public transit (73%), malls (75%), restaurants (60%), vacation travel (68%) and general shopping (53%).

Dorfman reported that recovery will be assisted by the federal Paycheck Protection Program (PPP). During the program's first round, 48,000 Georgia businesses received PPP loans that averaged \$196,000 each. In round two, smaller businesses fared better with 65,000 businesses receiving loans that averaged \$72,000 each. PPP loans will be forgiven if the borrowing business maintains its payroll, or quickly replaces laid-off employees. Dorfman's testimony and slide presentation can be [viewed here](#).

The Revenue Dilemma

Kelly Farr, Director of the Governor's Office of Planning and Budget, testified after Dorfman. He essentially went line-by-line through the Revenue Department's monthly report of tax receipts. Again, those numbers showed the state taking a big hit as a result of the Coronavirus crisis. Figures show that compared to a year ago, the month of April's total revenues were down 35.9%. That figure includes an 88.9% drop in individual income tax receipts of \$732 million (payments made in association with a tax return). However, since the state moved the deadline for filing tax returns from April 15 to July 15, those taxes based on 2019 income should still make their way into state coffers, just three months later. More than half-a-million Georgians have taken advantage of the delayed deadline. You may read the Revenue Department's press release and [April Tax Report here](#).

As expected, there were also precipitous drops in corporate income tax collections and especially those in the hospitality industry. One aberration in collections came from the motor fuel tax category, where there was an upsurge. However, Farr explained that boost came from a one-time \$90 million audit-induced payment from a single motor fuel wholesaler. Georgia's excise tax on motor fuel is collected "at the rack," that is, before it reaches individual gas stations. The motor fuel excise taxes are constitutionally required to be used for road and bridge construction and repair and are not subject to the 14% discretionary budget cuts. State agencies have until May 22 to submit their proposed spending reductions. Should the federal government pass another round of stimulus funding that includes grants to state governments, the actual cuts approved by the General Assembly may be less.

Lt. Governor Also Takes A Pay Cut

Lt. Gov. Geoff Duncan announced last week that he would take a 14% salary cut in the coming year to demonstrate empathy with the agencies that have been requested to find similar savings. Many agencies have little place to find cuts other than through employee furloughs and layoffs.

Unemployment Benefits a Big Part of the Economy

The Georgia Department of Labor (GDOL) reports it has paid out more than \$620 million in state benefits and \$1.1 billion in Federal Pandemic Unemployment Compensation funds (\$600 per

week, per beneficiary) since mid-March. GDOL said Thursday that of the 1.6 million initial unemployment claims processed over the past seven weeks, 778,000 were eligible to collect benefits. A total of 518,000 people have received their first payment. Just over \$2.1 billion remained in the GDOL trust fund as of May 2.

Judicial Emergency Extended

Those involved with Georgia's court system heard from the Chief Justice on Monday that the judicial emergency will be extended from May 13 until June 12. This means that all criminal and civil jury trials will continue to be suspended. Other critical and essential court duties, such as bond hearings, restraining orders and arrest warrants, will continue to be performed. Courts will also be expected to perform non-critical business through videoconferencing or by adhering to public health guidelines when possible.

Cannabis Commission Gets Director

The Georgia Access to Medical Cannabis Commission has chosen Andrew Turnage, a former Hall County Deputy Sheriff and Secretary of State employee with experience in licensing, as its first Executive Director. Turnage's job will be to develop a program to distribute cannabis oil to patients who may already use the drug legally, but have no legal way to buy it in Georgia. Under a law passed last year, six companies will be licensed to cultivate medical marijuana which can have no more than 5% THC, the compound that provides a "high." Turnage's task will be to devise a system that gets the product from producer to patient while incorporating oversight regulations that maintain the integrity of the system.

COVID-19 Deaths Surpass 1,400

As of noon Sunday, [Georgia reported](#) 32,969 COVID-19 cases with 1,404 deaths, 227 more than the previous week. All 159 Georgia counties have now reported at least one case related to the pandemic.