An Evaluation of Revenue Options for the City of Statesboro, GA

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Quick Facts: City of Statesboro, GA

• Located in southeast Georgia, the City of Statesboro serves as the county-seat of Bulloch County.

• The City of Statesboro is home to an estimated 29,799 residents and two institutes of higher-learning including Ogeechee Technical College and Georgia Southern University.

• The City of Statesboro operates under the council-manager form of government.
Statesboro Average Revenue by Source 2008-2011

- Charges for Services: 62%
- Special Purpose Local Option Sales & Use (SPLOST): 10%
- Selective Sales & Use: 10%
- Property: 10%
- Fines & Forfeitures: 4%
- Licenses & Permits: 2%
- Intergovernmental Revenues: 2%
- Other: 0%
Tax Classifications: Progressive v. Regressive

- **Progressive**: A tax is progressive if its rate increases as the taxpayer’s income or wealth being taxed increases.

- **Regressive**: A tax is regressive if its burden is greater for persons with lower incomes or wealth than for persons with higher incomes or wealth.
Tax Classifications: Elasticity

- **Elasticity**: the degree of response one variable has to another variable.

- Elasticity Rate for Sales Taxes: 0.781
A Sales Tax is…

• **Inelastic:** revenues have relatively low yield even in times of economic growth

• **Regressive:** the tax burden is higher for lower income individuals
Types of Sales Taxes Available to the City of Statesboro:

Local Option Sales Tax (LOST)

Municipal Option Sales Tax (MOST)
Local Option Sales Tax (LOST)

1.00 percent sales tax; imposed on the purchase and/or consumption of tangible goods within unincorporated areas as well as qualified municipalities.
LOST Revenue Forecast

- Average of $10,165,430.98 county-wide

- Average of $4,791,111 in revenue distributions directly to the City of Statesboro
Municipal Option Sales Tax (MOST)

• 1.00 percent sales tax

• Available *only* after the Georgia state legislature approves a public referendum

• Imposed on the purchase and/or consumption of goods within municipal limits
If a MOST public referendum passes…

- The City of Statesboro would be allowed to prepare and sustain development projects while providing a sound revenue supplement to the ad valorem taxes.

- MOST revenues should average $8.5 million annual disbursements.
Bulloch County 1.00 Sales Tax Increase Election Results

Special Purpose Local Option Sales Tax (SPLOST) 2011: **PASSED**
(Yeas: 3,320 Nays: 1,484)

Education Special Purpose Local Option Sales Tax (E-SPLOST) 2009: **PASSED**
(Yeas: 1,584 Nays: 161)
Potential Political Problems with the MOST

• The City of Atlanta

• Coalition Building

• Other External Pressures from Official and Unofficial Actors
Conclusions

• Local and state governments are expected to deliver more services with relatively stagnant revenues.

• The City of Statesboro is considering alternative revenue sources, such as the LOST and MOST, to supplement ad valorem taxes.

• The MOST is undoubtedly the most profitable and advantageous revenue option for the City of Statesboro to pursue.
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