

House Bill 581

Property Tax Relief and Reform for Georgians

HB 581 (Rep. Shaw Blackmon, 146th) was passed by the Georgia General Assembly on March 28, 2024 and signed by Governor Brian Kemp on April 18, 2024. The bill provides relief and clarity to taxpayers by offering the following: a statewide floating homestead exemption, an optional sales tax to further offset property taxes, and property tax process reforms.

THE ENTIRE BILL REQUIRES THE RATIFICATION OF A CONSTITUTIONAL AMENDMENT TO BE VOTED ON DURING THE GENERAL ELECTION ON NOVEMBER 5, 2024 (HR 1022)

MARCH 1, 2025

DATE BY WHICH LOCAL GOVERNMENTS MAY OPT OUT OF PARTICIPATING IN THE FLOATING HOMESTEAD EXEMPTION. TO OPT OUT, A LOCAL GOVERNMENT MUST PASS A RESOLUTION AND HOLD THREE PUBLIC HEARINGS.

STATEWIDE FLOATING HOMESTEAD EXEMPTION

HB 581 provides a **statewide** "floating" homestead exemption that will limit annual assessment increases on a **homesteaded property** to the **rate of inflation**.

This statewide exemption can be used in addition to other homestead exemptions that are not base year value exemptions. If another base year exemption exists locally, the exemption of greater benefit to the homeowner shall be provided.

The base year assessed value for a home will be initially set at the 2024 value of a home and resets whenever a home is sold or receives a substantial property change.

A rate of inflation based on the consumer price index shall be set annually by the Georgia Department of Revenue. Home assessment increases will be limited to this rate of inflation, with any excess being offset by the homestead exemption.

OPTIONAL SALES TAX FOR PROPERTY TAX RELIEF

- ✱ An **optional 1 percent sales and use tax** is available to eligible **counties and municipalities**. Proceeds may only be used for **property tax relief**.
- ✱ The measure must be **approved by voters** via referendum.
- ✱ Counties and cities may qualify by **implementing an ad valorem property tax exemption** (such as the floating homestead exemption above) and entering into an **intergovernmental agreement** that determines the distribution of proceeds.
- ✱ The tax may be levied for **up to five years** with the option for **renewal**. Any renewal will require a **local act of the Georgia General Assembly** in addition to the intergovernmental agreement and approval via referendum.

PROPERTY AND SALES AND USE TAX REFORMS

- ✱ Regarding property tax assessment notices: the current requirement to include an estimate of the current year's tax based on the previous year's millage rate is replaced with the current year's estimated roll-back rate. A disclaimer related to the roll-back rate is only required if the roll-back rate is not met.
- ✱ Parcels are required to be appraised at least once every three years.
- ✱ Property values may only receive a three-year lock if the value is reduced upon appeal; currently, property values can be frozen for three years if the value is reduced or remains the same when appealed.
- ✱ Local option sales and use taxes are restructured as follows:
 - ✱ The local sales tax limit remains at 2 percent.
 - ✱ An additional 1 percent may be levied from each of the following categories:
 - 1) ESPLOST
 - 2) Transportation-related sales tax
 - 3) One of OLOST, CSPLOST, MOST, or the optional sales tax for property tax relief above.