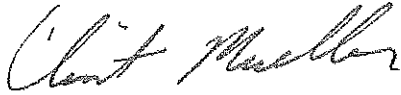




Association County Commissioners of Georgia  
50 Hurt Plaza, Suite 1000  
Atlanta, Georgia 30303  
(404) 522-5022 FAX (404) 525-2477

## MEMORANDUM

To: The Senate Study Committee on Property Tax Assessments and Appeals

From: Clint Mueller, Legislative Director 

Date: December 15, 2009

Subject: ACCG Policy Recommendations

Thank you for taking the time to comprehensively look at the property tax system and recommended reforms. The Association County Commissioners of Georgia (ACCG) has acknowledged problems with the property tax system and has called for comprehensive tax reform in every ACCG policy platform for the last six years (see attached policy statements). We believe that county tax assessors are dedicated to doing the best job possible given the current resources and legal constraints; however, the system has not been comprehensively reviewed and updated to function appropriately within today's economy. ACCG recognizes the public concerns about the property tax system and seeks to make the current system more efficient and more transparent, as well as reduce local interpretation by providing a clear set of statewide rules and policies for assessing property. We hope that the pursuit of these goals will lead to improved public perception of the property tax system.

### Policy Recommendations:

#### **Assessment:**

- Eliminate conflicts between Department of Audits and local assessors on how foreclosures, bank sales and short sales are factored into the tax digest.
- Authorize counties to use the prior year's utility digest if the Department of Revenue has not completed the current year's utility digest by August 1.
- Dedicate the penalty revenue paid by counties that are out of compliance with the sales ratio study to funding advanced training for the assessors and updating the property appraisal procedures manual.

#### **Appeals:**

- Allow taxpayers to file a request to have their assessed value reviewed at any time during the year as an alternative to filing a return.
- Allow an appeal to terminate when consensus is reached between the taxpayer and the Board of Assessors.

- Allow Board of Equalization members to have the option to fulfill some of their training requirements online.

**Fairness and Equity:**

- Authorize an income tax credit to be taken against any property taxes owed that exceed a defined percentage of the property owner's income. This type of policy has been implemented in at least 17 other states and has successfully prevented the inflation in property value from surpassing the ability of the owner to pay based upon the owners income.
- Authorize local elected officials to impose or modify property tax exemptions, credits and assessment limitations based on the preferences of the local community without the need to first have legislation passed at the General Assembly.

**Public Notice:**

- Merge the five-year history notice and the Taxpayer Bill of Rights notice into one notification that is easier for the public to understand and includes the estimated tax liability on the average homesteaded property and the average tax liability on non-homesteaded property.

**Collection:**

- Authorize more property tax payment options (e.g. split billing and discounts for early payment).

## **2005 Policy Platform**

**Property Tax Study Committee** — There is an increasing sentiment among Georgia property owners that the burden from property taxes has become too high. Last year legislation was introduced to freeze assessments on homesteaded property, allow more property owners to enter the conservation use program, and replace property tax funding for schools with a sales tax. Although none of these bills passed, ACCG expects to see similar bills introduced again next year. This summer the Georgia Land Conservation Partnership Plan was submitted to the Governor. This report blamed the property tax system for contributing to the loss of green space. ACCG believes the property tax is a stable revenue source and is an important component in the overall local revenue structure. However, the property tax system has not been updated to function appropriately within today's economy. Also, local governments must rely too heavily on the property tax to fund their services. To restructure the property tax system and to create alternative local funding sources to the property tax, ACCG asks the General Assembly to create a property tax study committee. This committee should have broad representation from all interested parties. In addition, ACCG asks the General Assembly to refrain from passing piecemeal property tax legislation until a comprehensive set of recommendations can be made.

## **2006 Policy Platform**

**Local Government Revenue Study Committee** – There is an increasing sentiment among Georgia property owners that the burden from property taxes has become too high. In recent years, there have been legislative attempts to freeze assessments on homesteaded property statewide, allow more property owners to enter the conservation use value assessment program (CUVA), and replace property tax funding for schools with a sales tax. Although none of the statewide legislation passed, ACCG expects to see similar legislation introduced again next year. ACCG believes the property tax is a stable revenue source and is an important component in the overall local revenue structure. However, the property tax system has not been updated to function appropriately within today's economy. Also, local governments must rely too heavily on the property tax to fund their services. To restructure the property tax system, including a rewrite of the appeals section in the law, and to create alternative local funding sources to the property tax, ACCG asks the General Assembly to create a study committee to look at the local government revenue structure. This committee should have broad representation from all interested parties. In addition, ACCG asks the General Assembly to refrain from passing piecemeal property tax legislation until a comprehensive set of recommendations can be made.

## **2007 Policy Platform**

**Legislative Tax Reform Study Committee**– There is an increasing sentiment among Georgia property owners that the burden from property taxes has become too high. For 2007 the General Assembly is studying comprehensive tax reform. ACCG believes the property tax is a stable revenue source and is an important component in the overall local revenue structure. However, the property tax system has not been updated to function appropriately within today's economy. Also, local governments must rely too heavily on the property tax to fund their services. ACCG supports the legislative study committee efforts to help local governments improve the property tax system by making our tax system more efficient. By reducing problems with collections and compliance, local governments will receive more of the revenues that are due and be able to use this revenue to hold down tax rates.

## **2008 Policy Platform**

**Comprehensive Tax Reform** – ACCG supports the modernization of Georgia’s tax system. The current property and sales tax laws have not been updated to function appropriately within today’s economy. Local governments and schools have also relied too heavily on property tax without sufficient revenue alternatives available to them.

In order to update the system, all property and sales tax exemptions should be reviewed and every exemption that fails to provide a legitimate benefit to the entire state’s economy should be eliminated. All services should also be evaluated to determine which ones can be incorporated into the sales tax base. Once additional revenue sources are identified, property tax relief can be granted in a variety of ways.

New state sales taxes generated from the expanded sales tax base should be used to shift the burden away from property owners by increasing the Homestead Tax Relief Grant Credits guaranteed through a constitutional amendment and by implementing a refundable income tax credit for taxpayers that have a property tax liability that exceeds a reasonable percentage of their income. These changes will ensure that no one is forced to sell their property because of the tax burden.

The property tax system should also be improved by allowing taxpayers to spread their payments out over several months or receive a discount for early payment. The digest preparation process, including the appeals process, should be improved and simplified to make the administration of the tax more efficient and more uniform across the state.

To prevent future exemptions and mandates that unfairly shift more tax burden down to the local property taxpayer, the state should require legislation financially impacting local governments to layover one year and be extensively evaluated for its impact. Funding for state mandates should be paid from state revenues and not local revenues. Any exemptions requiring approval by referendum should notify the voter of the likely shift in tax burden that will result from passage. The property tax is an important component of the overall local revenue structure and should be reformed but not eliminated.

## **2009 Policy Platform**

**Comprehensive Tax Reform** – ACCG supports the modernization of Georgia’s tax system. The current property and sales tax laws have not been updated to function appropriately within today’s economy. Local governments and schools have also relied too heavily on property tax without sufficient revenue alternatives available to them.

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## **2010 Policy Platform**

**Comprehensive Tax Reform** – ACCG supports the modernization of Georgia's tax system. The current property and sales tax laws have not been updated to function appropriately within today's economy. Local governments and schools have also relied too heavily on property tax without sufficient revenue alternatives available to them.

In order to update the system, all property and sales tax exemptions should be reviewed and every exemption that fails to provide a legitimate benefit to the entire state's economy should be eliminated. All services should also be evaluated to determine which ones can be incorporated into the sales tax base. Once additional revenue sources are identified, property tax relief can be granted in a variety of ways.

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