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## On the Ballot November 8<sup>th</sup> Two Proposed Constitutional Amendments

Since 2022 is the second year of the current Georgia legislative term, constitutional amendments proposed and passed in 2021 and 2022 will be decided by voters this November.

1. **S.R. 134**, introduced February 22, 2021 by Senator Larry Walker, III, authorizes the suspension of compensation of certain State officers and members of the General Assembly if they are indicted for a felony. Representative Chuck Efration sponsored it in the House, where it passed March 23, 2021 with the required two-thirds vote of 169-0, and the Senate 51-1 on March 8, 2021. Final passage or defeat will be decided by a majority of voters.

**What will change, if it gets a majority vote November 8<sup>th</sup>?** Currently, public officials that are indicted for a felony are *suspended with pay*, until the case is finalized. However, S.R. 134 would *require loss of salary* if the official is indicted. This is the question on the ballot:

“Shall the Constitution of Georgia be amended so as to suspend the compensation of the Governor, Lieutenant Governor, Secretary of State, Attorney General, State School Superintendent, Commissioner of Insurance, Commissioner of Agriculture, Commissioner of Labor, or any member of the General Assembly while such individual is suspended from office following indictment for a felony?”

**ACTION – Oppose, presumes guilt.** (a) Indictment doesn’t prove guilt. Should salary be withheld before guilt is proven?  
(b) If salary were stopped, would back-pay and reinstatement be forthcoming if there were no conviction?

2. **H.R. 594**, introduced January 25, 2022 by Representative Lynn Smith, allows counties and municipal governments to provide temporary tax relief to properties severely damaged or destroyed by a disaster if it is located in a nationally declared disaster area? It passed the House 150-0 on March 11, 2022 and the Senate 55-0 on April 1, 2022. The ballot question:

“Shall the Constitution of Georgia be amended so as to provide that the governing authority of each county, municipality, and consolidated government and the board of education of each independent and county school system in this state shall be authorized to grant temporary tax relief to properties within its jurisdiction which are severely damaged or destroyed as a result of a disaster and located within a nationally declared disaster area?”

**ACTION – Support.**

## Referendum Questions

This issue of Georgia Insight includes only two referendum questions because they affect the entire state. Local ballots often contain additional referendum questions to determine the will of local voters on local issues. Those questions may be viewed on the ballot for each locale.

## Two Proposed State-Wide Referendum Questions

### On the November 8<sup>th</sup> Ballot

- A. Adds dairy products and unfertilized eggs to existing agricultural tax exemptions. If voters approve, the Act would become effective January 1, 2023. The question on the ballot is:

“Shall the Act be approved which expands a state-wide exemption from ad valorem taxes for agricultural equipment and certain farm products held by certain entities to include entities comprising two or more family owned farm entities and which adds dairy products and unfertilized eggs of poultry as qualified farm products with respect to such exemption.”

**ACTION – Support.**

- B. Adds a new ad valorem tax exemption for certain equipment used by timber producers in the harvest of timber, effective January 1, 2023 if approved by voters. The question is:

“Shall the Act be approved which grants a state-wide exemption from all ad valorem taxes for certain equipment used by timber producers in the production or harvest of timber?”

**ACTION – Support.**

### Death of the Georgia House Bill to protect Cash-Buying

**Georgia H.B. 1152 Fair Business Practices Act**, introduced February 2<sup>nd</sup> by Representative Mesha Mainor, would have (a) protected consumers’ right to use cash to pay for purchases and (b) required merchants to accept cash money as payment. On March 9, 2022, the 30-member (23 Republicans, 7 Democrats) House Agriculture & Consumer Affairs Committee passed H.B. 1152 and sent it to the House Rules Committee (30 Republicans, 8 Democrats), that held it in committee until it died at the end of the 2022 legislative session.



## Looming for the U.S.!

### FYI: Coincidentally (?), Biden’s Digital Dollar Plan Emerged

Also on March 9<sup>th</sup>, 2022, President Biden’s Executive Order “Ensuring Responsible Development of Digital Assets” revealed his plan to develop, implement and adopt *international central bank digital currencies (CBDCs)*. That EO assigned each member of his Executive Cabinet to a new committee to explore and recommend development of digital assets. President Biden’s National Security Affairs Assistant and his Economic Policy Assistant will coordinate implementation via tasks assigned to his new committee. Task report due-dates were/are June 7, July 7, September 29, October 29, and a year later. Strategy conclusions are due November 4, 2022.

### EO definition of Select Terms

- *Central bank digital currency (CBDC)* is defined as digital money or monetary value that is a direct liability of the central bank.
- *Cryptocurrencies* are digital assets or medium of exchange supported through a distributed ledger technology that relies on cryptography, such as a blockchain.
- *Digital assets* are cryptocurrencies, stablecoins, and CBDCs, of any label. They may be exchanged across centralized, decentralized or peer-to-peer digital asset trading platforms.

# **“First-Ever Comprehensive Framework for Responsible Development of Digital Assets”**

– White House Report, September 16, 2022

## **Digital Assets Committee Progress Reports**

June 7, 2022. Attorney General report to strengthen international law enforcement cooperation.

July 7, 2022. Establish global principles/standards for international interagency implementation.

On September 29, 2022, the massive comprehensive report, that was due then, was included in the September 16<sup>th</sup> White House Report. Its focuses are the (a) *future of money and payment systems* of a (b) U.S. Central Bank Digital Currency (CBDC); (c) CBDC and private sector-administered digital assets; (d) sovereign and privately produced money globally; (e) the U.S. financial system and democracy; (f) ways foreign CBDC could displace currency; and (g) undermine U.S. financial centrality. Progress was reported and the continuing tasks include:

- The Federal Reserve Chairman’s continual assessment of the optimal form of a U.S. CBDC.
- Establish a framework enhancing U.S. competitiveness/leveraging of digital technologies.
- Identify and report legislative changes necessary for the issuance of a U.S. CBDC.
- How to drive U.S. consumers to mass adoption of digital assets, risks or opportunities.
- Continue evaluating the technological infrastructure/capacity/expertise to facilitate/support a CBDC system, including future and quantum computing.
- Potential impact of such technologies on climate change, greenhouse emissions, etc.
- Provide to the president a corresponding legislative proposal.
- Report implications of developing/adopting digital assets and changes in the U.S. financial market and payment for U.S. consumer, business, investor, and equitable economic growth.

## **Future Reports Due**

On November 4, 2022

- Report the development of a coordinated action plan based on June 7<sup>th</sup> Strategy conclusions.

On March 9, 2023 (Next year)

- The 12-month impact of technological effect on climate change, greenhouse emissions, etc.
- Secretary of the Treasury will report the results of actions taken under the Framework.

On July 7, 2023 (Next year)

- Report to the president priority actions taken under the Framework and its effectiveness.

## **Verbatim from the September 16, 2022 White House Report**

“Today, Traditional finance leaves too many behind. Roughly 7 million Americans have no bank account. Another 24 million rely on costly nonbank services, like check cashing and money orders, for everyday needs. And for those who do use banks, paying with traditional infrastructure can be costly and slow – particularly for cross-border payments.”

“The digital economy should work for all Americans. That means developing financial services that are secure, reliable, affordable, and accessible to all. To make payments more efficient, the Federal Reserve has planned the 2023 launch of FedNow – an instantaneous, 24/7 interbank clearing system that will further advance nationwide infrastructure for instant payments alongside the Clearinghouse’s Real Time Payments system. Some digital assets could help facilitate faster payments and make financial services more accessible, but more work is needed to ensure they truly benefit underserved consumers and do not lead to predatory financial practices.” [Editor: Underlined to emphasize “all”]

(Verbatim quotes continued on page 4.)

“Agencies will encourage the adoption of instant payment system, like FedNow.”

“The President will also consider agency recommendations to create a federal framework to regulate nonbank payment providers.” [Editor: Underlined to emphasize nonbank regulation]

“Exploring a U.S. Central Bank Digital Currency (CBDC)” [Underlining in the original document]

“A U.S. CBDC – a digital form of the U.S. dollar – has the potential to offer significant benefits. It could enable a payment system that is more efficient, provides a foundation for further technological innovation, facilitates faster cross-border transactions, and is environmentally sustainable. It could promote financial inclusion and equity by enabling access for a broad set of consumers. In addition, it could foster economic growth and stability, protect against cyber and operational risks, safeguard the privacy of sensitive data, and minimize risks of illicit financial transactions. A potential U.S. CBDC could also help preserve U.S. global financial leadership, and support the effectiveness of sanctions. But a CBDC could also have unintended consequences, including runs to CBDC in times of stress.

“Recognizing the possibility of a U.S. CBDC, the Administration has developed Policy Objectives for a U.S. CBDC System, which reflect the federal government’s priorities for a potential U.S. CBDC. These objectives flesh out the goals outlined for a CBDC in the E.O. ...But further research is needed. ...The leadership of the Federal Reserve, the National Economic Council, the National Security Council, the Office of Science and Technology Policy, and the Treasury Department will meet regularly to discuss the working group’s progress and share updates on CBDC and other payment innovations.”

### **Further Background from *Georgia Insight* March 2022 EXTRA**

*Policy Statements from President Biden’s EO of March 9, 2022*

“My Administration places the highest urgency on research and development efforts into the potential design and deployment options of a U.S. central bank digital currency (CBDC).”

“My Administration sees merit in showcasing U.S. leadership and participation in international fora related to CBDCs and in multi-country conversations and pilot projects involving CBDCs.”

“A U.S. CBDC may have the potential to support efficient and low-cost transactions, particularly for cross-border funds transfers and payments and to foster greater access to the financial system, with fewer of the risks posed by private-sector-administered digital assets.”

“We should prioritize timely assessments of potential benefits and risks under various designs to ensure that the U.S. remains a leader in the international financial system.”

### **Comments from Other Sources**

- “The U.S. dollar could go digital. Here’s what you need to know,” *CNN Business*, 3-11-22 reported the Federal Reserve definition of CBDCs as “a digital form of central bank money that is widely available to the general public.” The article explained that an actual U.S. dollar in digital form would be held by the government in a controlled central bank.
- N.Y. University’s Stern School of Business finance department chair said, “If you give the central bank this kind of power, the political safeguards would probably need to be much higher than currently in place for the Federal Reserve.”
- A CBDC experiment dubbed “Project Hamilton” produced a code base that handled 1.7 million transactions per second.

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*Georgia Insight* is a conservative publication financed entirely by its recipients.