

# Special Service District Discussion

September 28, 2023  
Commission Workshop

# History of the Special Service District (SSD)

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The SSD was established in 1974 by the Board of Commissioners.

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In 1970 there were 24,102 residents in the unincorporated county vs. 91,722 in 2020.

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A separate millage rate was established to cover the cost of services provided in the SSD.

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Taxes and revenues collected in the district cannot be used for services provided outside of the district.

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The district is governed by the County Board of Commissioners. It does not have the same rights as a municipality.

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# Why are we here?

Some commissioners have asked whether the County can modify the SSD Fund and/or decrease its millage rate.

Chatham County is one of the few counties in Georgia with a separate fund for its unincorporated area.

# SSD Budget

In 2023 the SSD budget was \$47.5 million.

- Included \$3.8 million indirect cost allocation (IDC) paid to the General Fund for administrative services provided.

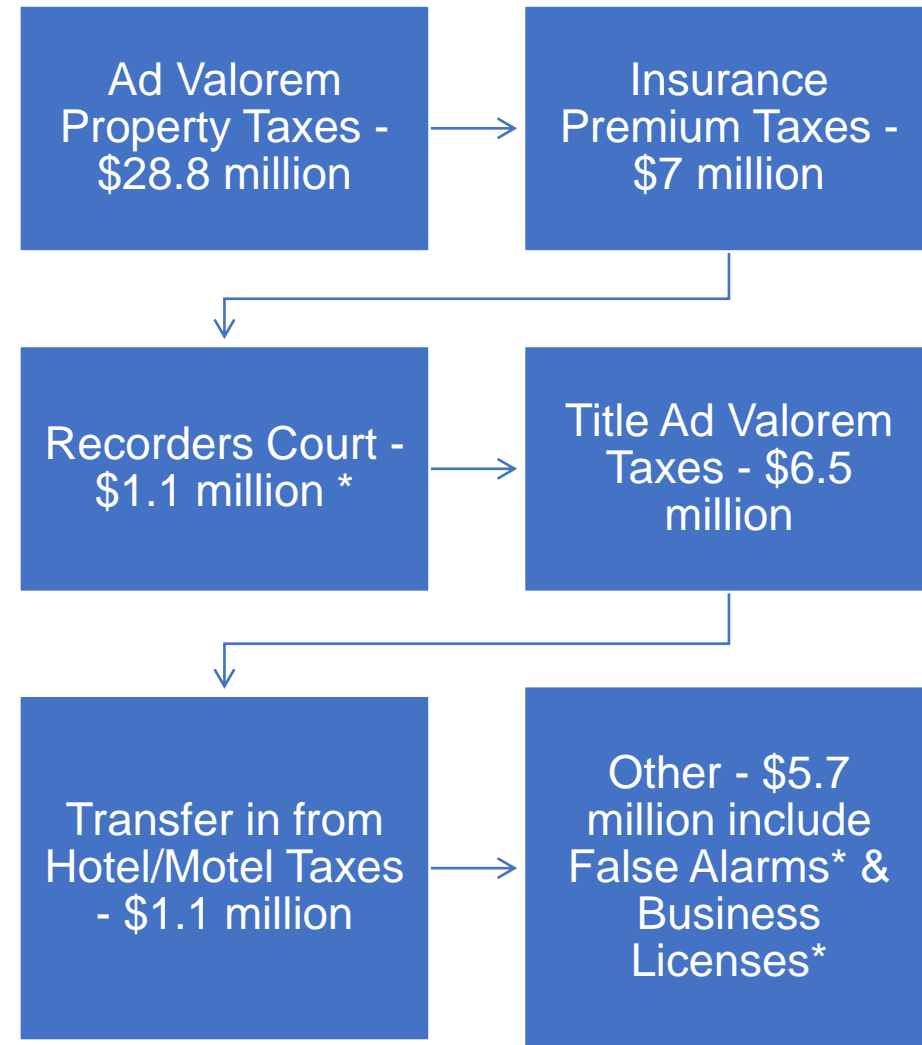
The 2024 SSD budget is \$50.2 million.

- The indirect cost allocation of \$3.5 million was eliminated to make up for the lack of the fund's participation in municipal revenue sources such as LOST and franchise fees.
- This cost was absorbed in the general fund through the digest growth.

The current SSD Fund reserve is \$15 million.

The current mill rate is 4.502

# SSD FY24 Revenues



# SSD Expenditures pay for Services

## Building Safety and Regulatory Services

Business Licenses*	\$970,808
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Code enforcement	
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Crimestoppers	\$20,000
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Engineering	\$1,790,517
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False Alarms*	\$98,875
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Metropolitan Planning Commission - SAGIS –Historic Preservation	\$1,839,033
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• Police	\$20,404,653
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• Public Works	\$11,205,305
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• Records Court*	\$1,520,686
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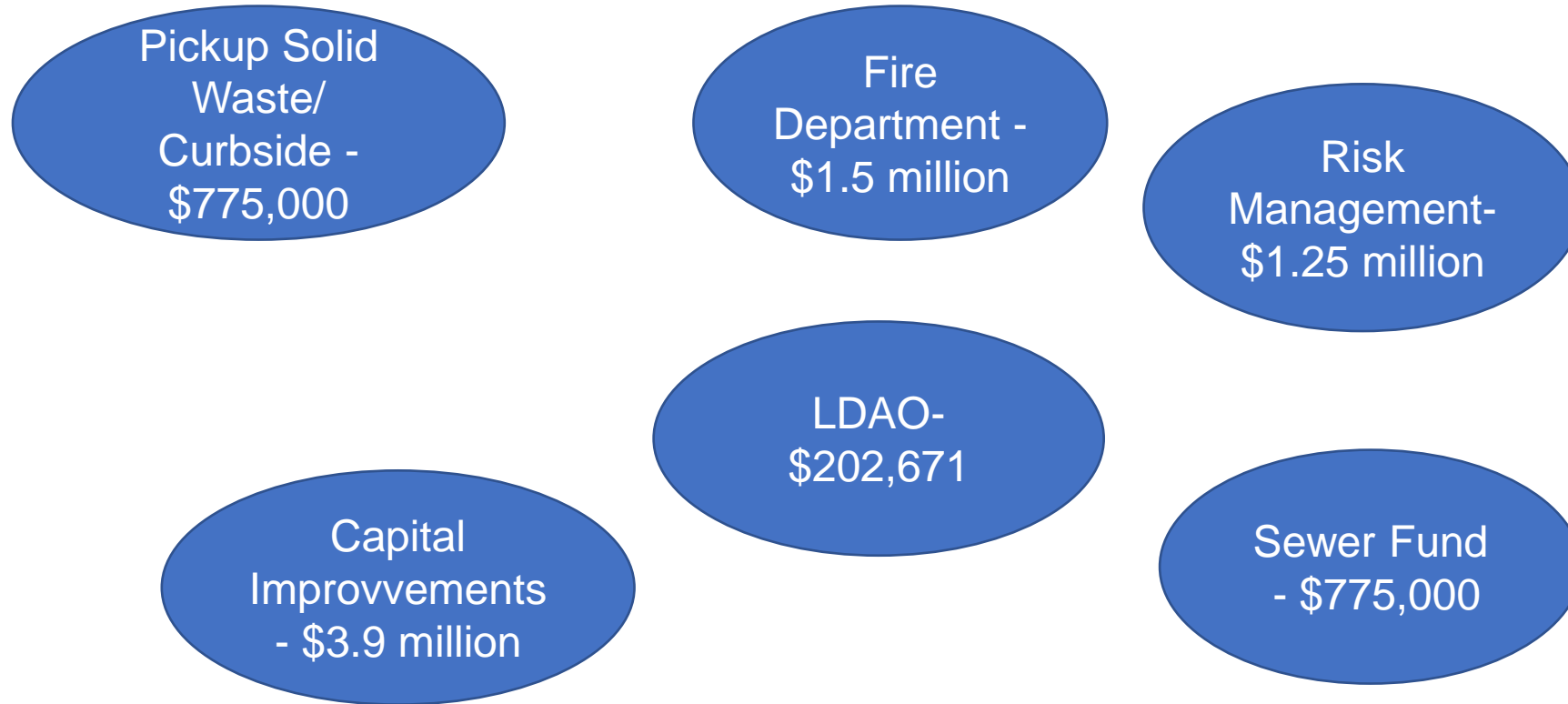
• Traffic Lights	\$323,000
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• Transfers Out to other funds	\$11,843,587
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\* Self supporting revenue sources

# Other Funds Supported by SSD

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# Revenue Evaluation

- Certain functions of the SSD generate sufficient fees to cover their costs. (Business Licenses, False Alarms, Records Court)
- Insurance Premium taxes have some statutory limitations on use related to public safety services.
- Some revenues are not specific to any individual department such as property taxes, TAVT, hotel/motel and other taxes.
- Other departments provide services only in the unincorporated area and will require a specific funding source.
  - Law Enforcement – CCPD, Crimestoppers
  - Fire Services
  - Public Works



# Property Tax Digest

Chatham County, GA			
Tax Digest Information - June 30, 2023 (\$ millions)			
		County-Wide	Unincorporated
Gross Digest Value		\$ 25,859	\$ 10,506
Less Exemptions		\$ 6,957	\$ 4,099
Net Digest Value		\$ 18,901	\$ 6,407
Net Property Tax Levied		\$ 198.8	\$ 28.8
Tax Rate		10.518	4.502
Value of one mill		\$ 18.9	\$ 6.4
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# What are the options for the future of the SSD?

- 9-1: Keep the SSD as is, stabilizing costs and rolling back the millage rate as the unincorporated area changes.
- 9-2: Transfer funds from the General Fund to the SSD Fund annually to pay for SSD service costs.
  - Move property taxes created by digest growth from the General Fund to SSD.
  - Budget for and transfer these funds each year to pay for recurring services.
- 9.3: Move department revenues and expenses from the SSD Fund to the General Fund over a period of several years. Leave only direct services in the SSD such as Police or Fire (“Public Safety Fund”).
- 9.4: Increase the homestead exemption on residential property owners in the SSD.

# 9-1: Pros and Cons – No Changes

## Pros

- Maintains comparability year over year
- General Fund retains digest growth
- SSD Fund remains intact

## Cons

- Perception of “business as usual”
- Digest growth has historically been low

## 9.2: Pros and Cons – Transfer GF Growth to SSD

### Pros

- Over time would reduce SSD Fund's Property Tax rate
- Multi-year implementation period

### Cons

- General Fund tax revenues are transferred to SSD to pay for unincorporated area services
- Diverts revenue from General Fund services
- Creates a dependency by SSD on the General Fund (parent/child)
- Amount of transfer would be calculated each year during budget
- Does not eliminate the SSD
- Imposes taxes on citizens who do not directly receive those services

## 9.3: Pros and Cons – Move SSD Expenditures to General Fund

### Pros

- Stabilizes service levels and costs as annexations occur
- Reduces or eliminates SSD Millage Rate and SSD Fund

### Cons

- Evaluate which services move to the General Fund – All? A Portion?
- Develop an implementation plan to lower SSD millage and increase GF millage rate
- Cities may push back on use of General Fund taxes for SSD operations
- Imposes taxes on citizens who do not directly receive those services
- Impact of SPLOST “SSD” distribution

## 9.4: Pros and Cons – Increase Homestead Exemption for residential property owners in SSD

### Pros

- Reduce taxes for unincorporated residents with a homestead exemption over time
- Compensate for inequitable treatment of municipal revenues

### Cons

- Shifts the tax burden to non-residential taxpayers
- Millage increase would be required to offset service costs
- Requires approval via referendum
- Requires coordination with Tax Commissioner & Board of Assessors

# Upcoming Obligations of the General Fund

By transferring revenue to the SSD or, conversely, transferring expenditures to the General Fund, other obligations of the General Fund must be considered:

- Operating costs of the Trial Court Building
- Construction and operations of the EOC/ E911 building.
- Potential Debt service payments on the recreation facility (\$5.5 - \$6 million annually)
- Hutchinson Island improvements
- Child & Adolescent Treatment Facility (Gateway)
- Claims and judgements awards
- Renovation of the current court building and administration building
- Expiration of ARPA funding for Court backlog positions
- Renovations for the new clinic/employee Wellness Center
- Operations of the Botanical Gardens