Towards a Better Understanding of Property Taxes
Ad Valorem Taxes Levied in Georgia Counties and Cities
Georgia Department of Revenue

Ad Valorem Taxes Levied in Georgia Counties and Cities

- School: 58%
- County: 34%
- Cities: 7%
- State: 1%
5-Year Comparison of Property Tax Revenue
Property Tax Revenue by Type of Property

- Residential
- Agricultural
- Timber
- Industrial
- Public Utilities
- Motor Vehicles
- Mobile Homes
- Heavy Duty Equipment

Revenue Ranges:
- 0
- 1,000,000,000
- 2,000,000,000
- 3,000,000,000
- 4,000,000,000
- 5,000,000,000
- 6,000,000,000
Property Tax

- Based on the principal that the amount of tax paid should depend on the value of the property owned
  - Property includes personal homes, commercial and industrial building, farms, land, motor vehicles, boats, airplanes, and business personal property such as furniture, fixtures, equipment and inventory

- Property tax is an ad valorem tax
  - “according to value”
  - taxes are apportioned among taxpayers according to the value of their property
  - amount of tax bill is based on the fair market value of the property
Who is involved in the process?

- Tax Commissioner
- Tax Assessors
- County Governing Authority
- County School Board

Tax Digest
ROLE OF THE TAX ASSESSORS

- Tax Digest
- Assessment
- Valuation
- Discovery
Role of the Tax Assessor

- Locate & identify all taxable property (discovery)
- Make an inventory of all taxable property, including quantify, quality & important characteristics
- Classify each property & determine the extent of taxability
- Estimate the market value of each taxable property (valuation)
- Calculate the taxable value of each property (assessment ratio)
- Prepare & certify the assessment roll of the jurisdiction (listing)
- Notify owners of the taxable value of their properties
- Defending value estimates & valuation methods during appeals
What is the taxable value of property?

- Board of Assessors determine fair market value of taxable real and personal property.
- Fair Market Value as defined by Georgia law is the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property at an arm’s length, bona fide sale.
- Cash price a property would bring in an competitive and open market.
Georgia Department of Revenue

Getting Ready for Tax Bills

• Summary of values given to all taxing authorities by county tax commissioner
• Budgets set & millage rates established
• Advertising prepared and published in newspaper of general circulation
  – 5-year history with date and time of meeting to set millage rate
  – Notice of Property Tax Increase Hearings
Inform the Taxpayers

- Publish a 5-Year History which includes the following: (O.C.G.A. 48-5-32)
  - Assessed value of all property
  - Millage rate proposed for current year and rate levied for previous years
  - Total tax for current & previous years
  - $ amount of increase/decrease & % of increase/decrease
  - When & where the meeting will be held to adopt the millage rate (date, time & place)
Taxpayer Bill of Rights

“Taxpayer Bill of Rights” was passed in 1999 to prevent a “Back Door” tax increase.

- Changes in real property values on the digest are due to one of the following factors:
  - Values increased due to adding new construction, new parcels, etc.
  - Values are increased due to inflation (Revaluations)
- Properties experiencing inflationary increases or reassessment do not require additional services but if the millage rate isn’t decreased to offset this growth the result is a “Back Door” tax increase.
Advertising when Millage Rate exceeds Rollback Rate

- Issue press release announcing a tax increase
- Advertise and hold 3 public hearings
  - One may coincide with budget hearing
  - One may coincide with meeting to set final millage rate that was advertised in the 5-Year history advertisement; and
  - One must start between 6 PM and 7 PM
  - 2 must be held at least 5 business days apart
  - If 2 are held on one day the 1st must be before noon and second begin between 6 PM and 7 PM
Smith County has tentatively adopted a millage rate which will require an increase in property taxes by 22.51 percent.

All concerned citizens are invited to the public hearings on this tax increase to be held at County Courthouse, 411 Smith Street, Smithville, Georgia on June 8, 2008 at 11:30 AM and 6:00 PM.
Graphic Timeline

Publish Ad for 1st & 2nd Hearings & 5 Yr History

Publish Ad for 3rd Hearing & Hold Hearings 1 & 2

Hold 3rd Hearing & Set Millage Rate

7 Days

7 Days

7 Days
Determining Millage Rates

\[
\text{Millage Rate} = \frac{\text{Revenue from sources other than the property tax}}{\text{Total assessed value of all taxable property}}
\]

\[
\text{Millage Rate} = \frac{\$1,405,350}{924,775,247} = 0.009457 \text{ or } 9.457 \text{ mills}
\]
Calculation of Tax Bill for Taxpayer A for Commercial Building and Lot

\[
\text{Fair Market Value} \times \text{Assessment Level (40\%)} = \text{Assessed Value} \times \text{Millage Rate} = \text{Amount of Property Taxes}
\]

\[
\begin{align*}
$3,655,500 \times 40\% &= $1,462,200 \times 9.457 \text{ mills (0.009457)} = $13,828.03
\end{align*}
\]
Georgia Department of Revenue

Calculation of Tax Bill for Homeowner with Homestead Exemption

Step 1: Determine Fair Market Value
Step 2: Multiply FMV x assessment level (40%)
Step 3: Subtract amount of Homestead Exemption for taxing jurisdiction
Step 4: Multiply millage rate for taxing jurisdiction by value from Step 3 (Net Assessed Value)
Step 5: Repeat Steps 1 – 4 for each tax type
Walking through calculation of a tax bill

Fair Market Value = $200,000
40% Assessment = $ 80,000

State: 80,000 – 2,000 = 78,000 x .25 mills = 19.50
County: 80,000 – 2,000 = 78,000 x 10.00 mills = 780.00
School: 80,000 – 2,000 = 78,000 x 18.50 mills = 1,443.00
Total Tax Bill = $2,242.50
# County Tax Bill

**2008 State, County & School Ad Valorem Tax Notice**

<table>
<thead>
<tr>
<th>Bill No.</th>
<th>Property Description</th>
<th>Map Number</th>
<th>Market Value</th>
<th>Assessed Value</th>
<th>District</th>
<th>Acreage</th>
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</thead>
<tbody>
<tr>
<td>000088</td>
<td>ADAMS RD 25.00 AC</td>
<td>103-0 -00-0 11-0</td>
<td>128,016</td>
<td>51,206</td>
<td>21</td>
<td>25.00</td>
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</table>

<table>
<thead>
<tr>
<th>Tax Authority</th>
<th>Exemption Amount</th>
<th>Net Taxable Value</th>
<th>Millage Rate</th>
<th>Gross Tax</th>
<th>HTRG Credit</th>
<th>Net Tax Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE</td>
<td>49,295</td>
<td>1,907</td>
<td>.250</td>
<td>.48</td>
<td>.48</td>
<td>.48</td>
</tr>
<tr>
<td>COUNTY</td>
<td>40,539</td>
<td>10,667</td>
<td>4.929</td>
<td>52.58</td>
<td>39.43</td>
<td>39.43</td>
</tr>
<tr>
<td>SCHOOL</td>
<td>46,533</td>
<td>4,667</td>
<td>10.000</td>
<td>46.67</td>
<td>46.67</td>
<td>46.67</td>
</tr>
<tr>
<td>CURBSIDE</td>
<td></td>
<td>10,674</td>
<td>.990</td>
<td>10.57</td>
<td></td>
<td>10.57</td>
</tr>
<tr>
<td>UN PST PD</td>
<td>40,532</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**HOMESTEAD EXEMPTION CODE** L4

**Important Messages – Please Read**

- **For your convenience we now have a drop box for after hour payments to be left in.**
- **For information regarding homestead exemptions and application forms or to pay your tax bill online, log on to the county’s website at:** www.greeneCountyga.gov
- **State law requires that all tax bills be sent to the owner of record as of January 1st. If the property has been sold, please promptly return the bill to us with the name of the new owner. Failure to do this could result in the bill remaining unpaid and a tax lien being filed in your name.**
- **If your bill indicates ‘prior taxes’, please contact this office for your correct balance. If you had a change of address, please indicate the new address.**
- **If you think there is a problem with your curbside garbage, please call the Board of Commissioners at 706-453-7716.**

**TOTAL DUE** 131.24

**DATE DUE** 12/01/2008

**Local Option Sales Tax Information**

- Mills required to produce county budget: 6.269
- Mill reduction due to sales tax rollback: 1.340
- Actual mill rate set by county: 4.929
- Tax savings due to sales tax rollback: 14.29
Statewide Homestead Exemptions

- State Homestead Exemption for county, state & school = $2,000 (1937)
- School Exemption for Elderly = $10,000
  - Subject to age and income qualifications
- County Exemption for Elderly = $4,000
  - Subject to age and income qualifications
- Exemption from state tax for home and up to 10 acres
  - Homeowner must be 65 years of age or older
- Disabled veterans and surviving spouse of war veteran killed in action = $50,000
- Surviving spouse of firefighter or peace officer killed in action = total exemption
- Floating exemption = the amount of reassessment of property after base year
## Local Homestead Exemptions

<table>
<thead>
<tr>
<th>Exemption</th>
<th>County</th>
<th>School</th>
<th>State</th>
<th>Additional Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td>5,000</td>
<td>5,000</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>City of Cartersville</td>
<td>5,000</td>
<td>28,000</td>
<td>2,000</td>
<td>65 years of age</td>
</tr>
<tr>
<td>Bartow County Elderly</td>
<td>5,000</td>
<td>40,000</td>
<td>2,000</td>
<td>65 years of age</td>
</tr>
<tr>
<td>Disability</td>
<td>5,000</td>
<td>28,000</td>
<td>2,000</td>
<td>100% disabled -- household income &lt;20,000</td>
</tr>
<tr>
<td>School Tax Elderly</td>
<td>5,000</td>
<td>10,000</td>
<td>2,000</td>
<td>62 years of age - household income &lt;10,000</td>
</tr>
</tbody>
</table>
Local Homestead Exemptions

<table>
<thead>
<tr>
<th>Exemption Type</th>
<th>County</th>
<th>School</th>
<th>State</th>
<th>Additional Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Exemption</td>
<td>6,000</td>
<td>All</td>
<td>2,000</td>
<td>62 years of age</td>
</tr>
<tr>
<td>Disability</td>
<td>6,000</td>
<td>2000+half</td>
<td>2,000</td>
<td>Disabled w/ documentation</td>
</tr>
</tbody>
</table>
Homestead Valuation Freeze Exemption

• A county exemption that *increases* only on personal home as your property is revalued by the Board of Assessors due to the market value.

• The exemption may apply to only one portion of your tax bill (county and/or school)

• Exemption will *increase* offset the revaluation amount after ‘base year’

• Many refer to this exemption as a "tax freeze." Any improvements to your property generally do not fall under the “tax freeze.”

• Local legislation may allow for an CPI or other inflationary increase to base value annually
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
<th>Exemption</th>
<th>Net Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Year Value of 2004</td>
<td>$90,000</td>
<td>0</td>
<td>$90,000</td>
</tr>
<tr>
<td>Property reassessed in 2005</td>
<td>$110,000</td>
<td>$20,000</td>
<td>$90,000</td>
</tr>
<tr>
<td>Property Value in 2006</td>
<td>$110,000</td>
<td>$20,000</td>
<td>$90,000</td>
</tr>
<tr>
<td>Property reassessed in 2007</td>
<td>$126,300</td>
<td>$36,300</td>
<td>$90,000</td>
</tr>
</tbody>
</table>
Other Exemptions or Preferential Assessments

- Freeport Exemption
- Preferential Agricultural Assessment
- Conservation Use Assessment
  - Residential Transitional
  - Environmentally Sensitive
- Brownfield
- Rehabilitated or Landmark Historic
Homeowner’s Tax Relief Grant

- Provides homeowners with property tax relief for state, county, school, special district and city property taxes

- The credit is equivalent to an additional $8,000 homestead exemption
Eligibility Requirements

• Homeowners that qualify for homestead exemption are eligible to receive the homeowner tax relief credit for all tax purposes

• The credit cannot exceed the amount of the taxpayer’s tax liability
How the Credit is Calculated

- To figure the credit amount, each homeowner’s eligible assessed value (for 2008, the eligible assessed value is $8,000) is multiplied by the millage rate for maintenance and operation purposes levied in each taxing jurisdiction.
Example of a Calculation of Credit

✓ Eligible Assessed Value * Millage Rate = Credit

State 8,000 x .25 mills = $ 2.00
County 8,000 x 10.00 mills = $ 80.00
School 8,000 x 18.50 mills = $148.00

Total Homeowner’s Tax Relief Credit = $230.00
How the Credit is Shown on the Tax Bill

• The total credit amount is deducted directly from a homeowner’s property tax bill;

• Along with the credit amount, the law requires the following statement be printed on the tax bill:

"This reduction in your bill is the result of homeowner's tax relief enacted by the Governor and the General Assembly of the State of Georgia."
Process for Reimbursement to Local Governments

• Immediately after the tax bills are issued, the fiscal authority will submit a certification to DOR showing the total amount of homeowner tax relief credit provided to taxpayers;

• This certification, once received by DOR, is cursory reviewed for accuracy and compared to the homestead information submitted with the digest;

• DOR pays the total certified grant amount within 60 days

• Once the grant check is cut, it is sent to the fiscal authority
HTRG Applied to Tax Bill

Fair Market Value = $200,000
40% Assessment = $ 80,000

State: 80,000 – 2,000 = 78,000 x .25 mills = 19.50
County: 80,000 – 2,000 = 78,000 x 10.00 mills = 780.00
School: 80,000 – 2,000 = 78,000 x 18.50 mills = 1,443.00

Tax Due before HTRG = $2,242.50
Credit for HTRG = 230.00
TAXES DUE = $2,012.50
Definitions

- Ad valorem – according to value
- Ad valorem tax – a tax levied in proportion to the value of the property being taxed
- Appraisal – estimate of value
- Appraisal Date – in Georgia this date is January 1 of each tax year
- Assessed Value – The monetary amount at which a property is put on the digest
- Assessment roll – lists for all taxable properties the name of the owner, the assessed value, exemptions, etc.
- Assessor – Appointed by county governing authority to serve as administrative head over assessment functions including valuation, approval and denial of exemptions
- Base year – value set at a point in time used to calculate the amount of homestead exemption to offset inflationary increases to value
- Effective Tax Rate – the tax rate expressed as a percentage of market value
- Equalization – Process which attempts to ensure that property is appraised equitably at market value or as otherwise required by law
- Governing authority – county board of commissioners or city council (elected officials)
- Homestead Exemption – a release from a portion of assessment or property tax on taxpayer’s residence
Definitions

- Market Value – the highest price in terms of money that a property will bring in a competitive and open market under all conditions requisite to a fair sale with the buyer and seller, each acting prudently, knowledgeable, assuming the price is not affected by undue stimulus (fair market value).
- Mass appraisal – The process of valuing a group of properties as of a given date, using standard methods, and allowing for statistical testing to achieve uniformity and equalization.
- Mill or millage – Term used to express property tax rate. One mill is one-thousandth of one dollar or one-tenth of one cent. Millage is often expressed as whole numbers in Georgia, such as 6 mills which means that the tax bill on an assessment of $100,000 = 6 mills/thousand or $600.00.
- Tax commissioner – elected constitutional officer with responsibility to collect and disburse ad valorem taxes to taxing jurisdictions, designated as tag agents of the commissioner for the purpose of collecting ad valorem taxes in connection with the registration of motor vehicles receive returns, collect delinquent taxes and numerous other duties.
- Tax levy – In property taxes the total revenue that is to be realized by the tax.
- Tax Digest (roll) – The official list of each taxpayer subject to property taxes together with the assessment and the amount of taxes due.
- Uniformity – Assessed values that have the same relationship to market value as do all other assessments within the tax district. It implies equalization of the tax burden.