

**MEMORANDUM**

**To:** Mayor and City Council

**From:** Chris Pike, Finance Director

**Date:** May 11, 2015

**Subject:** **2015 General Assembly Legislative Update**

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The City, along with our advocates at ConnectSouth, were active on a variety of issues throughout the 2015 legislative session. This year, much of the focus was on the Transportation Bill (HB170), but several other pieces of legislation required time and attention.

1. House Bill 170 caught the eye of most Georgians this year and particularly those involved at the city and county government levels. As a result, GMA dedicated a significant amount of time and effort on this bill as well as the related transportation bills. Ultimately, this legislation is estimated to raise \$900-950 million dollars in revenue to fund transportation needs in the state of Georgia. Most importantly for Dunwoody, under the final version of HB 170, all cities, counties and schools are allowed to continue to collect all local sales taxes, at their current 1% rate, on the sale of motor fuel. The only restriction related to local governments included is as follows: Beginning July 1 of this year, local sales taxes will only be collected on the sale of motor fuels up to \$3.00 per gallon; any retail price above the \$3.00 cap will not be subject to any such local sales taxes. Additionally, the final version of HB 170 contained no restrictions on how the revenue generated from local sales taxes on motor fuel sales could be used. Instead of re-appropriating the penny sales tax, there will be a 26 cent tax on gas and 29 cent tax on diesel that will replace the 7.5% excise tax and 4% state sales tax currently in place. This tax will be indexed to inflation. Additional fees will also apply to heavy vehicles and electric vehicles. The controversial provision of HB170 is a new \$5 per night fee on hotel and motel rentals. Lastly, the bill modified the TSPLOST laws to provide greater flexibility to regions that did not pass the tax a few years ago.

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2. HB215 was the sales tax bill that hopes to address concerns regarding the HOST distribution in DeKalb. Under HB215, the HOST formula would be modified during times when an 8th penny sales tax was approved by the voters. If the penny SPLOST referendum passes, the HOST dollars currently collected would be apportioned 100% for tax relief on county-wide taxes. The tax would no longer apply to police, fire or other special district taxes. (Additional rules apply if the tax abates all county-wide taxes.) This means cities would not receive any HOST dollars. Instead, Dunwoody would receive a share of the SPLOST dollars based on our percentage of the population during the most recent census. At Dunwoody's insistence, the money would come directly from the GA DOR each month. It is my estimate this formula would be equal to our best years of HOST collections and in excess of most years. More importantly though, it addresses the adverse impact new cities in DeKalb would have on the share of HOST. Any new cities would receive their share of the SPLOST from the County's portion with cities remaining unchanged.

3. On the education front, HR 4, the independent school district bill picked up additional momentum this year. ConnectSouth worked on this bill closely with Speaker Pro Tempore Jan Jones as well as the bill sponsor, Representative Tom Taylor. While it was clear early on that the Governor and House leadership were more interested in the Governor's recovery school districts language this year, we were able to get the resolution passed through both the subcommittee and full Education Committee this year. The burden now lies with House leadership whether they want to move the bill next year and have the ballot question alongside the governor's recovery school district in 2016.

#### **RECOMMENDED ACTION**

For discussion only; no action or recommendation is required.