House Bill 1166

Additional Homestead Tax Exemption
(Tax Assessment Freeze)
Fayette County School District

Facts

- 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

- 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
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
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

- 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
5 Year Digest History

in Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Digest</th>
<th>Net Digest</th>
<th>Exemptions</th>
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# Millage Rate History

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<td>2020</td>
<td>19.150</td>
<td>1.180</td>
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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%.
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.