MINUTES

Floating Homestead Exemption & FLOST Town Hall
Government Center – Administration Building, 1st Floor Meeting Chambers
October 20, 2025
6:00 P.M. – 7:00 P.M.

County/City Representation:
John Waller, City Administrator
Lucretia Ferguson, City Clerk
Brandon Burton, County Manager
Chase Beggs, BOC Chairman
Kristal Singletary, City Finance Director

MEDIA: None

INTRODUCTION

The meeting started at 6:00 pm. City Administrator John Waller and County Manager Brandon Burton welcomed everyone and introduced themselves.

FLOST PRESENTATION

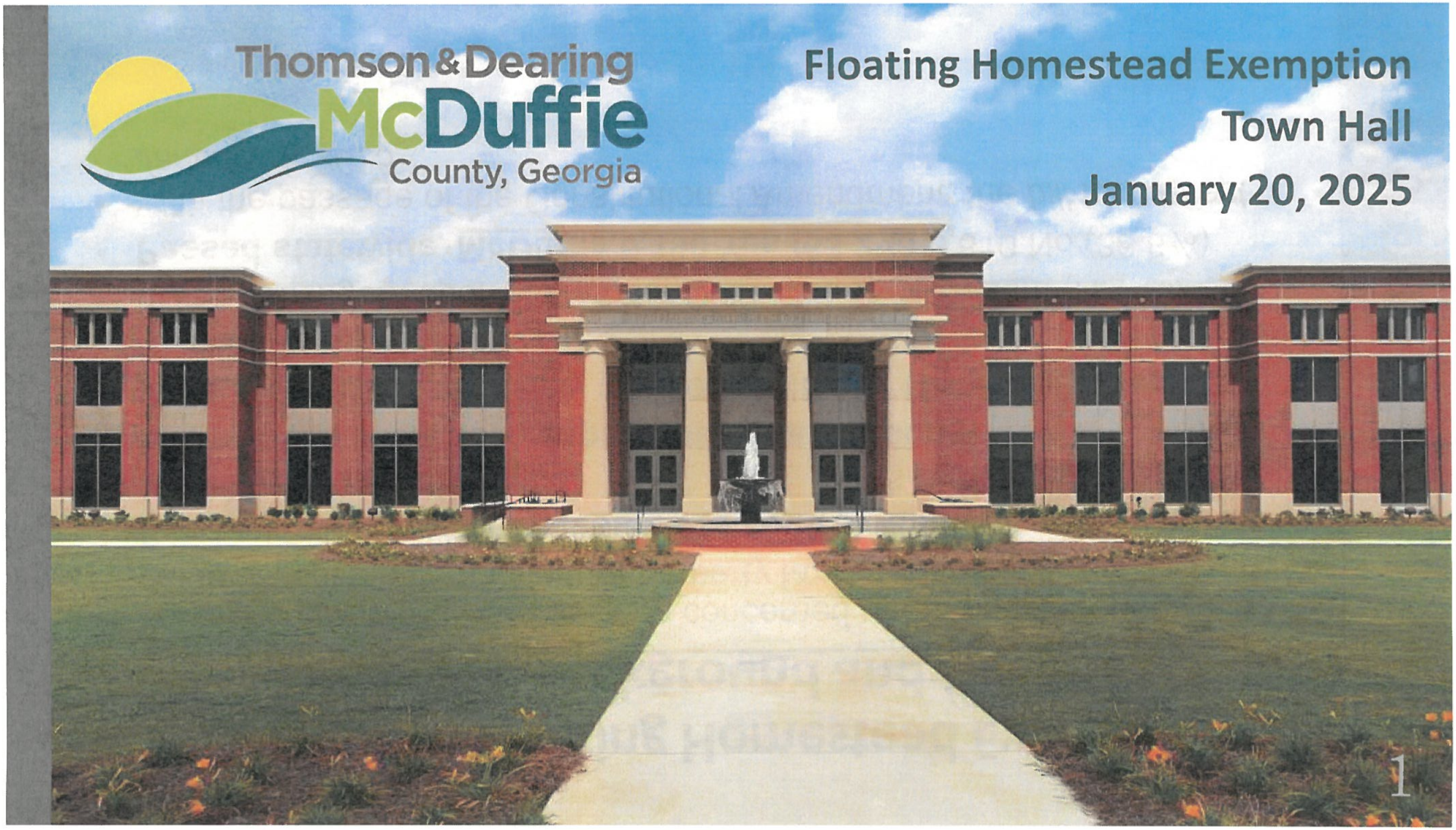
City Administrator John Waller began the FLOST presentation. A copy of this presentation can be found along with the minutes. Some of the key points were; the tax assessed value will be no higher than CPI, that FLOST dollars can be used ONLY for property tax relief, and if any political subdivision is not in compliance with the use of the proceeds from this tax, then the State Revenue Commissioner shall not certify the tax digest of that political subdivision until it comes into compliance.

CALL FOR PUBLIC COMMENT/QUESTIONS

A citizen asked if someone has an approved appeal already, and the FLOST is approved, does this effect the 3-year lock in? – This is an excellent question that needed more research to answer thoroughly. The answer, the three-year freeze from your appeal is separate from the FLOST reduction. The appeal locks your assessed value, while the FLOST reduces the tax rate applied to that value. Since a FLOST reduces property taxes overall, it would not be considered an action that breaks the freeze. There were more questions asked and answered.

ADJOURN

The FLOST Town Hall meeting adjourned at 6:50 pm.


Thomson & Dearing
McDuffie
County, Georgia
Floating Homestead Exemption
Town Hall
January 20, 2025
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Floating Homestead Exemption Background and Overview

- Legislature entered 2024 session concerned about rising property value assessments and in turn property tax
- Senate leaders wanted **measures to control rapid increases in property assessments**
- House leaders looked to **expand sales tax options**
- Various proposals ultimately resulted in HB 581 (& HR 1022)
- Signed into law April 18, 2024
- It was contingent upon November Statewide Referendum (HR 1022)
- **Passed statewide**, **McDuffie 6,190 Yes (63.2%)** 3,610 No (36.8%)
- With the passage of the Constitutional Amendment, the *bill took effect January 1, 2025*

Floating Homestead Exemption
Major Components

- Part 1, Property Tax Procedural Changes
- Part 2, Statewide Floating Homestead Exemption
- **Part 3, New Local Option Sales Tax**

Part 1, Property Tax Procedural Changes

- Changes to the Assessment Notices
  - **removes estimate of current tax** based **on the previous year's millage rate**
  - assessment notices will now **include the current year's "estimated roll-back rate"** established by local government
  - must provide a **disclaimer on the property tax bill** if roll-back rate is exceeded, designed to attempt to allow local government to give a more accurate estimate of what tax liability will be

Part 1, <u>Property Tax Procedural Changes</u>

- Codifies the <u>requirement</u> that **parcels are appraised at least once every 3 years**
- Provides that the "three-year lock" is only provided if the property received a value reduction upon appeal
- Removed the provision that the sale price is the maximum allowable fair market value in the next taxable year

Part 2, Statewide Floating Homestead Exemption

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- Statewide Floating Homestead Exemption for **all local governments**:
  - Counties, Cities, and School Boards
- This is a special type of Homestead Exemption intended to offset or reduce increases in taxable value of property
  - also referred to as a base-year or value offset exemption
  - this is **not** a Freeze in value
- This exemption will be ***in addition*** to other homestead exemption currently provided in McDuffie County
- **Base year property value resets with a sale** or adjusts with "substantial property change"
- Exemption allows the property assessment to **only increase annually** at the **rate of inflation** as *determined by the State Revenue Commissioner*, which will **most likely be CPI**

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Part 2, Statewide Floating Homestead Exemption

- How does it work?
  - the base year value (2024) can ***only increase by a rate of inflation***
    - Example:
      - if the base year value is $100,000 and the assessed value increases 10% the following year to $110,000, but the inflation increase/CPI for the year was only 2%, then the **taxable value** will be $102,000 (a **2% increase, not a 10% increase**) - ***the exemption "floats"* to be worth $8,000**
    - for homes first receiving this exemption in taxable year 2025, the **base year assessed value** will be the **2024 assessed value**
    - for homes first receiving the exemption in later years, the base year assessed value will be the assessed value for the immediately preceding year
    - Similar to other homestead exemptions, the **value will be reset when the home is sold** and is adjusted with "substantial property change"
    - homeowners cannot transfer exemption to new property

Part 2, Statewide Floating Homestead Exemption

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- How does it work? (continued)

  - the **taxable value** of a homestead property may only increase at a rate of inflation each year (CPI, Georgia Department of Revenue, DOR)

  - Commercial, Industrial, Multifamily Residential, and other **non-homestead property** will **continue to be taxed at fair market**, shifting the tax burden in the future

  - *homestead property will continue to be appraised at fair market (for sale)*, essentially maintaining two sets of value **(one for sale value, *one for taxable value*)**

Part 2, Statewide Floati...
Homestead Exem...

Thomson and McDuffie County Opted in,
McDuffie County BOE Opted Out

- "Opt-Out" Provision
  - any governing authority ma... ...loating homestead exemption created by H... ...ocedure like the "public notification of tax in... ...ack is not taken
    - the local go... ...e and conduct three public hearings of inter... ...opt a resolution
    - m... ...cretary of State by March 1, 2025
    - ...ot met, opt out is not effective
    - ...not begin until after January 1, 2025 and must be ...d by March 1, 2025.
    - ...y not "Opt-Out" after this deadline
    - our local delegation may pass a local Act of the General Assembly to implement the Floating Homestead Exemption

Part 2, Statewide Floating Homestead Exemption

- Current Homestead Exemptions for McDuffie County

Description of Homestead	County	School
Regular Owner Occupied Principal Residence	$4,000	$4,000
100% Disabled Net Income Less Than $15,000	$15,000	$15,000
Age 62 Net Income Less Than $15,000	$15,000	$15,000
Age 65	$4,000	$30,000
Age 65 Net Income Less Than $15,000	$15,000	$30,000
100% Disabled Veteran	$121,812	$121,812
Age 65 100% Disable Veteran	$121,812	$121,812

Pause – <u>Sales Tax Review</u>

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- **Georgia State Sales Tax**

- **LOST** – <u>Local Option Sales Tax</u> – offsets property tax burden

- **SPLOST** – <u>Special Purpose Local Option Sales Tax</u> – Local Referendum, for 6 years to <u>fund major capital projects</u> (Parks; Fire Trucks; Heavy Equipment; Infrastructure Improvements) (2026 Renewal)

- **TSPLOST** - <u>**Transportation** Special Purpose Local Option Sales Tax</u> - Local Referendum, 5 years, to fund capital transportation projects (sidewalks; full-depth reclamation of roads; major storm-water improvements) (2026 Renewal)

- **ESPLOST** - <u>**Education** Special Purpose Local Option Sales Tax</u> - Local Referendum, 5 years, to fund School District capital projects (New Buildings & Facilities) (2025 Renewal)

- **<u>FLOST</u> - Floating Local Option Sales Tax - PROPOSED, specifically for property tax reduction – topic of this presentation**

Part 3, Sales Tax Revisions and Floating Local Options Sales Tax FLOST

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- Two Major Changes to Local Sales Tax
  - **creates new local option sales tax** contingent upon having a base year value (2024)(Floating) homestead exemption
  - revised the limit on the number of local sales taxes to include ESPLOST, Regional TSPLOST, and new sales tax for property tax relief
  - may be levied in 0.05 percent increments **up to one percent**
  - it does not matter what the School Board does, they will not receive the additional sales tax (recall, the BOE opted out, as did many school districts across the state)

Part 3, Sales Tax Revisions and <u>FLOST</u>

- Sales Tax Implementation
  - the **county and city/cities** representing at least fifty percent of the municipal population of cities that levy a property tax **must enter into an <u>intergovernmental agreement</u> (IGA) calling for the tax**

    - **Signed July 2, 2025**

  - the IGA shall specify the <u>rate</u>, <u>duration</u> (not to exceed five years), and the <u>distribution between the county and cities;</u> it will also set the ballot question

    - <u>Rate</u> = 1% (1-cent on the dollar); <u>Duration</u> = 5 years

    - <u>Distribution</u>: County = **68.53%;** Thomson = **31.47%** (based Census population data)

  - following the adoption of the IGA, the **tax must be approved through local referendum (November 4, 2025)**

Part 3, Sales Tax Revisions and FLOST

- Sales Tax Implementation

  - the IGA must also specify a portion of the proceeds that the cities not on the IGA will receive – **Not Applicable** (Dearing levies no property tax)

  - must not be less than the proportion the absent municipality's population bears to the total population of all cities within the county that levy a property tax – **Not Applicable**

  - modeled after LOST absent municipality provisions

    - since we have LOST collection data and LOST and FLOST are each 1-cent on the dollar, we can project *expected* FLOST revenue (shown on an upcoming slide)

Part 3, Sales Tax Revisions and <u>FLOST</u>

- Sales Tax Collection, Distribution, and Renewal
  - <u>collection of the tax will begin at the start **January 2026**</u> (if passed in November 2025)
  - the Georgia Department of Revenue (DOR) sends the money to the county; county will be responsible for distributing the money to the cities in accordance with the IGA
  - the tax can run up to 5 years
  - prior to the expiration, if the local governments want to renew (2031), it requires the same procedure:
    - **passage of a local Act** calling for the re-imposition of the tax
    - a **new IGA** between the county & city plus a **new referendum** to approve the tax by the voters

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Part 3, Sales Tax Revisions and FLOST

- Use of Sales Tax Funds
  - funds must be used exclusively for property tax relief
  - each taxpayer's property tax bill shall state the amount by which property tax has been reduced because of the imposition of this tax
    - Example: if millage was 6 mills last year and drops to 4 mills due to FLOST, tax bill will show there was a 2 mill reduction
  - the roll-back rate shall be reduced annually by the millage equivalent of the net proceeds of this new tax received by the political subdivision during the prior taxable year

Part 3, Sales Tax Revisions and <u>FLOST</u>

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- Use of Sales Tax Funds – continued
  - if any political subdivision is not in compliance with the use of the proceeds from this tax, then the State Revenue Commissioner shall not certify the tax digest of that political subdivision until it comes into compliance
  - <u>LOST collections</u> provide property tax offset (rollback), for 2024:
    - County = tax rollback of 3.504 mills, $3,127,793 (7.809 + 3.504 = <u>11.313 mills</u>)
    - City = tax rollback of 7.692 mills, $1,499,809 (6.890 + 7.692 = <u>14.585 mills</u>)
  - <u>Property Tax received</u> in 2024:
    - County = $5,558,142
    - City = $ 2,099,749

What property tax **<u>would be</u>** if there was no LOST

Recap – <u>Floating Homestead Exemption</u> and <u>FLOST</u>

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- Change to state constitution to <u>provide property tax relief</u> to owner-occupied single family property owners
- McDuffie County and City of Thomson Opted-In, ***per voter decision in November 2024***
- Floating Homestead Exemption
  - caps property value increases (for tax purposes) to the annual rate of inflation / CPI
  - the exemption 'floats' since it is the difference between the fair market value and permitted taxable value, which can change annually
- Floating Local Option Sales Tax (FLOST)
  - can be set at any increment up to 1-cent per dollar (1%) like the existing LOST
  - in place for up to 5 years; renewable with new IGA and voter referendum
  - revenue collected must go towards lowering homestead exempted property taxes
  - does not replace any existing exemptions, it's a new sales tax
  - amount of tax rate reduction to be indicated on tax bill

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Floating Homestead Exemption and FLOST

QUESTIONS?