ACCG
LEGISLATIVE LEADERSHIP
Conference FALL 2025
GLYNN COUNTY, GA

A Tax Storm is Brewing...

Are You Prepared?

How Would Your Community Be Affected By...

- The Elimination of the State Income Tax?
- A Restructuring of Property Tax?
- A Realignment or Expansion of state and local Sales Tax?
- State Authorization for new Fees or Assessments (e.g. "Fire Fees")?
- Changes in the amount of Federal Funding to the state or local governments?

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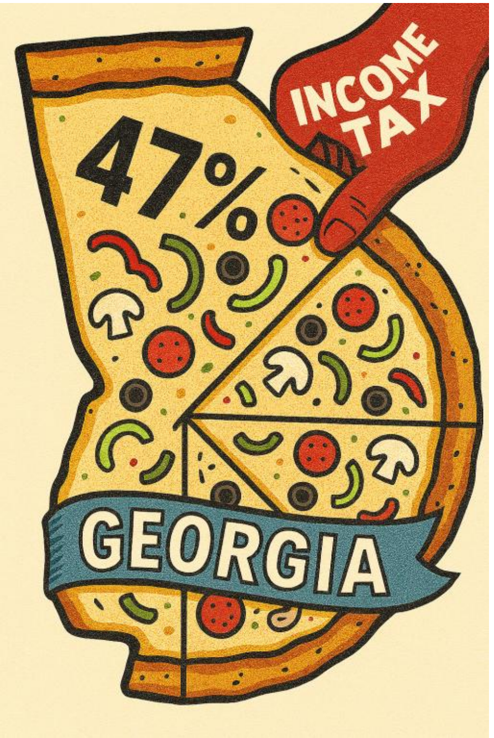
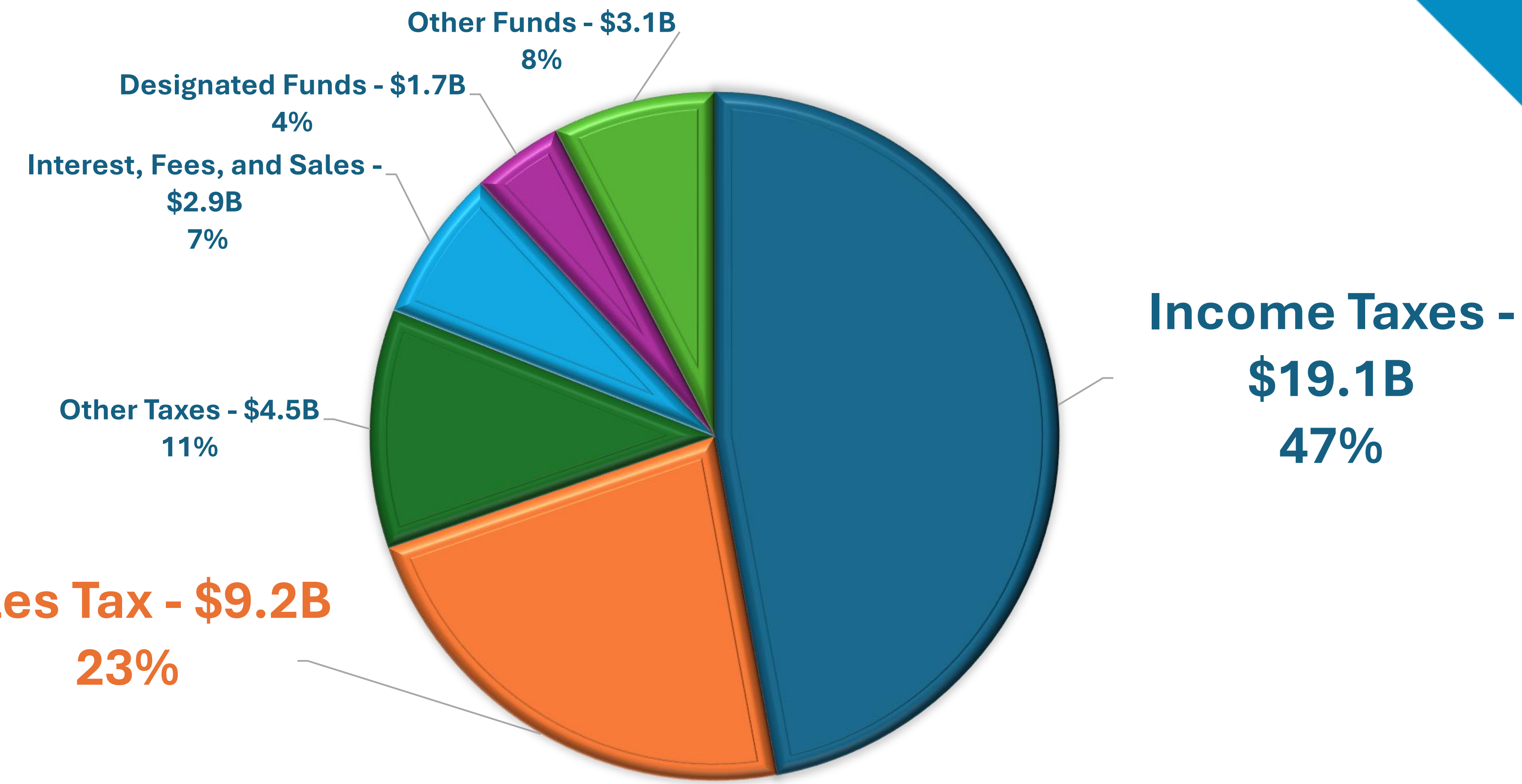
By The Numbers:

Income Taxes Generate Nearly Half of State Revenue

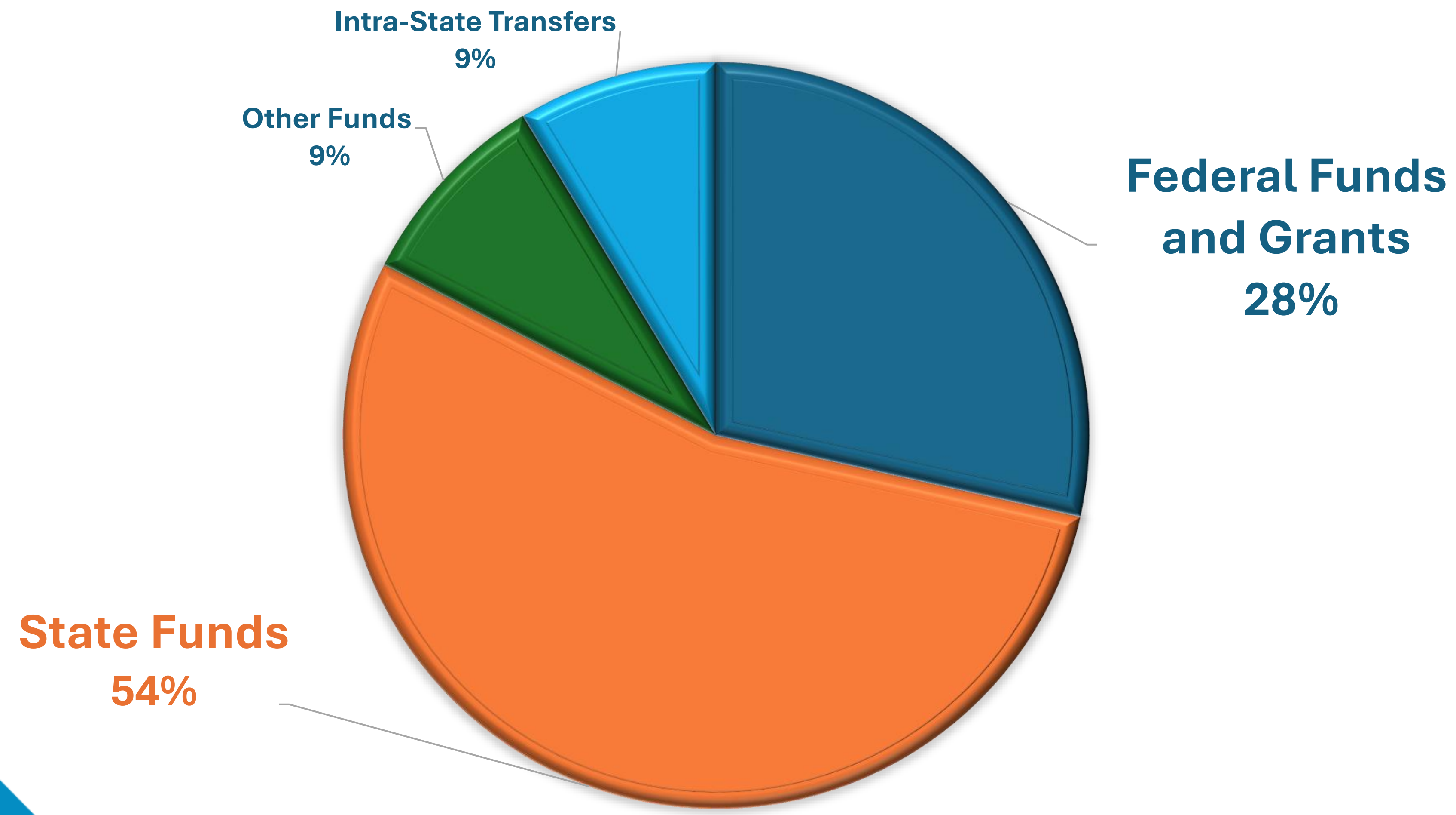
Total State Revenues:
$40.5 billion

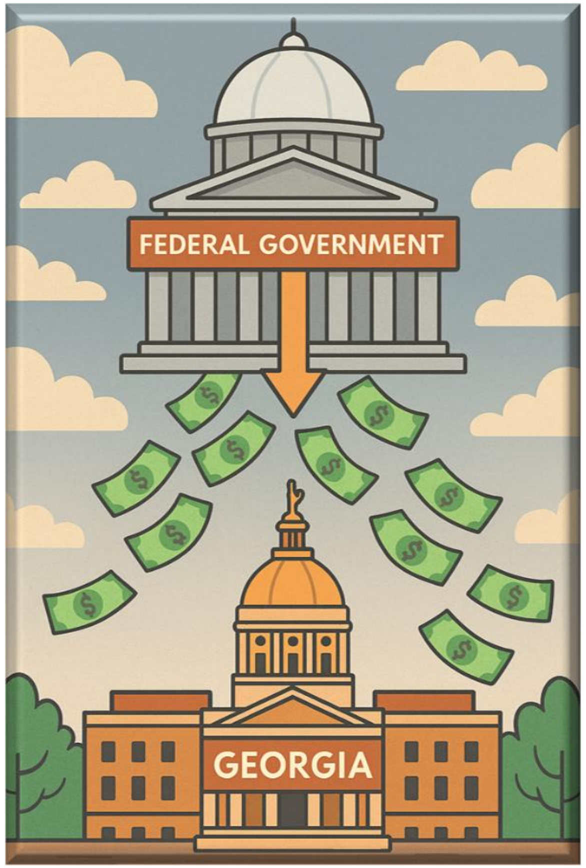




Source: *The Governor's Budget Report Amended FY 2025 and FY 2026; Governor's Office of Planning and Budget.*

Federal Funds Comprise Over a Quarter of State Spending





Source: The Governor's Budget Report Amended FY 2025 and FY 2026; Governor's Office of Planning and Budget.

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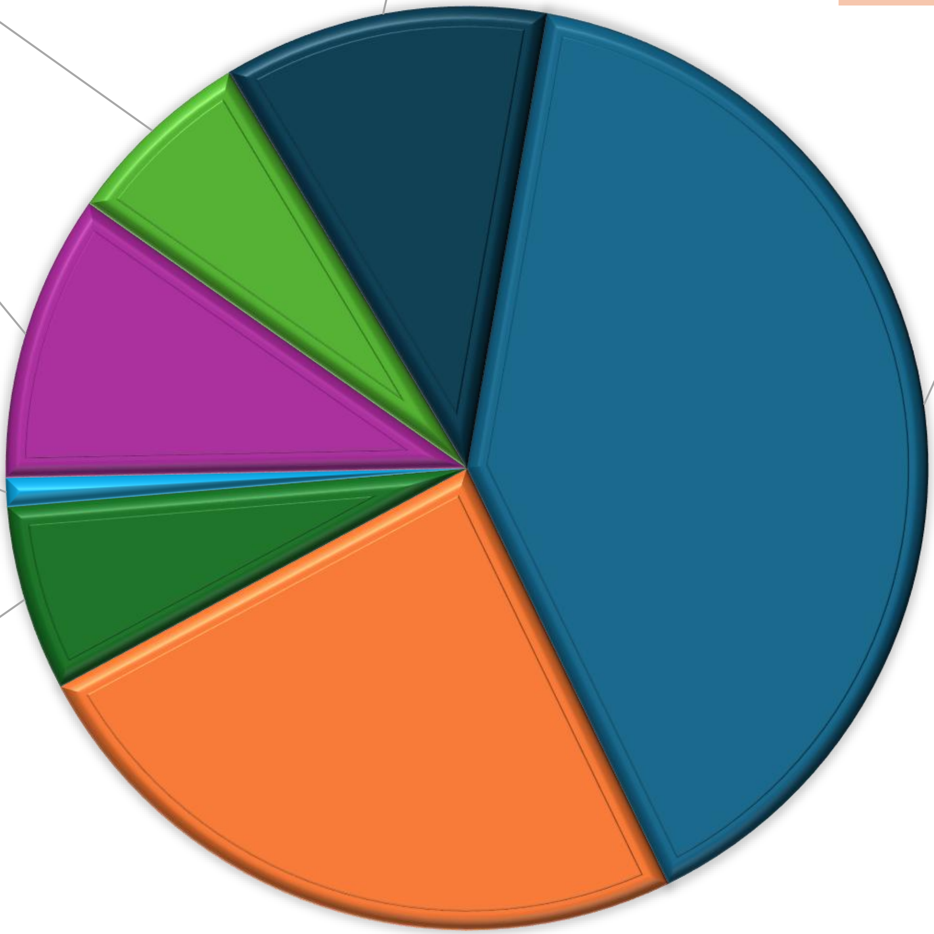
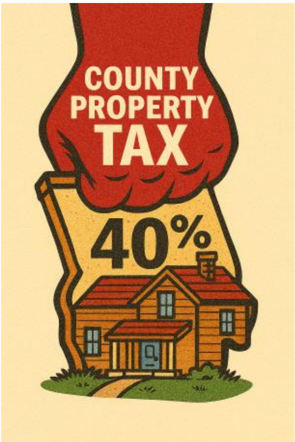
Total County Revenues by Source

Total County Revenue:
$14.2 Billion (2023)





Source: Report of Local Government Finances Annual Survey; Georgia Department of Community Affairs; 2023.

Are There Any Sales Taxes Your Community Doesn't Need?

Local sales taxes generated over $3.5 billion for counties in 2023

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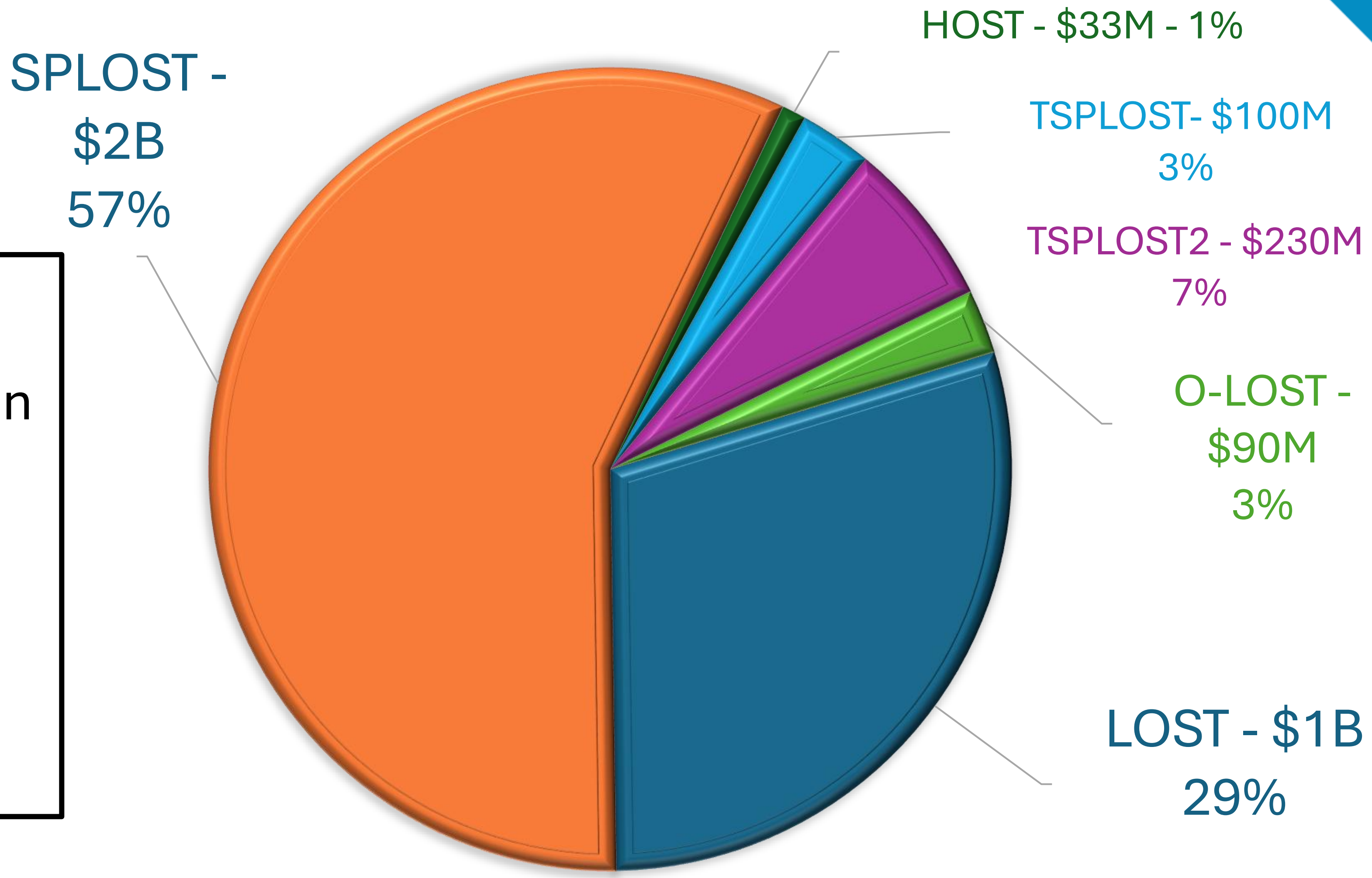
<u>**24%** of total county revenues</u>



Source: Report of Local Government Finances Annual Survey; Georgia Department of Community Affairs; 2023.

Why should you prepare?

- To retain local control over your budget.
- To have adequate funding for mandated services and the services residents want.
- To maintain flexible revenue options that help commissioners spread the cost of county services in a manner that fits with the local economy and wishes of the citizens.
- To manage the politics of mandated taxes, fees and assessments.
- To help your legislative delegation know how to advocate for your county's preferred revenues when discussing proposed state tax and revenue laws.

What *could* changes to Georgia's sales tax landscape look like?

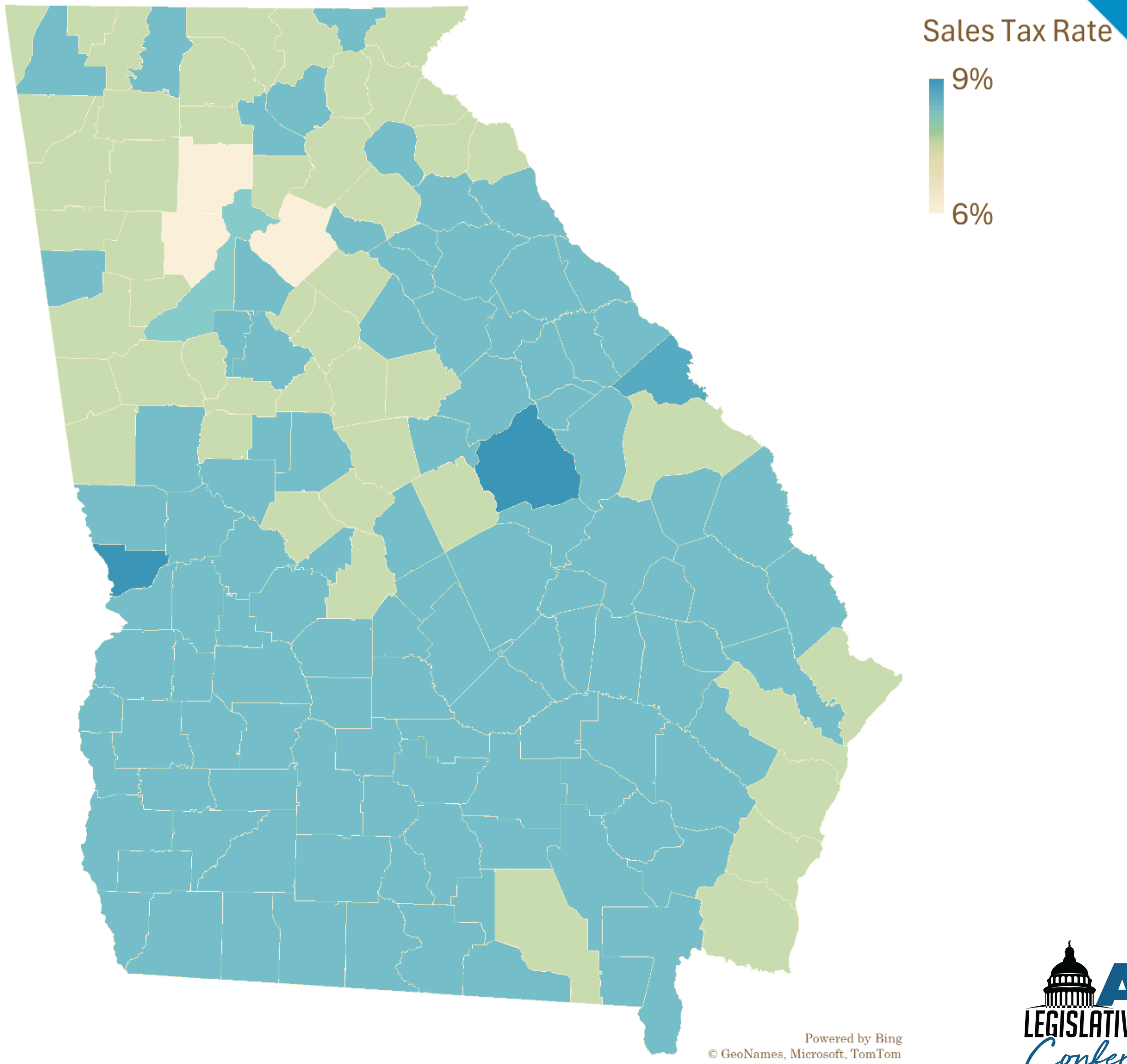
- Increase the state rate without reducing sales taxes
- Expand the sales tax base to include services
- Eliminate existing sales tax exemptions
- Realign the 9% maximum sales tax rate to have more for the state
- Shift some local sales tax to the state to pay for the elimination of income tax?
- Realign local sales tax to help reduce or eliminate a portion of the property tax?

List of Local Sales Taxes Making up 5% Limit

- 2% General Cap (Typical Uses):
  - 1% - Local Option Sales Tax (LOST); Education Local Option Sales Tax (ELOST); Homestead Option Sales Tax (HOST).
  - 1% - Special Purpose Local Option Sales Tax (SPLOST); MARTA Sales Tax
- Exempt from 2% Cap:
  - 1% - Education Local Option Sales Tax - (ESPLOST)
  - 1% - Transportation Related Taxes:
    - Regional TSPLOST, Single-County TSPLOST, Metro Transit SPLOST, Regional Transit SPLOST, MARTA DeKalb, Atlanta TSPLOST, Fulton TSPLOST, Atlanta Additional MARTA
  - 1% - Other Taxes:
    - Floating Homestead Option Sales Tax (FLOST), Other Local Option Sales Tax (OLOST), Augusta Coliseum SPLOST, Municipal Option Sales Tax (MOST) restricted to Atlanta Water System

Sales Tax Rates by County – Combined State and Local

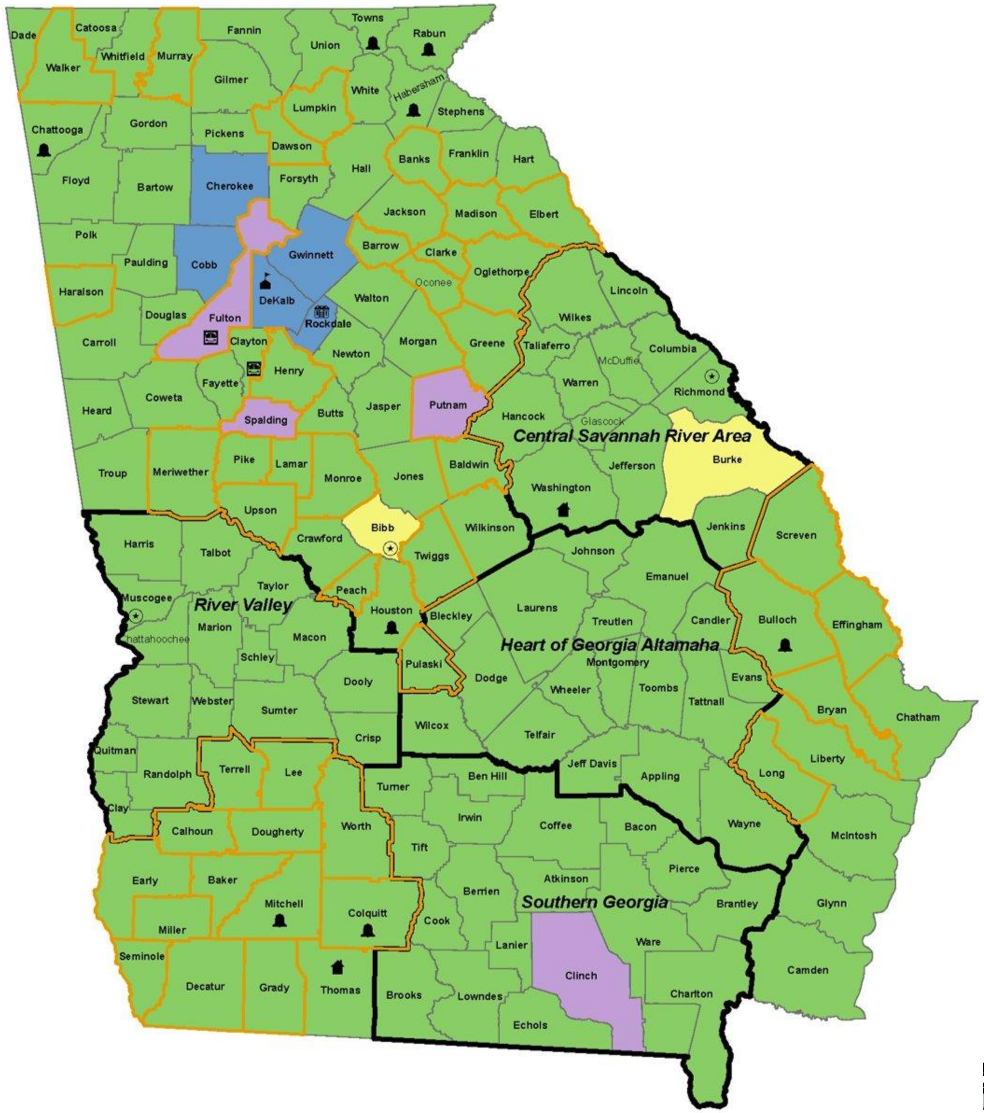
- 9% Rate: 2 Counties
- 8% Rate: 104 Counties (65%)
- 7% Rate: 48 Counties (30%)
- 6% Rate: 3 Counties:
  - Cherokee, Cobb, Gwinnett
- Highest rates:
  - Muscogee County – 9%
  - Washington County – 9%
  - Clayton County – 9% (in College Park)
  - Fulton & DeKalb County – 8.9% (in City of Atlanta)
  - Augusta-Richmond County – 8.5%

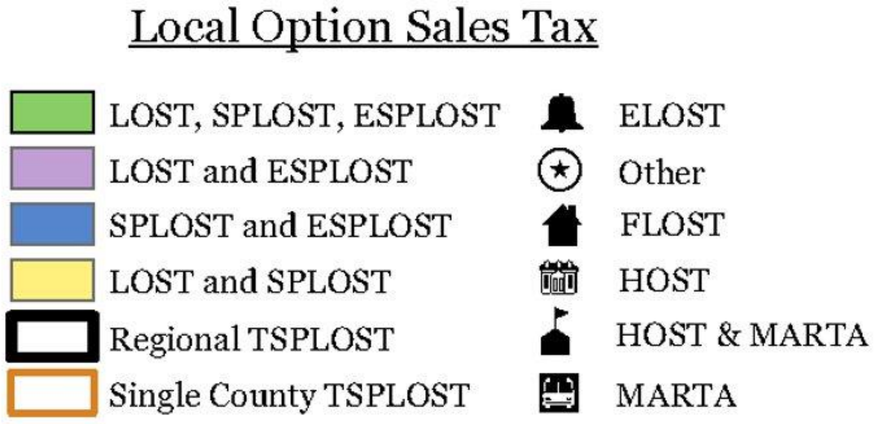


Source: Sales Tax General Rate Chart – Effective Oct. 1, 2025 through Dec. 31, 2025; Georgia Department of Revenue.

Local Sales Tax Map

- <u>LOST</u>: **(96%)** -154 Counties
  - No LOST = Cherokee, Cobb, DeKalb, Gwinnett, Rockdale
- <u>SPLOST</u>: **(97%)** -155 Counties
- <u>ESPLOST</u>: **(99%)** -157 Counties
- TSPLOST's
  - <u>Regional TSPLOST</u>: **(40%)**- 64 Counties
  - <u>Single County TSPLOST</u>: **(26%)** - 42 Counties



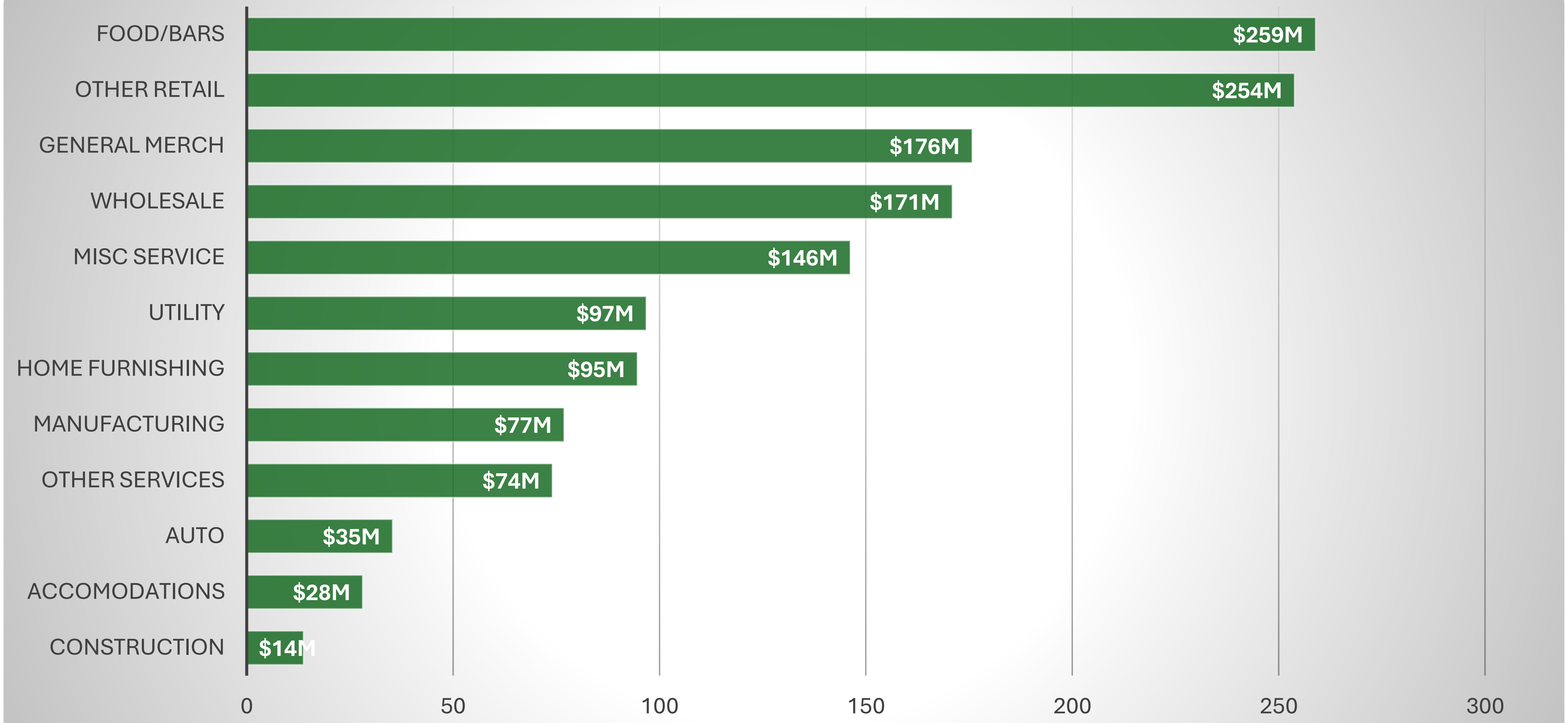


Source: Sales Tax General Rate Chart – Effective Oct. 1, 2025 through Dec. 31, 2025; Georgia Department of Revenue.

What could the locals do if there are reductions in their share of sales tax?

- Increase the millage rate?
- Ask the state to take on funding for various mandates such as courts, jails, etc.
- If TSPLOST goes away, would the state provide funding to replace it?
- LOST, HOST, and FLOST?
- Assessments – Fire Assessments, etc.
- Increase the real estate transfer tax?
- Increasing fees for services?

Are There Opportunities to Expand the Sales Tax Base?



Sales Tax Spending By Category – 2025 (Q1+ Q2)

Source: Georgia Department of Revenue, "Sales Tax Commodity Report," Sep. 2025.

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Georgia Does Not Tax Most of the Service Economy; Which Is Where the Growth is.

- Agricultural
- Industrial and Mining
- Construction
- Storage
- Automotive
- Professional Services (accounting, architects, attorneys, engineers, dentists, physicians, etc.)
- Finance, Insurance and Real Estate
- Personal (Cleaning, barber, dating, garment, health club, laundry, massage, etc.)
- Business (advertisement, maintenance and janitorial, lobbying, marketing, pest control, printing, employee recruitment, etc.)

Property Tax Changes Being Discussed by Legislators

- Eliminate all property tax
- Mandated assessment caps
- Homesteads:
  - Increase statewide homestead exemption from $2k and include Municipalities
  - Eliminate homestead taxes altogether
- Expand tax breaks for Agriculture and Timber property (CUVA and FLPA)
- Place revenue caps on property tax
- State offset through credit on the property tax bill (HTRG) or income tax circuit breaker
- Change information on assessment notice and property tax bills to better inform property owners
- Regional assessment of property

Alternatives to Property Tax

- More local sales tax options like LOST, HOST and FLOST or expand the sales tax base on existing sales tax used to reduce property tax.
- Authorize assessments to pay for services
- Authorize new fees or increases to existing fees (e.g. 911)
- Increase real estate transfer tax
- More state grants and state revenue sharing
- State could take over some services provided by counties

What can **<u>you</u>** do to prepare for the storm?

- Know the answers to the survey questions (Send copy to cmueller@accg.org).
- Do your homework and be an advocate for your community! No one knows your community better than you.
- Discuss mandated services that you do not control with your legislators.
- Discuss what you are doing to provide services efficiently with your legislators.
- Make sure your legislators know what services you would have to cut first if your revenues are reduced.
- Be ready to share with your state representative and senators how proposed changes in funding mechanisms for your county would impact your county and the ability to provide quality services to their constituents.

Tax and Revenue Data Sources

- Local Government Financial Documents: Carl Vinson - Local Government Financial Documents Online
- Digest Consolidated Summaries: Department of Revenue - Digest Consolidated Summaries
- Governor's Budget Report: Georgia Governor's Budget Reports
- State Auditor's tax expenditure report – (shows what various tax exemptions and credits cost): Georgia Tax Expenditure Reports
- GA DOR Historical Revenue Report: Annual and Statistical Reports
- GSU Fiscal Research Center:
  - GA Ranking Among the States: Georgia's Rankings Among the States: Budget, Taxes and Other Indicators (2025)
  - Georgia's Taxes: Georgia Taxes: A Summary of Major State and Local Taxes (2025)
- Sales Tax Commodity Reports: Georgia Sales Tax Commodity Reports
- GA DOR General Sales & Use Tax Charts: Sales Tax Rate Charts
- Local Sales Tax Distribution Info DOR: Georgia Tax Center
- Mandated & Discretionary County Service Document – ACCG: https://www.accg.org/links/County%20Services%20-%20Mandated%20and%20Discretionary%2008-14.doc
- Link to Survey Questions: https://www.accg.org/links/Tax%20Reform%20Survey%20Questions.docx

Contact Information:

Alicia Vaughn
County Consulting Services
avaughn@accg.org

Blake A. Travis
Assistant General Counsel
btravis@accg.org

Clint Mueller
Deputy Executive Director
cmueller@accg.org