

Over the past decade, local sales taxes have grown to play a very significant role in transportation finance in Georgia, where they contribute as much as one-quarter of all non-federal highway revenues. Transportation projects funded by local tax dollars tend to be small and local in character and are typically selected before the local option taxes are approved.

Because transportation sales taxes tend to be approved routinely by voters in urban and rural counties alike, we selected Georgia to be one of our survey states. As part of our research, we surveyed all 76 counties and the 20 largest cities in Georgia. We received responses from 20 counties (26% response rate) and five cities (25% response rate).¹ Unfortunately, supplemental data detailing local transportation finance was not available from the state.

1. Fuel and Vehicle Taxes

Georgia does not have a local option gasoline tax. County governments have advocated the authorization of such a tax, citing the difficulty of raising motor fuel taxes statewide.² The lack of such authority has led to a rise in the use of sales taxes for routine transportation investments.

Local jurisdictions have the authority to levy local option vehicle license and auto sales taxes.³ In their survey responses, eleven counties (out of twenty) indicated that they levy an *ad valorem* vehicle license fee and the vast majority of these revenues go into the county's general fund. In two instances (Gordon and Camden counties) a portion of the revenues were dedicated toward road projects. We were unable to access information on how counties levy vehicle fees for transportation purposes.

2. Property Taxes and Assessments

In general, city and county property taxes tend not to be earmarked for transportation purposes. However, we found a few exceptions: Gordon County and a paving district in Bryan County each have dedicated property tax levies for road improvements, and the cities of Columbus, Rome, and Savannah each have dedicated levies for public transit operations. Other counties (including Chatham and Cobb) reported having community improvement districts and special service districts that serve transportation-related purposes.⁴

Special property assessments may also be imposed upon private developers to cover the costs of repairing roads and streets that have been damaged from construction activity associated with a development project.⁵

3. Sales and Other Taxes

Local sales taxes play a central role in transportation finance in Georgia. Their first uses were for funding public transit. In 1965, the legislature authorized counties within the Metropolitan Atlanta Rapid Transit

¹ We received surveys from the following the cities of Dalton, Rome, Savannah, Smyrna, and Statesboro; and Bibb, Burke, Camden, Carroll, Catoosa, Chatham, Chattooga, Cobb, Columbia, Fayette, Floyd, Forsyth, Fulton, Gordon, Houston, Jackson, Lowndes, Madison, Troup, and Worth counties.

² Association of County Commissioners of Georgia, "2001 Legislative Priorities" (2000).

³ Official Code of Georgia Annotated § 48-5-471.

⁴ Survey responses; Federal Transit Administration, *National Transit Database* (1998); Georgia Department of Revenue, Property Tax Division, "County *Ad Valorem* Tax Digest Consolidated Summary," (1999).

⁵ Official Code of Georgia Annotated § 36-1-18.

Authority (including Fulton, DeKalb, Cobb, Clayton and Gwinnett) to seek voter approval for a special 1% sales tax to fund transit capital and operating expenses.⁶ Six attempts were required before a taxation and financing proposal was finally approved by voters in DeKalb and Fulton counties in 1971. At least 50% of the revenues from this tax must be used for the capital expenses of constructing a regional rail system; the remainder may be used to help fund transit operations. The 1% tax was originally scheduled to be reduced to 1/2% after ten years. This reduction has been delayed until 2032. In 1998, the MARTA sales tax raised about \$243 million (\$182 per capita in the two participating counties).⁷

More recently, sales taxes have emerged as an important way of funding road projects as well. With voter approval, counties may adopt a 1% “special county sales and use tax” for up to five years to fund transportation projects or other public infrastructure. Before an election can be held, an expenditure plan must be developed that details how much money will be spent on each project or spending category. The tax automatically expires once it raises the amount of funds specified in the plan.⁸ As an incentive for counties to adopt sales taxes for transportation projects, the state has started providing matching funds.

In 1998, 124 of Georgia’s 159 counties had a special-purpose sales tax.⁹ No centralized information exists on which counties have earmarked their taxes for transportation-related capital projects. Of the fifteen counties with special-purpose sales taxes that responded to our survey, nine reported dedicating at least part of the revenues for transportation purposes. These tended to be primarily used for road and bridge construction, with most of the remainder used for maintenance of roads, bridges, and local streets. Of the 94 capital projects sales taxes proposed across the state between September 1998 and November 2000, 35 provided some funding for transportation-related projects.¹⁰

The largest such tax to win approval in recent years was in Gwinnett County, where in late 2000, voters approved an extension of that county’s capital projects sales tax. In the four years that the new tax will be collected, it is expected to raise up to \$750 million, of which 43% will be used for transportation improvements, and the remainder going for parks, libraries, and public safety. Within transportation, the expenditure plan proposes allocations of funds to specific funding categories (e.g. bridge projects, safety, sidewalks, etc.) but both these allocations and the lists of specific projects within each category will remain flexible over time. Because of strong public concern over sprawl, the plan avoided projects that would add road capacity (although any state matching funds could potentially be used this way).¹¹

Georgia also authorizes several other sales taxes, including a 1% tax for general revenues (the “local option sales tax”), and a 1% sales tax for education. Nearly every county has adopted at least one of these taxes. DeKalb County has also adopted a special 1% tax earmarked for property tax reduction (the “homestead option sales tax”).

The widespread adoption of special-purpose sales taxes across Georgia is noteworthy. Voter approval of transportation sales taxes as high as one percent is unusual nationwide, and yet voters across Georgia

⁶ State of Georgia, Rules of the Department of Revenue, chapter 560-12.

⁷ Metropolitan Atlanta Rapid Transit Authority, *1999 Annual Report*; Citizens Clearing House, *State Tax Guide* (2000); Demery, “A Retrospect of Rail Transit Financing Votes in the U.S. 1962-1994,” *Headlights*. (January-February 1996).

⁸ Official Code of Georgia Annotated § 48-8-111; State of Georgia, Rules of the Dept. of Revenue, chapter 560-12.

⁹ Georgia Department of Revenue, Sales and Use Tax Division, “Rate of Sales Tax by County as of October 1, 1998.” These 124 counties do not include the two that adopted the MARTA sales tax, described below.

¹⁰ Georgia Secretary of State, “1% Sales Tax Election Results” (2000).

¹¹ Gwinnett County Citizens Project Selection Committee, “CPSC Recommended Funds for 2001 DOT SPLOST Projects” (November 1, 2000); Nurse, “Extension of SPLOST has drawn dispute,” *The Atlanta Journal and Constitution* (November 6, 2000).

routinely vote in favor of them. Between September 1998 and November 2000, there were 94 votes on county capital projects sales taxes; all except eight won voter approval, many by very large margins.¹²

Several factors may contribute to this strong voter support. First, the base sales tax rate is low (4%). But it has helped that the state Department of Transportation provides strong financial incentives for counties to adopt the taxes, in the form of matching funds. In addition, the short timeframe of the taxes (five years maximum) may give voters confidence that they remain in control, and can cancel a wasteful tax if they feel the revenues are being mismanaged. Because collection of the tax is halted once enough revenues are generated to meet cost estimates, fears of runaway costs are alleviated. Finally, the brief duration makes the tax unsuitable for funding very large, capital-intensive projects, thereby driving governments toward less risky, more cost-effective alternatives. Indeed, some counties may have been able to pass sales taxes several times in succession because they delivered on promises and built voter confidence over time. However, there have been cases where revenues were not sufficient to fund all the promised transportation projects, and this has led to a loss of voter support. Cobb County, for example, saw renewal of its tax defeated because it was not able to deliver on its earlier promises.¹³

Georgia also authorizes counties and localities to levy a 1% local option income tax, with voter approval.¹⁴ None of the areas surveyed reported having a local income tax.

¹² Georgia Secretary of State, "1% Sales Tax Election Results" (2000).

¹³ Letter from Office of Planning, Dept. of Transportation (December 18, 2000); Beale, Bishop, Marley, "How to Pass Local Option Taxes to Finance Transportation Projects," *Transportation Research Record* 1558 (1997).

¹⁴ Official Code of Georgia Annotated § 48-7-141.

GEORGIA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Vehicle	OCGA 48-5-471	Vehicle License Fee	Counties	1966				B
Property	OCGA 36-1-18	Street repair levy	Counties w/pop > 550,000 (Cobb, DeKalb, Fulton)	1981	-	-	Street Repair	B
Sales	Rules 560-12-4	Rapid Transit Tax	MARTA Counties	1965	1%	until 2032	Transit	C
	Rules 560-12-5	Local Option Sales and Use Tax	Counties	1975	1%	-	General county services	C
	OCGA 48-8-111; Rules 560-12-6	Special County Sales and Use Tax	Counties	1989	1%	5 Years	Capital Projects, including roads, streets, bridges, and transit*	C
Income	OCGA 48-7-141	Local income tax	Cities, Counties		1%	Indefinite	Any	C

MARTA includes the Counties of Fulton, DeKalb, Cobb, Clayton and Gwinnett and the City of Atlanta

* A purpose must be specified in advance, but specific projects need not be named.

A = State Law

B = County/Local Law

C = Popular Vote

GEORGIA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1998	Special-Purpose Sales Taxes (1998) [1]				Property Taxes (1998)		
		Rate (%)	Purpose	Revenues (\$1,000's)	Revs per capita	Purpose	Revenues (\$1,000's)	Revs per capita
Counties:								
APPLING	16,547	1%						
BACON	10,364	1%						
BALDWIN	41,883	1%						
BANKS	12,821	1%						
BARROW	40,438	1%						
BARTOW	71,937	1%						
BEN HILL	17,471	1%						
BERRIEN	16,317	1%						
BIBB	155,946	1%	Non-transportation					
BLECKLEY	11,157	1%						
BRANTLEY	13,528							
BROOKS	15,914	1%						
BRYAN	23,395	1%						
BULLOCH	50,554	1%						
BURKE	22,825							
BUTTS	17,822	1%						
CAMDEN	47,322	1%	Road construction	195.0	\$4.12			
CARROLL	82,904	1%	Non-transportation					
CATOOSA	50,709	1%	Road maintenance	4,000.0	\$78.88			
CHATHAM	225,297	1%	70% roads; 30% streets	16,258.3	\$72.16			
CHATTAHOOCHEE	16,408							
CHATTOOGA	22,748	1%	80% roads; 20% streets	1,601.0	\$70.38			
CHEROKEE	134,352	1%						
CLARKE	90,516	1%						
CLAYTON	208,997	1%						
COBB	566,060	1%	70% roads; 10% streets; 10% bike/ped; 10% other	80,000.0	\$141.33			
COFFEE	34,230							
COLQUITT	40,229	1%						
COLUMBIA	90,854	1%	Road construction	4,700.0	\$51.73			
COOK	14,988	1%						
COWETA	85,118	1%						
CRAWFORD	10,655	1%						
CRISP	20,693	1%						
DADE	15,057	1%						
DAWSON	14,898	1%						
DE KALB	592,870							
DECATUR	27,021	1%						
DODGE	18,120	1%						
DOOLY	10,409	1%						
DOUGHERTY	95,019	1%						
DOUGLAS	89,398	1%						
EARLY	12,171	1%						
EFFINGHAM	36,565	1%						
ELBERT	19,322	1%						
EMANUEL	21,017	1%						
FANNIN	18,575	1%						
FAYETTE	88,733							
FLOYD	85,138	1%	Non-transportation					
FORSYTH	86,409	1%	Road construction	6,500.0	\$75.22			
FRANKLIN	19,061	1%						
FULTON	737,222							
GILMER	18,747	1%						
GLYNN	67,187	1%						
GORDON	41,078					Roads	1,843.1	\$44.87
GRADY	21,416	1%						
GREENE	13,663	1%						
GWINNETT	522,666	1%	71% for roads	75,000.0	\$143.50			
HABERSHAM	31,734	1%						
HALL	119,334	1%						
HARALSON	24,590	1%						
HARRIS	22,297	1%						
HART	21,793	1%						
HEARD	10,088	1%						
HENRY	104,925	1%	57% Roads	7,223.4	\$68.84			
HOUSTON	105,638	1%	Non-transportation					
JACKSON	37,711	1%	Non-transportation					
JASPER	10,166							
JEFF DAVIS	12,707	1%						
JEFFERSON	17,829							
JONES	22,997	1%						
LAMAR	14,700	1%						
LAURENS	43,687							
LEE	22,767	1%						
LIBERTY	59,081	1%						
LOWNDES	85,049	1%	Non-transportation					
LUMPKIN	19,003							
MACON	13,207	1%						
MADISON	24,426	1%	Road construction	1,200.0	\$49.13			
MCDUFFIE	21,697							
MCINTOSH	10,018	1%						
MERIWETHER	23,078							
MITCHELL	21,198	1%						

Jurisdictions	Population 1998	Special-Purpose Sales Taxes (1998) [1]				Property Taxes (1998)		
		Rate (%)	Purpose	Revenues (\$1,000's)	Revs per capita	Purpose	Revenues (\$1,000's)	Revs per capita
MONROE	19,625	1%						
MORGAN	15,092	1%						
MURRAY	32,714	1%						
MUSCOGEE	182,414	1%						
NEWTON	57,862	1%						
OCONEE	23,707	1%						
OGLETHORPE	11,437	1%						
PAULDING	73,888	1%						
PEACH	24,475							
PICKENS	19,733							
PIERCE	15,763	1%						
PIKE	12,667	1%						
POLK	36,280	1%						
PUTNAM	17,561	1%						
RABUN	13,380	1%						
RICHMOND	191,374	1%	Roads & Drainage					
ROCKDALE	68,278	1%						
SCREVEN	14,451	1%						
SPALDING	57,603	1%						
STEPHENS	25,358	1%						
SUMTER	31,288							
TATTNALL	19,039	1%						
TELFAIR	11,537							
TERRELL	11,142	1%						
THOMAS	42,891							
TIFT	36,787	1%						
TOOMBS	25,822	1%						
TROUP	58,574							
TWIGGS	10,116							
UNION	16,506	1%						
UPSON	27,061	1%						
WALKER	62,690	1%						
WALTON	54,629							
WARE	35,414	1%						
WASHINGTON	20,055	1%						
WAYNE	25,360							
WHITE	17,485	1%						
WHITFIELD	82,042							
WILKES	10,606	1%						
WILKINSON	10,863	1%						
WORTH	22,446	1%	Road construction	1,400.0	\$62.37			
36 Counties (pop<10,000)	238,026			0.0	\$0.00			
Transit Districts:								
Metro. Atlanta Rapid Transit Dist. (DEKALB, FULTON)	1,330,092	1%	Transit	242,923.8	\$182.64			
Rome Transit (FLOYD)	30,326					Transit	762.6	\$25.15
Chatham Area Transit District	225,297					Transit	4,018.7	\$17.84
Columbus METRA (MUSCOGEE)	182,414					Transit	1,882.8	\$10.32
Statewide Total	7,636,522		Roads	198,077.7	\$25.94	Roads	1,843.1	\$0.24
			Transit	242,923.8	\$31.81	Transit	6,664.2	\$0.87

[1] Rate data for 1998; Revenue data for 1997