

Gold Dome



March 12, 2019

Gold Dome Report - March 12, 2019

The General Assembly was not in session, but there was plenty of business being conducted under the Gold Dome today. House and Senate committees used the “day off” to continue to digest bills and resolutions passed by the opposite chambers on and before Crossover Day last week. Among notable propositions considered in committee were Rep. Lee Hawkins’ (R-Gainesville) proposals to update regulations affecting massage therapists and occupational therapists ([HB 242](#) and [HB 253](#)), Sen. Ellis Black’s bill to require employers to pay TRS contributions for rehired retirees ([SB 175](#)), and Sen. Kay Kirkpatrick’s Interstate Medical Licensure Compact ([SB 16](#)). Senate Appropriations Subcommittees also continued their review of the FY 2020 Budget, a process that will continue throughout the week. Legislators will return to their chambers tomorrow for Legislative Day 31; get up to speed before they gavel back in with the [#GoldDomeReport](#).

In this Report:

- **Committee Updates**
 - **Rules Calendars for Legislative Day 31**
-

Committee Updates

House Health and Human Services Committee

The House Health and Human Services Committee, chaired by Chairman Sharon Cooper (R-Marietta), met this afternoon and took up one bill. Sen. Kay Kirkpatrick (R-Marietta) presented [SB 16](#), which is the Interstate Medical Licensure Compact. This legislation will permit physicians in good standing in compact states to practice in Georgia, if it adopts this compact, and such physicians make application to do so and payment of appropriate fees. Sen. Kirkpatrick indicated that this legislation will provide greater access to quality care. There is a criminal background provision in the legislation so that fingerprints of applicants may be checked against criminal databases. There were a few questions about the legislation, mainly from Chairman Cooper, who inquired about whether disciplinary actions of these physicians would be reported so that the Georgia Board could see any disciplinary infractions. Sen. Kirkpatrick stated that would be the case and also indicated that if such physician would engage in some type of inappropriate activity that would be reported to the Georgia Board and shared with other compact states. There was no public testimony taken at today's meeting. This legislation received a DO PASS recommendation and moves to the House Rules Committee.

House Retirement Committee

The House Retirement Committee, chaired by Rep. Tommy Benton (R-Jefferson), met to hear several bills today:

- [SB 55](#), authored by Sen. Chuck Hufstetler (R-Rome), amends Title 47 to authorize the board of trustees for the Employees Retirement System of Georgia to offer a supplemental guaranteed lifetime annuity to members for the defined contribution portion of their retirement accounts. Rep. Tom Kirby (R-Loganville) asked whether there would be any additional tax implications for members, to which a representative of ERS said no. The Committee recommended the bill DO PASS and be sent to the Rules Committee.
- [SB 73](#), authored by Sen. Tyler Harper (R-Ocilla), amends Titles 15 and 47 to allow clerks of court to send revenues collected from fees and fines from pretrial intervention and diversion programs directly to the Peace Officers' Annuity and Benefit Fund. These funds were dedicated to the POAB Fund last year, but this bill simply lets the funds be delivered directly. The Committee recommended the bill DO PASS and be sent to the Rules Committee. The bill will be carried by Rep. Gerald Greene (R-Cuthbert) in the House.
- [SB 117](#), authored by Sen. Ellis Black (R-Valdosta), amends Title 47 to prohibit the passage of any law, rule, regulation, resolution, or ordinance that allows for creditable service in a state retirement system that does not require an individual to pay the full actuarial cost of obtaining such creditable service. Chairman Benton expressed support for the bill. Rep. Kirby asked whether "full actuarial cost" is defined in the statute. The Committee recommended the bill DO PASS and be sent to the Rules Committee.
- [SB 175](#), authored by Sen. Ellis Black (R-Valdosta), amends Title 47 to require employers to pay both the employee and employer contributions to the Teachers Retirement System when rehiring a retired employee. The re-hired employee does not earn any additional creditable service under the arrangement. Sen. Black noted that there is particular concern among RESAs, which employ many retirees, and that there is a substitute forthcoming that exempts RESAs from the requirement. Buster Evans of TRS noted that about 12,000 of its retirees (about 10% of TRS retirees) have returned to work, and they estimate this bill will result in \$60M of additional revenue for TRS. He projected that this bill would likely put downward pressure on employer contribution rates in the future. Rep. Dominic LaRiccica (R-Douglas) inquired as to whether a school district could negotiate pay for retirees so that they essentially pay the contributions, to which Dr. Evans said yes. Chairman Benton asked whether the bill would apply to retirees rehired as contractors, to which Dr. Evans said yes. Jimmy Stokes of the Georgia Association of Educational Leaders, Margaret Ciccarelli of PAGE, and Keith Everson of Northeast Georgia RESA spoke to the concern for RESAs and asked for them to be excluded from the bill. Rep. Debbie Buckner (D-Junction City) asked whether such an amendment would have a negative impact on the overall bill. David McCleskey of Gwinnett County Schools responded to a question by Rep. Kirby as to the impact in Gwinnett County. The Committee TABLED the bill until next Tuesday's meeting so that members could work on an amendment.

- [SB 176](#), authored by Sen. Ellis Black (R-Valdosta), amends Title 47 to require employers to pay both the employee and employer contributions to the Employees Retirement System when re-hiring a retired employee. The re-hired employee does not earn any additional creditable service under the arrangement. ERS reported that there are approximately 1,300 ERS retirees who have been re-hired, representing retirement payments of approximately \$21M per year. The Committee recommended the bill DO PASS and be sent to the Rules Committee.

House Insurance Committee — Admin/Licensing Subcommittee

The Admin/Licensing Subcommittee of the House Insurance Committee, chaired by Rep. Jeff Jones (R-Brunswick) met today to consider two bills:

- [SB 202](#), authored by Sen. William Ligon Jr. (R-Brunswick) would allow title insurance on personal property in addition to real property. The bill is being sought by lenders who secure loans with personal property, like large industrial and manufacturing equipment. The Subcommittee recommended the bill DO PASS and be sent to the full Insurance Committee.
- [SB 156](#), authored by Sen. P.K. Martin IV, would allow domestic insurers divide into two or more insurers pursuant to a plan of division. The bill mirrors Rep. Darlene Taylor's (R-Thomasville), [HB 368](#) that is currently pending in the Senate. Sen. Martin presented a substitute for the bill that incorporates his language from his [SB 124](#), which makes clerical changes to reduction in coverage notices and failed to pass out of the Senate. The Subcommittee recommended the bill DO PASS and be sent to the full Insurance Committee.

Senate Finance Committee

The Senate Finance Committee, chaired by Sen. Chuck Hufstetler (R-Rome), met to consider several bills today:

- Rep. Sam Watson (R-Moultrie) presented [HB 35](#) - it was pushed in 2018 but got caught in final days of Session. The bill addresses poultry labs and their purchases of goods. It would exempt them from sales tax as Georgia is funding these labs so a savings to the state. Its impact is \$150k annually. These entities are administratively attracted to Department of Agriculture. A motion was made that the bill DO PASS and it carried.
- Rep. Penny Houston (R-Nashville) presented [HB 85](#) which provides a sales and use tax exemption for organ procurement organizations. In particular, it would address LifeLink. Each kidney transplant saves \$25k. It saves the State money if organ donation is made. There is a difference in cost of dialysis for life versus transplant. The goal is promote education so as to get more donors to donate organs. Sen. Heath inquired what these organizations purchase with reduction of 4 percent. The medical supplies taxed will be what is saved. It will treat this organization like blood banks. The bill received a DO PASS - Sen. Hufstetler will carry the bill.
- Rep. Watson also presented his bill [HB 105](#) by Substitute. It addresses hurricane relief. It will exempt from sales tax any federal funds which farmers may receive for hurricane relief. \$3 billion nationally is to be split. However, none of the federal money has flowed to the state as of yet. Georgians will receive only a portion to help them rebuild. Corporations, partnerships and limited liability companies were left out of the legislation passed in special session in 2018 for this exemption. Thus, the bill adds them into this exemption. Disaster funds for Hurricane Michael are to be distributed through state via a block grant. This is limited to 2023. Losses are tax deductible per Sen. Butch Miller (R-Gainesville). If losses are reimbursable how does tax exemption work. Losses offset income. Sen. Gooch asked if the state has done this type of exemption for other disasters - his concern is setting a precedent for future disasters although he was not against the idea. It was held.

- Rep. Darlene Taylor presented [HB 168](#) to address federally qualified health centers, sunsetting their sales and use tax for five years. These nonprofits are located throughout the state. They currently have such exemption. A motion was made DO PASS and the bill moved to Senate Rules.
- Rep. Brett Harrell (R-Snellville) presented [HB 182](#) which makes two minor changes to 2018 HB 61, moving to \$100k threshold for online sales making it consistent with streamlined sales tax law. Further, the bill addresses a requirement for online retailers that were required to send a notice to a purchaser that they were obligated to remit “use tax” to the state - that provision is repealed. A fiscal note attached to the bill is \$9million. Chairman Hufstetler indicated that when the law was passed in 2018 they knew a Supreme Court decision would be rendered which would address this - and the Court has rendered such decision. The Committee moved DO PASS and the bill passed out of the Committee.
- Rep. Harrell also presented Rep. David Knight’s (R-Griffin) bill [HB 419](#) which is the annual update to Georgia Code with federal Internal Revenue Code provisions. This bill brings Georgia law into conformity with federal law. There are fewer revisions than in past years. Section 2 deals partnership entities with their partnership tax returns making clear that if paying at entity level they are to notify all partners. The entity election payment is an irrevocable election - if tax is paid at the entity level. This bill received a DO PASS recommendation.
- Rep. Bruce Williamson (R-Monroe) also has a bill for the Committee’s consideration. [HB 486](#) addresses joint development authorities revenue sharing agreements. These authorities have seen problems with tax digests when in multiple counties and what is payable to school system. However there are issues with agreements in sharing. It is about transparency. Sometimes there is an artificial high amount. There is no fiscal note. DOR Commissioner has no concerns about the bill. It only will apply to those entities with these revenue sharing process. It received a DO PASS recommendation.

The following bills were assigned to Subcommittees:

- Public Policy: [HB 224](#), [HB 276](#), [HB 352](#)
- Sales Tax: [HB 344](#)
- Ad Valorem: [HB 365](#)
- Income: [HB 132](#), [HB 287](#)
- Tax Expenditures: [HB 446](#), [HB 447](#)

A new version of [HB 105](#) was distributed to the Committee. There were questions about insurance coverage. Each property owner will have a unique situation, per Commissioner Riley, to determine eligibility on exemption. DOR can review circumstances for eligibility for exemption. Committee members were sympathetic but did mention that it would set a precedent. Sen. Bruce Thompson (R-White) suggested a minimum damage risk should be added. Sen. Nan Orrock (D-Atlanta) inquired about judgment calls on this- but asked where this appears in the bill because to her it looks like all get the relief. DOR is required to look at federal tax return against state tax return. The bill will continue later per Chairman.

Senate Regulated Industries Committee

Chairman Bill Cowser (R-Athens) began by calling on Rep. Brett Harrell (R-Snellville) to present [HB 184](#) which is identical to the Senate version sponsored by Sen. Steve Gooch (R-Dahlonega). Rep. Harrell indicated that although there was no expected issues with the Senate bill in House Committees, he recommended passing a clean version of HB 184 to ensure that the measure makes it through session. The bill received a motion DO PASS

Rep. Lee Hawkins (R-Gainesville) presented [HB 242](#) which provides for the regulation of massage therapy education programs. It also defines what is a "massage therapy business." There are also requirements for the State Board overseeing this profession such as: it requires it to periodically evaluate board recognized educational programs and develop and enforce standards for continuing education courses required of licensed massage therapists. It further requires licensed massage therapists to maintain liability insurance. Rep. Hawkins noted there was a suggestion for an amendment to strike "that are imposed on the business of other professionals" on lines 501-502. Sen. Cowser responded that Rep. Hawkins will need a member of the committee to propose the amendment which will probably be made in the form of a committee substitute in the Committee's hearing on Thursday. Sen. Cowser also had Rep. Hawkins explain the section of the bill that results in criminal penalties. Sen. John Kennedy (R-Macon) asked why the bill requires property damage insurance coverage for each massage therapist. Rep. Hawkins explained that this is standard practice for healthcare professional insurance policies. Jane Johnson from the American Massage Therapy Association spoke in support of the bill. She explained that after initial legislation was passed in 2005, the AMTA compiled a list of issues that they felt needed to be addressed by further legislative action, which prompted HB 242. Charlotte Davis from the Georgia Municipal Association spoke to the bill. She said that GMA is supportive of the intent of the bill but has concerns with the ordinance provisions. Specifically, the bill prevents local municipalities from passing ordinances with distance proximity requirements for the amount of massage therapy locations. Stan Jones, representing the AMTA answered questions from members of the committee. Sen. Frank Ginn (R-Danielsville) asked how the average person is able to tell the difference between licensed and non-licensed massage therapy locations. The AMTA explained that the license is required to be posted in the business. The bill would also provide limitations for how a licensed massage therapists can advertise services. Chairman Cowser noted that the committee will not take action on the bill today and will address possible amendments on Thursday.

Rep. Hawkins also presented [HB 253](#) which relates to the regulation of occupational therapists. He noted that their code section has not been updated in 20 years. The bill contains language about telehealth. Chairman Cowser decided to hold action on the bill until the next meeting because he wanted to make sure he reviewed the changes in the House substitute.

Senate Appropriations Committee – Community Health Subcommittee

The subcommittee met this afternoon to work through the FY 2020 recommendations from the Governor and House. Commissioner Frank Berry and Chief Financial Officer Lisa Walker explained the Budget issues for the Department of Community Health. Benefits growth for Medicaid are projected at \$88.8 million. Medicare Part B are for dual eligible for premium is \$6.8 million. Gene therapy is projected for two classes of FDA approved drugs at a cost of \$5.9 million (it presently exceeds outpatient drug cost cap and this would address that). FMAP adjustment is \$92 million across programs. IPPS Phase 3 (payment system for hospitals and this would update that system) is projected at \$9.2 million. Long-term acute care is \$3.1 million and would enroll new facilities (LTAC and rehab facilities). Health insurer fee moratorium (a federal requirement as it relates to coverage of individuals needing coverage) at a \$34.4 million in benefit reduction. Hospital provider fee payment is projected at \$10.4 million which will be matched with federal funding. This Department has things included such as retirement adjustments as well as merit pay.

State Health Benefit Plan has a number of changes and includes updated growth of \$224.6 million. It has a reduction in an effort to reflect savings from Medicare Advantage rates in the amount of \$126.3 million. There is an increase of \$7.9 million in an effort to reflect enrollment growth for mental health parity (to comply with the Mental Health Parity Act – includes ABA therapy and residential treatment centers). It also includes a reduction of the employer share of the State Health Benefit Plan from 30.45 percent to 29.45 percent (\$32.2 million).

There were changes per Chairman Burke and he asked if any stood out for them or a concern. They have had discussions on implementing the changes. Commissioner Berry thanked the House for additions. A couple of areas that the Senate will look at – Rural Innovation Center (a big interest to the Senate and they want to be a partner in the process and so that DCH will know the Senate focus). DCH's work on quality and value is also very important to the Senate and how best to accomplish. The Medicaid waiver is just starting per Chairman Burke. There has been a small amount of conversation on CON this session and those will require continuing conversation. Priority of taking care of children and elderly is something that they wish to continue as areas of focus. The Budget staff was thanked for its work on the Budget.

Sen. Nan Orrock (D-Atlanta) asked about the reduction under the employer share of the SHBP – what does that mean for employees? No impact to State employees – this is the cost that agencies pay for their employees for their subsidies on health insurance. It will come out of each agency's budget. There will be less revenue going into the plan with this. The impact on the plan – project the revenues but there will be enough to sustain to pay for insurance coverage. Commissioner Berry indicated it was a “healthy” plan.

Sen. Orrock also asked questions about the change in FMAP. It changes annually so that each state knows what it will receive. The federal percentage goes down for Georgia. The FMAP rate changes based on trends and how “rich” a state is economically. It also relates to the numbers of individuals in poverty. The PeachCare will shift from 100 percent reimbursement to around 88.6 percent; this change is a shift for federal level reimbursement and SCHIP legislation. Sen. Orrock asked what this cost is specific to Georgia's SCHIP (PeachCare) plan; DCH explained it would supply.

LaSharn Hughes spoke to the Subcommittee on behalf of the Composite Medical Board. Ms. Norris was introduced as new Deputy Executive Director for this agency. Ms. Hughes went through the Budget recommendations. Chairman Burke inquired about an increase in licensing fees for physicians. She was asked if there were changes made by the House that were a concern; she indicated that there were none. There is no medical director employed by the board; the \$150,000 is to have an internal person review those (now that it is contracted function) – it should save money in the long term. Sen. Orrock asked about the residents count – since started, there were 1,800 in the slots. The “match” is upcoming on Friday and they should have more residents after that date.

Ms. Hughes also talked about the Board for Physician Workforce. Loan repayment is provided to physicians, physician assistants, nurse practitioners and dentists. A marketing video was just developed and Mercer worked with all medical schools to put out. It will be put in schools. There are six budgetary programs within the Board. The FY 2019 appropriation was \$1.19 million. They produce a number of reports to highlight physician workforce trends. Mercer has 3 campuses with 473 students. Morehouse has no change in its. It has 378 students at Morehouse. Physicians for Rural Areas has a \$500,000 change (loan repayments). No changes to undergraduate medical education – PCOM has 60 (287 GA residents). Emory is 113 students under contract (180 GA Residents); Mercer has 210 under contract (473 GA residents); and Morehouse has 261 (378 GA residents). Rate per student is \$6363. 53 percent of their workforce is over the age of 50. They do conduct an exit survey on “debt” for students when they complete their medical education.

The Board is pleased to see the program growing.

Sen. Renee Unterman (R-Buford) asked about PCOM where they get additional slots (they have 60 slots funded). PCOM was also funded last year. The new House Budget proposal moves the Suwanee campus to 100 slots and 40 slots in Moultrie. PCOM's Bryan Ginn spoke to the accreditation of the campus which is on target. The project should be completed in June and students should matriculate in August.

Georgia Drugs and Narcotics Agency spoke to its budget needs. They have 10 agents who are pharmacists and certified police officers. There is an enhancement request at 103.3 for \$184,904 which has been fully funded – includes startup of a new IT system. The Subcommittee had no questions.

Rules Calendars for Legislative Day 31

The House has not adopted a Rules Calendar for Legislative Day 31 but will meet tomorrow morning at 9AM.

The Senate will take up the following propositions on Wednesday for Legislative Day 31:

- [HB 316](#) -- Elections; definitions; provide for uniform equipment and ballot marking devices

[View on Website](#)

These materials have been prepared for informational purposes only and are not legal advice. This information is not intended to create, and receipt of it does not constitute, an attorney-client relationship. Internet subscribers and online readers should not act upon this information without seeking professional counsel.

GET IN TOUCH



Stanley S. Jones, Jr.
Partner

T 404.322.6133
stan.jones@nelsonmullins.com



George S. Ray
Associate

T 404.322.6145
george.ray@nelsonmullins.com

GET IN TOUCH



Helen L. Sloat
Legislative Consultant
T 404.322.6170
helen.sloat@nelsonmullins.com