
TO: Honorable Mayor and City Council Members
FROM: Bernadette Harvill, Deputy City Manager
DATE: Submitted on August 1, 2024 for the August 5, 2024 9:00 AM Special Called Council Meeting, August 5, 2024 Regular Council Meeting, and August 12, 2024 Special Called Council Meeting

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Bernadette Harvill
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AGENDA ITEM: Consideration of an Ordinance of the Mayor and Council of the City of Milton, Georgia, to Establish the Ad Valorem Tax Rate of the City of Milton for Fiscal Year 2025; and for Other Purposes.

Executive Summary:

The City has advertised and enclosed an ordinance based on a Maintenance and Operating (M&O) millage rate of 4.389 mills, which represents the City's current millage rate for Fiscal Year 2024). This approach allows Council to consider any millage rate up to the existing millage rate under the current advertisement rules outlined by the State (consideration of a millage rate above the current 4.389 mills will require additional advertising and public hearings).

Staff will be presenting alternative reduced millage rate options below the existing 4.389 mills at three public hearing presentations along with a discussion of the draft FY 2025 budget at the August 12, 2024 Work Session. A final ordinance will be drafted based on the approved millage rate at the August 12, 2024 Special Called Council Meeting.

Staff has also calculated a bond millage rate of 0.356 mills for the General Obligation Bond, Series 2017 (i.e. greenspace bond) that was approved through referendum on the November 2016 ballot. This will cover the eighth year of debt service payments totaling \$1,713,375 and is separate from the M&O revenue projections enclosed.

The Fulton County consolidation and evaluation of digest for tax year 2024 reflects taxable assessments for real and personal property at \$3,840,446,168 net of exemptions (please note HB710 passed in 2018 created a new floating exemption based on the consumer price index for properties with a current homestead exemption including the primary residence and five (5) contiguous acres of land which has more than doubled the City's exemptions).

The State of Georgia requires two calculations when comparing year over year tax collection rates. The calculation of percentage increase/decrease in property taxes involves the calculation of a rollback rate. The rollback rate takes reassessments of existing real property and other net changes to the digest, such as new construction, into consideration (please see advertisement #1 enclosed). According to this calculation, maintaining a 4.389 M&O millage rate represents an increase of 5.23% from the updated 2023 digest figures provided by Fulton County. The main factor causing this increase is the reassessment of existing real property and the related impact of the floating exemption calculation related to these reassessments.

The second calculation (advertisement #2 enclosed) represents the five-year history of levy. This formula compares taxes levied year over year without consideration of the impacts related directly to reassessments of existing real property. The result is a 7.2% increase year over year levy anticipation (based on a 100% collection rate) for the 2024 tax year when compared to the updated figures for 2023.

Motor vehicle assessed values in 2024 are \$7,647,490 and have decreased by 13% since 2023. This decline is a result of HB386, which is phasing out motor vehicle taxes (or the "birthday tax") and replacing it with the title ad valorem tax (TAVT). The TAVT is a one-time title fee that is paid on all vehicle sales. It is not a property tax and is, therefore, not included in the tax digest.

Funding and Fiscal Impact:

For the current and rollback millage rate options, the projected amount of property taxes to be levied for M&O purposes can be seen below in the 100% collection rate column and the year one forecasted collections based on historical trend can be seen in the 97% column for real property and the 65% column for personal property.

Real Property - Projected Revenues by Millage Rate

Millage Rate	Collection Rate	
	100%	97%
4.389	16,545,666	16,049,296
4.171	15,723,849	15,252,133

Personal Property – Projected Revenues by Millage Rate

Millage Rate	Collection Rate	
	100%	65%
4.389	310,053	201,534
4.171	294,652	191,524

Historically, Milton has experienced a collection rate of approximately 97% of the projected real property digest and 65% of the projected personal property digest in year one of collections.

Required Advertising: Advertisement #1 Milton Herald July 25, 2024 & August 1, 2024
 Advertisement #2 Milton Herald August 1, 2024

Alternatives: Other Council directed action.

Legal Review: Not required.

Concurrent Review: Steve Krokoff, City Manager

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Advertisement #1

CITY OF MILTON
NOTICE OF PROPERTY TAX INCREASE
DETAILED EXPLANATION

City Staff will present multiple millage rate options for calendar year 2024 taxes at three public hearings in August. The State-required advertisement below refers to a “tentatively adopted millage rate” and a corresponding tax increase – which are advertised at the current millage rate giving Council the opportunity to adopt any millage rate up to 4.389 mills without requiring additional advertising/meetings.

Council will be presented with reduced rate options at the meeting as well.

A final millage rate will be determined at the August 12 Council meeting.

Please note, the legally advertised millage rate below excludes the separately calculated greenspace bond millage rate. Actual changes in property values will not be available until the City receives the official property digest from the Fulton County Tax Commissioner.

CITY OF MILTON
NOTICE OF PROPERTY TAX INCREASE
AS REQUIRED BY STATE LAW

The City of Milton has tentatively adopted a millage rate which will require an increase in property taxes by 5.23 percent.

All concerned citizens are invited to the public hearings on this tax increase to be held at the City of Milton Council Chambers, 2006 Heritage Walk, Milton, Georgia, 30004, on the following dates and times:

August 5, 2024 at 9:00 AM

August 5, 2024 at 6:00 PM

August 12, 2024 immediately following the work session at 6:00 PM

This tentative increase will result in a millage rate of 4.389 mills, an increase of 0.218 mills. Without this tentative tax increase, the millage rate will be no more than 4.171 mills. The proposed tax increase for a home with a fair market value of \$850,000 is approximately \$74.12 and the proposed tax increase for non-homestead property with a fair market value of \$825,000 is approximately \$71.94.

Advertisement #2

CITY OF MILTON NOTICE

The City of Milton does hereby announce that the millage rate will be set at a meeting to be held at City Hall Council Chambers, 2006 Heritage Walk, Milton, Georgia on August 12, 2024 at 6:00 PM and pursuant to the requirements of O.C.G.A § 48-5-32 does hereby publish the following presentation of the current year's tax digest and levy, along with the history of the tax digest and levy for the past five years.

City Staff will present millage rate options for calendar year 2024 taxes at three public hearings in August.
The State-required advertisement below is advertised at the current millage rate of 4.389 mills; Council will also be presented with reduced rate options at the three public hearings, and a final millage rate will be determined at the August 12 meeting.

Current 2024 Tax Digest and Five Year History of Levy

Incorporated City of Milton	2019	2020	2021	2022	2023	2024
Real & Personal	3,150,319,897	3,181,409,869	3,412,770,422	3,958,728,869	4,775,282,577	5,176,984,807
Motor Vehicle	19,364,570	14,490,680	10,894,780	9,346,640	8,740,350	7,647,490
Mobile Homes	0	0	0	27,600	0	0
Timber – 100%	0	0	0	0	0	0
Heavy Duty Equipment	76,149	225,848	0	499,030	100,240	0
Gross Digest	3,169,760,616	3,196,126,397	3,423,665,202	3,968,602,139	4,784,123,167	5,184,632,297
Less M&O Exemptions	479,097,176	464,008,631	522,098,486	750,437,726	1,195,142,931	1,336,538,639
Net M&O Digest	2,690,663,440	2,732,117,766	2,901,566,716	3,218,164,413	3,588,980,236	3,848,093,658
Gross M&O Millage Rate	8.171	8.343	7.727	7.531	7.902	7.753
Less Millage Rate Rollbacks (LOST)	3.440	3.612	2.996	3.062	3.513	3.364
Net M&O Millage Rate	4.731	4.731	4.731	4.469	4.389	4.389
Bond Millage Rate	0.588	0.538	0.487	0.452	0.364	0.356
Total City Millage Rate	5.319	5.269	5.218	4.921	4.753	4.745
M&O Taxes Levied	12,729,529	12,925,649	13,727,312	14,381,977	15,752,034	16,889,283
Bond Taxes Levied	1,821,658	1,655,748	1,601,485	1,745,250	1,679,176	1,775,417
Total City Taxes Levied	14,551,187	14,581,397	15,328,797	16,127,227	17,431,210	18,664,700
Net M&O Taxes \$ Increase	335,762	196,120	801,663	654,665	1,370,057	1,137,249
Net M&O Taxes % Increase	2.7%	1.5%	6.2%	4.8%	9.5%	7.2%

All calculations are based upon a 100% collection rate. Figures for 2019-2023 have been updated to reflect the most recent consolidation and evaluation of digest provided by Fulton County for each year, and 2024 figures are based on current estimates provided by Fulton County.

Sec. 52-19. Levied.

- (a) *Authority.*Section 1.12(40) of the city Charter authorizes the city to levy and provide the assessment and collection of ad valorem taxes on all property subject to taxation.
- (b) [*Rate.*] The ad valorem tax rate for the City of Milton, Georgia for the 2024 fiscal year, on property subject to ad valorem taxation by the city is hereby fixed at ~~\$4.75~~\$4.745 on 40 percent of each \$1,000.00 of property subject to ad valorem tax by the city.

(Ord. No. 08-08-22, § I, 8-11-2008; Ord. No. 09-09-52, § I, 9-28-2009; Ord. No. 18-08-371, § I, 8-13-2018; Ord. No. 19-08-401, § I, 8-12-2019; Ord. No. 20-08-443, § I, 8-10-2020; Ord. No. 22-08-518, § II, 8-15-2022; Ord. No. 23-08-538, § II, 8-21-2023)

Sec. 52-20. To be used for general governmental purposes.

- (a) For general government purposes \$4.389 on 40 percent of each \$1,000.00 of taxable property.
- (b) For the purpose of retiring outstanding General Obligation bonds, ~~\$0.364~~\$0.356 on 40 percent of each \$1,000.00 of taxable property.

(Ord. No. 08-08-22, § II, 8-11-2008; Ord. No. 09-09-52, § II, 9-28-2009; Ord. No. 18-08-371, § II, 8-13-2018; Ord. No. 19-08-401, § II, 8-12-2019; Ord. No. 20-08-443, § II, 8-10-2020; Ord. No. 22-08-518, § II, 8-15-2022; Ord. No. 23-08-538, § II, 8-21-2023)

Appendix A FEES AND OTHER CHARGES¹

FEES AND OTHER CHARGES

Section	Description	Conditions	Amount (in dollars)
Chapter 52—Taxation			
52-19(b)	Ad valorem taxes on property	For property subject to the ad valorem tax	\$4.753 <u>4.745</u> on 40 percent of each \$1,000.00 of property (general government purposes at \$4.389 and retiring outstanding general obligation bonds at \$0.364 <u>0.356</u>)
52-22(b)	Penalties and interest for the delinquent of the ad valorem taxes	For property subject to the ad valorem tax	A penalty of 5% is applied to the amount of tax due if not paid within 120 days of the bill date. After 120 days from the imposition of the initial penalty, an additional 5% of any tax amount remaining due shall be imposed. This will continue every 120 days not to exceed 20% of the principal amount of the tax originally due. The penalty shall not apply to the following: (1) Ad valorem taxes of \$500.00 or less on homesteaded property;

¹Editor's note(s)—Section 1 of Ord. No. 12-09-147, adopted Sept. 17, 2012, repealed the former App. A, and enacted a new App. A as set out herein. The former App. A pertained to similar subject matter, and derived from Ord. No. 11-12-120, adopted Dec. 5, 2011. See the Code Comparative Table for a complete derivation.

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Appendix A FEES AND OTHER CHARGES

			(2) Homesteaded property acquired during the tax year by a new owner who did not receive a bill and who before acquiring such property resided outside the State of GA and if taxes are paid within one year following the due date.
			Interest on delinquent taxes due shall be calculated at an annual rate equal to the bank prime loan rate as posted by the board of governors of the Federal Reserve System in statistical release H.15 or any publication that may supersede it, plus 3%, to accrue monthly.
52-46	Penalty for delinquent payment	For hotel and motel tax	Penalties of 10% of amount of taxes due to the city, plus 1% interest per month on the unpaid tax
52-47	Hotel and motel excise tax	For hotel and motel rent	3% of the rent for every occupancy of a guestroom in a hotel in the city
52-94 (a)(1)	Rental motor vehicle excise tax	For motor vehicle rented	3% of the rental charge. If paid on or before the 20th day of the preceding calendar month, the tax payer may retain a credit in the amount of 3% of the tax due.

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Appendix A FEES AND OTHER CHARGES

52-116	Penalties and interest for failure to remit taxes	For rental motor vehicle excise tax	A penalty of 5% of the tax then due, plus 1% interest per month thereon the unpaid principal amount due
52-118(b)	Interest on the deficiency determined	For excise tax	1% per month or fraction thereof from the due date of the taxes

**AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF
MILTON, GEORGIA, TO ESTABLISH THE AD VALOREM TAX RATE OF
THE CITY OF MILTON FOR FISCAL YEAR 2025; AND FOR OTHER
PURPOSES**

WHEREAS, the Charter of the City of Milton, Georgia authorizes the City to levy and provide for the assessment of ad valorem property taxes on all property subject to taxation; and

WHEREAS, the Charter of the City of Milton, Georgia provides that the valuation of all property subject to taxation by the City shall be determined according to the tax digest prepared by the Fulton County Board of Tax Assessors; and

WHEREAS, the Mayor and City Council, after hearing and after duly considering all such relevant evidence, testimony and public comments, has determined that it is in the best interests of, and necessary to meet the expenses and obligations of, the City of Milton, Georgia to set a levy in the amount of \$4.745 on each \$1,000.00 of taxable value for all property subject to ad valorem taxation by the City; now

BE IT ORDAINED by the Mayor and City Council of the City of Milton, Georgia as follows:

SECTION I: The ad valorem tax rate for the City of Milton, Georgia for the 2025 fiscal year, on property subject to ad valorem taxation by the City is hereby fixed at \$4.745 on forty percent (40%) of each \$1,000.00 of property subject to ad valorem tax by the City.

SECTION II: Said rate of \$4.745 on forty percent (40%) of each \$1,000.00 of taxable property is hereby levied as follows:

- (a) For General Government purposes \$4.389 on forty percent (40%) of each \$1,000.00 of taxable property.
- (b) For the purpose of retiring outstanding General Obligation bonds, \$0.356 on forty percent (40%) of each \$1,000.00 of taxable property.

SECTION III: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

ORDAINED this the ____ day of _____, 2024.

Peyton Jamison, Mayor

Attest:

Tammy Lowit, City Clerk

(SEAL)