

HB581 2nd Public Hearing

Property Tax Implications and HB581 Impact



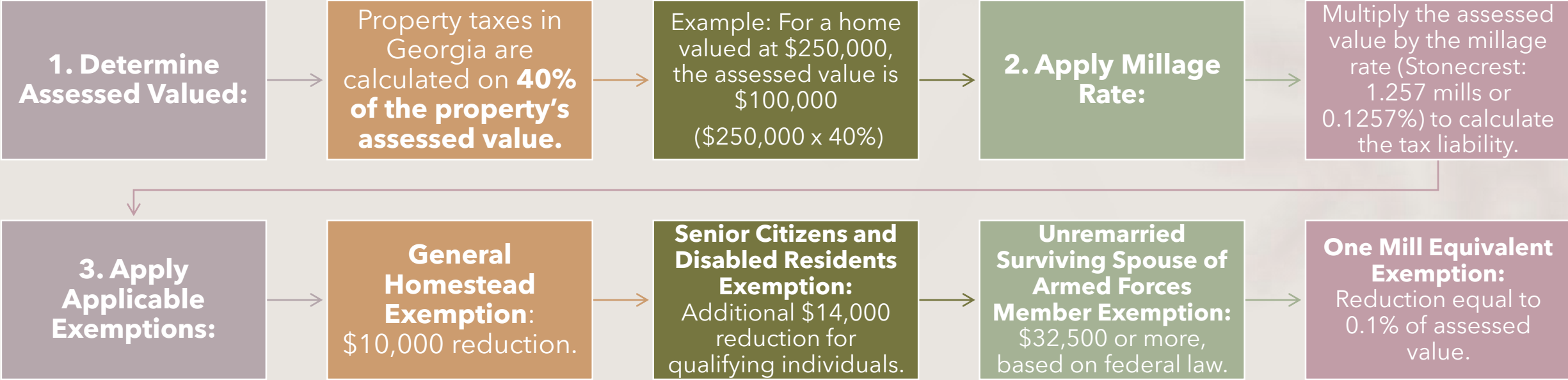
Presented by:
Deputy City Manager Michael McCoy
&
Financial Advisor Ed Wall
February 10, 2025

Understanding the Floating Homestead Exemption (HB581)

- **HB581 limits property value increases for homestead properties to the inflation rate as measured by the consumer price index.**
- **Example:** If a **\$100,000** property's value rises to **\$110,000**, but **inflation** is **2%**, **the taxable value can only increase \$102,000**. The exemption covers the remaining **\$8,000.**



Step-by Step: How Property Taxes are Calculated in Georgia





Example 1- \$250,000 Home (City of Stonecrest)

- **Home Value:** \$250,000
- **Assessed Value (40%):** \$100,000
- **Millage Rate: 1.257 mills** (0.001257%)
- **Tax Before Exemptions:** \$126
- **Exemptions Applied:**
- **General Homestead Exemption:** -\$10,000 assessed value
- **Adjusted Value:** \$90,000
- **One Mill Equivalent Exemption:** -\$90 x
- **Final Property Tax:** \$23.13

Example 2- \$500,000 Home (City of Stonecrest)



- **Home Value:** \$500,000
- **Assessed Value(40%):** \$200,000
- **Millage Rate:** 1.257 mills (0.001257%)
- **Tax Before Exemptions:** \$251
- **Exemptions Applied:**
- **General Homestead Exemption:** -\$10,000 assessed value
- **Adjusted Assessed Value:** \$190,000
- **One Mill Equivalent Exemption:** -\$190
- **Final Property Tax:** \$48.83

Example 3: \$1,000,000 Home (City of Stonecrest)



- **Home Value:** \$1,000,000
- **Assessed Value (40%):** \$400,000
- **Millage Rate:** 1.257 mills (0.1257%)
- **Tax Before Exemptions:** \$503
- **Exemptions Applied:**
- **General Homestead Exemption:** -\$10,000 assessed value
- **Adjusted Assessed Value:** \$390,000
- **One Mill Equivalent Exemption:** -\$390
- **Final Property Tax:** \$100.23

Hypothetical Property Tax Impact: 10% Market Appreciation vs. 3% CPI Cap

Base Year Value (\$)	Increased Market Value (10%)	Inflation Limit Value (3%)	Difference in Values	Final Property Tax Without HB581	Final Property Tax With HB581	Tax Savings Due to HB581
\$250,000	\$275,000	\$257,500	<u>\$17,500</u>	\$23	\$22	\$1
\$500,000	\$550,000	\$515,000	<u>\$35,000</u>	\$49	\$46	\$3
\$1,000,000	\$1,100,000	\$1,030,000	<u>\$70,000</u>	\$100	\$94	\$6

NOTE: Doesn't include the following exemptions

1. **Senior Citizens and Disabled Residents Exemption:** An exemption of \$14,000 of the assessed value of the homestead for residents who are senior citizens or disabled.
2. **Unremarried Surviving Spouse of Armed Forces Member Exemption:** An exemption for the unremarried surviving spouse of a member of the armed forces killed in action, equal to the greater of \$32,500 or the maximum amount allowed under federal law.

2024 Property Tax Impact Analysis: Actual Market Appreciation vs. CPI Cap

Base Year Value	Increased Market Value (5.44%)	Inflation Limit Value (2.9%)	Difference in Values	Final Property Tax Without HB581	Final Property Tax With HB581	Tax Savings Due to HB581
\$250,000	\$263,600	\$257,250	<u>\$6,350</u>	\$25	\$24	\$0.65
\$500,000	\$527,200	\$514,500	<u>\$12,700</u>	\$52	\$50	\$1
\$1,000,000	\$1,054,400	\$1,029,000	<u>\$25,400</u>	\$106	\$103	\$3

Example 3: \$1,000,000 Home (City of Stonecrest)



Minimal Financial Impact: Stonecrest exemptions already provide significant relief, reducing the need for additional measures under HB581.



Equity and Fairness: Opting out protects residents from potential tax disparities and unnecessary administrative complexity.



Local Control: Ensures Stonecrest maintains authority over its own exemptions and taxation process.

Questions?

