

Facts about the \$429 Million Reimbursement to Local Governments for the Homestead Tax Relief Grants (HTRG) for Property Owners

Background:

- The Homestead Tax Relief Grant (HTRG) program was proposed by Governor Roy Barnes and established through legislation in 1999.
- This program gives homeowners a credit on their property tax bill. Originally the plan called for increasing the credit over time to eventually provide relief on up to \$18,000 of the assessed property value. The current credit for homeowners is based on \$8,000 of the assessed property value. This value is set annually by the State in the General Appropriations Act.
- The amount reimbursed to counties for the Homestead Tax Relief Grant program in 2007 was \$429,990,928. For the amount reimbursed to individual counties in 2007 go to: <http://www.etax.dor.ga.gov/PTD/cds/htrc/index.aspx> and click on "Homeowner Tax Relief Credit Table."

How It Works:

- The formula for the Homestead Tax Relief Grant (HTRG) program is based on the combined millage rate (county, city and Board of Education) times the set value (\$8,000).
- Local governments calculate the value of the tax credit and subtract that amount from the property tax bill. Local governments then file for reimbursement from the State of Georgia through the Department of Revenue for the amount credited to homeowners. A line on the property tax bill clearly states that this credit comes from the State of Georgia and not from local government.

Concerns:

- The Georgia General Assembly approved the funding for the Homestead Tax Relief Grant (HTRG) program in March 2008 for property tax bills in 2008.
- Local governments issued their 2008 property tax bills with the homestead tax relief credit included.
- In August 2008, Governor Sonny Perdue announced that he was delaying reimbursement to local governments for this tax credit because of the state's projected budget shortfall.
- Counties depend on the collection of property taxes as the largest funding source for county services. Like the State of Georgia, local governments are also facing budget shortfalls and are reducing programs and services. Therefore, local governments will have difficulty making up the difference if they are not reimbursed for this credit.

- If the 2008 Homestead Tax Relief Grant (HTRG) credit is not reimbursed to the counties, the counties likely will send an additional bill to property owners for the amount of the tax credit that appeared when it was originally sent.
- For most homeowners, this will result in an unexpected bill of about \$200 - \$300.