

LOCAL OPTION SALES TAX TOWN HALL

September 21, 2022



Johns Creek





AGENDA

Welcome

Introductory Comments from Mayors

What is LOST?

Fulton County's Proposal

Cities Proposal

Q&A

MAYORS' COMMENTS

The Honorable Jim Gilvin,
City of Alpharetta

The Honorable John Bradberry,
City of Johns Creek

The Honorable Peyton Jamison,
City of Milton

The Honorable Jim Still,
City of Mountain Park

The Honorable Kurt Wilson,
City of Roswell

The Honorable Rusty Paul,
City of Sandy Springs

WHAT IS LOST?

- Local Option Sales Tax (LOST) is a 1 percent sales tax activated by a local referendum and imposed on the purchase, sale, rental, storage, use, or consumption of tangible personal property and related services.
- LOST provides property tax relief for revenues required for certain municipal services. LOST is a special district tax where state law (O.C.G.A. §48-8-81) creates 159 special districts in Georgia for the purpose of levying a LOST.
- State law requires periodic renegotiation of the LOST distribution certificate based on specific triggering events.
- LOST will lapse if an agreement isn't reached by **December 30, 2022**.

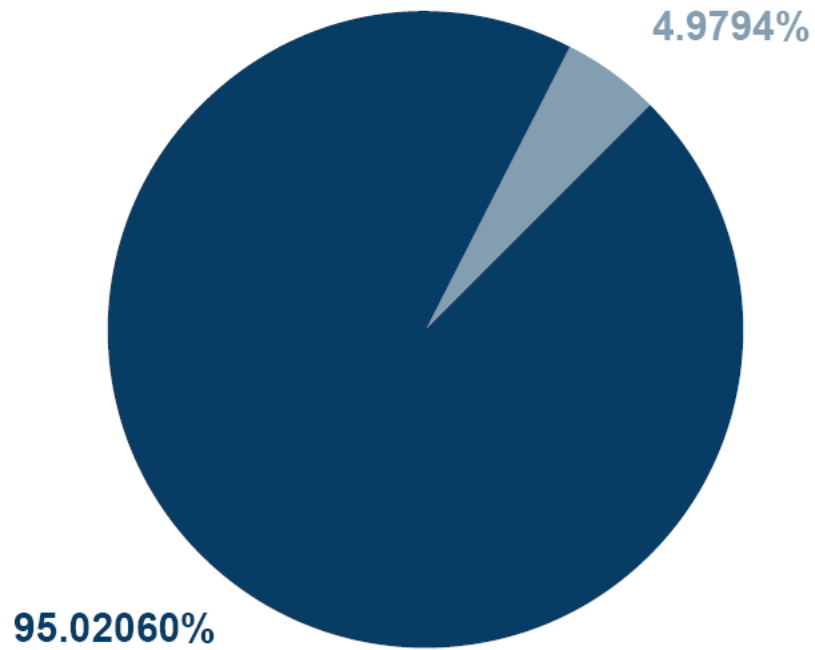
LOST IMPACT ON CITIES

- LOST is one of the most significant sources of revenue for municipal governments in Georgia, second only to the property tax.
- In 2019, across Georgia, cities received more than \$745 million in LOST revenues, reducing the property tax burden and providing core municipal services.
- Statewide, LOST revenues account for 19% of municipal general fund revenues.
- In Fulton County, cities current share of LOST is just over 95% and the County's share is just under 5%

**FULTON COUNTY PROPOSES
REDUCING FUNDING THAT
SUPPORTS CRITICAL CITY
SERVICES, LIKE POLICE, FIRE, AND
EMS, IMPACTING THE SAFETY OF
OUR COMMUNITIES.**

An agreement must be made by December 30, 2022.

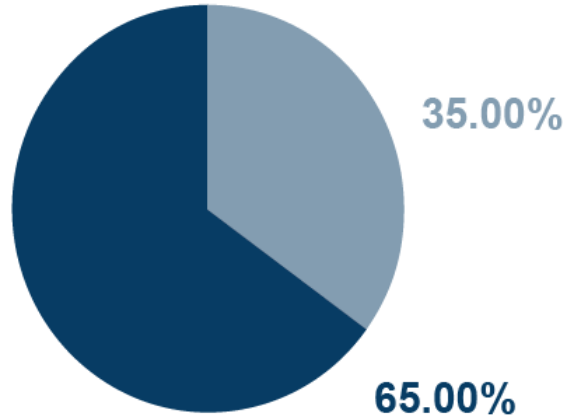




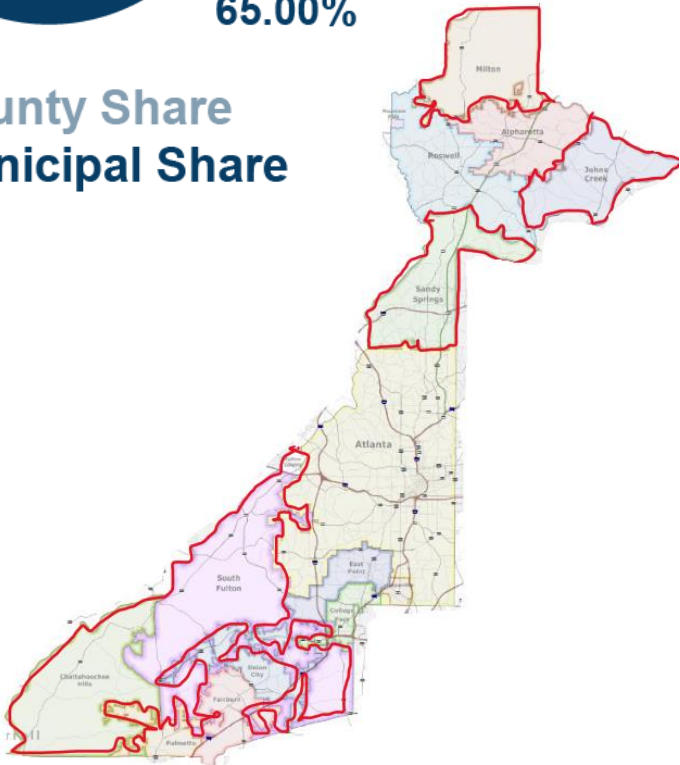
- County Share
- Municipal Share

CURRENT FULTON COUNTY LOST SHARES

County and Municipal
LOST Shares



- County Share
- Municipal Share



FULTON COUNTY & MUNICIPALITIES: 2000

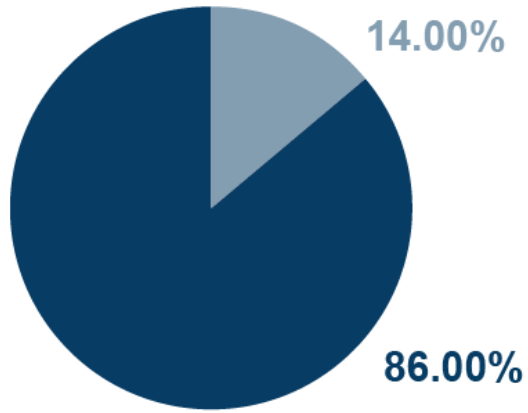
Unincorporated Area Decennial Census: 229,924

Share of Countywide Population: 28.18%

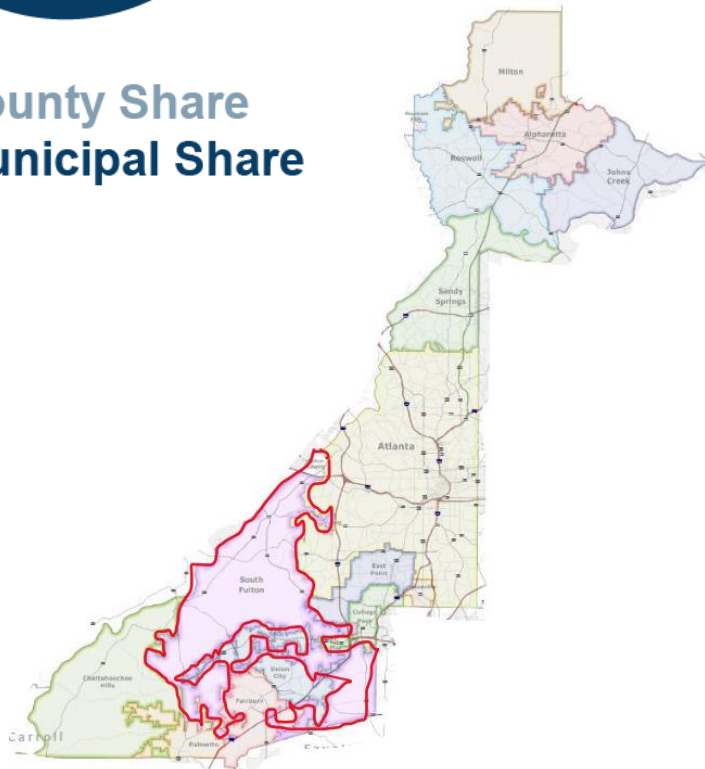
Service Area: 253 Square Miles

Share of Land Area: 48%

County Negotiated
LOST Share, 2014



- County Share
- Municipal Share



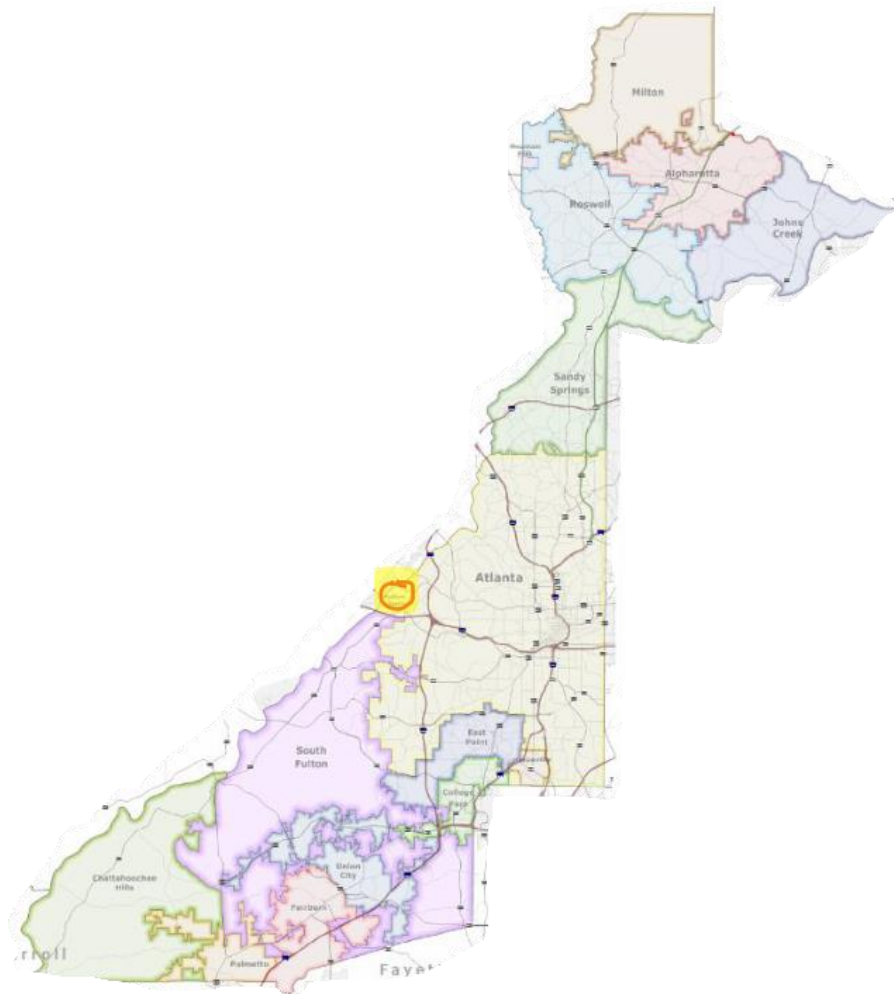
FULTON COUNTY & MUNICIPALITIES: 2010

Unincorporated Area Decennial Census: 87,478

Share of Countywide Population: 9.50%

Service Area: 86 Square Miles

Share of Land Area: 16%



FULTON COUNTY & MUNICIPALITIES: 2022

Unincorporated Area Decennial Census: 889

Share of Countywide Population: 0.08%

Service Area: <2 Square Miles

Share of Land Area: 0.38%

**As determined by the Georgia General Assembly*

REDUCTION IN “SERVICE UNITS” AND SERVICE AREA OVER TIME

2000
County Share - LOST 35%

Uninc. Pop: 229,924
% Total Pop: 28.18%

Service Area: 253 sq. m.
% of Service Area: 48%

2010
County Share - LOST 14%

Uninc. Pop: 87,478
% Total Pop: 9.5%

Service Area: 86 sq. m.
% of Service Area: 16%

2022
Initial County Proposal
LOST 35%

Uninc. Pop: 889
% Total Pop: 0.08%

Service Area: 1.62 sq. m.
% of Service Area: 0.38%

INITIAL FULTON COUNTY OFFER RETURN TO PRE- INCORPORATION RATE

- Municipal Pool: 65%
- County: 35%

County proposes theory of aggregation, where all Fulton County residents are counted twice – once as a resident of a city and once as a resident of the county

This equates to a 600% increase in LOST revenues to Fulton County

POPULATION SERVED

Total Service Population (G/F) (2020)		
Statistical Distribution	# Served	Allocation
County	1,066,710	50.02%
Atlanta	458,695	21.51%
Alpharetta	65,818	3.09%
Chattahoochee Hills	2,948	0.14%
College Park	12,957	0.61%
East Point	38,358	1.80%
Fairburn	16,483	0.77%
Hapeville	6,553	0.31%
Johns Creek	82,453	3.87%
Milton	41,296	1.94%
Mountain Park	571	0.03%
Palmetto	4,510	0.21%
Roswell	92,833	4.35%
Sandy Springs	108,080	5.07%
South Fulton	107,436	5.04%
Union City	26,830	1.26%
Total Service Units	2,132,531	100.00%

EFFECT OF DOUBLE COUNTING - CUTS MUNICIPAL FACTORS IN HALF!

Example – Applied to Atlanta’s Population

- County’s 2022 Decennial Population = 1,066,710
- Double Counting County’s Population = 2,132,531
- City of Atlanta 2022 Decennial Census Population = 458,695

Factual > $458,695 / 1,066,710 = 0.43 \times 100\% = 43.0\%$

Fabricated > $458,695 / 2,132,531 = 0.21 \times 100\% = 21.5\%$

Fulton County’s method reduces every municipal citizen to half a person or half a “Service Unit.”

FULTON COUNTY REVISED PROPOSALS

- Option I
 - County start at 6% and ramp up to 25% over 10-year period (net 15.5%)
- Option II
 - Cities share remain constant at 2021 levels in all years – no growth
 - County share grows to 32.64% (net 20.98%)
- Option III
 - Cities share remain constant at 2021 levels in all years - growth only when County reaches 25% share
 - County share grows to 27.74% (net 19.98%)

CITIES COUNTER PROPOSAL

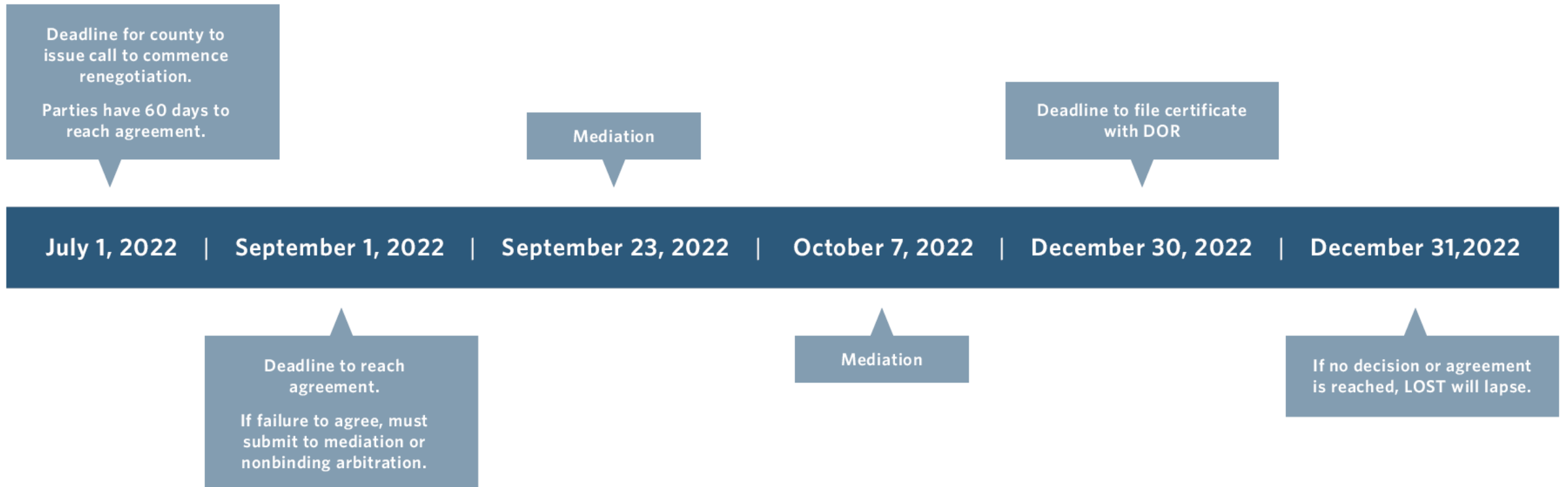
**Increase County
share to 6.5% over
10 years**

- **83.01%
increase to
County over 10
years**

IMPACT OF LOST REVENUE REDUCTION TO CITIES

- The reduction of municipalities' LOST shares will have a very harmful effect on cities' ability to pay existing debt or incur new debt.
- Rating agencies and lenders will harshly judge these revenue reductions potentially causing a ratings downgrade and requiring high interest rates for borrowing.
- Cities are responsible for infrastructure that serves the entire county such as roads and transportation, police, fire, emergency communications, parks, and governmental facilities.
- The ability to issue long and short-term debt is in the best interest of all residents and businesses in the county.

LOST NEGOTIATION TIMELINE



Q & A