

SPLOST AND HOST REFERENDA, November 7 BRIEF INFORMATION

IMPORTANT CLARIFICATION: Both referenda must pass for either to take effect. If one fails, then both fail.

Defined:

1. SPLOST (Special Purpose Limited Option Sales Tax)
 - a. Adds 1% sales tax to existing tax for six years, total sales tax in DeKalb would then be 8% during that period.
 - i. Food and medicine exempt
 - b. Use of revenue would be limited to capital improvements and maintenance.
 - i. Roads, public safety, and maintenance of existing facilities.
 - ii. Revenue allocated to cities and unincorporated DeKalb on a per capita basis
 - c. General project list by city and county may be found on the DeKalb county website
 - i. <https://www.dekalbcountyga.gov/splost/dekalb-county-splost>
2. HOST (Homestead Option Sales Tax)
 - a. Already in existence, HOST is a 1% sales tax. 80% of HOST revenues are devoted to reducing homeowner property taxes in the county. 20% is sent to local governments to be used for infrastructure projects.
 - b. HOST tax calculations are complicated. Due to the current calculation method, nearly all of the 20% of HOST revenue intended for infrastructure is going to city governments.
 - c. City residents get a lower portion of property tax relief than unincorporated residents.
 - d. The referendum will change the way that HOST rebates are calculated and distributed.
 - i. Change would result in 100% of HOST tax distributed to homeowners to reduce property tax rather than the current 80%.
 - e. Corrects calculation so that city residents and unincorporated residents receive the same rebate based on assessed value.
 - f. Intended to offset a portion of the SPLOST tax
3. Financial impact:
 - a. SPLOST is expected to provide revenue of approximately \$100 million/year.
 - b. Because of the arcane calculations involved in HOST, the corrections of the rebates will benefit city residents slightly more than unincorporated.
 - c. HOST change will reduce revenue to government(s) by approximately \$20 million/year.
 - d. Net increase in revenue is approximately \$80 million
 - e. About 40% of SPLOST revenue will go to cities, 60% to unincorporated.
 - f. Net financial impact on residents depends on several factors including
 - i. Homeowner or renter (only homeowners receive the HOST rebate)
 - ii. Location of residence (unincorporated or city; which city of residence)
 - iii. Value of home
 - iv. Purchases of durable goods
 - g. Mark Niese of AJC has published several articles on these referenda.
 - i. Mark has published an article titled, "How much does DeKalb's tax overhaul cost residents?" Mark has provided estimates of net financial impact based on a couple of scenarios:

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1. A family of four, owning a \$200,000 home in unincorporated DeKalb would pay about \$253 more in overall taxes
 2. The same family living in Brookhaven would pay about \$89 more in overall county taxes in addition to the tax they pay the city of Brookhaven.
 3. The net change in total taxation would be the difference between sales tax paid on the SPLOST and the increase in the HOST tax refund.
- ii. As supplementary information, Mark also published an estimate of property tax savings as provided by the county budget office. He provided the table presented below, sorted by city of residence:

iii.

	Current HOST Savings	Proposed EHOST Savings	Additional Savings
Unincorporated (*)	\$605	\$752	+147
Atlanta	\$285	\$742	+457
Avondale Estates	\$397	\$800	\$403
Brookhaven	\$378	\$689	+311
Chamblee	\$381	\$716	+336
Clarkston	\$400	\$883	+483
Decatur	\$288	\$847	+559
Doraville	\$378	\$746	+368
Dunwoody	\$378	\$680	+301
Lithonia	\$405	\$852	+448
Pine Lake	\$408	\$956	+548
Stone Mountain	\$382	\$972	+590

Possible reasons to vote “Yes” on the referenda:

1. Most of the revenue will go to needed repair and improvement of roads, much of the revenue will go to repairing/upgrading fire stations and police stations.
2. HOST calculations will be corrected to distribute 100% of HOST to property tax rebates, and to distribute rebates more equitably.
3. No other option to fund infrastructure repair in the county is likely to emerge anytime soon.

Possible reasons to vote “No” on the referenda:

1. Net increase in tax burden for all residents except those who own high value homes.
2. The tax plan is regressive. A greater tax burden (proportionately) will impact lower income residents more than higher income residents.
3. Mistrust in county government to use the funds properly.

Legislation for the referenda was sponsored by State Senator Fran Millar. senatorfranmillar@gmail.com

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