

## Top 10 Facts for Counties on HB 170

**FACT: Through the work of the Joint Study Committee on Critical Transportation Infrastructure, the General Assembly has indicated it supports increasing the amount of funding available for state and local transportation infrastructure.** House Transportation Chairman Jay Roberts has stated that, as a matter of public policy, and to ensure transparency, all taxes on motor fuel should be devoted to transportation. Currently, a significant portion of the state and local sales taxes on motor fuels are used for purposes other than transportation. Georgia must invest in its transportation infrastructure to remain competitive for economic development and job creation. By ensuring that all taxes on motor fuel support transportation, HB 170 helps meet that objective.

**FACT: HB 170 does not create a tax increase to be imposed by local governments.** The State is giving local governments a home rule mechanism to convert current revenues that come from the sales tax on motor fuel to an excise tax. Passing the local ordinance is necessary to ensure the excise tax collections are legally classified as local revenues. Without a local levy, those collections would become state revenues subject to annual appropriations by the General Assembly. The excise tax collection and distribution will function in the same way that the current sales tax collection occurs. Without the ability to replace these lost revenues, counties would likely have to increase property taxes.

**FACT: The estimated revenues from the conversion from an excise tax to a sales tax puts 99% of counties ahead and creates a permanent, predictable funding source.** Current sales tax collections are based on a \$2.59 per gallon average price of gas that is reset every six months by the Governor. This means, for example, that the 2% local sales tax collected today by most counties (SPLOST and LOST) is equal to roughly 5 cents per gallon. This index is expected to drop to closer to \$2 per gallon in March, meaning local sales tax per gallon will fall to 4 cents per gallon. The excise tax replacement for local sales tax in HB 170 is 6 cents per gallon – and it's indexed for inflation instead of being based on the cost per gallon of gas.

**FACT: Local excise tax dollars have a broader range of approved uses than SPLOST sales tax dollars.** SPLOST dollars can only be used for capital projects. While excise tax dollars are restricted to transportation, they can pay for salaries, maintenance and operations. This will allow counties to pay for a larger part of their transportation budgets through the excise tax and free up general fund dollars. Most counties spend more on transportation in their general fund than the excise tax is projected to collect.

**FACT: The formula for sharing the excise tax revenues with cities is based on 2/3 centerline miles and 1/3 population.** This is not a new formula. This is the same formula that currently is used for Local Maintenance Improvement Grants (LMIG) that is set at the state level. It does not require service delivery agreements or negotiations between counties and cities.

**FACT: An increase to the GDOT budget means even more funding for local government transportation beyond excise tax collections.** LMIG funding is set at a minimum of 10% of the annual GDOT budget. Increased state excise tax revenues are estimated to provide an additional \$60 - \$70 million in LMIG funding.

**FACT: There is no negative impact on counties that passed the T-SPLOST.** T-SPLOST collections are not impacted by HB 170 because motor fuel sales are exempt from the tax. In fact, these counties will have a leg up on getting even more of their transportation needs addressed because of the additional infusion of funds. The three regions that passed the T-SPLOST all still have millions of dollars in projects that could not be funded based on the projected T-SPLOST revenues.

**FACT: No one wants to hurt funding for schools.** The General Assembly is working on a solution for the loss of ESPLOST revenues. Boards of Education are restricted by the State constitution on the kind of revenues they can collect. Legislators are aware of this major concern and are working on other options that have yet to be released.

**FACT: The Georgia Municipal Association and many cities have been very vocal about their opposition to HB 170.** One of their top concerns is that they will no longer be able to spend taxes generated from motor fuel sales on projects other than transportation. Many cities budget little or nothing for transportation and few have transportation maintenance and operations budgets comparable to counties. In addition, they claim that the LMIG formula favors counties. That may be true, but keep in mind that counties own 70% of all roads in the state, while cities own just 10%.

**FACT: ACCG continues to protect our member's interests throughout this discussion.** The association's guiding principles for legislative advocacy are the basis for our position on this bill. HB 170 raises revenues to address critical transportation infrastructure which meets an ongoing local need, protects home rule in decision making on where local transportation dollars are directed, provides a mechanism to replace cost shifting to maintain county revenue sources, reinforces the county's role in service delivery and fosters state and local collaboration to address a major issue that can impact Georgia's ability to stay economically competitive.