

CITY COUNCIL
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City of Villa Rica



INT CITY MANAGER: DIANA DESANTO
CITY CLERK: THERESA CAMPBELL
CITY ATTORNEY: KEVIN DRUMMOND

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SPECIAL CALLED CITY COUNCIL MEETING AGENDA

Holt-Bishop Justice Center, Municipal Courtroom, 101 Main Street

February 4, 2025 | 6:00 PM

Meeting Call to Order (Mayor Leslie McPherson)

Adoption of the Agenda (Mayor Leslie McPherson)

A. Governing Body

1. Public Hearing regarding HB 581

B. Adjournment

Individuals with disabilities who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities are required to contact the City Clerk at 678-840-1229 10 business days before the scheduled meeting to allow the City to make reasonable accommodations for those persons.



Floating Homestead Exemption & Floating Local Option Sales Tax

HOUSE BILL 581



HB 581 – Topics for Discussion

- **General Information**
- **Points of Interest:**
 - Floating Homestead Exemption
 - Sales Tax (FLOST)
 - Process
- **Schedule**





HB 581 General Information

- **Passed by Georgia General Assembly during the 2024 legislative session & signed into law by Governor Kemp on April 18, 2024.**
- **November Statewide Referendum (HR 1022) passed with effective date of Jan. 1, 2025.**
- **Provides several significant changes impacting local government revenue.**

HB 581 – Floating Homestead Exemption

- **HB 581 implements a statewide floating homestead exemption for all local governments – Counties, Cities & School Boards**
- **A floating homestead is a special type of homestead exemption designed to offset or reduce increases in taxable value to the property.**
 - It is also referred to as a base-year or value offset exemption.
 - Freezes are a type of floating homestead exemption, but do not have an annual inflationary adjustment.
- **The HB 581 floating homestead exemption is unique because the base year value is adjusted and will increase by a rate of inflation determined by the State Revenue Commissioner – likely CPI.**
- **The HB 581 floating homestead exemption applies to special service districts in addition to M&O but does not apply to bond millage. This INCLUDES the TAD.**



HB 581 – Floating Homestead Exemption

- **The effect of HB 581’s homestead exemption:**
 - The taxable value of a home may only increase at a rate of inflation each year.
 - Essentially controlling this will control how much the “value” of a home can increase annually.
- **Homeowners already granted a homestead will receive this exemption automatically with 2024 being the base year 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.**
- **The value will be reset when the home is sold and is adjusted with “substantial property change.”**
- **Homeowners can not transfer exemption to new property.**
- **Non-homesteaded property (i.e. Commercial) will continue to be valued at fair market.**

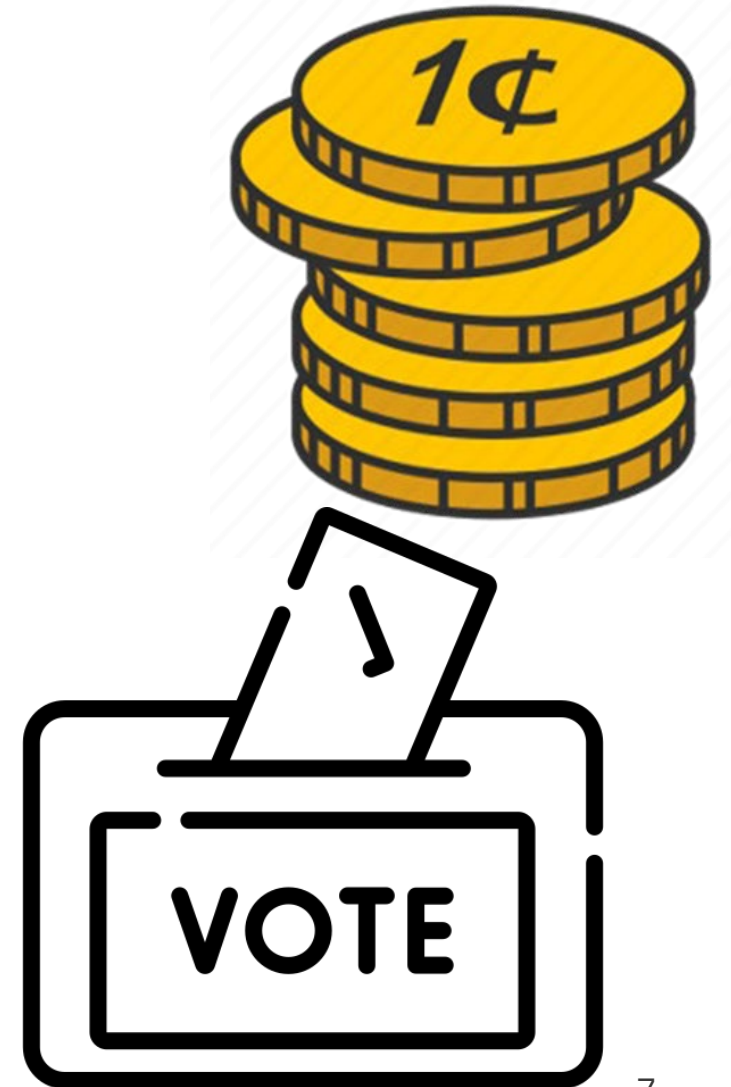


HB 581 – Floating Homestead Exemption - EXAMPLE

| | <u>2024</u> | |
|-------------------------------------|--------------------------|--------------------------|
| Fair Market Value (FMV) | \$ 250,000 | |
| Assessed Value (40% of FMV) | \$ 100,000 | Base Year Value |
| | | |
| | <u>2025</u> | <u>2026</u> |
| Base Value | \$ 100,000 | \$ 102,000 |
| Consumer Price Index @ 2% | <u>2,000</u> | <u>2,040</u> |
| Adjusted Base Value | \$ 102,000 | \$ 104,040 |
| | | |
| Assessed Value (40% of FMV) | \$ 110,000 | \$ 115,000 |
| Floating Homestead Exemption | <u>\$ (8,000)</u> | <u>\$ (10,960)</u> |
| | | |
| New Adjusted Base Value | <u><u>\$ 102,000</u></u> | <u><u>\$ 104,040</u></u> |

HB 581 – Sales Tax

- Creation of a new sales tax called a Floating Local Option Sales Tax (FLOST)
- Authorizes most local governments with the new homestead exemption (or equivalent) to levy a new sales tax (up to 1%) to be used for property tax relief. – **IF A LOCAL FLOST REFERENDUM PASSES**
- To be eligible to levy the tax, both the county and all cities within the county that levy a property tax **MUST** have in effect a floating homestead exemption: either the one created by this bill or a local floating homestead exemption.
 - It does not matter if the school boards opt out or not since they are ineligible to share in the proceeds of the new sales tax without a separate constitutional amendment.
 - Similar process as LOST negotiations (i.e. IGAs) except FLOST can only run up to 5 years then a new referendum must be called to continue it another 5 years, etc.
 - If one city opts out, then the county and all cities within the county will be **INELIGIBLE** for the FLOST.



HB 581 – Process

- **Allows local governments to elect to opt out of this homestead exemption within their jurisdiction so that it will not apply to their taxable values.**
 - This process could not begin until the bill took effect on January 1, 2025, and must be completed by March 1, 2025.
 - A governing authority may not opt-out of the statewide floating homestead exemption after this deadline.
 - However, the local delegation may pass a local Act of the General Assembly to implement a local floating homestead exemption at any time.



HB 581 – Process

- **The process for opting out is similar to the millage rate process for advertising and public hearings.**
 - Three public hearings (including one occurring between 6pm and 7pm);
 - Advertisements of public hearings must appear one week prior to each hearing, prominently displayed, no less than 30 square inches, must not be in section where legal ads appear and must be posted on website one week prior to each hearing;
 - Advertisements include specific language;
 - Issuance of a press release to the local media.
- **After completing these steps, the local government may then adopt a resolution opting out of the homestead exemption and file with the Secretary of State by March 1, 2025.**



HB 581 – Schedule

**Jan 21st
@ 5:45pm**

- **Public Hearing #1**
- Advertise in newspaper a week prior to public hearing
- Post notice on website

**Feb 4th
@ 10am**

- **Public Hearing #2**
- Advertise in newspaper a week prior to public hearing
- Post notice on website

**Feb 11th
@ 6pm**

- **Public Hearing #3**
- Advertise in newspaper a week prior to public hearing
- Post notice on website
- **Council votes on resolution for opting out of homestead exemption**



Questions?

