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Heath: Tax Relief for Georgians

By Sen. Bill Heath



The Georgia Legislature returned from “Spring Break” this week and tackled many issues important to Georgians. I, along with many of my Senate colleagues, diligently worked through the spring break on the difficult budget decisions facing our state. This week, the General Assembly passed major legislation that will go a long way toward reducing tax burdens, alleviating the budget crisis and providing the much-needed funding sources to keep our hospitals running.

On the eve of national tax day, the Georgia General Assembly has passed major tax relief. HB 1055 called by some the *Georgia Taxpayer Relief Act of 2010*. Every Georgian needs as much financial relief as possible. They deserve a fair and honest tax system, not one that over taxes and forces them to subsidize the activities of others. Included in the measure was the elimination of the state ad valorem property tax, which I championed through the Senate. This is a triumph for property owners, as the state will no longer be involved in taxing their property. The measure also eliminates taxes on all senior retirement income. Once fully enacted the tax cut is expected to be more than \$250 million per year. With fiscal responsibility and an anticipated economic recovery in mind, we chose to gradually phase in these tax cuts.

Another major component of the act reduces taxpayer subsidies on services for others by adjusting outdated and antiquated state fees and fines. When a fee does not cover the cost of the service provided, Georgia taxpayers subsidize the activities of specific individuals or businesses by paying the remaining cost. There will be some new fees being implemented which currently burden Georgia taxpayers. For example, we will impose a \$150 fee for individuals appealing DUI license suspensions instead of the state covering the cost of such a proceeding. Right now, taxpayers are picking up this cost. By implementing this new fee, it will save taxpayers **\$3 million** per year. We will also update some fines assessed by state agencies for violations. Because many of these fines have not been updated in a number of years and are well-below Southeastern averages, they are simply ineffective. The bill updates certain fines assessed by the Dept. of Insurance which have not been updated **since 1992**. The bill raises these fines to match inflation which may produce from **\$600,000 to \$2.5 million**. Simply put, Georgia’s taxpayers will continue to be forced to subsidize the activities of specific individuals or businesses if we

allow outdated fees and fines that do not cover the cost of the associated services to continue to stand. By addressing this issue now, users will rightfully pay the bulk of the cost of services provided.

There has been much debate and much misunderstanding about the hospital fee proposed by Governor Perdue. At the request of every hospital in Georgia the Act creates a 1.45 percent hospital fee to fund the state Indigent Care Trust Fund. This temporary funding source is eliminated in three years. All funds raised from hospitals will go straight into the Indigent Care Trust Fund, which will be used to provide medical care for Georgia's children and the poor. No revenue from the hospital fee will go into the state General Fund. This has potential to earn the state over \$200 million dollars and it maximizes Medicaid dollars to receive an additional \$500 million of federal dollars for state Medicaid. Every hospital in my senate district supports this bill because while they do pay the fee, they will get a higher reimbursement rate from the Medicaid patients they see. The requested fee fund is expected to prevent major cuts to Medicaid funding and help keep open at least thirty Georgia hospitals that were rumored to close without additional funding.

Overall, the *Georgia Taxpayer Relief Act of 2010* will provide relief for almost every taxpayer in Georgia while making significant progress in alleviating the state budget crisis. The bill now resides with the governor for his signature. The House also sent the FY 2011 budget to the Senate this week and the Senate is working over the next few days to pass a balanced budget that still supports the primary needs and services for all our citizens.

I am honored to serve and represent the 31st Senate District in the State Senate. I will continue to work on your behalf for tax relief, education, transportation and a strong, sustainable economy. Please continue to contact me with your thoughts, questions and concerns.

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Sen. Bill Heath serves as Chairman of the Retirement Committee and Governor Sonny Perdue's Floor Leader in the Senate. He represents the 31st Senate District which consists of Haralson and Polk counties and portions of Bartow and Paulding counties. He may be reached at 404.651.7738, by email at billheath@billheath.net or on Facebook as "State Sen. Bill Heath".