

Bond Case Briefs

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Cottrell v. Atlanta Development Authority

Supreme Court of Georgia - March 16, 2015 - S.E.2d - 2015 WL 1135669

State filed a petition for bond validation to authorize issuance of new stadium project bonds. Following a bond hearing, the Superior Court, Fulton County, validated the bonds. Taxpayers appealed.

The Supreme Court of Georgia held that:

- Statute permitting tax districts to impose hotel/motel tax did not violate uniformity clause of Georgia Constitution;
- Stadium funding agreement was authorized by intergovernmental contracts clause of Georgia Constitution; and
- City development authority was not required to own the new stadium project in order for it to issue revenue bonds to fund the project.

Amended statute subsection, allowing for an extended period in which to collect a hotel/motel tax as long as a certain percentage of the proceeds collected during the extended period were expended to fund a successor sports stadium, did not violate uniformity clause of Georgia Constitution, where the statute applied uniformly on all taxing authorities which came within the scope of its provisions, and the classification made by the statute was not arbitrary or unreasonable.

City development authority was not required to own new stadium project in order for it to issue revenue bonds to fund the project or for tax proceeds paid to the authority to be considered as part of the “revenue” to pay for the bonds. Pursuant to state revenue bond law, “revenue” consisted of “all revenues, income, and earnings arising out of or in connection with the operation or ownership of the undertaking,” and the hotel/motel tax proceeds were being collected in connection with state development authority’s operation or ownership of the new stadium project.

City development authority was not required to actually construct new stadium project in order to properly issue revenue bonds for the purpose of financing the project. Pursuant to developmental authorities law, the authority had the power to issue revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any project, not only those projects “constructed” or “developed” by the authority issuing the bonds.