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**Georgia Department of Revenue**  
**Policy Bulletin MVD-2017-01**  
**TAVT Distribution Percentages for the State and Local Governments**  
**January 10, 2017**

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- 1) Purpose:** As of calendar year 2016, the law requires the Department of Revenue (“Department”) to evaluate tax revenues from the prior year to determine the percentage of title ad valorem tax (“TAVT”) that will be distributed for the current calendar year to the State and Local Governments, respectively. The law sets forth the specific methodology to be followed by the Department in determining the distribution percentages. Based on the statutory calculation, for calendar year 2017 the percentage of TAVT that will go to the State will be 54.39% and the percentage that will go to Local Governments will be 45.61%. In January of 2018, the Department will again reassess the distribution percentage according to the statutory methodology to determine what the distribution percentage will be for calendar year 2018. This same process will reoccur annually.
- 2) Effective Date:** January 1, 2017.
- 3) Authority:** O.C.G.A. § 48-5C-1.
- 4) Scope:** A Policy Bulletin is intended to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers, superseding all conflicting documents and oral directives previously issued by the Department. A Policy Bulletin does not have the force or effect of law and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or subsequent Policy Bulletin.
- 5) Summary:**
  - (A)** In 2012, the Georgia General Assembly passed House Bill 386 which changed the way motor vehicles are taxed in Georgia. Under prior law, motor vehicles were generally subject to Sales Tax at the time of purchase and an Annual Ad Valorem Tax every year thereafter. Under House Bill 386, motor vehicles purchased on or after March 1, 2013 are subject to a one-time TAVT and are exempt from Sales Tax and Annual Ad Valorem Tax. By statute, the TAVT distribution percentage for the State and Local Governments is provided for in the law for 2013 (57% State & 43% Local), 2014 (55% State & 45% Local), and 2015 (55% State & 45% Local).
  - (B)** As of calendar year 2016, the law requires the Department to evaluate tax revenues from the prior year to determine the percentage of TAVT that will be distributed for the current calendar year to the State and Local Governments, respectively. The law sets forth the specific methodology to be followed by the Department in determining the distribution percentages.
  - (C)** In order to calculate the TAVT distribution percentages for the current calendar year, the law directs the Department to compare the “local current collection amount” from the prior year with the “local target collection amount”. The “local current collection amount” is defined in the law as “the total

amount of sales and use taxes on the sale of motor vehicles . . . and motor vehicle local ad valorem tax proceeds under [O.C.G.A. §48-5C-1] and [Chapter 5 of Title 48] . . . " from the prior year. The "local target collection amount" is defined in the law as one billion dollars (\$1,000,000,000.00) plus a 2% increase each year with a maximum amount of one billion two-hundred million dollars (\$1,200,000,000.00). If the local current collection amount is equal to or within 1% of the local target collection amount, then the State and Local Government distribution percentages are fixed at a predetermined rate set in the law. However, if the local current collection amount is more than 1% less than the local target collection amount, then the local TAVT distribution percentage is increased for the current calendar year to the rate that would have produced an amount equal to the local target collection amount for the prior year.

**(D) Accordingly, for calendar year 2017 the percentage of TAVT that will go to the State will be 54.39% and the percentage that will go to Local Governments will be 45.61%.** The new rate is effective as of January 1, 2017; however, the first distribution with the new rate will occur in February of 2017. TAVT distributions are required under the law to occur by the 20<sup>th</sup> of the month following the month of collection.

#### **FOR MORE INFORMATION**

**For more information on this subject, contact the Motor Vehicle Division at 1-855-406-5221 from 8:00 am to 4:30pm EST, Monday through Friday, excluding holidays.**

**For forms and other information, visit our website:**

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