

Georgia's General Assembly approved the Transportation Funding Act of 2015 (HB 170), a funding measure providing dedicated, predictable and sustainable revenue for the repair and maintenance of statewide roads and bridges. It is projected that this new funding structure will generate more than \$900 million derived from new and existing transportation sources. In addition, the fiscal year 2016 budget, which begins July 1, 2015, contains a \$181 million bond package intended for transportation infrastructure improvements and transit system enhancements across Georgia.

The bill is based in part upon findings of the Joint Study Committee on Critical Transportation Infrastructure Funding as well as extensive committee debate and public testimony throughout the legislative process. The final version of HB 170 is the result of a bipartisan conference report approved by both chambers.

## **House Bill 170 meets criteria detailed in Joint Study Committee Report**

- Addresses a minimum \$1 billion funding shortfall for maintenance and modernization of Georgia's roads and bridges
- Reduces the state's maintenance backlog and 50 year repair and improvement cycle
- Ensures all state funding intended for transportation is directed toward transportation
- Creates transparency, accountability and oversight of state transportation expenditures
- Reduces funding instability caused by fluctuating gas prices and a depleted federal Highway Trust Fund

## **Major Provisions within HB 170**

### Sales Tax vs. Excise Tax

- Currently, Georgia's state funding mechanism is a combination motor fuel sales tax and excise tax. This legislation converts that mechanism to an excise tax only funding model. The current 4% state sales tax paid on the total purchase of gas at the pump is eliminated. Instead, the 4% sales tax and 7.5 excise tax is replaced with a single \$0.26 per gallon excise tax (\$0.29 per gallon for diesel).
- This change closes a loophole that currently allows 1% of state sales tax, or the "fourth penny", to be diverted the general fund for other purposes.
- Moving forward, all excise taxes collected from motor fuel will be used only for transportation, as stipulated by the state constitution.
- The excise tax will be pegged to both the Consumer Price Index (CPI) and fuel economy standards. Indexing for inflation and fuel economy will begin July 1, 2016 but CPI indexing will no longer be in effect after July 1, 2018.

### Alternative Fuel Vehicles

- Currently, drivers of alternative fuel vehicles do not contribute to transportation funding though they do use Georgia roads, bridges and highways. This legislation ensures all drivers contribute their share through a new user fee.
- The fee is \$200 annually for personal use vehicles and \$300 annually for commercial vehicles.
- This fee is intended to mirror what the average driver of a gasoline-powered vehicle pays in motor fuel taxes each year and is adjusted for inflation and fuel efficiency. Indexing for inflation and fuel economy will begin July 1, 2016 but CPI indexing will no longer be in effect after July 1, 2018.
- The \$5,000 tax credit for electric vehicle purchases will be repealed on July 1, 2015.
- The \$2500 low-emission tax credit will be repealed on July 1, 2015.

### Trucks

- Recognizing that heavier vehicles create more wear and tear to roadways, a new annual fee for trucks will be imposed. The fee is \$50 or \$100, based on weight. This fee is not indexed to inflation. Revenue generated by the fee is to be dedicated to transportation purposes.

### Hotel Motel Tax

- A \$5 per night fee on hotel and motel rooms is created. It does not apply to extended stay rentals longer than 30 days. This fee is not indexed to inflation. Revenue generated by the fee is to be dedicated to transportation purposes.

### Aviation Fuel

- This legislation sunsets the current 1% sales and use tax exemption for aviation fuel. It also requires local sales tax on aviation fuel to be at or below levels levied prior to January 1, 2014.
- In accordance with federal law, this bill requires that all revenue derived from aviation fuel be spent on aviation purposes beginning July 1, 2017.

### Modifications to the Transportation Investment Act of 2010

- This bill amends TIA to allow individual counties, not currently in a region with an approved TSPLOST, to impose their own county TSPLOST.
  - A county TSPLOST may be imposed at a fractional rate up to 1% in .05% increments. However, if a county does not reach an intergovernmental agreement with its respective municipalities, the maximum rate of tax for the county TSPLOST cannot exceed 0.75%
  - Counties that participate in a regional mass transportation system may impose a county TSPLOST beginning July 1, 2016. All other counties may begin July 1, 2017.
  - County TSPLOSTs may not exceed 5 years. All revenue must be dedicated to transportation and at least 30% of estimated revenue must be spent on projects in the State Transportation Improvement Plan (STIP).
  - Voters must approve the county TSPLOST through a referendum.
- TIA regions with a current regional TSPLOST in place may renew that levy at the expiration of its 10-year term, without General Assembly authorization. All other TIA requirements for reauthorization of a regional TSPLOST are still in effect.

### Local Taxes

- This new funding model has minimal impact on existing local sales taxes (HOST, LOST, MOST, SPLOST and ESPLOST). These taxes may continue to be imposed at a rate of 1% of the retail sales price of motor fuels, not to exceed \$3.00.

### Governor's Authority

- This legislation prohibits the Governor from suspending the collection of motor fuel or aviation fuel taxes, unless a state of emergency has been declared.
- Any suspension of those taxes will only be in effect until the next legislative session and requires approval by two-thirds of the General Assembly for the suspension to remain in effect.

### Special Joint Committee On Georgia Revenue Structure

- A special 14 member Joint Committee on Georgia Revenue Structure is created consisting of:
  - The President Pro-Tempore of the Senate

- The Speaker Pro-Tempore of the House
- The Majority leaders of the House and Senate
- The Minority Leaders of the House and Senate
- The Chairpersons of the Senate Finance Committee and the House Committee on Ways and Means
- 3 at large Members (2 Republicans 1 Democrat) from both the House and Senate appointed by the President of the Senate and the Speaker of the House.
- The Special Committee shall introduce legislation in the 2016 session of the General Assembly relating to tax reform. This legislation will be referred directly and only to the Special Committee on Georgia Revenue Structure.
- A do pass or do pass or do pass by Committee substitute will proceed directly to the floor of the House of Representatives for an up or down vote, without Amendment.
- If approved by the House, the measure then moves to the Senate for an up or down vote, without amendment.
- This special committee and floor consideration procedure sunset on July 1, 2016

#### 10-Year Strategic Plan

- Annually, The Department of Transportation is required to prepare and submit to the House and Senate Committees on Transportation a 10-year strategic plan that outlines the use of department resources.
- The House and Senate Committees on Transportation must approve these plans and may make recommendations to the House and Senate Appropriations Committees for their consideration in developing the budget.
- At a minimum, the 10-year strategic plan should address construction of new highway projects, maintenance of existing infrastructure, bridge repair and replacement, safety enhancements and administrative expenses.
- Priority is to be given to maintenance, expansion and improvement in the areas of the state most impacted by traffic congestion and to highway infrastructure that would aid in attracting economic development.
- Finally, the plan should bring forward all efficiencies found within the bureaucracy and address how those funds can be redirected to road construction.

#### Georgia Transportation Infrastructure Bank

- Under this Legislation, preference for loans may be given to eligible projects in Tier 1 and Tier 2 counties.
- Preference for grants and other assistance may be given to projects that have local financial support

#### **Other Legislation with Transportation Impacts**

HB 106 - HB 106 was approved by the General Assembly after passage of The Transportation Funding Act (HB 170) and was intended to clarify and amend certain provisions in HB 170\*. Major changes include:

- A change in the date counties participating in regional transportation systems may begin the process of instituting a county TSPLOST from July 1, 2015 to July 1, 2016.
- A clarification in the definition of Innkeeper to ensure that only hotel and motel rooms are assessed the \$5.00 per night fees.

#### HB 76 – Fiscal Year 2016 Appropriations Act

- The Fiscal Year 2016 Appropriations Act includes more than \$181 million in bonds for transportation infrastructure. This includes
  - \$100 million for repair, replacement and renovation of bridges statewide
  - \$75 million for transit needs statewide
  - \$4.5 million for rehabilitation of certain rail lines and bridges

- \$2.3 million for rehabilitation of Georgia Southwestern state-owned rail.

HB 213 – Amending the Metropolitan Atlanta Rapid Transit Authority Act of 1965

- Makes certain changes to MARTA board to reinstate the voting rights of the Executive Director of the Georgia Regional Transportation Authority until 2017 and to provide the staggering of new board members when a county joins the Authority.
- Extends the authority for MARTA counties to levy sales tax through June 30, 2057. This change allows MARTA to enter into 30-year bonds.
- Eliminates the option of new MARTA counties from imposing a sales tax of 0.5% instead of 1%.
- Permanently eliminates the “50/50 requirement,” prohibiting more than 50% of annual proceeds from the MARTA sales tax from subsidizing the operating cost of the system.

Joint Study Committee on Critical Infrastructure Funding Report - [http://www.house.ga.gov/Documents/CommitteeDocuments/2014/Critical\\_Trans\\_Infra\\_Funding/Transportation\\_Study\\_Committee\\_Final\\_Report\\_2014.pdf](http://www.house.ga.gov/Documents/CommitteeDocuments/2014/Critical_Trans_Infra_Funding/Transportation_Study_Committee_Final_Report_2014.pdf)

HB 170 as signed by Governor Deal - <http://www.legis.ga.gov/Legislation/20152016/153458.pdf>

Statewide Transportation Improvement Program - <http://www.dot.ga.gov/BuildSmart/Programs/Documents/STIP/2015-2018/Final/STIPFY15-18.pdf>

Transportation Investment Act of 2010 - <http://www.legis.ga.gov/Legislation/20092010/106194.pdf>

HB 106 Amending The Transportation Funding Act - <http://www.legis.ga.gov/Legislation/en-US/display/20152016/HB/106>

HB 76 The FY2016 Appropriations Act - [http://www.house.ga.gov/budget/Documents/2016\\_FiscalYear/FY\\_2016\\_Final\\_Bill\\_Conf\\_Cmte.pdf](http://www.house.ga.gov/budget/Documents/2016_FiscalYear/FY_2016_Final_Bill_Conf_Cmte.pdf)

HB 213 – Amending the Metropolitan Atlanta Rapid Transit Authority Act of 1965 - <http://www.legis.ga.gov/Legislation/20152016/153868.pdf>

**\*All changes made by HB 106 to HB 170 have been included in the summary of HB 170 in this document**