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Dear ACCG Members and Partners in County Government,

Georgia has become recognized as a national leader in business and in many policy areas. It is the collaboration between the State and its local governments that contribute to that success and notoriety. The collaborative efforts between the state’s key government leaders, from all levels, produces a foundational partnership that is critical to positioning Georgia as a national model regarding public policy. In efforts to build upon that partnership, ACCG is providing its members and partners in county government with the 2017 Legislative Toolkit. The 2017 ACCG Legislative Toolkit will inform individuals about key issues of significance to counties with policy briefs on the association’s top five priorities and the Legislative Agenda as defined by the entire ACCG membership.

As you will see in the enclosed document, ACCG’s top priorities for the 2017 session include Next Generation of 9-1-1 Services; Reforms to the Title Ad Valorem Tax Program; Single County TSPLOST Reform; Georgia Agriculture Tax Exemption (GATE) Reform; and Incorporation of New Cities, Annexation, and Deannexation. The enclosed policy briefs include more detail on each issue including background information as it pertains to county governments, the status of the issue, and talking points. As there are a number of issues that will arise during the session that will impact counties, ACCG has also included the Legislative Agenda which outlines additional anticipated items it will actively pursue.

ACCG hopes this information will contribute to constructive and productive dialogue that will result in a benefit to Georgians everywhere. The association looks forward to continuing its work of advancing Georgia’s counties while best serving in its role as a key player in the state’s government arena. County officials and partners in county government are encouraged to use this toolkit throughout the legislative process. Please do not hesitate to contact a member of the association if they can be of any assistance as all public officials work to progress Georgia’s position as a national model for effective and efficient government.

Sincerely,

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ACCG President and Elbert County Chairman
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Next Generation of 9-1-1 Services

Rapidly changing technology will require greater coordination and centralization of activities involving Georgia’s 9-1-1 system. ACCG calls for the creation of a Local Government 9-1-1 Authority that will provide leadership to maximize existing revenue sources which fund 9-1-1 systems by providing parity in 9-1-1 fees assessed to all devices and methods by which a 9-1-1 center may receive communication.

Reforms to the Title AD Valorem Tax Program

ACCG believes a number of reforms to the current title ad valorem tax (TAVT) system are necessary to ensure that local governments realize the full benefit of this key revenue source. ACCG therefore calls for parity in treatment between new and used cars regarding valuation for tax purposes, eliminating a key avenue for abuse by vehicle sellers. ACCG also calls for the end to the annual statewide cap on the dollar amount of revenue local governments receive from TAVT.

Single County T-SPLOST Reform

Beginning July 1, 2017, every county will have access to a new tool for funding a broad array of transportation needs. To gain the support of local voters, local officials should have maximum flexibility in designing a program that meets their local needs. ACCG is seeking several changes to the Single County T-SPLOST legislation to add flexibility and to allow local governments to customize the Single County T-SPLOST referendum for their constituents.

Georgia Agriculture Tax Exemption Reform

The Georgia Agriculture Tax Exemption (GATE) Program has a significant impact on local sales tax revenues, and the broad language in the law invites abuse of the exemption. The Department of Agriculture also lacks a number of key tools to investigate and prevent abuse of GATE cards. To help eliminate the potential for abuse of the exemption, ACCG believes new legislation should tighten enforcement of, eligibility for, and use of GATE cards and require detailed annual reporting regarding GATE’s fiscal impact on local governments and the state.

Incorporation of New Cities, Annexation, and Deannexation

While annexation and incorporation may be appropriate, these processes may be abused when their primary objectives are circumventing a county’s land use plan, zoning or other ordinances, or shifting limited fiscal resources while not assuming appropriate service delivery responsibilities. ACCG seeks meaningful changes to add more structure, predictability, and impact assessment to the incorporation process.
BACKGROUND

The original funding structure for 9-1-1 in Georgia was a surcharge of $1.50 added to the bill for landline phone services. The advent of wireless phone service resulted in additional 9-1-1 fees, and finally prepaid cell phone service providers were assessed a 75 cent fee because of their increased use. Initially, the prepaid cell phone fee generated additional revenues for the operation of 9-1-1 centers, but this has changed. Landline services have nearly become obsolete as mobile phones are now the primary phone used by a vast majority of consumers and voice over internet providers (VoIP) have increased in popularity. Further impacting the revenue stream for 9-1-1 centers, most cellular providers are transitioning to a prepaid model for which the 9-1-1 fee is only 75 cents, half of the $1.50 monthly fee assessed on all other phone lines.

With the implementation of next generation 9-1-1 service, it is likely the current funding model will undergo additional changes. Thus, developing a funding model based on next generation 9-1-1 may be premature. Adjusting the current model during transition will provide additional resources for the operation of the 9-1-1 centers.
COUNTY INTEREST

Public safety is one of the many essential services counties provide to their constituents. The factors regarding the current 9-1-1 funding model have severely impacted revenue going to the 9-1-1 centers for operational expenses. Wireless providers currently have the ability to bill public safety answering points (PSAP’s) up to 45 cents of the $1.50 fee for cost recovery for the infrastructure. This represents almost a third of the 9-1-1 fees received for the operation of the 9-1-1 center diverted away from the centers.

STATUS

A stakeholder group consisting of telecom representatives, county commissioners and representatives have met numerous times and have tentatively agreed on legislation that would create a Local Government 9-1-1 Authority. The proposed Local Government 9-1-1 Authority would provide statewide coordination, centralized collection of 9-1-1 fees, and auditing.

TALKING POINTS

• The inequity in prepaid wireless rates should be eliminated making the 9-1-1 fee $1.50 per month for all types of services.

• The cost recovery provision for billing PSAP’s should be eliminated. Wireless providers should retain the ability to charge their subscribers a cost recovery fee, but not the PSAP’s.

• The creation of a Local Government 9-1-1 Authority will provide statewide coordination, auditing of telephone service suppliers conducting business in Georgia, and centralized collection of 9-1-1 fees that will be remitted back to the jurisdiction for which they were collected.

The creation of a Local Government 9-1-1 Authority will centralize collections and help ensure fees are remitted back to the appropriate jurisdiction.
BACKGROUND

Legislation passed by the Georgia General Assembly in 2012 created the Title Ad Valorem system, also known as TAVT, for certain motor vehicles purchased after March 1, 2013. TAVT is calculated on a vehicle’s taxable value, which is determined by establishing the vehicle’s fair market value (FMV), subtracting the value of any trade-in vehicle from that amount, and then multiplying the difference by the applicable tax rate. ACCG believes two issues with TAVT should be addressed by legislation in 2017: allocation of TAVT revenue between local governments and the state and valuation of used vehicles and trade-ins for tax valuation purposes.

Revenue Share

The local percentage share of TAVT revenue automatically increases on an annual basis until 2022 but is overridden in a given year if actual local revenues on a statewide basis exceed or fall short of the “local target collection” by 1 percent or more. When local revenues exceed the target, the state reduces the local percentage share of TAVT for the following year.
Valuation of Used Vehicles & Trade-Ins

The FMV of a used vehicle is the value listed in the Department of Revenue assessment manual. Trade-in value is the value of the traded-in vehicle as stated in the bill of sale. For used vehicle sales, this system invites dealers to inflate the reported sale value of used vehicles and trade-ins to eliminate most or all of the taxable value of the purchased vehicle.

COUNTY INTEREST

Vehicle taxes, including TAVT, comprise roughly 11 percent of county revenue on a statewide basis. The current TAVT allocation method has produced additional vehicle tax revenue for a few local governments but a reduction in tax revenue for most. Local governments would likely benefit from a shift to a straight percentage allocation and elimination of the annual targets and adjustments. They would be assured of receiving a set percentage of the TAVT revenue generated in their jurisdictions without regard to fluctuations in statewide TAVT collection. Eliminating avenues for abuse by used vehicle sellers would also protect TAVT as a key revenue source for local governments and the state.

STATUS

ACCG expects legislation addressing several TAVT issues to be introduced in 2017.

TALKING POINTS

• Eliminate the annual local revenue targets and adjustments in favor of a simple percentage allocation between local governments and the state.

• Value used vehicles at their actual sale price, or limit the value of a trade-in to no more than the vehicle’s Department of Revenue value.

• Increase penalties for falsified bills of sale submitted to tax authorities.

• Clarify the auditing and fraud investigation and reporting roles of local governments and the Department of Revenue.
BACKGROUND

The Transportation Investment Act of 2010 (TIA) provided an opportunity for regions throughout Georgia to impose a 1 percent sales tax to fund transportation improvements within their region. Only three of the 12 regions were successful in passing the tax in a regional referendum leaving 113 counties comprising the other nine regions without this additional funding source.

To provide another transportation funding option for these counties, the General Assembly passed a single county transportation sales tax option during the 2015 legislative session. This funding option allows individual counties to levy an additional sales tax solely dedicated for transportation purposes.

Beginning July 1, 2017, all counties that have not passed a Regional Transportation Sales Tax will be allowed to hold a referendum to levy a Single County T-SPLOST. The Single County T-SPLOST can be levied at a fractional rate up to 1 percent in .05 percent increments if there is an intergovernmental agreement with the qualified cities within the county. If there is no intergovernmental agreement in place, the tax can be levied up to .75 percent. The Single County T-SPLOST tax can be in effect for a maximum duration of five years.

COUNTY INTEREST

Georgia counties own and maintain 83 percent of the state's public roads and have traditionally spent a large portion of their general funds and regular SPLOST funds on transportation. Increasing options and providing flexibility to counties for funding transportation helps ensure that local officials, working with their constituents, have the tools necessary to build and maintain a transportation network necessary to attract economic development and serve the needs of their citizens.

STATUS

Through discussions with counties that are considering this new funding mechanism, ACCG has found that improvements can be made to the existing law to make the Single County T-SPLOST more viable for some counties.

TALKING POINTS

- Remove dates in the law that may make it difficult for counties to conduct a Single County T-SPLOST referendum on the November 7, 2017, election date.

- Allow counties that passed a fractional Single County T-SPLOST for less than 1 percent to hold a second referendum for the remaining balance before the existing tax expires as current law only allows counties to have one T-SPLOST in place at a time. Unforeseen needs or opportunities may require additional transportation revenue before counties are allowed to hold a new T-SPLOST referendum.

- Allow counties to fund state transportation projects as granted in the standard SPLOST law.

- Authorize counties to collect any fractional portion dedicated to transit for a maximum period of 20 years. In order to receive federal funds, transit projects typically need to show a dedicated funding mechanism for a minimum of 20 years.
ISSUE: Georgia Agriculture Tax Exemption Program Reform

BACKGROUND
At the beginning of 2013, the Georgia Agriculture Tax Exemption, also known as the GATE program, was implemented to allow agriculture producers and the businesses that support them to purchase business products without paying sales taxes on them. The GATE legislation consolidated a number of separate agricultural tax exemptions into a single program, and it charged the Department of Agriculture with administering the program. The legislation also greatly expanded eligibility for the exemption and the purchases to which it applies.

COUNTY INTEREST
The GATE program—through which over 36,000 exemption cards have been issued—is having a significant impact on local sales tax revenues, particularly in rural communities that are heavily dependent on agriculture. County officials also remain concerned that GATE cards are abused by holders and merchants, as the Department of Agriculture lacks a number of key tools to investigate and prevent abuse of GATE cards, including the ability to receive taxpayer information from the Department of Revenue.

STATUS
Legislation implementing a number of ACCG’s proposed reforms came close to passage in 2016, and ACCG anticipates that reform legislation will be reintroduced in 2017.

TALKING POINTS
• Provide a clear definition of agriculture producer, and eliminate the exemption for businesses that provide services to agriculture producers.

• Move the administration of the program from the Department of Agriculture to the Department of Revenue like other exemption programs.

• Require GATE applicants to file documentation to prove the required volume of farm activity. Applicants should also provide a social security or tax ID number that can be used to cross reference their income tax returns and should submit a primary business classification (NAICS) code that is identical to the one used on their income tax return.

• Increase the annual income threshold needed to qualify for the exemption.

• Replace the annual application renewal period with a three year renewal period.

• Require sellers to keep detailed records of exempt sales and report such information to the state through a unified system.

• Require the state government to provide information to applicants regarding proper use of the exemption and to make annual reports to the General Assembly regarding GATE administration and enforcement.
BACKGROUND

The Georgia General Assembly has passed legislation to allow for the creation of 12 new municipalities since 2005, and there were seven incorporation bills introduced during the 2015-2016 legislative session alone. Georgia’s new city wave shows every indication it will continue, and the implications will be far reaching. State law has few requirements on new incorporation, and ACCG believes the current statute should be enhanced to provide additional predictability and impact assessment.

ACCG does not oppose annexation or the creation of new cities, respecting home rule and recognizing that some citizens may find value in incorporating. However, the association believes that legislators, counties, cities and the public would be better served by having additional information on which to base incorporation decisions and prepare for their impact. Studies on incorporation should not just weigh the feasibility of the new city, but also the impact on counties, existing cities, unincorporated residents, revenue distribution and service delivery.

COUNTY INTEREST

Annexation and incorporation not only impact those within the attendant city, but can also have significant land use, planning, infrastructure and service delivery impact on counties, other cities and unincorporated taxpayers.

STATUS

Both the state House and Senate conducted study committees on Annexation, Deannexation and Incorporation during the summer and fall of 2015. Resulting from those studies, the Senate passed SB 375 during the 2016 legislative session which would have revised the state’s new city incorporation process. The legislation did not make it out of the House and will have to be re-introduced. No recent legislation has been introduced on annexation or deannexation.

Actual Georgia city boundaries.
ANNEXATION and DEANNEXATION

TALKING POINTS

• Codify more of the steps and procedures governing the incorporation of new cities, rather than relying on legislative rules (e.g. the referendum, feasibility study and two-year process) alone.

• Expand the current incorporation feasibility study to examine a proposed city’s impact on:
  – the entire county and its existing municipalities,
  – the county’s ability to continue funding both unincorporated and county-wide services,
  – existing and proposed future service delivery responsibilities, and
  – existing pension obligations which may be left unfunded.

• Prohibit the creation of unincorporated islands within the boundaries of a newly incorporated municipality or between an existing and the new city.

• Reinstate the “3-mile” provision in state law to help avoid disputes between and among cities during the incorporation process.

• Revise the current annexation dispute resolution process to:
  – extend the period by which counties may object to a proposed annexation,
  – extend the grounds under which counties may object to an annexation, and
  – strengthen the signature verification process to validate an annexation.

• Ensure that property rights are respected by authorizing a property owner to deannex from a municipality under the same conditions as they would annex, without the city having unilateral veto authority.
ACCG works on behalf of counties and their communities to provide public policy development and legislative advocacy on issues that come before the Georgia General Assembly and the U.S. Congress. As part of ACCG’s policy development process, county officials identify specific, actionable items for the association’s lobbyists to further. These items, called the Legislative Agenda, are recommended by the ACCG Policy Council, approved by the Board of Managers and voted upon by the ACCG membership at the Legislative Leadership Conference as part of the County Platform.

In addition to the Top Five Legislative Priorities, the following issues are significant to Georgia’s counties and will be actively pursued by ACCG.

STATE

- **Class Action Litigation Regarding Tax Refunds and Use of Tax Proceeds** - ACCG’s new platform statement on class action litigation calls for parity in treatment between the state and its political subdivisions. State law currently prohibits the use of class actions when bringing a tax refund suit against the Georgia Department of Revenue. In light of the growing use of this mechanism to bring costly tax-related litigation against cities, schools, and counties, ACCG asks the General Assembly to extend the same protection to local governments that the state currently enjoys.

- **Emergency Medical Services (EMS)** – State law should require that Centers for Medicare & Medicaid and all payors honor the assignment of benefits for EMS services. When a patient signs an assignment of benefits, the payment should be remitted to the EMS provider.

- **Medicaid Benefits** - The Department of Community Health and the Department of Human Services should allow for the continuation of Medicaid benefits for offenders prior to conviction, and for the suspension of benefits for those convicted instead of cancellation of benefits.

- **Regional Transit Governance and Funding** - ACCG supports the creation of new options for funding and financing rural and urban transit. ACCG supports consolidation of transit operations to improve efficiency. ACCG also supports a governance structure that includes the county government proportional to their level of funding.

- **Service Delivery** – With many Service Delivery Strategy (SDS) negotiations and possible conflicts occurring in the next few years, the General Assembly may attempt to revise the SDS Act. ACCG will work to avoid adverse SDS revisions and close loopholes in order to minimize conflict during negotiations and dispute resolution. ACCG’s proposed changes will mirror definitions and principles detailed in the joint ACCG/GMA SDS handbook.
FEDERAL

• Tax Exempt Municipal Bonds - Tax exempt municipal bonds are vital tools to local governments seeking to bring economic development and job growth to their communities. ACCG urges Congress to preserve the tax exempt status of municipal bonds and to oppose any attempt to cap or eliminate the exemption, for doing so would increase the borrowing costs of public entities which will ultimately be shifted to the tax payer in the form of rate and tax increases.

• Marketplace Fairness Act (Sales Tax on Remote Sales) - ACCG urges Congress to require remote sellers to collect sales tax and distribute the funds back to the consumer’s state. Once the state receives the sales tax, the state should be required to remit the appropriate sales tax revenue to local governments within their state. Such legislation to assist state and local governments to uniformly collect existing sales taxes should be expedited and not be tied to broader federal tax reform, as it has no impact on the federal tax burden.

UPCOMING EVENTS

2017 Session of the General Assembly Begins
January 9
Atlanta/Fulton County, GA

Newly Elected Commissioners Day at the Capitol
February 9
Atlanta/Fulton County, GA

2017 District Days at the Capitol
County officials are encouraged to attend on the date that best fits their schedule.
February 22 • March 1 • March 8
Atlanta/Fulton County, GA

2017 NACo Legislative Conference
February 25–March 1
Washington, D.C.

2017 ACCG Annual Conference
April 28–May 1
Savannah/Chatham County, GA

2017 NACo Annual Conference
July 21–24
Columbus/Franklin County, OH