



# Barrow County School System

Boldly Committed to Student Success

Public Hearing  
House Bill 581/92



# What is HB 581?

- HB 581 establishes a statewide floating homestead exemption that limits the annual increase in property tax assessments on homesteaded properties to the inflation rate of the previous year.
  - If a home increases in value by 5% but the previous year inflation rate is 2%, the home will be valued at 2% more.
- School systems had **ONE** opportunity to opt out.
- Barrow County Schools Opted out on February 26, 2025.



# What is HB 92 regarding the opt out process?

- Requires the jurisdiction to vote to opt out of HB 581 again by March 1, 2027. To opt out again, the local government must complete three public hearings and pass a resolution to do so, otherwise the floating homestead exemption from HB 581 becomes effective for 2027 and thereafter.



# School System Finances

Property taxes account for 32% of general fund revenue

FY 2025 = \$66.1 million

FY 2026 budget = \$67.5 million @ 15.193 mills



# School System Finances

Property taxes pay for:

Maintenance (Utilities, custodial, repairs)

FY 2025 Cost \$15.2 million State pays \$4 million = Funding Gap \$11.2 million

Transportation

FY 2025 Cost \$13.8 million State pays \$3.3 million – Funding Gap \$10.5 million

Health Insurance

FY 2025 cost \$30 million state pays \$18.9 million – Funding Gap \$11.1

It also pays for security expenses, staff not covered by the state such as paraprofessionals in the classroom, additional administration at the school and district level, a supplement for teachers above the state salary schedule needed for recruitment and retention.



# Why Did BCSS Opt out of HB 581?

The Board voted for a substantial exemption to our seniors in September 2023 and the taxpayers approved it in November 2024.

Our seniors who are eligible, will be better off with the tax exemptions that the Board initiated and voted for, than HB 581.

Our seniors home values will be frozen if they are eligible for the tax break.



# Aged Based Tax Exemption

<b>Age</b>	<b>Household Earned Income Up to:</b>	<b>Household Social Security and retirement income (Changes for inflation each year)</b>	<b>Exemption Amount</b>	<b>Exemption will cover a house value of</b>
62-69	\$ 60,000	\$ 96,432	140,000	350,000
70+	\$ 113,000	\$ 96,432	unlimited	unlimited Up to 5 Acres



# 2025 Aged Based Tax Exemptions

	2024	2025	Difference
Number of Parcels	8,565	9,409	844
Value of Exemption	305,790,317	509,431,804	203,641,487
Taxes Exempted at 15.193 Mills	\$4,645,872	\$7,739,797	\$3,093,925

\*2,894 Received the New exemptions



# HB 581 verses Local Control

Estimated impact of HB 581 for 2025 - \$1.3 million

The Board of Education voted a millage rate of 15.193 for tax year 2025 down from 15.5 mills in 2024.

Taxes at 15.5	\$69,127,051
Taxes at 15.193	\$67,757,889
Difference	\$ 1,369,161

Lower millage rate gave property tax relief to all our residents, our farmers/agriculture, our businesses (small local businesses), residents with more than one home.



# Pros of HB 581

- Reduces the tax burden on our homeowners with a homestead exemption when property values rise.
- Legislatures allowed school systems and local governments to opt out if they determined it was not right for their District needs.
- A great bill for counties with more business and industry and that are not currently implementing a new aged based tax exemption.
- Counties and cities can split a 1% sales tax to cover the property tax revenue lost, but **school systems are ineligible**. This tax would have to be approved by the voters.
- Districts that opt in can be exempt from sales tax on construction materials used in capital projects.



# Cons of HB 581

- **Perpetuity** We can never change this rule in the future. We had one opportunity to opt out.
- Opting out allows Barrow County School System to maintain local control over our property tax policies, enabling us to tailor tax rates and exemptions to our specific community needs and fiscal conditions.
- This bill has little to no impact on our (BCSS) low/mid income seniors with homes under \$350,000. Their values will be frozen once they receive the aged based tax exemption.
- HB 581 does not help our small businesses, agriculture and those with more than one property in Barrow County. It may actually increase their taxes to cover the exemption with our homeowners.
- Millage Rate will increase, fund balance used until depleted and/or services/positions cut.



# Dates

- **Three Public Hearings**
  - Thursday 11/20/2025 @6PM
  - Tuesday 12/2/2025 @4PM
  - Tuesday 12/9/2025 @ 5PM
- **Final Vote by the Board of Education**
  - Tuesday 1/6/2026 @6 PM



# 2025 HB 581 Exemption

Very difficult to calculate

Barrow County and the City of Winder opted in to HB 581

Exemption is "FSW" Floating Statewide exemption

Barrow County "FSW" exempt Property	71,334,705
City of Winder "FSW" exempt property	<u>11,472,981</u>
Total	82,807,686
@15.193 Mills	\$1,258,097 Low estimate

\*\*However, Barrow County already has a frozen homestead deduction that includes 1,997 parcels that is better for the taxpayers than HB 581.

This does not include parcels in the city limits of Braselton, Statham, Carl and Auburn properties that would have been eligible had those Cities opted in.