

# FAQ's on SPLOST

## What is the status of SPLOST 2016 project list?

Glynn County's SPLOST 2016 list has 15 open projects that have not been completed

- 5 are in Right of Way/ Land Acquisition phase, which is strictly governed by state law and DOT regulations. It is a time consuming and tedious process and can take years to complete, depending on the project. This is not a delay that is isolated to Glynn County.
- 4 projects are out for bid which is a minimum of a 6 to 8-week process.
- 3 projects are pending approval by the BOC or other governmental entity
- 3 projects are currently in construction
- 31 projects have been completed
- Every project has been started in some way. Design, planning, permitting, and ROW acquisition are all a part of the project process. Construction is the last step in a long process for many projects and often takes the least amount of time of all of the phases. We are at the mercy of multiple governmental agencies for permitting and approving many of these projects, and the time required to obtain permitting and approvals is not under the control of Glynn County staff or officials.

## Why are there remaining SPLOST 5 projects?

There are three SPLOST 5 projects on the County's project list that have not been completed: South Palm Ditch, Harry Driggers Sidewalk, and the Oak Grove Island Pipe. Both the Harry Driggers Sidewalk and Oak Grove Island Pipe Rehabilitation projects, which are now in process, had some extenuating circumstances and delays. Although the SPLOST was approved in 2005, collections did not begin until January 2007, and the collections were not substantially complete until December 2011. It is a best practice to time projects to begin once the funds are collected by the County, not borrow the funds and start projects before the funds are collected. The County purposefully times projects to begin after SPLOST funds are collected, and often preliminary engineering, right of way purchasing, permitting, and design can take multiple years, depending upon the complexity of the project.

- The South Palm Ditch project which has different Phases included on SPLOST 4, 5, and 2016 will be out to bid as soon as property acquisition is complete.
- The Harry Driggers Sidewalk project that has portions on SPLOST 5 and 2016, in addition to receiving a Transportation Enhancement grant through the Georgia Department of Transportation (GDOT) to complete, was split into to a north section and a south section. The bid for the construction of north section was approved by the Board of Commissioners on March 4<sup>th</sup>, 2021. The bid opening for the south section is on March 12<sup>th</sup>, 2021. GDOT has to review and approve the bids and the award. Depending on GDOT review, the bid for the construction contract could go before the Glynn County Finance Committee in March with BOC approval on April 1, 2021.
- The Oak Grove Island Pipe Rehabilitation Project construction contract was approved by the BOC on March 4<sup>th</sup>, 2021.

Project delays and open SPLOST issues however are not unusual and can be seen across most counties and cities in Georgia that have passed SPLOST resolutions. Both Chatham County and the City of Savannah for example, have open projects in SPLOST funds dating back to 1985 and in every SPLOST

issue since then. There is no time restriction on completing projects, and the best practice is to use the funds for the purposes for which they were intended, not to deem them as excess proceeds. In many cases, as evidenced by other local governments, the funds are held until projects can be identified that would fit the intent of the SPLOST issue.

## Why didn't SPLOST 2016 collections stop when the full amount of the revenue was collected on in June 2020?

The resolution and ballot language stated collections "not to exceed 14 calendar quarters and for the raising of an estimated amount of \$71,595,000." There is no language in the resolution that was passed by the Commissioners nor in the voter approved referendum that stated we would not collect more than \$71,595,000. Additionally, the time period the SPLOST was passed for was April 1, 2017 – October 30, 2020, therefore we did not exceed the allowed timeframe per the referendum as our collections ended September 30, 2020.

**The SPLOST levy is terminated by the state revenue commissioner.** Per OCCG 48-8-112(b) and explained in the ACCG SPLOST Guide for County Officials, "If the tax terminates at the end of the maximum time period, the state revenue commissioner requires retailers to stop collecting the tax on the final day of the maximum period. If the tax terminates when the estimated revenues stated on the ballot are reached, the state revenue commissioner requires retailers to stop collecting the tax at the end of the calendar quarter during which the estimated revenues have been collected. In most cases, termination at the end of a quarter will produce a small amount of excess revenues." It also states a County cannot terminate its SPLOST early.

The County received the payment that caused us to exceed \$71,595,000 on June 30, 2020. We promptly notified the Department of Revenue who responded and stated they could only end SPLOST collections at the end of a quarter, and they did not have the time they needed to notify businesses and stop collections since the new quarter had already begun. The County was unsure if we would reach the estimated collections in the month of June or if we would have to wait until July to reach the total estimated collections. We only exceeded the collection amount in the month of June by \$83,554 and could have easily collected less than the estimated amounts. The County has no way to know how much is collected by the DOR until we receive our deposit which typically posts on the last day of the month. Collections by month have historically varied between \$1.5M and \$2.7M, therefore we did not know if we would reach our estimated amount in June.

## How much do non-residents contribute to SPLOST revenues?

In 2015, the Carl Vinson Institute of Government estimated that at least 55% of sales tax revenue received by Glynn County was derived from non-county residents. This estimate was based on data provided by a variety of government sources. However, even if visitors and tourist only paid 35% of the SPLOST, why not allow them to fund 35% of our capital needs in this County rather than raising property taxes for the residents to fund those capital needs? It is a fair tax that touches all residents and tourists, not just property owners.

## Why isn't the County using Fund Balance ("reserves") to fund these projects?

Glynn County has a reserve fund of \$54M in the general fund. \$30M of that is reserved by a Board of Commissioners by policy that requires that \$30M be reserved for the rainy day fund. This money would be available if we were to have a hurricane or other natural disaster. In Hurricanes Matthew and Irma, Glynn County incurred \$21M in related expenses. The general fund, fund balance has an additional \$24M. The county has generally kept the remainder of fund balance at \$15M for the County to run effectively during the year. However, due to COVID, the County implemented very conservative spending and we were lucky enough to have better economic conditions than anticipated. This allowed the County to add to their reserves. A portion of this money will be used to increase the immediate security at the Courthouse and Juvenile Court, space need improvements at the Board of Elections, and electrical upgrades at Blythe Island Regional Park.

## How were SPLOST funds used to pay for pickleball courts on St. Simons Island from SPLOST 5?

The SPLOST 5 resolution passed by the board stated the following in relation to recreation: **"recreational facilities in Glynn County** and in the City of Brunswick at Altamaha, Blythe Island, Brookman, Mallery, Neptune, North Glynn, Selden and Howard Coffin Parks **and other locations.**" There were no specific projects listed in the referendum or on the ballot. The ballot verbiage was even more generic, stating "recreational facilities in Glynn County and the City of Brunswick".

The funds designated to the recreation category were split by the BOC on a project list by district, allocating \$1.33M to District 2. Again, there were no specific projects listed, therefore the entire amount was designated by the Board to be used for recreation facilities in District 2. The pickleball courts are a recreational facility in District 2, and the funds were used as directed by the Board.

These funds were not considered excess proceeds. The ACCG SPLOST Guide for County Officials states "all SPLOST proceeds must be used to complete the projects for which the tax was imposed before any revenue derived from the SPLOST can be deemed to be "excess" and available for use in reducing debt or property taxes".

Since District 2 was given a set amount of funds to use on their recreation projects and no specific list of projects was included in the referendum, any recreation project in District 2 would qualify for use of these funds. Ultimately, District 2 spent \$1,325,727 on recreational facilities, including the pickleball courts, therefore this was in line with the intent of the SPLOST issue.