

HB 170, THE TRANSPORTATION FUNDING ACT OF 2015

FINAL CONFERENCE REPORT

HIGHLIGHTS and SECTION BY SECTION SUMMARY (As of 03/31/2015)
(Based on LC 34-4702S)

Highlights

- **Annual Additional Transportation Investment:** Estimated at \$900M.
- **State Motor Fuel Excise Tax Rate:** 26¢/gallon on gasoline; 29¢/gallon on diesel. Annually indexed for increased vehicle fuel efficiency. Additionally indexed from 2016 to 2018 for Consumer Price Index increases.
- **Heavy Vehicle Annual Impact Fee:** \$50 for vehicles 15,500 lbs to 26,000 lbs /\$100 for vehicles greater than 26,001 lbs.
- **Hotel/Motel Nightly Fee:** \$5 per night lodging fee. (excludes extended stay occupants)
- **Alternative Fuel Vehicle Fees/Tax Credits:** Institutes a \$200 noncommercial/\$300 commercial alternative fuel vehicle annual registration fee. Eliminates tax credits on low/zero emission vehicles.
- **County T-SPLOST:** Amends Transportation Investment Act to allow counties to proceed with a county T-SPLOST in lieu of participating in a regional T-SPLOST and allows a fractional % up to 1% with a maximum levy period of up to 5 years. 30% of T-SPLOST revenue estimates must be used on projects identified in the statewide strategic transportation plan.
- **Local Sales and Use Tax on Motor Fuel:** Maintains local taxation of motor fuel but establishes \$3/gallon as the maximum sales price for calculation of the local tax rate.
- **Other Provisions:** Creates a special joint committee on Georgia revenue structure, requires a 10-year strategic plan submission/approval, and eliminates 1% exemption on qualified jet fuel sales.

Section by Section Summary

Section 1-1—Special Joint Committee on Georgia Revenue Structure

- Creates a 14 member committee of legislators to propose tax reform legislation during the 2016 legislative session.
- The Committee will include: Senate President Pro Tempore, House Speaker Pro Tempore, Senate and House Majority Leaders, Senate and House Minority Leaders, Senate Finance Committee and House Committee on Ways and Means Chairpersons, 3 senators (2 majority party, 1 minority party) appointed by the Lt. Governor, and 3 representatives (2 majority party, 1 minority party) appointed by the Speaker of the House.
- The legislation proposed by the Committee would receive an up or down vote without amendment in the House of Representatives, and if passed by the House, it would receive an up or down vote without amendment in the Senate.

Section 2-1—10-Year Strategic Plan

- Requires the department to submit for the review and approval of the House and Senate Transportation Committees a 10-Year Strategic Plan which the Transportation Committees could submit as a recommendation to the Appropriations Committees for the development of the annual budget.
- The plan is not project specific and does not constitute a “project list.”
- The plan should include target funding levels and fund sources based on the following categories: (1) construction of new highway projects; (2) maintenance of existing infrastructure; (3) bridge repairs and replacements; (4) safety enhancements; and (5) administrative expenses.
- Prioritizes congestion relief, economic development, and identifying operational efficiencies that can be used for road construction.

Sections 3-1 & 3-2—Alternative Fueled Vehicle Fees

- Defines alternative fueled vehicles as vehicles powered by electricity, natural gas, and propane; however, the fees will not be assessed on vehicles powered by compressed natural gas, liquefied natural gas, or liquefied petroleum gas. Creates an annual registration fee for vehicles powered by alternative fuel of \$200 for passenger vehicles and \$300 for commercial vehicles. Annually indexes the fee annually to increases in vehicle fuel efficiency permanently and to increases in the consumer price index until July 1, 2018.

Section 3-3—Heavy Vehicle Annual Impact Fee

- Establishes a heavy vehicle annual impact fee as follows: (1) \$50 for vehicles 15,500 lbs to 26,000 lbs and (2) \$100 for vehicles greater than 26,001 lbs.
- Expresses the intention that the fee revenues be used for transportation purposes and creates a trigger to terminate the collection of the fees if they are not appropriated to transportation purposes after a 2-year period.
- “Transportation purposes” are defined for this fee as roads, bridges, public transit, rails, airports, buses, seaports, accompanying infrastructure and services to provide access to transportation facilities, and general obligation debt and other multiyear obligations issues to finance such purposes.

Section 4-1—Suspension/Ratification of Tax Collection

- Requires the Governor to declare a state of emergency in order to “suspend or modify in any manner the collection of any rate of prepaid state taxes.” The General Assembly must ratify the suspension or modification by a vote of a 2/3 majority.

Section 5-1—Vehicle Tax Credit Sunset

- Eliminates the \$2,500 and \$5,000 tax credits for low emission vehicle and zero emission vehicle (respectively) purchases/leases effective for purchases/leases made on or after July 1, 2015.

Sections 5-2—Prepaid Local Tax Rate Calculation

- Identifies the Energy Information Agency’s Oil Pricing Information Service or similar index for calculation of the prepaid rate for local taxes on motor fuel.

Sections 5-3—Jet Fuel Sales and Use Tax Exemption Sunset

- Eliminates the 1% exemption from the 4% Sales and Use Tax on jet fuel for qualifying airlines.
- Effective July 1, 2017, revenues from the 1% will be utilized for state aviation programs or airport related purposes.

Sections 5-4—Exemption of Motor Fuel from State Sales and Use Tax/ “Fourth” Penny

- Clarifies that motor fuel is exempt from the entire 4% State Sales and Use Tax and thereby eliminating the “fourth” penny as a state sales tax.

Sections 5-5 to 5-12—Local Sales and Use Taxes on Motor Fuel

- Retains all existing local taxes on motor fuel as prepaid sales taxes.
- Establishes a cap of \$3.00 per gallon as the maximum retail sales price upon which local sales tax rate can be calculated.

Section 5-13—State Excise Tax Rate and Annual Index Adjustments

- Replaces the current state motor fuel excise tax of 7.5¢, 3% motor fuel sales tax, 1% general tax on motor fuel (“4th Penny”) with a **26¢ per gallon excise tax on gasoline** and a **29¢ per gallon excise tax on diesel fuel**.
- Indexes the state excise tax annually to increases in vehicle fuel efficiency.
- Indexes the state excise tax additionally to increases in the consumer price index until July 1, 2018.

Section 5-14—Elimination of “Second” Motor Fuel Tax (3% Sales Tax)

- Repeals Code Section 48-9-14 which defines the currently imposed 2nd Motor Fuel tax (which is the 3% prepaid sales tax). The 3% prepaid sales tax is converted into an excise tax under Section 5-13.

Section 5-15—Lodging Fee

- Institutes a \$5 per night lodging fee on customers to be remitted by the innkeepers.
- Expresses the intention that the fee revenues be used for transportation purposes and creates a trigger to terminate the collection of the fees if they are not appropriated to transportation purposes after a 2-year period.
- “Transportation purposes” are defined for this fee as roads, bridges, public transit, rails, airports, buses, seaports, accompanying infrastructure and services to provide access to transportation facilities, and general obligation debt and other multiyear obligations issues to finance such purposes.
- Excludes extended stay occupants (lodging provided for more than 30 consecutive days).

Section 6-1—Georgia Transportation Infrastructure Bank

- Requires the SRTA Board to make every effort to balance loans or grants among all regions of the state and allows the board to give preference in approving loans to tier 1 and tier 2 counties (see the link for a map <http://www.dca.state.ga.us/economic/taxcredits/programs/documents/jobtax2014BEAc.pdf>) and preference in approving grants to eligible projects which have local financial support.

Sections 7-1 to 7-5—County T-SPLOST Authorization/Regional TIA Process Reform

- Allows (under Section 7-3) the TIA Regions to proceed to a vote on a regional T-SPLOST referendum in the respective region with the adoption of resolutions by a majority of the counties in the region but without General Assembly authorization.
- Allows (under Section 7-5) counties to proceed with a county T-SPLOST referendum in lieu of a regional referendum as of the following dates: (1) July 1, 2015 for counties in the Atlanta Region Commission; and (2) July 1, 2017 for all other counties in the other regions.
- Prohibits counties participating in a regional T-SPLOST from instituting a county T-SPLOST.
- The County T-SPLOST may be for a period of up to 5 years, may institute a sales tax in increments of .05% up to 1.00%, and must expend at least 30% of the estimated revenue on projects included in the state-wide strategic transportation plan.
- If a county does not reach an intergovernmental agreement with their respective municipalities, the maximum rate of the tax could not exceed .75%.

Section 8-1—Bill Title

- Bill Title—“Transportation Funding Act of 2015”

Section 8-2—Future General Revenue Prioritization

- Expresses the intent of the General Assembly to prioritize future growth revenue to education, transportation, and health care needs in the state.

Sections 9-1 & 9-2—Effective Date/Prior Taxable Year Impact/Repeal of conflicting provisions

- This Act becomes effective July 1, 2015 and repeals all laws or parts of laws in conflict with the Act.
- This Act does not impact prior taxable year taxes, penalties, and interest liabilities.