



Executive Summary

The Fiscal Impact on DeKalb County with Possible Incorporation of Dunwoody, Georgia

This report provides best estimates of revenues lost by DeKalb County should Dunwoody incorporate, with estimates provided that include and do not include the DeKalb Perimeter Community Improvement District (CID) area. Data used for this research have been provided by the DeKalb County Department of Finance, the County's Tax Assessor's Office, the County's Geographic Information System (GIS) Department as well as from the Georgia Department of Community Affairs and the United States Bureau of Census and Economic Analysis. The March 2006 report, "Fiscal Analysis Phase One Estimated Revenues and Expenditures for a Proposed City of Dunwoody, Georgia" by the Carl Vinson Institute of Government of the University of Georgia, is referred to as well. The Vinson Report did not examine the effects of such incorporation on DeKalb County revenues. Still, the revenue estimates generated in the present study compare well with those in the 2006 Vinson Report.

DeKalb County Budget

DeKalb County, the third most populous county in Georgia, realized an 11 percent population increase from 1995 to 2005. The County's budget sustained real growth of about 30 percent in this ten year period. Still, in the last decade DeKalb has reduced its dependence on the property tax – revenues from this tax comprised 66 percent of all tax fund sources in 1996, dropping to 49 percent by 2005. Alternatively, dependence on excise taxes has increased during this same period, now making up 23 percent of the County's tax fund sources. An examination of DeKalb's expenditures illustrates moderate changes in spending that include the effects of implementation of the County's HOST. Capital outlays comprised three percent of general government expenditures in 1996, increasing to nine percent by 2005. Except for community development and court system spending, most other categories of expenditures realized a decrease as a proportion of total spending in the decade from 1996 to 2005.

Senate Bill 82, the Boundaries of a City of Dunwoody and Perimeter Center

Senate Bill 82 was recently introduced in the 2007 session of the Georgia General Assembly to replace Senate Bill 568 (introduced in 2006 session) and seeks to incorporate Dunwoody. This study uses the geographic boundaries of a City of Dunwoody as specified in SB 568 and these boundaries coincide with the boundaries of a map entitled *Proposed City of Dunwoody, DeKalb County, Georgia, January 2007* prepared by Keck and Wood, Inc. that indicates an area "of 13.2 square miles, more or less, and a perimeter of 17 miles, more or less" as stated in SB 82, Appendix A.

SB 82 outlines a number of homestead exemptions for Dunwoody citizens, including a freeze, a general exemption, an additional 25 percent exemption, an exemption for senior citizens and surviving spouses as well as an exemption equal to “one mill reduction of the millage rate applicable.”

SB 82 includes the DeKalb Perimeter CID in the boundaries of a City of Dunwoody. DeKalb County is a major budgetary support to the CID. Perimeter Center is also supported by investments from a number of partners, including the Federal Highway Administration, a variety of State of Georgia departments and authorities, the Atlanta Regional Commission and now the City of Sandy Springs. The office market area of the Perimeter CID (including both Fulton and DeKalb) draws substantially from the ten county market area as well as regionally from within and outside of the State of Georgia. The CID’s retail market has three components:

- ✍ 20 percent residents of the Perimeter Center area
- ✍ 34 percent patrons from elsewhere
- ✍ 46 percent office and other workers

Essentially, the residential part of this area (Dunwoody in DeKalb and Sandy Springs in Fulton) accounts for a minor portion of overall market area.

Populations, Burdens and Revenues Lost

The Atlanta Regional Commission (ARC) provides a 2006 population estimate of 710,400 for DeKalb County and the governments within its borders. The estimate for cities within the County equals 90,269; an estimate for the unincorporated portion of the County equals 620,131. Using ARC estimates, information from the U.S. Bureau of Census, and the boundaries for a City of Dunwoody as noted in SB 568, the population of the proposed new city is 37,154. This is the population figure that we use in many of the revenue calculations included in this study. Also, we use the ratio of Dunwoody’s population to the population of the unincorporated portion of the County (5.99 percent).

Examination of property tax burdens (when measured by assessed value per capita and per housing unit) if Dunwoody is incorporated, both with and without the CID, indicates that the average assessment value in the remainder of the unincorporated portion of DeKalb County would decrease from four to almost ten percent, respectively. Decreasing assessment values would increase the property tax burden to residents of the remaining unincorporated portion of DeKalb County, if all else remains the same. Further, while a City of Dunwoody represents about six percent of the population of unincorporated DeKalb County, such incorporation would reduce the assessment value of unincorporated DeKalb by 10 percent (CID not included) to 14 percent (CID included).

On the other hand, Dunwoody residents’ average assessment values per capita would increase by 68 percent with incorporation; if a City of Dunwoody includes the CID, such value would increase by over 133 percent. This means, all else being equal, Dunwoody homeowners *only* would receive the entire benefit of the CID tax base; these benefits currently accrue to all of unincorporated DeKalb. The additional homestead exemptions to Dunwoody residents outlined in SB 82 further exacerbate the burden on CID taxpayers to generate lost revenues.

Results of this study show significant loss of revenues to the County should a City of Dunwoody exist. Our estimate of revenues lost to the County should Dunwoody

incorporate and include the CID of \$16.1 million is about \$3 million more than the estimate of revenues generated by a City of Dunwoody provided by the Vinson Report. Population and growth estimate differences, and the inclusion in the present study of stormwater fees account for most of this \$3 million dollar difference. Results here indicate lost revenues of approximately \$9.5 million should Dunwoody incorporate and not include the CID. Thus, inclusion of the CID with incorporation increases the loss to the County by two thirds or \$6.5 million

DeKalb County has been the principal supporter of the CID, along with a number of other partners. While much of the infrastructure supporting the Perimeter area has been financed by the CID's special taxes, much has been supported by all of unincorporated DeKalb's taxpayers. Just a fifth of the CID's retail market is made up of the residents of the Perimeter Center area (including the Dunwoody CDP and other parts of unincorporated DeKalb and Fulton counties) while 80 percent of the retail market comes from outside of the Perimeter Center area. Although it is difficult to argue for a City of Dunwoody that would support a 68 percent increase in assessment value per capita for residents of the new city, it is unreasonable to argue that Dunwoody residents alone should benefit *additionally* and *significantly* by including the CID with incorporation.