

Gwinnett County - The Fiscal Impact of a Proposed City of Mulberry

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Table of Contents

Executive Summary	3
Introduction	5
Study Area	8
Impact on Revenues	10
Impact on Expenditures	11
Conclusion	15
Appendix	16

Executive Summary

The Center for South Georgia Regional Impact (CSGRI) at Valdosta State University was contacted by Gwinnett County to conduct an analysis of the potential fiscal impact of the incorporation of a proposed City of Mulberry. This study examines the impact of the proposed City of Mulberry on Gwinnett County revenues and expenditures. For this report we rely on the boundaries and services outlined in Senate Bill 333 of the Georgia Legislature as enacted.

On February 20, 2024, Georgia Governor Brian Kemp signed Senate Bill 333. The bill, sponsored by Clint Dixon and Shawn Still in the Senate and by Chuck Efration in the House, established the city charter for the City of Mulberry. The proposed city boundaries align with existing census blocks and encompass an unincorporated area located along Interstate 85 in northeastern Gwinnett County. The city would span 25.9 square miles and be home to around 41,000 residents, making it the largest city by land mass and the second largest by population in the county. Information from Gwinnett County from February 26, 2024, reported that the proposed City of Mulberry would contain approximately 15,000 parcels with an appraised value of more than \$8 billion.

As proposed, the City of Mulberry would operate a limited municipal government, offering only specific services to include planning and zoning, storm-water collection and disposal, and code enforcement. The city would not collect property taxes from its residents, and would opt for non-property tax revenue sources that maintain neutrality with respect to cost burdens on homeowners. The city would not be directly entitled to the Special Purpose Local Option Sales Tax (SPLOST) program. Future SPLOST negotiations, which would include Mulberry, will begin with the consideration of the 2029 SPLOST program.

The proposed municipality includes delivery of the three aforementioned services. Other public services will need to be negotiated by the new city with Gwinnett County or other service provider. Georgia's Service Delivery Strategy Act (GA Code § 36-70-20) outlines the process by which cities and counties will establish the provision of necessary services. Furthermore, any services not provided by a city must be negotiated through an intergovernmental agreement between the city and county or other service provider. The services discussed in such arrangements include police and fire

protection, recreational activities, solid waste disposal, and road or infrastructure construction and maintenance. All services aside from the three included in the charter will be delivered through negotiated SDS agreements between Mulberry and Gwinnett County or special assessments as defined in the enabling legislation.

The potential incorporation of the City of Mulberry would result in revenue reductions for Gwinnett County due to the loss of county-wide revenues from numerous sources. At the same time, Mulberry's assumption of code enforcement, planning and zoning, and stormwater management could reduce the county's expenses.

Through an examination of key revenue categories, including insurance premium taxes, title ad valorem taxes, occupational taxes, cable franchise fees, alcoholic beverage licensing fees, mixed drink excise taxes, energy excise taxes, financial institutions taxes, stormwater operating fees, and development and enforcement services district property taxes, it is estimated that the county stands to lose approximately \$8.16 million in operating revenues.

Analysis indicates that the city's provision of stormwater management services could lead to an estimated reduction in operating expenses for Gwinnett County. Nevertheless, the ongoing expansion of county departments, coupled with the complexities inherent in planning, zoning, and code enforcement operations, may constrain Gwinnett County's ability to achieve additional expense reductions in these areas.

Introduction

Valdosta State University (VSU) is a Regional Comprehensive University within the University System of Georgia. As a comprehensive university, VSU provides educational programs across the State of Georgia and around the world via on-campus and online programs and course offerings while placing a special focus on a 41-county service region across South Georgia. The six colleges within VSU are the College of Science & Mathematics, the College of Humanities & Social Sciences, the Langdale College of Business Administration, the Dewar College of Education & Human Services, the College of the Arts, and the College of Nursing & Health Sciences. VSU offers two associate programs, fifty-two bachelor programs, thirty-four master programs, and five doctoral programs. In 2021, the Southern Association of Colleges and Schools Commission on Colleges reaffirmed VSU's regional accreditation as a part of its 10-year review process with no findings or recommendations.

The Valdosta State University Center for South Georgia Regional Impact was established in 2018 to partner with community leaders, county and municipal officials, education leaders, healthcare providers, and the business community to identify broad as well as localized issues that could be addressed through the combined interdisciplinary expertise of VSU's highly accomplished faculty, talented staff, and vibrant student body. To date, the CSGRI has engaged in more than 300 projects.

This report aims to provide the public with accurate information about the fiscal impact of the proposed City of Mulberry on Gwinnett County before the issue is brought to a vote in the upcoming election. The methodology used to conduct this study is research driven and fact-based using publicly available and government collected data. This report does not constitute a position for or against the proposed cityhood of Mulberry by the authors, the CSGRI, or VSU.

Key Faculty Participating in the Project

Joseph Robbins, Ph.D.

Professor and Department Head of Political Science

Dr. Joseph Robbins earned his B.A. and M.A. in Political Science and Public Administration from Eastern Illinois University (2002, 2003) and his Ph.D. in Political Science from Texas Tech University (2008). His research examines the underlying factors behind, and consequences of, party system development in Russia, East Europe, and throughout the world. Aside from this, Robbins also studies the factors leading to, and consequences of, terrorist attacks, as well interstate conflict. His research has been published in journals such as *Comparative Politics*, *Comparative Political Studies*, *Party Politics*, the *Journal of Peace Research*, and *Electoral Studies* among others. In addition, he has secured grant funding from state and national agencies. Dr. Robbins has also served as a peer reviewer for many of the leading political science journals and has been a paid reviewer for Quality Matters (online course reviewer) and for publishers such as Pearson, Cengage, and Sage. He was invited to deliver a series of lectures for the United States State Department in Azerbaijan (November 2014) and the Contemporary American Theater Festival (August 2015).

Keith E. Lee Jr., Ph.D.

Associate Professor

Program Coordinator for Public Administration

Dr. Keith Lee graduated from Valdosta State with a B.A. in Political Science (2010) and an MPA (2011) prior to attending the University of Florida where he completed his Ph.D. His research interests include state and local government, particularly policy making and public budgeting. He teaches public budgeting, quantitative methods, and policy analysis. His research has appeared in *Politics & Policy*, *Social Sciences Quarterly*, and *American Review of Politics*. Prior to beginning a career in academia Dr. Lee served in the United States Navy from 1998 to 2006 as a nuclear machinist mate with most of his time on the USS Kentucky (SSBN 737).

Luke Jones, Ph.D.

Professor of Economics

Dr. Luke Jones teaches undergraduate and Master of Business Administration courses in microeconomics and serves as the chapter advisor for Beta Gamma Sigma: The International Business Honor Society. His research explores policy questions in environmental and transportation economics, using empirical techniques that include experimental and survey methods. His work has been published and cited in leading environmental economics and transportation journals, including *Journal of Environmental Economics and Management*, *Resource and Energy Economics*, *Transportation Research Part A: Policy and Practice*, and *Transportation Research Part D: Transport and Environment*. He has conducted fieldwork in Brazil, China, Vietnam, and India and has secured grant funding from major agencies including the National Science Foundation. Dr. Jones received his B.A. in Economics with a minor in mathematics from Salisbury University, followed by his M.A. and Ph.D. in Economics from the University of Tennessee.

Study Area

This study uses a defined geographic boundary to derive many of the data inputs related to population, property, and business activities that form the basis of the fiscal impact of the proposed City of Mulberry on Gwinnett County. The study area boundaries are those referenced in Senate Bill 333 of the 2024 Georgia Legislature as enacted.

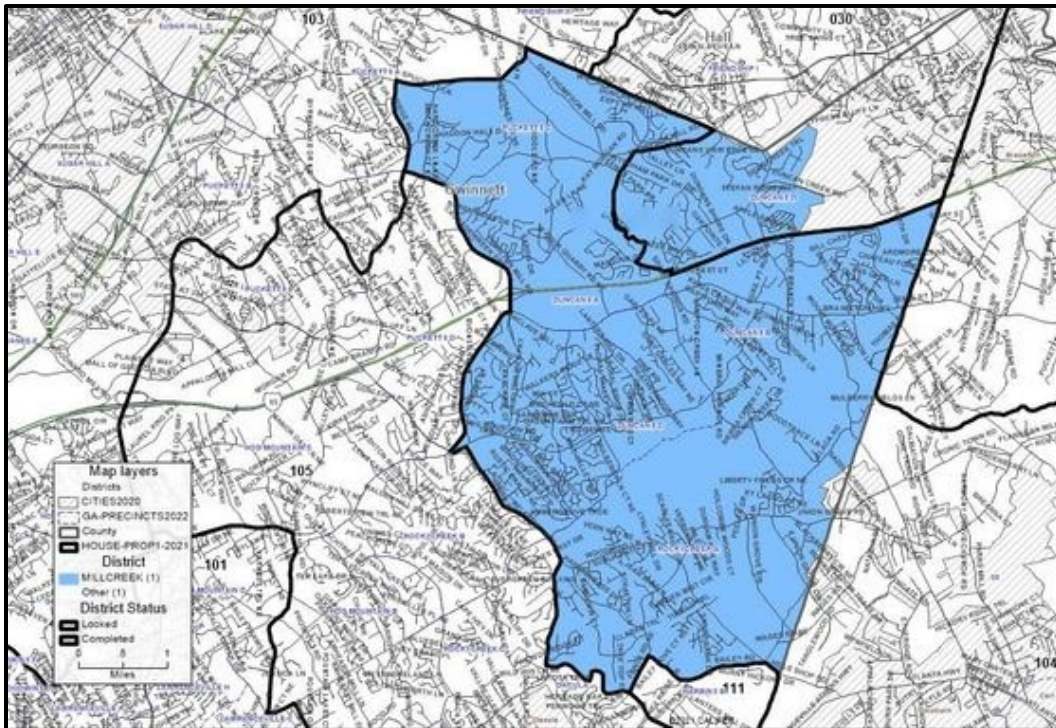


Figure 1. Map of the Proposed City of Mulberry

The proposed boundaries of the City of Mulberry encompass the area shown in Figure 1, along Interstate 85 in northeastern Gwinnett County. This unincorporated area contains 177 census blocks and spans 25.9 square miles.¹ The city would be home to an estimated 41,000 residents based on 2020 U.S. Census block-level data and projections based on the county growth rate (see Appendix for further details on population estimate). In relative terms, the proposed City of Mulberry would account for 5.9% of Gwinnett County's acreage, 4.2% of the county's total population, and 5.7% of its unincorporated population.² It would be the largest city by land mass and the second largest by population in Gwinnett County.

¹ This land area was estimated in QGIS using the shapefile for the boundary of the proposed city provided by Gwinnett County.

² The land area percentage is based on a total area of Gwinnett County of 437 square miles as reported on Gwinnett County's website (<https://www.gwinnettcountry.com/web/gwinnett/aboutgwinnett/fastfacts>). The percentage of the county's total population is based on the 2023 Census estimate of 983,526 for Gwinnett County's total population (<https://www.census.gov/quickfacts/fact/table/gwinnettcountrygeorgia/PST045223>). The percentage of the county's unincorporated population is based on the figure of 718,856 published in the most recent population ratios provided by the Georgia Department of Insurance (<https://oci.georgia.gov/regulatory-filings/premium-tax/local-governments>).

Table 1 - Mulberry Tax Parcel Breakdown

Category	Parcels
Residential	14,651
Commercial	150
Exempt	66
Utility	12
Total*	14,879

*Total only includes those parcels within the Mulberry area which have been identified and assigned a value by the Tax Assessor.

Table 1 shows the distribution of Mulberry tax parcels across several broad categories. This breakdown was derived from publicly available tax digest data from Gwinnett County. The bulk of Mulberry’s tax parcels are residential (around 98% of all parcels), while commercial parcels comprise the second largest identified category of land. Tax exempt properties include vacant land designated for conservation or public use, cemeteries, schools, properties owned by religious organizations, hospitals, and government-owned land for public services such as parks, fire stations, libraries, water resources, and correctional facilities. Utility parcels include an electric utility, a telephone equipment building, cell phone towers, and vacant utility land.

Impact on Gwinnett County Revenues

Mulberry's potential incorporation would lead to a diversion of some Gwinnett County revenue streams to the new municipality. Table 2 presents the estimated revenue losses for key categories. The methodologies used to generate these estimates are detailed in the Appendix. Overall, Gwinnett County could lose approximately \$8.16 million in revenues following the creation of the City of Mulberry.

Table 2 - Potential Lost Revenue to Gwinnett County

Revenue Source	Estimated Lost Revenues	% Revenue loss
Insurance Premium Tax	\$3,364,338	5.7%
Title Ad Valorem Tax	\$1,369,550	1.9%
Occupational Tax	\$442,278	2.5%
Cable Franchise Fee	\$270,609	3.9%
Alcoholic Beverage Licensing Fee and Mixed Drink Excise Tax	\$188,271	3.8%
Energy Excise Tax	\$48,519	10.8%
Financial Institutions Tax	\$96,738	6.1%
Stormwater Fee	\$1,620,880	4.9%
Development and Enforcement Services District Property Tax	\$761,914	4.1%
Total	\$8,163,097	

Impact on Gwinnett County Expenses

Georgia law mandates that cities provide at least three of the following essential services: code enforcement, fire protection, parks and recreation, planning and zoning, police protection, road maintenance, stormwater management, sewer service, water supply, waste management, and utilities. The proposed City of Mulberry plans to offer code enforcement, planning and zoning, and stormwater management.

Planning, Zoning, and Code Enforcement

Gwinnett County currently has 25 Code Enforcement Officers for its 983,526 residents. Thus, each Code Enforcement Officer on average accounts for 39,341 residents—which is slightly less than the projected Mulberry population. Given that the proposed area’s population (41,000 residents) is similar in size to this ratio, it is possible that Gwinnett County could reduce Code Enforcement personnel by one position.

However, the rapid development of Gwinnett County presents an ongoing fiscal challenge to the Department of Planning and Development, including Code Enforcement. The 2023 Gwinnett County Budget³ reports an increase in the Development and Enforcement Services District Fund budget to \$18.4 million in 2023, 27.4% higher than 2022. The increase primarily stems from a \$2.3 million uptick in personnel expenses. This encompasses 14 new positions, adjustments in pay-for-performance salaries, and the inclusion of longevity pay.

Given the expansion of the department and the complexities of the planning, zoning, and code enforcement operations it will likely prove difficult to realize material planning, zoning and code enforcement savings to Gwinnett County from the incorporation of Mulberry. As such, we estimate no expense savings from this category.

³ 2023 Gwinnett County Budget: <https://www.gwinnettcounty.com/static/departments/boc/pdf/gwinnett-county-2023-budget-document-complete.pdf>

Stormwater Management

The Gwinnett County Stormwater Operating Fund plays a vital role in managing rainwater and stormwater runoff. Funded through service charges based on the amount of impervious surface area on a property, these charges are collected alongside property taxes in the fourth quarter.

In 2023, the fund was projected to spend \$32.9 million, representing a 13.6% increase from the \$28.9 million spent in 2022. This rise is primarily attributed to a \$2.3 million increase in operational costs. Further, \$19.2 million of the 2023 budget is dedicated to transferring money for stormwater infrastructure improvements to the Renewal and Extension fund.

Since Mulberry plans to manage its own stormwater system, Gwinnett County's expenditures in this area are expected to decrease. The county will no longer provide stormwater services to the area of the proposed city. To estimate the reduction in expenditures, we analyzed local data and trends on regular upkeep, maintenance, and routine installation of new lines in the Mulberry area.

Based on data provided by Gwinnett County, the historical average annual cost for reactive work orders in the Mulberry area is approximately \$0.56 million. Stormwater pipes have an average useful life of 50 years. According to the Gwinnett County Department of Water Resources, roughly 8% of the metal and plastic stormwater pipes within the proposed city boundary are 45 years old or older. Based on the average per foot cost for lining metal and plastic pipes of \$244.30, they estimate the cost to line these aging pipes at \$16.2 million within the next 5 years. At 10, 15 and 20 years, they estimate another \$1.3 million, \$2.7 million, and \$5.3 million respectively, needed to line additional pipes that would be approaching the end of their useful lives. Additionally, the stormwater system within the proposed city boundary also includes the Duncan's Lake Dam. The new city would have to take over the permit and assume all responsibility/liability for the dam. According to the Gwinnett County Department of Water Resources the annual inspection and maintenance costs of the dam are approximately \$0.05 million, and they are in the planning stages of a needed dam rehabilitation capital project estimated to cost \$1.5 million.

Using this data, we analyzed stormwater expenses for the Mulberry area for a time horizon of 20 years beyond the current year. The analysis assumes the following, where the current year is defined as Year 0:

- Average annual expenses for reactive work order of \$0.56 million.
- Pipe replacement expenses:
 - \$16.2 million in Year 5
 - \$1.3 million in Year 10
 - \$2.7 million in Year 15
 - \$5.3 million in year 20
- Duncan’s Lake Dam annual maintenance expenses of \$0.05 million.
- Duncan’s Lake Dam rehabilitation expenses of \$1.5 million in Year 5.
- Risk-free rate of return of 5% (note: the three-month U.S. Treasury bill rate at the time of writing this report is approximately 5.4%) for discounting.

The present value of total projected stormwater expenses for the Mulberry area for the next 20 years beyond (and including) the current year is \$26.17 million, which is equivalent to an annual reduction in stormwater expenses of \$1.94 million for Gwinnett County over the same horizon.

Road Maintenance and Improvements

Per O.C.G.A. § 36-31-7.1(a), the ownership, control, care, and maintenance of the roads within Mulberry will become the responsibility of Mulberry if incorporated. In 2024, it was estimated that maintaining major roads would require \$2.73 million annually and residential roads would demand \$5.13 million annually, totaling approximately \$7.86 million.

In 2023, Gwinnett County earmarked funds through the SPLOST program for various infrastructure projects within Mulberry's city limits. A significant portion, \$25 million, was designated for major road improvements, \$500,000 for bridges, and \$13.61 million for road safety enhancements, totaling \$39.11 million.

Potential future projects totaling over \$317 million include substantial allocations for bridges (\$85.54 million), intersections (\$56.5 million), major roads (\$97 million), road safety (\$37 million), school safety (\$7.5 million), and pedestrian safety (\$33.75 million). However, the City would not be entitled to participate in the 2023 SPLOST program.

Future SPLOST negotiations will begin with the consideration of the 2029 SPLOST program. Per section 6.16 of the Charter, the city council would have the power to assess and collect costs associated with public streets, sidewalks, curbing, gutters, sewers, or other utility mains from abutting property owners per the Charter for the City of Mulberry. Unpaid charges would be handled according to Section 6.18 of the charter.

Conclusion

Gwinnett County is home to sixteen cities alongside unincorporated areas. Combined, the county is home to nearly one million residents. This study examines the impact of the proposed City of Mulberry on Gwinnett County revenues and expenditures. Based on the revenue and expense categories identified in the report, Gwinnett County would lose an estimated \$8.16 million in operating revenues. This shortfall may necessitate an adjustment to the millage rate to mitigate the revenue gap.

It is important to note the limitations of this study. The report does not address social, political, and governance issues, nor can it foresee all potential influences on future governmental costs. Elected officials, tasked with representing their constituencies, will prioritize certain agendas that may impact future budgets.

Regarding the estimation of lost revenues to Gwinnett County, it is important to note that the revenue estimates considered in this report omit some potential sources such as other franchise fees, which could represent further revenue loss for Gwinnett County. However, whether losses would accrue from these sources would be contingent upon county disbursement eligibility.

Additionally, it is important to note that while Mulberry would assume responsibility for providing planning and zoning, stormwater collection and disposal, and code enforcement services, it would also be responsible for providing various other essential services. Consequently, the newly created municipality would need to negotiate with the host county to ensure the provision of these additional services, which could impact revenues and expenses in ways not fully addressed in the current report.

Appendix

Study Area Population Estimate:

Senate Bill 333 of the 2024 Georgia Legislature established the boundaries of the proposed City of Mulberry. Mulberry will include all census blocks within voting districts DUNCANS A, DUNCANS B, and DUNCANS C, and select blocks from DUNCANS D, PUCKETTS C, and ROCKYCREEK A.

There are 177 census blocks within the proposed city limits. The base population for the area is estimated at 39,560 using block-level population data from the U.S. Census Bureau, 2020 Decennial Census.

The projected population of Mulberry is then derived based on the growth rate of Gwinnett County. According to the U.S. Census Bureau, Population Estimates Program, Gwinnett County's population grew by 2.7% between 2020 and 2023. Applying the same growth rate to the area within the proposed boundary of Mulberry suggests an estimated population of roughly 41,000.

Lost Revenue Estimates:

Insurance Premium Tax: In Georgia, municipalities have the authority to impose taxes on insurance premiums, with rates varying based on the type of insurance. Specifically, a tax of 1 percent on life insurance companies' gross direct premiums from policies held by residents within their boundaries is permissible, while other types of insurance companies may be subject to a gross premium tax of up to 2.5 percent.

These taxes are collected by the Georgia Commissioner of Insurance and allocated to counties and municipalities based on a formula that considers the population ratio. State law mandates that the revenue generated from these taxes be allocated for specific purposes, including funding for essential services such as police and fire protection, as well as infrastructure improvements like curbs, sidewalks, and streetlights. If these funds are not utilized for the designated services, they are required to be allocated towards reducing the millage rate in the county's unincorporated areas.

According to the October 2023 Gwinnett County Monthly Financial Status Report⁴, the county received a total distribution of \$59,023,476 in insurance premium proceeds in the year 2023. Gwinnett County uses insurance premium proceeds to provide police services in unincorporated areas and in cities that do not have their own police departments.

Based on the most recent population ratios published by the Georgia Department of Insurance, the unincorporated area of Gwinnett County had a population of 718,856 in 2023.⁵ Considering an estimated population of 41,000 for the proposed City of Mulberry, approximately 5.7 percent of the unincorporated Gwinnett County population resides within the boundaries of Mulberry. Therefore, the creation of the city would have reduced Gwinnett County's insurance premium tax revenue proceeds by an estimated \$3,364,338 in 2023.

Title Ad Valorem Tax (TAVT): This analysis estimates a potential baseline loss of \$1,369,550 in TAVT revenue within Mulberry. The methodology used for this estimation relies on broader Georgia data as follows:

- Statewide New Car Sales Data: Public data for 2022 showed that 424,366 new cars were sold in Georgia,⁶ and there are 3.83 million households in the state.⁷ This translates to an average of 0.11 new cars sold per household in 2022. Additionally, the average price of a new car in 2023 was \$47,244. Using this information, the estimated total retail value from new car sales in Georgia is approximately \$20.049 billion.⁸

⁴ gwinnettcounty.com.

⁵ <https://oci.georgia.gov/regulatory-filings/premium-tax/local-governments>.

⁶ <https://www.factorywarrantylist.com/car-sales-by-state.html>.

⁷ <https://www.census.gov/quickfacts/fact/table/GA/PST045223>.

⁸ <https://www.kbb.com/car-advice/is-now-the-time-to-buy-sell-or-trade-in-a-used-car/#newcarshoppers>.

- Statewide Used Car Sales Estimation: Based on the estimated Georgia percentage of used car sales (38%),⁹ the total estimated used car sales in Georgia for 2023 amounted to \$12.288 billion.¹⁰ The average cost of a used vehicle in 2023 was \$25,151.¹¹ With these data, we can estimate that 488,569 used cars were sold in Georgia in 2023, which translates to an average of 0.13 used cars sold per household.
- Mulberry's Estimated Vehicle Sales: Based on household data provided by Gwinnett County Planning and Development from 2023, Mulberry will have 12,697 households. Assuming these sales ratios hold true within Mulberry, estimated sales for the proposed city are 1,397 new cars¹² (\$66 million) and 1,651 used cars¹³ (\$41.5 million).
- TAVT Revenue Loss Estimation: The combined estimated value of new and used car sales in Mulberry is \$107.5 million. The TAVT in Georgia is 7%, so the estimated total revenue generated from the proposed area is \$7.5 million. However, 35 percent of these funds must be remitted to the state revenue commissioner. Unincorporated areas of the county then receive 51 percent of the remaining revenue, whereas municipalities split the 51 percent, distributing 23 percent to the county and receiving the remaining 28 percent. This results in an estimated \$1,369,550 in lost TAVT revenue for the county.¹⁴

Occupational Tax: The proposed Mulberry area's Occupation Tax would have generated estimated revenues of \$442,278. This estimate was derived by summing the 2023 occupational tax data for businesses located within the proposed city limits. The Occupation Tax amount per entity ranged from \$20-\$20,000 per business, with a mean Occupation Tax of \$654. The individual tax amounts were collected from a 2023 report from Gwinnett County Planning and Development.

⁹ 38% of money spent on vehicle purchases in Georgia is on used cars. <http://augustaceo.com/news/2022/03/3832-money-spent-vehicle-purchases-georgia-used-cars/>.

¹⁰ Total car sales are calculated by dividing \$20.049 billion by 0.62. This number, \$32.337 billion can then be multiplied by 0.38, providing us with used car sales in Georgia totaling \$12.288 billion.

¹¹ <https://www.kbb.com/car-advice/is-now-the-time-to-buy-sell-or-trade-in-a-used-car/#newcarshoppers>.

¹² Number of households multiplied by new cars sold per household.

¹³ Number of households multiplied by the number of used cars sold per household.

¹⁴ O.C.G.A 48-5C-1(c)(3)(C) "... allocate such proceeds by the municipality from which the proceeds were derived and then, for each such municipality, distribute 23 percent of such proceeds to the county governing authority and 28 percent of such proceeds to the governing authority of such municipality."

Cable Franchise Fee: Mulberry's incorporation could result in a loss of approximately \$270,609 in annual cable franchise fees. This estimation considers the following factors:

- Total Cable Franchise Fees: Gwinnett County charges service providers a franchise fee of 5% of gross revenue. In 2023, Gwinnett County collected a total of \$4,795,386 in cable franchise fees.
- Reduction in Cable Subscriber Base: Gwinnett County has an estimated 225,000 residences. The proposed City of Mulberry area has an estimated 12,697 residences. Assuming equal subscription rates across the two areas, incorporation of Mulberry would represent a 5.64% reduction in the county subscriber base. Mulberry Franchise Fee Loss: Multiplying Gwinnett County's total franchise fees by the ratio of the number of residences in the proposed Mulberry area to the number of residences in Gwinnett County results in a potential revenue loss of \$270,609.

Alcoholic Beverage Licensing Fee & Mixed Drink Excise Tax: This combined category could see a loss exceeding \$188,271 annually.

- Alcoholic Beverage Licensing Fees: Based on the 2023 Excise Tax Report the proposed City of Mulberry currently houses 30 establishments with alcohol licenses. License fees in Gwinnett County range from \$850 to \$7,950. To calculate the potential loss, we reviewed actual licensing data for 2023 to identify the specific fees paid by each establishment within the proposed city limits. The sum of these individual fees resulted in a figure of \$116,600.
- Mixed Drink Excise Tax: This estimation considers the current number of establishments within Mulberry authorized to sell mixed drinks (10 establishments). Gwinnett County's mixed drink excise tax rate is applied to the reported sales of these establishments. Using historical sales data for these specific establishments, we calculated the potential annual tax revenue loss to be approximately \$71,671.

Energy Excise Tax: The Energy Excise tax in Georgia is applied to the energy used in manufacturing and helps to offset lost sales tax revenue from the state exemption on energy used in manufacturing (though it does not apply to energy purchased by manufacturers with the main purpose of reselling electricity).

Energy excise tax revenues are split between the host county and its cities after deducting a 1% administrative fee, and the share is proportional to the local sales taxes received by the cities. Gwinnett County reported a total of \$589,455 in Energy Excise fees collected in 2023, with the county portion equal to \$450,592, or 76.4% of the total collections.

We estimate the impact of Mulberry's incorporation on energy excise tax shares based on Special Purpose Local Option Sales Tax percentage splits between the cities and the unincorporated portion of Gwinnett, which are equal to the respective shares of the total county population.

The unincorporated portion of Gwinnett County is currently estimated to account for 73.1% of Gwinnett's total population, which is projected to fall to 68.9% following Mulberry's incorporation.¹⁵ After accounting for the 1% administrative fee, the new county share of energy excise revenue after Mulberry's incorporation is projected to be 68.2%, amounting to a projected loss of \$48,519 in Energy Excise Tax. This represents a 10.8% reduction in the amount collected by unincorporated Gwinnett County for Energy Excise.

Financial Institutions Tax: Counties and municipalities in Georgia have the authority to levy a local Financial Institution Tax (FIT) on depository institutions operating within their jurisdiction. This tax is based on a percentage of the institution's Georgia gross receipts set at a rate of 0.25 percent. In 2023, Gwinnett County collected \$1,580,415 in FIT revenue.

The incorporation of Mulberry would result in a FIT revenue loss for Gwinnett County equal to the revenue that would have been collected from the financial institutions operating within the boundaries of the proposed city.

¹⁵ These percentages are derived from: 1) the 2023 Census estimate of 983,526 for Gwinnett County's total population (<https://www.census.gov/quickfacts/fact/table/gwinnettcountygeorgia/PST045223>); 2) The county's 2023 unincorporated population of 718,856 published in the most recent population ratios provided by the Georgia Department of Insurance (<https://oci.georgia.gov/regulatory-filings/premium-tax/local-governments>); and 3) the estimated Mulberry population of 41,000.

To estimate this revenue loss, we use a proportional allocation approach based on aggregate household incomes within unincorporated Gwinnett County and the proposed City of Mulberry. This measure considers both population and income levels to ensure that the estimated proportion correlates with the number of financial institutions within the proposed city and the deposits they receive.

Areas with larger populations and higher household incomes tend to have more economic activity and higher demand for financial services, leading to higher total deposits received by financial institutions.

Using the most recent available block group level data on aggregate household income from the U.S. Census Bureau 2022 American Community Survey Data, we estimate the aggregate income for the proposed Mulberry area in 2022 to be \$1,557,059,159. To estimate this figure, we used the block group level data to determine the average aggregate household income per block within each block group and then assigned estimated aggregate income amounts to the individual census blocks within the proposed city boundaries. We aggregated these amounts across blocks to obtain the estimated total.

Gwinnett County had an estimated aggregate household income of \$34,328,871,500 in 2022 according to the U.S. Census Bureau 2022 American Community Survey Data. Scaling the county's 2022 total aggregate household income by the unincorporated area's 2022 population share,¹⁶ we estimate an aggregate income of \$25,437,693,782 for unincorporated Gwinnett in 2022.

Applying the ratio of the proposed City of Mulberry's 2022 estimated aggregate income to that of Gwinnett County's to reallocate 2023 FIT revenue, we estimate a revenue loss to Gwinnett County of \$96,738 resulting from Mulberry's incorporation.

¹⁶ Unincorporated Gwinnett's 2022 population share is derived from the unincorporated population of 722,993 in 2022 (From figures published by the Georgia Department of Insurance: <https://oci.georgia.gov/regulatory-filings/premium-tax/local-governments>) and Gwinnett County's total estimated population of 976,173 for the same year (U.S. Census data: <https://www.census.gov/quickfacts/fact/table/gwinnettcountrygeorgia>).

Stormwater Operating Fee: The Stormwater fee provides funding necessary to provide and maintain infrastructure such as installing roadway drains, upkeep or replacement of old pipes, and sustaining regulatory compliance (Gwinnett Stormwater Utility Fee and Credits, 2024). The current stormwater rate for Gwinnett County is \$2.46 per 100 square feet of impervious surface (Gwinnett County DWR Rates and Fee Schedule, 2024). The fees generated from the proposed area, which contributed to the stormwater operating fund, amounted to \$1,620,880. Here is a breakdown of the methodology used to estimate the potential loss:

- **Stormwater Fee Collection:** Historical data regarding stormwater fee collection within the proposed city limits were reviewed. These data reflect the total fees paid by residents and businesses in the Mulberry area that contribute to Gwinnett County's stormwater operating fund.
- **Direct Revenue Loss:** The total fees of \$1,620,880 collected from the Mulberry area represent the potential annual loss of revenue for Gwinnett County's stormwater operating fund upon Mulberry's incorporation.

Development and Enforcement Services District Property Tax: The Development and Enforcement Services District Fund supports short-term planning and code enforcement efforts in unincorporated Gwinnett County. It is financed by a dedicated property tax on unincorporated areas. To calculate the estimated revenue impact to Gwinnett County, the current Development and Enforcement Services District Property Tax millage rate of 0.36 mills is applied to the taxable value of the parcels in Mulberry, calculated at \$2,116,428,928 based on 2023 data provided by the Gwinnett County Tax Assessors office. This yields a projected loss to the service district of \$761,914.