

## 2018 Top Three Legislative Priorities

### **ISSUE: Broadband Connected Georgia**

#### **BACKGROUND:**

Georgia's county commissioners recognize the critical importance of, and fully support, expanding affordable broadband access throughout the state to enhance citizens' quality of life, foster economic development, and make their communities more vibrant and competitive. Counties statewide continue to partner with the telecommunications industry to facilitate market-based solutions to enhance high quality broadband service, including the accommodation of towers, structures and equipment in the public's right-of-way (ROW), to address their respective community's needs. The state could greatly enhance these local efforts; however, preemption of local government ROW management is not needed.

**County Interest:** While counties continue to partner with the state and telecommunications providers in fostering a broadband-connected Georgia, ACCG has great concerns with any statewide preemption dictating unrestrained accessibility to, and local management of, the public's ROW. Elected county officials must properly and consistently maintain their ability to carefully balance ROW access with their charge to protect public safety by:

- Reducing the hazard of poles in high-crash and high-risk areas;
- Ensuring traffic signal poles remain clear of obstacles impacting their accessibility and operation;
- Preserving emergency radio transmissions;
- Effectively and efficiently meeting federal/state environmental and road requirements;
- Overseeing the timeliness of utility relocation during county road maintenance or expansion projects;
- Finding remedies to address improperly installed utilities or competing utility needs;
- Addressing the public's aesthetic and land use demands to maintain private property values; and
- Ensuring that taxpayers are not subsidizing the ROW permitting and management processes or any road, sidewalk or other damage caused by others' utilities in the ROW.

#### **Status:**

Two bills, SB 232 and HB 533, remain alive from the 2017 legislative session and contain the preemptive ROW language that causes concern. ACCG continues to work with the authors and other stakeholders to formulate sound policy that balances rural broadband needs with appropriate ROW management.

**Talking Points:****The following considerations are suggested:**

The General Assembly and State of Georgia could greatly enhance and guide ongoing county broadband efforts by:

- Formulating a model broadband ROW permitting ordinance for county consideration;
- Recognizing counties that adopt the ordinance as a “Broadband Ready Community”
- Allowing counties to condition other utilities’ access to their ROW on their allowing broadband providers access to their poles;
- Providing additional tools and incentives to facilitate the collocation of broadband equipment on existing poles in the local ROW;
- Granting local governments the authority to provide sales (via a telecommunications excise tax) and property tax incentives to expand access in their communities;
- Providing state tax incentives to expand broadband access in rural areas;
- Ensuring that all state tax incentives are applied toward providing service only where it is needed and developing a mechanism to measure the success of the incentives;
- Establishing a state broadband office to offer financial assistance and administrative coordination to communities in need of expanded coverage. This office could also assess a county’s obstacles that inhibit broadband expansion, recommending changes;
- Continuing to foster a competitive broadband marketplace among all telecommunications providers, large or small, incumbent or upstart;
- Encouraging local governments to partner with private providers on investing in broadband infrastructure;
- Ensuring that local governments are held harmless and indemnified against any claim of liability or loss from personal injury or property damage resulting from others’ poles or equipment in the ROW; and
- Establishing timelines by which broadband and other utility equipment located in local ROW must be moved or relocated, at provider expense, during road widening or other public projects, and by which any abandoned equipment in the ROW must be removed.



#### **ISSUE: Modernization and Balanced Funding of the 9-1-1 System**

**BACKGROUND:** The original funding structure for 9-1-1 in Georgia was a surcharge of \$1.50 added to the telephone bill for landline services. The advent of wireless phone service resulted in additional 9-1-1 fees, and finally prepaid cell phone service providers were assessed a 75 cent fee because of their increased use. Initially, the prepaid cell phone fee generated additional revenues for the operation of 9-1-1 centers, but this has changed. Landline services have nearly become obsolete as mobile phones are now the primary phone used by a vast majority of consumers and voice over internet providers (VoIP) have increased in popularity. Further impacting the revenue stream for 9-1-1 centers, most cellular providers are transitioning to a prepaid model for which the 9-1-1 fee is only 75 cents, half of the \$1.50 monthly fee assessed on all other phone lines.

With the implementation of next generation 9-1-1 service, it is likely the current funding model will undergo additional changes. Thus, developing a funding model based on next generation 9-1-1 may be premature. Adjusting the current model during transition will provide additional resources for the operation of the 9-1-1 centers.

**County Interest:** Public safety is one of the many essential services counties provide to their constituents. The factors regarding the current 9-1-1 funding model have severely impacted revenue going to the 9-1-1 centers for operational expenses. Wireless providers currently have the ability to bill public safety answering points (PSAP's) up to 45 cents of the \$1.50 fee for cost recovery for the infrastructure. This represents almost one third of the 9-1-1 fees received for the operation of the 9-1-1 center.

**STATUS:** A stakeholder group consisting of telecom representatives, county commissioners and representatives from other key groups have met numerous times and agreed on legislation that would create a Local Government 9-1-1 Authority. That legislation, SB 222, passed during the 2017 session but was vetoed by the Gov. Nathan Deal. To prevent the Local 911 Authority from having too much autonomy, he then created the proposed Local Government 9-1-1 Authority by executive order which is housed under the Georgia Emergency Management, also known as GEMA. The Governor has made it clear that he will move forward with legislation this year to codify his executive order and provisions to provide statewide coordination, centralized collection of 9-1-1 fees, and auditing.

#### **Talking Points:**

#### **The following considerations are suggested:**

- The inequity in prepaid wireless rates should be eliminated making the 9-1-1 fee \$1.50 per month for all types of services.
- The cost recovery provision for billing PSAP's should be eliminated. Wireless providers should retain the ability to charge their subscribers a cost recovery fee, but not the PSAP's.
- The Local Government 9-1-1 Authority will provide statewide coordination, auditing of telephone service suppliers conducting business in Georgia, and centralized collection of 9-1-1 fees by the Department of Revenue (DOR) that will be remitted back to the jurisdiction for



which they were collected. There must be a provision which allows local jurisdictions to obtain information about the fees collected by DOR on their behalf.

**Issue: Sales Tax Reform**

**Background:** Current Georgia law provides more than 100 exemptions from sales and use taxes that otherwise would be paid to the state, counties, and other local governments. In addition, the state lacks an effective mechanism to collect sales tax on online purchases from out-of-state vendors. Even for those sales taxes that are collected, there is no mechanism to determine whether those taxes are being correctly attributed and distributed to the correct counties.

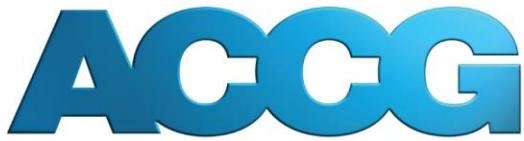
**County Interest:** As the cost and demand for county services to residents and businesses increase, it is critical that counties have adequate revenue sources to meet those needs. Local sales tax is the second largest revenue source for counties, which use this revenue primarily for capital infrastructure and reducing their reliance on property taxes. However, most counties have not experienced growth in sales tax revenues since the recession ended. There appear to be two primary reasons for this lack of revenue growth: 1) the ever-increasing percentage of sales made over the Internet, for which most out-of-state vendors do not collect sales tax; and 2) the large and increasing number of goods and services that are exempt from sales tax. In addition to expanding the sales tax base, each county has a strong interest in ensuring that the Georgia Department of Revenue is correctly paying over sales taxes attributable to that county.

**Status:** Two bills, HB 61 and HB 181, remain alive from the 2017 legislative session, having passed the House of Representatives and awaiting action in the Senate. HB 61 would require out-of-state vendors with a minimum amount of sales in Georgia to collect and remit state and local sales taxes. HB 181 would allow local governments to receive certain information from the Department of Revenue related to vendors' sales taxes attributed to individual counties. In addition, a Senate Study Committee is working to develop objective criteria to assess the costs and benefits of all tax exemptions and tax credits.

**Talking Points**

**The following considerations are suggested:**

- **Digital goods and many other items paid for through online platforms are not taxed.** There are many businesses that do not have a physical presence in Georgia and have decided not to collect our state and local sales tax. As more products are purchased online, this "legal loophole" is contributing to a significant loss in sales tax revenue.
- **The service sector is the fastest growing segment of the economy yet is largely exempt from sales tax.** Georgia currently has approximately 110 exemptions in the sales tax code and only taxes approximately 36 services out of a potential 168 services.
- The General Assembly should help counties reduce their reliance on property tax by **expanding the existing sales tax base** through:
  - Limiting the items that are exempt from sales taxes;
  - Including in the tax base additional services and digital goods such as digital music, books, and video; and



- Creating a legal nexus test for the collection of sales taxes by out-of-state businesses selling to customers in Georgia.
- **Commissioners and citizens should be granted greater flexibility to determine the appropriate local sales taxes for their county.** This should include:
  - The ability to take an existing local sales tax and ask the voters for approval to convert it to a different use that is locally determined to be essential to a specific county's environment; and
  - The ability to use a portion of their capital sales tax for maintenance on capital facilities.
- **Counties need the ability to work with the state in verifying the accuracy of sales tax payments.**
  - Confidentiality laws greatly limit the information that the Department of Revenue can share with local governments about their sales tax collections. Without this sharing of information between the state and local levels of government it is difficult to determine when errors, under reporting, misuse of exemptions and tax avoidance have occurred.
  - Local officials and staff are the most knowledgeable about their local businesses and the local economy and should be able to work in partnership with DOR to make sure local sales taxes are collected and remitted accurately.
  - To create this partnership, the General Assembly should expand the scope of taxpayer information that can be shared with designated local officials that have entered into a confidentiality agreement with the department. These records would continue to be exempt from public disclosure and could only be discussed with local elected officials in executive session.
  - For businesses to accurately determine the proper sales tax allocation to each county, state law should clearly prescribe a uniform method for businesses to identify the county where the transaction occurs. Steps that the General Assembly could take to accomplish this goal include:
    - Requiring the Department of Revenue database to include information at the street address level in addition to the nine digit zip code; and
    - Requiring the vendor to use the customer's physical address instead of a P.O. Box.