



# 2010

---

## Legislative Policies

---



**2010**

**LEGISLATIVE POLICIES**

**Adopted by the GMA Membership**

**June 21, 2009**

## **GMA Legislative Policy Council**

### **2009 – 2010 Members**

Boyd Austin, City of Dallas	Edna Jackson, City of Savannah
Wright Bagby, Jr., City of Rome	Ashley Jenkins, City of Sandy Springs
Margaret Ballard, City of Cornelia	Bucky Johnson, City of Norcross
Peter Banks, City of Barnesville	Cam Jordan, City of Fitzgerald
Richard Bentley, City of Milledgeville	Curtis Lewis, City of Rockmart
Mike Bodker, City of Johns Creek	Richard Morrow, City of Griffin
Keith Brady, City of Newnan	Mike Naples, City of Madison
Ruth Bruner, City of Gainesville	John Reid, City of Eatonton
Willie Burns, City of Washington	Edward Reynolds, City of Bainbridge
Donald Cannon, City of Loganville	Jeffery Smith, City of Sandersville
Deke Copenhaver, City of Augusta	Kenneth Smith, City of Kingsland
Billy Edwards, City of Hinesville	*Ken Steele, City of Fayetteville
Beth English, City of Vienna	Mickey Thompson, City of Douglasville
Margaret Evans, City of Sylvania	Gene Tomberlin, City of Abbeville
Bill Floyd, City of Decatur	Billy Trapnell, City of Metter
Larry Hanson, City of Valdosta	Jackie Wilson, City of Douglas
Liz Hausmann, City of Johns Creek	Kenneth Usry, City of Thomson
Isaiah Hugley, City of Columbus	Bill Yeara, City of Sylvester

\* Chair

### **Support *Your* Hometown**

#### **Legislative Principles**

##### **Tools to Build**

*GMA supports the growth and development of strong and accountable municipalities that serve as vibrant centers of commerce, provide safe hometowns and reflect local values.*

##### **Authority to Lead**

*GMA supports the authority of municipalities to respond to local needs and circumstances as well as its role in promoting local leadership and local accountability.*

##### **Partnerships to Succeed**

*GMA supports active and informed municipal government participation in the complex local-state-federal intergovernmental system that is based on trust and accountability.*

# GMA Community Development Policy Committee

## POLICY RECOMMENDATIONS

### 1. Regulatory Authority Over Residential Housing

*GMA supports municipal powers that ensure adequate living conditions for all residents through consistent and responsible enforcement of local health, public safety and safety codes.*

**Explanation:** Municipal governments should work with private property owners, investors and residents to ensure that living quarters for all citizens are maintained to safe, healthy and aesthetic minimums. Health and safety codes were designed to provide residents with certain basic minimum protections. Municipalities must be able to enforce these codes to protect all citizens.

### 2. Economic Development

*a. GMA supports legislation to increase the amount of the job tax credit and other economic development incentives.*

**Explanation:** Job creation is crucial to the economic success of municipalities, thus to the State of Georgia. To maintain Georgia's competitiveness, the State should increase the amount of state tax credits and allow municipalities maximum flexibility in offering economic development incentives that will provide new jobs and stimulate local economies.

*b. GMA encourages the State Department of Economic Development to collaborate with non-metropolitan areas to create economic development in rural areas. The Department should devote staff and resources to ensure that the less-developed areas of the state are fully explored for economic development opportunities.*

**Explanation:** Economic development for the non-metropolitan areas of the State is critical to ensure the economic and environmental health of the State as a whole. The State Department of

Economic Development should take an active role in promoting the rural areas of the State.

### 3. Impact Fees

*GMA opposes any efforts to amend the Georgia Development Impact Fee Act to give counties the authority to impose impact fees within municipal limits for countywide services. GMA also opposes any effort to artificially limit the amount of the impact fee that may be levied and any effort to further limit the geographic area in which impact fees may be expended.*

**Explanation:** Georgia's Development Impact Fee Act is a balanced and equitable tool to help pay for new growth and development. While some question the appropriate service area for the expenditure of impact fee revenues, the questions often result from a natural confusion between the definition of "project improvements", which are not included in the impact fee, and "system improvements", which are subject to impact fees. GMA supports the ability of municipal leaders to establish impact fees for projects within municipal boundaries. Counties should only have authority to establish impact fees for projects in the unincorporated area. Existing law already provides a mechanism for municipalities and counties to work together on impact fees through intergovernmental contracts. Allowing the unilateral imposition of impact fees by county commissioners would upset and override existing Service Delivery Strategy Act and Special Purpose Local Option Sales Tax Act agreements. GMA believes that municipal and county officials, as well as school officials, should communicate more rather than less with respect to land use and development and work cooperatively to insure sound growth patterns and prosperous municipal centers.

### 4. Access to Health Care

*a. GMA encourages improvements to the state's health care delivery system that will enhance the ability of all Georgians to access affordable health care services. GMA supports a funding mechanism for statewide access to trauma*

*hospitals and services, from a funding source that does not divert from existing locally collected revenues.*

**Explanation:** GMA recognizes the importance of viable, sustainable and accessible local and regional hospitals and other health care facilities to the quality of life and economic health of municipalities. Fundamental to this are economically sound emergency medical facilities responsive to the needs of their residents, businesses and visitors.

*b. GMA supports restoration of funding to mental health hospitals and local health departments.*

**Explanation:** GMA recognizes the importance of local health departments and mental health services to the quality of life and economic health of municipalities and their citizens. Local mental health services provide critical support to an underserved population, without which, local jails become the safety net of last resort.

## **5. Sidewalk and Street Improvements**

*GMA supports streamlining existing processes that authorize cities to make sidewalk and other street improvements through the use of assessments.*

**Explanation:** The enabling language that authorizes cities to make sidewalk and street improvements through assessments has not been updated since 1927 and is extremely convoluted. Given the difficult fiscal situation of cities and of the State of Georgia, assessments could be a useful tool if the language is updated, modernized and simplified.

## **FEDERAL ISSUES**

### **1. Community Development Block Grant (CDBG)**

*GMA joins local and state governments across the nation in supporting continued, full funding of the CDBG program for municipal and county community and economic development programs and projects, and supports continued administration of the CDBG program at the state level.*

**Explanation:** CDBG has served to create jobs, develop affordable housing, stabilize neighborhoods and provide necessary public services to non-entitlement local governments throughout Georgia. In 2008, non-entitlement municipalities and counties in Georgia received \$43 million to support improved quality of life projects. The amount of federal funding from the CDBG program has been decreasing by approximately fifteen percent per year over the last three years.

The strength of the CDBG program lies in local determination of immediate need, flexibility in addressing problems, identifying eligible activities, and responsible administration of funds by state and local officials.

### **2. Funding for Infrastructure Improvements**

*GMA will seek national partners, such as, National League of Cities, National Association of Counties and the U.S. Conference of Mayors to secure Federal funding for local government water and sewer infrastructure needs.*

**Explanation:** The majority of existing water and sewer systems have been in service for many decades. Funds for initial installation were largely from state and federal resources. The aging of this infrastructure is of growing concern to local elected officials and local communities. It is an issue that impacts the health, safety and economic well-being of every urbanized area.

### **3. Equitable American Recovery and Reinvestment Act Funding**

*GMA urges the federal and state governments to distribute American Recovery and Reinvestment Act funds commensurate with the contribution of cities to the state and national economy.*

**Explanation:** The ARRA funds are intended to stimulate the economy by creating jobs and retaining current jobs, especially in the public safety area. Cities should receive necessary funds to deliver required services on a fair and equal basis with the state.

# GMA Environment & Natural Resources Policy Committee

## POLICY RECOMMENDATIONS

### 1. Water Resource Policy

*GMA supports equitable access by all Georgians to a reliable supply of quality water while ensuring that the available resources protect public health and environmental quality and support economic development. To accomplish these objectives, the state's water policy should address the following needs:*

- *The development of a comprehensive and articulated state water management decision-making process based on sound data;*
- *A refinement of the state water allocation process, to include the need to construct regional reservoirs;*
- *The improvement and enhancement of multi-jurisdictional water management perspective and capacity;*
- *Providing incentives to foster cooperation, such the Georgia Water Supply Competitive Grant Program through the Georgia Environmental Facilities Authority for local government infrastructure costs which are consistent with a regional plan; and*
- *Coordinating water resource management and protection with land use planning and management.*

*GMA discourages the use of interbasin transfers to achieve the objectives of this water resource policy, except to the extent that such transfers are supported by sound science and equitable access.*

*GMA supports the advancement of a statewide, comprehensive water management plan that is neutral, fully funded, and includes meaningful municipal government involvement. GMA opposes water permit trading. Ensuring adequate funding for the next phases of the water planning effort should be a state priority and planning costs for the state water plan should not be in the form of additional permit conditions which equate to an unfunded mandate.*

*Water conservation has tremendous potential as a water resource management tool and can significantly ease the burden on supply and wastewater treatment. To aid in achieving this benefit, GMA encourages the enhancement of conservation provisions of existing regulatory programs, and supports incentives and technical assistance for active local planning for the implementation of water conservation programs.*

**Explanation:** Municipalities have a unique opportunity to participate in the state's first ever-comprehensive statewide water management plan which will undoubtedly affect the way municipalities manage water resources. Since most of the water supply and water treatment systems across the state are owned and operated by municipalities, GMA – and more importantly, the municipalities that manage water – must be at the table as the comprehensive water plan is discussed and developed. Additionally, the effect of local land use decisions on water quality will be a major source of discussion within the planning process and has far-reaching implications in terms of how governments may be required to manage water resources in the future.

GMA staff will continue to represent municipalities on water resources policy, but it is crucially important for municipal officials to become involved. Municipalities must be engaged in the local and regional planning process and should be prepared to help support these planning efforts financially. Only through active involvement in the local and state planning process will municipal officials be able to ensure that their citizens will have equitable access to a reliable supply of quality water while ensuring that the water plan protects public health, environmental quality and supports economic development.

### 2. Increased Technical and Practical Assistance by State Environmental Staff

*GMA supports additional state funding to adequately staff positions within the Environmental Protection Division (EPD) that*

would enable EPD to provide increased technical and practical assistance to Georgia's municipal governments. GMA supports the creation of an office within the Department of Natural Resources dedicated to technical and practical assistance for local governments.

**Explanation:** There are a number of emerging environmental demands on both local and state governments, including air quality, nonpoint source water pollution, animal-feeding operations, environmental monitoring and agricultural water usage. Each of these activities requires additional staff. Rather than having the state occupy only a regulatory role, greater emphasis should be placed on providing technical assistance to municipal governments as they strive to fulfill environmental goals. GMA hopes that any increased technical staff at the state level would bring about a more efficient process for state permits. Provision by EPD of basic guidelines, procedures and templates would result in more complete permit application submissions and a more timely, efficient review. A practicum considering geographic location and population density should be developed to recognize the diversity of Georgia's municipalities and the practical application of environmental stewardship by local governments and public utilities.

### 3. Expedited EPD Permitting Process

*GMA recommends legislation to require EPD to pre-certify private engineering firms to do water and wastewater permit reviews for local governments, and to take action on these pre-certified permits within an expedited time period.*

**Explanation:** As Georgia grows and infrastructure requirements change, municipal leaders make responsible investment decisions to accommodate these increased demands. The EPD must approve of new or modified permit applications prior to the groundbreaking of these public works projects, and municipal governments are often forced to wait more than a year for a response from EPD on a permit application. The anticipated costs of these infrastructure projects often rise exponentially between the time the permit is applied for and

the response from EPD. Since an infusion of funds to allow EPD to increase the permit review time period is not anticipated, municipalities should have the ability to pay a pre-certified private engineering firm to do permit reviews in an expedited manner. EPD should then be required to take administrative action on these pre-certified permits within an expedited time period.

### 4. Greater Regulation of Solid Waste Transfer Facilities

*GMA supports permitting of solid waste transfer stations, supports the ability of local government officials to require that locating and permitting of new solid waste handling facilities, including transfer stations, be consistent with local solid waste management plans, other local ordinances and meet a demonstrated need for additional solid waste facilities. Additionally, any solid waste transfer station should be subject to the same local host fee currently applied to solid waste disposal facilities.*

**Explanation:** Private, for-profit solid waste companies are increasingly relying on solid waste transfer stations as a way of handling waste streams eventually bound for a landfill. Oftentimes, these solid waste transfer stations are located in areas zoned for industrial use. However, these stations do not require an EPD permit or consistency with local solid waste management plans as landfills do, nor do they require a demonstration of need to EPD prior to operating under a "permit-by-rule." In addition, solid waste transfer stations do not get assessed a local host fee, yet there are local costs associated with hosting a solid waste transfer station, such as public education efforts for solid waste management, administration of the local solid waste management plan, and offsetting the impact of such a facility on a community.

### 5. Recreation and Conservation Funding

*GMA supports the creation of a stable source of grant and loan funding to assist local governments in open space protection, acquisition and renovation, and the development of park areas and recreation facilities. Additionally, GMA supports adequate funding of the Georgia Recreation Assistance Grant*

*Program and the implementation of the State Comprehensive Outdoor Recreation Program (SCORP) as administered by the Georgia Department of Natural Resources.*

*On the federal level, GMA supports full funding of the Land & Water Conservation Fund, which provides state and local matching grants for parks, recreation and conservation.*

**Explanation:** Limited funding has hampered the ability of most municipalities and counties in Georgia to develop adequate open recreational space and public recreation facilities. Recent studies by the Georgia Department of Natural Resources and the Georgia Recreation and Park Association clearly document funding needs to support the state's growing population. The enactment of the Georgia Greenspace Program was a positive step towards assuring that funding is available to address these important environmental and quality of life issues. While many municipalities have also taken progressive steps in funding their own greenspace programs through the issuance of general obligation bonds for this purpose, additional state funds are needed. Passage of the Georgia Land Conservation Act provides for state acquisition of strategic parcels of land, loans and grants to counties and municipalities for greenspace acquisition, and explicit encouragement of private conservation efforts. In addition to any of the state's greenspace initiatives, Georgia needs an ongoing and adequately funded incentive grant program to meet needed local recreation and parks priorities.

#### **6. Stormwater Utilities**

*GMA supports cities' current authority to enact stormwater utilities to pay for the regulatory demands of managing stormwater run-off and non-point source water pollution.*

**Explanation:** Non-point source pollution from unmanaged stormwater run-off is a major source of water pollution. Federal and state mandates have imposed various responsibilities on local governments for managing stormwater. In addition, the Georgia General Assembly adopted the State Water Plan which explicitly endorses and encourages the creation of local government

stormwater utilities as a means of funding efforts to control stormwater run-off and non-point source pollution. As a result, many local governments have decided to create stormwater utilities to pay for the costs of managing stormwater to protect the state's precious water resources.

Local government stormwater utilities have been in place in Georgia since 1998 and stormwater utility fees have been recognized by the Georgia Supreme Court as a valid means of charging for the costs of managing run-off generated by impervious surfaces. Stormwater utilities should continue to be recognized as a viable option for local governments to use in being good stewards of the state's valuable water resources.

### **BUDGET RECOMMENDATIONS**

#### **1. Georgia Environmental Facilities Authority Funding**

*GMA supports a minimum funding level of \$50 million for the Georgia Environmental Facilities Authority's water and sewer loan program. GEFA should provide funding for water reuse infrastructure, including innovative technologies such as gray water and desalination.*

**Explanation:** The Georgia Environmental Facilities Authority's (GEFA) water and sewer revolving loan program provides local governments with a source of low-cost financing for water and wastewater infrastructure improvements. Typical projects include storage tanks, water and sewer lines, treatment plants, pumping stations and reservoirs. Since the inception of the program, GEFA has loaned over \$2.46 billion for 1,282 projects to local governments. Loan repayments are used to make new loans to local governments. Since the inception of the program, no local government has ever defaulted on a GEFA loan.

#### **2. Protection of Funds to Support Local Government Environmental Needs**

*GMA supports protecting the assets of the Georgia Environmental Facilities Authority, the Hazardous Waste Trust Fund and the Solid Waste Trust Fund. GMA also supports fully returning fees, including but not limited to*

*NPDES fees, to the Environmental Protection Division as stipulated in the Erosion and Sedimentation Act and other applicable statutes. These assets must be protected in order to ensure that local governments have a predictable and secure means of financing environmental projects that keep their communities safe. These funds also help local governments meet various mandated state and federal laws and regulations. GMA opposes efforts to transfer the assets of these dedicated sources of local government environmental financing.*

**Explanation:** The Georgia Environmental Facilities Authority's (GEFA) water and sewer revolving loan program provides local governments with a source of low-cost financing for water and wastewater infrastructure improvements. During the 2003 Session, the state's leadership considered a proposal to transfer the loan assets of GEFA that had been accumulated over the years (approximately \$250 million) to the general state budget. Had the General Assembly moved forward with this measure, the ability of GEFA to provide low interest loans to local governments would have been significantly hindered. Moreover, doing so would have reduced the amount available in the GEFA's Georgia Fund to whatever amount the Governor and General Assembly placed in the budget each year. Each year the demand for loans far exceeds the amount the General Assembly appropriates. With its revolving loan program, GEFA is able to lend nearly \$100 million a year, still well below the demand that exists. It is critical to local governments that GEFA's assets remain protected and available to help with the enormous water and sewer needs around the state.

Due to recent state budget shortfalls, assets of the Solid Waste Trust Fund and Hazardous Waste Trust Fund were used to help meet the state's budget deficit. The Hazardous Waste Trust Fund was reduced to a level that will result in no new clean-up projects and leave reimbursements to local governments for clean-up projects unpaid. This trust fund is financed through fines for environmental violations, through fees on hazardous waste generators and handlers, and through a tipping fee on municipal

solid waste. GMA has worked to ensure that at least half of the money expended for hazardous site clean ups is spent on local government projects.

The Solid Waste Trust Fund has also been reduced in recent budgets. This fund is generated by the fee on scrap tires and is used for direct scrap tire cleanup through the EPD and also for technical assistance and litter abatement programs such as Keep Georgia Beautiful affiliates, which are managed through DCA. Without money to clean up tires, Georgia residents will face health problems caused by the proliferation of mosquitoes in standing water, as well as other resulting pollution.

# GMA Municipal Government Policy Committee

## POLICY RECOMMENDATIONS

### 1. Restriction on Municipal Powers

*Protection of home rule powers and local control is of paramount importance to all municipalities. GMA opposes any legislation that restricts the authority of municipalities to respond to and meet the needs of its citizens.*

**Explanation:** Municipal government is the government closest and most responsive to the needs of municipal residents and businesses. Recent polling information indicates that the citizens want local control of taxing ability, quality of life issues and public safety. GMA is concerned with the continued erosion of home rule and any restrictions on the ability of municipalities to enact ordinances and enforce regulations to protect the health, safety and welfare of municipal residents.

### 2. Home Rule Land Use Regulatory Powers

*GMA supports rational and responsive local land management and land regulation as a necessary and proper way to protect homeowners, neighborhoods and businesses from incompatible land uses and the effects of environmental degradation.*

**Explanation:** State law works well to compensate property owners for actual “takings” of property without undermining legitimate local land use regulations that promote the health, safety and welfare of the community. Re-defining “takings” to require the use of local tax dollars to compensate property owners for any diminution in value resulting from stream buffers, tree ordinances, historic preservation districts and other local land regulations such as zoning would result in major tax increases or the virtual elimination of locally desired and supported land use regulations. Municipal officials would be placed in the awkward position of not being able to prevent or at least limit incompatible land uses such as strip clubs, sex shops, liquor stores, landfills and big-box

developments. This change would result in increased litigation and would have negative effects on local property values. GMA supports private property rights and property values and firmly believes that land ownership carries with it responsibilities as well as rights.

### 3. Management of Public Rights-of-Way

*The public should be compensated for the use of municipal rights-of-way. GMA opposes any legislation that weakens the authority of Georgia’s municipalities to regulate the use of their public rights-of-way.*

**Explanation:** Municipalities currently have the authority to regulate the use of public rights-of-way and contract with utility providers for their use. Relocation of utility services within the public right-of-way should be at the expense of the utility provider. Any changes to the use of public rights-of-way could hinder economic growth for municipalities.

### 4. Annexation

*GMA supports existing annexation law which affords property owners the right to petition to the municipal governing authority for annexation.*

**Explanation:** During each legislative session, bills are introduced that further limit the ability of the property owner to petition for annexation. The issues generally are about zoning changes, density, or service delivery demands and these are best addressed at the local level between the property owner, the municipality and the county. Growth and development continues the need to create housing, jobs, and quality of life desired by the citizens across the state.

### 5. Deannexation

*GMA supports existing deannexation law which affords property owners the right to petition the municipal governing authority for deannexation.*

**Explanation:** Legislation was introduced in 2009 to allow deannexation at will that would place hardship on citizens and property owners remaining within the municipal boundaries. The right to petition should be available and the right to weigh the benefits and disadvantages that deannexation causes should be reserved to local municipal officials.

## 6. Service Delivery Strategy

*GMA is supportive of the Service Delivery Strategy Act and most of the provisions included in that statute. However, GMA recognizes that problems exist with the implementation of the law, and supports a review and study of the Service Delivery Strategy Act to address problems that have arisen around the state. GMA further encourages changes to the statute that would enable local governments to avoid duplication and protect the taxpayer from unfair taxation. Specifically GMA supports a Constitutional Amendment aimed at preventing counties from double taxing city residents. Furthermore, GMA supports statutory changes that would assure that any city not party to an SDS agreement must be allowed to provide services within their own city limits and any city that provides water and sewer service must be a signer of any applicable service delivery agreement. City residents should not be taxed by a county for services not delivered. GMA should actively participate with the leadership of the General Assembly in the study of the service delivery strategy law.*

**Explanation:** GMA supports changes to the dispute resolution process that explores all avenues for resolution prior to state sanctions. GMA further believes that each municipality should have access to the dispute resolution process regardless of the size of the municipality. GMA contends that even though efforts have been made to remove county level constitutional officers from SDS planning, tax funds supporting those positions are still negotiable between municipalities and the county in an effort to reach tax equity. GMA contends that eliminating the Service Delivery Strategy Act would negatively impact municipalities if done so without considering

other related legislative actions that have been enacted since SDS was created. GMA supports a Constitutional Amendment that would level the playing field for municipal taxpayers at the beginning of service delivery negotiations. GMA also believes that smaller cities that can be shut out of a negotiation should not be deprived of the ability to provide services to their own residents. Furthermore, because of the unique nature of water and sewer services, any city providing such services should be a party to any applicable service delivery agreement.

## 7. Sovereign Immunity

*GMA supports the immunity right of each municipality for any losses resulting from the plan or design for construction of or improvement to highways, roads, streets, bridges, utilities or other public works where such plan or design is prepared in substantial compliance with generally accepted engineering or design standards in effect at the time of preparation of the plan or design.*

**Explanation:** Municipalities act for the public good and respond to the public need and therefore must provide a broad range of services and perform a broad range of functions throughout their corporate boundaries regardless of how much exposure to liability may be involved. The exposure of municipal treasuries to tort liability must be limited. Municipalities deserve protection equal to that enjoyed by the state.

## 8. Townships

*GMA opposes legislation that creates townships, an unnecessary level of government. GMA supports the right of citizens to exercise self-determination and self-governance through the flexibility already afforded by the state through the creation of new municipal corporations.*

**Explanation:** The demands for service, sharing of limited funding and providing public safety will be weakened with each new level of government created within the state. Competition for funding and inconsistency in land use is detrimental to good growth policy.

## 9. Municipal Incorporations

*GMA supports citizen access to the heightened services and more responsive representation offered by municipal government. The incorporation of new municipalities should be limited to areas that would be fiscally feasible. Furthermore, new incorporations should be the most economical and effective means of providing municipal services and should not interfere with the natural growth or operation of existing municipalities.*

**Explanation:** Recently, Georgia has witnessed a surge of interest by various communities in the benefits of municipal government. As the level of government that is closest to the people, municipalities offer home rule that gives citizens greater influence in the character of their community and the nature of services that they wish to receive. As an entity that supports home rule and the benefits that municipalities offer, GMA is supportive of their aspirations.

New incorporations should be undertaken with careful attention to the practical challenges of effectively providing services. In order to thrive, municipalities need an adequate mix of residential and commercial property. New municipalities are most appropriate in areas that have adequate population and density to support the effective provision of municipal services.

Finally, care should be taken to insure that new incorporations do not injure existing municipalities. A natural characteristic of municipalities is that they grow, and the most common way in which this is accomplished is through judiciously exercised annexation. Most existing municipalities have logical growth areas outside their existing limits, where the creation of a new municipality could lead to an inefficient duplication of service.

# GMA Public Safety Policy Committee

## POLICY RECOMMENDATIONS

### 1. Public Safety Collective Bargaining and Mandated Pay and Benefits

*GMA opposes legislation establishing collective bargaining for local government employees, placing costly restrictions and requirements on the relationship between municipalities and municipal employees or mandating pay and benefit levels.*

**Explanation:** Due to its cost, inefficiency and detrimental effect on the provision of government services and because it violates the principle of home rule, GMA opposes legislation seeking to establish collective bargaining for local government employees. All local government employees are afforded adequate constitutional due process protection. GMA opposes legislation that would directly affect local law enforcement personnel policies, be an unnecessary and unwarranted intrusion into local matters and provide extraordinary rights for one class of municipal employee. GMA supports the adoption and implementation of appropriate personnel policies by local elected officials.

GMA also supports improved public safety pay and benefits as determined at the local government level and opposes the imposition of pay and benefit levels by state or federal mandate. GMA has and is committed to continuing to work with local governments on identifying pay and benefit improvement alternatives and methods of funding these improvements.

### 2. Firearms on Public Property

*GMA is opposed to legislation that interferes with the ability of municipal officials to craft policies governing whether firearms may be brought into municipal buildings or into municipal governmental and judicial proceedings.*

**Explanation:** Many municipal officials are strong advocates for the right of gun ownership. However, GMA believes that those elected officials are the best qualified to craft local policies about when it is appropriate for firearms to be brought onto municipal public property.

### 3. Municipal Courts

*GMA will seek to have the payment of municipal fines take precedence over the remittance of revenue to fine add-on recipients in partial payment cases. GMA adamantly opposes any new additional fine add-ons collected on offenses adjudicated in municipal court.*

**Explanation:** Municipal courts and municipal police departments are wholly funded by municipal tax payers. Cases brought to such municipal courts are typically made by municipal police or code enforcement personnel, are adjudicated by municipal judges and the administration is handled by municipal personnel. Municipalities pay to house municipal prisoners in county jails and must spend their own resources to provide for indigent defense. In recent years, the creation of new fine add-ons and regulatory changes have placed fine add-on recipients above municipalities in the priority for receiving fine payment in cases where the entire fine is not immediately paid in full. The effect of these changes has been to force municipal courts to act as tax collections agencies for state government programs that rarely benefit municipalities.

The creation of new fine add-ons, given the current number of existing fine add-ons and the partial payment priority system currently in place, is overburdening defendants that are adjudicated in municipal court. Additional fine add-ons result in sending more defendants to probation and imposing more costs on the administration of municipal courts.

#### 4. Funding Crime Labs

*GMA believes that adequate funding of state crime labs is a responsibility of state government and opposes efforts to shift costs for their support from the state to local governments.*

**Explanation:** State crime labs are a vital resource used by local law enforcement agencies seeking to prosecute state crimes on behalf of the State of Georgia. Efforts that seek to make local governments pay for their operation fail to recognize that cities already remit fine add-ons to the state to pay for this service and that shifting additional costs to local agencies merely increases the tax burden locally.

#### 5. Local Law Enforcement Jurisdiction

*GMA supports the ability of municipal law enforcement agencies to patrol and enforce the traffic laws on all state and local public roads in their jurisdiction.*

**Explanation:** Numerous proposals aimed at making it more difficult for local law enforcement agencies to enforce traffic laws on Interstates and state highways have been recently circulated. These proposals incorrectly presume that traffic enforcement is designed to generate revenue for local governments, when in fact such enforcement is critical to public safety. Georgia has fewer than 1,000 state patrol officers and relies heavily on local law enforcement to fill in the gaps of patrolling public highways. Not only do local traffic enforcement efforts save lives on our highways, they also result in numerous arrests of fugitives and felons that have otherwise escaped from the criminal justice system. Legal remedies including investigations by the state Department of Public Safety and the accountability of local elected officials at election time provide an adequate check on any abuses. Hampering the ability of local law enforcement to patrol the highways and Interstates will be devastating to public safety on the local and the state level.

#### 6. Traffic Camera Enforcement Technology

*GMA supports legislation that would authorize municipalities to use video technology to enforce traffic laws.*

**Explanation:** Red-light video technology has been in use in municipalities across the state for several years now and has led to increased safety at many intersections. GMA feels that use of a similar technology to enforce speeding laws in clearly marked school zones, to enforce compliance with stop arms on school buses, or in other problem traffic enforcement areas will also lead to substantial safety improvements.

#### 7. Volunteer Firefighter Incentives

*GMA supports incentivizing the recruitment and retention of volunteer firefighters with a state income tax credit.*

**Explanation:** Small and mid-sized municipalities in Georgia are dependent on volunteers to operate their fire departments. Attracting and retaining volunteers has become very difficult in many places. Offering those volunteers that have maintained their training and participation for at least three consecutive years an annual \$1,000 state income tax credit would help municipalities retain trained and experienced volunteers.

#### 8. Racial Profiling

*GMA opposes the practice of racial profiling and encourages efforts by municipal police departments to train officers not to engage in racial profiling. GMA supports legislation that requires training, supervision and local policies designed to prevent bias based profiling, provided that any data collection mandates apply only to those agencies found to be engaged in such practices.*

**Explanation:** Many municipal police departments already train their officers not to engage in racial profiling, a practice that undermines public confidence in law enforcement. Several recent state proposals, however, would have required that police

officers collect additional data at every traffic stop. Given that municipalities already send a copy of every traffic citation issued to the state, containing identifying data, additional data collection seems unnecessary and duplicative. GMA will work to ensure that legislation that attempts to address the issue of racial profiling does not create administrative burdens that interfere with local public safety efforts.

## 9. Seat Belts

*GMA supports legislation that would require passengers in all private passenger vehicles to wear seat belts.*

**Explanation:** Traffic accidents are the number one cause of death for Georgians between the ages of 1 and 34. The exception for pick-up trucks in Georgia's mandatory seat belt law contributes to high death rates and increased numbers of severe injuries as well as loss of federal highway funding and higher insurance rates.

## 10. Funding for Local Law Enforcement Officer Training

*GMA supports adequate funding for local law enforcement officer training. GMA supports utilizing the funds collected for local law enforcement training solely for that purpose.*

**Explanation:** Article III, Section IX, Paragraph VI (d) of the Georgia Constitution authorizes the imposition of additional penalties to be used to provide training for law enforcement officers. Code Section 15-21-70 et. seq. provides that the fine monies collected be submitted to the state and placed in the general fund and spent on law enforcement officer training. While the bulk of the money is collected from cases brought to court by local police agencies, most of the appropriations for training have gone to state agencies and officers. According to the Peace Officer Standards and Training Council, municipal police officers comprise the majority of law enforcement officers in Georgia. Proper training of police officers is an essential part of any public safety effort. The state should therefore appropriate adequate funding to both

the Georgia Public Safety Training Center and to regional academies to ensure that the majority of all the police officers patrolling the streets are adequately trained.

## 11. Banning Sales and Use of Novelty Lighters

*GMA supports banning the sale and use of novelty lighters.*

**Explanation:** Novelty lighters are defined as "lighters that have features that make them attractive to children under five," including "lighters with features entertaining to children, such as visual effects like flashing lights, or sound effects like musical notes." This includes but is not limited to, lighters that depict cartoon characters, toys, guns, watches, musical instruments, vehicles, toy animals, food or beverages. Because novelty lighters look like toys, children are tempted to play with them even if they have been taught that handling lighters is dangerous. Although the federal product safety code appears to prohibit such lighters, adequate enforcement has not been forthcoming from the U.S. Consumer Product Safety Commission. Fatal fires caused by novelty lighters have been documented in several states. City structures are often uniquely susceptible to the dangers of fire due to density and age.

# GMA Revenue & Finance Policy Committee

## POLICY RECOMMENDATIONS

### General

#### 1. Revenue Options

*The state tax code should provide a wide variety of revenue options that would be available equally to all municipal governments, and should include flexibility for municipal officials to adapt revenue and revenue sources as necessary to respond to local growth, decline, recession, community desires and emergencies, should encourage community input and should ensure tax equity and the elimination of double taxation.*

**Explanation:** A diversity of revenue sources is essential for municipal governments to meet the needs of their citizenry. The state should respect the right of Georgia taxpayers, through their municipal officials, to choose how and how much they are willing to pay in municipal taxes to receive the level of municipal services important to them. Additionally, any revision should provide for tax equity based on the economic input and value provided to the state by the citizens of individual local governments as well as the services provided by and demanded of individual local governments.

#### 2. Tax Reform – Key Principles of Local Taxation

*GMA recommends the formation of a blue ribbon task force to review the state tax code. GMA supports tax reform that increases transparency, respects home rule and the need for municipal government officials to respond to the needs of their constituents. Any state tax cuts in municipal revenue should be revenue neutral to municipal governments with a guaranteed 100 percent reimbursement.*

**Explanation:** During each legislative session, numerous changes are made to Georgia's tax code, often through individual bills. These tax cuts and tax shifts have resulted in an unbalanced tax code, which has in turn led to

budget shortfalls at the state and local levels. Since many types of taxation (i.e., sales, income and property) work together to provide revenue for the state, and since several types of taxation in combination provide revenue for municipal governments, any change to one type of tax will necessarily affect the others. To ensure that Georgia has a balanced and equitable system of taxation, the state should take a comprehensive approach to taxes as a whole. However, any revision of the tax code should respect the needs of municipal governments and the important and often diverse services that municipalities provide to their residents and property owners.

Finally, any state tax cuts accomplished with local tax revenues should be accompanied by a constitutionally guaranteed 100 percent reimbursement to local governments. Such a provision would ensure that the state would keep local governments whole with respect to any revenues cut by the state.

#### 3. Fiscal Notes - Analysis of New State Regulations on Local Governments

*GMA supports a constitutional amendment requiring state agencies to analyze, consider and disclose the fiscal effect of new or amended state laws and regulations on local governments.*

**Explanation:** State law requires that any legislation that would increase local government expenditures or decrease local revenues by \$5 million or more over a three year period must have a fiscal note attached. The Department of Community Affairs is responsible for the preparation of these local government fiscal notes. Likewise, the law provides that no regulation, rule, order, or administrative law that would have a fiscal impact exceeding \$5 million on local governments is valid unless the agency or department submits a fiscal note to the General Assembly 30 days prior to adopting the new policy. Although the General Assembly and state agencies, boards and departments are required to determine the aggregate fiscal cost to

local governments of new state laws or regulations, the process is not uniformly and consistently applied. In addition, state agencies, boards and departments are not required to consider the effect that a rule or regulation may have on each individual local government that is affected. This lack of understanding of the actual fiscal impact of state law or regulations on an individual local government leads to local revenue shortfalls, often resulting in tax increases, extended local debt, or further revenue loss due to fines for a failure to comply.

## Sales Taxes

### 1. Full Collection of Sales Taxes; Provision of Data

*GMA recommends that the state take necessary steps to ensure the full collection and timely remittance of all sales and use taxes due to the state and to local governments, whether such steps include additional funding for the Department of Revenue for audits and compliance purposes, privatizing sales tax collections or allowing local governments to collect and audit local sales taxes locally. GMA supports legislation requiring the Department of Revenue to collect, compile and share with municipal governments data necessary to determine the amount of sales generated by businesses located in each municipality and the amount of sales generated by businesses located in each municipality and the amount of sales generated by businesses located in the unincorporated area of each county. As a last resort, in the event that the Department of Revenue is unable to collect, compile and share with municipal governments this information, municipalities should be permitted to contract with private companies to collect the requested data.*

**Explanation:** Representatives of the Georgia Department of Revenue have stated that the department is able to audit less than 1 percent of the businesses in each sector remitting state and local government sales taxes to the state. While most businesses comply with sales tax laws, untold dollars remain on the table, uncollected by the state, as a result of inadequate

enforcement. While it is impossible to know how much sales tax revenue remains uncollected in Georgia, a voluntary system of compliance allows for shortfalls. In order to ensure full collections of sales tax revenues, the state should provide the Department of Revenue with more capacity for enforcement, including ample auditors, or should authorize the private collection of sales taxes or the collection of sales tax revenues by local governments.

For years, municipal officials have requested data detailing the situs of retail transactions. Municipal officials claim that this data will increase compliance by allowing municipal officials to compare gross sales reported municipality-wide to the state with the aggregate gross sales reported to municipal officials through the collection of occupation taxes or other proxies. Moreover, this data will indicate the health and vitality of the retail sector of the local economy and demonstrate whether economic development efforts geared at increasing retail activity are having the desired impact. Finally, anecdotal evidence in other states indicates that as more detailed sales tax data is reported, compliance increased.

GMA believes that the following six steps would substantially improve the reporting and accuracy of sales tax collection.

1. Require the Department of Revenue to collect data showing sales tax collections in cities;
2. Fully capture all data, whether electronically or manually filed;
3. Require the Department of Revenue to share sales tax data for collections within municipal boundaries;
4. To the extent required to protect taxpayers, support confidentiality and privacy of information shared with cities;
5. Support efforts to increase audits to ensure compliance; and
6. Allow for more timely remittance of sales tax dollars to local governments.

## 2. Municipal Option Sales Tax (MOST)

*GMA supports legislation allowing each municipality to hold a referendum to enact a permanent municipal option sales tax (MOST) that would be used for property tax relief, infrastructure improvements, the provision of municipal services or any combination thereof.*

**Explanation:** Cities in Georgia, not including the City of Atlanta, have over \$7 billion in capital needs. Over \$3 billion of this need is for water, sewer and stormwater projects, and another \$1.6 billion is needed for transportation purposes. The remainder of the capital needs relate to public safety, solid waste facilities, parks and greenspace and downtown development and historic properties. Add the City of Atlanta and the total need swells to \$14 billion. This need cannot be met through existing revenue sources alone.

Municipalities and counties compete for limited local sales taxes while struggling to provide services such as clean water, an efficient and safe transportation network, parks and recreation and public safety. This proposal would allow municipal voters to decide how to pay for services and prepare for the future while providing an alternative to property tax. In the event that municipal residents in a county with a HOST vote to enact their own municipal sales tax to help fund municipal property tax rollbacks and municipal operations, thus providing property tax relief to all property owners within the municipal limits, these municipalities should be able to opt out of the HOST as it benefits residents of unincorporated areas disproportionately.

## 3. Elimination of Homestead Option Sales Tax

*GMA supports legislation eliminating the Homestead Option Sales Tax (HOST) as a revenue source for counties.*

**Explanation:** The HOST should be eliminated as a revenue option for counties in which it is not currently levied. Many counties used the existence of the HOST as a negotiating tool during the 2002 LOST negotiations, threatening

to allow the LOST to lapse and levy a HOST if municipalities did not agree to the county's preferred distribution percentages. While all counties and municipalities levying a LOST ultimately agreed to a new distribution schedule, threats of HOST influenced municipalities' decisions throughout the process. In order to level the playing field, the option for a county to levy a HOST should be removed.

## 4. Local Option Sales Tax

*GMA supports legislation eliminating the unilateral lapsing of the Local Option Sales Tax (LOST) as a result of the inability of municipalities and counties to agree on a new allocation of LOST revenue.*

**Explanation:** The Local Option Sales Tax is a joint county and municipal sales and use tax levied within a special district and is an important source of revenue for municipalities and counties throughout Georgia. It is used to fund municipal and county government services. Municipal and county governments that use LOST are required to indicate on each property tax bill the property tax savings resulting from the use of the LOST. After the completion of the decennial census, each county and the municipalities therein are required to renegotiate the distribution of the LOST revenue within that special district. While many of these negotiations have been friendly, negotiations between a county and municipalities can become contentious. As county governments that do not levy a LOST are authorized to enact a Homestead Option Sales tax which does not have to be shared with municipal governments, some county governments have threatened to let the LOST lapse as a way to force municipalities to agree to the county proposal. Eliminating the unilateral ability to lapse LOST would help to level the playing field in LOST negotiations, and preserve this important revenue source for municipal and county governments.

## 5. Sales Tax Exemptions

*GMA opposes the erosion of the sales tax base caused by the creation of sales tax exemptions. Additionally, the state should adopt a Sales Tax*

*Exemption Sunshine Act requiring the annual appropriations act to reflect the revenue impact of sales tax exemptions on the state budget. Finally, the General Assembly should engage in a comprehensive study of the budgetary and economic impacts of existing sales tax exemptions.*

**Explanation:** Like the property tax, the gradual erosion of the sales tax base due to exemptions for general and special interests has challenged municipalities' abilities to adequately fund services. Since 1989, the numbers of statewide sales tax exemptions in Georgia has increased significantly without overall consideration of the cumulative effect on the revenue base of local governments. This concern is significant in light of the limited revenue options available to local governments coupled with increasing levels of service responsibility and state and federal unfunded mandates. Ultimately, sales tax exemptions merely shift the tax burden from certain consumers to property owners.

The state should track the impact of sales tax exemptions on state appropriations. Other states have adopted laws or policies requiring the annual appropriations act to detail the cost of sales tax exemptions on the state budget. This process illuminates the cumulative effect of the myriad sales tax exemptions on the state budget and on items included in (or omitted from) the annual budget that could not be fully funded due to insufficient revenues. Georgia should follow the example of these other states and provide more transparency into the tax shifts and budget cuts caused by tax exemptions.

## **6. Internet Sales Tax Agreement**

*GMA supports legislation authorizing the adoption of the Streamlined Sales and Use Tax Agreement.*

**Explanation:** As of July 1, 2009, 22 states are expected to have fully implemented the Streamlined Sales and Use Tax Agreement, meaning that they have conformed their sales tax codes in order to take advantage of voluntary sales tax collections and payments by on-line retailers. As such, they are receiving sales tax

revenue that had previously gone uncollected. In order for Georgia to benefit from the voluntary collection and remittance of sales taxes on Internet purchases, Georgia should adopt the Streamlined Sales and Use Tax Agreement. In addition to receiving sales taxes which are technically owed to the state as use taxes under current law but that typically go unpaid, by adopting the agreement the state would level the playing field for bricks and mortar stores located in Georgia. These stores are required by law to collect and remit sales taxes on taxable items sold in their stores but often lose sales, and therefore profits, to on-line retailers due to the perceived tax advantage of purchasing items on-line.

## **Property Taxes**

### **1. Assessment Limitations and Appeals**

*GMA supports reasonable reform of the approach to property assessments which minimizes undue hardship and confusion to property owners, ensures equity among comparable properties and taxpayers provides for adjustment of values that mimics market conditions, and strikes a balance between the goals of providing more certainty to taxpayers and retaining uniformity, flexibility and revenues necessary to provide services at the local level. Additionally, GMA supports amendments to the property assessment appeals process that will make the process less confusing and cumbersome to the property owner.*

**Explanation:** Due to rising property values, increasing property assessments have become an issue across the nation. States have approached assessment reform in a variety of ways, but the most popular approach has placed assessment caps or freezes on some or all property. These caps or freezes have created hardship for local governments and for schools, for property owners – particularly new property owners – and on economic development. Property assessment restrictions force municipal governments to live off of new growth or to increase millage rates. Meanwhile, the cost to provide services, much of which depends on the cost of materials and

transportation costs, increases. The combination of stagnant revenue and increased costs compels local governments to either increase taxes or decrease services provided to the public. Moreover, uniformity is an issue. Property owners with identical properties receive identical services but may pay grossly different property taxes based simply on the date on which their respective property was purchased.

GMA is specifically concerned about capping assessment increases on non-homestead properties. Business property can be, and is often, placed in the ownership of an LLC or other company. When the ownership of the company is transferred, the property remains an asset of the company, although the ownership of the company has changed. As a result, the property itself is not transferred; without a transfer of property ownership, commercial property will not be reassessed at fair market value. Homestead property, however, is typically transferred from individual to individual, with each transfer constituting a transfer of property ownership, after which the property will be assessed at the current fair market value. The lack of reassessing non-homestead property combined with the reassessment of homestead property is likely to result in a shift in property tax burden onto homeowners. GMA is also concerned about the impact of assessment caps on local governments and school systems that are subject to millage caps. The combination of millage caps and assessment limitations acts as a revenue cap and can result in a lack of sufficient funds to provide services. Finally, assessment caps should not apply for purposes of calculating the bond digest. Capping growth of the bond digest could have a negative impact on local governments' ability to issue debt; in an already limited bond market, further restrictions could lead to an inability to issue debt for necessary and voter-approved purposes.

The property assessment appeals process seems to cause confusion to property owners; difficulty navigating through an appeal seems to lead to dissatisfaction with the assessment process and to an interest in having more predictability regarding assessment increases. Amending the

appeals process in a way that makes it more easily understood by the general public and in a way that encourages a cooperative outcome could satisfy taxpayer concerns without creating the taxpayer inequity and local revenue issues likely to stem from assessment caps.

## **2. Property Tax Exemptions**

*GMA opposes the erosion of the property tax base caused by the creation of property tax exemptions. In the event the General Assembly creates a property tax exemption, the State should fully reimburse local governments for the revenue loss.*

**Explanation:** The gradual erosion of the property tax base due to the exemptions for general and special interests has challenged municipalities' abilities to adequately fund services. Since 1989, the number of statewide property tax exemptions has increased significantly without overall consideration of the cumulative effect on the revenue base of municipalities. This concern is significant in light of the limited revenue options available to municipalities coupled with increasing levels of service responsibility and state and federal unfunded mandates.

## **3. Continuation of Homeowner Tax Relief Grants**

*GMA supports the funding of the homeowner tax relief grants to municipalities, counties and school districts.*

**Explanation:** Municipalities in Georgia receive significantly little revenue from the state to assist with the provision of services necessary to meet the day to day needs of Georgians. The homeowner tax relief grants provided to Georgia homeowners by the Governor and the State Legislature have resulted in an important partnership between the state and Georgia's municipalities, counties and schools. GMA supports the continuation of this partnership in the funding of local services.

## Home Rule

### 1. Local Expenditure Caps

*GMA opposes local government expenditure caps.*

**Explanation:** Recent legislative attempts to place spending caps on local governments are based on a one-size-fits-all approach to Georgia's diverse and myriad municipalities, counties and school systems. Different communities have different needs and different resources. While most local officials work to keep expenses low, citizen demand, market forces, emergencies and court decisions at times force expenditure increases on local governments. Local elected officials are accountable to their electorate and are elected to make the tough budgetary decisions necessary to provide adequate police, fire, transportation, economic development, recreation and other services demanded by their particular electorate. Many necessary costs, such as health and liability insurance, motor fuels, asphalt and construction materials are beyond the control of local officials. Fast paced development, state and federal mandates, and age of infrastructure can create unanticipated water, sewer and transportation costs. Local elected officials must have the spending flexibility to pay these costs while still providing the general quality of life services expected by their citizens. Arbitrary caps on spending interfere with local decision-making, local accountability, and the ability to meet the needs of Georgians at the local level.

### 2. Tax Equity

*GMA supports legislation that will ensure local government tax equity by prohibiting county governments from taxing municipal property owners for services that the municipal government provides or that the property owners do not otherwise receive from the county government.*

**Explanation:** The Service Delivery Strategy Act, as well as the Local Option Sales Tax and other laws affecting local government revenue,

are intended to encourage and achieve tax equity at the local level. These laws are carefully designed around the premise that each local situation is different, and allow local governments to address tax equity issues at the local level. However, due to the complexity of issues included in service delivery and local option tax negotiations, combined with the negative consequences resulting from the failure to reach agreement, double taxation remains a reality for many municipalities and municipal taxpayers throughout the state. Municipal property owners and taxpayers continue to pay county taxes for county services that are not provided in the municipality or for county services that are jointly provided by the municipality. In effect, citizens in many municipalities are paying twice for the same service. The General Assembly should pass a constitutional amendment prohibiting this practice.

### 3. Local Legislation

*Reserved*

### 4. Unfunded Mandates

*GMA opposes any legislation which creates unfunded mandates that impact cities.*

**Explanation:** Unfunded mandates, typically laws or regulations created by the state or federal government which are imposed on local governments, impose costs or require local government expenditures without providing the funding to pay for those costs or expenditures. In order to pay for the mandates, local governments are often forced to raise taxes or to reduce services and costs in other areas. Any requirements imposed on local governments by the state or federal government should be accompanied by sufficient funding to pay for the cost of complying with the requirements.

## Other Revenue Sources

### 1. Franchise Fees Governed by State Law

*GMA supports state legislation that would require municipal franchise fees to be included in the system wide rate base or system wide*

*charges of an electric, gas or telecommunications utility. GMA opposes legislation that imposes limitations or restrictions on municipal franchise agreements or municipal franchise fees and opposes legislation that would convert the franchise fee into a tax.*

**Explanation:** Franchise fees are typically implemented as part of an agreement between municipalities and a utility company, or other enterprises such as cable companies that utilize public rights-of-way. Franchise fees are essentially the “consideration” of these agreements. They compensate municipalities for the use of the public rights-of-way by a utility. To many municipalities in Georgia, franchise fees represent a significant amount of the revenue needed to provide vital services such as police, fire, transportation and economic development services. The loss of any or all of this revenue would be devastating to municipalities.

Within Georgia, municipalities have broader authority to collect franchise fees than do counties. Historically, franchise fees were intended to encourage economic development in municipalities; municipalities were compensated for permitting dense development and attracting businesses, thereby allowing electric providers to serve more customers in a small area. The cost to serve customers in rural areas is significantly higher than the cost to serve customers in urban areas. As a result, municipalities are authorized by state law to collect franchise fees from, telephone, gas and electric companies. However, the recent PSC decision resulting in a portion of the municipal electric franchise fee being charged only to municipal customers runs afoul of the historic policies supporting the one-bucket rate design and forces municipal customers to pay more than their fair share of the cost of providing electricity throughout the state.

Legislative attempts to further push the burden for the cost of electric utility service throughout Georgia disproportionately onto the backs of municipal customers would be devastating to Georgia municipalities and those who live and work therein. Unless all payments by utilities to

local governments, such as property taxes, land acquisition costs, occupancy fees and permit fees, are broken out of the rate base and charged only back to those who live and work in the local government to which those payments are made, franchise fees for use of the municipal right of way should remain in the rate base as a cost of doing business.

## **2. Debt Setoff**

*GMA supports legislation authorizing local governments to use the state’s debt setoff program to collect debt owed to local governments.*

**Explanation:** A debt set-off program will allow debts on past-due utility accounts owed to local governments to be set off against a debtor’s individual state income tax refund. Governments would submit the debts owed to a central clearing house that would transmit the debts to the Department of Revenue’s Income Tax Division for set-off against state income tax returns. Persons listed as debtors to local governments would receive notice of their stated debts and would have the opportunity to appeal and/or pay the debt prior to any offset against income tax refunds. Similar programs have already been successfully implemented in North Carolina and South Carolina.

## **3. Protection of State Funds to Support Local Government Needs**

*GMA supports a constitutional amendment that would require state funds collected for a specific local government purpose to be used for that specific purpose.*

**Explanation:** In years past, funds typically used to support local government projects, many of which are mandated by the state or federal government, were used or proposed to be used to help meet the state’s budget deficit. The reduction or elimination of state funding designed to assist local government compliance with state and federal requirements places a heavy burden on these local governments to access alternate sources through which to finance projects, and can be detrimental to the health, safety and welfare of all Georgians.

# GMA Transportation Policy Committee

## POLICY RECOMMENDATIONS

*GMA recognizes that transportation funding is one of the highest priorities in the State of Georgia and encourages swift, thoughtful action that includes participation by all stakeholders, including cities.*

### 1. Transportation Funding – Equal Role for Cities

*GMA supports the development of a transportation funding mechanism that provides meaningful and equal participation of municipal governments in the development of project lists, distribution of funds and allowing municipal opt-in and opt-out of such mechanism.*

**Explanation:** In each of the funding mechanisms that have been considered by the state legislature, cities have had only a marginal role in the process at best. Any acceptable funding mechanism must include full and equal municipal participation in the process of determining how revenues will be spent and how they will be distributed among jurisdictions. If an opt-in or opt-out provision is included, cities must be afforded the opportunity to opt-in or out of the tax regardless of whether a concurrent county jurisdiction opts in or out. Failure to ensure meaningful participation by cities in a statewide or regional funding mechanism will cause cities to be unable to complete much-needed transportation projects.

### 2. Transportation Finance

*GMA believes that all potential sources of revenue should be explored to provide the state and municipal governments with additional transportation funds to initiate work on surface transportation initiatives, including local transit needs, bicycle paths, sidewalks, light rail, buses, etc., and assistance with maintenance of local roads.*

*Funding of local transportation needs has reached a critical stage. Long term funding solutions will require a combination of state and*

*local transportation funding sources. GMA supports financing alternatives that allow local control and decision making to help resolve this transportation funding crisis. GMA supports flexible local funding mechanisms, such as a Municipal Option Sales Tax, the proceeds from which could be used for transportation, water/sewer infrastructure and other local capital needs.*

*Furthermore, the state should maintain and protect motor fuel taxes and ensure that as dependence on traditional petroleum based products declines, that the state explores alternative funding sources for state and local transportation projects.*

**Explanation:** Both state and local government officials are concerned that current motor fuel tax revenues are not sufficient to maintain the state's road system and to adequately fund local government transportation needs. Without an adequate funding source, both state and local governments will find it increasingly difficult to properly maintain the current transportation infrastructure in addition to investing in passenger rail, commuter rail, pedestrian and bicycle needs, and local transit. Georgia's statewide motor fuel tax – at 7.5 cents per gallon and a 3% sales tax – is the main funding source for the state's transportation system. However, this motor fuel tax level, which is one of the lowest in the country, is not generating sufficient revenues to meet Georgia's transportation infrastructure needs. Many local transportation projects have been delayed due to inadequate funding. While bond packages and toll roads may begin to address project specific funding needs, they are not the sole solution. A combination of state and local funding sources will be required to meet ongoing transportation needs. GMA believes that in order to ensure that an adequate revenue stream is available for state and local transportation projects in the future, the state must maintain current motor fuel tax rates, and must also consider methods of collecting revenues on alternative, non-petroleum based fuels.

### 3 Passenger Rail Service in Georgia

*GMA supports the operation of commuter passenger rail service and encourages the accelerated development and implementation of the entire Georgia Rail Passenger Program. GMA opposes any attempts to restrict or hinder the implementation of passenger rail. Finally, GMA believes that in order to address the long-term funding needs for transit across the state, it is critical that funding for Georgia local mass rail transit systems, including the Metropolitan Atlanta Rapid Transit Authority (MARTA), come from statewide sources.*

**Explanation:** As Georgia's population increases, it is becoming more and more difficult to move people in an efficient and cost effective manner, especially in and between the state's metropolitan areas. The development of viable commuter and passenger rail service is essential to the economic well being of the state and its municipalities and counties.

Complete implementation of the state's rail program will allow real choice in modes of travel for the people of Georgia for years to come.

It is critical that funding for rail transit systems, including MARTA, come from a larger, statewide funding source. Currently, the burden for funding MARTA falls on only two counties – Fulton and DeKalb – who levy a 1 percent sales tax for the purpose of supporting MARTA's operating and construction costs. It should be noted that statewide funding for rail transit would not negatively impact the state's existing motor fuel tax, because funding would come from other state and federal appropriations.

#### 4. Public Airports: Funding Source

*GMA supports the creation of a funding source for public airports and urges the legislature to dedicate the sales tax on aviation fuels, services and equipment as a means of providing revenue for public airports. GMA also pledges to work with potential partners such as the Georgia Airports Association to accomplish this goal.*

**Explanation:** The state's 103 general aviation and air carrier airports have a significant economic impact statewide as well as in the communities they serve. The Georgia Department of Transportation (GDOT) estimates that Georgia's commercial and general aviation airports generate over \$2 billion annually. Georgia DOT has historically received an average of \$2 million per year for airport programs from state general funds. The funding covers the state's 5 percent match on federal airport improvement projects as well as all of the state and local projects. A recent study completed by GDOT during the preparation of Georgia's Statewide Aviation System Plan identified the state's carrier and general aviation airport needs over the next 20 years and highlighted two primary concerns.

1. Developing Georgia's airports to accommodate the needs of today's operating business aviation fleet; and
2. Maintaining and preserving badly aging facilities.

Over the next 20 years, the Statewide Aviation System Plan identified \$2 billion in airport improvements needed for Georgia's airports. Only about one-half of this amount can be expected from current resources. If the sales tax on aviation fuels, services and equipment was earmarked for public airports, it would go a long way in helping meet these needs.

GMA pledges to work in partnership with commercial airlines and other stakeholders to educate them about the importance of funding for regional airports. The enhancement of the statewide aviation network is crucial to economic development in Georgia.

#### 5. Foster an Improved Relationship Between GDOT and Georgia's Municipalities.

*GMA supports the creation of a stronger relationship between GDOT and municipalities that fosters better communication, local input, greater flexibility and an understanding of and sensitivity to the individual character of Georgia's communities in the design and implementation of transportation projects in municipalities. GMA also supports an enhanced, substantive role for cities in the*

*evolving statewide planning and project prioritization process at the Georgia Department of Transportation.*

*Furthermore, GMA supports continued, sustained funding for local projects and priorities within this evolving process.*

**Explanation:** Across the state, municipal officials have expressed increasing and often overwhelming frustration with a lack of responsiveness from DOT, which has resulted in an inability to get decisions made about local transportation and traffic problems. In some cases, projects have been shut down. Municipal officials complain that DOT is slow and inefficient in decision making and that municipalities do not have the flexibility to change speed limits on state roads that go through municipalities or add safety devices on state roads in municipalities. These problems are in addition to the ongoing problem that DOT does not offer flexibility when working with municipalities to implement local design characteristics into DOT plans. Delays are impacting public-private investment in downtowns and economic development in municipalities, which ultimately provides benefits for the state as a whole.

**6. Local Participation in Local Maintenance and Improvement Grant Program.**

*This section reserved pending development of the state's new funding mechanisms for local transportation projects.*

**Explanation:** Reserved.

**7. Complete Streets Design Philosophy**

*GMA supports the Complete Streets design philosophy and endorses a requirement that GDOT projects must incorporate this design philosophy which minimizes long-term project costs and enhances public safety.*

**Explanation:** Complete streets are designed and operated to enable safe access for all users. Pedestrians, bicyclists, motorists and transit riders of all ages and abilities must be able to safely move along and across a complete street.

Creating complete streets means GDOT must change its orientation toward building primarily for cars. Instituting a complete streets policy ensures that GDOT will routinely design and operate the entire right of way to enable safe access for all users. The benefits of complete streets design include: improved safety, an increase in bicycle and pedestrian use, and improve air quality. Furthermore, project costs are minimized if the complete streets philosophy is incorporated up front, because integrating sidewalks, bike lanes, transit amenities, and safe crossings into the initial design of a project spares the expense of retrofits later.

GMA recommends that GDOT should adopt and implement the complete streets design philosophy for all phases of all types of transportation projects. The use of the complete streets philosophy will ensure that Georgia residents will have a safer, more efficient, more convenient, and more accessible transportation system, and that this system will be executed in the most cost-effective manner possible.

**BUDGET RECOMMENDATIONS**

**1. State Transportation Funding Levels**

*GMA supports continued and sustained state funding levels for the Local Maintenance and Improvement Grant program.*

**Explanation:** LARP and state aid programs have been eliminated and replaced with a new program for local transportation projects, the Local Maintenance and Improvement Grant Program. Increased and sustainable levels of funding for this program are essential to the economic vitality of local communities throughout Georgia, which are dependent upon a comprehensive, well-constructed, and adequately maintained state and local transportation network.