



HB581

*What it means for
Avondale Estates*

Taxing Roles

- **Appraises:** County Property Appraisal & Assessment Department
- **Collects:** Tax Commissioner
- **Establish Milage Rates:** Taxing Authorities
 - BOMC is 1 of 3 taxing authorities that appear on your bill
 - Each taxing authority establishes own milage rate

Property Tax Calculation Process

Annual Appraised Valuation × 40% = **Assessed Value**

Assessed Value × City Milage Rate = **City Taxes**

Milage Rate Established by Each Taxing Authority

- Current Avondale Estates city milage rate (9.55)

Taxing Authorities

DeKalb County

DeKalb School Board

City of Avondale Estates

DeKalb Exemptions

Existing Homestead Exemptions

Commercial properties do not qualify (*includes renters*)

Residential homeowner benefits:

- E-host
 - Relationship to SPLOST
 - Eliminates all county tax except fire for municipal taxpayers
- School tax exemptions (*70 years and older*)
 - 100% exempt if annual household income is less than \$108,000

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Options for Floating Homestead Exemption

Process for Creating Legislation

- Legislation:
 - House Bill 581 passed by the Georgia General Assembly during the 2024 legislative session and signed into law by Governor Kemp on April 18, 2024.
 - Legislation amends the constitution to enable taxing authorities to establish a floating exemption capped at an annual inflation rate as determined by the state.
- Referendum:
 - Constitutional amendments require a ballot referendum
 - In November 2024, the referendum was included on ballot.
 - Question posed to voters was to allow taxing authorities to opt-in or opt-out of floating exemption

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Results

Results from Referendum

- Voters voted to go through process
 - 58% - 42% DeKalb county-wide
 - 55% - 45% Avondale Estates
- Excludes most commercial property owners

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Process for Meeting Legislative Requirements for Decision

BOMC to Opt-in or Opt-out Process

- Decision must be made by **March 1**
- **Each** taxing authority automatically opt-in unless votes to opt-out
- Each taxing authority (county, schools, and city) make independent decision as whether to opt-in or opt-out
- To consider opt-out requires:
 - 3 advertised public hearings
 - Vote
- One-time and final decision (*in perpetuity and cannot be changed*)

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Function

Floating Exemption

Difference between actual assessed value of the property and the value of the property limited to the rate of inflation.

- Cap on annual assessed valuation
 - Homestead, residential properties only
 - Increase in assessed valuations can NOT exceed inflation rate
 - Does not apply to commercial properties and rental properties
 - Property valuations are not automatically increased annually
 - Base assessed values are reset when properties are sold
- Authority Specific
 - 2-month schedule for any taxing authority to opt-out
 - County, School & City all make their own decisions.

Average Property Tax Collected 2020-2024

Avg Property Tax Collection Change 2020-2024 = **10.25%**

Year	Total Property Tax Collected	Percent Change
2020	\$2,328,546	
2021	\$2,755,011	+17%
2022	\$2,920,804	+7%
2023	\$3,284,889	+12%
2024	\$3,457,672	+5%

Average Residential Value Change 2020-2024

Average Residential Value Change 2021-2024 = **9.75%**

Year	Residential Value	Percent Change
2020	\$222,009,108	-
2021	\$238,871,402	+8%
2022	\$263,259,852	+10%
2023	\$293,311,619	+11%
2024	\$321,187,499	+10%

**2020 is excluded from value change because anomaly year due to Covid*

Modest Changes to Operating Expenses 2021-2024

- Communications budget previously incorporated in General Gov't
- Does not include capital expenses

Operating Budget	Audit 2021	Audit 2022	Audit 2023	Budget 2024
General Govt	\$ 1,674,527	\$ 1,626,834	\$ 1,785,061	\$ 1,704,665
Public Safety	\$ 1,356,650	\$ 1,377,398	\$ 1,443,763	\$ 1,607,905
Public Works	\$ 780,199	\$ 951,500	\$ 1,047,718	\$ 963,112
Communications and Events				\$ 378,521
Housing & Development	\$ 9,500			
Total	\$ 3,820,876	\$ 3,955,732	\$ 4,276,542	\$ 4,654,203
Percent Change		4%	8%	9%

Financial Consequence In Year 1

Impact on Residential Tax Revenue

Residential Analysis *if Opt -Out*

\$31,315,781 (9.75%)

Expected 2025 Growth in Residential Value

.00955

× City Milage

\$299,065.71

Projected Additional 2025 Residential Revenue

Residential Analysis *if Opt -In*

\$11,241,562 (3.5%)

Expected 2025 Growth in Residential Value with Cap

.00955

× City Milage

\$107,356.92

Projected Additional Residential Revenue

Financial Loss in Residential Revenue Collection in Year 1

\$299,065.71

Expected 2025 Growth if Opt-Out

\$107,356.92

Expected 2025 Growth if Opt-In

\$191,708.79

Expected Loss

Observations

- Commercial growth outpacing residential growth
 - Avg residential value change 2021-2024 = **9.75%**
 - Avg property tax collected change 2020-2024 = **10.25%**
- Operating expenses growing at slower rate than tax revenue
- Remainder of revenue dedicated to existing capital projects
- City costs increased due to....
 - Decades of delayed capital expenses
 - Inflation of materials above average inflation rate
 - Salary readjustments based on Class and Compensation Study & labor market change post-Covid
 - Still 6 employees earning less than living wage

Consequences

- Loss of revenue and inability to fund new capital projects
- Additional revenue requires increase in milage rate which disproportionately impacts renters and commercial properties
- Stunts business and commercial growth needed to balance tax base
- Reduces housing supply and increases prices
- Negatively impacts bond ratings

DeKalb Jurisdictions Advertising HB581 Hearings

City of Decatur*	Lithonia
City Schools of Decatur*	Pine Lake
DeKalb County Schools	Stonecrest
Chamblee	Tucker
Clarkston	

**Jurisdictions that have already voted to opt-out*



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