



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 5, 2024

Honorable John Albers
State Senator
421-C State Capitol
Atlanta, Georgia 30334

SUBJECT: Fiscal Dedication Analysis
Senate Bill (LC 43 2944)

Dear Senator Albers:

This bill would dedicate a portion of motor vehicle registration and tag fees collected pursuant to O.C.G.A. Title 40, Chapter 2, to the *Peace Officers' Annuity and Benefit Fund* and the *Georgia Firefighters' Pension Fund* (hereafter the peace officers' and firefighters' funds). For each fund, the dedicated amount would equal 5 percent of the fees collected from motor vehicle registrations and the sale of license plates, presumably meaning the following:

- the vehicle license (registration) fees authorized by O.C.G.A. §40-2-151 with the exception of alternative fuel vehicle (AFV) fees under subsection (a)(19) of that section, which are already dedicated to the state Transportation Trust Fund (TTF) pursuant to section 151.2 of that same chapter; and
- prestige and special license plate (tag) fees under §40-2-60 thru 86.1.

Highway impact fees authorized under §40-2-151.1 are also dedicated to the TTF under current law and are thus also presumed to be excluded from the funds proposed to be partially dedicated. Fees provided for under §40-2-137, relating to the lapsing of minimum required vehicle insurance coverages, are also presumed to be excluded as they are not fees for the registration of motor vehicles or the sale of license plates.

Subject to the requirements of Article III, Section IX, Paragraph VI(r) of the Constitution of Georgia outlined in Section 2 of the bill, the proposed dedication of funds would become effective July 1, 2024. Amounts appropriated to the peace officers' and firefighters' funds each budget year shall be calculated based on the amounts of the relevant revenue sources collected in the most recently completed fiscal year. Thus, for the FY 2027 budget under consideration during the 2026 legislative session, the amounts appropriated to the two funds would be determined based on revenues collected in FY 2025.

Amounts and Share of General Fund Revenues Dedicated Under Current Law

The total of all amounts dedicated from FY 2023 revenues pursuant to Article III, Section IX, Paragraph VI(r) of the Constitution of Georgia was \$307,768,310 or approximately 0.86 percent of FY 2023 state general fund revenues. Additional revenues dedicated beginning FY 2024 by enactment of HB 31 (2023) would have added \$1,388,948 (less than 0.01 percent of general fund revenues) to that dedicated amount had HB 31 been in effect for FY 2023.

Projecting these dedicated amounts forward to FY 2025, the first period affected by this bill, approximately \$320.2 million of revenues in that year, amounting to 0.93 percent of projected general fund revenues, are estimated to be dedicated under current law.

Amounts and Share of General Fund Revenues Proposed to be Dedicated Under Bill

Data provided by the Department of Revenue (DOR) show motor vehicle registration and tag fee revenues totaling \$233.8 million in FY 2023, up from \$228.5 million in FY 2021. Had the proposed bill been in effect for FY 2023, the amounts dedicated from that year’s revenues would have been \$11.7 million to each fund and \$23.4 million in total. These amounts are equal to approximately 0.03 percent of total general fund revenues for each fund and 0.07 percent in total.

To estimate FY 2025 dedicated amounts from the proposed bill, registration and tag fee revenues reported by DOR were projected forward assuming growth of about 1.2 percent per year, the average rate of growth from FY 2021 to FY 2023. On this basis, each fund is projected to receive appropriations for FY 2027 of approximately \$12.0 million from FY 2025 revenues, \$23.9 million in total. The combined dedicated amount is projected to represent approximately 0.07 percent of total general fund revenues in FY 2025.

The totals of proposed and existing dedications are projected to amount to 1.00 percent for FY 2025, right at the 1 percent limit set forth by Ga. Const. Art. III, § IX, Para. VI (r)(2).

Longer-range effects of this bill would depend on growth in the numbers of vehicles and changes in the mix of vehicle types that are registered in the state as well as demand for prestige and special license plates. Under conservative growth assumptions, total amounts dedicated are projected to remain close to the limit, though some of the newer dedicated revenue streams have grown more quickly than others (e.g., For-Hire Ground Transport Excise Tax and the Alternative Fuel Vehicle Fee). Should they continue to grow at recent high rates, they have the potential to push the total over the 1 percent limit, potentially necessitating proration of appropriations from dedicated fees for FY 2025 or subsequent years.

Table 1. Projected Current Law and LC 43 2944 Dedicated Funds

(\$ millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current Law Fees	\$307.8	\$307.0	\$320.2	\$331.3	\$343.2	\$355.7	\$369.1
LC 43 2944			\$23.9	\$24.2	\$24.5	\$24.8	\$25.1
Total Dedicated Fees	\$307.8	\$307.0	\$344.1	\$355.5	\$367.7	\$380.5	\$394.2
<i>% of General Funds</i>	<i>0.86%</i>	<i>0.92%</i>	<i>1.00%</i>	<i>1.00%</i>	<i>0.99%</i>	<i>0.99%</i>	<i>0.98%</i>

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget