

# Sutton Consulting LLC

## Habersham County & Cities Flexible Local Option Sales Tax (FLOST)

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Presentation to Habersham County Commission  
February 13, 2025

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# HB 581 Comprehensive Property Tax and Sales Tax Reform Package

Effective January 1, 2025; with the ratification of the constitutional amendment on November 5, 2024,

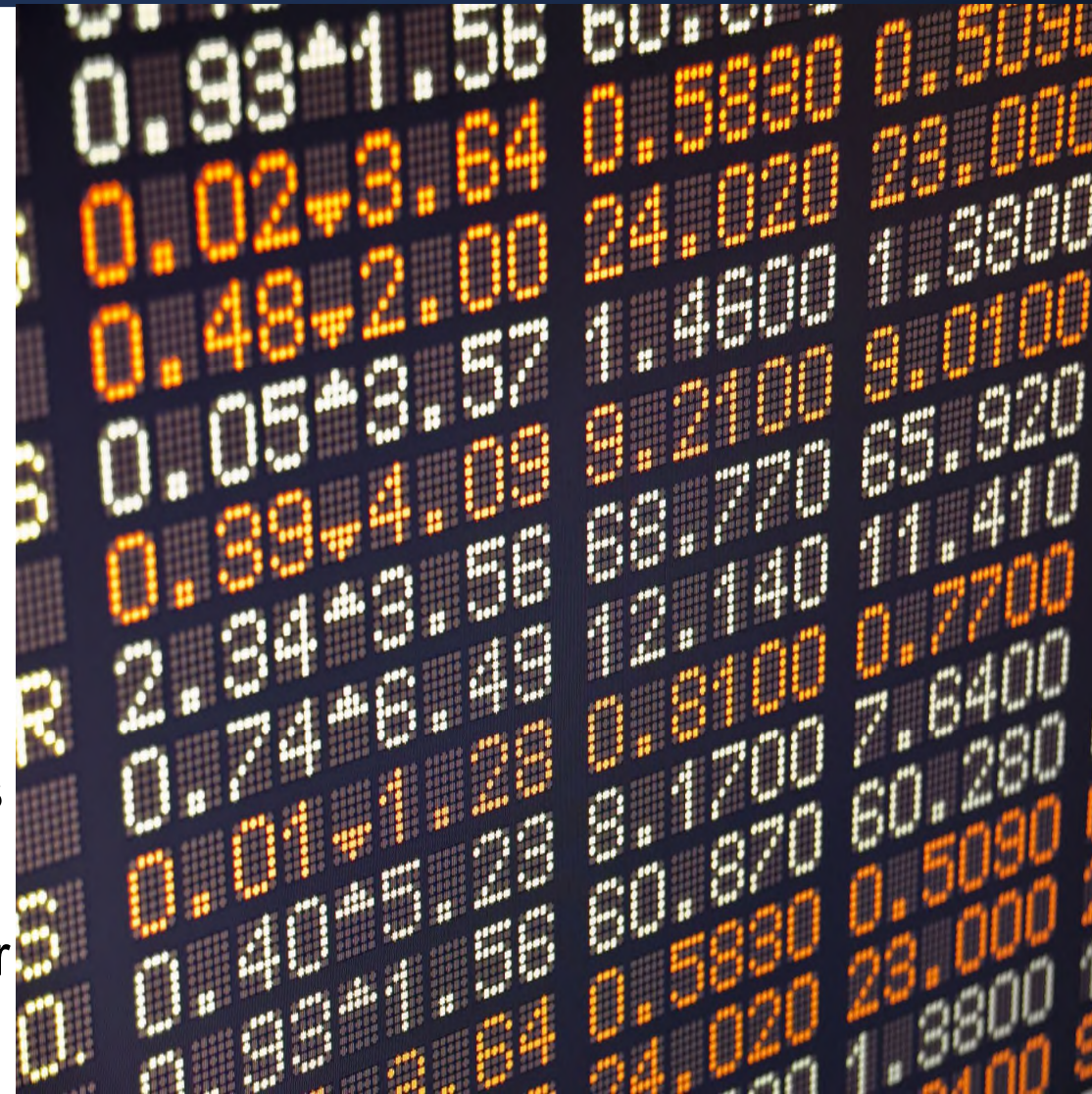
## A. Tax Assessors Rules Reform

1. revises the tax estimate notice on tax bills,
2. three-year lock for appeals,
3. sales ratio study changes,

B. This legislation authorizes a **statewide floating base property value** for homestead exemption for all local governments with an opt-out provision,

C. Simplifies the local sales tax cap which now goes from a maximum of 8 to 9 cents, and

D. Creates a new type of local sales tax (FLOST) for property tax relief.



# HB 581 – Property and Sales Tax Reform Signed into law April 18, 2024

## 1) Property Tax Rules and Procedural Changes

### A. Change to the Assessment Notice

- a) • Removes estimate of current tax based on last year's millage rates.
- b) • Instead, assessment notice will include the current year's "estimated roll-back rate"
- c) • Disclaimer is required on property tax bill if roll-back rate is exceeded

### B. Codifies requirement that parcels are appraised at least once every three years

### C. Provides "three-year lock" only if property value is reduced on appeal

### D. Removes provision limiting fair market value to sale price the year after the sale. Housing crisis rule which no longer applies.



# HB 581 – Property and Sales Tax Reform

## 2) Statewide Floating Homestead Exemption

- Establishes a statewide "floating homestead" exemption allows tax digest assessment on homestead exempt properties to only rise annually at the rate of inflation, based on the Consumer Price Index (CPI).
- Approved through voter's referendum in November 2024; Applies to taxable years beginning in 2025.
- Property value resets with a sale of the property or adjusts with "substantial property change".
- This exemption will be in addition to other homestead exemptions, except other base year value exemptions (freezes or floats).
- Freeze or Floating base year value exemptions: If both are exemptions are available, the taxpayer will receive the exemption that is more beneficial.



**White County**  
Georgia

## 3) OPT. OUT PROVISION



Any local government wishing **not** to participate must affirmatively "opt out"



If approved on November 2024 ballot, local governments have until March 1, 2025, to opt-out



To opt-out,

Local government must pass a resolution, after:

Holding three public hearings and

Run required advertisements one week prior to each meeting

### 3) New Local Option Sales Tax & Local Sales Tax Limit Revisions

1. Revised limit on the number of local sales taxes for 8 to 9 cents.
2. Keeps local sales tax limit at 2% (6% including state portion) – (ELOST or LOST & SPLOST)
3. Allows 3 "buckets" of exceptions, allowing local government 1 percent from each "bucket"
  - a. ESPLOST
  - b. A transportation penny (Regional TSPLOST, **Single County TSPLOST**, Transit SPLOST, or MARTA)
  - c. One additional sales tax: OLOST, CSPLOST, MOST, or the **new FLOST**

## 4. Creates a new local option sales tax FLOST

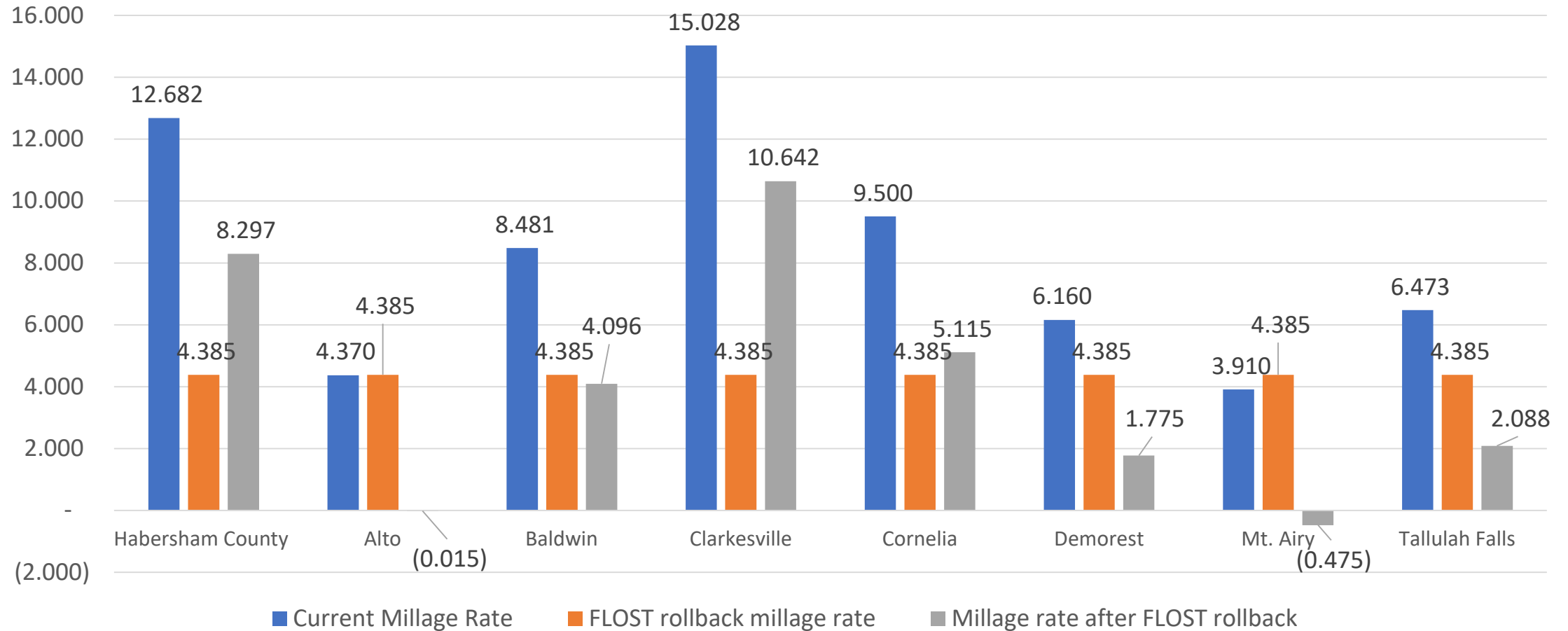
- Up to 1 percent sales and use tax for "property tax relief"
- Split between the county and cities "that levy an ad valorem tax on property"
- Freeze or Float: County and all cities must have "in effect a base year value or adjusted base year value homestead exemption"
- Distributed between county and cities based on the IGA with proceeds used "exclusively for tax relief" similar to LOST
- Tax may be levied up to five years but may then be renewed by referendum.
- For renewal, local act by the general assembly will be required in addition to the IGA and referendum.

# IGA sets sales tax revenue % share between County & Cities

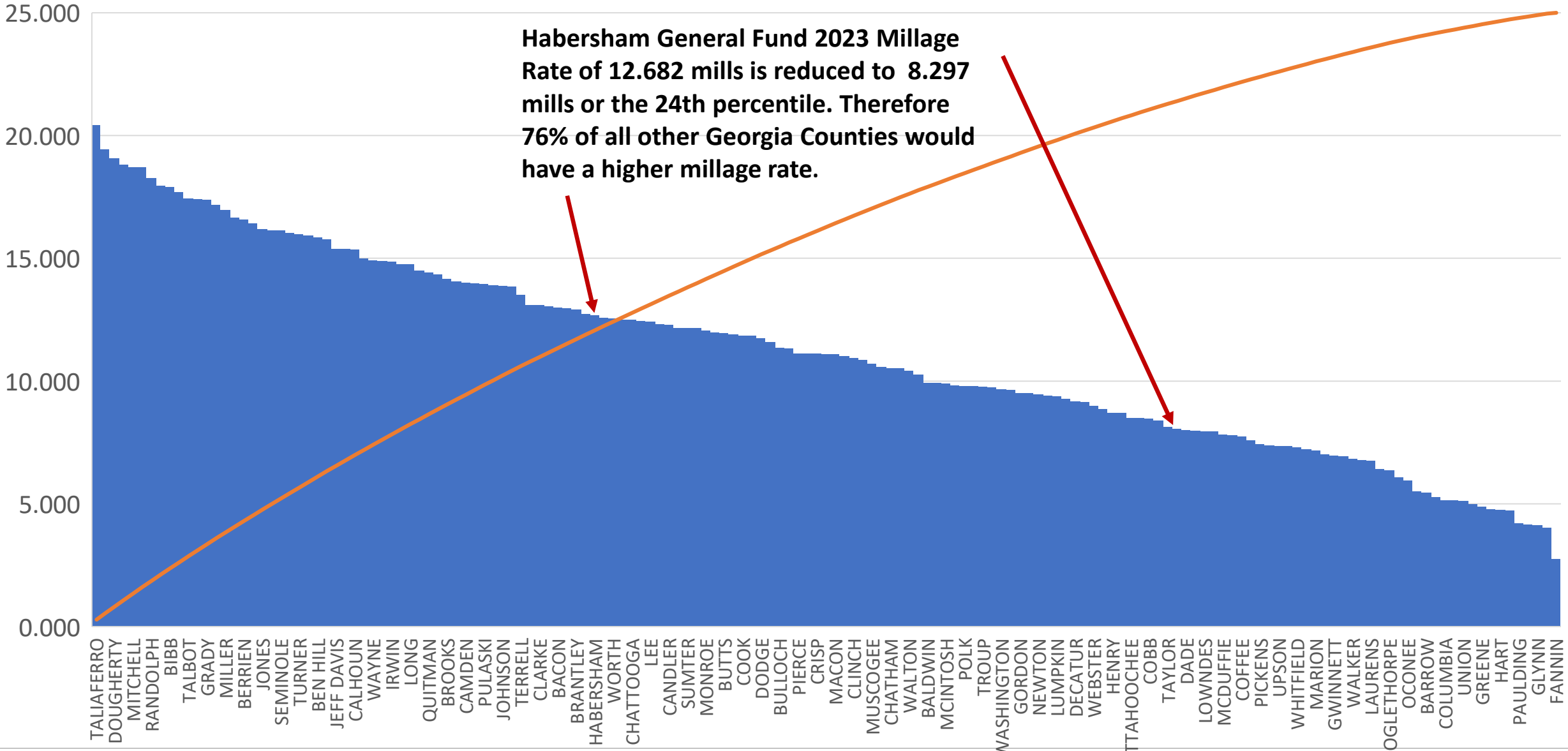
Jurisdiction	% distribution based on rollback	Property Tax Digest M/O	Millage Rate	Property Tax Revenue	FLOST Revenue	Property Tax minus FLOST Revenue	Rollback Millage Rate	Millage Rate with FLOST
Habersham County	76.13%	1,725,707,828	12.682	21,885,427	\$7,567,544	14,317,883	4.385	8.297
Alto	0.51%	11,531,117	4.370	50,391	\$50,566	(175)	4.385	(0.015)
Baldwin	3.73%	84,454,700	8.481	716,260	\$370,349	345,911	4.385	4.096
Clarkesville	4.25%	96,390,598	15.028	1,448,510	\$422,690	1,025,819	4.385	10.642
Cornelia	10.95%	248,188,841	9.500	2,357,794	\$1,088,353	1,269,441	4.385	5.115
Demorest	2.03%	46,108,246	6.160	284,027	\$202,193	81,834	4.385	1.775
Mt. Airy	1.58%	35,741,339	3.910	139,749	\$156,732	(16,984)	4.385	(0.475)
Tallulah Falls	0.82%	18,596,581	6.473	120,376	\$81,549	38,826	4.385	2.088
Habersham + Cities	100.00%	2,266,719,250		27,002,533	\$9,939,978	17,062,555	4.385	
Clarkesville adj. millage @ 100%			6.011				1.754	4.257



# FLOST Property Tax Rollback (2023 net exemptions)



# Habersham 2023 General Fund 12.682 millage rate v. FLOST Rollback rate of 8.297



# Habersham Gross Tax Digest Growth v. CPI

Consumer Price Index for All Urban Consumers: Index 1982-1984=100,							
Date	Value	% Change	Projected inflation adjusted digest value	Gross Digest	Inflation Growth	Inflationary growth in digest	Real Growth - New & expanded Properties
2024-07-01	315.233	1.027	\$1,793,466,959	\$2,373,979,271	\$281,876,513	\$2,180,086,038	\$40,881,754
2023-07-01	306.996	1.000	\$1,746,603,886	\$2,051,221,004	\$240,641,228	\$1,898,209,525	\$80,267,974
2022-07-01	306.996	1.114	\$1,746,603,886	\$1,730,311,802	\$162,838,820	\$1,657,568,297	\$51,042,288
2021-07-01	275.703	1.060	\$1,568,567,444	\$1,516,430,694	\$143,163,130	\$1,494,729,477	\$37,580,546
2020-07-01	260.065	1.012	\$1,479,597,583	\$1,335,687,018	\$729,228	\$1,351,566,347	\$28,933,443
2019-07-01	256.903	1.019	\$1,461,607,897	\$1,306,024,347	\$7,966,310	\$1,350,837,119	\$22,611,850
2018-07-01	252.125	1.024	\$1,434,424,242	\$1,275,446,187	\$83,621,349	\$1,342,870,809	\$17,077,351
2017-07-01	246.163	1.020	\$1,400,504,411	\$1,174,747,487	\$10,993,016	\$1,259,249,460	\$17,534,029
2016-07-01	241.237	1.015	\$1,372,478,734	\$1,146,220,445	\$2,592,272	\$1,248,256,444	\$11,604,970
2015-07-01	237.769	1.000	\$1,352,748,112	\$1,131,823,200	\$18,435,614	\$1,245,664,172	\$2,310,571
2014-07-01	237.769	1.018	\$1,352,748,112	\$1,111,077,015	-\$1,111,960	\$1,227,228,558	-\$142,281
2013-07-01	233.548	1.014	\$1,328,733,418	\$1,117,369,957	-\$47,763,693	\$1,228,340,518	-\$4,317,915
2012-07-01	230.338	1.018	\$1,310,470,644	\$1,169,451,565	-\$11,279,101	\$1,276,104,211	-\$5,453,146
2011-07-01	226.280		\$1,287,383,312	\$1,287,383,312	\$892,702,726	\$1,287,383,312	\$299,931,434
		<b>3.0%</b>	39.3%	<b>6.5%</b>		<b>5.3%</b>	

# Comparison of CPI v. Digest Growth - Habersham

Growth in Gross Tax Digest for Habersham County from 2011 to 2024.

Compare Inflationary Growth Based on the CPI v. the Actual Digest Growth based on the Tax Assessors inflationary digest growth without new properties.

Dispersion between Annual CPI Inflation versus Tax Assessor Value of Total Digest.

Gross Digest	Inflationary growth based on CPI	Tax digest growth w/o new properties	Dispersion between Annual CPI Inflation v. Digest Growth
Total Value change	1,793,466,959	2,180,086,038	\$386,619,079
Increase in value	506,083,647	\$892,702,726	
2011 Digest	<u>1,287,383,312</u>	<u>1,287,383,312</u>	
Inflation 2011- 2024	<u>39.3%</u>	<u>69.3%</u>	30.0%
Annual rate	3.0%	5.3%	2.3%

# Value of Homestead exempt properties for Cities of Habersham

**Estimate based on Current Tax Assessors Value of Homestead Exempt Property in Habersham Cities**

Current Homestead eligible properties within each city which will change as more as more homeowners see the financial value in having a Homestead exemption.

Note: Mt. Airy and Tallulah Fall have no City Homestead Exemption, we use the number of County Homestead exempt Properties within these cities.

Jurisdiction 2024	Number of exempt properties	Homestead Exemption Digest Value	Homestead Exemption Digest Value @ 40%	Millage Rate 2024	Exempt tax value	Annual Property tax reduction @ 3.4% differential
Alto	24	\$4,777,020	\$1,910,808	0.004370	\$8,350.23	\$283.91
Baldwin	118	\$28,958,130	\$11,583,252	0.008481	\$98,237.56	\$3,340.08
Clarksville	111	\$32,661,420	\$13,064,568	0.013243	\$173,007.54	\$5,882.26
Cornelia	353	\$84,812,872	\$33,925,149	0.009500	\$322,288.91	\$10,957.82
Demorest	84	\$20,288,580	\$8,115,432	0.006160	\$49,991.06	\$1,699.70
Mt. Airy	240			0.003910		\$0.00
Tallulah Falls	10		\$0.0	0.006000	\$0.00	\$0.00