



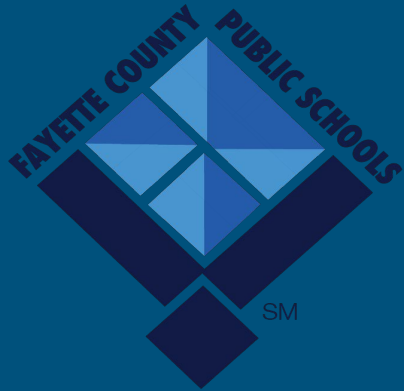
# House Bill 1166

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Additional Homestead Tax Exemption  
(Tax Assessment Freeze)



# Fayette County School District Facts



*Where Excellence and Creativity Merge*

- School District is consistently ranked in the top for Georgia schools
- Fayette County high schools ranked in top 19% in the country
- Smaller class sizes compared to state recommendations
- Millage rate has been trending down since 2015



# House Bill 1166

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- Ballot referendum on November 2020 general election
- Voters asked to approve a new homestead exemption
- Limits the increase in assessed home values for educational purposes
- Increases in assessed value of homes would equal the lessor of 3% or the inflation rate (Consumer Price Index)
- Does not apply to county or municipal taxes

# November 3, 2020 Ballot Language

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## Special Election

Consideration of a New Homestead Exemption from Fayette County School District Property Taxes

House Bill 1166

Act No. 425

*“Do you approve a new homestead exemption from Fayette County school district property taxes for educational purposes in the amount of the difference between the current year assessed value of a homestead and its lowest base year value, provided that the lowest base year value will be adjusted yearly by the lesser of 3 percent or the inflation rate?” (Yes / No)*

# Transparency and Accountability

How does Fayette County  
School District currently address  
these concerns?

Budget adoption advertisements

Two public budget adoption hearings

Five year digest advertisements


Advertise tax increase

Three public millage hearings

Monthly Board meetings and work sessions  
discussing budget and financial position of the  
school district

Announcements published on website, agenda on  
eBoard, financial and millage information on  
eBoard and Finance Department webpage

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House Bill 1166 would limit the  
increase in assessed value for  
educational purposes



What would be the impact for the  
Fayette County School District?



# Facts about Fayette County School District Tax Digest

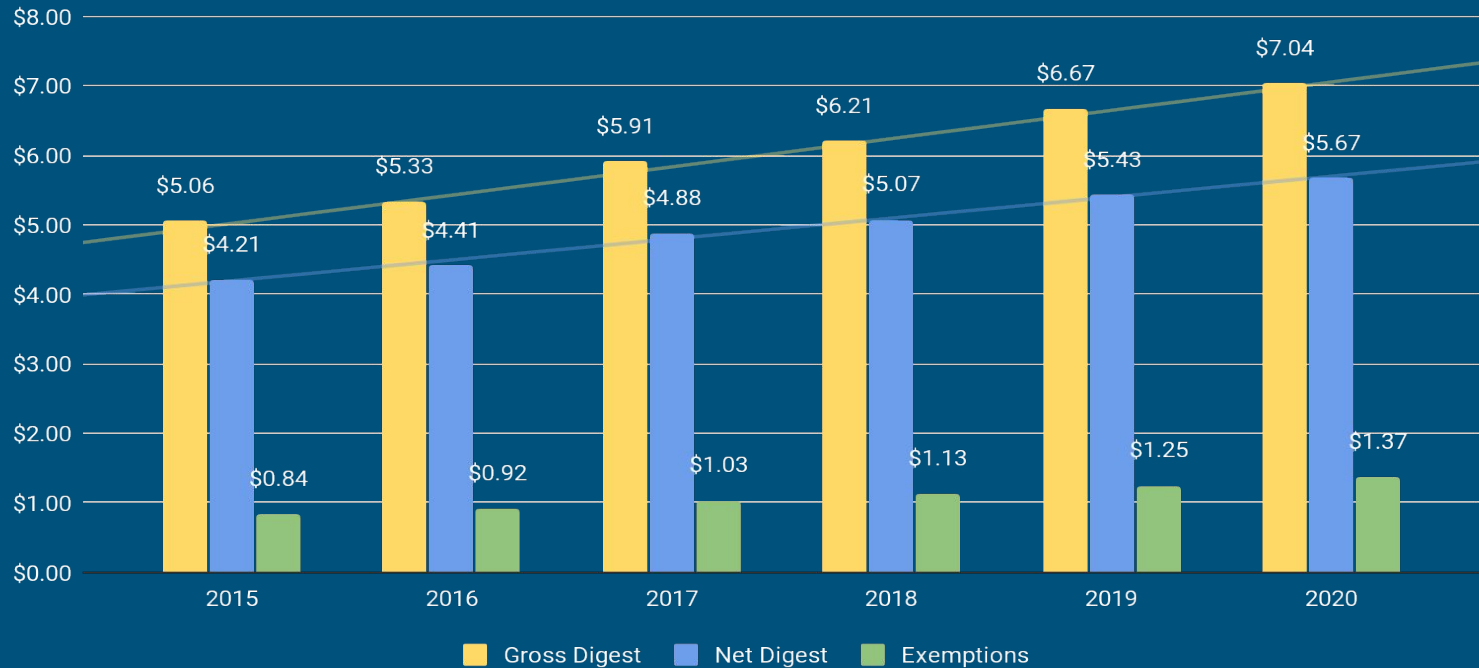
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- Gross Digest is \$7.04 Billion, Net Digest is \$5.67 Billion, with exemptions totaling \$1.37 Billion
- Homestead Average property value \$325,000, Non-homestead average property value \$275,000
- 19.6% of the gross digest is exempt from property taxes for educational purposes
- These exemptions include exemptions for seniors and veterans

# Digest Review

## 5 Year Digest History

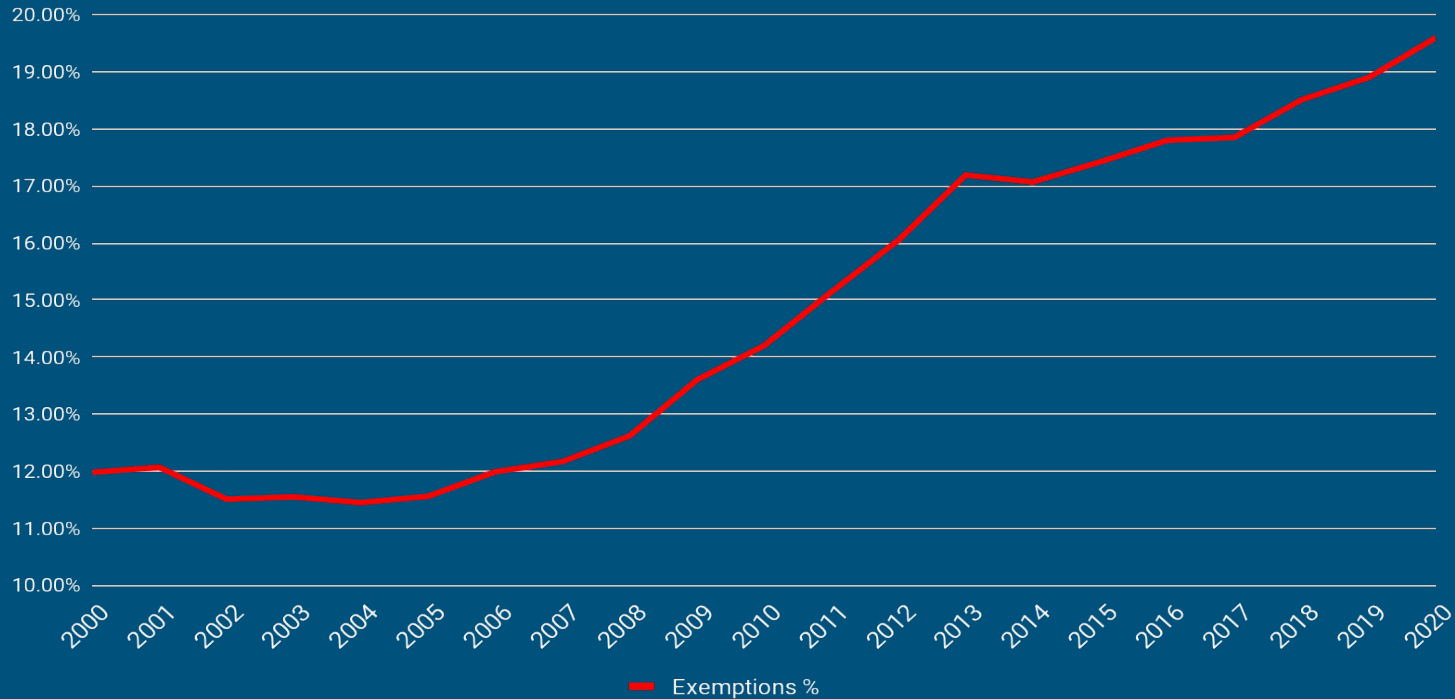
*in Billions*





# Digest Review

Exemptions as a % of Gross Digest (w/o Motor Vehicle)



# Millage Rate History

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
M&O	20.000	20.000	20.000	20.000	20.000	20.000	19.750	19.500	19.500	19.250	19.150
Bond	1.650	1.650	1.450	1.450	1.450	1.350	1.350	1.350	1.350	1.271	1.180

# Impact on Revenues Looking Back (What if)

Estimated impact on revenues in 2020 if House Bill 1166 was in place as of fiscal year 2013

- Homestead property value in 2013 was \$190,000
- CPI increase ranged 0.80% to 2.50%
  - Home value would be \$215,000
- Real property value increase ranged 5.58% to 12.16%
  - Home value increased to \$322,000
- 15,000 homes qualify for homestead exemption
- Estimated annual revenue loss for 2020 would be \$11.1 million
- Millage needed to offset revenue loss is 1.965
  - Current millage 19.150
  - Maximum millage is 20.000
  - Revenue shortage at maximum millage rate is \$6.3 million
- Tax Exemption Calculation if in place 2013

# Impact on Revenues Looking Forward

Estimated impact on revenues in 10 years for House Bill 1166 using average CPI and real property average increases over prior 20 years

- Homestead property value in 2020 \$325,000
- CPI average increase 2.07%
  - Home value would be \$399,000
- Real property value average increase 4.71%
  - Home value would be \$515,000
- 15,000 homes qualify for homestead exemption
- Estimated annual revenue loss in ten years would be \$10.7 million
- Millage needed to offset revenue loss is 1.249
  - Current millage 19.150
  - Maximum millage is 20.000
  - Revenue shortage at maximum millage rate is \$3.4 million
- Tax Exemption Calculation 10 year Forward

# Impact on Local Five Mill Share from House Bill 1166

Local five mill share is the portion deducted at the state level from all school districts prior to Quality Basic Education funding.

Our portion is currently at \$28 million.

The new exemption would not factor in this calculation as five mills is based on the a 100% equalized digest with assessed values at 40%

## Local Five Mill Share and QBE Earnings

Budget Year	LMFS \$	Change in LFMS	QBE Earnings	Change in QBE	Net Change in Revenue
2013	24,353,810		119,409,723		
2014	23,598,396	-755,414	119,128,176	-281,547	473,867
2015	22,578,421	-1,019,975	115,155,074	-3,973,102	-2,953,127
2016	22,302,368	-276,053	116,319,476	1,164,402	1,440,455
2017	23,501,255	1,198,887	117,892,699	1,573,223	374,336
2018	24,451,649	950,394	123,566,349	5,673,650	4,723,256
2019	25,819,033	1,367,384	129,656,498	6,090,149	4,722,765
2020	28,068,360	2,249,327	136,992,579	7,336,081	5,086,754
2021 Proj	29,450,000	1,381,640	138,500,000	1,507,421	125,781

LFMS is based on most recent 40 percent equalized property tax digest.

### *Allowable Exemptions for LFMS Calculation*

(1) The total number of granted state-wide constitutional homestead exemptions for occupied homes pursuant to Code Section 48-5-44 exclusive of those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and 48-5-52;

(2) The total number of granted state-wide constitutional homestead exemptions for disabled veterans pursuant to Code Section 48-5-48;

***The additional homestead exemption would not be an allowable exemption for purposes of calculating the LFMS. This would have the effect of transferring additional tax burden to property owners without an exemption.***

*Note: 2020 includes \$3000 flat teacher salary increase.*

*2021 projection does not assume \$2000 flat salary increase for teachers.*

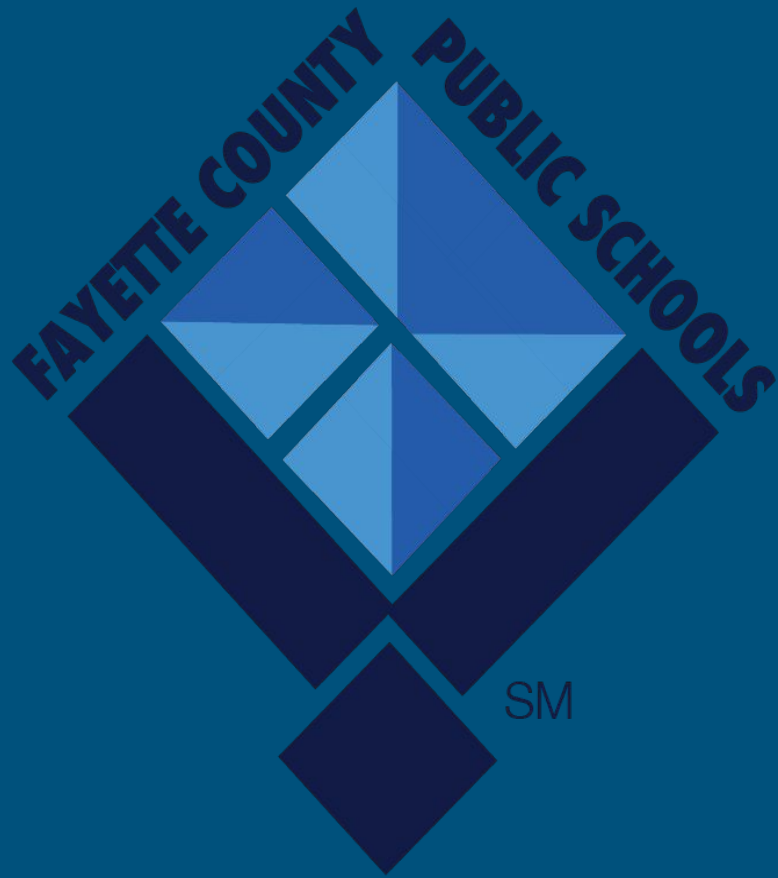
# Budget Implications if House Bill 1166 passes

- Staffing of teachers and school administration
- Class sizes
- Paraprofessionals in Elementary
- World Language in Elementary
- Community for Creativity in Middle Schools
- Career Pathways in High School
- International Baccalaureate
- Graduation Coaches
- Teachers Retirement Contributions

# Impact on Bond rating for school district

Current bond rating is Aa2 by Moody's.

- Moody's has stated to improve the credit rating the school district needs to reduce the millage rate and increase reserves.
- The school district has been working with this consideration in mind.
- The additional homestead exemption would reverse that trend and have a negative impact on the bond rating and potential borrowing in the future.
- The M&O millage rate has been reduced from 20.00 mills in 2015 to 19.15 mills currently. The bond millage rate has been reduced from 3.42 in 2009 to 1.18 currently.



*Where Excellence and Creativity Merge*