



# HB 581 - Amendment 1 Presentation

December 2024



# HB 581 Summary

## Statewide Floating Homestead Exemption

The Georgia General Assembly passed, and Governor Kemp signed HB 581 (O.C.G.A. 48-5-44.2) which impacts property taxes for cities, counties, and school districts. The bill creates a statewide floating homestead exemption, which has a direct impact on school districts as an inflation cap on property tax assessments. The bill required a Constitutional Amendment (HR 1022) which passed on November 5, 2024 with over 60% approval (locally and statewide). Though this is commonly referred to as a “statewide” floating homestead exemption, the state has designated this as a local homestead exemption.

Ballot Language: “Shall the Constitution of Georgia be amended so as to authorize the General Assembly to provide by general law for a state-wide homestead exemption that serves to limit increases in the assessed value of homesteads, but which any county, consolidated government, municipality, or local school system may opt out of upon the completion of certain procedures?”

# HB 581 Summary

## Other Provisions of HB 581:

### Special Sales and Use Tax:

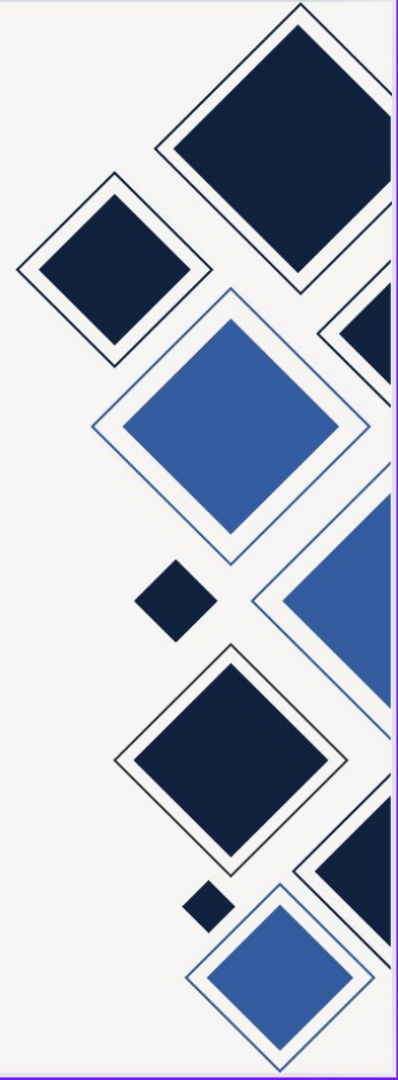
- The legislation authorizes a special sales and use tax aimed at providing property tax relief, subject to local referendum approval and intergovernmental agreements (school districts are not eligible).

### Assessment and Appeals Process:

- The bill revises the property assessment appeals process. It introduces changes to the annual notice of assessment and addresses the sales ratio study. The appeals process is modified to ensure more transparency and efficiency.

### Economic Analyses by the Department of Audits and Accounts:

- The bill requires the Department of Audits and Accounts to conduct economic analyses on any income tax credit or sales and use tax exemption set to expire within two years. Revises notice to taxpayer, including an “estimated” roll-back definition.



# Floating Homestead Important Dates

## November 5, 2024

- Constitutional Amendment approval (HR 1022)

## January 1, 2025

- This is the effective start date for the floating homestead exemption. The exemption will apply to taxable years beginning on or after this date.

## March 1, 2025

- This is the deadline for a school district to opt out of the floating homestead exemption if they choose not to participate.
- To opt out, the school district must pass a resolution and complete the required public hearings by this date.

# Opting Out of the Floating Homestead

## Process Start:

- Process (hearings and consideration) cannot start prior to January 1, 2025.

## Deadline:

- Must pass a resolution opting out of the floating homestead exemption by March 1, 2025.

## Public Hearings:

- Must hold at least three public hearings before passing a resolution to opt out (on separate days).
- At least one of these hearings must take place between 6:00 pm and 7:00 pm on a business weekday to accommodate public participation.

## Public Notice:

- Must publish notice of its intent to opt out in a newspaper of general circulation and post it on its website.

# Opting Out of the Floating Homestead

## Public Notice (continued)

- The notice must appear at least one week before each hearing and must be prominently displayed (at least 30 square inches).
- The notice should not be placed with legal notices in the newspaper and should also include the reason for opting out, if provided.

## Press Release:

- Must issue a press release to local media simultaneously with the publication of the public notice.

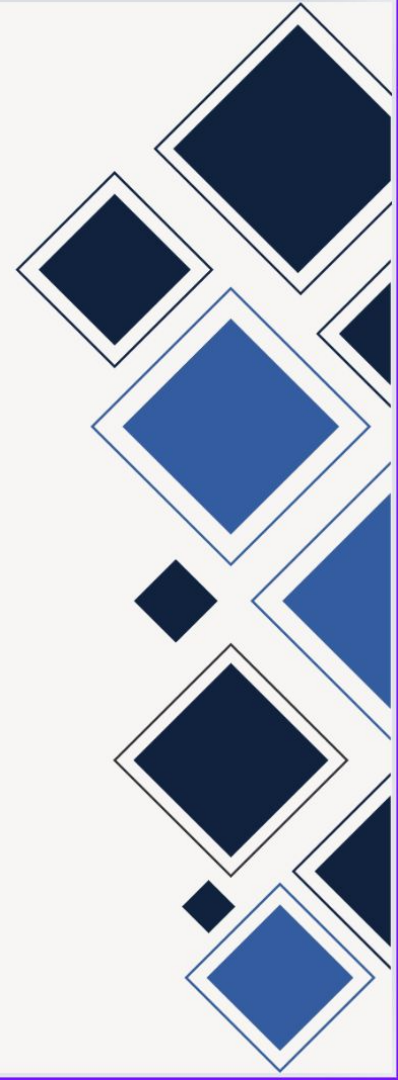
## Filing of Resolution:

- After completing the public hearings and passing the resolution, must file a copy of the resolution with the Secretary of State by the March 1, 2025 deadline.

# Outcomes of Opting Out of HB 581

## Potential Outcomes of Opting Out:

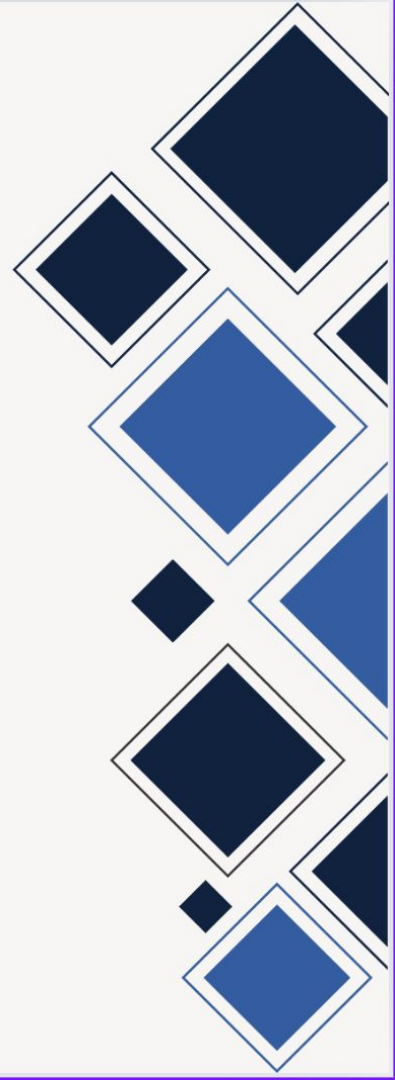
- Maintain local control over tax policy
- Maintain flexibility for future boards
- Financial impact (ability to maintain a lower millage rate)
- Acknowledge the uniqueness of Coweta County
- Provides greater long-term fiscal stability and sustainability
- Maintain our ability to respond to local needs and crises
- Still maintains a local ability to respond to rising property values decreases and other homestead exemptions)



# Outcomes of Opting Into HB 581

## Potential Outcomes of Opting In:

- Potential higher property tax burden for homeowners (millage rate)
- Once millage rate cap is reached:
  - Diminishes flexibility of future board
  - Diminishes capacity to innovate and meet needs in times of crisis



# Financial Impacts

The actual long-term impact of HB 581 is undetermined.

- If the cap had been in place during this fiscal year (FY 2024) it would have led to an estimated loss of up to \$17.4 million (8.11% Growth and 4.10% CPI) for Coweta.
- There is uncertainty on what index could be used long-term, including national, regional, or major metropolitan area inflation indexes like CPI. Inflation in Coweta County could be materially different than other parts of the state, region, or nation.
- School districts cannot (by law) participate in the new property tax relief LOST referenced in HB 581. **The LOST can help local governments, but not school districts.**
- HB 581 could impair the school district's ability to recover from future recessions or other market adjustments.

# Financial Impacts

## State Revenue

- The floating homestead in HB 581 could make the school district more dependent on state and Federal funding sources, and more vulnerable to changes in those funding sources.
- Opting out could mitigate potential decreases in state funding, including Quality Basic Education (QBE) Local Fair Share and the Equalization Grant. **School Districts, including Coweta, lost some state funding this year due to Local Fair Share.**
- QBE is not adjusted annually for inflation. Local revenue is used to offset this cost, which HB 581 would impair.

## Acknowledges the Uniqueness of Coweta County

- There are no considerations for enrollment growth or other local changes in HB 581.
- HB 581 could have a disproportionate impact on our school system, given approximately 73% of our local tax digest is residential.
- HB 581 would add to the already disproportionate impact of unfunded state mandates and/or indirect obligations that are regularly imposed on the school district. We would lose the ability to respond to them locally, if needed.

# Floating Homestead Key Elements

**Adjustment for Inflation:** The exemption allows the property value to increase each year, but the increase is capped by an inflation index determined by the state commissioner. This limits how much the property's assessed value can grow due to market conditions.

**Impact on Property Taxes:** The exemption reduces the amount of property taxes paid by ensuring that the assessed value of a home does not increase drastically due to market fluctuations.

**Base Year Assessed Value:** The assessed value for the property tax calculation is based on a base year (either 2024 or the year immediately preceding when the exemption is first granted).

**Inflation Rate Adjustment:** Each year, the assessed value can increase, but it is capped by an inflation rate determined by the state.

**Adjusted Assessed Value:** The adjusted assessed value is the base year assessed value plus any increase due to inflation, but no more than the capped inflation rate.

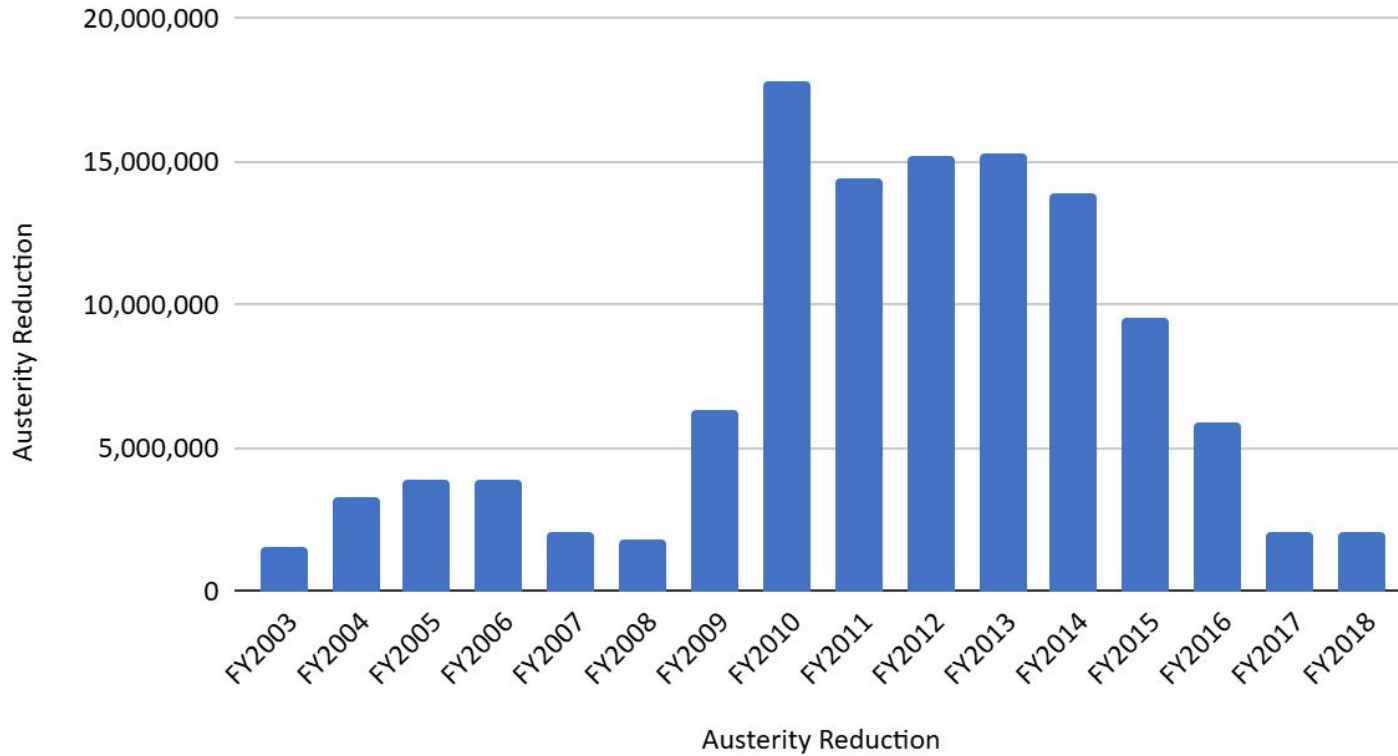
# Floating Homestead Key Elements

**Substantial Property Changes:** Any major improvements or reductions in property (like renovations or additions) that significantly affect property value are included in the calculation but are treated separately from inflation adjustments.

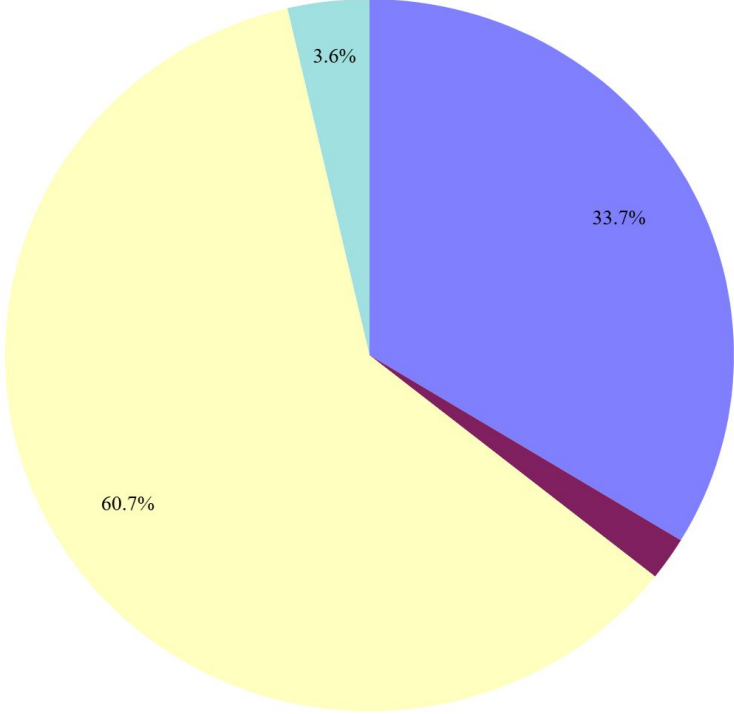
**Eligibility and Automatic Renewal:** Once homeowner applies and is granted this exemption, it is automatically renewed each year as long as the homeowner continues to occupy the property as their primary residence.

**Other Exemptions:** Keep 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.

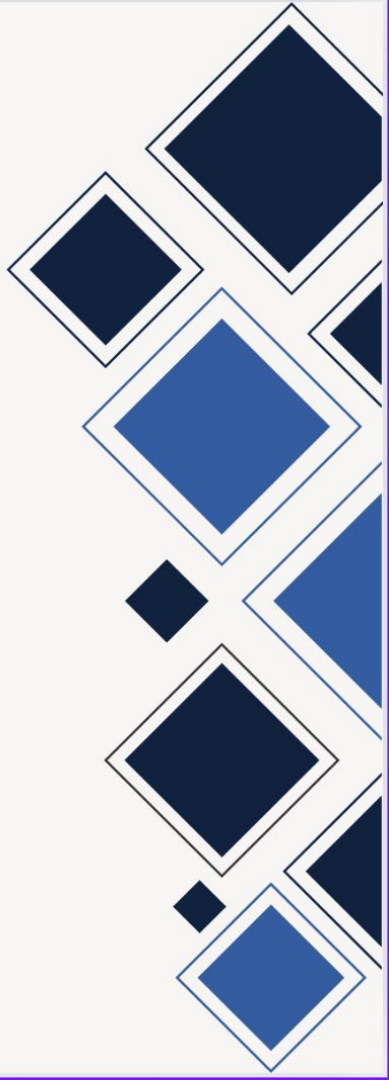
## Impact of Austerity Reductions (state funding reductions) on Coweta schools

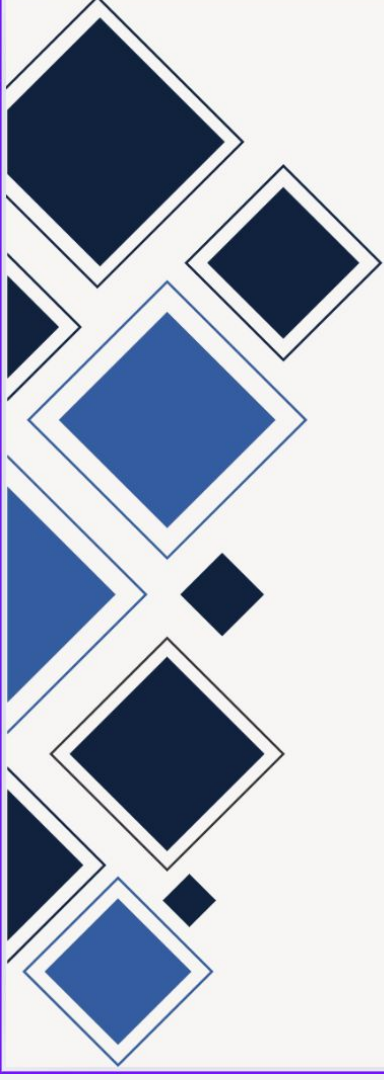


**Funding of Elementary and Secondary Education Programs  
(General Fund and Special Revenue Fund)**

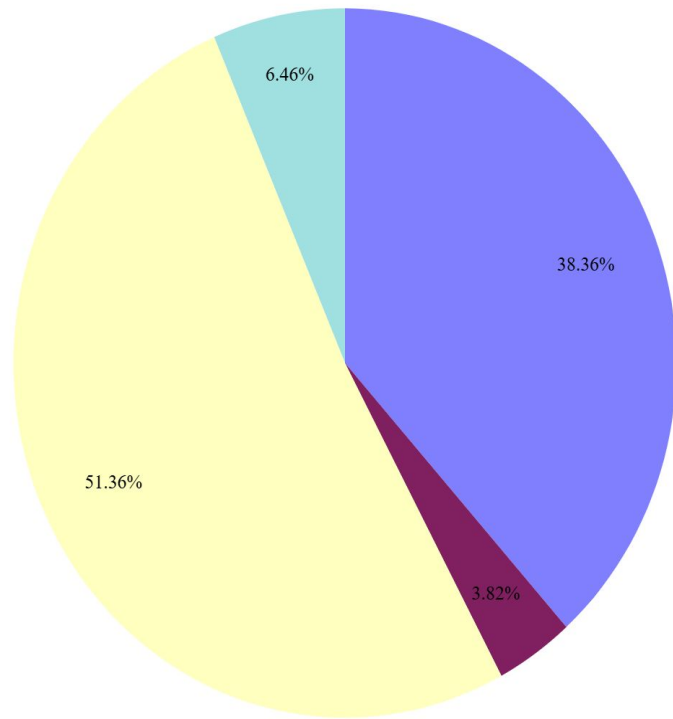


CCSS Funding Makeup 1999-2000 (State Funding Percentage in Yellow)



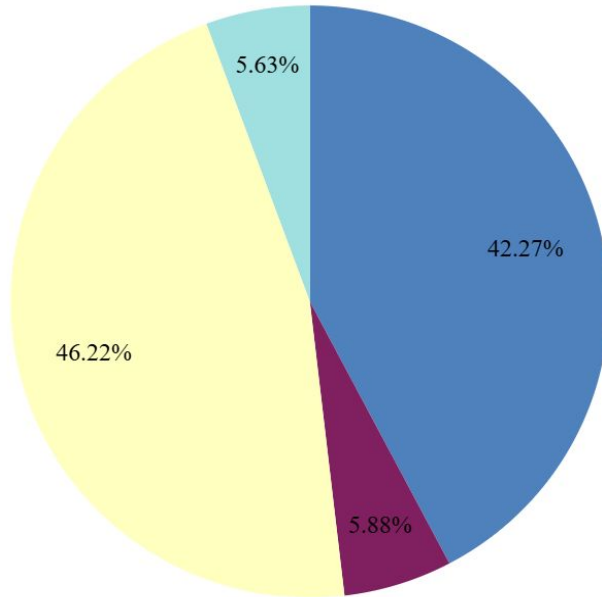


Funding of Elementary and Secondary Education Programs  
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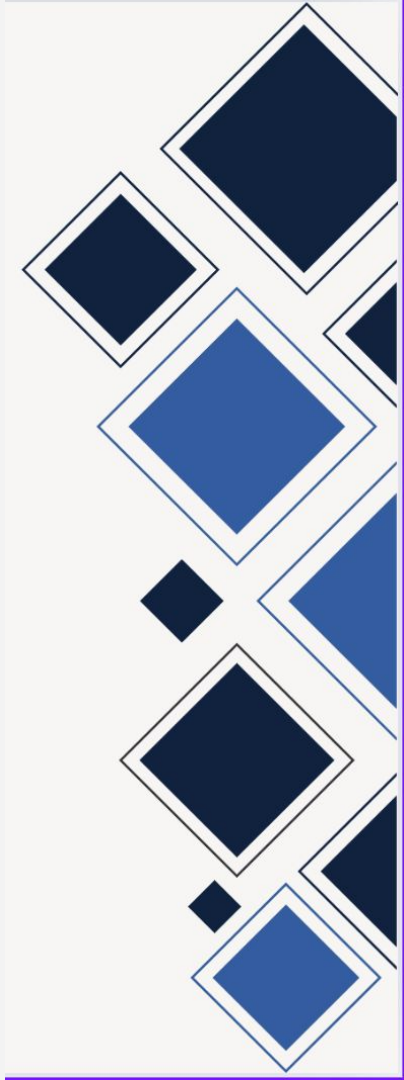


CCSS Funding Makeup- 2014-2015 (State Funding Percentage in Yellow)

**Funding of Elementary and Secondary Education Programs  
(General Fund and Special Revenue Fund)**



CCSS Funding Makeup 2024-2025 (State Funding Percentage in Yellow)



# Coweta's Historical Millage Rate Data

## Coweta's Millage History

**The current millage rate of 15.41 mills is the lowest millage rate since Fiscal Year 1983, 43 years ago, and the lowest in metro Atlanta.**

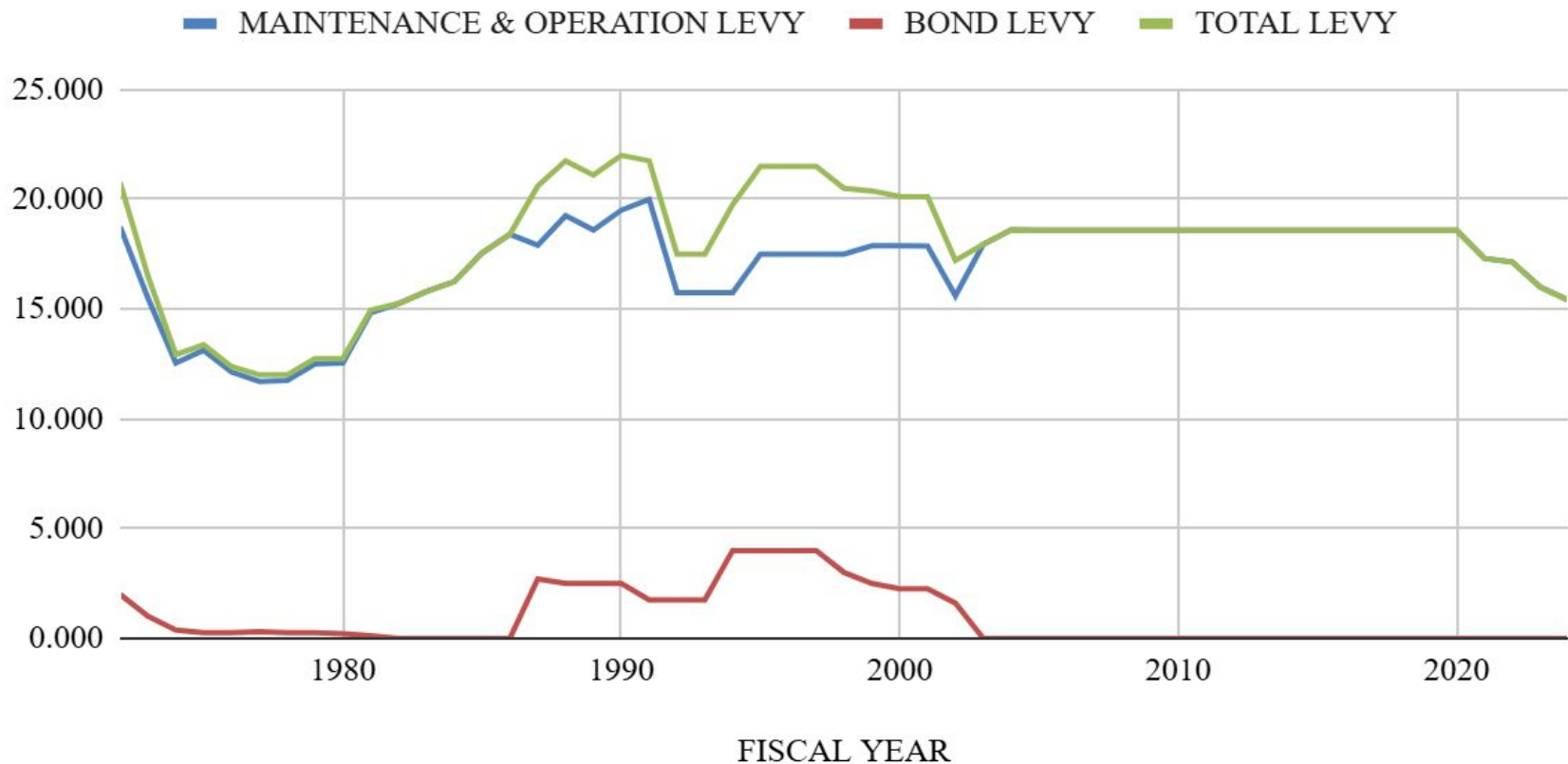
**The Coweta County school board has lowered Coweta school millage rate in 4 of the last 5 years, in addition to increasing senior tax exemptions in 2020.**

**School systems may not levy more than 20 mills.**

## 2023 Millage Rates in the Surrounding Area

Fayette - 19.15	Cherokee - 17.95
Carroll - 17.50	Coweta - 15.41
Troup - 17.35	Heard - 14.454
Spalding - 16.742	Floyd - 17.95
Henry - 20.00	Douglas - 19.50
Fulton - 17.24	Rockdale - 21.00

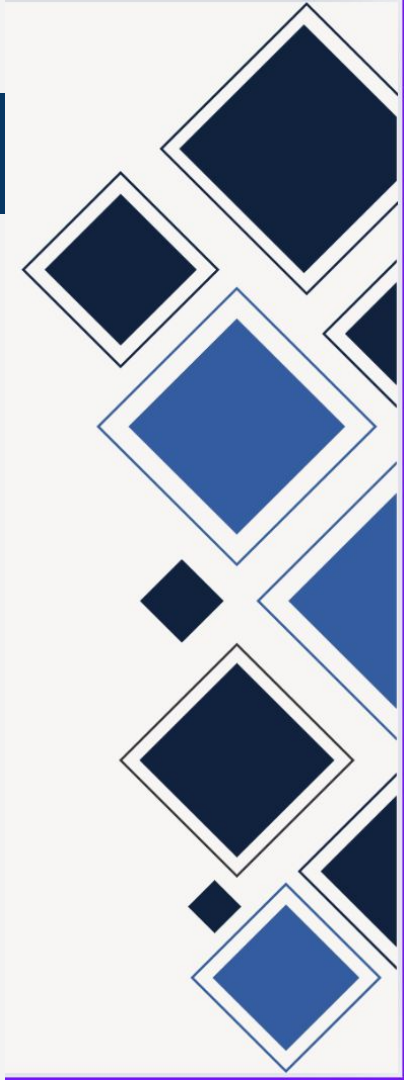
# MAINTENANCE & OPERATION LEVY, BOND LEVY and TOTAL LEVY



# Millage Rate and Assessed Home Value

## Millage Rate and Assessed Home Value

Appraised Value	Assessed Value (40%)	Homestead Exemption	Net Taxable Value	School Taxes at 15.41 Mills
			38,000	585.58
100,000	40,000	-2,000	48,000	739.68
125,000	50,000	-2,000	58,000	893.78
150,000	60,000	-2,000	68,000	1,047.88
175,000	70,000	-2,000	78,000	1,201.98
200,000	80,000	-2,000	88,000	1,356.08
225,000	90,000	-2,000	98,000	1,510.18
250,000	100,000	-2,000	108,000	1,664.28
275,000	110,000	-2,000	118,000	1,818.38
300,000	120,000	-2,000	128,000	1,972.48
325,000	130,000	-2,000	138,000	2,126.58
350,000	140,000	-2,000	148,000	2,280.68
375,000	150,000	-2,000		



# The Difference between School Systems and Other Local Entities

Have to pay Local Fair Share (5 mills). Other local entities have no such requirement.

Millage rate is capped at 20 mills. No rate cap for other local entities.

Cannot request additional Local Option Sales Tax (LOST) under provisions of Amendment One. Other local entities can request a LOST.

Cap of reserves that a board can hold is limited to 15% under State law. This requirement is specific to school systems.

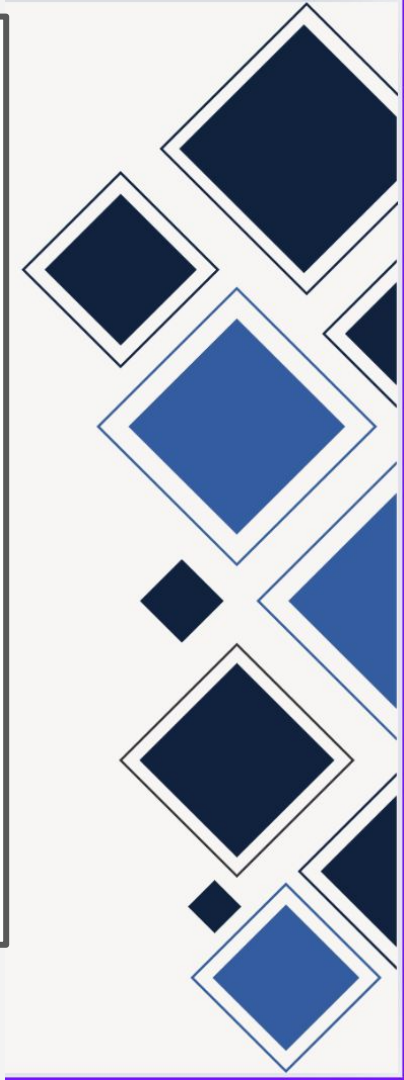
# Local Fair Share

State law and requirements stipulate that systems levy 5 mils of the total of their local tax digest in order to participate in State QBE funding. This amount is subtracted from our State earnings. ***As our local digest grows, so does the value of a mill, and so does our Local Fair Share.***

- The total Local Fair Share amount for Coweta was \$27.7 million for FY 2022.
- This amount is projected to increase to \$46.7 million. This represents a decrease in state funding of \$6.3 million related to the growth in the 2024 digest.
- The three year decrease is projected at \$18.9 million.

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# Learning From Other Districts

## [Fayette Citizen Article, November 12, 2024](#)

“This year, Fayette has had to maneuver its finances to meet its obligations due to rising costs with less funds available. This resulted in a reduction of approximately 70 positions and now a slightly higher school tax millage rate. The expenditure growth curve, when compared with revenue growth suggests that there are more challenges ahead.”

“In the recent election, Ballot Measure #1 that creates a homestead exemption to limit property value growth passed with nearly 63 percent of the vote. While Fayette already had this exemption, now other systems in Georgia... face the challenges of rising costs and less revenue that Fayette already faces.”

# Tentative Timeline

## Tentative HB 581 Timeline

- December: Develop Release and Review Ads
- January 4th: Run 1st Notice of Intent to Opt Out of Homestead Exemption, Issue Press Release, Place Information on Website
- January 11th: Run 2nd Notice of Intent to Opt Out of Homestead Exemption.
- January 14th: 1st Public Hearing at 12:00 p.m. at Werz
- January 18th: Run 3rd Notice of Intent to Opt Out of Homestead Exemption
- January 21st: 2nd Public Hearing at 6:00 p.m. at Werz
- January 28th: 3rd Public Hearing at 6:30 p.m. at Werz
- February 11th: Approve resolution at regular Board Meeting
- February 12th: Deliver resolution to the Secretary of State

# Final Comments

- The millage rate is the tool that the local board uses to manage school system finances.
- School districts have no control over property assessments.
- It is impossible to fully know the long-term implications of this new model.
- There is concern about what this may mean for future boards and Superintendents if the Local Fair Share continues to increase and the millage rate reaches the cap while expenses continue to rise
- Can the system continue to innovate and fulfill its obligations without local control and flexibility to determine what is best for Coweta?