

COMMISSIONERS OF CHATHAM COUNTY

CHATHAM COUNTY COURTHOUSE
124 BULL STREET
P. O. BOX 8161
SAVANNAH, GEORGIA 31412

<http://www.chathamcounty.org>

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(912) 652-7869 VOICE
(912) 652-7874 FAX



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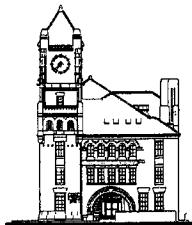
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Georgia Special Council
On Tax Reform and Fairness
Attention: Donna Moore, PMP
Project Manager - Tax Council
Project Management Consulting, Inc
2930 Briarglen Drive
Atlanta, GA 30340

Dear Ladies and Gentlemen:

As Chairman of the Chatham County Commission, I commend this Special Council for tackling the issue of tax reform and fairness. It would not be a stretch to say this committee's task remains the most fundamental question in government today—paying for public services and determining a fair way to divide up those costs.

As with business, governments should appreciate the value of fairness. For this reason on behalf of the Board of Commissioners of Chatham County, I am requesting your assistance on the matter of fairness on collecting and distributing franchise fees for citizens who live in unincorporated areas of counties throughout Georgia.

Let me explain. Almost all utilities which utilize public property for the extension of their lines include a "franchise fee" in each customer's monthly bill to offset this cost. Georgia law authorizes only cities to negotiate with utilities, such as Georgia Power and Atlanta Gas Light, for a return of these collected fees through franchise agreements. Hence, the Chatham County Commission questions the fairness of this structure as authorized by Georgia law.

Why should utilities collect these fees from citizens in the unincorporated area but the fees become revenues to municipalities? Chatham County has created an Unincorporated Area Special Service District, which provides municipal-type services to unincorporated area citizens from revenues collected from those residents, including ad valorem taxes. The Unincorporated Area Special Service District protects against double-taxation of citizens within municipalities since only unincorporated area citizens pay for and receive these services (the type and number of services meet the requirements for a municipality in Georgia). Rather than franchise fees collected by

utilities becoming revenues to the Unincorporated Area Special Service District to help fund the services unincorporated residents and property owners receive, these franchise fees benefit citizens within municipalities. How is this fair?

For example, citizens in unincorporated Chatham County last year paid \$3,235,500 to Georgia Power and Atlanta Gas Light. Both of these utilities negotiate individual franchise agreements with various municipalities in Chatham County. The franchise fees paid by these utilities provide funding for municipalities and not the unincorporated area despite the existence of the Unincorporated Area Special Service District.

The Georgia Public Service Commission just recently recognized part of the problem. The PSC changed the scale of charges in 2009. Georgia Power's charges for franchise fees changed to 2.9106% of usage cost for customers within municipalities and 1.0532% of usage cost for customers in unincorporated areas. While this reduces the inequity, the change does not address fairness.

Chatham County has attempted to resolve this unfairness by asking the Georgia General Assembly to amend Georgia law to authorize counties with Unincorporated Area Special Service Districts which provide qualified municipality services to negotiate franchise agreements. Since this situation affects fewer than six counties in Georgia, the legislative process has not proved advantageous. Chatham County desires that the Special Council acknowledge this inequity and recommend a change in Georgia law to correct it.

Sincerely yours,



Pete Liakakis, Chairman
Board of Commissioners of Chatham County

cc: Board of Commissioners
R.E. Abolt, County Manager
Ross King, Executive Director, Association County
Commissioners of Georgia