House of Representatives
Rural Development Council

2018 Recommendations Overview

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Representative, 116th District

Co-chairman Jay Powell
Representative, 171st District

Vice-chairman Sam Watson
Representative, 172nd District

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Representative, 139th District

The Honorable John Corbett
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The Honorable Matt Hatchett
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The Honorable Mack Jackson
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The Honorable Dominic LaRiccia
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The Honorable Eddie Lumsden
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The Honorable Chad Nimmer
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The Honorable Clay Pirkle
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The Honorable Terry Rogers
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The Honorable Sharon Cooper
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The Honorable Robert Dickey
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The Honorable Penny Houston
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The Honorable Butch Parrish
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The Honorable Don Parsons
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The Honorable Jason Shaw
Representative, 176th District

The Honorable Ron Stephens
Representative, 164th District

The Honorable Kevin Tanner
Representative, 9th District

2018

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Introduction

The House Rural Development Council was created by House Resolution 389 during the 2017 Legislative Session of the Georgia General Assembly. HR 389 acknowledges that despite an overall, steady economic recovery for the state as a whole, rural portions of Georgia have not shared proportionately in the recovery and that lag is being exacerbated as rural areas are losing population. Because the challenges facing rural development are distinct, the resolution calls for an intensive, two-year working group to learn about the unique issues impairing the stabilization and potential growth of these valuable communities. This report contains the recommendations for the second year of the Council's work performed over the 2018 Interim.

During this second year of the Council, members met 15 times in five communities across the state and heard from local officials and policy experts to do a deep dive on some of the more difficult topics from last year, to include economic development, health, and education issues. Documentation for all meeting agendas, PowerPoint presentations, as well as a video archive of all the 2017 and 2018 live-streamed meetings may be accessed on the Georgia House of Representatives website at: http://www.house.ga.gov/Committees/en-US/HouseRuralDevelopmentCouncil.aspx.

Recommendations

ECONOMIC DEVELOPMENT

Farm Wineries

For many farm wineries, being able to distribute their own product is essential to profitability. Currently in order for a producer to get a wholesale license, a farm winery must first receive a denial letter from an established distributor. Only then may a farm winery apply to the state to become a wholesale distributor. The problem for farm wineries is that some distributors are not interested in doing business with small vineyards, while other distributors view them as competition and will not give them a denial letter. To circumvent this, several wineries that had already been approved as distributors began writing denial letters to other wineries so that they could become their own distributors. The Department of Revenue closed this loophole and now wineries are back in the same situation of seeking denial letters from distributors who view them as competition.

In addition to the difficulties in becoming a distributor, for those farm wineries that are able to distribute their own wine, the paperwork and reporting requirements of the three-tiered system are also stifling. Rather than having streamlined reports tailored to their industry, some farm wineries must file separate paperwork with the Department of Revenue as a producer, then again as a distributor, and as a retailer. The Legislature should direct the department to streamline the paperwork and process for farm wineries.

Recommendations

- Introduce legislation which allows farm wineries to sell up to 24,000 gallons of their own wine without having to be first refused by an established distributor.

- Include direction to the Department of Revenue to streamline the paperwork and reporting for farm wineries.

Blight Control

Although most blight programs and research typically focus on urban deterioration, lower population densities, job losses, population decline, and foreclosures often deter revitalization in rural regions. Blighted properties affect a community's economic, safety, health, and environmental well-being. Moreover, properties that receive numerous code violations contribute to lower property values, higher crime rates, increased local government spending, and greater public health impacts. To curb this growing problem in rural Georgia, the Council proposes the creation of a blight removal and code enforcement grant program to be modeled after the City of Hoschton's "Spring Cleaning Challenge," which will be administered by the Department of Community Affairs. The program will:

- Distribute grants ranging from $2,500 to $5,000 to municipalities to initiate free, neighborhood-level cleanup for their most-blighted areas. An application may contain a plan for multiple events during a fiscal year, however, the total grant shall not exceed $5,000 per city in any fiscal year.
- Target the neediest communities by prioritizing municipalities based on population of 2,500 or less.
- Require a plan submission that includes a single point-of-contact, neighborhood identification, and roll-off dumpster locations.

Regional Development Authorities

The Council consistently heard testimony that regional partnerships with shared resources and revenues for economic development are the most successful business models, especially for rural areas. Promotion of regionalism needs to be encouraged and incentivized by statute, in which the state will recognize and support these efforts with enhanced benefits to assist in the success of the projects.

Recommendations

- Introduce legislation that requires regional development authorities to consist of not less than three and not more than five counties.
- Allow a regional development authority, if it owns an industrial park and if it qualifies for OneGeorgia funding, to have the collective benefit of the lowest tier status of any one of its members for projects which locate in any jointly owned park, no matter in which county it's located.
- Designation as a regional development authority and access to the shared tier benefits will only be granted when a majority of the members of each governing body of the member counties has completed a basic economic development training course certified by the Department of Community Affairs.
- Ad valorem tax receipts from an industrial park owned by a regional development authority shall be shared based on the percentage of investment of the member counties.
- Provide other incentives to regional development authorities to acquire, develop and market jointly owned industrial parks.

- Authorize a third fund category in OneGeorgia legislation that would apply to regional development authorities.
- Replace the $500 per employee additional benefit counties receive from the Job Tax Credit for being members of a joint development authority with a $500 per employee additional benefit for those who are members of a regional development authority.

The Quality Jobs Tax Credit

The Quality Jobs Tax Credit was designed to incentivize better paying jobs in rural areas by providing a credit for positions that pay 110 percent of the average lowest wage when at least 50 jobs are created. Because creating 50 jobs in rural areas can be difficult, this Quality Jobs Tax Credit threshold should be redefined by tier to recognize that disparity. It is the goal to establish a wage and have it increase naturally over time or revisit it every few years.

Recommendation

- Adjust the statute to set the threshold on the required number of created jobs to qualify for the credit in Tier One and Two counties to five and ten, respectively, when the higher wage is earned and the county qualifies for OneGeorgia funding.

The Job Tax Credit

Recommendation

- Provide for a $500 per job bonus in Tier One and Two counties that qualify for OneGeorgia funding as an incentive for companies to locate or expand in these locations.
- Adjust the minimum wage requirement by tier. For those bottom 40 counties in Tier One and which qualify for OneGeorgia funding, the credit will be based on the state minimum wage of $7.25 with a multiplier of 1.25 for an hourly wage of $9.06 to qualify that job; the multiplier will increase to 1.50 for an hourly wage of $10.88 for the rest of Tier One and Tier Two counties that also qualify for OneGeorgia funding; and the average minimum weekly wage could be used to qualify for the credit in Tiers Three and Four.

RURAL BROADBAND

To continue the modernization of the tax code and to level the playing field between bricks and mortar retailers and those who sell digital products, the Council proposes a communications service tax (CST) that would modernize the tax structure, eliminate the sales taxes and franchise fees, and provide grant funding.

This proposal does two things: 1) lowers the tax rate and consolidates taxes and fees, and 2) broadens the base so the rate can be lower.

Eliminate:

- Franchise fees of 5 percent on cable television revenues.

- Franchise fees of 3 percent on landline phones.
- Sales tax of at least 7 percent on landline phones.
- Sales tax of at least 7 percent on cell phones.
- Sales tax of at least 7 percent on broadband equipment.

Replace with:

- 4 percent state and local tax on telecommunications and cable services.
- 4 percent state tax on direct broadcast satellite services.
- 4 percent state and local tax on digital goods and services.

Expansion of Providers

- Introduce legislation to remove barriers to allow electric cooperatives to deliver broadband services.
- Introduce legislation to remove barriers to allow rural telephone cooperatives to deliver broadband services.

STREAMLINING SMALL CELL PERMITTING

To ensure both rural and urban areas are prepared for future 5G cellphone technology, the Council finds the need for a streamlined application and permitting process for attaching or "collocating" small cell technology on power-line poles or other infrastructure in the right-of-way. Small cells, which are wireless antennas, will help increase telecommunication companies' network capacities and speeds. These technologies are essential to present and future technologies, such as smart cars and smart cities. Therefore, the Council proposes a streamlined application and permitting process that will:

- Place a cap on costs and fees.
- Describe the timelines that local governments have to review and approve or deny a small cell application.
- Describe for what reasons a local government may deny a small cell application.
- Define small cell height and size requirements.
- Give historic district and underground power-line protections for local governments.

HEALTH

Certificate of Need

The current system for health care delivery must be revolutionized to provide the level of access, quality and cost controls that support better health outcomes for Georgians. The state should revolutionize the industry by shifting from the current restrictive, regulatory Certificate of Need model to an accreditation and licensing process for hospitals that recognizes and encourages care outcomes. In addition, there is a lack of transparency for financial and community standards of care that must be addressed to promote equitable competition and ensure that tax dollars, tax credits, and tax exemptions are being used appropriately to subsidize care being delivered in non-profit hospitals.

Recommendations

- Introduce legislation that replaces CON with a rigorous accreditation and licensing requirement for new providers.
- New providers in Region 3 of the Department of Community Health Planning Area Map will not have to go through a review for licensure once accreditation is obtained. However, new providers in Region 3 will be subject to review if they are within a 20-mile radius of an existing provider outside of the region.
- New providers in all other Department of Community Health Planning Area Map regions that are planning a facility within a 20-mile radius of an existing provider shall go through a Department of Community Health review process before receiving a license.
- Establish an indigent and charity care requirement for non-profit providers based on a rolling two to three year average of the state's individual hospital average, currently 7.35%. The indigent and charity care requirement for for-profits shall be the rolling two to three year average of the state's individual hospital average less 3%.
- Establish an indigent and charity care licensing requirement for a single specialty destination hospital of 10% or the state average, whichever is higher.
- Failure of any hospital to meet the indigent requirement will be sanctioned with a 1% fine of net revenue for every .5% of the indigent care requirement not provided.

Reporting

- To ensure commensurate and consistent reporting between hospitals, the hospital and the Department of Community Health shall utilize the most recent and already required and audited federal form 990 and federal form 990 Schedule H for each hospital. This shall be readily available and prominently displayed on each local hospital's main web page as well as the Department's. From July 1, 2019 forward, these reports shall be posted annually and shall remain posted in subsequent years. The Community Benefit and DSH surveys shall also be posted on the local hospital website annually and hospitals shall notify the local legal organ of newly posted reports. If reports are not posted within 30 days of the report due date, payment of any and all state funds shall be suspended, including participation in the Georgia Rural Hospital Tax Credit Program.
  - Use of the hospital provider fee as an offset to indigent care shall be clearly noted.
- Non-profit hospital systems shall also post for the system as a whole, the same reports listed below as required for the individual not-for-profit hospital.
- Non-profit hospital reporting will also include a listing of the properties the hospital owns, the book and estimated fair market value of those properties, and the value of the property tax exemption for each parcel.
  - County tax commissioners shall review the assessed value of vacant properties that do not contribute to the core mission of a hospital and ensure that property taxes are being paid until the parcel is developed to support the mission of the hospital.
- Non-profit hospitals will report and post on their main website any ownership or interest in a joint venture, any business venture foundations, operating contracts, partnership(s), subsidiary holding company or companies, or interest in a captive insurance companies, and if so, where that entity is domiciled as well as the value of each of these holdings.

- Non-profit hospitals are expressly prohibited from purchasing, maintaining or holding Medical Use Rights.
- Since county governments are ultimately responsible for any debt incurred by a hospital authority in the event of default, the non-profit hospital shall post on its website any bonded debt or outstanding loans and the terms of such bonds and loans.
- Non-profit hospitals shall post on their main website the total salaries and compensation packages for executive leadership positions.
- Clarify in statute that any and all operating subsidiaries of the hospital authority owned hospitals and foundations are subject to any and all open records requirements.

Rural Hospital Tax Credit

- Introduce legislation that increases the cap on the Rural Hospital Tax Credit to $100 million, and require the Department of Community Health to provide and post on their website a list of qualifying hospitals in need of financial support.
- Further clarify contributions rules and processes.
- Further clarify qualifying expenditures.
- Direct the departments of Community Health and Revenue to work together to ensure the intent and integrity of the credit is maintained.

Safety Net Services

- Support the efforts of Governor-Elect Kemp in addressing the safety net cliffs that are harmful to the working poor. These cliffs, or drop off of benefits, discourage employees from taking raises or promotions thus hindering the betterment of their lives and that of their families.