

ANNEXATION? CITYHOOD?



**Time Out.
Let's Think!**

DeKalbStrong.com

Support a Moratorium

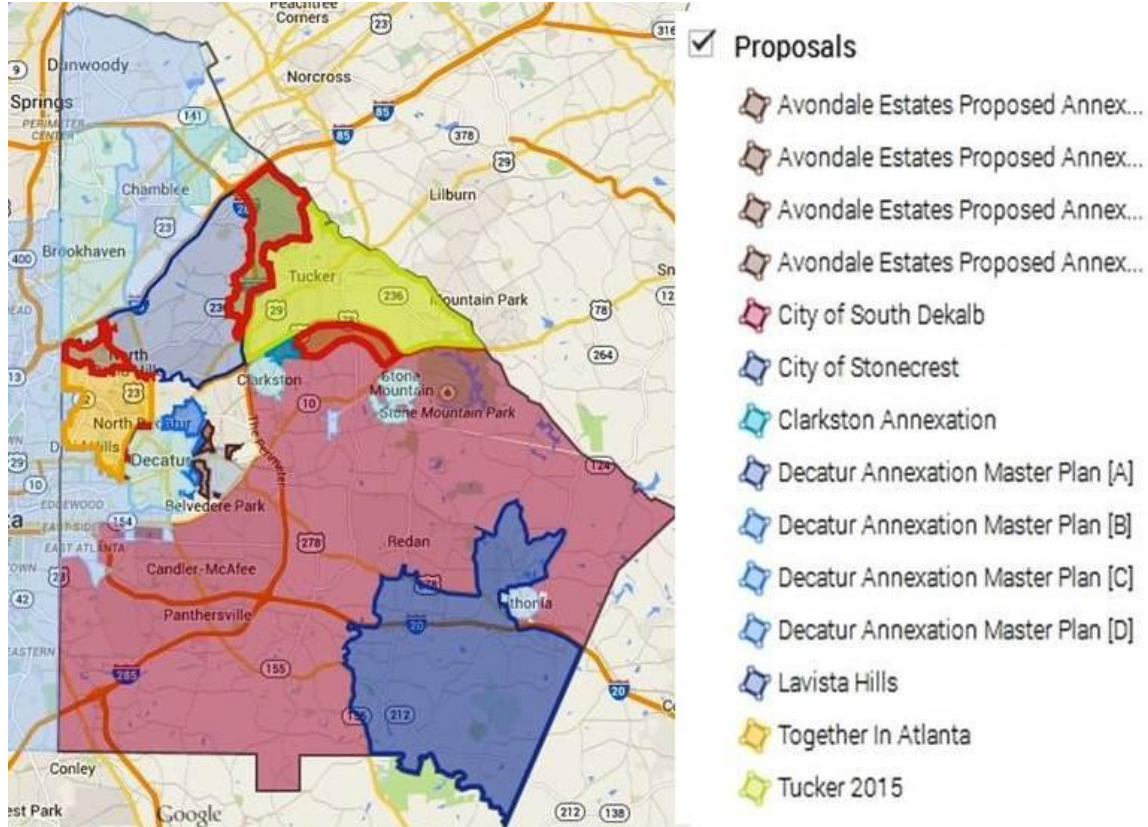
What Will It Cost You to Join or Become a City?

There's no such thing as a free lunch!

This paper takes a careful look at property taxes in Unincorporated DeKalb County, Atlanta/DeKalb, Tucker, and the proposed new city of LaVista Hills. Taxes are complicated. They are made up of many parts with different criteria and outcomes. In order to decide whether you oppose or support the initiatives for cityhood that are being discussed, you need to understand how they affect you and the taxes on your home. The bulk of this paper addresses school taxes. Another paper will look at the total tax burden.

Creating this document required that we assemble many pieces of information from various sources. To put it mildly, this was not an easy task. In some cases we had to make direct inquiries to taxing jurisdictions and authorities in order to obtain clarification. In other cases we had to request that a tax authority assemble tables that couldn't be found anywhere. To our knowledge, this is the only document that attempts to assemble all factors in one single place. Despite our desire to summarize, taxes remain a complicated issue not easily addressed.

Many of you find yourself being courted by various groups that are proposing to leave Unincorporated DeKalb County and start a new city, or join an existing city. One group, Together in Atlanta (TIA) currently includes homeowners in Druid Hills, Emory and the Clifton Corridor, along with the BriarVista school district. They are seeking to be annexed by the City of Atlanta. Additionally, the cities of LaVista Hills and Tucker are seeking to incorporate sections of Unincorporated DeKalb County.



Courtesy of Decaturish.com and Andrew Feury

For an interactive version you may visit: <http://dekalbstrong.com/cityhood-and-annexation-map/>

We at **DeKalb Strong** have made an attempt to summarize and simplify the factors that determine your property tax in this paper, but it's something that each person needs to personally sort out to be fully informed. **We are not tax experts.** This paper is intended to be one of many resources for you to refer to when making your decision about cityhood. If you have questions or would like further clarification, you may send an email to: info@dekalbstrong.com. We will do our best to direct you to an authoritative source.

When you look at your tax bill, you see it is made up of many line items: SCHOOL, OPNS and *Everything Else*.

Let's take a look at **Schools**. There are five major factors that determine how much money you will pay in school tax—your age, your income, Homestead Exemption, the Fair Market Value of your home and where you live. We are including a definition of HOST, because the term is heard often when taxes are discussed. There is no exemption in school taxes from HOST. It affects other items on your tax bill.

Age—Your age can be important in determining your tax, particularly for seniors. Different tax breaks are currently available in different areas when you reach the age of

62, 65 and 70. They are not automatic. You must qualify and then apply to receive them. They are also dependent on the second variable, your income. There may also be provisions for other categories, veterans, etc.

Homestead Exemption— Basic Homestead is an exemption you may claim against the taxable value of your home as long as you own and occupy that home as your primary residence on January 1 of the year in which the exemption is being claimed. There are no age or income requirements for this exemption. This is available in Unincorporated DeKalb as well as the cities in DeKalb, but not the portion of Atlanta in DeKalb County. (Figures for these locations are listed later in this paper.)

Applications for homestead exemptions in DeKalb County are accepted between January 1st and April 1st of each year. Failure to file constitutes your waiver of the exemption for that year. Please contact the Tax Commissioner's office at (404) 298-4000 to apply for homestead exemptions.

HOST— Homestead Option Sales Tax. Property tax relief and Capital Funding

The HOST provides a combination of property tax relief for homeowners (using at least 80 percent of receipts) and funding for capital projects (up to 20 percent). The Homestead Option Sales Tax (HOST) was approved by County voters on March 18, 1997, pursuant to OCGA 48-8- 102, et. seq.. Starting on July 1, 1997, an additional one-cent sales tax was collected by retailers and remitted to the Georgia Department of Revenue on certain transactions in DeKalb County. **Rockdale and DeKalb counties are the only two in Georgia with the HOST at this time.** House Bill 1221 in 2010 further modified the HOST by allowing local taxes to be levied on certain food and food ingredients that were previously exempt, effective January 1, 2011.

Homestead property tax relief through the HOST credit has ranged from 100 percent of the County levies (excluding debt service levies) to 56 percent. **The HOST provides no property tax relief to non-homestead properties.** In 2014, the HOST credit is 57.7 percent, requiring homeowners to pay 42.3 percent of the tax amount after the constitutional exemptions are applied and the homestead freeze is considered. The HOST credit has increased in recent years as a result of recovering economic conditions, and the lifting of restrictions on the sales tax on food items. The impact of the elimination of the sales tax on motor vehicles has not been fully determined at this time.

The County capital factor has varied over the years from zero to 20 percent, the maximum allowed under the law. The County has traditionally used its annual capital amounts from HOST for transportation projects, including matching Georgia Department of Transportation funding for resurfacing and other transportation improvement projects. The amounts available to the County for capital funding ranged from \$20 million annually through 2008 to \$6 million in 2013. **It is not known what a change in the HOST formula and requirements will have on property taxes, in unincorporated DeKalb or the new and proposed cities.**

IMPORTANT FACTS

- The **basic homestead exemptions in DeKalb** are \$10,000 for County levies (except bonds) and \$12,500 for School Board.
- **The basic homestead exemptions in Atlanta** are \$30,000 for City levies (except bonds) and \$30,000 for School Board. Basic homestead exemptions apply to a majority of homeowners; however, seniors, persons with disabilities, and veterans may be eligible for additional exemptions.
- The Atlanta Board of Education and the DeKalb Board of Education are independent governments with the constitutional authority to establish a tax based on property value and to set a millage rate. **The City of Atlanta government and the DeKalb County government do not control their respective boards of education.**
- The millage rate for the Atlanta Public Schools is 21.74 mils. The millage rate for the DeKalb County Board of Education is 23.98 mils.
- HOST credits are not applied to school taxes.
- Boards of Education with approvals from the General Assembly and voter referenda may establish and modify tax exemptions for certain groups of taxpayers such as seniors, persons with disabilities, and veterans.

Income requirements For Tax Exemptions— For Atlanta/DeKalb

Exemptions in dollars from Assessed Value of Home

Atlanta Home- stead Description	Home- stead Code	Age or Disabili- ty %	Income Requirements	City Library, Parks & General	City Bond	School Board	School Bond
Basic	A1	N/A	N/A	30,000		30,000	-
Basic + School Bond	A3	62	GA Net less than 10,000	30,000		30,000	10,000
Basic + School Bond	A4F*	65	GA Net less than 40,000	40,000		30,000	10,000
Disability Veteran	A5	100%	N/A	67,555	67,555	67,555	67,555
Disability + Special School	A6	100%	GA Net less than 25,000	30,000		55,000	25,000
Senior + Special School	A6F	65	GA Net less than 25,000	40,000		55,000	25,000

***This exemption freezes the City of Atlanta taxable assessment for the following levies: City General, City Bonds, City Parks, and City Libraries — and is only available to resident 65 years of age or older. (2014 – DeKalb County Web Site)**

Disabled Veteran or Widow(er)

If you are a disabled veteran, un-remarried spouse of a disabled veteran or un-remarried spouse of a veteran killed in action, you may qualify for a Disabled Veteran/Spousal exemption which will provide additional savings on your property tax bill. These exemptions must be applied for in person. Disability must be 100% permanent and total. If 65 or older, please provide income information, as additional savings may be available.

Exemption for Un-Remarried Spouse of Peace Officers and Firefighters Killed in the Line of Duty

Provides an exemption for the un-remarried surviving spouse of a peace officer or Firefighter who was killed in the line of duty for all ad valorem property taxes. This will not affect any special assessments assigned to the property (sanitation, stormwater, or streetlights, etc.). This exemption must be applied for in person.

Disabled

If you are 100% totally and permanently disabled and meet certain income requirements, you may qualify for the Disabled Exemption, which will provide additional reductions in your property tax bill.

Senior Citizens

If you are 65 years of age or older, you are eligible to be exempt from state ad valorem property taxes. This is independent of any other senior exemptions that may be in place. Additionally, this exemption does not affect county, school, or city taxes.

Income requirements For School Tax Exemptions— For DeKalb County

70 years of age or older

If you are 70 years of age or older on January 1, and the Federal Adjusted Gross Income (based on previous year's tax return), plus municipal bonds, of both you and your spouse, does not exceed \$84,115, you may be entitled to the Special School Tax Exemption. **(H9)**

65 years of age or older

If you are 65 years of age or older on January 1st and the Total Georgia Net Income of both you and your spouse does not exceed \$10,000 (based on previous year's tax return) excluding Social Security benefits and most retirement income up to the maximum allowable under the Federal Social Security Act (\$31,952 for an individual or \$63,912 for joint applicants for 2014), then you may be entitled to a Senior School Exemption. **(H4)**

Or, if you are 65 years of age or older on January 1st and the Total Georgia Net Income of the household does not exceed \$15,000 (based on previous year's tax return), excluding Social Security benefits and most retirement income up to the maximum allowable under the Federal Social Security Act (\$31,952 for an individual or \$63,912 for

joint applicants for 2014), then you may be entitled to a Senior Homestead Exemption. **(H6)**

Or, if you are 65 years of age or older and the Gross Income of the household does not exceed \$16,000 (based on previous year's tax return), you may be entitled to a Senior Partial School Exemption. **(H8)**

62 years of age or older

If you are 62 years of age or older on January 1st and the Georgia Net Income of your household does not exceed \$10,000 (based on previous year's tax return) excluding Social Security benefits and most retirement income up to the maximum allowable under the Federal Social Security Act (\$31,952 for an individual or \$63,912 for joint applicants for 2014), then you may be entitled to the Senior Homestead and School Tax Exemption. **(H3)**

Or, If you are 62 years of age or older on January 1st and the Gross Income of your household does not exceed \$16,000 (based on previous year's tax return), you may be entitled to a Partial School Exemption. **(H7)**

Fair Market Value of Home— DeKalb along with the rest of Georgia bases its taxes on 40% of the Fair Market Value of your home. This is the amount that the various mileage rates are separately applied to in order to compute your tax liability.

Let's take a look at some figures for Atlanta/DeKalb and the current Unincorporated DeKalb figures that are listed on the *Together in Atlanta* website. **The DeKalb figures that are listed do not include any Senior Exemptions, therefore they do not reflect the real differences in Property taxes.**

		Uninc DeKalb				Atl in DeK											
\$	200,000	\$	713	\$	1,619	\$	2,331	\$	661	\$	1,090	\$	401	\$	2,152	\$	(179)
\$	300,000	\$	1,110	\$	2,578	\$	3,688	\$	1,161	\$	1,960	\$	620	\$	3,741	\$	53
\$	400,000	\$	1,508	\$	3,537	\$	5,045	\$	1,662	\$	2,829	\$	840	\$	5,331	\$	286
\$	500,000	\$	1,906	\$	4,496	\$	6,402	\$	2,162	\$	3,699	\$	1,059	\$	6,920	\$	518
\$	600,000	\$	2,303	\$	5,455	\$	7,759	\$	2,662	\$	4,568	\$	1,278	\$	8,508	\$	750
\$	800,000	\$	3,099	\$	7,374	\$	10,472	\$	3,662	\$	6,308	\$	1,717	\$	11,687	\$	1,215
\$	1,000,000	\$	3,894	\$	9,292	\$	13,186	\$	4,663	\$	8,047	\$	2,156	\$	14,866	\$	1,680

Assumptions and caveats:

2014 millage rates apply.

Includes HOST Tax Credits. Basic Homestead Exemption Only (not valid for other exemptions or freezes).

Assumes Atlanta Public Schools taxes will apply for annexed areas.

Local government property tax comparison only.

Water and Sewer fees are billed separately. City of Atl states that DeKalb rates will remain in effect for any annexed area.

Sanitation Fees: \$265 Dek \$586 Atl are not included (increase of \$321 per household)

Atlanta does not have DeKalb's Fees for street lights(\$25), speed humps(\$25) and stormwater (\$48)

Does not include effect of Municipal Option Sales Tax (MOST) in Atlanta. Conservative estimate of cost is \$200 per household.

The DeKalb County Board of Education offers a complete property tax exemption for school taxes to most seniors over 70 years old, and to some income-qualifying seniors over 65. Atlanta Public Schools and the City government increase the homestead exemptions for seniors, but the Atlanta Board of Education does not provide a complete exemption from school taxes as is offered in DeKalb.

The chart below compares property taxes for homes with the most common senior exemptions. The Unincorporated DeKalb column shows their total property tax bill. The Atlanta/DeKalb column shows the total property taxes paid to the City of Atlanta, Atlanta Public Schools and DeKalb County. The numbers were provided by the DeKalb Tax Commissioner's office, which prepare tax bills for all resident of DeKalb, even those that live in the City of Atlanta portion. The comparisons include the HOST tax credit for DeKalb. These figures were valid for 2014 and will vary slightly from year to year.

Comparison of Total Taxes Including Senior Exemptions

Home Values	Unincorporated DeKalb*	Atlanta in DeKalb*	Tax Increase
\$200,000	\$ 712	\$1,806	+ \$1,094
\$350,000	\$1,309	\$3,631	+ \$,2322
\$400,000	\$1,507	\$4,392	+ \$2,885
\$500,000	\$1,905	\$5,915	+ \$4,010
\$600,000	\$2,303	\$7,284	+ \$4,981

* H-9 Exemption @ 70 yrs old

* H-6 Exemption A65 Atlanta Exemption @ 65 yrs. old

Seniors, 65 yrs old and 70 yrs old+, in Unincorporated DeKalb are eligible for 100% exemption of school taxes, which is a huge difference from Atlanta/DeKalb. At 65, senior DeKalb homeowners can income qualify for an exemption. At 70 nearly all DeKalb seniors are exempt from paying school taxes. According to the office of the Tax Commissioner, the more common senior exemption in DeKalb is for those over 70.

In DeKalb, seniors over 70 years old with household incomes under \$82,708 can be exempt from all school taxes. In addition these qualifying seniors will also have their assessments frozen for all county taxes, except bonds. Currently, the City of Atlanta school system does not offer a 100% school tax exemption.

Note that most seniors will pay more total taxes if they are annexed into the Atlanta. Seniors appear to have the most to lose if they join the city of Atlanta, and for some on fixed incomes, possibly even their homes!

This paper is a good faith attempt by the concerned citizens of **DeKalb Strong** to provide, to the best of our ability, useful and accurate information. It is the product of our own prodigious research and careful preparation. However, we do not attempt to represent ourselves as tax professionals or authorities. If there are mistakes, they were inadvertent and we will be glad to correct them. If you have question our statements, conclusions, or facts contained we encourage you to research factors that apply to your own unique situation or speak to your accountant or tax preparer.

DeKalb Strong

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Homeowner, Unincorporated DeKalb