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## **MEMORANDUM**

**To: Mayor and City Council**  
**From: Chris Pike, Finance Director**  
**Date: December 10, 2012**  
**Subject: Approval of IGA with DeKalb for the Establishment of an Excise Tax on Energy used in Manufacturing**

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### **ITEM DESCRIPTION**

To approve an intergovernmental agreement with DeKalb County for the establishment of an excise tax on energy used in manufacturing.

### **BACKGROUND**

Earlier in 2012, the governor signed a bill aimed to increase the competitiveness of Georgia in attracting businesses and manufacturers. As part of HB 386, the state eliminated the sales tax charged on energy used by manufacturers. The state’s portion of the sales tax will be phased out over a four-year period. Recognizing the effect this may have on some regions of Georgia, the bill’s language included a provision allowing cities and counties to replace the lost sales tax revenue with an excise tax equal to the amount lost. To establish the excise tax, the County must adopt an ordinance collecting the tax within the entire boundary of the County. DeKalb is then required to notify all the qualified cities and offer a share of the excise tax to be distributed in the same manner as HOST. Each city that approves the IGA will share in the distribution of the taxes. Any city that does not choose to approve the IGA will have their share maintained at the county level to be used by DeKalb. Whether approved by a city or not, the tax will be collected within the City’s boundary. The IGA merely determines how the funds will be distributed.

### **ALTERNATIVES**

With the County approving the excise tax on any Dunwoody manufacturers, there is no reason for the City not to approve the IGA. Failure to do so merely means taxes collected within the City would be retained and used by the County.

### **RECOMMENDED ACTION**

It is respectfully requested Council approve the IGA with DeKalb and other DeKalb County Municipalities to share the excise tax.

Michael G. Davis Mayor

Denis Shortal City Council Post 1

Adrian Bonser City Council Post 2

Doug R. Thompson City Council Post 3

Terry Nall City Council Post 4

Lynn Deutsch City Council Post 5

John Heneghan City Council Post 6