



City of Smyrna

City of Smyrna
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Legislation Details (With Text)

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Title: Approve the Certification of Agreement for the Allocation and Distribution of Proceeds from the Title Ad Valorem Tax (TAVT) between the City of Smyrna and Cobb County and Authorize the Mayor to sign any related documents.

Sponsors: Ron Fennel

Indexes:

Code sections:

Attachments: 1. Issue Sheet, 2. 2019 TAVT agreement with Cobb.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|---------------|--------|
| 3/18/2019 | 1 | City Council | Approved Item | Pass |

WARD: City-wide

COMMITTEE: Finance and Administration

\$ IMPACT:

Approve the Certification of Agreement for the Allocation and Distribution of Proceeds from the Title Ad Valorem Tax (TAVT) between the City of Smyrna and Cobb County and Authorize the Mayor to sign any related documents.

ISSUE:

Based on the statutory calculation, for the time period of January 1, 2019 through June 30, 2019, the percentage of TAVT that will go the State will be 47.56% and the percentage that will go to the Local Governments will be 52.44%. This determination was published by the Department of Revenue in Policy Bulletin MVD-2019-01.

The percentage for Local Governments in 2018 was 51.58%. This percentage will increase 52.44% for January 1, 2019 through June 30, 2019. Smyrna will receive 7.45% of the amount distributed to local governments for this period.

Pursuant to HB 329 of 2018, O.C.G.A. section 48-5C-1 was amended to change, among other things, the manner of distribution of the proceeds of the alternative ad valorem tax on motor vehicles such that, effective July 1, 2019, and remaining in effect until amended by law, the Tax Commissioner shall distribute 35.0% of the TAVT funds collected to the State and 65.0% to the Local Governments.

Of the 65.0% distributed to the Local Governments, 51% will be allocated to the County governing authority and 49% will go to the board of education and county school district. Of the 51% allocated, 28% will go to the the County and 23% will go to the governing authority of the municipality from which the proceeds were derived.

BACKGROUND:

House Bill 386 was passed by the Georgia Legislature in 2012. The Bill included a new Title Ad Valorem Tax (TAVT) on motor vehicles which replaced the sales and use tax at purchase as well as the annual ad valorem tax on motor vehicles. This change became effective March 1, 2013. The Cobb County Tax Commissioner collects this tax and distributes to the City on a monthly basis. In order for the City to receive its portion, an intergovernmental agreement with Cobb County must be signed. On February 18, 2013 an intergovernmental agreement was approved by Mayor and Council to enter into an intergovernmental agreement with Cobb County for the City of Smyrna to receive a distribution of the Title Ad Valorem Tax.

Pursuant to O.C.G.A. § 48-5C-1(b)(1)(B)(viii), beginning in calendar year 2016, the Department of Revenue (the "Department") shall evaluate the tax revenues from the prior year to determine the percentage of the title ad valorem tax ("TAVT") that will be distributed in the current calendar year to the State and Local Governments, respectively. The law sets for the specific methodology to be followed by the Department in determining the distribution percentages.

RECOMMENDATION/REQUESTED ACTION:

Approval for the Mayor to sign the Certification of Agreement for the Allocation and Distribution of Proceeds from the Title Ad Valorem Tax with Cobb County for the distribution of the Title Ad Valorem Tax.