Senate Research Office

AT ISSUE

TSPLOST

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Despite the recent passage of the long-awaited federal surface transportation reauthorization bill, traditional state transportation funding sources - Georgia motor fuel taxes and available federal funds - are decreasing. Further, our State Constitution only allows motor fuel tax proceeds to be used for roads and bridges. Since 1982, the fuel efficiency of the average car sold in the United States has increased by 40 percent, which means we travel more miles using less gas. As we buy less gas, gas tax revenue declines. Beyond these fuel use decreases, revenue has not kept up with cost. The federal government has not increased its gas tax since 1993; Georgia has not raised its motor fuel excise tax since 1971.

Georgia is the third fastest growing state in the nation – yet it ranks 49th in per capita spending on transportation. In order for Georgia's economy to grow and for the state to remain competitive, proponents of the transportation tax argue that we need to continue to invest in new infrastructure and maintain what we have. For example, Caterpillar selected Georgia for a $200 million plant that will eventually employ 1,400 people, in part, due to access to Georgia's ports. Proponents maintain that a high-quality, efficient, multi-modal transportation system is vital to our growing success. Last year, Governor Deal called passage of the tax a critical piece in building the logistics network that feeds the ports of Brunswick and Savannah.

State economists anticipate that, if approved in all regions, the proposed transportation tax would generate $18.67 billion over the ten-year period to fund approximately 1,644 road widening, transit, bridge, maintenance, airport, bicycle path, pedestrian, safety, and traffic operations projects. The Federal Highway Administration estimates that every $1 billion invested in highway construction and improvements supports nearly 28,000 jobs. According to the Statewide Strategic Transportation Plan, the TSPLOST will produce more than $480 billion in gross domestic profit growth over the next 30 years, and create nearly 425,000 jobs.

TSPLOST Overview

In 2010, the General Assembly passed the Transportation Investment Act of 2010, also known as the TSPLOST or TIA, which authorizes each of Georgia's 12 Regional Commissions, if its respective voters approve a Transportation Referendum on July 31, to enact a 1 percent sales tax in that region to fund transportation projects within its respective boundaries. Although the referendum will be available statewide and collected at the state level by the Department of Revenue, the proposed tax would remain regional because all of the money raised within each region will be disbursed back to each respective region. All of the funds raised stay within the region in which they were collected. These funds cannot be used to fund projects in any other region. Counties may not opt out of or switch regions.

In the metro Atlanta region, 15 percent of the funds raised will be returned based on a modified Local Assistance Road Program (LARP) formula to each county and city for discretionary local transportation projects (such as resurfacing). In other regions, 25 percent of the funds will be returned based on the same formula. The funds may be used as a match for state or federal funds. The remaining funds (85 percent in the metro Atlanta region; 75 percent in other regions) will be used to fund all (and only) projects on the final project list approved by the Regional Roundtable and, ultimately, the citizens of the region on the July 31, 2012 ballot.

Exemptions from the tax include: motor fuel; jet fuel; off-road fuel for heavy-duty, farm or agricultural equipment; locomotive fuel; public mass transit fuel; the sale or use of energy used in manufacturing or processing tangible goods; and building and construction materials. Further, the tax is only levied on the first $5,000 of any transaction involving the sale or lease of a motor vehicle.

TSPLOST to Date

Each autonomous region had specific criteria and guidelines for project selection. That process was headed by a Regional Roundtable composed of a county commissioner from each county and one mayor representing all of the cities in each county. Those representatives then elected members to serve on an Executive Committee of the Roundtable. The Roundtable solicited public input on the proposed projects and held open houses to review project information. As of October 15, 2011, all 12 regions had selected their projects for a final investment list to be submitted for voter consideration.

TSPLOST Going Forward

The referendum is set for July 31, 2012. Citizens in each region that approved an investment list will vote on whether to approve a 1 percent sales and use tax to fund the list. Votes will be tallied by region and the tax will only be levied in regions where a majority of the voters approve. If the voters in a region fail to pass the referendum, every local government must provide a 30 percent match to receive any Local Maintenance Improvement Grants. If the voters pass the referendum, every local government must provide only a 10 percent match.

Tax collection will begin on January 2013; however, funds will not be made available by the Georgia State Financing Investment Commission (GSFIC) (collected by the Department of Revenue) until the spring of 2013. This is a “pay-as-you-go” program and project delivery will be commensurate with available funding. The GSFIC serves as trustee and will disburse the proceeds by remitting reimbursement payments for “completed project elements” or at project completion. The majority of projects will be managed and delivered by the Department of Transportation. The Georgia Regional Transportation Authority will manage metro Atlanta transit projects.

The law creates a Citizens Review Panel for each region in which the tax is approved to provide oversight and monitor how dollars are spent. Each panel includes five members, appointed by the Speaker of the House and the Lieutenant Governor. The panel must issue an annual report to the General Assembly detailing project progress and expenditures.

Projects on the final investment list will be paid for with regional funds; local governments may spend their discretionary share on any transportation project in their jurisdiction and those funds are not required to be used on regionally-significant projects. In the event that funds remain after the close-out of all projects on the final investment list, these funds will be distributed within the region based on the established LARP formula. Before 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. The process is the same if a region’s voters reject the tax following a two-year waiting period.