

Abstract Title:
**“The Regional Sales Tax: An Innovative Approach to
State Transportation Finance”**

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As states across the nation are struggling with dwindling gas tax revenues and decreased federal transportation funding, alternative funding sources for transportation investment have become crucial to the provision of future infrastructure and the overall economic viability of the United States. The sales tax initiative has become increasingly popular, but has received mixed results at the ballot box. Georgia recently attempted an innovative approach to the sales tax venture: a regional sales tax. The Georgia Transportation Investment Act of 2010 divided Georgia into twelve special tax district regions granting each region the ability to vote for a region specific 1% sales tax for a ten year period. Drawing new boundaries, the legislation provided the state the ability to bypass the usual county and city politics and decision making which typically drives transportation investment in Georgia. In nine of the twelve regions, the sales tax referendum was defeated. Despite hopeful polling numbers, the Atlanta region overwhelmingly rejected the sales tax referendum with only 38% in favor. A case study allows for a more detailed analysis of the factors that contributed to the Atlanta region’s ultimate rejection of the referendum. Preliminary investigation of the voter results for the Atlanta region suggests a division between urban and suburban interests. Stakeholder interviews expanded the division into multiple factors such as differing views on rail investment, taxes, and governmental intervention, among other things. The large and diverse population of the Atlanta region could possibly be a significant factor in the region’s rejection of the referendum. Other states looking to attempt a similar ballot measure might take a more strategic approach in the selection of regions. The inclusion of smaller geographic regions with similar transportation interests could possibly provide a more favorable outcome given a more agreed upon project list. The findings of this research are still in the preliminary stages. Future analysis and continued data collection will provide more insight into the process and factors that contributed to the referendum’s failure. The final product will allow states looking to attempt a regional sales tax initiative to gain a comprehensive understanding of the failed Atlanta region referendum of July 31st 2012 and access recommendations on effective strategies designed to overcome the factors identified.

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