



# Business Operations Division

## HB581 Frequently Asked Question & Answers

- **What is the purpose of HB581?**
  - [HB 581](#) establishes a statewide floating homestead exemption that limits the annual increase in property tax assessments on homesteaded properties. This cap will take effect on January 1, 2025.
  - The main effect of the House Bill 581 exemption on your residential, homestead taxpayers is that the taxable value of their homes may only increase at the rate of inflation each year (or other identified metric), which in turn slows the growth of the digest for your residential homestead properties.
- **What is a floating homestead exemption?**
  - For properties currently holding a homestead exemption, the value cannot increase by more than the inflation rate of the previous year. It does not freeze the value of the home.
    - HB581 limits property value increases for homestead properties to the inflation rate set by the State Revenue Commissioner (likely the consumer price index). For example, if a \$100,000 property's value rises to \$110,000, but inflation is 2%, the taxable value can only increase to \$102,000. The exemption covers the remaining \$8,000.
  - Non-homestead properties, such as commercial, industrial, agricultural, and multifamily residential, would continue to be valued at their fair market value.
- **Are there exceptions that would limit the floating homestead exemption?**
  - Yes! It is important to note the floating homestead exemption does not account for substantial changes in the property. For example, if a homeowner adds on to the square footage of the house, then the base-year value may be increased, regardless of any limitation. Thereafter, a new base-year value is created and the new value enjoys the benefit of the exemption.
  - It is also important to note, that these exemptions do not stay with the property, nor the property owner, when a change in ownership occurs. If an individual sells their home, the taxable value of that home resets to fair market value for the next owner. Similarly, the individual cannot carry the value of the exemption to their new home.
- **What are the likely long term implications of HB581 on taxpayers?**
  - This exemption will impact counties differently depending on the mixture of their digest and the frequency of home sales. If a municipality was required, down the road, to raise their millage rate to maintain the same level of revenue due to the exemption, the tax burden would shift more to the non-homesteaded portion of the digest (i.e., to farms, businesses, and rental properties which would likely pass down to renters).
  - Taxation is a formula: Taxable Value multiplied by the Millage Rate gives the property tax revenue to meet local budgets.
    - Because the floating homestead exemption limits residential property value growth, it puts upward pressure on the millage rate. This means cities, counties, and school systems can only raise more tax dollars by increasing the millage rate.
    - Counties and cities can more easily increase the millage rate, if needed, than schools since they are not limited in the mills they can assess on properties.
    - Tift County Schools' 2024 millage rate is 16.501 out of a possible 20 mills, which is the maximum allowed without a local referendum.
    - The effects of a floating homestead increase over time, so this will have a smaller impact in the early years and a larger impact in the later years.



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- **Why is Tift County Schools considering Opting out when the City and County are not?**
  - The bill also creates a process for creating a new sales tax called the Floating Local Option Sales Tax (FLOST). It is available to counties and cities that do not opt out of HB 581 and is intended to offset any drop in revenue caused by the floating homestead exemption.
  - This FLOST is not available to school systems. So the bill allows for the City and County Governments to create an alternative way to make-up the lost tax revenues, but does not afford the school system any way to make up for lost tax revenues other than increasing millage rates.
- **This seems like a benefit to taxpayers, why is Tift County Schools considering to Opt out of HB581?**
  - The floating homestead exemption rewards homeowners, especially those that reside in the community for a long period of time after this legislation takes effect; however, long-term this bill would result in there being tax inequalities among similar homes (i.e., next door neighbors with identical homes could pay significantly different taxes merely based on the length of time the resident lived in the home.)
  - HB581 would shift the tax burden from homestead to other property types (commercial, agricultural, industrial, rental, and non-homestead), benefiting some long-term homeowners while disadvantaging others whose property values aren't capped and thus bear a larger tax share.
  - Increased local taxes on farmers, rental properties, and businesses could harm the community and make Tift County less attractive for young families and homebuyers. The goal is to keep Tift County affordable and tax-friendly for both residents, farmers, and businesses.
- **Why doesn't Tift County Schools take more time to consider this before making a decision?**
  - Much like ELOST many years ago, school systems have one time to make this decision, and it must be made between January 1, 2025 and March 1, 2025.
  - If the district does not decide to opt out now, we will forfeit any future opportunity to opt out of the HB 581 exemption. This means that no future Board will have the option to opt out of HB 581. Not opting out could impact the long-term financial health and stability of the school district's finances.
- **Are other school systems planning to Opt out?**
  - As of right now **86** systems are planning to Opt Out
  - **24** systems are planning to Opt-In
  - **27** systems are still Undecided.
  - Some of the systems Opting In have ELOST, so they have other avenues to generate local revenue.



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### School Systems Currently Opting Out of HB 581

Atlanta City Schools	Franklin County Schools	Peach County Schools
Bacon County Schools	Gainesville City Schools	Pike County Schools
Baker County Schools	Glascocock County Schools	Polk County Schools
Ben Hill County Schools	Gordon County Schools	Putnam County Schools
Bremen City Schools	Greene County Schools	Randolph County Schools
Bryan County Schools	Haralson County Schools	Seminole County Schools
Calhoun City Schools	Heard County Schools	Social Circle City Schools
Calhoun County Schools	Houston County Schools	Stephens County Schools
Carroll County Schools	Irwin County Schools	Stewart County Schools
Carrollton City Schools	Jackson County Schools	Sumter County Schools
Cartersville City Schools	Jefferson City Schools	Talbot County Schools
Chattooga County Schools	Jefferson County Schools	Taliaferro County Schools
Chickamauga City Schools	Jenkins County Schools	Taylor County Schools
Clay County Schools	Johnson County Schools	Terrell County Schools
Clayton County Schools	Jones County Schools	Thomaston-Upson County Schools
Commerce City Schools	Lanier County Schools	Tift County Schools
Coweta County Schools	Lee County Schools	Treutlen County Schools
Crawford County Schools	Liberty County Schools	Twiggs County Schools
Crisp County Schools	Lincoln County Schools	Valdosta City Schools
Dade County Schools	Lowndes County Schools	Walker County Schools
Dalton Public Schools	Lumpkin County Schools	Walton County Schools
Decatur City Schools	Macon County Schools	Washington County Schools
Dooly County Schools	Marion County Schools	Webster County Schools
Dublin City Schools	Meriwether County Schools	Wheeler County Schools
Early County Schools	Monroe County Schools	White County School System
Echols County Schools	Montgomery County Schools	Wilkes County Schools
Elbert County Schools	Muscogee County Schools	Worth County Schools
Fayette County Schools	Oglethorpe County Schools	
Floyd County Schools	Paulding County Schools	



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### School Systems Currently Opting In to HB 581

Appling County Schools	Effingham County Schools	Pickens County School District
Bleckley County Schools	Grady County Schools	Pierce County Schools
Bulloch County Schools	Jeff Davis County Schools	Schley County Schools
Charlton County Schools	McIntosh County School District - Darien, GA	Screven County Schools
Chattahoochee County Schools	Miller County Schools	Tattnall County Schools
Coffee County Schools	Morgan County Schools	Thomas County Schools
Colquitt County Schools	Oconee County Schools	Toombs County Schools
Decatur County Schools	Pelham City Schools	Towns County Schools

### School Systems Currently Undecided on HB 581

Baldwin County Schools	Clinch County Schools	Laurens County Schools
Banks County Schools	Dawson County Schools	Madison County Schools
Bartow County Schools	Dodge County Schools	Murray County Schools
Berrien County Schools	Emanuel County Schools	Pulaski County Schools
Brantley County Schools	Fannin County Schools	Quitman County Schools
Butts County Schools	Foothills Education Charter High School	Trion City Schools
Camden County Schools	Glynn County Schools	Union County Schools
Catoosa County Schools	Harris County Schools	Whitfield County Schools
Clarke County Schools	Jasper County Schools	Wilcox County Schools
Cook County Schools		