

# DeKalb County Revenue Enhancement Commission

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Recommendations

January 2011

## I. Introduction

The general health of DeKalb County economically mirrors that of the nation, and in many instances, is an amplified version of the crisis that has gripped America.

The loss of jobs throughout the county has created high unemployment, which has been a main driver in the increase in foreclosures. These foreclosures, in turn, decrease property values and impact property taxes. Consumer demand also decreases, thereby decreasing sales for businesses throughout the county and consequently the amount of sales tax the county can collect.

This is backdrop of the financial picture of 2011 for DeKalb County. Low property values and low sales create a scenario of decreased revenues. While all observers would say that this is indicated by conventional wisdom, there are concrete numbers to show the magnitude of this effect.

**Diagram 1**

Tax Funds Budget	
<b>2006</b>	\$581,104,184
<b>2007</b>	\$630,582,324
<b>2008</b>	\$636,455,635
<b>2009</b>	\$606,748,751
<b>2010 (proj.)</b>	\$557,255,319

**Diagram 2**

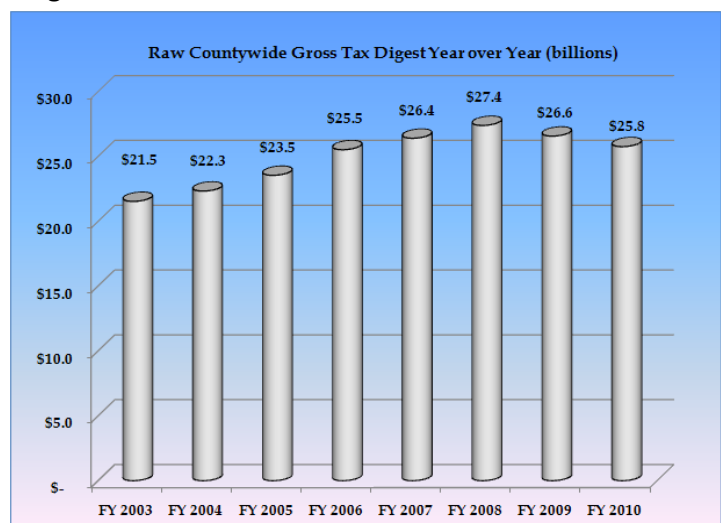
Sales Tax		
<i>Received for</i>	<i>Total</i>	<i>Change from prior year</i>
<b>2006</b>	\$101,043,317	12.4%
<b>2007</b>	\$100,632,759	-0.4%
<b>2008</b>	\$95,277,738	-5.3%
<b>2009</b>	\$87,427,699	-8.2%
<b>2010 (proj.)</b>	\$88,000,000	

For the past few years, DeKalb County has experienced revenue shortfalls. In 2009, it was recognized that the poor economy impacted DeKalb County's anticipated revenue through a reduction in property tax digest values, sales taxes, and in other taxes, fines and forfeitures. Also, the loss of taxes and fees resulting from the incorporation of Dunwoody has had a negative impact on the county.

Voters approved the Homestead Value Freeze Referendum (HB 595) for county taxes only in November 2006. The revaluation of properties, absent the referendum freeze, would have normally provided the county with approximately \$12 million for county services and debt service in 2007, 2008 and 2009. Additionally, in 2009, the General Assembly passed HB 233, which froze assessments on all residential and commercial properties through 2011. This measure was recently extended in a referendum passed in November 2010.

Real property taxes brought in \$225 million of the 2009 tax funds revenue (41 percent). It was by far the largest single category. This funding is based on the tax digest<sup>1</sup> multiplied by the millage rate<sup>2</sup>.

**Diagram 3**



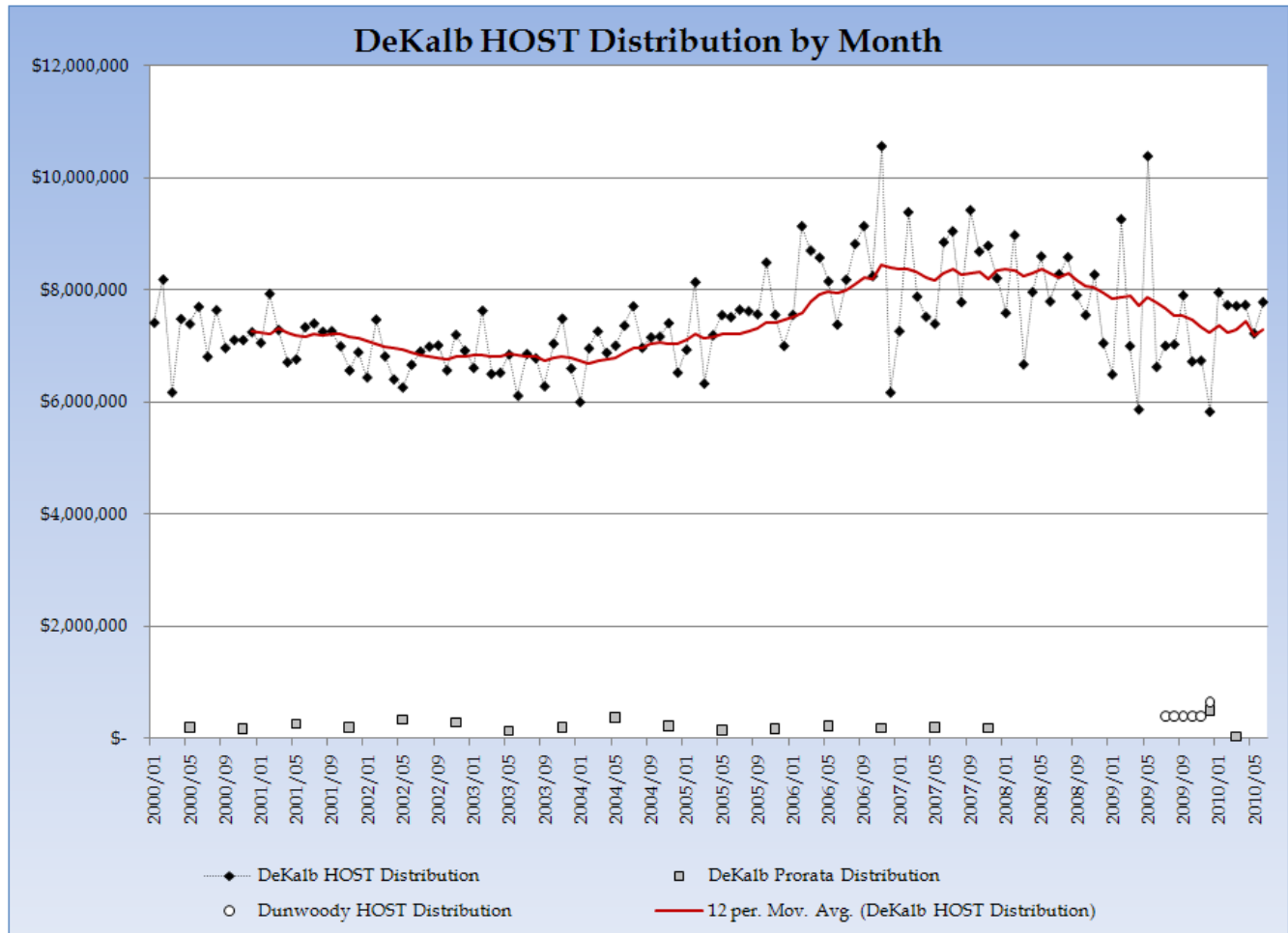
<sup>1</sup> A listing of all property and property values including real estate, exempt property and personal property in a county.

<sup>2</sup> Amount per \$1000 used by county to calculate property taxes.

The tax digest reached an all time high in DeKalb County in 2008 of \$27.4 billion. Since then, it has decreased to approximately \$25.8 billion. That is a decrease of 5.8 percent in a number that has only seen annual increases in modern history. Two years of negative growth and a strong possibility of a third in 2011 drastically affect this main funding source.

The second half of this equation – the millage rate – has increased over this time, but those increases from 16.07 mills in 2005 to the current 16.86 mills (4.9 percent)<sup>3</sup> were tied to the incorporation of the City of Dunwoody more than any other factor.

**Diagram 4**



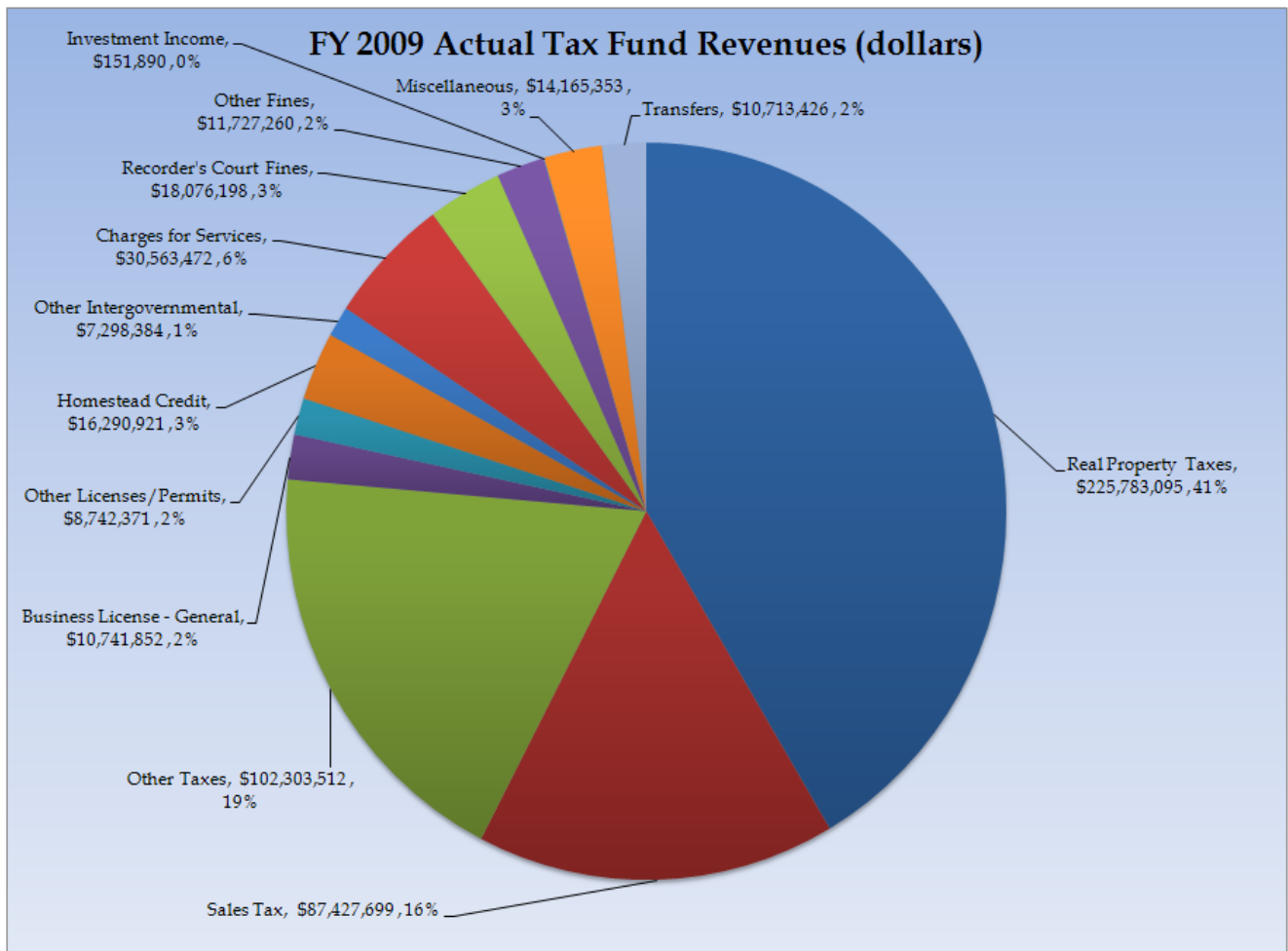
The other major source of county funding which goes primarily to lowering property taxes is the Homestead Options Sales Tax, HOST (penny sales tax). It has mirrored property taxes in taking a dip since its all time high in late 2008.

<sup>3</sup> Millage rates between 2005 and 2010 were as follows:  
 2005, 15.48; 2006, 16.07;  
 2007, 16.07; 2008, 16.07;  
 2009, 16.86; 2010, 16.86.

Property taxes, sales tax, and other taxes, such as intangible recording taxes, hotel/motel taxes, motor vehicle taxes, and beverage taxes, made up a total of 58 percent of the tax fund’s revenue in 2009. All other sources combined represented the other 42 percent. It is those other sources of revenue which are being examined to show their potential maximization (see Diagram 5).

Meanwhile, the county population has continued to grow, with a 20 percent growth factor over a 10-year time period. This has resulted in an increased demand for services. However, the decrease in available revenue has made it difficult to respond to the increased demand.

**Diagram 5**



## II. Revenue Enhancement Commission

The Revenue Enhancement Commission (REC) was launched by CEO Burrell Ellis, Commissioner Kathie Gannon and the Board of Commissioners as a joint initiative in June 2010 in response to the global economic downturn, which severely impacted all local governments, and left DeKalb County with a projected \$23 million budget shortfall<sup>4</sup> for 2011. The mission of the REC was to identify and explore new external and internal revenue systems; and develop recommendations for the DeKalb County Governing Authority that will enhance revenue and decrease the property tax burden for general government operations in order to maintain and improve quality of life for DeKalb Citizens. Local governments generally have three revenue generating options: increase efficiencies, reduce services and increase existing revenues, or identify new revenue sources. While the REC solely focused on revenue generating opportunities that could mitigate the impact of budget shortfalls, its members recognized that finding efficiencies and reducing expenditures would also be necessary to address the county’s fiscal challenges.

Local business and finance experts with significant community involvement were appointed to the REC. The REC was jointly chaired by William Dahlberg, President of Southern Company (retired), appointed by CEO Burrell Ellis; and Matthew Ware, CEO of Ware’s Padgett Business Services, appointed by Presiding Officer Larry Johnson. Commissioner Kathie Gannon served as convener.

**Diagram 6**

<b>Revenue Enhancement Commission</b>	
<b>CEO Appointments</b>	
Isaac Blythers, President (Retired) Atlanta Gas Light Company	Robert Voyles, President The Seven Oaks Company
<b>BOC Appointments</b>	
Karen Bennett, President & CEO Metro Therapy Provider <b>District 4</b>	Darryl Ford, Owner Stone Mountain Chrysler, Jeep and Dodge <b>District 7</b>
Sarah Beth Gehl, Deputy Director Georgia Budget and Policy Institute <b>District 6</b>	Kevin Greiner, President & CEO Gas South <b>District 6</b>
Robert H. Hollis, VP & CFO Atlanta Metro Chamber of Commerce <b>District 2</b>	Belinda Pedroso, Partner Ascension Financial, Inc <b>District 3</b>
<i>Richard Stogner, Executive Assistant DeKalb County Government <b>District 5 (resigned 9/14/10)</b></i>	

<sup>4</sup> This shortfall has increased since the original projection.

### III. Executive Summary of Recommendations

As a general recommendation, **the REC strongly encourages the county to keep an open mind and continuously look at excess capacity, marketing and privatization opportunities where appropriate.**

The following chart highlights the REC’s recommendations for concepts that should begin implementation immediately, based mainly upon timing and staff readiness.

**Diagram 7**

<b>Recommendations for Immediate Implementation</b>
1. (A) Increase Retail Package Liquor Store and General Business License Fees and (B) Upgrade Occupational Tax/Business License Fee
2. Upgrade offerings and prices, and add additional locations for vending machines in county facilities
3. Encourage state to notify vendors of the elimination of food sales exemption for HOST
4. Collect Financial Institutions Tax
5. Review excess capacity in 311 Citizen Help Center to sell service to other jurisdictions

The REC made recommendations on concepts identified as first-tier priorities – concepts that could be implemented in 2011.

**Diagram 8**

<b>First-Tier Priorities</b>	
<b>Concept</b>	<b>Targeted Implementation</b>
6. Engage in various revenue and cost recovery strategies, such as DOR audit to identify paid sales taxes; collection of unpaid business occupational taxes; revenue recovery in certain county departments to underwrite service costs (e.g. false alarm fees and development fees).	4 <sup>th</sup> Quarter 2011
7. Initiate permitting and registration, inventory and change in valuation of properties occupied by billboards and cell towers	1 <sup>st</sup> Quarter 2011 <i>Legislative Agenda</i>
8. Increase Hotel/Motel Tax	1 <sup>st</sup> Quarter 2011 <i>Legislative Agenda</i>
9. Dedicate a staff person to identify grants on behalf of the county	1 <sup>st</sup> Quarter 2011
10. Implement an incentive-based employee suggestion program for revenue enhancements and efficiencies	1 <sup>st</sup> Quarter 2011
11. Evaluate validity of current exemptions for properties identified with non-profit ownership as tax-exempt	3rd Quarter 2011
12. Construct additional private hangars at Peachtree-DeKalb Airport	

The REC identified as second-tier priorities concepts with relatively less financial impact.

**Diagram 9**

<b>Second-Tier Priorities</b>	
<b>Concept</b>	<b>Targeted Implementation</b>
<b>13.</b> Use Market-Based Revenue Opportunities (MBROs) for advertising on various county properties, such as direct, indirect and media-based advertising on county property, billboards, vehicles, and website.	2 <sup>nd</sup> Quarter 2011
<b>14.</b> Sell surplus county land beginning with inventory of vacant properties and evaluate feasibility; (market driven)	1 <sup>st</sup> Quarter 2012
<b>15.</b> Sell Geographic Information Systems (GIS) data (market driven)	1 <sup>st</sup> Quarter 2012
<b>16.</b> Support state and federal activities to streamline sales tax code for Internet Sales Tax	1 <sup>st</sup> Quarter 2011 2011 Legislative Agenda
<b>17.</b> Collect 911 fees from Voice Over Internet Protocol (VOIP) providers	2 <sup>nd</sup> Quarter 2011 Requires BOC actions

The REC discussed the concept of Payments in Lieu of Taxes – PILOTs (18.), in which tax-exempt organizations enter into agreements with local governments to pay for certain services in lieu of property taxes. The REC recommended that roundtable discussions be held with stakeholders regarding PILOTs.

**Diagram 10**

<b>Other Concepts Discussed by Revenue Enhancement Commission (not recommended at this time)</b>
Review excess capacity possibilities with Seminole Road Landfill, green energy and vehicle maintenance services to share service with other jurisdictions
Incorporate DeKalb County to allow county to negotiate and collect franchise fees
Seek sponsorship opportunities for DCTV
Charge a transportation utility fee
Invest in Smart Grid Technology
Vet opportunities for privatization of various functions of government
Provide philanthropic naming rights for county properties

Several REC recommendations can be implemented administratively, with coordination among the Finance Department and various other departments, and the regular Board of Commissioners process. Concepts that would require immediate Board of Commissioners action and in some cases, inclusion on the legislative agenda, are highlighted below.

**Diagram 11**

<b>Concepts Requiring Inclusion on the Legislative Agenda and/or BOC Action</b>
Increase Retail Package Liquor Store and General Business License Fees and Increase Occupational Tax/Business License Fee (BOC action)
Engage in revenue and cost recovery (BOC action to change certain fees)
Initiate permitting and registration inventory of properties occupied by billboards and cell towers (BOC action)
Increase Hotel/Motel Tax (BOC and legislative action)
Sell GIS data
Streamline Sales Tax Code for Internet Sales Tax
Collect 911 fees from Voice Over Internet Protocol (VOIP) providers

#### **IV. Methodology**

The REC held six meetings between July and November to review and discuss policies and programs that could be implemented by DeKalb County to provide additional revenue to the county. The REC made recommendations for traditional and non-traditional programs to be implemented by the county, which were highlighted in the Executive Summary and are detailed in the Recommendations section. Interns conducted research of local governments throughout the US to identify new and exceptional revenue generating ideas, of which several were identified. It is noteworthy that no organization was found to be conducting a comprehensive program to identify revenue enhancements. Additional ideas were submitted by the CEO, Board of Commissioners, staff and the public. All ideas were presented to the REC for review.

The REC began its work by gaining an understanding of the county’s budget and structure and current challenges. An examination of general information on the county’s budget and structure, as well as various revenue enhancement concepts and ideas. Presentations were given by county interns and staff, as well as representatives from the public, private and non-profit sectors. Also, as ideas and concepts were discussed, staff and interns provided additional research at the request of the REC. Summaries of background information provided for each concept are described in the Recommended Concepts section of this report.

The REC’s recommendations are based on the presentations and information provided by external sources that related to policy and revenue potential. Internal departments did not research and apply the concepts to internal models, as most concepts came from outside DeKalb County. This will be required for implementation. With this in mind, revenue projections are not provided in this report. The REC strongly recommends that revenue projections be provided to the DeKalb County Governing Authority in conjunction with implementation schedules. Also, the REC encourages the county to utilize interns and partner with local universities and non-profit organizations for additional research and implementation of recommendations.

The REC would like to extend a special thanks to all DeKalb County staff and interns, provided by the Association County Commissioners of Georgia grant program, who conducted research and developed presentations.

**Diagram 12**

<b>Revenue Enhancement Commission Meeting Agenda and Presenters</b>		
<b>Date</b>	<b>Agenda</b>	<b>Presenters</b>
<b>July 13<sup>th</sup></b>	<ol style="list-style-type: none"> <li>1. Welcome</li> <li>2. Introductions</li> <li>3. Review of Commission Agendas, Deliverables and Timeline</li> <li>4. Background               <ol style="list-style-type: none"> <li>a. Tax funds and Revenue Summary</li> </ol> </li> <li>5. Begin External Revenue Systems Discussion</li> </ol>	<ul style="list-style-type: none"> <li>▪ Jay Vinicki, Policy and Research Director, DeKalb County Board of Commissioners</li> <li>▪ Dr. Michael Bell, Finance Director, DeKalb County</li> <li>▪ Erica Brooks, Special Projects Coordinator, DeKalb County Office of the CEO</li> </ul>
<b>August 3<sup>rd</sup></b>	<ol style="list-style-type: none"> <li>1. Continue External Revenue Systems Discussion               <ol style="list-style-type: none"> <li>a. Cell towers/billboards</li> <li>b. Advertising space, naming and sponsorship</li> <li>c. Payments for services in lieu of taxes</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>▪ Calvin Hicks, Tax Assessor, DeKalb County</li> <li>▪ Van Stephens, Assistant County Attorney, Gwinnett County</li> <li>▪ Steve Pruitt, Tax Assessor, Gwinnett County</li> <li>▪ Attorney Doug Dillard, Dillard &amp; Galloway</li> <li>▪ DeKalb County Special Projects Interns, Shikha Parsnani, and Kimberly Silva, Office of the CEO</li> <li>▪ Tony Griffin, Manager of Business Development and Sales, MARTA</li> </ul>
<b>August 24<sup>th</sup></b>	<ol style="list-style-type: none"> <li>1. Other External Revenue System               <ol style="list-style-type: none"> <li>a. Utility fees/franchise fees</li> <li>b. CNG sales, Carbon Credits, other</li> </ol> </li> <li>2. Begin Internal Revenue Discussion               <ol style="list-style-type: none"> <li>a. Department fees, user fees</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>▪ Jim Grubiak, General Counsel, Association County Commissioners of Georgia</li> <li>▪ Joel Gottlieb, Acting Finance Director, DeKalb County</li> <li>▪ Billy Malone, Sanitation Director, DeKalb County</li> <li>▪ Ted Rhinehart, DCOO Infrastructure &amp; Director of Public Works, DeKalb County</li> <li>▪ Jay Vinicki, Policy and Research Director, DeKalb County Board of Commissioners</li> </ul>
<b>September 14<sup>th</sup></b>	<ol style="list-style-type: none"> <li>1. Continue Internal Revenue Discussion               <ol style="list-style-type: none"> <li>a. Non-profits support services</li> <li>b. Business license/tax</li> <li>c. Outsourcing, privatization</li> </ol> </li> <li>2. Revenue Discovery – increased sales tax collection opportunities</li> <li>3. Public Comment</li> </ol>	<ul style="list-style-type: none"> <li>▪ Joel Gottlieb, Acting Finance Director, DeKalb County</li> <li>▪ Cornelia Louis, Auditor, DeKalb County</li> <li>▪ Clint Mueller, Legislative Director, Association County Commissioners of Georgia</li> <li>▪ Brian Lackey, Acting Director, Planning and Development, Gwinnett County</li> <li>▪ Phil Sutton, Assistant County Manager, Hall County</li> <li>▪ Darrell Black, Chief Information Officer, DeKalb County</li> <li>▪ Claire McLeveighn, Policy &amp; Projects Manager, Super District 6, DeKalb County</li> <li>▪ April Atkins, AICP, Administrative Projects Manager, Office of the CEO, DeKalb County</li> </ul>
<b>October 5<sup>th</sup></b>	Draft recommendations	
<b>October 26<sup>th</sup></b>	Finalize recommendations/final report	
<b>November 2<sup>nd</sup></b>	Present recommendations to Committee of the Whole	

## V. Recommended Concepts for Immediate Implementation<sup>5</sup>

### 1. Increase General Business License Occupational Tax Rate. Authorize the General Business License Occupational Tax to be charged to Retail Package Liquor Stores

The Finance Department provided the REC with information on the county's business registration process and tax schedule. The county's Business Registration Tax Schedule was last updated in 2000. Currently, the county's rates are below the rates of other jurisdictions in metro Atlanta. The rates are charged by class of business and number of employees. Also, the county charges a fixed fee for retail package liquor stores, whereas other jurisdictions in metro Atlanta charge a fixed fee, plus a tax on gross receipts. In order for the county to begin collecting at new fee rates, the Board of Commissioners would need to take action as soon as possible.

#### **(A) The Revenue Enhancement Commission recommends an increase in the General Business License Occupational Tax.**

The Occupation Business Tax Rate Schedule should be amended with the effective amended date. A comparative analysis of DeKalb County's rates to those of other metro Atlanta jurisdictions indicated that DeKalb's are considerably lower. DeKalb County businesses are divided among six classes of rates. DeKalb's current average of the six rate classes is .000480, which is lower than metro Atlanta average rates. The proposed DeKalb average rate would be 0.000565. The proposed rate changes are calculated based upon the Producer Price Index (PPI). It is estimated that \$2 - \$3 million in additional revenue could be generated from business registration fees through updating the tax schedule.

#### **(B) The Revenue Enhancement commission recommends authorizing the General Business License Occupational Tax to be charged to Retail Package Liquor Stores**

Currently package stores operating in DeKalb County are not charged the general business occupation tax. Such a tax would be governed by Chapter 15 - *Licenses, Permits and Miscellaneous Business Regulations*. Retail and wholesale package stores are expressly exempted from coverage under Chapter 15, leaving no other authority under the Code by which to impose the tax. In order to apply the tax to retail package liquor stores, the Code of DeKalb County must be amended by the Board of Commissioners to eliminate the exemption. Projections indicate this could yield an additional \$300,000 in revenue from package stores. Importantly, an automation process would speed up the process for the county to receive payments from businesses.

***Responsible Department(s): Finance and Board of Commissioners***

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<sup>5</sup> Based upon time frame needed or staff ability to move implementation forward quickly, rather than on projected revenue yield.

**2. Upgrade offerings and prices, and add additional locations of vending machines in county facilities**

According to information provided by the county's Finance Department to the REC, DeKalb County has a contract with Southern Refreshment Services, Inc. to provide vending machines at various county facilities. The five-year renewable contract yielded nearly \$100,000 in revenue in 2009 and approximately \$50,000 as of July 2010. There are more than 80 vending machines located in facilities throughout the county.

**The Revenue Enhancement Commission recommends additional locations and upgrading of products and prices either through negotiation for renewal of the current vending machine contract or with a new request for proposals (RFP).**

***Responsible Department(s): Finance***

**3. Encourage State of Georgia to notify vendors of the elimination of food sales exemption for HOST**

In 2010, Governor Sonny Purdue signed HB 1221 to make tax exemptions uniform statewide, thereby eliminating the Homestead Option Sales Tax (HOST) exemption on food and food ingredients, effective January 2011. This change is anticipated to provide an increase in HOST revenue from \$12 million to \$13 million in 2011. The Finance Department and the Association County Commissioners of Georgia (ACCG) presented this information to the REC.

**The Revenue Enhancement Commission recommends DeKalb County request cooperation in notifying vendors of removal of exemptions.**

In order for vendors to be prepared for the increase, the REC recommends that the county request timely notification of vendors by the Georgia Department of Revenue of removal of exemptions. Although the county did not recommend the food tax increase, its HOST revenues will benefit.

***Responsible Department(s): Office of the CEO and Finance***

**4. Collect Financial Institutions Tax**

Also known as the Bank Shares Tax, the Financial Institutions Tax allows counties to levy and collect funds from depository financial institutions with offices located within their jurisdictions. In essence, it is in lieu of a business registration tax on banks. Suggested by ACCG and public comment, the county should ask banks to identify branches by location and investigate whether or not the county is getting tax revenue from branches in both incorporated and unincorporated DeKalb County. Fulton County recently expanded collection of this tax.

**The Revenue Enhancement Commission recommends DeKalb County collect all financial institutions taxes.**

***Responsible Department(s): Finance***

**5. Review excess capacity in 311 Citizen Help Center to share service to other jurisdictions**

The 311 Citizen Help Center (hereinafter, “311”) is a non-emergency government information call center, established in May 2006. By dialing 311, county residents can access and obtain a plethora of information on various topics ranging from how to pay water bills to community meetings. Currently, DeKalb County is the only jurisdiction in metropolitan Atlanta providing this service.

311 uses a comprehensive database of information on county departments and services, and responds to service requests on behalf of several county departments. Over the years, the county invested millions of dollars and human resources in 311, which has not been fully implemented due to staffing cuts. There may be opportunities to sell services to other jurisdictions.

**The Revenue Enhancement Commission recommends DeKalb County review potential excess capacity of the 311 Call Center and seek opportunities with other jurisdictions to provide this service.**

***Responsible Department(s): Information Systems, Finance, Law***

## **VI. Recommended Concepts First-Tier Priorities**

These items would provide the most revenue. Implementation requires various additional actions and data collection, and therefore an implementation plan should be completed immediately.

### **6. Engage in revenue and cost recovery strategies**

Opportunities for enhanced revenue may exist through recovery of a multitude of fees and registrations administered on the state and local government levels that were not previously collected. Revenue leakage exists if the county is not collecting all funds available from various revenue streams, including sales taxes and occupational and general business license occupational tax.

The concept of cost recovery can be used to identify which portion of a department's services is covered directly by users, for example, recovery of the full cost of false alarms or cost of library services and development fees. A study is needed to ascertain which departments are revenue producing and potentially set budgets accordingly. Action by the Board of Commissioners is necessary to set fees to recover costs. Jay Vinicki, Policy and Research Director for the DeKalb County Board of Commissioners, presented the REC with examples.

#### **The Revenue Enhancement Commission recommends DeKalb County engage in revenue and cost recovery strategies.**

[1] Operations departments should prepare a comprehensive list of all fees in a standardized format. Then, a complete analysis of uniformity and adequacy of fees (to assess if the fees cover what they should) would need to be administered. Also, cost recovery goals and strategies for appropriate departments should be determined.

[2] A report should be prepared that highlights what the county is already doing relative to recovery of revenue leakages (for example, inappropriate claims for multiple homestead exemptions)

[3] An audit to determine if businesses are appropriately registered with the county and have paid required registration fees would be required, exploring the possibility of using an outside vendor that is paid a percentage of collections.

[4] The county should undertake a database audit to track sales taxes collected by the Department of Revenue relative to county registered businesses. HB 1093 helps counties collect occupation tax and regulatory fees by requiring changes to business registrations to provide identifying information. In accordance with this legislation, the Georgia Department of Revenue will implement a new system in January 2011 with identification numbers for all businesses paying sales taxes. DeKalb County would need to change its applications to require sales tax identification numbers for all registered businesses.

***Responsible Department(s): Finance, Tax Commissioner, Police Services, DeKalb County Courts, and operations departments***

**7. Initiate permitting and registration, inventory and change in valuation of properties occupied by billboards and cell towers**

A panel including DeKalb and Gwinnett County tax assessors, Gwinnett chief assistant county attorney, and other stakeholders presented information on new revenue enhancement and cost recovery opportunities. For most local governments in Georgia, billboards and cell towers are classified as personal property, typically *mobile and movable* property. On the other hand, real property is defined as land and anything attached to it. Since billboards and cell towers are considered personal property, owners can report billboards and cell towers in bulk on taxes.

While the rate of taxation and the level of assessment is the same for personal and real property, personal property tends to depreciate faster than real property. Therefore, there is a benefit in changing the valuation of billboards and cell towers from personal to real property, and an additional benefit in registration. Through registration, the location and quantity of billboards and cell towers would be disclosed. An income approach could be used to determine the assessment of billboards and cell towers which influences the property tax generated by billboard and cell tower owners. Some counties in Georgia have implemented the registration and fee for billboards and cell towers as a first step in this process, including Gwinnett County.

**(A) The Revenue Enhancement Commission recommends the county initiate a permitting and registration requirement for billboards and cell towers.**

An ordinance to require a permit registration fee would have to be enacted by the Board of Commissioners.

**(B) The Revenue Enhancement Commission recommends DeKalb County inventory and change the valuation of billboards and cell towers.**

Importantly, HB 233 created a moratorium on implementing value increases beyond 2008 level in the assessed value of all property subject to ad valorem taxation. The moratorium impacts properties for the taxable years beginning on or after January 2009, and was recently extended beyond 2011. Further review of how this may impact assessments and legislative advocacy for a possible exemption might be needed.

***Responsible Department(s): Finance and Law***

**8. Increase Hotel/Motel Tax**

Each county in Georgia has a hotel/motel tax. In DeKalb County, the rate is 5 percent, with 2 percent allocated to the DeKalb Convention and Visitors Bureau and 3 percent of revenue allocated to the county general fund. For the past few years, taxes collected have decreased due to the economy and the incorporation of Dunwoody.

2007	\$4.6 Million
2008	\$4.5 Million
2009	\$2.3 Million
2010 (6 months)	\$1.2 Million

The State of Georgia allows counties to increase the hotel/motel tax from 5 percent up to a cap of 8 percent, subject to several requirements. Through adoption of a resolution by the Board of Commissioners requesting an increase, the DeKalb delegation could approve the tax increase from 5 percent up to 8 percent. Enactment of local legislation by the General Assembly would then need to occur. The additional percentage of revenues above 5 percent could be used for general operations pertaining to cultural, arts or related purpose.

**The Revenue Enhancement Commission recommends reviewing an increase in the hotel/motel tax.**

The county should review neighboring jurisdictions’ rates to evaluate a DeKalb County hotel/motel tax increase relative to competitiveness. If such a review concludes that DeKalb would remain competitive with local jurisdictions, the hotel/motel tax should be increased.

***Responsible Department(s): Office of the CEO and Board of Commissioners***

**9. Dedicate a staff person to identify grants on behalf of the county**

There are a number of opportunities for local governments to apply for grants. Grant applications are typically prepared and submitted by specific departments, although the successful identification is inconsistent. Having dedicated staff to identify more grant opportunities and coordinate the preparation and submittal of grant applications across departments would increase DeKalb County’s likelihood of obtaining additional grant fund revenues. This individual would be responsible for seeking and writing local and regional grants through coordination with stakeholder departments and jurisdictions.

**The Revenue Enhancement Commission recommends DeKalb County assign dedicated staff to coordinate all grant applications and activities on behalf of all departments (excluding public safety) and add the responsibility for identifying federal grants to the work plan of DeKalb’s federal lobbyist.**

***Responsible Department(s): Office of the CEO and Board of Commissioners***

**10. Implement an incentive-based employee suggestion program for revenue enhancement and efficiencies**

DeKalb County has an employee suggestion box for employees to provide ideas for policies and programs for the county. The program should be revamped for employees to specifically provide suggestions for revenue enhancement and cost-savings. Successful programs typically include financial incentives and safeguards (See Appendix).

**The Revenue Enhancement Commission recommends that the county evaluate an implementation strategy for an employee suggestion program.**

**11. Evaluate current exemptions for validity of properties identified with non-profit ownership and properties that are classified as tax-exempt**

According to the county’s Tax Assessor, DeKalb County has more than 5,000 tax-exempt properties. Georgia code mandates the Board of Tax Assessors to investigate property owned in the county for the purpose of ascertaining real and personal property for the sake of taxation. However, exempt properties have not been reviewed in many years.

<b>Exempt Property Descriptions</b>	<b>Total Number of Properties</b>
Non-profit homes for the aged or mentally handicapped	40
Public property (county, cities, federal)	3,134 (1852 DeKalb)
Place of religious worship and no-rent single family housing owned by religious groups	1,016
Purely public charities	208
Cemeteries	142
Non-profit hospitals	34
Educational institutions (including DeKalb County Schools: 211)	455
Other (American Legion, VFW, etc.)	9
<b>TOTAL</b>	<b>5,038</b>

**The Revenue Enhancement Commission strongly recommends that the Tax Assessor review the status of tax-exempt properties to ensure that they are still tax-exempt.**

In order for the county to fully grasp revenue opportunities of tax-exempt properties, a program from the Tax Assessor would need to be developed and implemented to include a checklist of questions to ask property owners. The Tax Assessor may not have the capacity to do this, but opportunities may exist through outsourcing to a vendor that would receive a percentage of taxes collected, utilization of interns, and/or incentivizing employees.

***Responsible Department(s): Property Appraisal***

## **12. Construct additional private hangars at Peachtree-DeKalb Airport**

Owners of airplanes currently housed at private hangars at Peachtree-DeKalb Airport pay property taxes and fuel flowage fees to the county. While the Airport operates as an Enterprise Fund, opportunity exists for the county to generate additional property tax revenue by constructing additional hangars. Further, additional hangars would help the county attract companies for economic development and add to the county's commercial tax base long-term.

**The Revenue Enhancement Commission recommends the county evaluate direct and indirect benefits of constructing additional private hangars at Peachtree-DeKalb Airport.**

Importantly, the county should ascertain how many hangars could be constructed and be sensitive to any neighborhood issues that could arise from construction of additional hangars.

***Responsible Department(s): Peachtree-DeKalb Airport***

## VII. Recommended Concepts Second-Tier Priorities

### 13. Use Market-Based Revenue Opportunities for advertising on various county properties

Several jurisdictions across the country have used advertising on public spaces and properties, including vehicles, as a source of revenue. A Market-Based Revenue Opportunities (MBRO) program allows local governments to collect funds from endorsements of products to overall advertising. In addition, MARTA employs a model in which advertisements are placed on bus shelters and revenues (\$1.6 million annually) are divided with the local jurisdiction.

During the course of the discussions, questions were raised by the Law Department regarding First Amendment rights relative to advertising content. According to research, jurisdictions have responded by creating MBRO revenue generating opportunities that are aligned with the local government's values and are transparent in the administrative process to which advertising fees are collected and utilized.

**The Revenue Enhancement Commission recommends further review of advertising on county properties.**

Advertising could include county vehicles, water bills, the county's website, and billboards located on county properties near busy highways. The county should consider hiring a marketing/advertising firm to ascertain the value of conducting a cost-benefit study.

***Responsible Department(s): Finance and Law***

### 14. Sell surplus county land

Selling surplus DeKalb County property could generate revenue and return properties to the taxable rolls, according to the county's Tax Assessor. Further, selling county land could reduce liability and risk to the county, and reduce citizen complaints.

**The Revenue Enhancement Commission recommends that DeKalb County begin an inventory of county properties, and suggests initiation of a small contract with a real estate firm to complete administrative and valuation work. Alternatively, an inter-departmental team with realtor participation could be utilized.**

Importantly, the county would need to first inventory properties to determine which are truly county owned, which are owned via liens, and which could be classified as surplus. Administration should involve several departments and stakeholders to create a coordinated team. This work could be completed by the time real estate market conditions improve.

***Responsible Department(s): GIS, Property Appraisal, Facilities Management, Planning and Development and Community Development***

## 15. Sell Geographic Information Systems (GIS) data

GIS possess data that would be of benefit to developers, health agencies and public safety, as well as municipalities. This data includes property information like floodplain identification, aerial photography and general maps. Fees could be charged for production and generation of this information to third parties. Marketing and fee structure could be used to generate additional users.

**The Revenue Enhancement Commission recommends the county sell GIS data.**

***Responsible Department(s): GIS and Board of Commissioners***

## 16. Streamline Sales Tax Code for Internet Sales Tax

According to a study conducted by ACCG, potential sales tax revenues (between 5 percent and 15 percent) are lost annually from Internet and catalogue sales as most transactions have been completed with online vendors. Federal legislation, H.R. 5660 ("The Main Street Fairness Act) creates a multistate agreement on sales and use tax collection and authorizes each state that is a party to the Agreement (member state), to require all remote sellers not qualifying for the small seller exception, to collect and remit sales and use taxes on remote sales owed to each such member state under the terms of the Agreement. Estimated revenue potential for Georgia is \$36 million.

**The Revenue Enhancement Commission recommends the county (a) support state legislation to streamline the sales tax code for Internet sales tax and (b) support the Main Street Fairness Act and add this item to the federal lobbyist's scope of work.**

***Responsible Department(s): Office of the CEO and Board of Commissioners***

## 17. Collect 911 fees from Voice Over Internet Protocol providers

Consumers can place phone calls through wireless phones and land lines, as well as through Voice Over Internet Protocol – VOIP – enabled devices. DeKalb County charges E911 fees on wireless and land line phone bills but not on VOIP. VOIP converts a caller's voice into a digital signal that travels over the Internet. Some VOIP providers offer this service for free to consumers.

The county's Information Systems Department is currently conducting an analysis of VOIP providers.

**The Revenue Enhancement Commission recommends the county begin collecting VOIP fees.**

The Board of Commissioners would need to adopt a resolution for the county to collect 911 fees for VOIP.

***Responsible Department(s): Finance, Police Services and Board of Commissioners***

## **VIII. Recommended Concepts for Further Discussion**

### **18. Investigate Payments in Lieu of Taxes agreement with tax-exempt organizations in DeKalb County**

Payments in lieu of taxes – PILOTs – are voluntary, negotiated payments made by tax-exempt organizations to local governments for services received from the local government. Since tax-exempt organizations do not pay taxes, the cost of providing services such as public safety is spread among tax payers. Cities including Baltimore, Philadelphia and Boston have PILOT agreements with non-profit organizations, hospitals, colleges and universities.

In order for PILOTs to be appropriately negotiated and implemented, roundtable discussions with stakeholders are advised.

**The Revenue Enhancement Commission recommends the county hold roundtable discussions with stakeholders.**

## **IX. Appendix**

The appendix, along with this report, is available on the county's website at:

[www.dekalbcountyga.gov/REC](http://www.dekalbcountyga.gov/REC)

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