

BOARD OF ASSESSORS

SUZANNE WIDENHOUSE

CHIEF APPRAISER – BOARD OF ASSESSORS

HB 581

- Changes to ad valorem tax provisions
- Constitutional amendment in HR 1022 passed the November 4th, 2024 ballot
- With passage of HR 1022, provisions went into effect 1 January 2025
- Opt-out period for floating homestead began 1 January 2025 and must be completed by March 1, 2025

FLOATING HOMESTEAD

- Created a statewide floating homestead, base year value with an inflationary index
- For those counties with existing frozen or floating homesteads, the taxpayer will receive whichever homestead is more beneficial
- This exemption is in addition to and not in lieu of the non-floating exemptions.
- Counties may opt out of the floating homestead. Opt-out period begins 1 January 2025
- Opt-out requires advertising and conducting three public hearings.
- Opt-out requirements must be completed by March 1, 2025

OPT OUTS

- Estimated 85% to 90% of school districts will opt out (between 20-26 districts out of the 180 school districts statewide) including Muscogee County Schools.
- For counties and other municipalities, it is estimated that about 50% will opt out. This is based on anecdotal information gathered by GAAO.

LOCAL VALUE VS BASE YEAR VALUE

Local value is the assessed value (40% of fair market value) at the time the homestead was placed on the property. May be increased by the VALUE of any major improvements. May NOT be decreased

Base year value (40% of fair market value) is the assessed value for 2024 or the assessed value from the tax year immediately preceding the taxable year in which the exemption under the code section 48-5-44.2 is first granted to the applicant. May be increased OR decreased by an inflationary factor as established by DOR. May also be increased OR decreased by substantial changes to the property (significant property damage or additions to the property).

PRIOR HOMESTEAD EXAMPLE

FMV	% Growth	Local Value	Base Value	Assessed Value	
				No Freeze	
				Opt Out	Assumed
				No State Floating	Inflation rate
400,000		112,000	160,000	160,000	
418,000	4.50	112,000	167,200	167,200	5%
436,810	4.50	112,000	173,888	174,724	4%
420,000	(0.04)	112,000	168,671	168,000	-3%
395,000	(0.06)	112,000	156,864	158,000	-7%
*Assumes HS placed on property prior to pandemic, FMV in 2019 of \$280,000					

NEW HOMESTEAD EXAMPLE

FMV	% Growth	Local Value	Assessed Value			Assumed Inflation rate
			No Freeze		Opt Out No State Floating	
			Base Value			
400,000		160,000	160,000	160,000		
418,000	4.50	160,000	167,200	167,200	5%	
436,810	4.50	160,000	173,888	174,724	4%	
420,000	(0.04)	160,000	168,671	168,000	-3%	
395,000	(0.06)	160,000	156,864	158,000	-7%	
Note: Average 40 year annual growth rate 4.5%						

HOMESTEAD WITH FIRE

FMV	% Growth	Assessed Value				Assumed Inflation rate
		Local Value	Base Value	No Freeze		
				Opt Out	No State Floating	
400,000		112,000	160,000	160,000		
418,000	4.50	112,000	167,200	167,200	5%	
100,000	4.50	112,000	39,164	40,000	4%	
420,000	3.20	112,000	165,989	168,000	-3%	
395,000	(0.06)	112,000	154,370	158,000	-7%	
*Assumes HS placed on property prior to pandemic, FMV in 2019 of \$280,000						
Assumes House destroyed by fire						

HOMESTEAD WITH ADDITION

FMV	% Growth	Assessed Value			
		Local Value	Base Value	No Freeze	
				Opt Out	Assumed
				No State Floating	Inflation rate
400,000		112,000	160,000	160,000	
618,000	4.50	192,000	252,000	247,200	5%
645,810	4.50	192,000	262,080	258,324	4%
619,978	(0.96)	192,000	254,218	247,991	-3%
582,779	(0.94)	192,000	236,422	233,112	-7%
Assumes addition with FMV increase of 200,000					

LOCAL VALUE GREATER THAN ASSESSMENT

		Assessed Value				
		No Freeze				
FMV	% Growth	Local Value	Base Value	Opt Out No State Floating	Assumed Inflation rate	
80,000		40,000	32,000	32,000		
83,600	4.50	40,000	33,600	33,440	5%	
87,362	4.50	40,000	34,944	34,945	4%	
83,868	(0.96)	40,000	33,896	33,547	-3%	
78,835	(0.94)	40,000	31,523	31,534	-7%	
Local Value frozen based on FMV at time of HS application of \$100,000						
NOTE: Approximately 1100 properties currently have local values higher than the assessed FMV						

EXPECTED BUDGETARY NEEDS FOR IMPLEMENTATION

- lasWorld (Tyler) programming costs are yet to be fully defined. We are currently at 132 hours, of which 14 are included in our contract. The remaining 118 hours are being billed at a rate of \$175 per hour. This estimate does not include the custom programming for our unique situation and is just for our portion of the programming which applies to all Tyler counties in Georgia. Still waiting on an estimate from Tyler for the number of hours required to customize our programming.
- Personnel requirements just for the homestead portion will require the hiring of two additional Appraisal Technicians (G115) along with the acquisition of 2 additional desks, computers, monitors, phones, etc. to equip the new staff.
- This DOES NOT cover the additional requirements for other provisions of HB581, which we cannot opt out of. Those requirements include additional field appraisers (G117), admin assistants (G115), vehicles, computers, ipads, etc. to meet the now mandated 3-year revaluation period.

WHAT DOES OPT OUT MEAN

- The current Homestead Freeze remains in place.
- Eliminates confusion as to which homestead or possibly both should apply. If only one taxing authority opts out, there is potential for two different homesteads to apply to the same property.
- Reduces implementation expenses for HB 581
- Reduces the risks to the tax revenue should the market experience a downturn such as the drop in value seen in 2009 and 2010.
- Keeps control of the homestead within the county, not at the state level.
- Opting out does not foreclose the right to request the General Assembly to implement a local floating homestead at a future date.
- Not opting out forecloses the right to ever opt out in the future, even if the General Assembly changes the terms of the floating homestead.

HB 581 CLEAN UP – 2025 LEGISLATIVE SESSION

- Require local government to certify the estimated roll-back rate to the Tax Assessors Office. Currently they only certify to the Tax Commissioner. Tax Assessors needs this information first because it is to appear on the Annual Notice of Assessments.
- HB 581 Floating Homestead allows the homestead to automatically transfer upon death of a spouse but many other homestead exemptions do not. It has been requested of the General Assembly to clarify the statute for other homestead exemptions.
- To provide uniformity across other homestead exemptions, it has been requested that the General Assembly add an acreage cap to the HB 581 Floating Homestead. Currently 5 acres is being proposed.

QUESTIONS
