



House of Representatives

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HEALTH AND HUMAN SERVICES
PUBLIC SAFETY & HOMELAND SECURITY

MEMORANDUM

TO: Skidaway Island Residents

FROM: State Representative Jesse Petrea, District 166
State Senator Ben Watson, District 1

DATE: August 7, 2018

RE: Postponement of Incorporation Ballot Measure

As part of the ongoing due diligence efforts in preparation for the vote to create the City of Skidaway Island, the Incorporation Steering Committee recently discovered a drafting error in the proposed Charter which could have been interpreted to exempt all residential property from property taxes. The Georgia Office of Legislative Counsel confirmed that the legislature's attorney made a typographical error when drafting the bill and has advised postponing the referendum in order to clarify the enabling legislation when the General Assembly goes back in session.

As such, on August 6, 2018, we, Representative Jesse Petrea and Senator Ben Watson, sent a letter to the Chatham County Elections Superintendent requesting that the Elections Board postpone the advertisement which would have placed on the November ballot the referendum that would have created the new City of Skidaway Island. While House Bill 618 originally projected the referendum would appear on the local ballot on the November 6, 2018 General Election, the legislative language intentionally allowed for a flexible date. This was to allow the necessary due diligence prior to the referendum. Accordingly, as the sponsors of this enabling legislation, we requested that the measure be postponed to an eligible election date in 2019 in order to allow us to correct the typographical error and to potentially make additional improvements to the Charter including but not limited to:

1. Adding a voter referendum requirement prior to tax increases.

One of the main purposes in creating the new City of Skidaway Island is to control the growth of property taxes. In a recent survey of Skidaway Island residents, a number of persons expressed concern and skepticism that sufficient controls exist to discourage or prevent a newly created government from raising taxes. As such, we would like to add an additional provision to the proposed Charter that would require a local referendum prior to the City Council increasing the millage rate. This is a tool that has been utilized by a number of new cities including Sandy Springs, John's Creek, Milton, Dunwoody,

Peachtree Corners, Brookhaven, LaVista Hills, Tucker and others. While under the municipal powers of home rule, a municipality will always retain the ability to increase taxes regardless of voter approval, we feel this additional step in the process will increase the opportunity for the voters to voice their concern and will discourage tax increases as it has done in the municipalities which have adopted this measure.

2. Further reduce the proposed starting millage rate and cap.

As proposed in the original draft charter, the starting millage rate for City of Skidaway Island property taxes is capped at 4.13 mills. Revenue collections as analyzed by both the Georgia State University Andrew Young School of Public Policy and by the Skidaway Island Incorporation Steering Committee verified that this millage rate would indeed fully fund the needs of the new municipality. Additionally, Chatham County subsequently increased the millage rate for the Special Services District to 4.99 mills, thus using the 4.13 millage rate in the Charter accomplished an immediate roll back of taxes for Skidaway Island property owners. Based on the due diligence of the local steering committee and in consultation with subject matter experts, it has been determined that other revenue sources may potentially provide more revenue than originally estimated. If this is the case, then it may be possible to further reduce the property tax millage rate and cap it at an amount lower than 4.13 mills, further reducing the tax burden on Skidaway Island property owners. Additional time is needed to conservatively determine if a further reduction is feasible and prudent.

3. Improve Homestead Exemptions

Maintaining all existing Chatham County homestead exemptions as well as the Stephens-Day property tax valuation freeze is a top priority for the creation of the City of Skidaway Island. In addition to strengthening the Charter language, it may be possible to potentially increase the homestead exemptions for veterans, veterans' surviving spouses and some senior citizens. We would like to take time to further investigate these options and determine their fiscal impact on the proposed budget.

4. Clarify flood insurance matters

Avoidance of the potential short-term loss of the flood insurance discount received by some home owners is a matter that requires continued investigation. To date, conflicting information has been received from state and federal agencies concerning the "grace period" for a newly created municipality. Additional time is needed to work with subject matter experts and Congressman Buddy Carter to gain clarity on this matter. This will also allow time for coordination between local state and federal officials to ensure a smooth transition to a new municipal flood management program.

The creation of a new municipality is a matter that should be carefully considered, debated and evaluated. It is a matter that deserves an abundance of caution. Based on the feedback received from the Incorporation Steering Committee, Skidaway Island residents, and legislative counsel, additional time is needed to further research the above areas and to clarify the proposed Charter during the 2019 Georgia General Assembly session. While the matter will not appear on the local ballot this November, Island residents will still have the opportunity to vote on the creation of the City of Skidaway Island once these matters are addressed.