



maintenance, SPLOST law explicitly allows the expenditure of funds for maintenance and repair of roads, streets and bridges.

Procedure

Georgia’s state sales tax is currently 4 percent (groceries and prescription drugs exempted), with the counties allowed to add up to 2 percent more for SPLOST.

A SPLOST is passed by a county commission, usually with the agreement of its city councils, and voted up or down by residents in a referendum, usually during the next scheduled election. A SPLOST only lasts five years, and it always begins and ends with a full calendar quarter. At that time, if the funds are still needed, it must be voted upon again. All expenditures of SPLOST funds must be in compliance with Article VIII, Section VI, Paragraph IV of the Georgia Constitution and Official Code of Georgia Annotated (O.C.G.A.) Section 48-8-115. Each SPLOST must define the projects on which the money is to be used, hence the designation of a “special purpose” tax. If enough money is raised before the full term of the tax, it may be ended at the end of an earlier calendar quarter.

Counties and school systems are required to provide an independent accountant’s report examining the way the funds were allocated and attesting to the fact that the system receiving funds managed those funds appropriately. School taxes are not technically considered a SPLOST but are essentially managed the same way, with referendum dates and lists of projects to be funded being approved by county (and if applicable, city) school boards instead of county commissions and city councils.

SPLOST

A special-purpose local-option sales tax (SPLOST) is a local method for funding capital outlay projects in the state of Georgia. It is an optional 1 percent sales tax levied by any county for the purpose of funding the building of parks, schools, roads, and other public facilities. The revenue generated cannot be used toward operating expenses or most maintenance projects.

SPLOST is a local method for funding capital outlay projects in Georgia.

Capital Outlay Projects

Capital outlay projects are defined as major projects of a permanent, long-term nature, such as land and structures. Among the projects explicitly included are roads, streets, bridges, police cars, fire trucks, ambulances and garbage trucks. Georgia law allows counties and municipalities complete discretion over the types of projects selected for SPLOST funding. While funds cannot be used for most

HOTEL-MOTEL TAX

Cities in Georgia may levy and collect an excise tax of a rate of up to 3 percent or at a rate of 5, 6, 7 or 8 percent on charges made for rooms, lodging, or accommodations furnished by hotels, motels, inns, lodges, tourist camps, or campgrounds. The law provides several different provisions for levying the hotel-motel tax. The amount of the levy and expenditure requirements varies depending on which paragraph the city chooses to operate under. City and county governments imposing a Hotel-Motel Tax are required to expend the taxes collected in strict accordance with the provisions of the specific authorizations in the Code that was cited by the

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local government when adopting the tax. Hotel-Motel Taxes are authorized by the Official Code of Georgia (O.C.G.A. Â§ 48-13-51). Each specific paragraph within the official code has its own expenditure requirements, and each city should familiarize itself with the provisions of the paragraph under which it levies the tax.

Reporting

Local governments imposing a Hotel-Motel Tax are required by state law (as a condition of continuing authority to impose the tax) to file a Hotel-Motel Tax Report for each fiscal period during which the tax is imposed. The Hotel-Motel Tax Report is due each year within 180 days of your government’s fiscal year-end date. In addition to the annual report, local governments are required to file a copy of their local Hotel-Motel Tax Ordinance. The information needed for the DCA Hotel-Motel Tax Report should be readily obtainable from your audited financial statements. However, if your government’s audited financial report will not be published in time to meet the DCA Hotel-Motel Tax Report submission deadline (180 days from your government’s fiscal year- end date) it will be necessary to compile the information for the report prior to completion of the audit.

Implementation

Each local government imposing a Hotel-Motel Tax is required to adopt a budget plan specifying how the expenditure requirements of the Code will be met [O.C.G.A. 48-13-50(a)

(9)(A)]. Additionally, each local government imposing the tax is required to include in annual audited financial statements a determination as to whether the local government has complied with the applicable expenditure requirements [O.C.G.A. 48-13-50(a)(8)(B)]. This compliance determination must include the amounts expended or contractually committed for expenditure as provided in O.C.G.A. 48-13-50 and must express such amounts as a percentage of tax receipts collected during the fiscal year. Note that O.C.G.A. 48-13-50.2(2) defines “Promoting tourism, conventions, and trade shows” as “planning, conducting, or participating in programs of information and publicity designed to attract or advertise tourism, conventions, or trade shows” (emphasis added).

Unrestricted Funds

Any city that collects Hotel Motel tax dollars, regardless of what paragraph they reside under will have three pennies of unrestricted funds accessible to them. These funds, as defined, are unrestricted in nature and can go to support the general fund, administrative costs, capital outlay projects or any project the city determines to be worth of investment.

Restricted TCT Funds

Tourism Convention and Trade better known and referred to as TCT, is part of the restricted funds available to those at the 5, 6, 7, and 8 percent authorization paragraphs. It is important to note that these funds are restricted in nature and can only go to support promoting “tourism, conventions, and trade

shows” as “planning, conducting, or participating in programs of information and publicity designed to attract or advertise tourism, conventions, or trade shows” as outlined in the O.C.G.A. 48-13-50.2(2)

Destination Marketing Organization

A Destination Marketing Organization, better known as a DMO, is a 501c6 membership based non-profit organization that is an eligible recipient for restricted TCT funds. TCT funds may not be spent by the local municipal government but must be directed to a DMO that has been designated to receive and spend TCT funds in a way that aligns with what is outlined in the Official Code of Georgia.

Restricted TPD Funds

Tourism Product Development Funds, better known as TPD, are part of the restricted funds available to those at the 6, 7, and 8 percent authorization paragraphs. Tourism product development is defined as “the expenditure of funds for the creation or expansion of physical attractions which are available and open to the public and which improve destination appeal to visitors, support visitors’ experience, and are used by visitors. Such expenditures may include capital costs and operating expenses:

Tourism product development may include:

- Lodging for the public for no longer than 30 consecutive days to the same customer;
- Overnight or short-term sites for recreational vehicles, trailers, campers, or tents;
- Meeting, convention, exhibit, and public assembly facilities;
- Sports stadiums, arenas, and complexes;
- Golf courses associated with a resort development that are open to the general public on a contract or fee basis;
- Racing facilities, including dragstrips, motorcycle race-tracks, and auto or stock car racetracks or speedways;
- Amusement centers, amusement parks, theme parks, or amusement piers;
- Hunting preserves, trapping preserves, or fishing preserves or lakes;
- Visitor information and welcome centers;
- Wayfinding signage;

- Permanent, nonmigrating carnivals or fairs;
- Airplanes, helicopters, buses, vans, or boats for excursions or sightseeing;
- Boat rentals, boat party fishing services, rowboat or canoe rentals, horse shows, natural wonder attractions, picnic grounds, river-rafting services, scenic railroads for amusement, aerial tramways, rodeos, water slides, or wave pools;
- Museums, planetariums, art galleries, botanical gardens, aquariums, or zoological gardens;
- Parks, trails, and other recreational facilities; or
- Performing arts facilities.

While the use of hotel-motel tax revenue for tourism product development is somewhat limited, the availability of this revenue for capital projects related to tourism should assist cities with creating or enhancing tourism destinations when doing so would have previously been difficult if not impossible. Notably, cities are not required to contract with any entity for the expenditure of tourism product development funds; however, it is possible that the public works bidding laws, or the city charter will require a city to contract with another entity for tourism product development capital projects.

Main Street and Hotel-Motel Tax

The Main Street program can serve as the cities DMO, and spender of restricted funds, if their organization is set up as a 501c6. There are several examples in the state where the Main Street organization is the recipient of all, or a portion of, Hotel-Motel Tax dollars. Seeing as downtown can easily be defined as a tourist destination within your city limits it only makes sense that they be an eligible organization to receive and spend Hotel-Motel Tax dollars. For Main Street programs that aren’t set up as a 501c6, and therefore unable to be a recipient of restricted funds, Hotel-Motel Tax dollars can still support and benefit the downtown. While the Main Street program may not be able to spend restricted dollars directly, they can work with the locally designated DMO to allocate restricted funds towards TCT and TPD eligible projects and programming downtown.

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