

# HB 277

# Transportation Investment

# Act of 2010

09-27-2010



# Bill Overview

- **Transportation Sales and Use Tax**

- Creates 12 Special tax districts based on RC boundaries
- Each District can levy 1% sales tax for 10 years
- Individual Counties cannot opt out
- Money raised in District stays in district
- Money is not subject to congressional balancing
- Draft Criteria set by Director of Planning (finalized 11/2010)
- Roundtables ultimately select projects
- Vote will be Primary election of 2012
- Funds start flowing in 1<sup>st</sup> quarter of 2013

# Bill Overview

- **MARTA**
  - Eliminates 50/50 requirement
  - Changes Board Make-up
  - Allows MARTA expansion to other counties
- **Transit Governance Study Commission**
  - Preliminary Report due 12/31/2010
- **Creates Georgia Coordinating Committee for Rural and Human Services Transportation**
  - Report ultimately goes to General Assembly

# Limitations and Exemptions

- Removes the cap on local sales and use taxes for the one-percent transportation funding sales tax.
- Provides certain exemptions for jet fuel at Hartsfield, exempts tax on sale of fuel for vehicles and certain equipment, restricts tax to first \$5000 of sale of vehicle.
- Potential lost revenue of \$236.6M  
(per Policy Brief from GSU Fiscal Research Center June 2010)

# Regional Sales Tax

- Creates 12 Special Tax Districts for Transportation along boundaries of Regional Commissions. Individual Counties are not allowed to opt out.
- Based on revenue numbers from 2009, a 1% Sales Tax could raise over \$1.5 B per year.

# 2013 Base Forecast

<u>Regional Commission</u>	<u>Amount</u>
1. NW Georgia	\$120.7
2. Georgia Mountains	93.9
3. ARC	714.9
4. Three Rivers	74.7
5. NE Georgia	76.5
6. Middle Georgia	78.9
7. Central Savannah River	69.9
8. River Valley	52.4
9. Heart of Georgia	35.3
10. SW Georgia	45.0
11. Southern Georgia	56.8
12. Coastal	131.0

# Discretionary Funding

- A portion of each district's revenues will be designated for discretionary use by local governments within the district, based on the "LARP" formula as defined in bill.
- The discretionary portion will be **15%** in the Metro Atlanta Region and **25%** in all other districts.

# “The Different Pots”

## Regional Pot

- 75% of the Region’s proceeds
- Will be used to fund all projects on the final project list approved by the roundtable and ultimately the citizens of the region
- GDOT will be responsible for project delivery

## Local Pot

- 25 % of the Region’s proceeds
- Divided among all local governments within the district based on the “LARP formula”
- 1/5<sup>th</sup> Population
- 4/5<sup>th</sup> Centerline Lane Miles
- Discretionary transportation money to be used for projects like resurfacing

# Four Phases of Plan

Criteria  
Development

Project  
Selection

Voter  
Referendum

Project  
Delivery

# Criteria Development

- Draft Criteria were issued **August 3, 2010** to local governments and MPOs.
- Comments on the draft criteria are due to the Director of Planning by **Sept 30, 2010**.
  - Can be emailed to [TIA@dot.ga.gov](mailto:TIA@dot.ga.gov)
- Recommended district criteria issued by the Director on or before **November 15, 2010**.
  - The report must include notice of the first meeting of the Regional Transportation Roundtable.
  - The Roundtable approves the criteria at the first meeting.

# Project Criteria

- Strategic use of funds to achieve best value for money and improvement of the region's transportation network
- Transportation projects that can be delivered on time and on budget
- Public Acceptance (and Trust)

# “Project Definition”

- Proceeds of the tax may only be used for voter-approved projects, which includes administration, engineering, property acquisition, construction, maintenance, and operations (excludes maintenance and operations of MARTA’s existing system).
- Projects may include transit capital expenses and revenues may also be used to fund a 20-year reserve for a district’s transit maintenance & operations requirements (includes new MARTA capital projects).

# Project Selection: Regional Roundtables

- Consists of 2 members from each county
  - BOC Chair or sole commissioner
  - Mayor elected by mayors of the county
  - *For Atlanta Roundtable, Mayor of Atlanta is added to make 21 members*
- Bill establishes an *Executive Committee*
  - 5 members of the *Roundtable* selected by its members
  - 3 non-voting members who are legislators selected by Chairs of House and Senate Transportation Committees

# Project Selection

- Local Governments will submit potential projects.
- GDOT Planning Director reviews submitted projects to ensure conformity with the approved criteria.
- Planning Director then creates an fiscally unconstrained investment list by **early Summer 2011**.
- A fiscally constrained Draft Investment List developed by the Executive Committee and the Planning Director will be submitted to the Roundtable, local Governments, and General Assembly by August 15, 2011.

*Draft Investment List will include specific public benefits of each project, including congestion mitigation, increased lane capacity, public safety, and economic development.*

# Project Selection

- *Executive Committee*, in collaboration with Planning Director, will develop the *final project list* from projects on the *unconstrained investment list* .
- *Final project list* will be provided to the *Roundtable*.
- *Executive Committee* must hold two public hearings on the *final project list*.
- *Final project list* goes to the full *Roundtable* for approval as submitted or is amended with substitute projects from the original *unconstrained investment list* by **October 15, 2011**.
  - Majority vote is required.

# Project Selection

- If final project list not approved by *Roundtable*, a “special district gridlock” is declared.
  - Gridlocked district cannot call a new vote for 24 months.
  - Local governments in district must match **50%** of their Local Maintenance and Improvement Grants (LMIG).

# Voter Referendum

- Statewide vote (**August 21, 2012**)
- If tax not approved in district:
  - Local governments in district then must match **30%** of their Local Maintenance and Improvement Grants.
  - Cannot revisit for 24 months.
- If Tax approved in district:
  - Collection begins at least 80 days from election.
  - Local governments in district must only match **10%** of their Local Maintenance and Improvement Grants for the next ten years.

# Voter Referendum

- Ballot Question

( ) Yes

( ) No

Shall \_\_\_\_\_ County's transportation system and the transportation network in this region and the state be improved by providing for a 1 percent special district transportation sales and use tax for the purpose of transportation projects and programs for a period of ten years.

# Project Delivery

- The **Department of Revenue** will collect the sales tax and remit to the **Georgia State Financing and Investment Commission** (GSFIC), which will serve as the trustee for each district's funds.
  - DOR will not charge an administrative fee of 1%.
- **GDOT** will manage the budget, schedule, execution, and delivery of all projects in the state, except bus and rail mass transit systems and passenger rail in the Metro Atlanta Region, which will be managed by **GRTA**.
  - Upon completion of a project or as funds are needed for project "elements", GDOT (or GRTA) will invoice GSFIC, which shall make payments "promptly".
- GDOT, GRTA, and GSFIC will consult quarterly on the schedule and delivery of projects on the approved investment list.

# Project Delivery

- GDOT and GRTA are authorized to determine whether a project should be designed and constructed by the department, by a local government, or by another public or private entity.
- The DOR Commissioner will publish and maintain a website that shows a project's status and whether the project is over or under budget.

# Project Delivery

- Creates a five member **Citizens Review Panel** which is charged with the review of the administration of the projects and programs included on the investment list.
- Members of the panel must be residents of the region. The Speaker has three appointees and the Lt. Governor has two.
- Beginning **January 1, 2013**, this panel must annually report to the General Assembly on project progress and expenditures.

# 10 More Years?

- Upon conclusion of the 10-year levy, the list development process and ballot may be reinitiated per a majority of the district's counties and a special act of the General Assembly.

# What is the Local Maintenance & Improvement Grant Program (LMIG)

- Combines former State-Aid and LARP programs
- Funding allocations based on formula –paved & unpaved mileage and population. (weighted average of 1/3 Population and 2/3 mileage)
- Program uses at a minimum 10%(max 20%) of the previous years collection of Motor Fuel Taxes
- Local governments approach DOT with their wish priority of local projects
- LMIG funds are from MFT not Regional Sales Tax funds

# Local Maintenance & Improvement Grant Program (LMIG)

Project types include, but are not limited to:

- Patching and resurfacing
- New location
- Widening
- Turn lanes
- Rehabilitation
- Intersections
- Dirt road upgrades
- Safety upgrades
- Culvert/bridge repair or replacement

*•MFT are limited to Roads and bridges only.*