

2018 Georgia Legislative Session Preview

January 8, 2018

After clearing the cobwebs from the General Assembly's levers of power, Georgia lawmakers arriving in Atlanta today will find no shortage of thorny propositions awaiting them: budget priorities, rural development and investment, education funding, the perennial review of health policy frameworks under the state's certificate of need (CON) laws, adoption law reform and a religious liberty bill, to name a few.

Today marks the start of Governor Nathan Deal's eighth and final legislative session, and during the next 40 legislative days, the term-limited Republican's eye will be focused squarely on his legacy. The Governor and the legislature's one constitutional requirement—to pass and sign a balanced budget—comes with opportunities and difficulties. While state revenues have steadily risen over the past eight years, so, too, have demands for additional spending. The teacher retirement system will likely have to be propped up again with an additional infusion of \$350 to \$400 million. Then there are the annual demands created by higher enrollment in public schools and juggling how to provide health care for the poor in the face of the uncertainties created by Washington's squabbling. There is also a question whether to offer Amazon any special, tailored incentives to lure its second headquarters to the state.

Also, the mechanics of this year's session, both real and perceived, are wildly complicated by a looming statewide election in which key figures under the Gold Dome will stand for constitutional offices, including governor and lieutenant governor. It's this election-year feature that will perhaps factor most in the session's tone and tenor.

How proposals are likely to fare this year should therefore be viewed through the following matrix:

- Does the proposal shore up an existing initiative that's been previously pursued by the governor or General Assembly? It's doubtful that we will see bold, new long-range public policy initiatives this year. Instead, expect to see expansions of earlier consensus public policy initiatives, including those that narrowly failed. These include the Governor's earlier public education funding and charter schools efforts.
- Does the proposal benefit from a cascading effect created by previous policy initiatives? Expect to see some local and county governments maneuvering to secure transit and transportation funding after recent metro initiatives to lessen congestion.
- Does the proposal address a critical issue that demands immediate resolution? The House's rural revitalization suite fits this category, as consensus has built with the General Assembly that rural Georgia desperately requires state aid to expand broadband access, address health care challenges and fund workforce development.
- Does the proposal violate the cardinal rule of economic development for a government to do no harm? The Governor and leadership under the Gold Dome are keen to avoid any measure (most pointedly, religious freedom bills) that would impugn Georgia's business-friendly credentials, even—and especially—as state and local development authorities aggressively court Amazon and other major companies for relocation.

Health care

Once again, interest groups are pressing lawmakers to review the state's certificate-of-need rules, which set community-responsive thresholds for medical facilities. Hospitals throughout Georgia, however, have argued that doing away with the CON restrictions will allow some medical entities to cherry pick more profitable medical services and weaken the state's overall health care system, especially in rural Georgia. In addition, to ease access challenges in rural areas, there is a push underway to allow greater authority for nurse practitioners in these areas to more broadly treat patients.

Education

In addition to the need to prop up the Teacher Retirement System, charter school advocates will push for an adjustment of the funding formula to allow for a more equitable share of education funds. A constitutional amendment will also be offered this session to change the appointment process for the Board of Regents, shifting the authority from the Governor to the legislature.

Taxes and economic development

In years past, major economic development announcements from the governor's administration have been preceded by Georgia Department of Economic Development legislation, in order to create tailored incentives for economic development projects. Expect activity designed to lure online giant Amazon and other major firms.

Recently-approved federal tax reform, the first major rewrite to the tax code in over three decades, has stimulated interest of some in the General Assembly to pursue a state tax cut by slashing the state's 6-percent state income tax, or incentives to encourage Georgians to move to rural counties. There was an attempt last year to do the same, but the effort fizzled when the two chambers could not come to mutual agreement. The federal tax reform bill, proponents say, has made the lift easier by taking off the table some of the previous arguments against changes; sticking points such as mortgage interest deduction and deductions on state and local income taxes (SALT), which income tax payers will now only be able to deduct up to \$10,000 per year. At the same time, there is likely to be discussion of taxing online sales, especially retailer, and how to handle "disruptive" new business models created by firms like Uber.

Transportation

Business leaders across the capital city are increasingly leaning on lawmakers to expand MARTA rail service. The system is the largest in the nation not to receive dedicated state funding. Instead, legislators are expected to weigh the authorization of a new sales tax to pay for mass transit in north and south Fulton County in light of the recent passage of a referendum in the city of Atlanta to expand transit. DeKalb County is also exploring the issue.

Rural development

Leadership is expected to pursue a raft of proposals designed to stimulate the state's struggling rural communities, acting on recommendations offered last month by a special legislative committee tasked with solving the economic woes of rural Georgia. Among the proposals are those to encourage telecommunications firms to expand broadband service by subsidizing expansion costs; passage of an income tax deduction, ranging from \$3,000 to \$6,000 annually,

for persons who move to rural areas; and expanded access to health care.

Adoption reform

Last year's adoption reform bill, which stalled amid the inclusion of a religious freedom provision that was deemed a poison pill, is expected to be resurrected this year. Leadership and the Governor are expected to fight to keep the bill clean of any sort of religious freedom provisions like the one that doomed it last session. The proposal would expedite the transitioning of children in foster care into permanent homes.

Hate crime

Georgia is one of only a handful of states that do not have a hate crime law providing for enhanced penalties if a violent crime is motivated by the victim's race, religion or sexual orientation. The theory behind such laws is that the crime not only injures the victim but also terrorizes the victim's demographic group.

Gambling

"Destination resort" legislation is again likely to be pushed by supporters this session, though it is unclear at this point if leadership will support those efforts.

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