



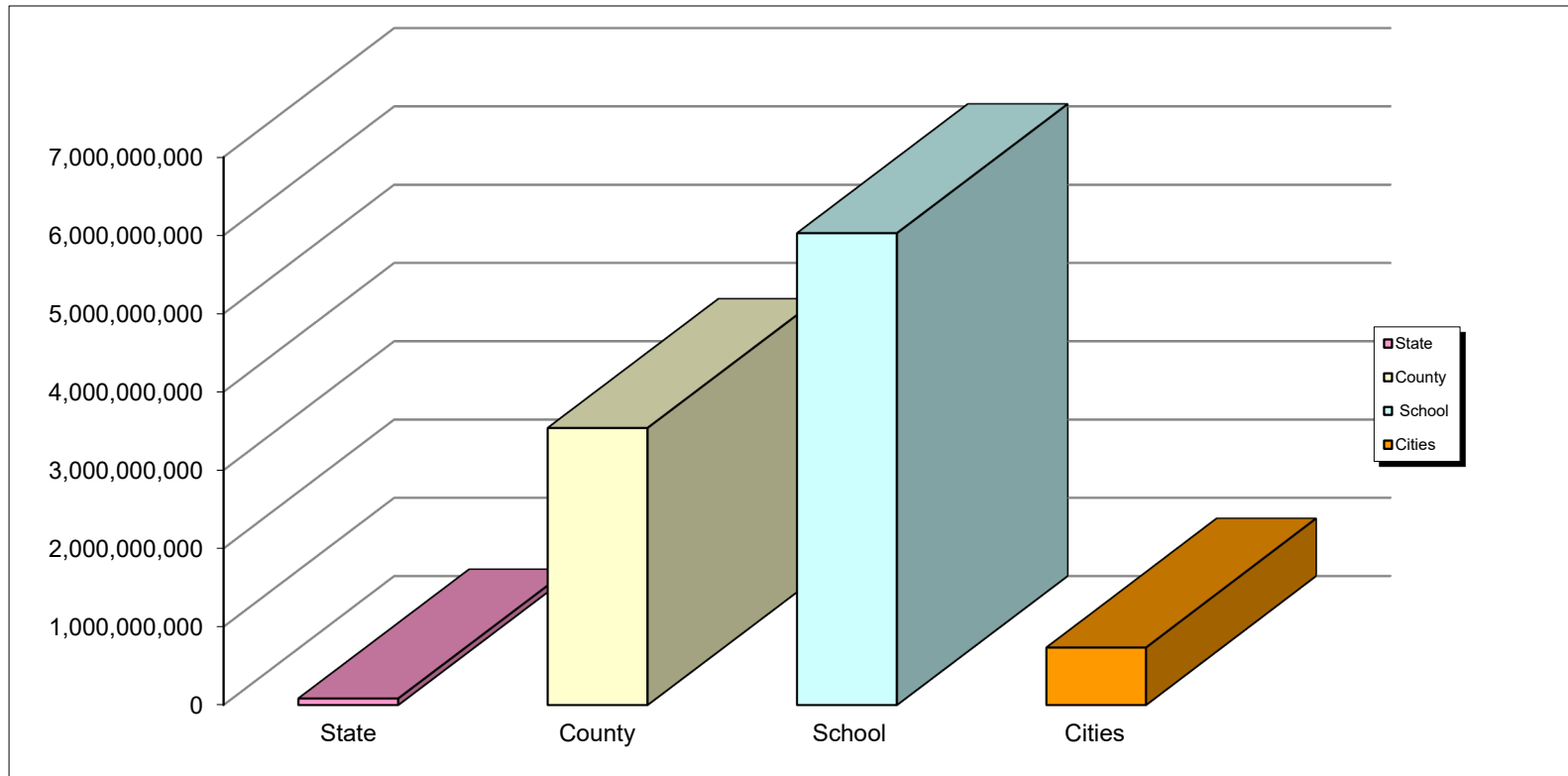
Georgia Department of Revenue

Towards a Better Understanding of Property Taxes



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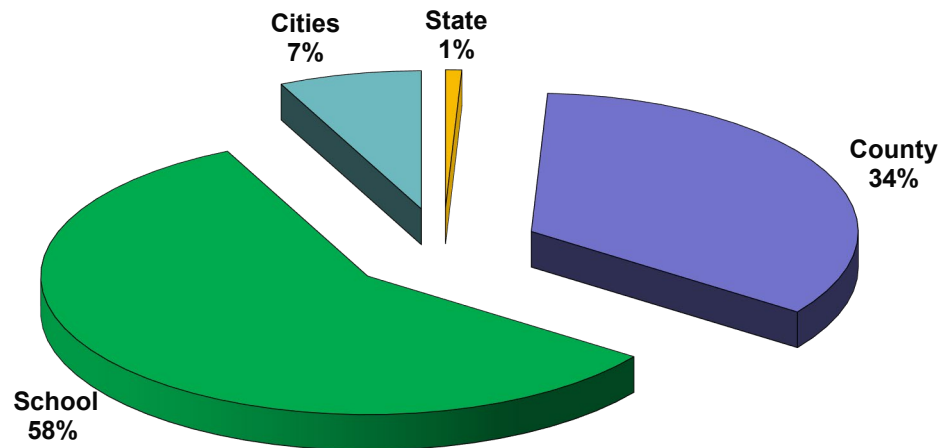
Ad Valorem Taxes Levied in Georgia Counties and Cities





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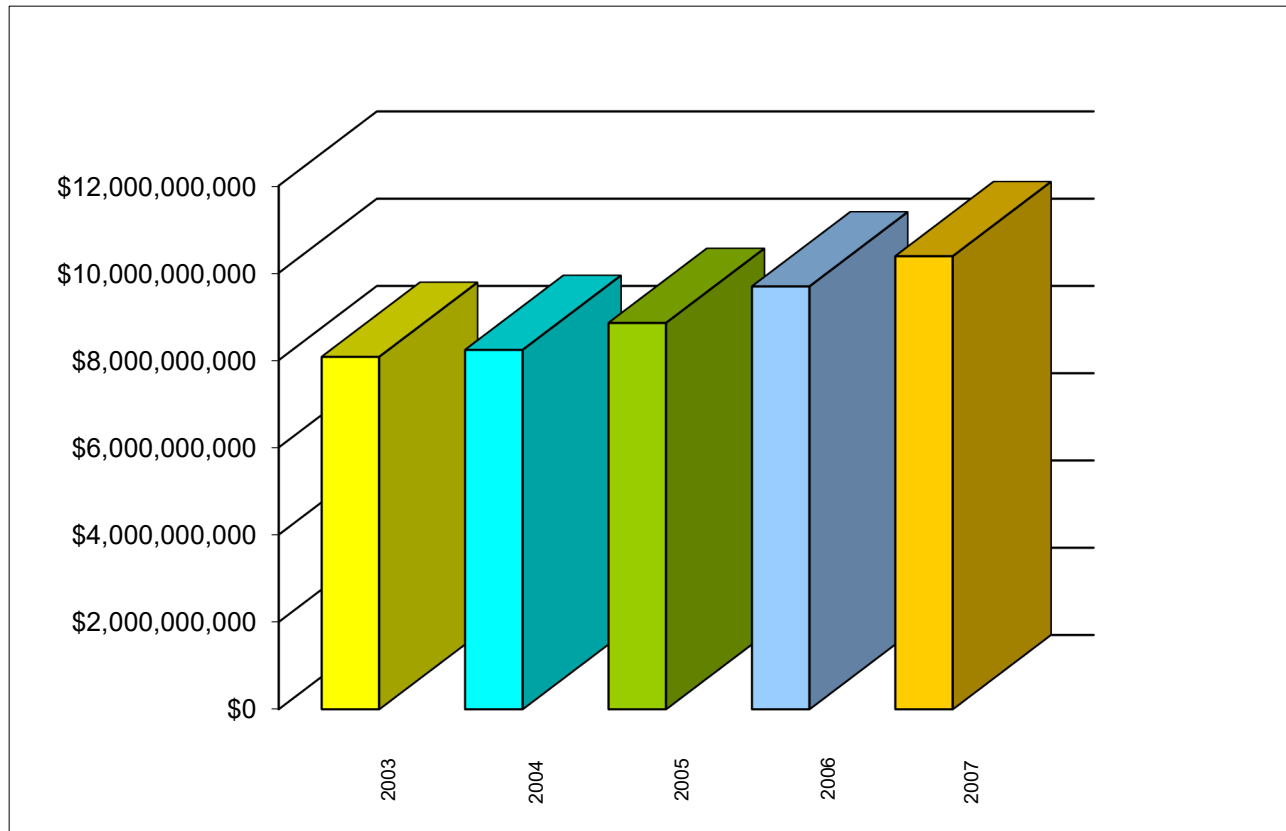
Ad Valorem Taxes Levied in Georgia Counties and Cities





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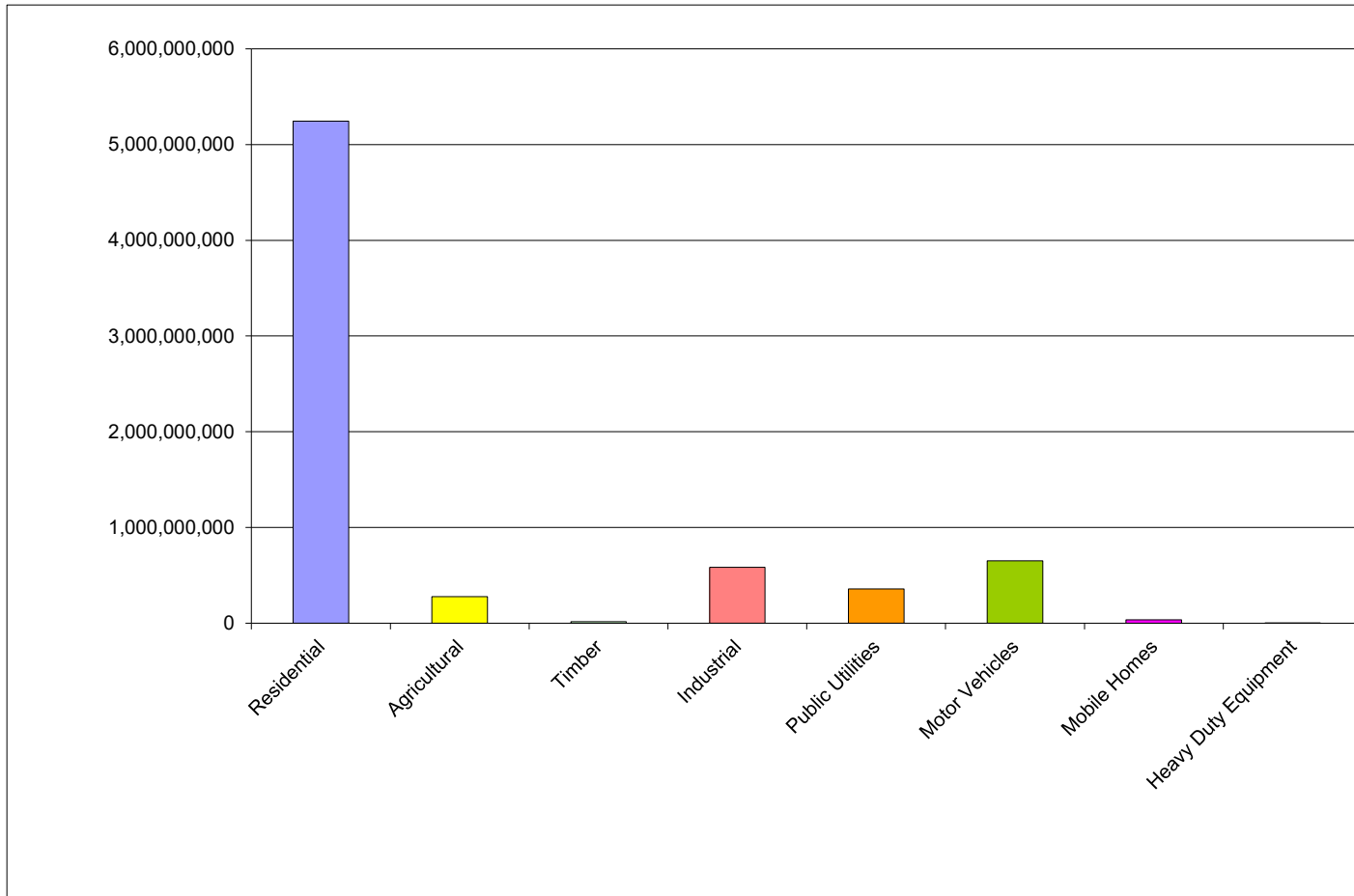
5-Year Comparison of Property Tax Revenue





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Property Tax Revenue by Type of Property





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Property Tax

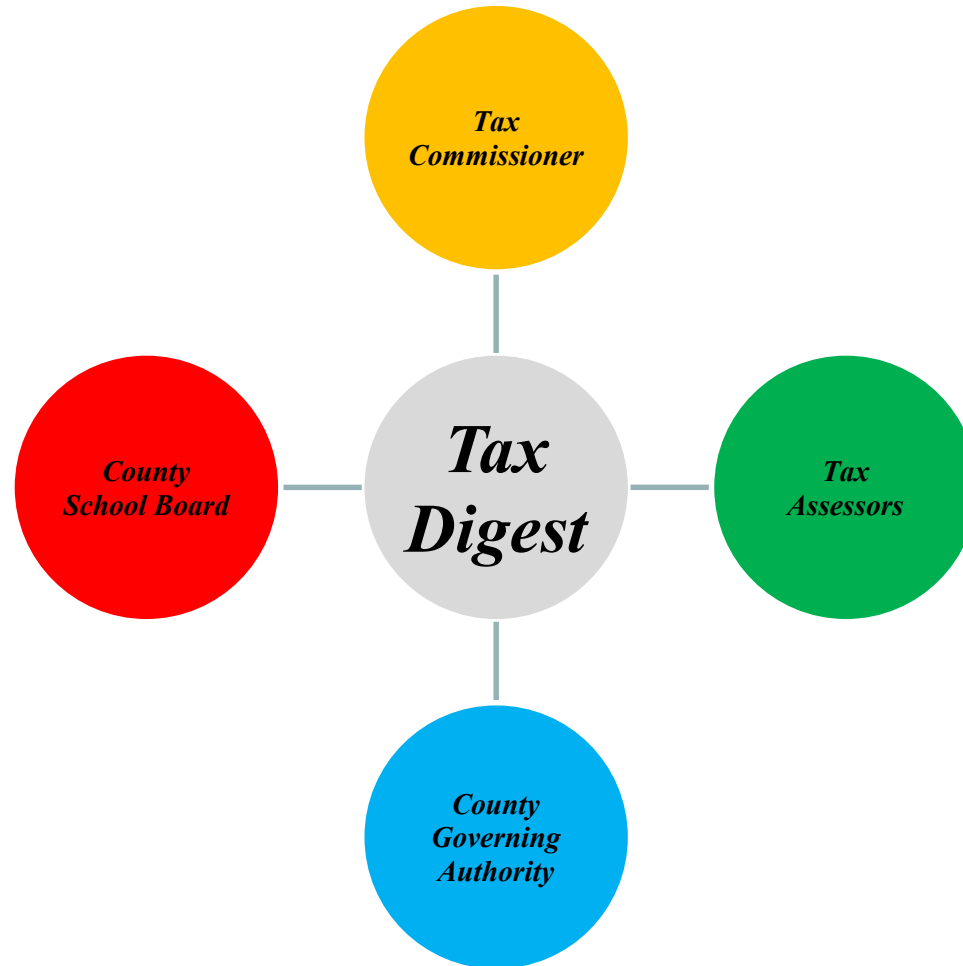
- Based on the principal that the amount of tax paid should depend on the value of the property owned
 - Property includes personal homes, commercial and industrial building, farms, land, motor vehicles, boats, airplanes, and business personal property such as furniture, fixtures, equipment and inventory

- 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



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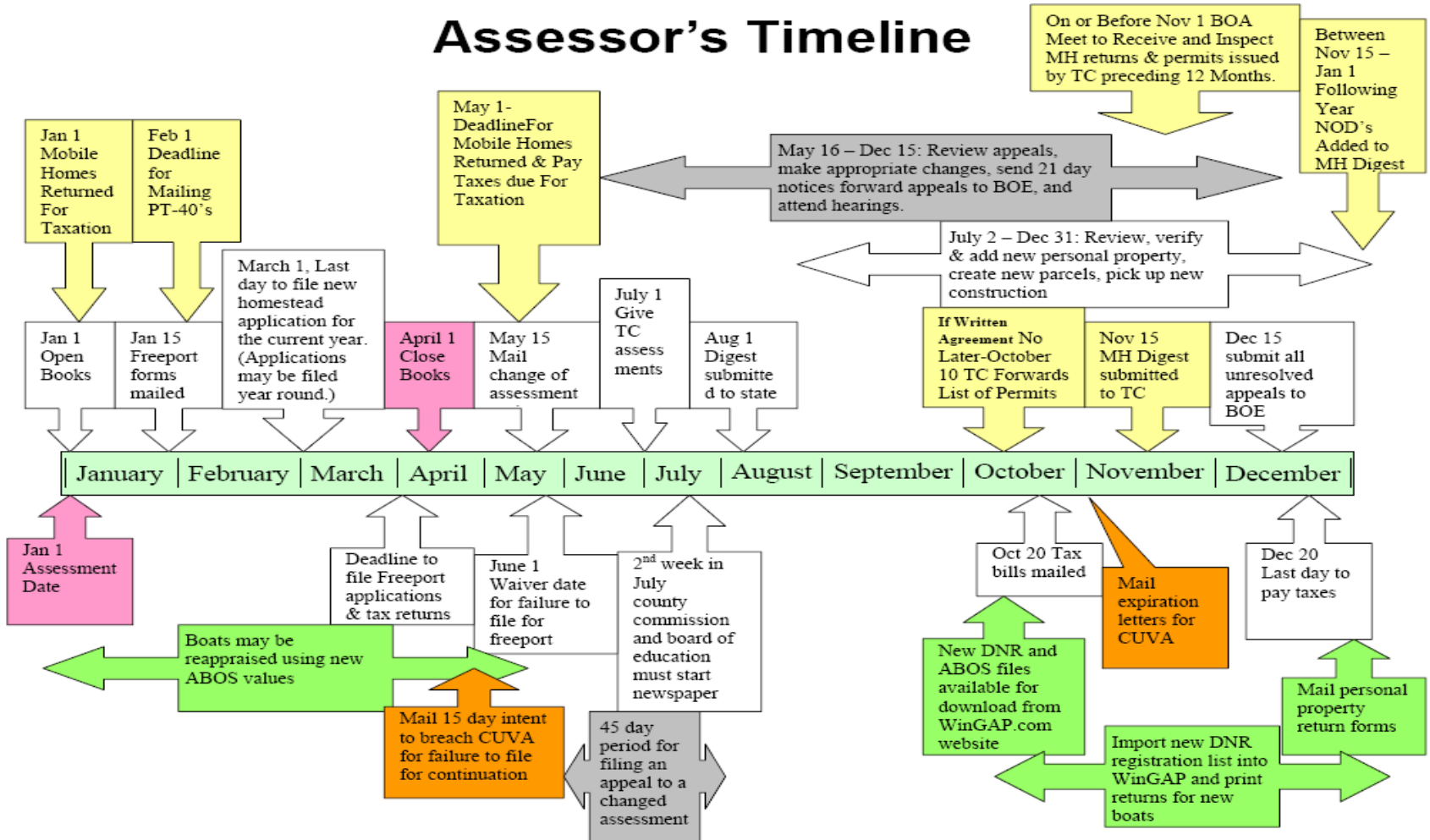
Who is involved in the process?





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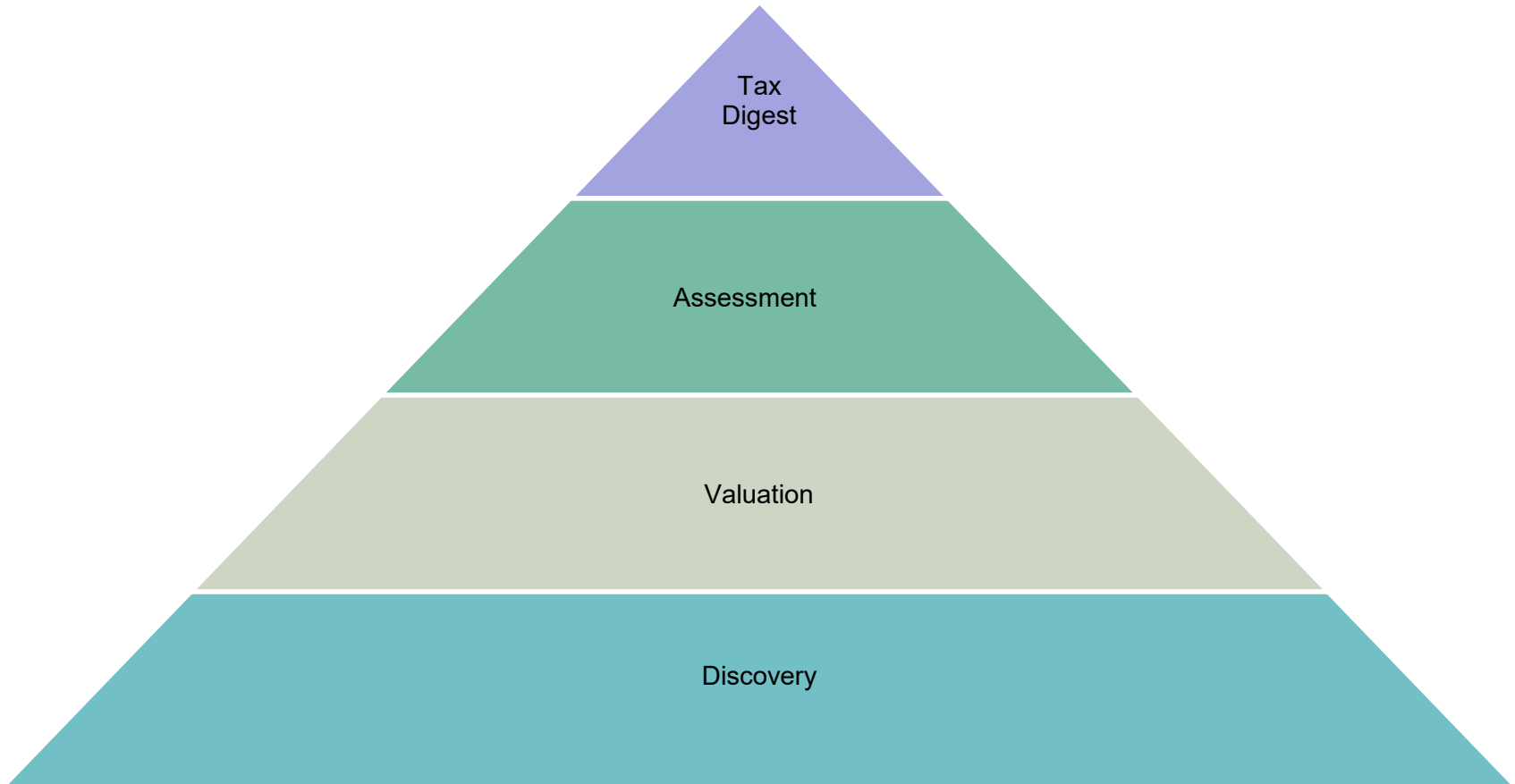
Assessor's Timeline





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ROLE OF THE TAX ASSESSORS





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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



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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



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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



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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)



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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.



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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



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Example of Newspaper Ad

'NOTICE OF PROPERTY TAX INCREASE'

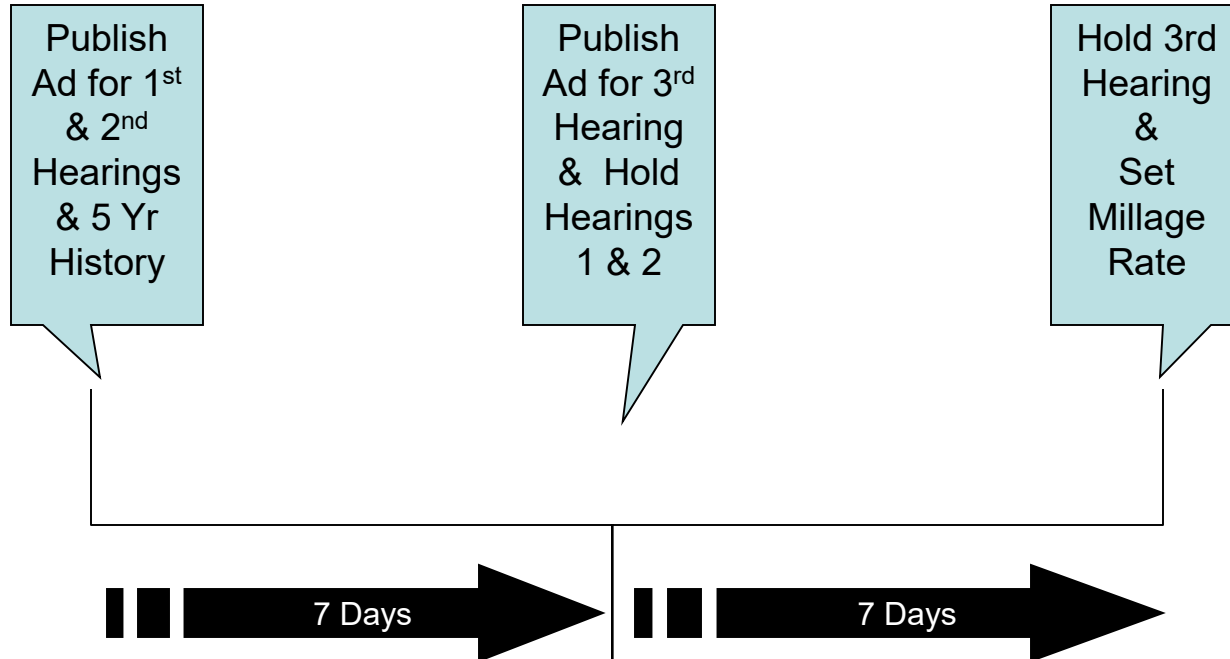
Smith County has tentatively adopted a millage rate which will require an increase in property taxes by 22.51 percent.

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.



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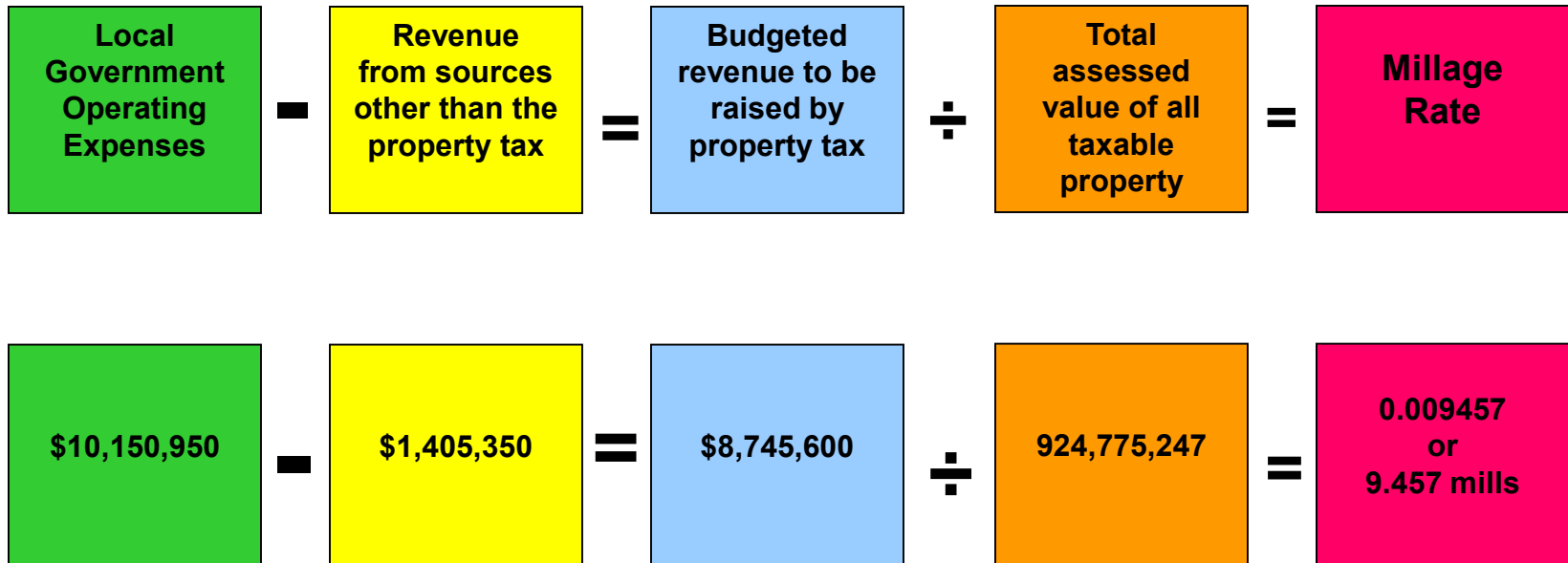
Graphic Timeline





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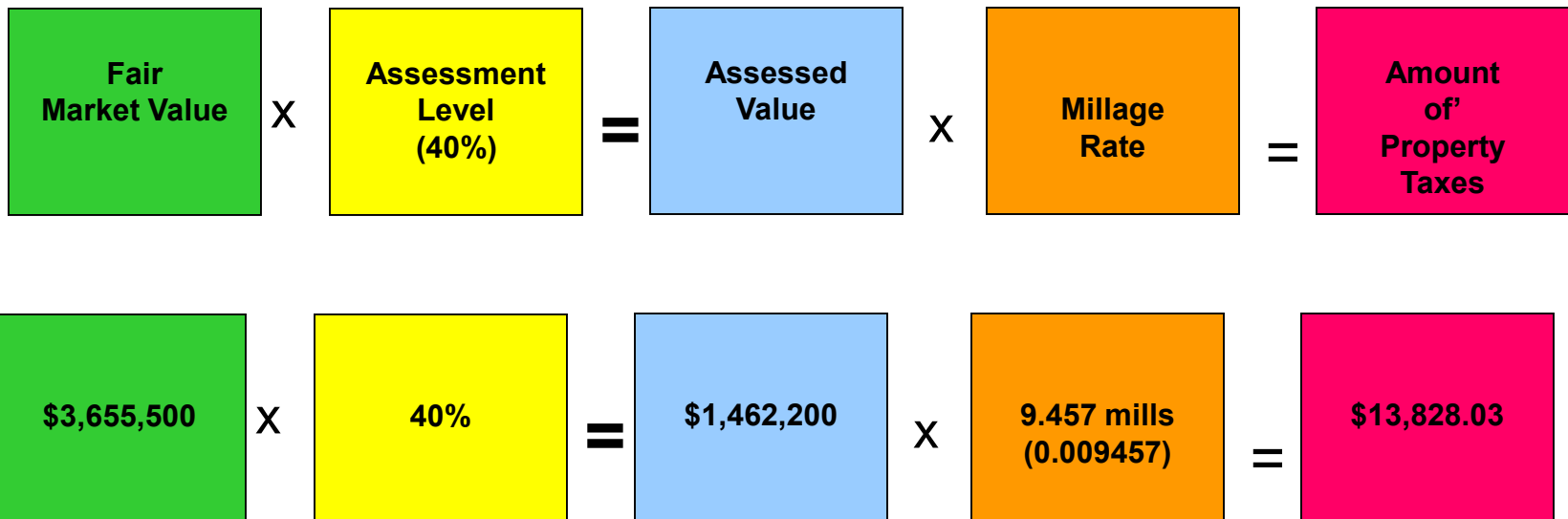
Determining Millage Rates





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Calculation of Tax Bill for Taxpayer A for Commercial Building and Lot





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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



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Walking through calculation of a tax bill

Fair Market Value = \$200,000

40% Assessment = \$ 80,000

State: $80,000 - 2,000 = 78,000 \times .25 \text{ mills} = 19.50$

County: $80,000 - 2,000 = 78,000 \times 10.00 \text{ mills} = 780.00$

School: $80,000 - 2,000 = 78,000 \times 18.50 \text{ mills} = 1,443.00$

Total Tax Bill = \$2,242.50



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County Tax Bill

2008 State, County & School Ad Valorem Tax Notice

Bill No.	Property Description	Map Number	Market Value	Assessed Value	District	Acreage
000088	ADAMS RD--25.00 AC	103-0 -00-0 11-0	128,016	51,206	21	25.00
Taxing Authority	Exemption Amount	Net Taxable Value	Millage Rate	Gross Tax	HTRG Credit	Net Tax Due
STATE	49,299	1,907	.250	.48	.48	
COUNTY	40,539	10,667	4.929	52.58	39.43	13.15
SCHOOL	46,539	4,667	10.000	46.67	46.67	
CURBSIDE				107.52		107.52
UN PNT FD	40,532	10,674	.990	10.57		10.57
HOMESTEAD EXEMPTION CODE L4						
* THIS TAX BILL HAS BEEN REDUCED BY 86.58 AS A RESULT OF HOMEOWNER TAX RELIEF ENACTED BY THE GOVERNOR AND THE GENERAL ASSEMBLY OF THE STATE OF GEORGIA.						
Important Messages – Please Read					TOTAL DUE	131.24
<p>For your convenience we now have a drop box for after hour payments to be left in.</p> <p>For information regarding homestead exemptions and application forms or to pay your tax bill online, log on to the county's website at:</p> <p>www.greenecountyga.gov</p> <p>or contact the tax office at the number above.</p>					DATE DUE	12/01/2008
<p>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 <u>promptly</u> 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 <u>in your name</u>.</p> <p>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.</p> <p>If you think there is a problem with your curbside garbage, please call the Board of Commissioners at 706 453-7716.</p>					Local Option Sales Tax Information	
					Mills required to produce county budget	6.269
					Mill reduction due to sales tax roll back	1.340
					Actual mill rate set by county	4.929
					Tax savings due to sales tax rollback	14.29



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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



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Local Homestead Exemptions

Exemption	County	School	State	Additional Qualifications
Regular	5,000	5,000	2,000	
City of Cartersville	5,000	28,000	2,000	65 years of age
Bartow County Elderly	5,000	40,000	2,000	65 years of age
Disability	5,000	28,000	2,000	100% disabled -- household income <20,000
School Tax Elderly	5,000	10,000	2,000	62 years of age - household income <10,000



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Local Homestead Exemptions

Exemption Type	Count y	School	State	Additional Qualifications
School Exemption	6,000	All	2,000	62 years of age
Disability	6,000	2000+half	2,000	Disabled w/ documentation



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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



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	Value	Exemption	Net Taxable Value
Base Year Value of 2004	\$90,000	0	\$90,000
Property reassessed in 2005	\$110,000	\$20,000	\$90,000
Property Value in 2006	\$110,000	\$20,000	\$90,000
Property reassessed in 2007	\$126,300	\$36,300	\$90,000



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Other Exemptions or Preferential Assessments

- Freeport Exemption
- Preferential Agricultural Assessment
- Conservation Use Assessment
 - Residential Transitional
 - Environmentally Sensitive
- Brownfield
- Rehabilitated or Landmark Historic



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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



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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



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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



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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	= <u>\$148.00</u>
<i>Total Homeowner's Tax Relief Credit</i>				= \$230.00



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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."



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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



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HTRG Applied to Tax Bill

Fair Market Value = \$200,000

40% Assessment = \$ 80,000

State:	$80,000 - 2,000 = 78,000$	$\times .25$ mills	=	19.50
County:	$80,000 - 2,000 = 78,000$	$\times 10.00$ mills	=	780.00
School:	$80,000 - 2,000 = 78,000$	$\times 18.50$ mills	=	1,443.00
		Tax Due before HTRG	=	\$2,242.50
		Credit for HTRG	=	230.00
		TAXES DUE	=	\$2,012.50



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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



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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.