



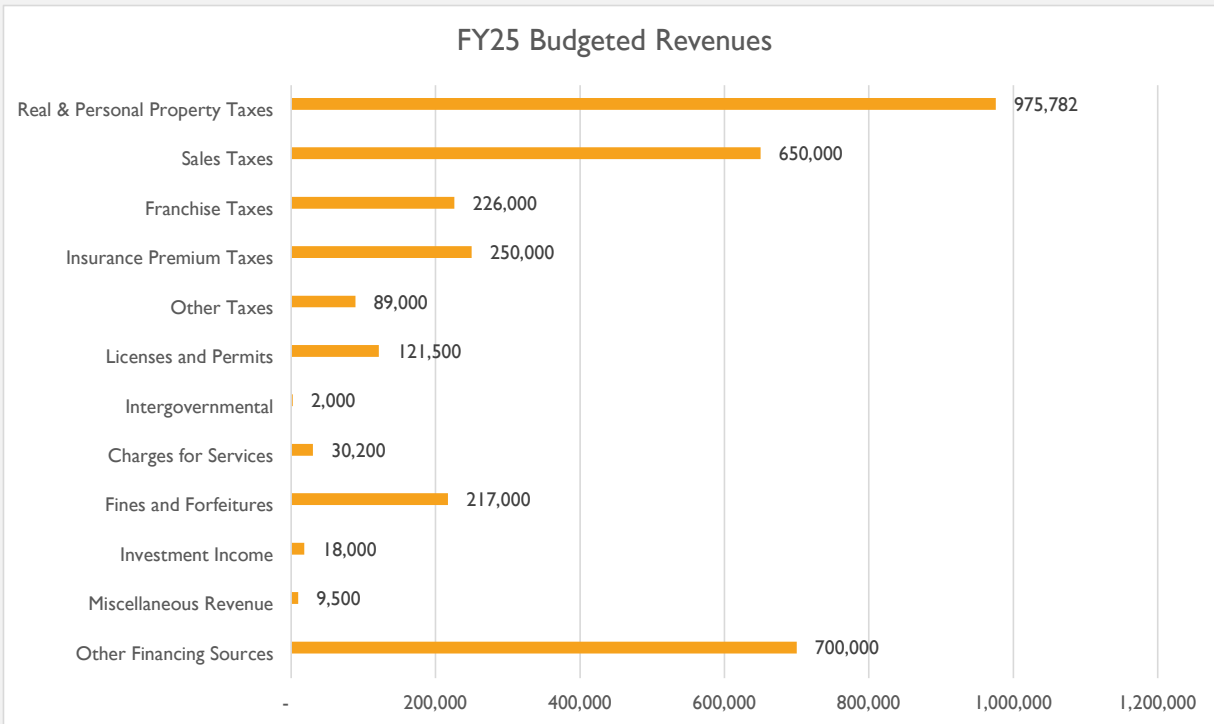
HOUSE BILL 581 IMPACT TO STATHAM

Hearing #1 January 21, 2025

Hearing #2 February 4, 2025

Hearing #3 February 18, 2025

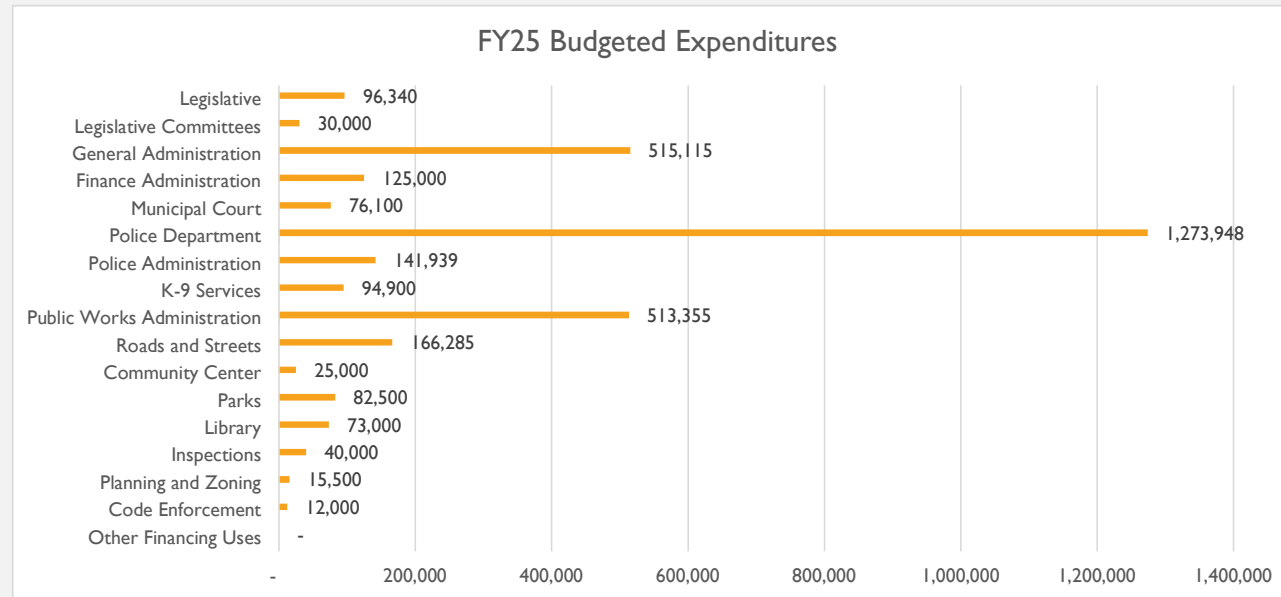
GENERAL FUND REVENUES



Revenue Category	FY25 Budget	% of Total Budget
Real & Personal Property Taxes	\$ 967,782	29.5%
Sales Taxes	650,000	19.8%
Franchise Taxes	226,000	6.9%
Insurance Premium Taxes	250,000	7.6%
Other Taxes	89,000	2.7%
Licenses and Permits	121,500	3.7%
Intergovernmental	2,000	0.1%
Charges for Services	30,200	0.9%
Fines and Forfeitures	217,000	6.6%
Investment Income	18,000	0.5%
Miscellaneous Revenue	9,500	0.3%
Other Financing Sources	700,000	21.3%
Total Revenues	\$ 3,280,982	100.0%

GENERAL FUND EXPENDITURES

Expenditure Category	FY25 Budget	% of Total Budget
Legislative	96,340	2.9%
Legislative Comm.	30,000	0.9%
General Admin.	515,115	15.7%
Finance Admin.	125,000	3.8%
Municipal Court	76,100	2.3%
Police Department	1,273,948	38.8%
Police Administration	141,939	4.3%
K-9 Services	94,900	2.9%
Public Works Admin.	513,355	15.6%
Roads and Streets	166,285	5.1%
Community Center	25,000	0.8%
Parks	82,500	2.5%
Library	73,000	2.2%
Inspections	40,000	1.2%
Planning and Zoning	15,500	0.5%
Code Enforcement	12,000	0.4%
Other Financing Uses	-	0.0%
Total Expenditures	\$ 3,280,982	100.0%



Largest Three Departments:

- Police Department \$1,510,787 = **46.0%**
- Public Works Department \$679,640 = **20.7%**
- General Administration \$515,115 = **15.7%**

HOW MUCH PROPERTY TAX REVENUE DO WE NEED?

The approach to determine how much property tax revenue is needed to fund the General Fund activities is the result of total expenditures less all other revenue sources. The resulting difference is the level of property tax revenues needed to balance the revenues to the expenditures.

How is the proposed millage rate calculated?

Proposed General Fund Expenditures	\$3,239,839
Transfers to Debt Service Fund	41,143
General Fund Revenues from Sources other than Property Taxes	(1,736,700)
Transfer from Water & Sewer Fund	(700,000)
Shortfall in General Fund funding	(844,282)



Total Assessed Value of Taxable Property	\$127,442,649
Proposed Millage Rate	6.76 mills
Total Tax Due	\$861,512
Collection Rate	98%
Total Tax Budgeted	\$844,282

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PROPERTY TAX CALCULATION:

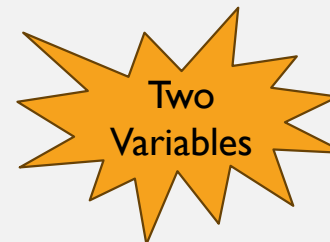
Assessed value * Millage Rate = Annual Property Tax Levy

SINGLE PARCEL \$250,000 Market Value

$\$100,000 * 0.00676$ (6.76 mills) = \$676.00

TOTAL DIGEST

$\$133,258,158 * 0.00676 = \$900,825$



HOW MUCH PROPERTY TAX IS TYPICAL?

Statham Real & Personal Property Taxes = **29.5%** of Total General Fund Revenues

Barrow County Real & Personal Property Taxes = **53.3%** of Total General Fund Revenues

Source: FY25 Approved Budget, Barrow County Finance

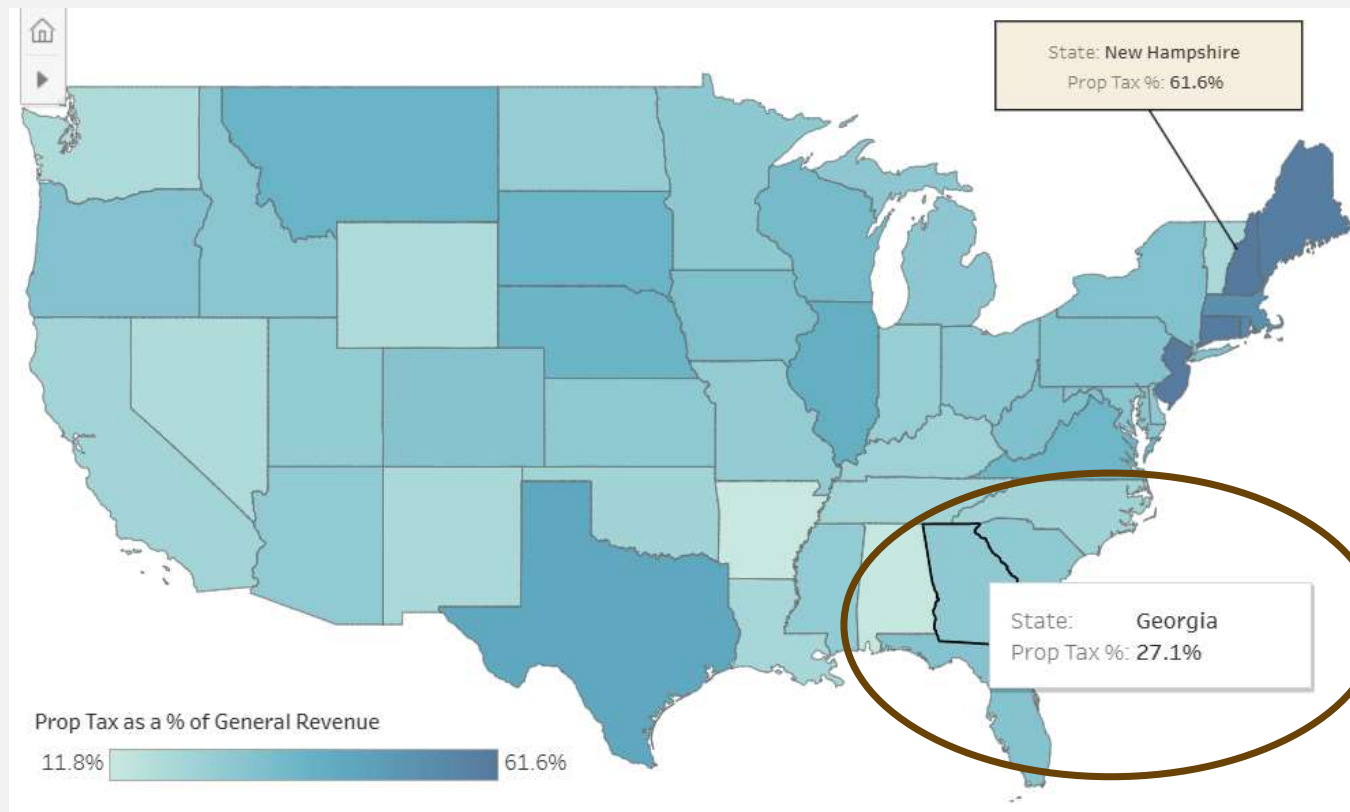
Winder (FY25 Budget) = 20.3%

Auburn (FY24 Budget) = 31.5%

Braselton (FY25 Budget) = 7%

Grayson (FY25 Budget) = 46.6%

Watkinsville (FY25 Budget) = 33.4%



Source: <https://www.gfoa.org/dashboard---local-government-tax-revenue>

HOUSE BILL 581, STATEWIDE FLOATING HOMESTEAD EXEMPTION AND FLOST



Establishes Floating Homestead Exemption

Grants a statewide homestead exemption that limits the increases in the taxable value of homes to no more than the inflation rate that occurred over the prior year as determined by DOR



Authorizes New Sales Tax

Local governments with the new homestead exemption may levy a new sales tax to be used for property tax relief (FLOST)

Cities are required to cooperate and since other Barrow cities have opted out, FLOST is off the table for the City of Statham.

HOUSE BILL 581 EXAMPLE

Tax Year 2024 – Before HB581

2024 Market Value	\$ 250,000
2024 Assessed Value (40%)	100,000
Homestead Exemption	(2,000)
2024 Taxable Value	\$ 98,000
Millage	6.76
2024 Property Tax Due	\$ 662

Tax Year 2025 – Base Year HB581

2025 Market Value	\$ 275,000	10.00%
2025 Assessed Value (40%)	110,000	
Homestead Exemption	(2,000)	
2025 Taxable Value	\$ 108,000	
Millage	6.76	
2025 Property Tax Due	\$ 730	
Increase	\$ 67.60	

HB581

CPI = 3.5%

2025 Market Value	\$ 275,000	
2025 Assessed Value (40%)	110,000	
Homestead Exemption	(2,000)	
Floating Homestead Exemption	(6,570)	
2025 Taxable Value	\$ 101,430	3.5%
Millage	6.76	
2025 Property Tax Due	\$ 686	
Increase	\$ 23.19	
Savings to taxpayer	\$44.41	

- Floating homestead exemption is **in addition** to any non-floating homestead exemption
- Whichever is more beneficial will apply when multiple floating homestead exemptions exist.

WHAT DOES HB581 MEAN FOR THE CITY'S FUTURE PROPERTY TAX REVENUES?

Step 1: Calculate five-year history of average change by property class

Replaced the two years of "rapid rise" with the average of the three remaining years

Five-year historical change = **11.39%**

Step 2: Apply the historical average to future five years to calculate projected revenues with opt out.

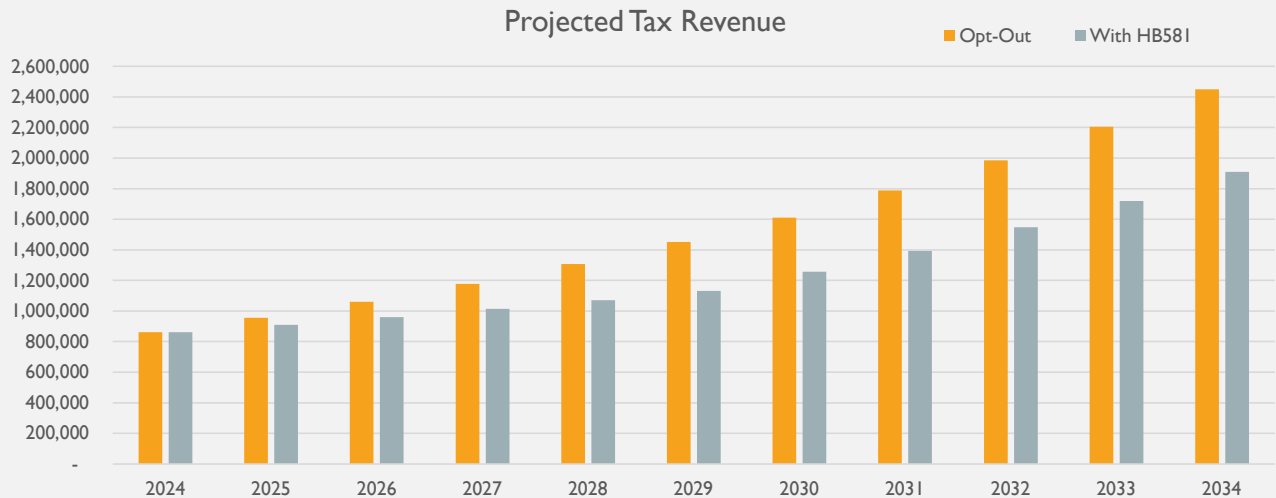
Projected Revenues without HB581 Tax Years 2025-2029 = **\$5,954,051**

Step 3: Calculate future years implementing HB581

Used inflationary increase of 3.5% for years 2025-2026 dropping to 3% for 2027-2029

Projected Revenues with HB581 Tax Years 2025-2029 = **\$5,086,777**

Revenue loss tax years 2025-2029
- **\$867,274**



IMPACT COMPARISON

Tax Year	Fiscal Year	Impact to Taxpayer	Impact to City
2025	2026	\$ 44.41	\$ 46,405
2026	2027	\$ 48.81	\$ 99,720
2027	2028	\$ 53.64	\$ 163,940
2028	2029	\$ 58.96	\$ 237,062
2029	2030	\$ 64.81	\$ 320,148
		\$ 270.63	\$ 867,275

WHAT CAN CITY OF STATHAM DO?

- Opt-out:
 1. Continue existing levy and collection practices
 2. Identify and implement a floating, base-year, adjusted base-year, or frozen homestead exemptions to address state and community concerns
- Proceed with HB581 and:
 1. Raise millage rate to produce the same level of property tax revenues
 2. Cut programs, services, or events to offset the property tax shortfall
 3. Identify and establish new revenue streams to offset the property tax shortfall (limited options)
 4. Examine and strengthen existing revenue streams to offset the property tax shortfall (limited options)
 5. Combination of 1-4