

Press Release

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Governor Sonny Perdue Vetoes Forty-One Bills

ATLANTA – Governor Sonny Perdue today vetoed 41 bills passed by the General Assembly this year to ensure that Georgia is governed by well-crafted laws and sound policy decisions without unintended consequences.

The following House bills were vetoed: HB148, HB162, HB413, HB451, HB48, HB69, HB76, HB91, HB105, HB117, HB202, HB218, HB229, HB242, HB327, HB363, HB374, HB386, HB430, HB441, HB467, HB501, HB502, HB509, HB529, HB549, HB559, HB727, HB807, and HB847.

The following Senate bills were vetoed: SB14, SB15, SB100, SB135, SB193, SB224, SB225, SB251, SB310, SB311, and SR363.

Summary messages for each vetoed bill are provided below.

Several bills that combine unrelated tax incentives to different organizations and sectors of the state's business sector passed the legislature this session. Tax bills deal with unique issues and should be considered individually. Disparate provisions should not be logrolled together to combine an otherwise acceptable provision with an untenable one, as such practice often results in the total bill being unacceptable. I support many of the provisions contained in the bills listed below, but other provisions within the same legislation prevent me from signing them into law. The General Assembly has long held a policy of strictly adhering to the single subject rule when proposing tax incentive bills:

I fully support that practice. For these reasons, I VETO the following bills:

<u>Veto Number 1</u>	HB 148	Sales and use tax exemptions relating to aquariums and energy use by manufacturers and processors;
<u>Veto Number 2</u>	HB 162	Sales and use tax exemptions relating to arts centers and health clinics;
<u>Veto Number 3</u>	HB 413	Sales and use tax exemptions relating to arts centers and nature centers;
<u>Veto Number 4</u>	HB 451	Tax credits related to development of tourism attractions and the development of film, video, or digital productions.

Veto Number 5

HB 48 HB 48 broadens the classification of persons that would be eligible for an indemnification award from state government. It also greatly expands the type of activity that qualifies for indemnification awards to include non-hazardous activity. For these reasons, and the unknown fiscal consequences associated with this legislation, I VETO HB 48.

Veto Number 6

HB 69 HB 69 would limit the Department of Driver Services from charging a fee to access driving records online. Costs are associated with maintaining driving records and public access to those records. This legislation would require the State to make up lost funds with general revenue provided by taxpayers. Because those who choose to use the public resources ought to bear the cost of that use, I VETO HB 69.

Veto Number 7

HB 76 HB 76 prohibits the use of Georgia Emergency Management Agency (GEMA) and the Georgia Information Sharing and Analysis Center (GISAC) agency

nomenclature and symbols without the consent of the GEMA director. The Homeland Security Director and not the GEMA director possesses jurisdiction over GISAC. Due to this error, I VETO HB 76.

Veto Number 8

HB 91 HB 91 requires State agencies to annually provide certain detailed financial information to the Department of Audits and Accounts for subsequent reporting to the General Assembly by September 30. Essentially all of the non-confidential information requested in the bill is currently available to members of the General Assembly on-line through their budget offices or published State reports – such as the travel, salary, per diem and fee, and non-profit contractor reports, which are annually published through the Department of Audits and Accounts. Other information is available through the federal Single Audit Report, Comprehensive Annual Financial Report (CAFR) and the Budgetary Compliance Report published by the State Accounting Office. In addition, both legislative budget offices can run reports and queries from the PeopleSoft accounting system and have access to on-line inquiries. They each have access to the State’s asset management, accounts payable, accounts receivable, general ledger, labor distribution, and budget module financial systems. In addition, public disclosure of other information, like a listing of unduplicated recipients of health care services or benefits, could violate the federal Health Insurance Portability and Accountability Act. Because the bill is overly broad, and because members of the legislature already have access to the non-confidential information sought, I VETO HB 91.

Veto Number 9

HB 105 HB 105 allows the Commissioner of Agriculture to unilaterally establish licensing fees for several professions and businesses. No legislative guidance or limits are provided. Given these concerns, I VETO HB 105.

Veto Number 10

HB 117 HB 117 would subject dealerships of motorcycles, all-terrain vehicles and

utility vehicles to franchise regulation: dealers that are not franchisees would be prohibited from selling such vehicles in Georgia. One provision would limit franchise opportunities to established places of business. This result provides a new barrier to entry into the marketplace that I cannot support. Regrettably, another provision cleaning up language from the recreational vehicle franchise law introduced as HB 297, was tacked on to this bill. While I support the intent behind HB 297, I VETO HB 117.

Veto Number 11

HB 202 HB 202 provides additional requirements related to public works and other contracts with the state. The bill would inadvertently require all public works contracts to be reviewed by the Department of Transportation to determine both the length and the cause of any delay, even if the DOT was not the contracting state entity. This is beyond the scope of the DOT's mission. I therefore VETO HB 202.

Veto Number 12

HB 218 HB 218 would restrict the flexibility that the Georgia Ports Authority currently has in hiring certain personnel. Such limitations on the Authority are not needed at this time, for the Authority already generally employs personnel with the qualifications required by the bill. For these reasons, I VETO HB 218.

Veto Number 13

HB 229 HB 229 relaxes the triggers that safeguard HOPE dollars for future generations. It also allows lottery winners to assign their winnings to third parties. By passing this legislation, the General Assembly chose to weaken HOPE's safeguards without addressing the possible, future financial shortfalls in the HOPE program. This concern is compounded by the General Assembly's decision not to preserve HOPE dollars for strictly educational purposes. Consequently, I VETO HB 229.

Veto Number 14

HB 242 HB 242 provides tax exemptions for high-deductible health insurance plans. The exemptions would apply to individuals' personal income taxes and the State's premium tax paid by insurers. I support legislation that provides incentives for individuals to use high-deductible health insurance plans, but by adding the premium tax exemption, the General Assembly dramatically increased the cost of the proposal: \$61 million over six years. To be sure, a more expansive review of the premium tax may be warranted, and comprehensive health care transformation is needed. This costly proposal, however, may be best reviewed as part of – and not independent from – such reform. For these reasons, I VETO HB 242.

Veto Number 15

HB 327 HB 327 would allow local housing authorities to apply to the Department of Revenue to receive reimbursement on debts incurred through an individual debtor's income tax return. Compounded with the numerous logistical challenges of implementing this program, I believe that it is a local entity's – not the Department of Revenue's – responsibility to collect the debt it incurs. I therefore VETO HB 327.

Veto Number 16

HB 363 HB 363 affects the Georgia Military College and the HOPE Grant program. For the purposes of receiving State financial aid, the Georgia Military College is considered a private institution. The institution currently receives the Tuition Equalization Grant and the private HOPE Scholarship award. The HOPE Grant is limited to public institutions under the University System of Georgia and the Department of Technical and Adult Education. Therefore, Georgia Military College receiving state financial aid as a public and private institution is not warranted. Because this bill would effectively abolish this well-founded condition on the receipt of HOPE grant funds, I VETO HB 363.

Veto Number 17

HB 374 HB 374 would revise certain sections of the hotel motel tax Article in the Official Code of Georgia. I do not believe that these revisions achieve the intended goal of the bill to more standardize this Article, as certain definitions added in the Article remain defined elsewhere in the Article. The result would likely cause confusion in interpreting the Article. I therefore VETO HB 374.

Veto Number 18

HB 386 HB 386 clarifies provisions for superior court clerks regarding fees and cross-indexing. It also extends the sunset date for superior court clerks real estate and personal property filing fees from July 1, 2012 to July 1, 2014. I believe that sunset provisions should carry meaning. Extending a program that is not set to expire for another five years even further into the future undermines the concept of a legislative sunset. I therefore VETO HB 386.

Veto Number 19

HB 430 HB 430 greatly expands the power of railroad companies in Georgia by making their properties immune from adverse possession. Currently, only the State and the disabled are protected in such a manner. Moreover, a provision of this bill would negatively affect persons who have already obtained by virtue of current law, but not officially recorded, rights in property. For these reasons, I VETO HB 430.

Veto Number 20

HB 441 HB 441 would eliminate the interest expense offset against certain tax-exempt interest income that a taxpayer may have. The effect of this bill would be to eliminate 2005 legislative changes meant to clarify the process and bring the state into conformity with the vast majority of other states and the federal approach to expense offsets for certain tax-exempt obligations. I have asked the Department of Revenue to look into the concerns to be addressed in HB 441, and the Department has assured me that it is committed to clarifying the current formula through rule and regulation such

that taxpayers will receive the most positive treatment possible under the original intent of the 2005 legislation. The Department plans to complete this regulation promulgation process by September 30, 2007. For the foregoing reasons and the planned efforts by the Department, I VETO HB 441.

Veto Number 21

HB 467 HB 467 mandates that university system institutions give a certain number of credit hours for those students that successfully complete the challenging International Baccalaureate (IB) program. I am firmly committed to increasing the rigor of the academic study for Georgia's students; however, usurping the University System of Georgia's constitutional authority by mandating the amount of credit to be awarded by a university system institution is unwarranted. Instead, I am requesting that the University System of Georgia to determine the proper amount of credit hours to be given by system institutions that will appropriately encourage enrollment in and recognize the rigor of the IB program. For these reasons, I therefore VETO HB 467.

Veto Number 22

HB 501 HB 501 is local legislation applicable to the City of Hiawassee in Towns County. The sponsor of the bill and the local officials have requested that it be vetoed. I therefore VETO HB 501.

Veto Number 23

HB 502 HB 502 is local legislation applicable to the Towns County School District. The sponsor of the bill and the local officials have requested that it be vetoed. I therefore VETO HB 502.

Veto Number 24

HB 509 HB 509 is local legislation applicable to the City of Young Harris in Towns County. The sponsor of the bill and the local officials have requested that it be vetoed. I therefore VETO HB 509.

Veto Number 25

HB 529 HB 529 changes certain functions relating to the State's budget and reporting processes. The bill however does not change various budgeting terms such as "object classes" and "budget units," which have not been used in years and were positive changes previously included in SB 254. Neither term is germane to program budgeting, therefore, I VETO HB 529.

Veto Number 26

HB 549 HB 549 seeks to amend prior authorization requirements for recipients of Medicaid funded services. The proposed changes inadvertently conflict with federal mandates on Medicaid services. Specifically, HB 549 would restrict the State's ability to conduct appropriate prior authorization review as required by federal regulations (CFR 433.15(b)(7)). Federal regulators have also indicated an objection to the establishment of different standards for recipients based on a general categorization of their condition rather than based on an individual's specific medical needs and likely rehabilitation and recovery (CFR 440.240). For these reasons, federal approval of the changes mandated by HB 549 is not expected. The timeliness of these services, particularly to this constituency is important. I am, therefore, directing the Department of Community Health to continue its efforts to provide for a more streamlined preauthorization process so as not to unduly burden the practitioners and patients this bill seeks to assist. I therefore VETO HB 549.

Veto Number 27

HB 559 HB 559 provides that teachers and employees of charter schools are to be considered employees for purposes of participating in the State Health Benefit Plan.

Presently, teachers and employees of charter schools may participate in the State Health Benefit Plan pursuant to Department of Community Health Rule 111-4-1-.01(17). This bill, however, fails to require that charter schools make an election at the time of the charter's inception. To allow a charter school to elect to participate in the State Health Benefit Plan at any time could allow adverse selection and be detrimental to the continued viability and financial stability of the State Health Benefit Plan. Therefore, I VETO HB 559.

Veto Number 28

HB 727 HB 727 is local legislation applicable to Towns County. The sponsor of the bill and the Towns County Commissioner have requested that it be vetoed. I therefore VETO HB 727.

Veto Number 29

HB 807 HB 807 is local legislation applicable to the City of Auburn in Barrow County. This legislation removes from the municipal limits of the City of Auburn several parcels of property that the city had previously annexed. The deannexation contemplated by this legislation would create unincorporated islands within the City of Auburn. This result is contrary to the letter and policy of state law regarding annexation and unincorporated islands, see O.C.G.A. §§ 36-36-4 and 36-36-92. For these reasons, I VETO HB 807.

Veto Number 30

HB 847 HB 847 is local legislation applicable to Oconee County. The sponsor of the bill and the local officials have requested that it be vetoed. I therefore VETO HB 847.

Veto Number 31

SB 14 SB 14 extends the sunset date for superior court clerks real estate and personal property filing fees from July 1, 2012 to July 1, 2014. I believe that sunset provisions should carry meaning. Extending a program that is not set to expire for another five years even further into the future undermines the concept of a legislative sunset. I therefore VETO SB 14.

Veto Number 32

SB 15 SB 15 seeks to increase the penalties for driving without a valid license. In addition to other punishments, it provides that a first offense would result in a misdemeanor to be punished by imprisonment of at least two days and not more than twelve days. It also authorizes a \$500 to \$1,000 fine for first offenses. This broad provision would catch not only those who willfully drive without any valid license, but also persons who move into the State with a valid out-of-state driver's license that have not obtained a Georgia driver's license within 30 days of establishing residency. Though judges may suspend the period of imprisonment if the new resident had a valid driver's license from another state and had good cause for not yet obtaining a Georgia one, SB 15 does not prevent that new resident from being booked and fingerprinted. I fear an unintended consequence of this legislation, as drafted, would subject persons with valid out-of-state driver's licenses to stout criminal penalties even absent the commission of a willful act. Thus, although I support the intent of tracking persons that possess no valid driver's license, the potential harms of this legislation cause me to VETO SB 15.

Veto Number 33

SB 100 SB 100 increases all identity document fraud crimes to a felony for those over 21 years of age and decreases from a felony to a misdemeanor certain identity document fraud crimes by persons younger than 21 years of age. I agree with the legislative intent of preventing document fraud, but the reduction from a felony to a misdemeanor for those under age 21 who are trafficking false documents is too broad. For this reason, I VETO SB 100.

Veto Number 34

SB 135 SB 135 would increase the minimum financial penalties for the unlawful reproduction, transfer, sale, distribution and circulation of recorded material. It would also allow a trade association representing victims of such unlawful acts to receive restitution and investigation costs associated with bringing an enforcement action in court. Permitting trade associations to recover funds that are owed to a victim statutorily expands the types of recovery – both in terms of amount and scope of recipients – allowed in criminal prosecutions. This sets a dangerous statutory precedent, and I am concerned about the potential proliferation of trade association-solicited lawsuits of any kind. Consequently, I VETO SB 135.

Veto Number 35

SB 193 SB 193 mandates that counties providing health insurance benefits to employees also provide benefits to certain county officers. A decision regarding health insurance benefits in these counties is a local matter; it should be determined at the local level and not by an unfunded mandate from the General Assembly. I therefore VETO SB 193.

Veto Number 36

SB 224 SB 224 would, among other things, extend the exemption from entry into the Georgia Electronic Insurance Compliance System (GEICS) to include all commercial auto insurance policies. This would, in effect, reduce the number of vehicles that are included into the GEICS system by an unknown quantity and would limit the state's ability to ensure that drivers are insured. Because of these unintended consequences, I therefore VETO SB 224.

Veto Number 37

SB 225 SB 225 limits requires local government officials and members of school

boards to attend training on Tax Allocation Districts (TADs). Other sections of the legislation limit the discretion of school boards to evaluate property subject to TAD and prohibit boards from considering potential appreciation of property values within the TAD absent the proposed redevelopment. The training requirements have significant merit; I support them wholeheartedly. The other provisions appear to have been motivated by a unique, local issue. The legislation would inappropriately, however, apply statewide. In addition to this concern, the latter provisions appear to impede the collaborative consideration of TADs by cities, counties and school boards. I therefore VETO SB 225.

Veto Number 38

SB 251 SB 251 requires that the Department of Revenue establish and maintain a website that will include the license plate numbers and vehicle identification numbers of vehicles that have been reported as stolen and vehicles that have been towed without the knowledge or consent of the owner. This bill also sets up penalties for tow companies and others that must submit information for the website. As drafted, SB 251 would require the Department of Revenue – through general revenue funds paid by all taxpayers – to support the creation and maintenance of such a website and the resulting enforcement. As the requirements in this bill would not be funded through the beneficiaries of the service created, I VETO SB 251.

Veto Number 39

SB 310 SB 310 is legislation applicable only to Jefferson County. The County Commission was not consulted before this legislation was introduced, but the County Commission must provide for the unfunded mandate contained in SB 310 through taxpayer funded general revenue. I do not support unfunded mandates generally, especially when local governing authorities did not have the benefit of consultation prior to the Legislative Session. For these reasons, I VETO SB 310.

Veto Number 40

SB 311 SB 311 is legislation applicable only to Burke County. The County Commission was not consulted before this legislation was introduced, but the County Commission must provide for the unfunded mandate contained in SB 311

through taxpayer funded general revenue. I do not support unfunded mandates generally, especially when local governing authorities did not have the benefit of consultation prior to the Legislative Session. For these reasons, I VETO SB 311.

Veto Number 41

SR 363 SR 363 establishes a commission to study and offer recommendations on the delivery of mental health services. The Commission includes members from the legislative and judicial branches and citizen members. Because any changes would be implemented by the executive branch, appropriate representation from the executive branch should be included for an effective study. For this reason, I will sign an executive order calling for a commission, including those persons described in SR 363 and representatives of the executive branch, to review the matters addressed in SR 363. Because my executive order will provide a more inclusive process, I VETO SR 363.

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