



WEDNESDAY'S
News You Can Use

Local Option Sales Tax

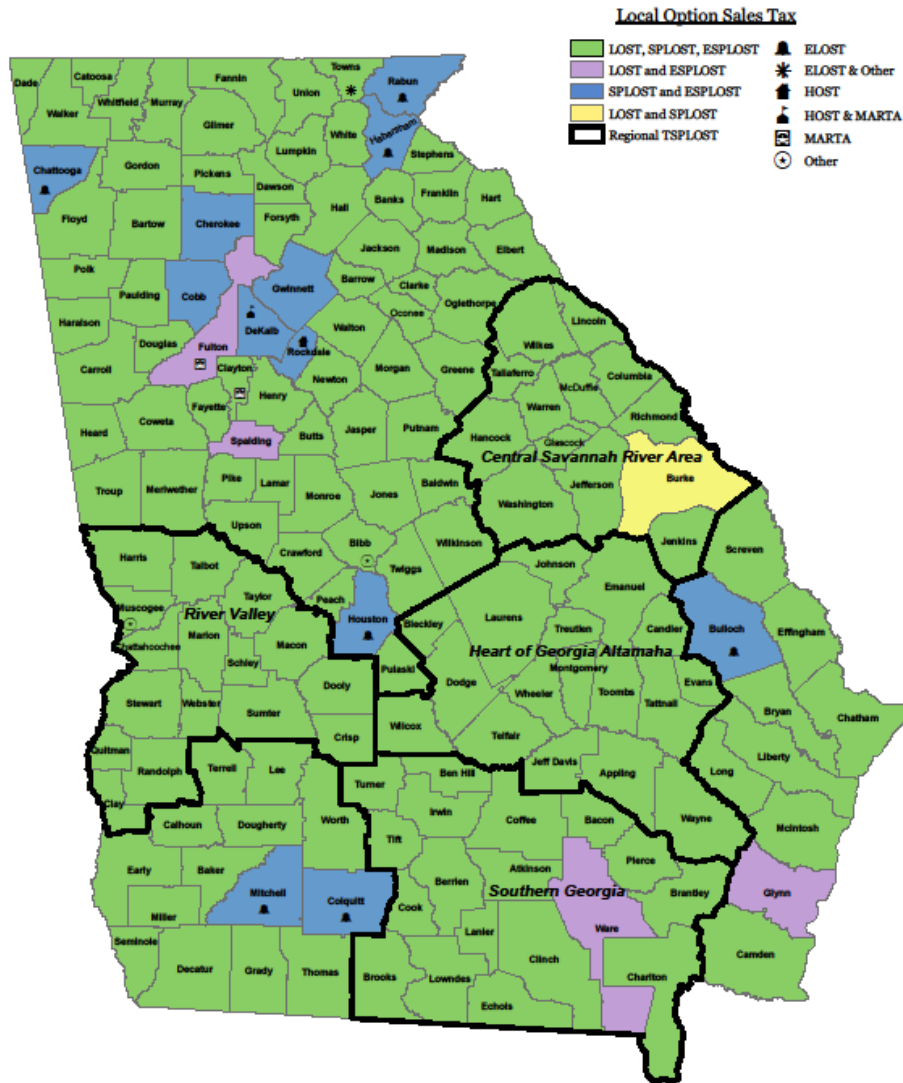
Presented by **Clint Mueller**



Carl Vinson
Institute of Government
UNIVERSITY OF GEORGIA



Local Option Sales and Use Taxes by County, 2023



Local Option Sales Tax (LOST)

- 1% sales tax shared between counties and cities and used to rollback property taxes on the General M&O Levy
- LOST passed the General Assembly in 1975. 13 counties adopted a LOST in 1976, and by 1980, 83 counties had enacted the law. Today, 147 counties have a LOST.
- Through a local constitutional amendment 7 counties use the LOST for education (ELOST)
- Two counties have a HOST instead of a LOST (DeKalb & Rockdale)
- Three Counties are eligible for a HOST or LOST (Cobb, Gwinnett and Cherokee)

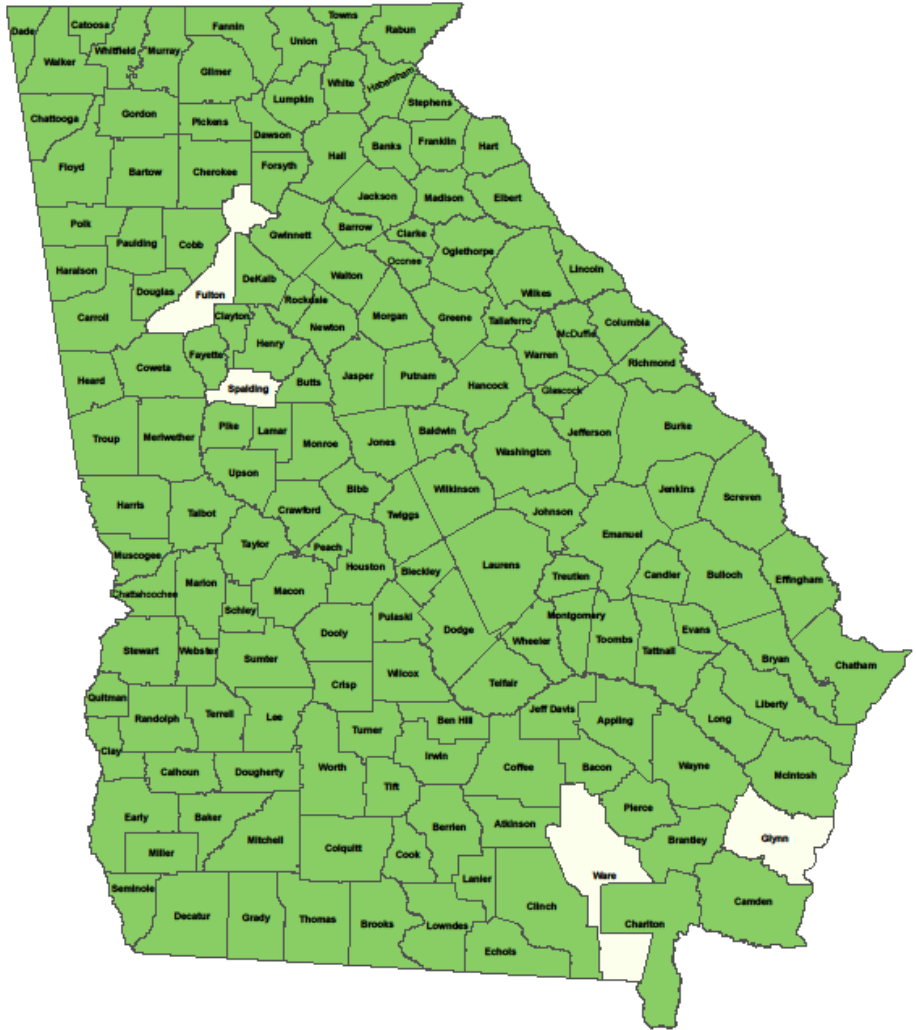
History of LOST

- County Sales Tax (1975)
 - Original Formula and application to property taxes
- Law Ruled Unconstitutional in (1979)
 - No authority to share with cities
- New LOST Law Passed (1979)
 - Joint County City Tax (Special District)
 - New Rollback Method
 - No mandatory renegotiation
- Required Periodic Renegotiation and eight criteria for consideration (1994)
- 2012 Judicial Arbitration Ruled Unconstitutional
- 2022 Last Renegotiation

Local Option Sales Tax (LOST)

- Distribution certificate can be filed at anytime with DOR but must be filed with DOR at least every 10 years (2 years after every census)
- Only qualified cities can receive LOST. Must have three of the following services: water, sewer, garbage, police, fire or library
- Eight Criteria considered during the renegotiations
- County and cities making up more than 50% of the municipal population must sign agreement
- Tax terminates for failure to renegotiate
- DOR makes distribution directly to the cities in addition to the county
- Counts toward the 2% local sales tax cap
- Cannot have a LOST and HOST

Counties That Have SPLOST (Special Purpose Local Option Sales Tax)



Special Purpose Local Option Sales Tax (SPLOST)

- Authorization for SPLOST passed the General Assembly in 1985.
- **12** counties enacted the law in **1985**, **16** counties enacted the law in **1986**, and by the end of **1990**, **103** counties had adopted a SPLOST. Today, **155** counties have a SPLOST.
- Began as a county tax that could be shared voluntarily with cities
- 2004 – Reestablished as a special district tax and required to be shared with the cities

SPLOST

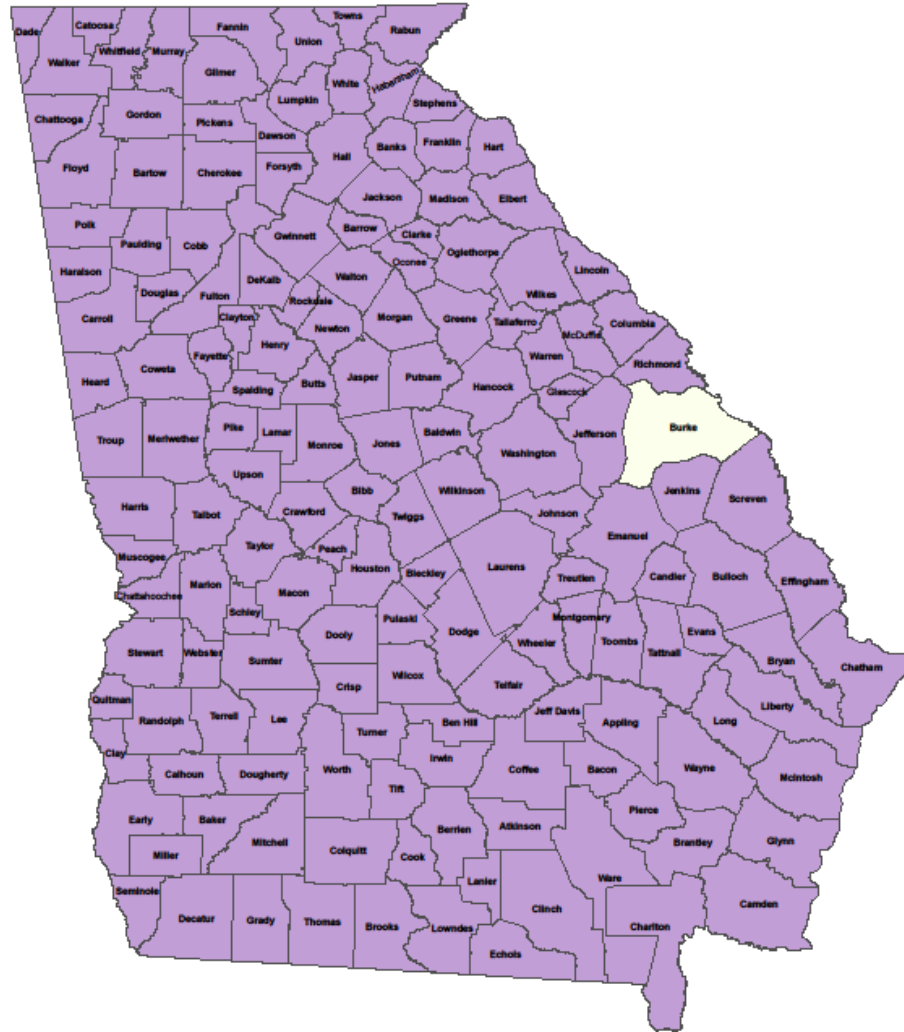
- How can the tax be used?
 - Broad vs. Specific Project Language on Ballot and Resolution
 - Use of Bonds or Lease Purchase with a SPLOST
 - Repayment of General Obligation Debt
 - Damage from Natural Disaster

- County /City Negotiations
 - Qualified Municipalities
 - Meet and Confer
 - Intergovernmental Agreement
 - Formula Without an Intergovernmental Agreement

SPLOST

- Elimination of previously approved projects
- Timeframe to complete projects
- Projects funded over multiple SPLOSTS
- Excess Funds
- Infeasible Projects
- Exclusive Use/Separate Accounts
- Annual Report and Audit
- Attorney General Oversight

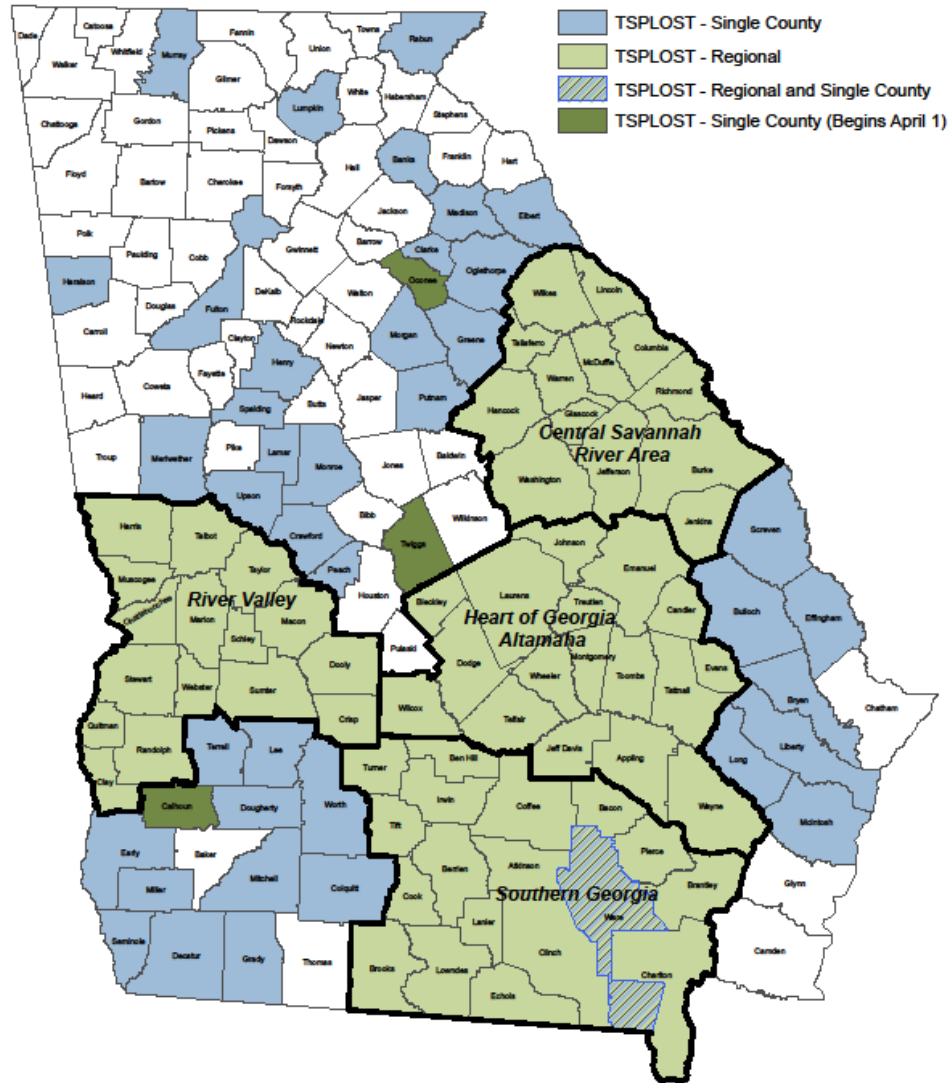
Counties That Have ESPLOST (Education Special Purpose Local Option Sales Tax)



Education Special Purpose Local Option Sales Tax (ESPLOST)

- Authorization for the tax passed the General Assembly in 1996, contingent upon the passage of a statewide referendum to amend the constitution in November 1996. Enactment of the tax began on January 1, 1997.

Georgia Counties Collecting TSPLOST



*Calhoun, Oconee and Twiggs County will begin TSPLOST Collections on April 1, 2023.

Updated: January 2023

Regional Transportation Local Option Sales Tax

- Authorized as a local tax source by the General Assembly in 2010, its authorization was contingent upon passage of a regional referendum in 2012. Three regions passed the tax in 2012 and another region passed the tax in .
- 10-year, Regional Sales Tax
- 75% Regional Capital Projects – 25% Local Capital/Operations (15% local for Atlanta Region)
- Regional Roundtables
- Citizen Review Panel
- Exemptions to Regional TSPLOST
- LMIG Match Reduction
- Collection of the Tax

Single County Transportation Local Options Sales Tax

- County/City Sales Tax for Transportation Purposes
- Must Already Have a SPLOST
- 5-year Tax with IGA
- Fractional
- Shared with Qualified Cities Through Intergovernmental Agreement (1% tax) or Default Formula (.75% tax)
- Exemptions

Homestead Option Sales Tax (HOST)

- Authorization for HOST passed the General Assembly in 1995. **DeKalb County** enacted the law in **1997**, and became the first in the state. **Rockdale County**, adopted it in **2002**. Cherokee attempted to adopt it in 2012 but it failed in the local referendum.
- Minimum 80% homestead exemption
- Up to 20% for capital
- No mandatory sharing with the cities except for DeKalb
- Requires the passage of a local act in addition to a local referendum

Specialty Sales Taxes

- MARTA
- Atlanta Water and Sewer (MOST)
- Columbus/Muscogee O-LOST
- Consolidated Governments O-LOST
- Habersham Sales Tax on Alcohol for School Funding

Collection and Disbursement Issues for Local Sales Tax

- Situs of Sale
- Use of 5-digit zip code and PO Boxes
- Local government can apply to DOR for an emergency waiver of the 80-day rule to continue the tax without a gap
- Vendor Notification of Local Sales Tax Rate Change
- Distribution of Unidentifiable Sales Tax Proceeds (48-8-67)

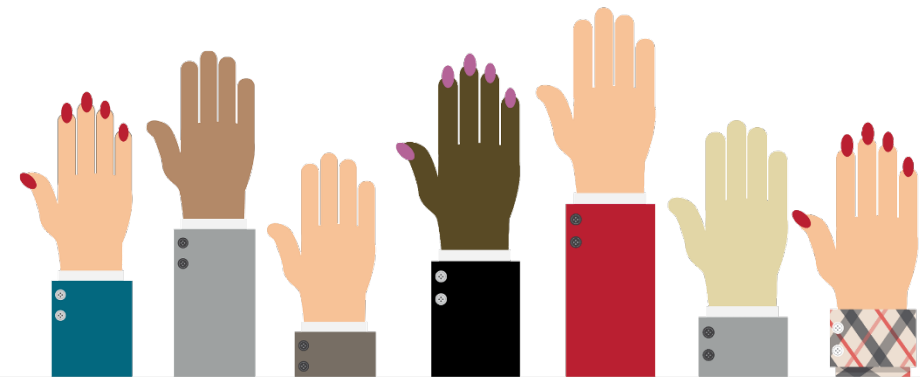
Collection and Disbursement of Local Sales Tax

- Collections begin and end only at the beginning of a calendar quarter
- Vendor has until the 20th of the month to send in the sales tax return for the prior month
- No monthly payment followed by a double monthly payment can occur when a vendor fails to submit their return on time.
- Distribution reports: returned sales tax, adjustments due to audit assessments and refunds including penalty and interest, corrections, and administration fees,

Sales Tax Information From DOR

- Commodity Code Report (Accommodations, Auto, Construction, Food/Bars, General Merch, Home Furnishing, Manufacturing, Mis. Service, Other Retail, Other Services, Utility, Wholesale)
- Special Reports by NAICS Codes
- Business Occupational Tax Submittal System (BOTSS) (HB 1093 passed in 2010)
- Notification of Audits and Refunds (HB 960 passed in 2016)
 - Notify impacted local governments when amount is greater than 10 percent of the total yearly average sales tax distributions to a county (See DOR Policy Bulletin ADMIN-2016-01)
- Registered Vendor List by County (SB 371 passed in 2018)
 - Must send an official resolution requesting the information to public.disclosure@dor.ga.gov (See DOR Policy Bulletin ADMIN-2019-02)

QUESTIONS?



Thank You!



Carl Vinson
Institute of Government
UNIVERSITY OF GEORGIA

Since 1927, the Carl Vinson Institute of Government has been an integral part of the University of Georgia. A public service and outreach unit of the university, the Institute of Government is the largest and most comprehensive university-based organization serving governments in the United States through research services, customized assistance, training and development, and the application of technology.



The mission of the Georgia Government Finance Officers Association is to promote and foster excellence in governmental financial management through programs that enhance the abilities, knowledge and influence of the government finance professional.



The University of Georgia, Carl Vinson Institute of Government is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.NASBARegistry.org.

Contact Information

Clint Mueller

ACCG Governmental Affairs Director

Tel: (404) 522-5022

E-mail: cmueller@accg.org

191 Peachtree St. Suite #700

Atlanta, GA 30303

Connect With Us!



**facebook.com
/VinsonInstitute**

**facebook.com
/GGFOA**



**Carl Vinson
Institute of Government**

**Government Finance
Officers Association**



@CVI0G_UGA

@GGFOA