FINAL REPORT OF THE SENATE DEVELOPMENT AUTHORITIES AND DOWNTOWN DEVELOPMENT AUTHORITIES STUDY COMMITTEE (SR 809)

Committee Members

Senator Max Burns, Chairman  
*District 23*

Senator Clint Dixon  
*District 45*

Senator Steve Gooch  
*District 51*

Senator Jeff Mullis  
*District 53*

Senator Elena Parent  
*District 42*

Senator Michael Rhett  
*District 33*

*Prepared by the Senate Research Office, 2022*
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STUDY COMMITTEE CREATION, FOCUS, AND DUTIES

The Senate Development Authorities and Downtown Authorities Study Committee was created by Senate Resolution 809 during the 2022 Legislative Session of the Georgia General Assembly. SR 809 notes: (1) Development Authorities represent critical tools for the development and promotion of trade, commerce, industry, and employment opportunities in Georgia; (2) the property of Development Authorities are generally exempt from taxation; (3) Development Authorities have issued billions of dollars in property tax abatements; and (4) there is little centralized, state- wide oversight or data collection regarding the operations of these development authorities.

The Study Committee has been charged with a thorough study of the creation, operation, and management of Development Authorities. The Study Committee will address the conditions, needs, issues, and problems related to Development Authorities, and develop recommendations for any actions or legislation needed to address any problems discovered related to development authorities.

Senator Max Burns of the 23rd served as Chair of the Study Committee. The other Senate members were Senator Clint Dixon of the 45th, Senator Steve Gooch of the 51st, Senator Jeff Mullis of the 53rd, Senator Elena Parent of the 42nd, and Senator Michael Rhett of the 33rd.

The Study Committee held four informational meetings and one committee discussion meeting: July 22nd, August 25th, November 10th, November 17th, and November 30th. The committee heard testimony from the following individuals:

- Kyle Hood, Chief Operating Officer, Department of Community Affairs
- Jackson Lilly, Research and Data Analyst, Department of Community Affairs
- Ed Wall, Piper|Sandler
- Dan McRae, Seyfarth Shaw LLP
- Clint Mueller, Legislative Director for ACCG
- Jeff Rader, DeKalb County Commissioner
- Sadie Krawczyk, Georgia Municipal Association
- Angela Palm, Georgia School Board Association
- Bill Dorris, Kilpatrick Townsend & Stockton, representing Associated General Contractors of Georgia
- Benji Thompson, chairman, Georgia Economic Development Association; Development Authority Chair, Bulloch County
- Chris Humphrey, Executive Director, Douglas County Development Authority
- Don Bolia, chair, Development Authority of DeKalb County
- Dorian DeBarr, President, DeKalb Development Authority
- Tim Evans, Hall County Development Authority
- Anna Chafin, Chief Executive Officer, Brian County Development Authority
- Missy Kendrick, president and CEO, Rome-Floyd County Development Authority
- Jason Dunn, director, Fitzgerald and Ben Hill County Development Authority
- Andrea Schrujer, executive director, Valdosta-Lowndes County Development Authority
- Jo Ellen Arts of Morgan County
- Julian Bene, former member of the board of directors of Invest Atlanta
- Dan Baskerville representing DeKalb County Schools

The following legislative staff members were assigned to the Study Committee: Andrew Allison, Senate Press Office; Kaylee Maxwell, Senate Research Office; Ashley Thomas, Office of Senator Max Burns; Lindsay McVicar, Senate Budget and Evaluation Office, and Stuart Morelli, Office of Legislative Counsel.
BACKGROUND

Under Georgia law, local government authorities can currently be created in two ways: by general enabling act, and local laws.² Article IX, Section VI, Paragraph III of the Georgia Constitution authorizes the General Assembly to create development authorities by general law to promote “the development of trade, commerce, industry, and employment opportunities.” Once the General Assembly authorizes the creation of an authority under general law, the governing body of the county or city must adopt a resolution declaring that there is a need for an authority to function in the county or city.

Currently, the General Assembly authorizes the creation of the following authorities:
- O.C.G.A. § 12-8-50 Regional Solid Waste Management Authority;
- O.C.G.A. § 31-7-1 Residential Care Facilities for the Elderly Authority;
- O.C.G.A. § 31-7-70 Hospital Authority;
- O.C.G.A. § 36-41-1 Residential Finance Authority;
- O.C.G.A. § 36-42-1 Downtown Development Authority;
- O.C.G.A. § 36-61-1 Urban Redevelopment Authority;
- O.C.G.A. § 36-62-1 (General) Development Authority;
- O.C.G.A. § 36-62-5.1 Joint Development Authority;
- O.C.G.A. § 36-63-1 Resource Recovery Development Authority;
- O.C.G.A. § 36-64-1 Recreation Authority;
- O.C.G.A. § 42-4-90 Regional Jail Authority; and
- O.C.G.A. § 48-4-61 Land Bank Authority.
- O.C.G.A. § 36-62-5.2 Regional Industrial Development Authorities

Other authorities may be formed by local legislation, to create a single, unique local government authority.³ Authorities may be created through this means even if there is a general enabling statute available. Historically, Georgia law permitted the creation of Authorities by a constitutional amendment; however, this method of creation is no longer available, though Authorities lawfully created under that method are still authorized.⁴

Local and Joint Development Authorities

Georgia law creates a development authority in and for each county and municipal corporation.⁵ These development authorities consist of a board of seven to nine directors who serve four-year terms.⁶ While Georgia law creates these development authorities, no such authority can transact any business or exercise any power until the governing authority declares through a resolution there is a need for the authority and files the resolution with the Secretary of State.⁷ Regarding qualifications to serve on the board of directors, state law only requires that the directors are taxpayers residing in the county or municipal corporation where the authority is created.⁸ Directors are not compensated for their services but must be compensated for their actual expenses, and directors of county development authorities in

² Local Government Authorities, Georgia Department of Community Affairs.
³ Local Government Authorities, Georgia Department of Community Affairs.
⁴ Id.
⁵ O.C.G.A. § 36-62-4 (a).
⁷ O.C.G.A. § 36-62-4 (c).
counties with a population of more than 550,000 must be paid a per-diem not to exceed the per-diem of members of the General Assembly.⁹

Georgia law also provides for joint authorities to be created by a joint resolution between (1) any two or more municipal corporations; (2) any two or more counties; (3) one or more municipal corporations and one or more counties; or (4) any county in this state and any contiguous county in an adjoining state.¹⁰ These joint development authorities have their number of directors, terms of office, and residency requirements set by the activating resolutions.¹¹ In addition to the powers of other development authorities, when two or more contiguous counties create a joint development authority, business enterprises within the counties qualify for an additional $500 tax credit for each new full-time employee position created.

O.C.G.A. § 36-62-6(a) provides the 17 enumerated powers of authorities created under general enabling statute. Under this statute, authorities may borrow money and issue revenue bonds and bond anticipation notes to pay for all or part of any project, to carry out the lawful purposes of the authority, and to pay all other costs of the authority incident to or necessary and appropriate to such purposes.¹² Specifically, the authorities’ powers include: (1) to make and execute contracts and other instruments necessary to exercise the power of the authority; (2) to receive and administer gifts, grants, and devises of any property and to administer trusts; (3) to acquire personal property; (4) to dispose of any real property for fair market value or any amount below fair market value if in the best interest of the authority; and (5) to expend for the promotion of industry, agriculture, and trade within the area of the authority. Additionally, Georgia law provides that development authorities, as well as the property the authorities own or lease, are exempt from ad valorem taxation.¹³

These authorities exist in perpetuity but may be dissolved by resolution as long as the authority does not have any outstanding unpaid bonds or bond anticipation notes.¹⁴

**Downtown Development Authorities**

Georgia law creates a downtown development authority in and for each municipal corporation.¹⁵ Downtown development authorities are similar to the general development authorities above, except their focus is set by statute to be revitalizing and redeveloping the central business districts of the municipal corporations of the state.¹⁶ These authorities consist of a board of seven directors, who serve four-year terms.¹⁷ While Georgia law creates downtown development authorities, no such authority can transact any business or exercise any power until the municipality declares through a resolution there is a need for the authority, sets the geographic area which constitutes the central business district, appoints the initial directors, and files the resolution with the Secretary of State.¹⁸ Regarding

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⁹ O.C.G.A. § 36-62-5 (c).
¹¹ O.C.G.A. § 36-62-5.1 (c).
¹² The procedures for the issuance of bonds are set out by O.C.G.A. § 36-62-8.
¹⁷ Id.
Qualifications, Georgia law requires each director to be a taxpayer residing within the municipality or be an owner or operator of a business within the downtown development area and a taxpayer residing within the country where the municipality lies. Additionally, more than half of the directors must either have or represent a party with an economic interest in the redevelopment and revitalization of the downtown development area. Further, directors will not be compensated for their service but will be reimbursed for their actual expenses incurred in the performance of their duties.

O.C.G.A. § 36-42-8 (a) provides the 24 enumerated powers of downtown development authorities. Under this statute, downtown development authorities may borrow money and issue revenue bonds, notes, other obligations, leases, and other instruments to provide funding for borrowing money for authority projects. These authorities have powers similar to those vested in the development authorities above, including (1) the development and promotion of central business districts, including making long-range plans or proposals for the downtown area; (2) entering into contracts incident to or necessary for the lawful purposes of the authority; and (3) the purchasing, leasing, and selling of real and personal property. Similar to other development authorities, downtown development authorities and their property are also exempt from ad valorem taxes.

Training of Development Authority Directors
State law requires directors appointed to Development Authorities to complete at least eight hours of development and redevelopment training. State law exempts directors who are also members of the local governing authority from the training requirement. Among other providers, the Carl Vinson Institute at UGA is available to provide the basic mandated training. According to their website, the basic training includes courses of instruction on the following topics: (1) legal issues; (2) ethics; (3) conflicts of interest; (4) open records and open meeting requirements; (5) the basics of financing Development Authority operations; (6) incentives; (7) bonds; (8) strategic planning in community development; (9) project development and management; and (9) emerging issues that affect Development Authorities.

According to DCA, most directors receive their training through the Carl Vinson Institute, GMA/ACCG, or the law firm Seyfarth Shaw.

Development Authority Reporting Requirements
Under Georgia law, any local government authority that is authorized under the state constitution or state law to issue bonds, including Development Authorities, must submit an annual report to the Georgia Department of Community Affairs (DCA) within six months of the end of its fiscal year. This report must include the revenues, expenditures, assets, and

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19 O.C.G.A. § 36-42-7
20 Id.
22 O.C.G.A. §§ 36-62A-21 (local development authorities); 36-42-7 (downtown development authorities).
23 Id.
24 O.C.G.A. §§ 36-81-8 (b); 36-80-16
debts of the authority and must describe actions taken by the authority to incur indebtedness. DCA's website provides a form for annual authority registration and financial reporting.\textsuperscript{25}

Under Georgia law, joint authorities with established revenue sharing agreements and revenue emanating pursuant to such agreement must annually provide the state revenue commissioner and the state auditor with a statement identifying all real and personal property and property interests of the joint authority, nay encumbrances or liens on such property, a complete copy of all current agreements or contracts related to the joint authority, and any additional information as determined by the state revenue commissioner or state auditor to be necessary to accurately determine the net taxable digest of each county or municipality participating in such joint authority and any affected school district.\textsuperscript{26} The state revenue commissioner and the state auditor are authorized under Georgia law to conduct audits for joint authorities.\textsuperscript{27} Further, Georgia law requires that “Each development authority shall provide to its respective county or municipal fiscal officer, as the case may be, an audited financial statement if such audit has been required by the respective county or municipality within six months of the end of the previous fiscal year.”\textsuperscript{28}

\textsuperscript{25}As a note, prior to fiscal year 2018, local authorities had two annual reporting requirements to DCA, one report registering the authority annually and one reporting the authority's finances. HB 257 (2018) consolidated these two reports to a single report on one timeline.
\textsuperscript{26} O.C.G.A. § 36-62-5.1.
\textsuperscript{27} Id.
\textsuperscript{28} O.C.G.A. § 36-62-5(f).
SUMMARY OF TESTIMONY AND DISCUSSION

Meeting One – July 22, 2022 (State Capitol, Room 450)
The Study Committee heard testimony from:

- Kyle Hood, Chief Operating Officer, Department of Community Affairs; and
- Jackson Lilly, Research and Data Analyst, Department of Community Affairs

The Study Committee began with an overview from Kyle Hood, chief operating officer of the Department of Community Affairs (DCA), and Jackson Lilly, research and data analyst with DCA, regarding the legal history and current status of development authorities in the state of Georgia. During this meeting, both the members of the Study Committee and the speakers expressed the importance of development authorities as an economic development tool throughout Georgia.

According to Mr. Hood and Mr. Lilly, Georgia is home to 1,300 authorities overall, and 575 of these authorities are a type of development authority. Mr. Lilly provided that development authorities have historically been created in three ways: through a constitutional amendment, passage of a local law through an act of the general assembly, or the general enabling statute. While the creation of new development authorities through a constitutional amendment is no longer authorized, those authorities created this way continue to operate. Of the 575 registered authorities, DCA provided that 447 development authorities were created through the general enabling statute, approximately 75 were created through a local constitutional amendment, approximately 36 were created through local law and the method of creation is unknown for approximately 17. Additionally, DCA provided data regarding the year of creation of registered authorities in the last six years. This information shows that 28 authorities have been created since 2017, with nine of those being general development authorities, fourteen being downtown development authorities, and five being joint development authorities. Mr. Lilly provided that on average five or six authorities are created a year with creation dates going back to 1961.

Mr. Lilly provided that DCA’s role regarding development authorities is as the agency to which authorities provide annual registration and financial reporting. As of fiscal year 2018, the annual registration and finance reporting requirements were consolidated into a single report. Local development authorities are required pursuant to the Local Government Authorities Registration Act,” passed in 1995, to register annually with DCA. This registration requires all authorities to provide DCA with their names and their type of authority. Additionally, the authorities must provide information relating to their board, such as board members’ names, training status, the number of full or part-time employees, whether the authority has a full-time executive director, and links to the staff website. Additionally, pursuant to Code Section 36-81-8, local authorities must provide a uniform chart of accounts similar to how local governments report their finances, including information on assets, liabilities, revenues, expenses, and bond issuances. Mr. Lilly further provides that DCA tracks whether authorities comply with reporting requirements, noting that compliance is defined as having the three most recently completed fiscal years’ reports filed with DCA. He further provides that authorities in compliance with annual reporting requirements are the most active authorities, as authorities are not authorized to incur debt or credit obligations, nor are they authorized to access DCA funding programs unless/until they are compliant with registration. Additionally, Mr. Lilly provided that authorities issuing debt in excess of one million dollars file a separate additional report with DCA and that DCA annually publishes a report on statewide authority indebtedness.

DCA provided some recent data on the board and staff of development authorities, providing that the average number of board members is 7.04. Additionally, in fiscal year 2020, 40 percent of boards employed a full-time director or CEO and the average number of full-time employees was 2.31. Mr.
Lilly provided that other authorities would have city or county employees fulfilling these roles. DCA provided that an average of 77 percent of board members had completed all of their required training, which is usually attained through Seyfarth Shaw, the Carl Vinson Institute of Government through the University of Georgia, or training provided by the Georgia Municipal Association or ACCG.

DCA additionally provided a summary of the financial information submitted in fiscal year 2020 in the table reproduced below. The total non-current assets and total operating revenues are an average for each authority of the below type. Active bond issuances and capital leases are statewide totals for registered authorities during that year.

<table>
<thead>
<tr>
<th>Authority Type</th>
<th>Average Total Non-Current Assets</th>
<th>Average Total Operating Revenues</th>
<th>Sum of Active Bond Issues</th>
<th>Sum of Active Capital Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>$8,551,315</td>
<td>$497,486</td>
<td>91</td>
<td>6</td>
</tr>
<tr>
<td>Downtown Development</td>
<td>$1,978,121</td>
<td>$85,246</td>
<td>27</td>
<td>2</td>
</tr>
<tr>
<td>Industrial Development</td>
<td>$6,006,992</td>
<td>$592,265</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td>Joint Development</td>
<td>$5,676,668</td>
<td>$209,811</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Payroll Development</td>
<td>$4,766,392</td>
<td>$298,723</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$5,654,308</td>
<td>$338,506</td>
<td>145</td>
<td>11</td>
</tr>
</tbody>
</table>

DCA additionally provided a copy of the debt issuance report from 2021. The document includes information for all authorities that issued debt in an amount over one million dollars and is not limited to development authorities. DCA provided that this report is available, in the format presented to the Study Committee, through their website.

**Meeting Two – August 25, 2022 (Coverdell Legislative Office Building, Room 307)**

The Study Committee heard testimony from:
- Ed Wall, Piper|Sandler;
- Dan McRae, Seyfarth Shaw LLP;
- Clint Mueller, Legislative Director for ACCG;
- Jeff Rader, DeKalb County Commissioner;
- Sadie Krawczyk, Georgia Municipal Association;
- Angela Palm, Georgia School Board Association; and
- Bill Dorris, Kilpatrick Townsend & Stockton, representing Associated General Contractors of Georgia.

The Study Committee first heard testimony regarding the state of current Georgia law concerning development authorities and the general operation of development authorities. Dan McRae of Seyfarth Shaw spoke to the Study Committee regarding the legal framework and operations of development authorities. Ed Wall, an investment banker and financial advisor with Piper Sandler, spoke to the Study Committee to provide insight into finance and operations associated with development authorities.

Additionally, at this meeting, the Study Committee heard from speakers regarding concerns about the operation of development authorities in Georgia. Clint Mueller, Legislative Director for ACCG, and Jeff Rader, DeKalb County Commissioner, spoke to the Study Committee regarding ACCG’s position regarding development authorities, particularly regarding concerns related to inter-governmental relations. Angela Palm, Georgia School Board Association, testified about the interaction between development authorities and school boards. Bill Dorris, speaking on behalf of the Associated General
Contractors of Georgia, offered testimony regarding a unique contractor lien rights issue related to development authorities when a usufruct interest is at play.

The Study Committee also heard from Sadie Krawczyk of the Georgia Municipal Association, who spoke on behalf of GMA and the Georgia Downtown Association to provide information on the operations of downtown development authorities.

1. The Gratuities Clause and Measuring Substantial Benefit
Mr. McRae, an attorney with extensive experience in development authority law, began his testimony by providing the Study Committee with some historical background. Georgia’s state constitution prohibits state entities from disposing of publicly owned property without obtaining fair market value or other substantial benefit that is equivalent in exchange. As a result, state entities may only issue tax abatements or incentives when the state receives some substantial benefit.

Mr. McRae explained that there are two tools utilized for Georgia economic development projects to calculate the benefit to the community, LOCI and IMPLAN. LOCI, which stands for ‘local impact,’ calculates the present value of the net benefit to the public sector of a project after accounting for an incentive. Mr. McRae provided that, according to Georgia Tech’s Center for Economic Development Research (CEDR), LOCI “estimates how a proposed project or action impacts your community’s fiscal outlook. It describes the value of the project by its revenue and service needs.” IMPLAN calculates economic impact at a higher level, measuring direct terms such as jobs and payroll, and provides insight into the economic impacts at the county, region, and state level, but does not take into account the deductive effect of the incentives that go into it. According to Mr. McRae, Georgia Tech’s CEDR noted that IMPLAN “can build on the LOCI fiscal impact analysis to estimate regional multipliers, showing the indirect and induced economic impacts of the industry.” CEDR’s statement further noted that IMPLAN is the industry standard.

Mr. McRae provides that development authorities will commonly mandate LOCI and that local authorities may acquire a license to perform the study themselves or they may have the project or developer pay for the study. Georgia law does not mandate that an authority use any tool to study the local impact, but Mr. McRae offered that the use of such study tools is part of best processes and best practices. While he was unaware of specific data on the number of authorities using each tool, Mr. McRae provided that LOCI was used by more than a majority, and maybe a vast majority of authorities.

Mr. Wall, a financial advisor and investment banker who has substantial experience working with development authorities, in his testimony, expressed the importance of completing a “but-for” analysis of any projects. He provides that other benefit analysis do not take into account whether a tax abatement is the determining factor bringing a project to the jurisdiction, and, consequently, jurisdictions should consider this prior to approving a project for incentives.

2. Tax Incentives through Development Authorities: Estate of Years and Usufructs
Mr. Wall provided that property owned by political subdivisions is exempt from property tax, and so to provide tax abatements without violating the gratuities clause in Georgia’s constitution, the political subdivision must gain title to the property and then lease it back to the private entity. The development authority issues bonds that are validated in a court of law to give to the developer to acquire title, at which point the development authority holds title and leases the land back to the developer to operate. When the tax abatement business deal is over, the title reverts to the developer, and the lease is canceled. Property can be conveyed as either an estate of years or as a usufruct.

Mr. Wall explained that because the real property’s title is held by a government entity, the property itself is not taxed. Instead, if the property is conveyed through an estate of years, then that estate of
years is a property interest subject to taxation. However, if the property is conveyed through a usufruct, the lessee does not have an interest in the land subject to taxation and no ad valorem taxes may be assessed. According to Mr. Wall, a usufruct's term is generally under five years; however, tax assessors are bound by the bond validation order's terms, which may set a longer term as a usufruct.

Mr. Wall notes that tax assessors are required to have a standard process to appraise development authority leases, citing *SJN Properties LLC v. Fulton County Board of Assessors*, a 2015 Supreme Court of Georgia Case. Consequently, tax abatements are done in a uniform schedule. Mr. Wall provided an example of a ten-year abatement of an estate of years, wherein the project's abatement percentage decreases by five percent every year, such that it is abated by 50 percent in its first year, 45 percent in its second year, 40 percent in its third year and so on. According to Mr. Wall, this is the standard abatement schedule used by the Fulton Development Authority, the Clayton Development Authority, and the Cobb Development Authority. Mr. Wall provides that the tax assessor assesses the fair market value based on the abatement schedule and provides that tax bill to the developer. The taxes are collected in the same manner as any other taxpayer and the proceeds are allocated to the applicable taxing authorities pro rata based on their millage rate.

For a usufruct, however, because there is no taxable interest, the tax assessor does not appraise the lease. Development authorities may negotiate instead for payments in lieu of taxes, or PILCT payments, as explained by Clint Mueller, Legislative Director for ACCG. According to Mr. Mueller, these pilot payments are payments by the business or developer which allow an authority to recoup some of the taxing agency or agencies' lost revenue.

Whether an authority uses an estate of years or a usufruct is entirely dependent upon the authority's discretion, according to Mr. Wall. However, he further provided that the majority of conveyances were done through an estate for years and noted he estimated approximately only ten percent were usufrucks.

Mr. Mueller provided that he has been unable to find information on how many development authorities are using usufrucks or on how many such leases have pilot payments. To remedy this, ACCG proposes that DCA's yearly reporting requirements be modified to include this information.

3. **Development Authority Process and Reporting**

Mr. McRae provided that while virtually all authorities have a process, each operates differently because each authority builds its process based on the community's needs. He provided that this flexibility is a strength, allowing development authorities to personalize their activities based on the priorities of the community.

Mr. McRae provided that, whatever the process, all development authority projects require good partnership and a memorandum of understanding (MOU). An MOU between the development authority and the developer imposes accountability on the private sector and assures the return to the public sector of the negotiated public benefit.

Mr. McRae provided that several years ago the Governmental Accounting Standards Board (GASB) issued GASB 77, requiring disclosure and financial statements of local governments and public bodies of any abatements and the impact of such abatement on other public bodies. If a government body wants its auditors to give its financial statements a clean opinion, it must be GASB compliant. At the time of GASB 77's issuance, stakeholders, particularly in communities with good processes, already had this information. He notes that you can now find this information in a city or county's consolidated

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296 Ga. 793
financial statements, providing that a running total is kept and maintained by the development authority or by the assessors.

Angela Palm of the Georgia School Board Association noted during her testimony that there is no readily available data on the fiscal impact of development authority decisions on school districts outside of the audits required by GASB 77. She remarked that the only way to determine any statewide impact was to manually go through each audit individually. Ms. Palm recommended that there be more transparency regarding each development authority’s financial impact, providing that this information should be made readily available in a database where the data is uniformly entered.

4. Inter-governmental or Inter-jurisdictional Interaction

Mr. Mueller and Jeff Rader of the DeKalb County Commissioners spoke to the Study Committee jointly and expressed that ACCG has an interest in balancing the tax base, as county governments create the tax digest that schools and cities use. Ms. Palm, during her testimony, also stressed the importance of correctly recording development authority decisions in the property tax digest, which is the core of calculation for equalization. Mr. Mueller provided that his primary concern is in regards to housing and retail projects which, unlike more traditional development authority manufacturing or warehouse projects, require more government services, such as education and public safety. He expressed that ACCG’s concern is the use of usufruct-type structures for retail or housing-based projects due to the tax burden put on other taxpayers.

As a remedy ACCG recommends that county commissioners be given standing at bond validation hearings when the project includes retail and housing developments. Additionally, ACCG requests more notice prior to bond validation. Further, ACCG expressed their belief that pilot payments negotiated by a development authority to replace lost ad valorem tax revenue should be allocated amongst all affected local taxing jurisdictions.

Mr. Rader provided that because one agency can abate the taxes that are levied by and due to another agency, and can contract to receive a share of these revenues itself, the system is ripe for abuse. He stressed that cities may abate county and school board taxes, and the county can do likewise with other jurisdictions, and such jurisdictions are not accountable to the taxpayers in other areas when they make those decisions. He noted that because of the lack of a regulatory framework, the only venue in which an abusive abatement may be challenged is in Superior Court at the bond validation hearing. Mr. Rader further recommended that the Study Committee allow county governments standing at such validation hearings so that they may make their case before the judge. He noted that they are not recommending a ‘veto power’ but that standing would promote dialogue and build consensus between the taxing authorities on which transactions should be undertaken. Mr. Rader expressed his belief that this dialogue would lead to formal MOUs or intergovernmental agreements between these agencies and would have the effect of limiting the challenges to the bond validation because the issues would have been negotiated beforehand.

Mr. Rader provided that these agreements and negotiations can be reached without disclosing the identity of the prospective developer. Specifically, he noted that the general parameters of whether or not usufruct or an estate of years will be used, whether the entire benefit goes to the development, whether they finance local public amenities, and whether any PILOT payments designated to a local authority will be restricted can be negotiated and rules can be established without reference to a particular subject or particular project. Mr. Rader emphasized the importance of allowing those that are the stewards of tax revenues to represent their constituents to ensure the integrity of those revenues because, at some level, tax abatements mean that someone else will have to be taxed to make up for the forgone revenue.
Ms. Palm expressed support for the recommendation for earlier notice to the government authorities which was proposed by Mr. Mueller and Mr. Rader of ACCO. Additionally, she expressed support for the recommendation that affected government agencies be given standing at bond validation proceedings, particularly for projects related to housing, as such projects will likely have an effect on the school system.

5. Bond Validation
Mr. McRae provided that the bond validation process begins with an application, after which the board meets to adopt an inducement resolution. Next, the bond documents are prepared and distributed for review, after which comments are received and the documents are revised and re-distributed. The board then meets a second time to adopt the bond resolution. At this point, the judicial validation process begins, and notice must be served on the district attorney, a petition must be filed with the court clerk, and a hearing date is set. Prior to the hearing, two newspaper ads must run providing notice to the public of the validation. A bond hearing must take place within 20 days of the approval of the bond resolution and filing with the judge. Mr. McRae provides that he includes the MOU with the bond documents filed with the superior court, but it is not a requirement that all attorneys include it in the filing. Mr. McRae emphasized that there are two public meetings of the authority and two notices to the public are published prior to the bond validation.

Mr. Wall testified that the bonds issued by the authority that are held by the developer are “phantom bonds” because money does not change hands to convey the title, but rather the bonds accrue interest over the term of the contract and so the developer pays for the return of title by stamping the bonds paid and forgoing a substantial asset in exchange for debt cancelation.

6. Downtown Development Authorities
Sadie Krawczyk, of the Georgia Municipal Association, spoke on behalf of GMA and the Georgia Downtown Association and provided that downtown development authorities (DDA) operate differently than industrial development authorities. DDAs focus on a very narrow boundary, and there is a requirement that board members have an economic interest within those boundaries. Ms. Krawczyk provides that there are 537 cities throughout Georgia and each could have a downtown development authority if they defined a boundary as a downtown and created the authority.

Ms. Krawczyk offered that DDAs do not generally use tax abatements in the same manner as traditional development authorities, meaning they do not usually establish an estate of years or usufruct for economic development projects. Rather, DDAs identify properties and parcels that are not active in the private market and then market, sell, or redevelop such properties with the ultimate goal of returning the property to the private market.

7. Contractor Lien Rights
Bill Dorris, representing Associated General Contractors of Georgia, provided that when the title to real property is in the public body, there are no lien rights against the development authority. Similarly, a usufruct interest is not subject to lien rights. This can lead to contractors being left in an unfortunate situation in the case of default. Mr. Dorris recommended a solution to this issue, such that developers with a usufruct lease be subject to the mechanic's lien statute and is subject to levy and sale pursuant to it. He provides that this change does not affect the authority or the developer but merely provides contractors with a method of recovering payment.

8. Board Members and Training
Ms. Palm referenced the 2013 report on development authorities from the Department of Audits and Accounts, noting the recommendation that members of the authority get their required training. She provided that, based on DCA's information from this Study Committee previous meeting, only 77 percent of the members had completed their required training. Ms. Palm recommends that this be
looked into further and that the Study Committee consider an enforcement mechanism of some kind. Additionally, Ms. Palm recommends that authorities include a school district representative in their membership. A single member, she notes, is not enough to kill a deal but would provide information on the potential impact of a project on a school district.

Mr. Mueller and Mr. Rader provided to the Study Committee that county commissioners generally appoint board members but do not have the power to remove said members from office.

Ms. Krawczyk provided that board members must get eight hours of training during the first 12 months of their appointment.

**Meeting Three – November 10, 2022 (Coverdell Legislative Office Building, Room 307)**

The Study Committee heard testimony from:
- Chris Humphrey, Executive Director, Douglas County Development Authority;
- Don Bollio, Chair, Development Authority of DeKalb County;
- Dorian DeBarr, President, Development Authority of DeKalb County;
- Tim Evans, Hall County Development Authority;
- Anna Chafin, Chief Executive Officer, Brian County Development Authority;
- Missy Kendrick, president and CEO, Rome-Floyd County Development Authority;
- Jason Dunn, director, Fitzgerald and Ben Hill County Development Authority;
- Benji Thompson, chairman, Georgia Economic Development Association (GEDA); Development Authority Chair, Bulloch County;
- Andrea Schriufer, executive director, Valdosta-Lowndes County Development Authority; and
- Dan McRae, Scyfarth Shaw.

The Study Committee heard testimony from representatives of development authorities throughout the state to gather information regarding best practices for development authorities. The speakers expressed the extensive benefit that development authorities have had on their community. While development authorities in metro counties operate very differently from those in rural counties, testimony was clear that development authorities play a vital role in each local ecosystem. The testimony revealed time and again that development authorities provide a valuable tool for building local economies, bringing in local jobs, fostering local business, and supporting the unique needs of a community.

1. **Metro Area Best Practices**

Regarding collaboration with other government agencies, both Douglas and DeKalb include members of other agencies on the boards of the county development authority. **Mr. Bollio**, Chair of the Development Authority of DeKalb County, provided that the Board of Commissioners directly appoints one of the members of the authority who acts as their representative, a policy that he believes is a best practice. This provides direct connectivity with the board of commissioners to ensure they are fully informed. **Mr. Humphrey**, Executive Director of the Douglas County Development Authority, notes that the chair of the Douglas county board of commissioners and mayor of the city of Douglasville sit on the Douglas County development authority board. They also sit on Douglas County’s public-private partnership board, alongside the superintendent of schools.

Mr. Bollio provided that most of the Development Authority of DeKalb County’s projects do not include tax incentives. Of those projects which do include tax incentives, it is very rare that any project receives a 100 percent tax abatement. The Development Authority of DeKalb County uses a standard schedule which starts with sixty-five percent. Mr. Humphrey provides that Douglas County has over 5,500
businesses and only 13 are on a property tax incentive plan. Incentives are provided through a pre-set schedule by ordinance.

Representatives from both DeKalb and Douglas counties explained that the development authorities have a formalized process for evaluating prospective projects which include tax incentives. Every project in Douglasville that the authority works on goes through a fiscal impact analysis using the LOCI program to project the impact on school services and other local services in the county and city. This ensures that there is a net gain from a school, county, and city tax perspective. In evaluating a project, the authority looks at the number of jobs, the average wage, and the size of the investment. Mr. Humphrey notes that Douglas County prioritizes wages and establishes a minimum threshold for wages that a company must offer. Additionally, the development authority offers bonuses to the plan so that projects can progress in the plan based on the increased amount of wages over the minimum qualifications. Mr. Bollia provided that the Development Authority of DeKalb County requires an intensive incentive evaluation process, requiring a return on investment of at least three to one. The Development Authority of DeKalb County developed its selection criteria to evaluate every prospective project objectively. He notes that each county will prioritize different things and so their evaluation systems are different, but that it is important to have a strategic evaluation plan.

**Dorian DeBarr**, President of the Development Authority of DeKalb County, provided the Study Committee with details regarding the Trinity Chamblee Plaza, a recent Development Authority of DeKalb County project which revitalized a shopping center and created 454 new jobs with an average wage of $40,000.

Both Douglas and DeKalb Counties contain multiple development authorities operating within the county boundaries. Mr. Humphrey provided that Douglas County has three development authorities: The Douglas County Development Authority and the Douglasville city development authorities share the same staff.

Mr. Bollia provided that the DeKalb authority encourages developers to bring the city in as early as possible. Further, as part of the Development Authority of DeKalb County’s board’s policy, the authority requires that the city and school board be notified of a project as soon as possible. Mr. Bollia notes that this is sometimes delayed because of non-disclosure agreements.

2. **Non-Metro Area Best Practices**
   a. **Hall County**

**Mr. Evans** of the Hall County Development Authority provided that the Hall County Development Authority has no staff, no overhead, and no annual expenses. As a result, according to Mr. Evans, they do not need to charge development authority fees. There are nine members of the development authority board and Mr. Evans provides that they serve four-year terms and then must be off the board for two years before they can be reappointed.

According to Mr. Evans, the Hall County Development Authority’s selection of projects begins with a business need in the area. He provided that potential projects engage in a site elimination process, whereby the company considers potential sites for their business and eliminates contenders before finally deciding on a site. Mr. Evans provided some responses from a corporate survey regarding site selection factors, including ranking the importance of those factors, noting that the availability of workforce has become more important in the last few years. The chart included highway accessibility, availability of skilled labor, and labor costs as the top three factors both in 2018 and 2019. He noted that while tax exemptions are rarely high on this list, by the time a developer is making their final selection, they’ve already resolved all of the highest priority factors and, occasionally, the final decision may be based on incentives.
Regarding best practices, Mr. Evans provided several recommendations. He provided that development authorities should establish standards for the types of projects that qualify for incentives. In selecting projects for incentives, Mr. Evans recommended authorities engage in a “but-for” analysis, as well as a cost-benefit analysis on the fiscal impact of the project. Mr. Evans further recommended that development authorities inquire as to whether a project is competitive and whether it is fair to all concerned, including existing industry. Additionally, Mr. Evans provided that development authorities should seek input from all taxing entities, including any affected cities, counties, and public schools, prior to making a commitment. Such entities should be aware of the terms of any pilot payments, including whether any side payments will be pulled from it. He recommends that the authority execute a performance and accountability agreement with an enforceable clawback provision.

Additionally, in Hall County, proposals for incentives are not sent unless all local entities are in agreement, including the school board.

b. **Bryan County**

Anna Chafin, CEO of the Development Authority of Bryan County, provided further insight into development authorities in non-metro counties. The Development Authority of Bryan County is statutorily created and made up of a nine-person board appointed by the county commission. Board members serve 4-year terms and may be reappointed at the end of their term. The authority has a three-person full-time staff, and Ms. Chafin remarked that they are hoping to add two additional staff members. Ms. Chafin provided that the board’s membership currently include a member of the school board and a county commissioner, though she notes that this is by coincidence and not required. Additionally, the county administrator for Bryan County is an ex-officio who participates in all of the meetings.

She explained that when a company is interested in incentives, the authority provides a questionnaire that asks for information about jobs, investments, and wages. That data is used for a fiscal impact analysis and, in conjunction with LOCI, informs a recommendation on proposed incentives that is provided to the authority’s chair and vice chair. The board has empowered the chair and vice chair to work with the staff to make recommendation letters. The authority will provide an offer letter to a potential developer, which is contingent upon approval by authorizing bodies at the appropriate time. In selecting projects, the authority has recently begun using a set of guidelines, including a minimum wage threshold and a minimum job creation threshold that must be met for a project to qualify for incentives. The authority plans to hire a consultant next year to create a more formal incentives policy.

Ms. Chafin reported that before the execution of an agreement or MOU, the authority meets with the county commission to ensure everyone is on the same page. At this time the authority will also try to meet with the tax assessors’ board members. Additionally, Ms. Chafin provided that she often has a courtesy conversation with the school superintendent prior to an announcement. She noted that while the school board is not a party, the authority has a good relationship with the school board.

3. **Rural County Best Practices**

a. **Floyd County**

Ms. Kendrick, president and CEO of the Rome-Floyd County Development Authority, provided that there are three different development authorities and two downtown development authorities in Floyd County and that she and her staff serve all of the authorities except the Downtown Development Authorities. The Rome-Floyd County Development Authority’s board is made up of seven members and the authority is a constitutional authority with four constitutional members: the chair of the county commission, the mayor of the city of Rome, the chair of the Chamber of Commerce, and the
chair of the existing industry association. The remaining three at-large members are appointed by those four members. At-large members serve three-year terms each and may be reappointed.

Ms. Kendrick provided that the authority adheres to a schedule and requires minimum investment amounts, minimum job numbers, and minimum wage levels before a project is eligible for benefits. The authority does a fiscal impact analysis and uses LOCi to evaluate an incentive and project. Prior to making a recommendation to the board, Ms. Kendrick provided that they receive a sign-off by the city manager, county manager, and school superintendent. The authority also has an annual evaluation meeting where all incentive projects are evaluated for progress. This meeting includes the school board superintendents, the tax assessor, the tax commissioner, and county and city officials. The incentive agreements include claw-back procedures, so if developments are not meeting their performance expectations they would have to pay back incentives they received.

Ms. Kendrick provided that, based on her long career in economic development in different communities of different sizes, all communities are different. She noted that the only commonality is that local leadership decides what is important to them and creates a system around those priorities. She recommended that this flexibility not be curtailed.

b. Ben Hill County

Mr. Dunn, director of the Fitzgerald and Ben Hill County Development Authority, provided that Ben Hill County’s priority has been growing its existing industries. The board is composed of five members, including the mayor and county commission chairman. The mayor and chairman each have an employee appointee that is voted on by the city council and county commissioners. All members serve 4-year terms. The authority holds monthly meetings to which the school superintendent and county manager are invited. The city manager, city administrator, and county manager have input on any project the authority undertakes.

4. Additional Testimony and Best Practices

Mr. McRae of Seyfarth Shaw spoke again to the Study Committee, reiterating previous testimony that development authorities across the state each work differently and work the way they need to work to serve their communities. He remarked that development authority meetings are open to the public and that bond validation proceedings occur through Georgia’s superior courts, which provides transparency for the authority’s actions. Additionally, Ms. Schruijer of the Valdosta-Lowndes County Development Authority remarked on community engagement with their development authority at local meetings and hearings.

Mr. Thompson chairman of the Georgia Economic Development Association (GEDA) and Development Authority Chair of Bulloch County; testified to his belief in the importance of development authorities existing independently of the county commissioners because they provide a tool that county commissioners do not. While the authority is never outside of the influence of the county commissioners because they appoint board members, independence is important. He noted his preference that members put the community first and make independent decisions. He also expressed support for the reappointment of sitting board members, noting that it is important to keep someone on the board who is doing a good job.

Meeting Four – November 17, 2022 (Coverdell Legislative Office Building, Room 307)

The Study Committee heard testimony from:
- Jeff Rader, DeKalb County Board of Commissioners;
- Jo Ellen Arzt of Morgan County;
• Julian Bene, former member of the board of directors of Invest Atlanta; and
• Dan Baskerville, representing DeKalb County Schools.

The Study Committee heard public commentary at this meeting.

Jeff Rader, who spoke at the Study Committee’s second meeting, testified for a second time during this meeting. He remarked on the important role development authorities play in driving economic development in Georgia. He echoed his previous comments regarding the potential for abuse due to the lack of structure and regulation in the development authorities’ statute. He provided that metro areas and non-metro areas are different and may require a different approach, noting that accountability is stronger in non-metro areas around the state.

Mr. Rader offered that DeKalb provides 11 abatement schedules which depend upon the term of the abatement and which tend to provide larger tax abatements to larger projects. Mr. Rader expressed concern that this practice is not consistent with Georgia constitutional standards requiring uniformity.

Mr. Rader additionally remarked on the appointment process, noting that members continue to serve expired appointments. He expressed his belief in the importance of timely nominations and appointments in the organizations. Mr. Rader provided that members generally serve until a replacement is appointed. Additionally, there is no legal mechanism for the removal of a member by the commission during their term.

Mr. Rader provided that the selection process for projects lacks quantitative analysis beyond the LOCI tool. He additionally provided that neither LOCI nor any other methods of analysis by the DeKalb board complete a “but-for” analysis on a project. The tax allocation district statutes, in contrast, provide for a specific “but-for” test that must be demonstrated to show that unless a tax allocation district is established, a development would not occur. Mr. Rader urged the Study Committee to investigate a mechanism for employing a “but-for” test for development authority project selection. More specifically, he provided that examining the real estate pro forma, the actual cost of construction, what a developer is proposing to pay, and whether or not that is the market rate can illuminate whether a developer would develop but for an incentive.

Mr. Rader recommended the Study Committee recommend changes that focus on the metro-area counties and particularly on multi-family and retail projects where decisions are not incentive-based, and instead are market demand based. Additionally, he noted such projects have high public service demand and can inflate land prices. In market demand-driven projects, he stressed the importance of allowing the free market to determine for itself rather than the government picking winners and losers.

Mr. Rader also noted the conflict that occurs when development authorities have overlapping jurisdictions, noting that they may compete against one another for the same projects.

Jo Ellen Artz, of Morgan County, spoke briefly to express her concerns regarding certain development authority projects which have been taken over by the state.

Julian Bene spoke to the Study Committee regarding his experience as a former member of the board of directors of Invest Atlanta. He expressed concerns regarding the motivations of development authorities and regarding public trust in the institutions. Mr. Bene provided that Invest Atlanta’s motivation for granting incentives was often the desire to collect fees. He stated that the Fulton County Development Authority was competing with Invest Atlanta. Additionally, the Fulton County Development Authority appears from a distance to be giving unnecessary and unreasonable breaks. He provided that Fulton County Development Authority is also very fee oriented, noting that at
meetings when an incentive is voted down the treasurer may remark that they need fees for the budget.

Mr. Bene provided that he does not believe apartments are economic development projects. He echoed Mr. Rader’s sentiments that these are market driven.

According to Mr. Bene, the city of Atlanta asked the Fulton Development Authority to stop giving tax breaks within the city because they gave out $138 million in tax breaks in 2019.

Mr. Bene recommended several structural solutions that he believes would be beneficial if applied to development authorities across the state. He recommended that authorities get the agreement of all affected taxing authorities prior to granting incentives. He further recommended that the incentive from deal fees be reduced. Additionally, he recommended the board grant funds, executive pay, and that the percentage and duration of allowable tax breaks be capped. Finally, he recommended that competing development authorities over the same area not be permitted.

Dan Baskerville, representing DeKalb County Schools, echoed the recommendations of ACCG and GSBA to provide standing statutorily for other affected local governments at bond validation hearings for, at minimum, mixed-use housing projects. He noted that standing will incentivize development authorities to work more collaboratively with those local governments whose taxes will be part of the incentive package offered. Additionally, he noted that school board members do not necessarily have standing at bond validation hearings even as citizens because citizen standing requires that a person be a resident of the jurisdiction requesting the validation, and members of the school board or county commission may not reside within that jurisdiction. He offered the example of a project approved by a city development authority and noted that county commissioners or school board members who reside in the county but outside of the city would not have standing, even though the city development authority might be abetting school board or county taxes.

**Meeting Five – November 30, 2022 (Coverdell Legislative Office Building, Room 307)**

During the fifth meeting no testimony was heard. The Study Committee discussed previously heard testimony and considered potential findings and recommendations from this Study Committee.

**Meeting Six – December 15, 2022 (Coverdell Legislative Office Building, Room 307)**

During the sixth meeting, members voted upon the adoption of this final report and recommendations. All members were present at the meeting; Senator Max Burns of the 23rd, Senator Clint Dixon of the 45th, Senator Steve Gooch of the 51st (via zoom), Senator Jeff Mullis of the 53rd, Senator Elena Parent of the 42nd, and Senator Michael Rhett of the 33rd.

The report was adopted unanimously.
FINDINGS

Based on the testimony and research presented, the Study Committee on Development Authorities and Downtown Development Authorities finds:

Local development authorities, including downtown development authorities, are an invaluable component of Georgia's economic development efforts.
- Georgia is a pro-business state that welcomes business and industrial growth;
- Georgia is the #1 state in the United States to do business 9 years in a row; and
- The Study Committee's objective is supporting and nurturing Georgia's pro-business climate.

Local development authorities are an important tool for economic development across the state.
- On a statewide scale, local development authorities are a key instrument in keeping Georgia competitive in attracting business;
- The flexibility inherent in development authorities provides communities with the freedom to set their own priorities based on their specific, local needs;
- Local development authorities provide a mechanism for supporting existing businesses; and
- In communities throughout Georgia, local development authorities work to improve the residents' quality of life, such as by prioritizing attracting new, well-paying jobs.

The Department of Community Affairs (DCA) serves as a reporting agency for development authorities.
- There are over 500 development authorities in Georgia;
- DCA does not have a mechanism to ensure local development authorities report activity consistently or in a timely manner, and not all development authorities consistently report to DCA;
- The data provided to DCA through annual reports is limited and DCA has limited transparency of local development authority activity; and
- DCA's role does not extend to oversight over local development authorities, nor do they have enforcement powers.

While each local development authority operates differently, there is a marked difference in the operations of authorities in smaller, non-metro counties and those in larger metro-area counties.
- Large, metro-area counties have more local development authorities operating within a single county (sometimes over twenty) than operate in small, non-metro counties;
- In larger counties, there may be competition among development authorities that share a jurisdiction;
- In larger counties, development authorities themselves, their executive directors, or staff may derive financial support from project-financing or approvals. This may present a conflict of interest in approving projects;
- Generally, smaller, non-metro counties have fewer conflicts and concerns;
- Local development authorities in smaller, non-metro counties often focus on the creative attraction of business growth, both by supporting existing businesses and seeking to attract new businesses; and
- Recently, there has been a significant increase of local development authority involvement in multi-family housing projects.

Local development authority board members are required to receive minimal training.
- Board members are required to receive a total of eight hours of training during their time serving on such board;
- Current law does not require any recurring training for board members;
- Training is provided by both public and private entities and the content of such training is similar but not standardized among providers; and
- There is no certification process for local development authorities or their board members.

This Study Committee heard testimony from multiple development authorities regarding **best practices**.
- Best practices were not universally implemented across development authorities;
- A Memorandum of Understanding (MOU) between local jurisdiction entities is a best practice;
- A pre-approved project evaluation tool that is created with input or concurrence of local affected jurisdictions and that is adopted by the local development authority is a best practice;
- Inclusion of local affected jurisdiction members on a local development authority board is a best practice;
- A review and discussion of proposed project details prior to final approval and authorization by the local development authority and impacted local jurisdiction entities is a best practice; and
- Board members serving defined terms and rotating off on a periodic basis is a best practice.

**Local Jurisdictions**, including the County Commission, City Councils, and local School Boards, are not consistently informed on projects before a project is approved by the local development authority.
- Local jurisdictions learn the details of a project and the impact of a project late in the decision process, generally around the time bond validation procedures have begun; and
- Local jurisdictions lack standing as an entity to provide input in bond validation hearings.

**Contractors** and sub-contractors appear to have no lien rights, that is, no legal recourse to recover expenses for unsuccessful projects, in situations where the developer has an interest in the land through a mere usufruct.

The Study Committee articulates the following **concerns**:
- The lack of standard operating procedures for local development authorities;
- The lack of certification process for local development authorities, their executive directors, staff, or board members;
- The training for local development authority board members is limited and inconsistent.
- Board members' terms expire and may not be replaced or reappointed in a timely manner, leading board members to continue to function after the expiration of their term. This may result in boards operating independently and without any input from the County Commission (the general appointing body);
- Local development authorities operate autonomously and their decisions are not widely known prior to project approval;
- The limited transparency in local development authority operations;
- The limited internal or external oversight or review of development authorities; and
- There is no mechanism to address operational concerns regarding a local development authority.
RECOMMENDATIONS

Based on the testimony and research presented, the Study Committee on Development Authorities and Downtown Development Authorities issues the following recommendations:

1. Propose legislation to provide for additional training for development authority board members and directors. Under current Georgia law, development authority board members and directors must complete at least eight hours of training within the first twelve months of their appointment to the board. Legislation should include more rigorous training and enforcement mechanisms for noncompliance, i.e. two hours of additional training per year for board members and suspension of voting eligibility of board members for failure to complete required training for two consecutive years.

2. Propose legislation requiring Development Authority Boards maintain in-term membership to their Boards through a limit to hold-over voting eligibility to within six months of the expiration of a sitting member’s term. Such legislation would maintain accountability to current Governing Authorities and public stakeholders;

3. Propose legislation to cure contractor liability exposure for local development authority projects with usufruct lease agreements;

4. Request through the appropriations chairman in the senate Departments of Audits and Accounts (DOAA) conduct a performance audit of local development authorities, subject to necessary funding. Such a performance audit should serve to update the 2013 DOAA local development authority audit. Additionally, the audit should focus on operation concerns, including the competition among local development authorities with overlapping jurisdictions and potential conflicts of interest;

5. Request the Georgia Economic Development Association establish best practices, develop an implementation plan for best practices adoption, and, within one year, provide a self-assessment tool through which members can report adoption of best practices. Because development authorities for different sized communities have different needs, GEDA should establish best practices for metro-area development authorities, rural development authorities, and non-metro and non-rural development authorities;

6. Explore legislation allowing local or joint county delegations to pass local legislation with additional coordination or review requirements beyond state law in counties with overlapping jurisdictions and development authorities.

30 O.C.G.A. §§ 36-62A-21 (local development authorities); 36-42-7 (downtown development authorities).
Such legislation would serve to ensure harmony among local governing agencies, minimize conflict and unnecessary competition between authorities with overlapping jurisdiction, and provide a safe-guard against potential abuse; and
Respectfully Submitted,

FINAL REPORT OF THE SENATE DEVELOPMENT AUTHORITIES AND DOWNTOWN DEVELOPMENT AUTHORITIES STUDY COMMITTEE (SR 809)

Senator Max Burns, Committee Chairman
District 23