

An Overview of the LOST II Sales Tax Option

The current LOST program (by law) rolls back the full revenue amount generated making it revenue neutral. As currently drafted, the proposed LOST II legislation would allow the county to roll back 50% or about \$75 million, and provide 50% or about \$75 million for county and city operational expenses. It requires a pre-determined distribution certificate between the county and cities prior to a referendum. The county tax commissioner would collect the tax and send 1% to the state revenue commissioner. If the legislation is introduced to the House Ways and Means Committee when they reconvene next week, and if the legislation is passed in the 2010 legislative session, the referendum could be on the ballot in November of this year and tax collection would begin in April 2011. The property tax roll back would take effect in 2012.

LOST II

- The County is proposing the creation of an alternative sales tax program that would provide both property tax relief and additional revenues needed to fund County operational expenses
- The existing sales tax program that is presently used in all but three counties in Georgia would continue unchanged
- Gwinnett County is one of the three counties in Georgia that does not presently have a sales tax program in place
- The new LOST program would give all local jurisdictions an option to choose a different type of sales tax program
- Under the existing law, counties and cities are required to roll back the property tax millage rate by an amount equal to 100% of the previous year's sales tax revenues
- The new option would allow a 50% rollback of the property tax millage rate
- The remaining 50% of sales tax revenues could be used to fund the services demanded by County residents
- Other than the 50% rollback provision, the new proposal is identical to the existing LOST law
- If a jurisdiction opts for the new LOST program, the program must first be approved by citizens in a referendum
- Gwinnett residents have told us that they would favor the implementation of a sales tax instead of a property tax millage rate increase to fund essential County services
- County residents may prefer the new LOST option since their property taxes would be reduced and out-of-County residents would pay a substantial portion of the new sales tax
- The new proposal treats cities and counties the same, and Gwinnett County's cities would receive sales tax revenues based upon an agreed upon distribution formula