

HB 581

Property and Sales Tax Reform

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Summary

This legislation changes several ad valorem tax provisions and creates a new local sales tax for property tax relief.

Ad valorem changes include:

- Implementing a floating homestead exemption for all taxing jurisdictions.
 - For homes first receiving this exemption in taxable year 2025, the base year assessed value will be the 2024 assessed value. For homes first receiving the exemption in later years, the base year assessed value will be the assessed value for the immediately preceding year. The base year value may increase each year by up to the inflationary rate determined by the State Revenue Commissioner, which may utilize the Consumer Price Index (CPI). This new floating homestead exemption is in addition to and not in lieu of all non-floating homestead exemptions. If there is an existing local floating homestead exemption, the taxpayer will receive whichever of the two exemptions is more beneficial. This is also true if a local floating homestead exemption is added in the future. Any governing authority may elect to opt out of the floating homestead exemption created by this bill by advertising and conducting three public hearings on their intent to opt out and later adopting a resolution. This process may not begin until the bill takes effect on January 1, 2025, and must be completed by March 1, 2025. A governing authority may not opt-out of the statewide floating homestead exemption after this deadline.
- Creating an 'estimated roll-back rate' which is certified to the tax commissioner by the county for county and county school tax purposes. It is calculated using an estimated millage rate minus the millage equivalent of the total net assessed value added by reassessments. The estimated roll-back rate is required to be included on the assessment notice. If the adopted millage rate exceeds the estimated roll-back rate, then a disclaimer is included on the tax bill stating the name of the governing authority that exceeded the estimated roll-back rate and that this will result in an increase of taxes owed.
- Removing the provision that the sale price is the maximum allowable fair market value in the next taxable year. This provision caused the Department of Audits and Accounts (DOAA) to change their sales ratio study methodology when it was originally passed, so this change will improve the sales ratio study and prevent penalties on local governments and their taxpayers. This legislation also allows the Board of Assessors to appeal the sales ratio study directly instead of requiring a local government to appeal for them.
- Requiring that the chief appraiser ensure that every parcel in the county be appraised at least every three years.

- Modifying the three-year lock statute for appeals so the taxpayer only receives the benefit of the lock if they receive a value reduction upon appeal. This will prevent frivolous appeals filed solely for the lock.
- Removing the confusing tax estimate from the assessment notice.
- Updating the settlement conference statute so that if neither the taxpayer nor their representative participates in good faith, then the taxpayer shall not receive the benefit of the temporary fifteen percent reduction in taxes owed and shall not be awarded attorney's fees.

Sales tax changes include:

- Revising the existing two percent local sales tax cap; exemptions now include:
 - ESPLOST
 - Up to one percent of the transportation sales taxes, which include:
 - Regional TSPLOST
 - Single-County TSPLOST
 - Transit SPLOST
 - MARTA
 - One of the specialty pennies, including:
 - The new sales tax for property tax relief created by this bill
 - Columbus-Muscogee and Macon-Bibb OLOST
 - Augusta-Richmond Coliseum SPLOST
 - MOST for Atlanta and cities connected to its water system (East Point, College Park, Hapeville)
- A new local sales tax is created for the limited purpose of property tax relief. It may be levied in 0.05 percent increments up to one percent.
- To be eligible to levy the tax, both the county and all cities within the county that levy a property tax must have in effect a floating homestead exemption: either the one created by this bill or a local floating homestead exemption. The county and cities representing at least fifty percent of the municipal population of cities that levy a property tax must enter into an intergovernmental agreement (IGA) calling for the tax which shall specify the rate, amount of time the tax is to be levied (not to exceed five years), and the proposed distribution between the county and cities. If the total of the populations of all municipalities absent from the IGA is less than one half of the aggregate population of all cities in the county that levy a property tax, then the cities signing the IGA shall specify a portion of the proceeds from the tax that the absent municipalities will receive, which shall not be less than the proportion the absent municipality's population bears to the total population of all cities within the county that levy a property tax. Cities levying a MOST are excluded from these calculations and from sharing in the proceeds of this tax.
- If the tax is approved at referendum, then the collection of the tax will begin at the start of the next calendar quarter beginning more than fifty days after that date, as opposed to eighty days for other local sales taxes. The tax may be renewed only by the passage of a local Act calling for the reimposition of the tax. The Georgia Department of Revenue (DOR) sends the money to the county and the county will be responsible for distributing the money to the cities in accordance with the IGA. The proceeds shall be used exclusively for tax relief. Each taxpayer's property tax bill shall state the amount by which property tax has been reduced because of the imposition of this tax. The roll-back rate shall be

reduced annually by the millage equivalent of the net proceeds of this new tax received by the political subdivision during the prior taxable year. If any political subdivision is not in compliance with the use of the proceeds from this tax, then the State Revenue Commissioner shall not certify the tax digest of that political subdivision until it comes into compliance.

This Act becomes effective on January 1, 2025, if and only if the constitutional amendment authorized by House Resolution 1022 is ratified on the November 2024 ballot. It would be applicable to taxable years beginning on or after January 1, 2025.