



Webinar

Navigating Georgia's New Property Tax Legislation: HB 581 and the Impact on School Districts

June 5, 2024

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Summary

- New Single Statewide Homestead Exemption
 - Caps increases in the assessed value of homestead property
 - Opt-out provisions
- Revises notice to taxpayer
 - “Estimated” roll-back definition
- New requirements for assessment reduction on appeal
- Special sales and use tax for property tax relief
- Reappraisal requirements
- Cap on local sales and use taxes
- Direct appeal rights for County Board of Assessors

Effective Date?

Signed by Governor Kemp,

BUT is conditioned on

Passage of Constitutional Amendment by Statewide Referendum

November 2024: Statewide Referendum

January 1, 2025: Effective date or repeal date

The Homestead Exemption Today

The State of Georgia offers homestead exemptions to all qualifying homeowners. Homeowners who own and occupy the legal residence as of January 1 can apply for and be granted a homestead exemption.

Standard State exemption: a \$2,000 exemption from county and school taxes (except taxes levied to pay interest on and to retire bonded indebtedness and taxes levied by municipalities for school purposes). A different exemption applies to school taxes levied by municipalities.

The homestead exemption is deducted from the 40% assessed value of the homestead.

Some local taxing jurisdictions have increased the amount the homestead exemptions above the amount offered by the State.

H.B. 581 - Statewide Homestead Exemption

- New single statewide homestead exemption
- Applies to all local taxing jurisdictions unless opt-out
- Sets base year assessed value
 - 2024 assessed value = 2025 base year assessed value for existing homesteads
 - Preceding year for new homesteads
- Caps assessed value increases for M&O at the inflation rate unless substantial property changes have occurred
- Exempts the amount by which the current assessed value exceeds its previous adjusted base year assessed value

Calculation

- 2024: \$ 80,000 assessed value
- 2025: \$ 80,000 base year assessed value
3.5% inflation rate
- 2026: \$100,000 actual 40% assessed value

Increase in assessed value is capped at \$2,800
\$82,800 = 2026 assessed value
The \$17,200 difference = the exemption



Other Exemptions



- Keep other non-floating homestead exemptions (senior, veteran, disability, etc.).
- If the local taxing jurisdiction applies a more favorable base year homestead exemption, the homeowner gets the higher exemption.
- Surviving spouse keeps exemption as long as he/she resides in the homestead property.

Opt-Out

- Can opt-out but must do so by March 1, 2025.
- Can't start the opt-out process until January 1, 2025.
 - Advertise and post on website
 - 3 public hearings
 - Adopt Board Resolution
 - File Resolution with GA Secretary of State



Estimated Roll-Back Rate Notice to Taxpayers

New Definition

- Estimated Roll-Back Rate:

“the current year’s millage rate minus the millage equivalent of the total net assessed value added by reassessments”

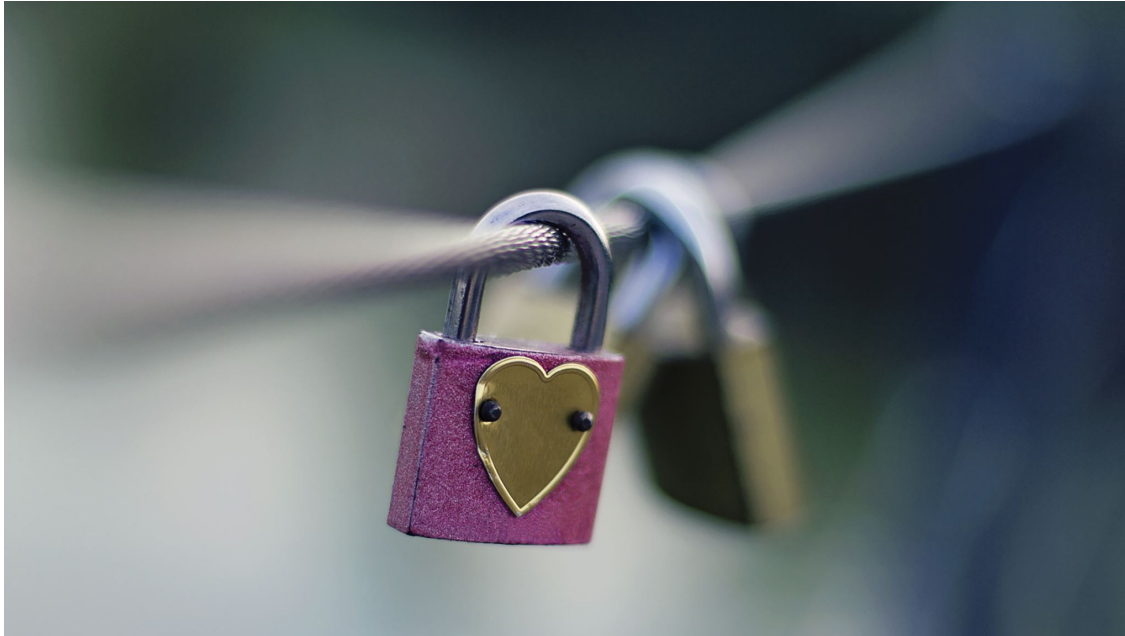
as calculated and certified to the tax commissioner by the levying authority.

Form and Notice

- Include the estimated roll-back rate in the assessment notice.
- Adds requirements for form of tax bill.
- When the adopted millage rate exceeds the estimated roll-back rate, notice must advise:
 - the adopted millage rate exceeds the estimated roll-back rate stated in the taxpayer’s notice of assessment “*which will result in an increase in the amount of property taxes that you will owe.*”

Assessment Appeals

Reduced Value Required for Lock



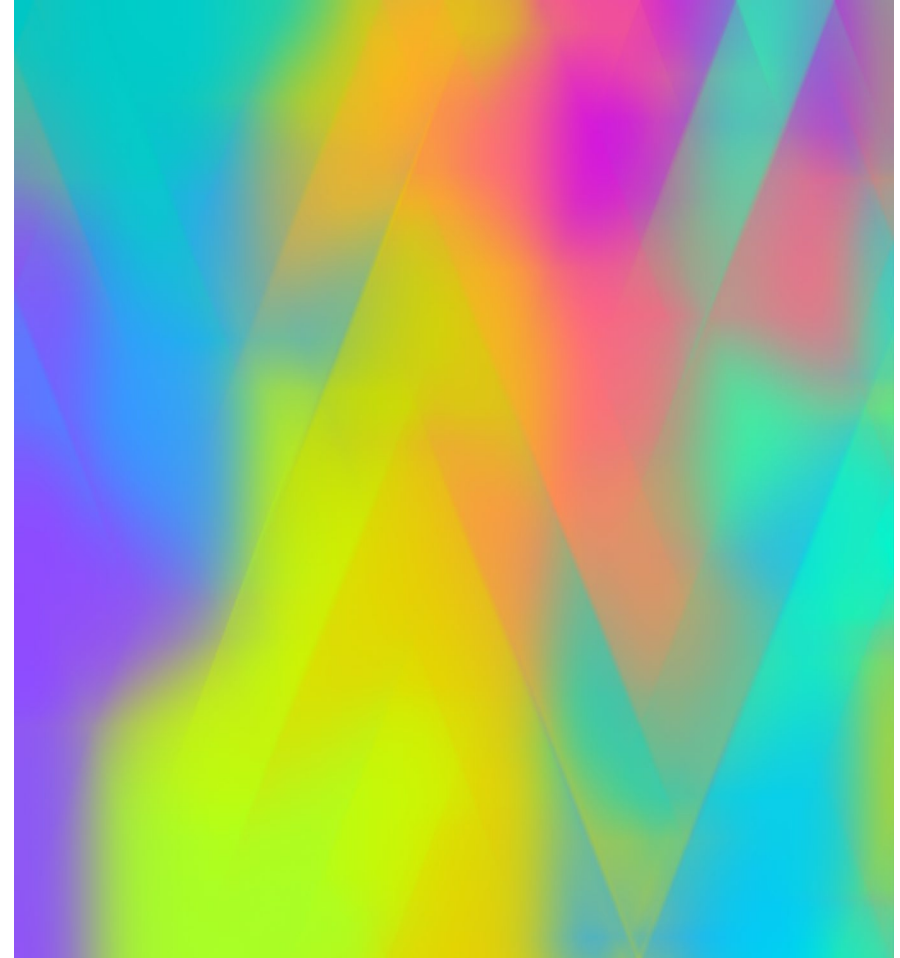
- Property value locked on appeal for the year in issue and the two successive years only if the value was reduced. An unchanged value will not be locked in.
- If taxpayer/representative fails to attend appeals settlement conference or to confer with the Board of Assessors in good faith, then:
 - no temporary reduction in the taxes pending the outcome of the appeal;
and
 - no attorneys' fees or litigation costs for taxpayer in Superior Court appeals.

Special Sales and Use Tax for Property Tax Relief

- New special sales and use tax authorized, exclusively for property tax relief.
- Tax can be imposed in .05 increments up to and not to exceed 1%.
- Must be approved by local referendum called by counties and cities in special taxing district.
- Requires IGA: Rate of tax, term, how taxes will be distributed, tax distribution schedule.
- Taxes distributed among the political subdivisions in the special district in accordance with the distribution schedule in the IGA.
- The roll-back rate must be reduced annually by the millage equivalent of the net tax proceeds received by the political subdivision during the prior taxable year.
- If a political subdivision is not in compliance with the use of the tax proceeds, then the state revenue commissioner shall not certify the tax digest of that political subdivision until it complies.

OTHER HIGHLIGHTS

- ESPLOST remains exempt from the 2% aggregate cap on local sales and use taxes;
- Every parcel must be re-appraised at least every 3 years;
- County Board of Assessors may now directly appeal the correctness of the equalized adjusted property tax digest of the local school system to the state auditor.



Questions?



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