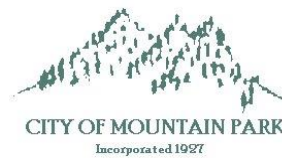


LOCAL OPTION SALES TAX MEDIATION

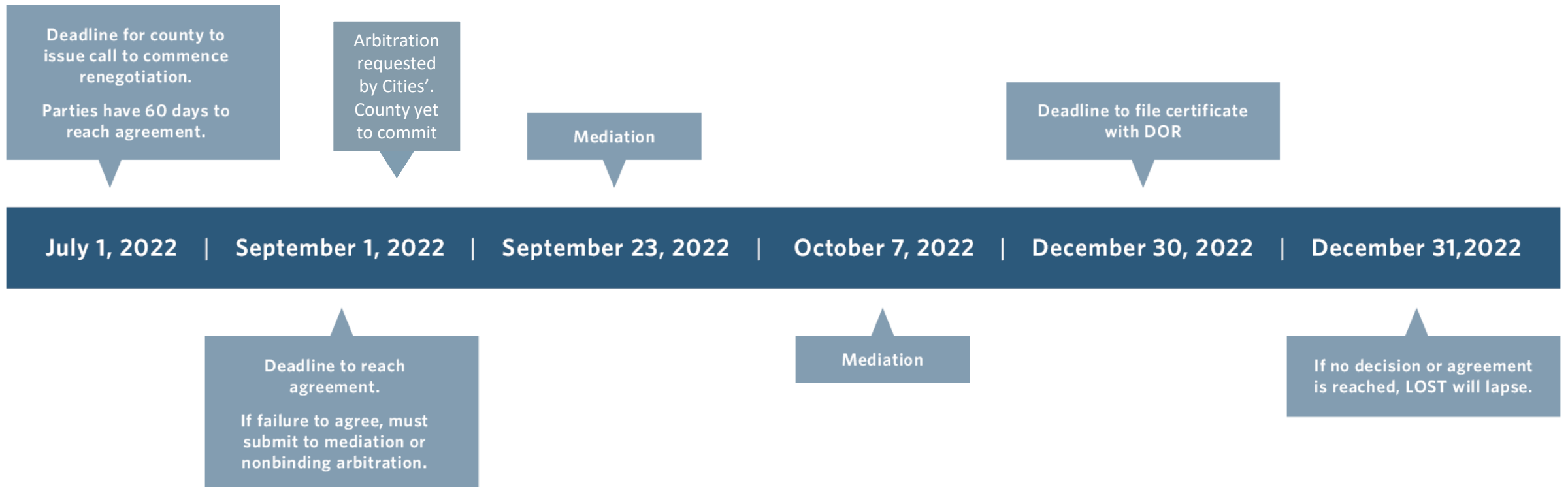
September 23, 2022



Johns Creek

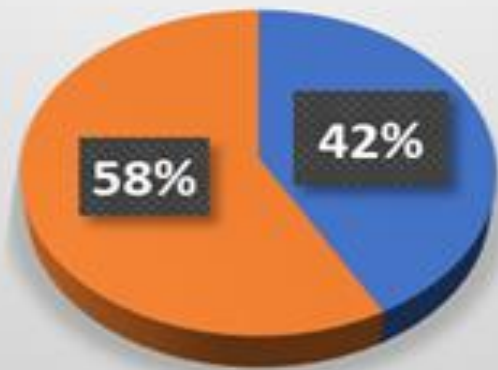


LOST NEGOTIATION TIMELINE



DOING AWAY WITH LOST SHOULD NOT BE THREATENED

**42% OF SALES TAX REVENUES COME
FROM PERSONS RESIDING OUTSIDE
FULTON CITIES AND FULTON COUNTY:
PULL FACTOR**



**“We should all begin planning
for life after LOST.”**

**Conservative Projection: \$3.8
BILLION in LOST revenues over
next Decade.**

**Nearly half or 1.8 BILLION in
Sales Tax Dollars Brought in
From Outside Fulton County.**

**Outside Sales Tax Revenues
help keep property taxes low.**

REDUCTION IN UNINCORPORATED COUNTY POPULATION AND SERVICE AREA OVER TIME

2000

County's Share - LOST
35%

Uninc. Pop: 229,924
Total Pop: 28.18%

Service Area: 253 sq. m.
Service Area: 48%

2013

County's Share - LOST
14%

Uninc. Pop: 87,478
Total Pop: 9.5%

Service Area: 86 sq. m.
% of Service Area: 16%

2022

County's Proposals
LOST **35%-25%**

Uninc. Pop: 889
Total Pop: 0.08%

Service Area: 1.62
sq. m.
Service Area: 0.38%

NEGOTIATION RANGE

On August 5, the Cities' negotiating team met with County's negotiating team. Mayor Dickens, City of Atlanta, and other Mayors expressed a willingness to discuss a phased in increase to the County's share of LOST ending the 10-year period within the **range of 5% to 15%**.

On August 12, the County's subsequent proposal gave the Cities three options resulting in a County percentage ranging from 25% to 33%.

Remember, County agreed to 14% of LOST in 2013.

FULTON COUNTY'S OFFER AUGUST 12, 2022

Option I

- County start at 6% (not current 4.98%) and ramps up to 25% over 10-year period.

Option II

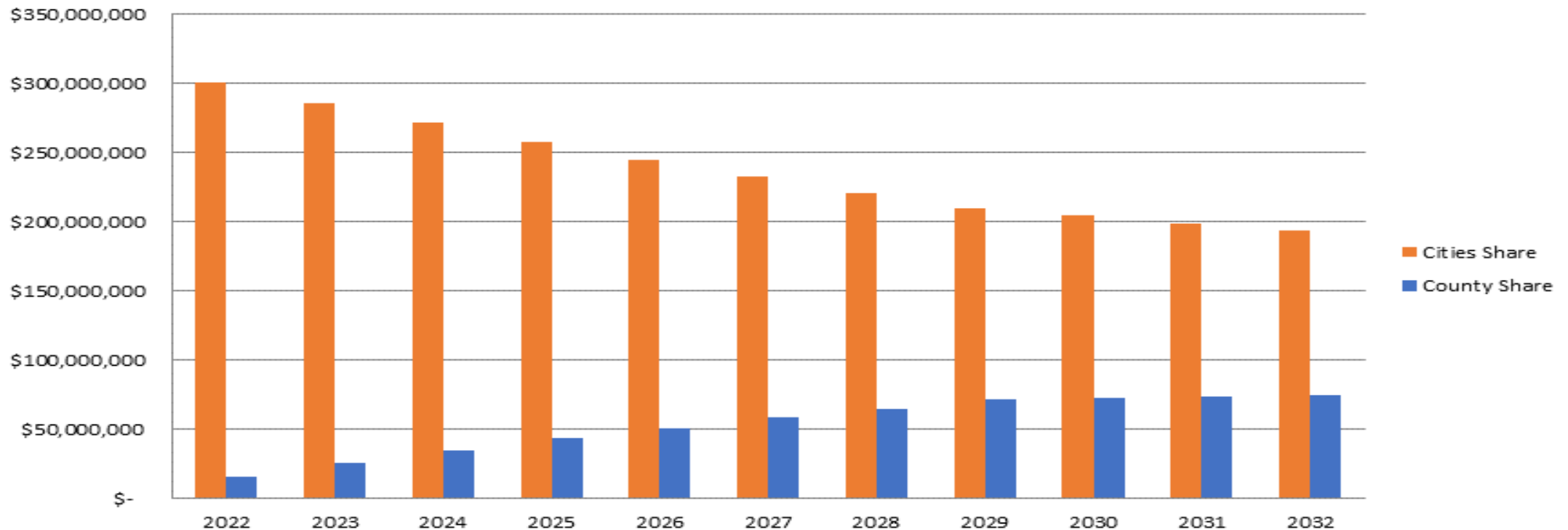
- Cities' share remain constant at 2021 levels (not current levels; \$301 million vs. \$311 million) in all years. Cities receive NO share of the growth.
- County's share grows to 32.64% by year 10.

Option III

- Cities' share remain constant at 2021 levels (not current levels; \$301 million vs. \$311 million) until the County's share grows to 25% in year 2029. Cities' share in growth for only last three years.
- County's share grows to 27.74% by year 10.

EFFECT OF FREEZING CITIES' GROWTH

**Cities and County LOST Distributions
as Proposed by County Option 3
after Inflation at assumed rate of 5% per year**



ROBBING PETER TO PAY PAUL

- County's proposal is to take LOST revenues away from Cities to pay for hospitals, jails and courts. "Fulton County LOST Fact Sheet"
<https://www.fultoncountyga.gov/news/2022/09/19/fulton-county-releases-lost-fact-sheet>
- It will force the Cities to raise Property Taxes to fill the hole in their budgets for local police and fire protection.
- If funding of hospitals, jails and courts are important to the County, then why is the Board of Commissioners lowering property taxes during this crisis?
 - "Fulton County Board of Commissioners voted to reduce the General Fund millage rate for 2022 to 8.87 mills, a full rollback reduction from the current rate of 9.33 mills. Since 2017, the Board has voted to reduce its General Fund millage rate by 2.19 mills." <https://www.fultoncountyga.gov/news/2022/08/19/fulton-county-reduces-millage-rate-for-2022>

GRADY & MEDICAL SERVICES

- Governor Kemp pledged \$130 million for more beds in Grady Memorial Hospital in response to the closing of Atlanta Medical Center. (Bluestein and Landeran, The Atlanta Journal-Constitution, September 15, 2022.)
- On September 21, Fulton County Commissioners approved \$27 million contact with the firm that provides medical services. (Brasch, The Atlanta Journal-Constitution, September 21, 2022.)
- Unlike jails and courts, LOST may be spent on hospitals; and the Cities' proposal shows a willingness to help.

CITIES' COUNTER PROPOSAL

AUGUST 26, 2022

**Increase County's
share from 4.98%
to 6.5% over 10
years**

- **83.01%
increase in
County's LOST
revenues**
- **30.45%
increase in
County's LOST
share**

OFFER SUMMARY

COUNTY

- ❖ County Consultant: County 45%; Cities 55%
- ❖ July 15 Offer: County 35%; Cities 65%
- ❖ August 12 Offer (three options): County's Share ranging from 25% to 33%; Cities' Share ranging from 75% to 67%

CITIES

- ❖ Using "Service Units" (i.e., Population): County 0.08%; Cities 99.92%
- ❖ July 26 Offer: County 2.45%; Cities 97.55 %
- ❖ August 26 Offer (ending within 5-15% range phased in over ten years): County 6.5%; Cities 93.5%

CONCLUSION

Cities are interested in hearing a counter-offer where the County is willing to accept a LOST share that:

- (1) Over the next decade, the County's share ends within the range of 5%-15%; and
- (2) Such a shift in LOST revenues from Cities to County is phased in over the decade.