



Municipal Option Water and Sewer Sales Tax (MOST)

A brief history and overview of
HB 709 and the July 20 ballot

Overview

- ◆ What is the Municipal Option Water and Sewer Sales Tax (MOST)?
- ◆ How was it authorized?
- ◆ What does HB 709 do?
 - Establishes application and impact of the MOST
 - Sets up the steps to impose the MOST
 - Requires voter approval
 - Provides schedule for implementation and collection
- ◆ Important dates

What is the Municipal Option Water and Sewer Sales Tax?

- ◆ Definition: The Municipal Option Water and Sewer Sales Tax (MOST) -- a one penny sales tax on goods purchased in the City of Atlanta
- ◆ Purpose: To fund water and sewer projects and costs.
- ◆ Application: Most purchases made in the City

How is the Sales Tax Authorized ?

- ◆ Local Option Sales Tax: Gives municipalities the ability to impose a one penny sales tax
- ◆ Example: City of Atlanta MOST
- ◆ Authorization: House Bill 709
 - Added a new section to law on local sales taxes
 - Gave the City the ability to impose a water and sewer tax

What Does House Bill 709 Do?

- ◆ Establishes authority/impact of the MOST
- ◆ Sets up the steps to impose the MOST
- ◆ Requires voter approval of the MOST
- ◆ Sets up a schedule of events for implementation of the MOST

Sales and Use Tax

- ◆ Taxes are paid on many goods and services
- ◆ Many common items are exempted, including
 - School lunches
 - Sales to Grady Hospital and other non-profit health care organizations
 - Prescription drugs and other medical equipment (hearing aids, diabetes equipment, oxygen, eye glasses, artificial limbs, wheelchairs)
 - Food purchased with WIC coupons or food stamps
 - Girl Scout cookies

Application of the MOST

- ◆ Works just like existing sales tax, with some exceptions
- ◆ The tax would apply to
 - Sales of motor fuels
 - The sale of food and beverages
 - The sale of natural or artificial gas used directly in the production of electricity
 - The furnishing for value to the public of any room or rooms, lodgings, or accommodations
- ◆ The MOST will not apply to the sale of motor vehicles.

HB 709: Establishes the MOST

Expenditure of MOST revenue for Projects

- ◆ Sales tax revenue may be used only for certain expenses:
 - ◆ to provide clean drinking water,
 - ◆ to reduce pollution rivers and streams,
 - ◆ to reduce sewer problems like overflows and backups.

Water Rate Roll-Back

Expenditure of MOST Revenue for Rates

- ◆ The current water and sewer rates were established with an eye towards finding other sources of income
- ◆ Ordinance 03-O-2212 states that sales tax revenue can be used to roll-back water and sewer rates

Water Rate Roll-Back

- ◆ In affirming Ordinance 03-O-2212, Ordinance 04-O-0930, (June 8, 2004), states:
“in the event that the City of Atlanta is successful in the passage and imposition of a Municipal Option Sales Tax (MOST), as provided for under House Bill 709, the revenues generated and received from the one per cent (1%) sales tax shall be applied to reduce the City of Atlanta’s water and sewer rate structure on a dollar for dollar basis.”

HB 709: Steps to Impose MOST

- ◆ Legislation proposed to the General Assembly in 2004
- ◆ General Assembly passed and the Governor signed HB 709
- ◆ City Council adopted and Mayor approved putting MOST on July 20 ballot
- ◆ City of Atlanta voters must approve MOST on July 20 for it to take effect in October

HB 709: Voter Approval of MOST

Ballot Language:

“Shall a special 1 percent sales and use tax be imposed in the City of Atlanta for a period of time not to exceed 16 calendar quarters and for the raising of not more than \$750,000,000 for the purpose of funding water and sewer projects and costs?”

HB 709: Schedule for Implementation of the MOST

- ◆ July 20, 2004
 - City of Atlanta votes on passage of the Water and Sewer Sales Tax.
- ◆ October 1, 2004
 - 1% tax goes into effect, if ballot initiative passes.
- ◆ March 2008
 - Tax expires. Voters must then determine whether to extend for four more years.

City Timeline

- ◆ November 2004
 - 2005 water and sewer rate paper first appears before City Council.
- ◆ December 2004
 - City receives first tax revenues.
- ◆ January 2005
 - Adjusted rates would take effect