

MEMORANDUM

To: Mayor and City Council

From: Michael Smith, Public Works Director

Date: July 11, 2016

Subject: **Discussion of Special Purpose Local Option Sales Tax (SPLOST) Projects (Michael Smith)**

BACKGROUND

As discussed at the May 9th meeting of the city council, DeKalb County is proposing a 1% Special Purpose Local Option Sales Tax (SPLOST) to be used for capital projects. The enabling state law (HB 215) stipulates that the revenue generated by the SPLOST would be distributed between the county and cities proportionally based on population and that the tax would be levied for five years unless all of the cities and county enter into an Intergovernmental Agreement (IGA) to extend it to six years. The projected revenue for Dunwoody is expected to be approximately \$7 million annually. This would replace the capital funding currently received through the Homestead Option Sales Tax (HOST) which would be dedicated to a 100% credit on the county's property tax millage.

DISCUSSION

The county has requested that each city consider the following action items:

1. Provide a city project list to be included in the resolution to be presented to the Board of Commissioners on July 19th.

Staff recommends allocating 100% of Dunwoody's SPLOST proceeds to transportation projects. These projects would include but not be limited to paving, intersection improvements, sidewalk and pedestrian improvements and multi-use paths identified in existing city work plans.

2. Indicate which population estimates should be used for allocation of the revenue between cities and the county.

Two population estimates and corresponding revenue projections have been forth for consideration by the cities and county as shown in the attachment titled "SPLOST Funding to Municipalities". The table on the left in the document is based on Atlanta Regional Commission's population estimates for 2015 while the table on the right is based on the 2010 census. The state law states that the tax shall be divided based on the most recent decennial census unless altered by an intergovernmental agreement between the county and all the cities. Supporting the 2010 census numbers would increase the revenue projection for Dunwoody by \$250,000 but would not preclude another city from entering into an IGA with the county to alter the allocation between that city and the county. Such agreements would not change Dunwoody's allocation.

3. Approve the attached IGA between the city and county that would allow the SPLOST to be levied for 6 years versus 5.