



HB 581

“THE FACTS”

HB581 Largest Impacts

- Places caps (limits) on the assessed value of homesteaded parcels.
- Property value increases are tied to official Consumer Price Index (CPI) (The State Revenue Commissioner sets the rate but what tool will be used is still TBD). Allows a 3.0% value increase maximum. Example; if CPI is 1.8% the values can only be raised by 1.8% in that applicable year.
- Provides a possible FLOST tax (Floating Local Option Sales Tax) as a means of recouping the revenue lost by the value limitations. This would have to be approved by the voters.
- If either counties, or even one city within the counties that levies a property tax do not have a floating homestead exemption (either the one created by this bill, or a pre-existing one), then the county and all cities within the county are disqualified from the FLOST tax.

“It’s an all or none deal”

HB581

- Each City, as well as the county, has an opt-out provision. This comes with advertising and three public hearings.
- If you don't opt-out, you are automatically opted-in.
- The opt-out must be completed and certified by the Georgia Secretary of State by March 1, 2025
- Does not mean taxes automatically increase if opted out. Millage rates may still be rolled back or lowered as wanted by City Council.
- HAS NO EFFECT ON EXISTING SENIOR SCHOOL TAX EXEMPTIONS

FLOST

- A FLOST (Floating Local Option Sales Tax) if offered as a possible revenue replacement.
- The November, 2024 referendum did not tie the FLOST sales tax to the passage of the referendum. There would have to be a second referendum to allow for the imposition of a FLOST.
- An IGA with the other cities and Walton County would have to be executed. The County has greater control on the percentage split.
- If a FLOST is not approved and the cities opt in, then there will be immediate losses to the tax base thereby potentially forcing higher millage rates to maintain services. This will be compound over time.
- School systems opted out because they could not participate in a FLOST.

LOCAL CONTROL?

- Loganville's initial cost would be approximately \$89,684 in year one. It would increase each year as market conditions change. In a decade, it could easily equal hundreds of thousands, of dollars per year.
- Tax loss burdens would then shift to commercial properties including rental properties.
- City Councils of the future will be placed in the precarious position each year to raise the millage rate to maintain service levels, much less increase service levels.
- Over time, home values will still become largely out of sync with actual values. 20 years in the future a home value may have moved 3% (or less) per year meaning that longer-term homeowners may end up paying far less in property tax than a homeowner that just bought a home at market rate, creating an inequity when it comes to paying for services.
- Opting in is a decision that permanently cedes some taxing authority to the State rules.

LOGANVILLE

IF HB581
WERE IN
AFFECT
BEGINNING
IN 2021.

TAX YEAR	2021	2022	2023	2024
HOMESTEAD VALUES AS SUBMITTED	\$193,722,653	\$237,426,545 (48.1%)	\$302,913,712 (52.1%)	\$304,898,348 (47.5%)
INCREASE AS SUMITTED		22.56%	27.58%	0.66%
Net Digest		\$493,933,462	\$581,928,881	\$642,148,487
HB581 - VALUES	\$193,722,653	\$199,534,333	\$205,520,363	\$211,685,973
CPI - INCREASE		3%	3%	3%
LOSS IN VALUE	N/A	\$37,892,212	\$97,393,349	\$93,212,375
MILLAGE RATE		0.010811	0.010085	0.009869
LOSS IN REVENUE		\$409,653	\$982,212	\$919,913
TOTAL LOSS OVER 3 YEAR				\$2,311,778

ALTERNATIVE PROPOSAL

- Subsequent to an opt-out, the City can request that legislation be introduced by a member of our State legislative delegation to increase Loganville's Homestead Exemption.
 - Current Homestead Exemption: Loganville currently has 2723 homestead properties that receives a \$2,000 homestead exemption (\$51,782).
 - Option 1: Loganville could increase to \$5,000 homestead exemption for any qualified homeowner. This would cost a bit more than the HB581 exemption in the first year but would not compound revenue losses over time as severely and unequally.
 - Estimated Year 1 cost is approximately \$129,459 based on current 2723 eligible homesteaded properties in the City.
 - Amounts can also be increased in the future by City Councils to meet the needs of the time.
 - This would help give better prediction of revenues each year for budgetary stability.
- There could also be future legislation that would address the “mess” created from a patchwork of opt-ins and outs across the state. There is a hope for more fairness in future legislation.
- If opt-in jurisdictions fail to pass FLOST en masse, there could be calls for better alternatives for local revenue stability in the future with new legislation.

Other Jurisdictions' Information

HB581: Long Term Impact

- 2024 County Net Digest: \$4,758,868,747
- Current Millage: 10.413 (.010413)
- Total Revenue from Property Tax: \$49,554,100
- $\$49,554,100 / 10.413 \text{ mills} = \$4,758,868 \text{ per mill}$

- Homestead Exemptions: \$1,319,253,336
- Current Millage: 10.413 (.010413)
- Total Revenue Reduction: \$13,737,385

- $\$13,737,375 / \$4,758,868 = 2.89 \text{ mills}$
- $10.413 - 2.89 = 7.523 \text{ mills to produce same revenue without this homestead in place}$

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QUESTIONS & DISCUSSION

