

UNDERSTANDING SPLOST

Local Option Sales Taxes are levied on the sale of goods and services within Dawson County. These taxes are collected in addition to the 4 percent statewide sales tax collected by the Georgia Department of Revenue. The maximum tax allowed by law is 9 percent and Dawson County currently collects 7 percent.

The ultimate goal in a sales tax is to relieve some of the burden on property taxpayers and by virtue of it being a consumption-based tax everyone contributes to the tax including those who are not Dawson County residents who spend money in Dawson County.

There are currently four types of local option sales taxes and one regional local option sales tax and each one is different in the way it is approved and spent -- Local Option Sales Tax (LOST), Special Purpose Local Option Sales Tax (SPLOST), Educational Special Purpose Local Option Sales Tax (E-SPLOST) and single-county Transportation Special Purpose Local Option Sales Tax (TSPLOST). A fifth type, a regional TSPLOST is a mechanism for Georgia voters to enact a regional sales tax for transportation purposes and projects. The law allows a region to implement a one percent regional sales tax over a 10-year period to fund transportation improvements.

The ultimate goal in a sales tax is to relieve some of the burden on property taxpayers and by virtue of it being a consumption-based tax everyone contributes to the tax whether they are a Dawson County citizen or not.

Dawson County has a history in the use of two of these taxes:

The Local Option Sales Tax (LOST) and
the Special Purpose Local Option Sales Tax (SPLOST).

To understand SPLOST is it important to understand the other tax forms in this category:

LOCAL OPTION SALES TAX (LOST)

Local Option Sales Tax (LOST) is a major form of revenue for many counties, including Dawson County. This tax is a joint county and municipal local option sales tax. Subject to voter approval, the sales and use tax of 1% may be imposed on the purchase, sale, rental, storage, use or consumption of tangible personal property and related services.

Proceeds from this tax are collected by the Georgia Department of Revenue and disbursed by that agency based on the percentages negotiated by the county government and the cities within each county. One percent of the amount collected is paid into the general fund of the State Treasury to defray the cost of administering this program and a percentage is paid to the entity that collects and reports the taxes.

The remainder is used as revenue for the general fund and reduces the amount of property tax revenue required to fund the annual budget. It requires that the tax bill of each property taxpayer must show the reduced county and city millage rate resulting from the receipt of sales tax revenue from the previous year as well as the reduced dollar amount. All counties and municipalities that impose a joint sales and use tax are required to renegotiate the distribution certificate for the proceeds following each decennial census. The criteria to be used in the distribution of such proceeds and for the resolution of conflicts between the county and its municipalities are set by state law and if the county and cities fail to renegotiate such certificates as required by this law, the tax then terminates.

In Summary:

- LOST is approved by the voters and will continue annually, subject to certain provisions.
- LOST is a joint tax between the county government and its municipalities: LOST collections in Dawson County are distributed between Dawson County and the City of Dawsonville.
- The law requires that the county governing officials enter into negotiations with the governing officials of the municipalities upon implementation of a LOST and must renegotiate the percentages each will receive every ten years following a new census.
- If a consensus is not reached by all parties in accordance with Georgia Law, then the tax terminates.

- LOST funds distributed go into the general funds of the county and the Cities and **reduce** the amount of **property tax** needed to fund the budgets of these **governments**.

SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)

A SPLOST is similar to a LOST in that it imposes a 1% sales tax on the purchase, sale, rental, storage, use or consumption of tangible personal property and related services; beyond that it is very different. The revenues from this tax must be used for capital outlays and the tax is subject to voter approval each time one is levied. This tax is collected by the Department of Revenue and disbursed to the county government and it is distinguished by virtue of being a county tax rather than a joint county-city tax-however, it may be used to fund city projects and often is used for this in counties around Georgia.

As a condition of levying a SPLOST, the county must have a meeting and confer with the city officials at least 30 days before the call for the referendum in order to consider any capital projects for which the cities may seek SPLOST funding. If the county agrees to include a city project(s) in the call for referendum, the county and city must enter into an agreement before the call.

SPLOST cannot typically be levied for more than five years per SPLOST; however, under certain conditions, it can be levied for six years. Prior to a SPLOST referendum, local government officials will identify specific purposes that a SPLOST will be used for. SPLOST is providing its County and City citizens with potential benefits towards reducing property taxes and maintaining or increasing the quality of government services.

Understanding SPLOST:

- SPLOST funding can only be used for capital outlay projects or the retirement of existing general obligation debt.
- SPLOST projects must be identified and must conform to all conditions of a SPLOST.
- SPLOST is a county initiative, but may include city projects, subject to a written agreement by all parties;

- SPLOST can be levied for five years typically but can extend to six years under certain circumstances.
- Once all of the conditions are met, the conditions must be spelled out and all capital projects must be on the ballot and presented to the registered voters for approval.
- SPLOST are for a specified period of time and must either be replaced by another SPLOST voted on by the taxpayers prior to the end of its term or it terminates.
- Local governments can sell general obligation bonds to cover immediate capital outlay project costs and use SPLOST proceeds to pay back the bonds or it can utilize the “pay-as-you-go” system or a combination of both. Bonding money allows projects to begin almost immediately after a SPLOST term begins, but bears interest charges that are paid back over the course of the bond term; unbounded money is received and deposited until such time as the necessary amounts are available to begin an approved project.
- SPLOST funding pays for capital outlay projects using sales tax monies that otherwise would have to be paid for out of general funds or not funded at all.

EDUCATIONAL SPECIAL PURPOSE SALES TAX (ESPLOST)

Educational Special Purpose Local Option Sales Tax (E-SPLOST) this is a sales tax that is structured and collected similarly to SPLOST but is imposed by the Local Board of Education with voter approval. The Board of Education has sole discretion for the calling of a referendum for an E-SPLOST vote and can only be used for the following capital outlay projects:

- Capital outlay projects for educational purposes, such as facilities and equipment, and;
- The retirement of existing school system general obligation debt incurred for capital outlay projects, with the requirement that ad valorem property taxes must be reduced by an amount equal to the proceeds applied to debt retirement.

TRANSPORTATION SPECIAL PURPOSE SALES TAX (TSPLOST)

The Transportation Investment Act (TIA) passed by the legislature in 2010 provided an opportunity for regions throughout Georgia to impose a 1 percent Regional Transportation Special Purpose Local Option Sales Tax (TSPLOST) to fund transportation improvements within their region.

To provide another transportation funding option, the Georgia General Assembly passed a Single County TSPLOST in 2015. The Single County TSPLOST allows individual counties that are not part of a regional effort to levy a sales tax solely dedicated for transportation purposes.

To qualify for a Single County TSPLOST, the county must already impose a regular SPLOST. TSPLOST is meant to meet a transportation need above and beyond regular SPLOST or to free up regular SPLOST for non-transportation related capital projects. Single County TSPLOST can be levied up to five years at a fractional rate up to 1 percent in .05 percent increments if there is an intergovernmental agreement with the qualified cities within the county.

If there is no intergovernmental agreement in place, the tax can only be levied up to .75 percent. With no intergovernmental agreement in place, the default distribution formula between the county and its cities is a formula based on the amount of expenditures made for transportation in the most recent three fiscal years.

A Regional TSPLOST allows for the tax to be levied up to 10 years and 25 percent of the funds are discretionary money that goes back to each individual local government. An incentive to pass a Regional TSPLOST is that the Local Maintenance & Improvement Grant (LMIG) match is 10 percent in contrast to the 30 percent required for non-regional TSPLOST local governments.