



Testimony to the House Blue-Ribbon Study Committee on Local Government Taxation, Funding, & Budgeting

Larry Hanson, CEO & Executive Director
Georgia Municipal Association

Thank you for allowing cities to be part of the conversation.

WHAT WE'LL COVER: THREE CONSIDERATIONS

1

**Revenue flexibility,
stability, and
predictability**

2

**Assistance
managing costs**

3

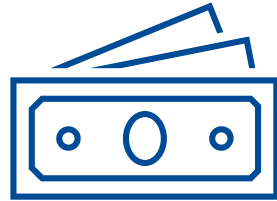
**State/local
partnership on
funding**

An outsized role in a small footprint



45%

of the state's
population



91%

of Georgia's
GDP



70%

of Georgia's
jobs



8.4%

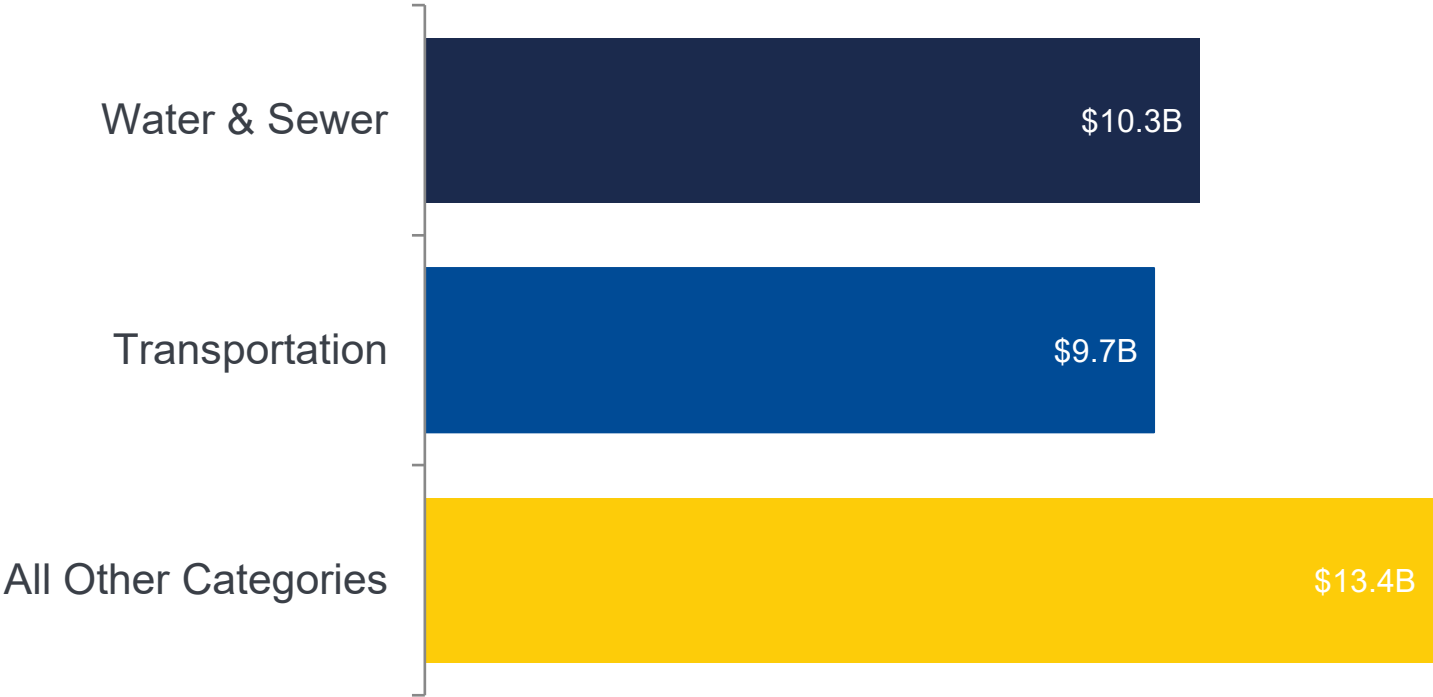
of Georgia's
land area

Daytime population grows 24% from commuters — cities serve them too, not just residents.

Capital Needs 2025–2029

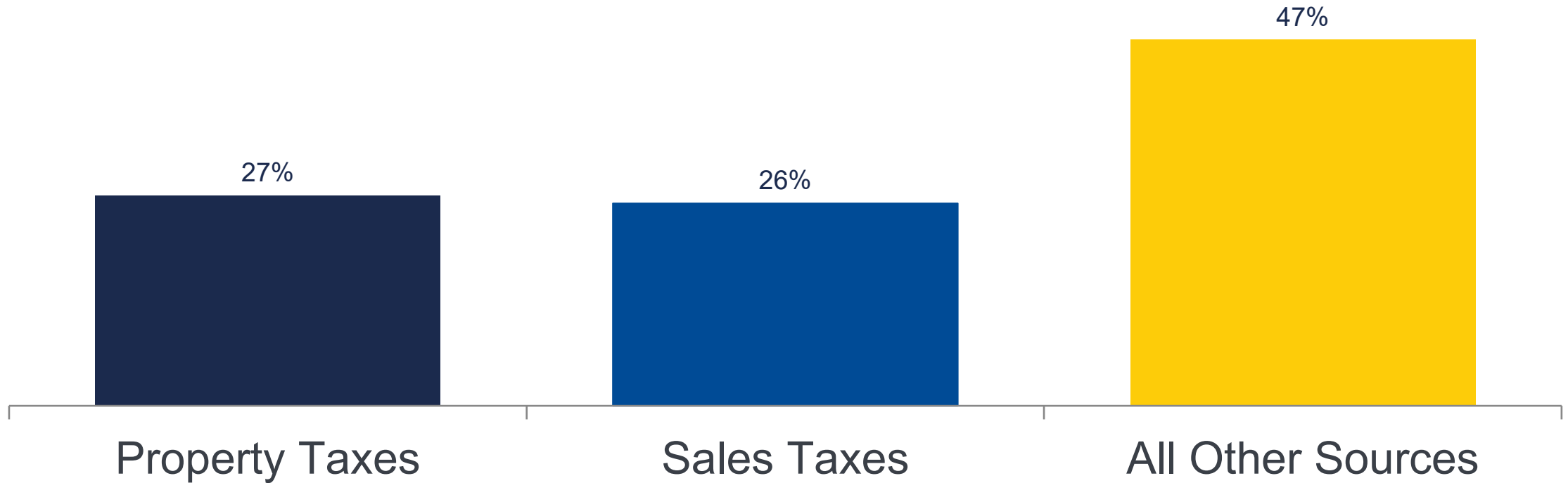
GMA CAPITAL NEEDS SURVEY

\$33B
projected capital needs
2025–2029



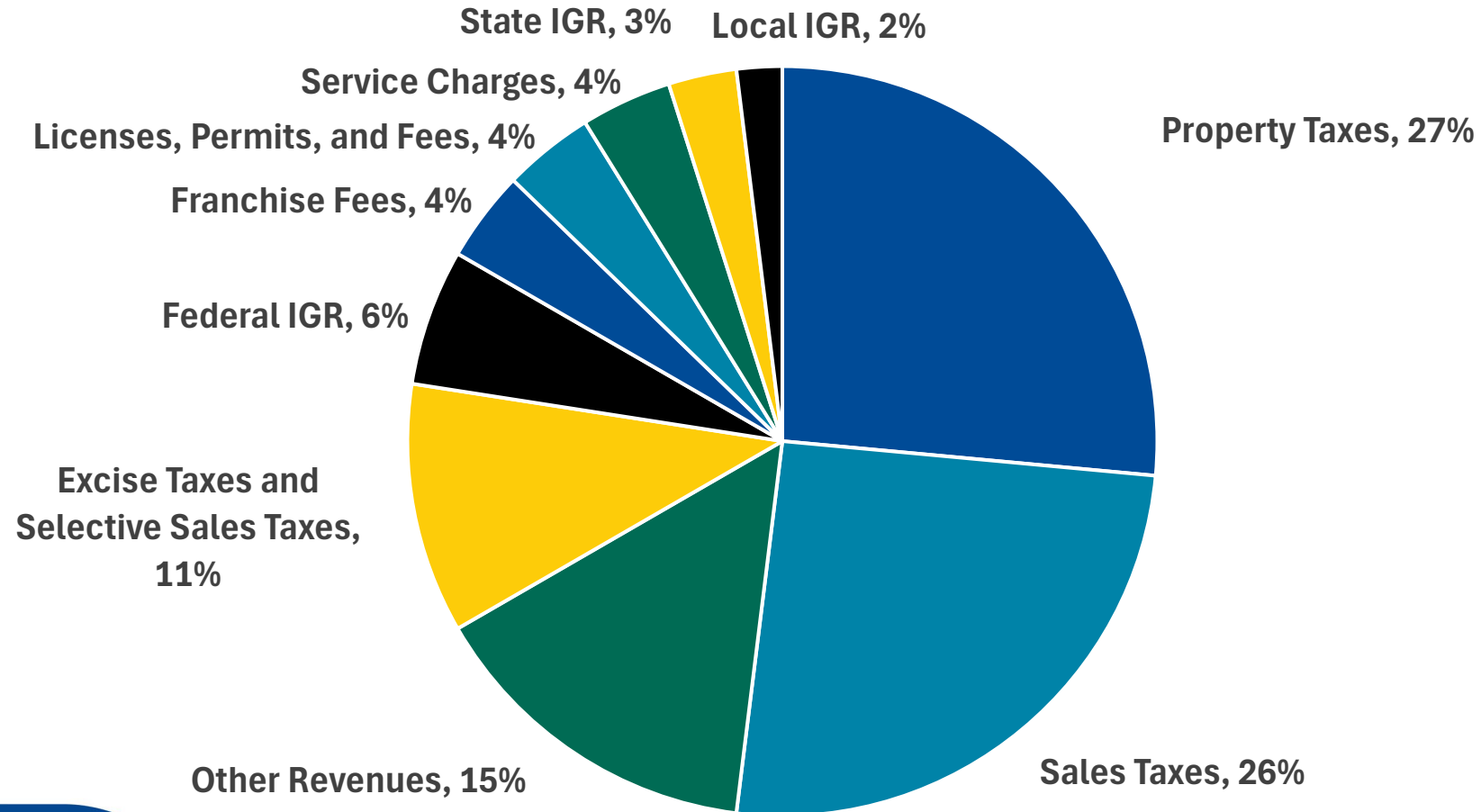
How Cities Pay for Services

MUNICIPAL REVENUE, FY2024



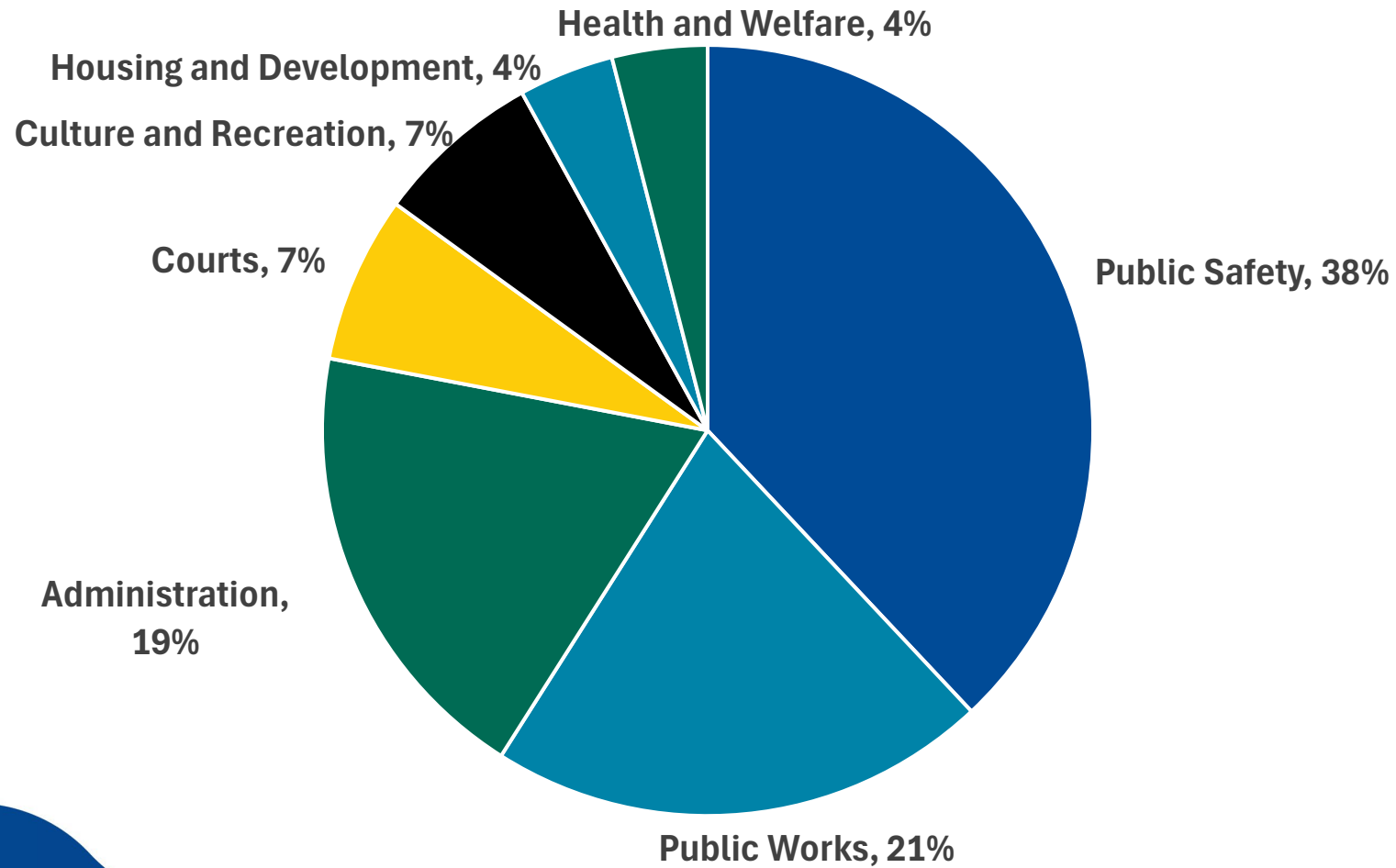
How Cities Pay for Services

MUNICIPAL REVENUE, FY2024

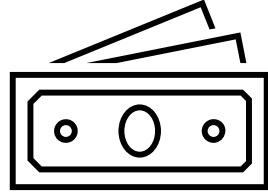


Cost of City Services

MUNICIPAL EXPENDITURES, FY2024



Georgia Property Taxes: Right at Average*



27th

Georgia's
ranking

\$2,813*

Georgia's Average
Property Taxes (based
on a \$335,000 home)

***\$591 go to cities**

Florida

Ranked 30th

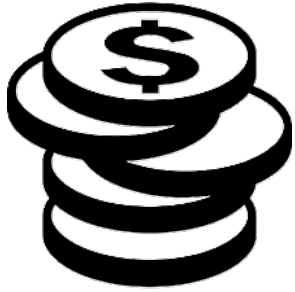
Texas

Ranked 42nd

(Zillow Report, 2025)

**1st is the lowest, 51st is the highest*

Where Property Tax Goes – Cities already take the smallest slice



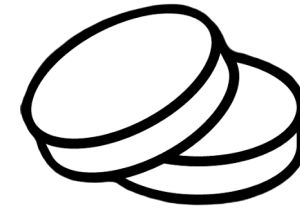
46¢

Schools



33¢

Counties



21¢

Cities

...of every property tax dollar collected.

2020–2024: Revenue Growth Trends Municipal and State

+12.9%

City property tax
revenue

+21.0%

Inflation

+40.0%

Total City
revenue growth

+42.2%

Total State
revenue growth

COST ESCALATIONS: PUBLIC SAFETY

Lenox

A fully outfitted police interceptor cost this city of under 800 people **\$56,000** in 2022. Last year, it cost **\$71,000**.

+27%



COST ESCALATIONS: PUBLIC SAFETY STAFFING

Alpharetta

Alpharetta is now offering a **hiring bonus** just to recruit new police officers — cities are competing for public-safety talent the same as everyone else.

\$20K



COST ESCALATIONS: PUBLIC SAFETY STAFFING

Newnan

Communities must budget **approximately \$161,427** for the first-year cost of one public safety employee, including compensation, benefits, a vehicle, vehicle upfitting, and essential equipment.

\$161K



COST ESCALATIONS: HEALTH INSURANCE

Suwanee

Health insurance premiums are climbing statewide. Suwanee's rose 12% last year and are set to rise another 11.4% this year.

+23.4%



COST ESCALATIONS: FIRE TRUCKS

Statewide

A fire engine that cost \$589,000 in 2020 runs close to \$1.1 million today — and it now takes two to four years to get one delivered.

+87%



COST ESCALATIONS: ROADS

Warner Robins

The cost to pave one mile of road jumped between 2023 and 2025, far outpacing general inflation over the same period.

+43%



COST ESCALATIONS: WATER INFRASTRUCTURE

Monroe

Water treatment plant chemicals rose 148% from 2019 to 2023. Water main install and repair costs rose 209% from 2020 to 2024.

Water and sewer is the single largest capital need for Georgia cities — \$10.3 billion through 2029.

+209%



COST ESCALATIONS: WATER INFRASTRUCTURE

Jackson

Jackson's wastewater treatment plant expansion cost grew from **\$17 million** 15 years ago to \$24 million five years ago—a 41% increase—and has since risen to **\$37 million today**, another 54% increase.

+117%

(from first to current price)



Private Investment Follows Public Investment

AREADEVELOPMENT

Quality-of-life investments, such as housing, parks, downtowns, gathering places – **things that create a sense of place** – are strategic investments.

Essential services ARE essential, but so are quality-of-life services to job creators.

The Competitive Stakes

Communities that skip this investment struggle to compete for residents and workforce.

We must tax at an appropriate level to maintain Georgia's standing – **the lowest taxes can also reflect the lowest service levels.**

What are cities already doing?

FLOST: A Model Already at Work

**131 cities in
36 counties**

currently collecting FLOST

**19 cities in
7 counties**

starting this October

Give tools like this time to work.

Colquitt County

Five cities have just begun receiving FLOST funds — estimated to cut property taxes by 50%.

Habersham County

County plus seven cities: FLOST is on the ballot this fall.

Dade County

Considering both a FLOST and a TSPLOST for a fall vote.

Sales tax depends on winning voter approval



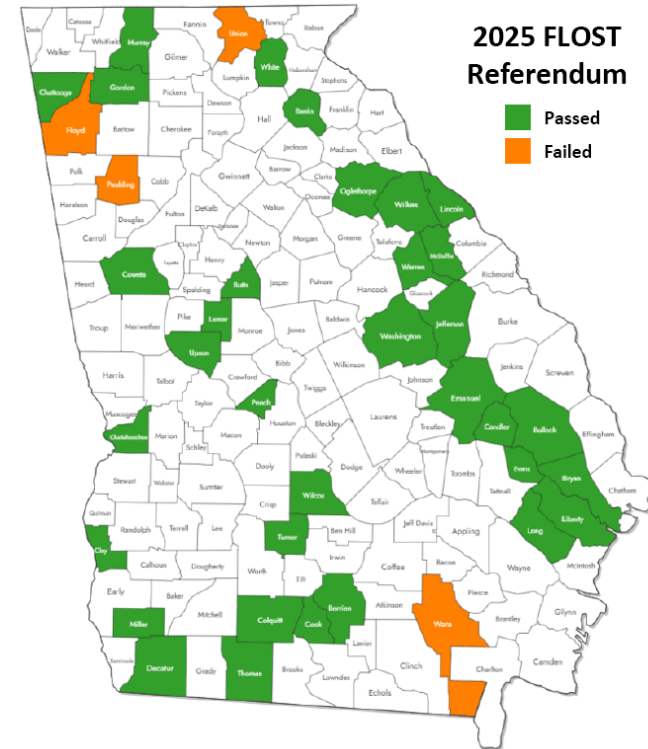
FLOST isn't automatic either

FLOST votes failed in 4 counties last year: Floyd, Paulding, Union, Ware



Peach County

The T-SPLOST failed at the ballot box in May — voters don't always say yes.



This is why local flexibility based on the local economy is critical.

Factors that Impact Sales Tax Referendums



**Referendum
Fatigue**



**Voter
Confusion**



**Potential of Harm
to Other
Sales Taxes**

What Cities Told Us

77%

don't believe state officials understand the fiscal challenges cities face

76%

said this year's property tax debate didn't account for the impact on local services

63%

don't believe their city has adequate revenue to meet resident expectations

2026 member survey

Our Cities' Three Asks



Revenue Flexibility, Stability, Predictability

- Cut red tape that restricts the usage of funds; more flexibility needed
- Statutory protection for fees (stormwater, fire) now being challenged in court
- “Full faith and credit”



Cost & Liability Relief

- Nuisance claims: state's liability is capped, counties have little — cities fully exposed
- Let cities piggyback on state bids and purchasing contracts
- Support long-term, low-cost capital financing



Equitable, Sufficient Funding

- Local governments maintain 82.4% of Georgia's road miles
- Adjust LMIG distribution: lane mileage, not centerline mileage
- Raise LMIG's motor fuel tax share from 10% to 20% over time

We want to continue Georgia's success

Revenue flexibility, stability, and predictability are critical.

We're asking for the tools to provide essential services such as public safety and public works, expand and construct water and wastewater systems, and invest in quality of life.

#1 state for business, 12 years running — cities are part of that record.

