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**Weekly Legislative Report #2**

**Week Ending January 20, 2023**

**Budget Week**

As 90 of the General Assembly’s 236 members serve on one of the two Appropriations panels, the legislature was technically in recess last week while it held a series of budget hearings. Gov. Brian Kemp kicked things off remotely with an [address from Davos, Switzerland](https://www.youtube.com/watch?v=VV9VKShHPIQ&t=871s) (slide cursor over to 19:55). The Governor, who was “selling Georgia” at the worldwide economics conference, noted that he was inviting “job creators” to visit and build on corporate investments in the state. He promoted his fiscal priorities mentioning a tax refund amounting to $250 for individuals and $500 for couples, a property tax rebate averaging $500 per homeowner, a $2,000 raise for teachers and state employees, $50,000 to individual schools for safety improvements, $25 million towards “learning loss” grants, and $60 million to ensure HOPE scholarship grants pay for 100% of college tuition.

Kemp emphasized the importance of his plans to spend $35.7 million in an effort to help local development and housing authorities prepare sites for workforce housing, especially in areas where major job-creator projects such as Hyundai and Rivian have landed. His budget includes $129 million for training facilities near those sites. In an unrelated press release the Governor and the Department of Economic Development (GDEcD) revealed that 218 projects secured in the first half of FY2023 through GDEcD’s Global Commerce Division are expected to create approximately 17,500 jobs and $13 billion in investment. Significantly, 92% of the investment and 85% of the jobs will be located outside the 10-county metro Atlanta region.

Kemp’s estimated $32.5 billion in revenues for FY 2024 is actually $114 million less than in the Amended FY 2023 budget. That is largely due to economists’ views that there could be a slow-down in various economic sectors this year. And, there will be less rescue money coming from federal sources.

**Economist Points to Highs and Lows**

One of the highlights of budget week at the Capitol is the annual address by the state’s official economist and UGA professor Jeffrey Dorfman. He is fairly adept at speaking plain language economics and directly addressing the questions from legislators. One dramatic point he made is that $3 billion plus of Georgia’s $6.6 billion surplus was built on an unexpectedly large increase in capital gains payments from tax year 2021. He told an attentive audience, “if most people are like me, we didn’t make any money in the stock market in 2022.” Thus, there won’t be any capital gains taxes coming into state coffers this April. That’s one reason he recommended the Governor set a reduced estimated income for FY 2024.

Dorfman’s other points included:

* Corporate sales tax will shrink.
* Individual income taxes will be up due to pay raises and inflation driving up prices.
* Consumers are not running out of money (supporting sales tax income).
* Credit card debt is growing, but payment delinquency rates remain low.
* Georgians are still saving 2% to 4% of their incomes.
* The state’s workforce has risen by 167,000 jobs. Employment still looks strong.
* Even if the U.S. enters into a recession, that does not mean Georgia’s economy will do the same.

[Dorfman’s testimony](https://www.youtube.com/watch?v=VV9VKShHPIQ&t=871s), which followed the Governor’s remarks, can be viewed by sliding the cursor over to the 38.50 mark. His [slides can be viewed separately here](https://www.house.ga.gov/Documents/CommitteeDocuments/2023/Appropriations/Dorfman_budget_testimony_Jan2023.pdf).

**Help for Hospitals**

Caylee Noggle, the Commissioner of the Department of Community Health, told appropriators last week that Georgia has found a way to help both rural and urban hospitals financially without spending any additional state dollars. Grady Hospital and Augusta University are eligible for a large amount of federal funds due to their service to an underinsured patient population mix. But, because there is a cap on how much Grady can receive, the state is able to transfer $100 million of federal funds to other hospitals. Noggle says the transfer will be enough to erase the burden of uncompensated care among all hospitals across the state.

**The Great Unwinding**

During the COVID pandemic Georgia’s Medicaid rolls grew by 25%, yet states were prohibited from disenrolling anyone from the program even if their income outgrew normal parameters. That rule is being dropped as of March 31 at which time the state will begin to “re-determine” the eligibility of more than two million participants. The Governor’s budget proposal includes nearly $8 million to hire staff and upgrade technology for this project which must be completed by June 2024. Authorities have estimated 500,000 people could be removed from the Medicaid roles through this process known as “unwinding.”

**New Organization for House Health/Human Services**

Newly-elected Speaker Jon Burns has quickly moved past the “this is how we’ve always done it” mantra in organizing the House committee structure. Taking a new approach, Burns dissolved the Health and Human Services Committee (HHS) and created two new committees to replace it, “Health” and “Public Health.” He then organized those committees with three others into a group of five that have HHS responsibility. Burns chose his long-time ally and respected 38-year legislative veteran Butch Parrish (R-Swainsboro) to be a single coordinator of both HHS budget and HHS policy issues as chair of an oversight panel, the Special Committee on Healthcare.

By virtue of their positions chairing individual health and human services-related committees, the following will also serve under Parrish as the members of the new Special Committee on Healthcare.

* Rep. Sharon Cooper (R-Marietta), chair of a new Public Health Cmte.
* Rep. Lee Hawkins (R-Gainesville), chair of a new Health Cmte.
* Rep. Jesse Petrea (R-Savannah), chair of the Human Relations and Aging Cmte.
* Rep. Darlene Taylor (R-Thomasville), chair of the Appropriations Health Subcmte.
* Rep. Katie Dempsey (R-Rome), chair of the Appropriations Human Resources Subcmte.

“I think we have the right folks in place when we look at the focus we’re going to take on a broad perspective on health,” Burns told reporters. “And certainly, if that’s something that rises to the level of us wanting to have more serious discussion, we can have those.”

**Speaker Speaks on Issues**

In a session with reporters, Burns also took positions on several other issues that are frequently debated under the gold dome:

* He said he is opposed to expanding Medicaid to the full extent of the federal program.
* Instead, he supports Gov. Kemp’s more limited expansion that is set to begin in July and will include work requirements.
* Burns said he had no interest in taking up new abortion restrictions until after the Georgia Supreme Court weighs in on a current case not scheduled for hearings until March.
* The Speaker said he was “open” to raising the state’s tax on tobacco products, now the second lowest in the country.
* Burns cited Behavioral/Mental Health as a “front-burner issue” again this session.

**Governor Appoints Floor Leaders**

Gov. Brian Kemp announced that he has chosen two teams of floor leaders to represent his interest in the General Assembly this session. Bo Hatchett (R-Cornelia) and Mike Hodges (R-Brunswick) will fill that role in the Senate. The House team includes Lauren McDonald (R-Cumming), Will Wade (R-Dawsonville), Matthew Gambill (R-Cartersville), and Soo Hong (R-Lawrenceville). Floor leaders introduce legislation on behalf of the Governor and shepherd his bills through the committee process and floor votes.

**Statistic of the Week**

Georgia’s $5.00 per day hotel/motel excise tax for every occupied room is budgeted to bring in more than $189 million that will be funneled into the transportation till. Speaking of transportation, excessive speeding fines (more than 20 miles above the limit) will bring in another $15 million, but those dollars are dedicated to improving access to trauma care.

**Next Week**

The legislature will reconvene on Monday for Legislative Day 5 and meet through Thursday. Bills that have been dropped in the hopper during the recess will be “first read” and assigned to committees.

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