

IN THE KNOW: HOUSE BILL (HB) 581



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What is HB 581?

HB 581 introduces a statewide floating homestead exemption that limits annual property tax assessment increases to the rate of inflation, as determined by the Georgia Department of Revenue.

Entering the 2024 legislative session, many legislators were concerned with the rapid rise in property values across the state, and in turn, the rise in property taxes. The homestead exemption proposal came from the General Assembly and was first introduced in the Senate. The reason was to provide more certainty for homeowners who are concerned about the significant increases to the taxable value of homes in recent years. Under this bill, if the local government does not opt out, then the homeowner knows their value may not increase by more than the rate of inflation.

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HB 581 In A Nutshell

- A. Grants a statewide homestead exemption that limits the increase in the taxable value of homes to no more than the Consumer Price Index (CPI) inflation rate that occurred over the prior year
- B. For homes first receiving this exemption in tax 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 immediate preceding year
- C. 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 (Deadline is March 1, 2025)
- D. Authorizes most local governments with the new homestead exemption (or equivalent) to levy a new sales tax to be used for property tax relief (Only if all municipalities stay in) If one opts out, then this is void.
- E. This new floating homestead exemption is in addition to and not in lieu of all non-floating homestead exemptions. If there is an existing local floating homestead exemption, the taxpayer will receive whichever of the two exemptions is more beneficial.
- F. If the adopted millage rate exceeds the estimated roll-back rate, then a disclaimer is included on the tax bill stating the name of the governing authority that exceeded the estimated roll-back rate and that this will result in an increase in taxes owed.
- G. Requires that the chief appraiser ensures that every parcel in the county be appraised at least every three years
- H. Modifying the three-year lock statute for appeals, so the taxpayer only receives the benefit of the lock if they receive a value reduction upon appeal. This will prevent frivolous appeals filed solely for the lock.
- I. This exemption benefits homeowners, but it reduces the growth of the tax digest from residential properties and shifts the tax burden to other properties such as commercial, industrial and multi-family properties.



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Property Value

Property taxes are an essential funding source for County operations. By capping annual property value increases, HB 581 may change the way revenue grows over time, potentially impacting the funding the county relies on for public safety, parks, courthouse, jail operations, Transportation and Development etc. Continuous and careful review of long-term impacts will be critical to maintaining financial stability and ensuring the County provides the citizens with the best services possible.

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Homestead Exemption Benefits Our Residents

Clayton County already has homestead exemptions that provide meaningful tax relief for homeowners while supporting the county's funding needs. Unlike HB 581, which ties exemptions to the rate of inflation, we have various local homestead exemptions based on age, disability, veteran service etc. (See the Tax Commissioners website for additional information). This ensures stable and predictable tax relief for homeowners while maintaining local control over county funding, and allows the county to address the county's unique needs, adjust budgets responsibly, and preserve open dialogue about tax rates and exemptions with our residents.

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The Decision: Opt-In or Opt-Out of HB 581?

Local governments have only one opportunity to opt out of HB 581. Clayton County's existing homestead exemption provides meaningful tax relief to our citizens. The Clayton County Board of Commissioners are committed to addressing our county's needs without relying on state-level intervention. We are committed to proactively prioritizing financial assessments and responsibilities and preserving local decision-making as we safeguard the financial stability of the county.

If any municipality within the County opts out, then subsidizing property tax revenue with Floating Local Option Sales Tax (FLOST) is no longer an option.

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Commitment to Residents

The Clayton County Board of Commissioners is actively evaluating the potential of Georgia HB 581 to ensure it supports the county's long-term financial responsibilities as well as looking at other options and opportunities that would keep tax decisions at the County level instead of a one size fits all mandate from the State.

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Clayton connected

For additional information on HB 581, public hearings will be held in the Board of Commissioners Board Room at 112 Smith St., Jonesboro, GA 30236 on:

Tues., Feb. 4 at 6 P.M.

Tues., Feb. 18 at 11 A.M.

Tues., Feb. 18 at 6 P.M.

www.claytoncountyga.gov

