



# HB 1116

## Homeownership Opportunity and Market Equalization Act of 2026

January 30, 2026

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### Summary

#### Part I. The HOME Act of 2026

##### Section 1-1:

This legislation is the general law companion to HR 1114, which is the constitutional amendment that substantially revises the taxing and spending power of local governments and school districts.

#### Part II. Escalating Homestead Exemption for Counties and County School Districts

##### Section 2-1:

- A. This section increases the current \$2,000 homestead exemption in Code Section 48-5-44, which is applicable to counties and county school districts, but which does not apply to cities or city school districts.
- B. The increases escalate as follows:
  1. For 2026 – 2028, \$10,000;
  2. For 2029 – 2030, \$ 30,000; and
  3. For 2031 and thereafter, \$60,000.

#### Part III. Quality Basic Education Act (QBE) Revisions

##### Section 3-1:

This section revises the method for calculating each local school district's 5 mill share by removing properties subject to homestead exemptions and freeport exemptions from the tax digest used in the calculations.

#### Part IV. FLOST Revisions

##### Sections 4-1 through 4-3:

- A. For a FLOST approved or renewed at any point in years 2027 through 2032:

1. The tax will last for ten years (current law provides for up to 5 years); and
2. The tax will automatically renew for another ten-year period, unless the General Assembly passes a local Act to terminate the tax.

B. For a FLOST approved or renewed in 2033, or later:

1. The tax will last for five years; and
2. The tax will automatically renew for another five-year period, unless the General Assembly passes a local Act to terminate the tax.

C. FLOST proceeds may be used:

1. To roll back the millage rate for all properties (as current law provides); or
2. The proceeds may be used to provide homestead exemptions and then rollback the millage rate generally; or

## **Part V. Revenue and Budget Caps**

### **Section 5-1: Budget Cap for School Systems**

On and after January 1, 2032, no school system may adopt a budget resolution that would result in an increase of 3% or more in the revenue raised by the school system from property taxes, unless approved by the voters in a local election. It is not entirely clear, but the increase may be based on the rollback rate, rather than the prior year's revenues from property taxes.

### **Section 5-2 and 5-3: Budget Cap for Local Governments**

On and after January 1, 2032, no local government may adopt a budget resolution that would result in an increase of 3% or more in the revenue raised by the local government from property taxes, unless approved by the voters in a local election. It is not entirely clear, but the increase may be based on the rollback rate, rather than the prior year's revenues from property taxes.

## **Part VI. Property Tax Assessment, Collection, and Enforcement**

### **Section 6-1: Digest Submission**

Addresses issues related to DOR rejecting tax digests based on errors made by the newspaper in publishing required notices. These errors occur through no fault of the local government but can lead to costly delays and costs associated with local governments to redoing several procedures and hearings. In such circumstances, DOR would be required to accept the tax

digest upon the county's submission of documentation that the publication error was not the fault of the local governments involved.

### **Section 6-2: Ad Valorem Tax Bills**

- A. Refocuses the information on the tax bill to cover, per jurisdiction:
  - 1. The total tax levied on the property;
  - 2. The value of any applicable exemptions or credits; and
  - 3. The net amount due for the current year.
- B. Assuming the ability to opt-out of HB 581 is removed in other legislation, this section removes provisions requiring a statement on the bill that the local government opted out of the HB 581 exemption.

### **Section 6-3: Homestead Exemption Application Window**

- A. Extends timeline for applying for homestead exemption to the final date to appeal the NOA.
- B. Adds additional language that makes it clearer that it is the duty of the homeowner to report when they no longer are eligible for a homestead on the property.

### **Section 6-4: Homestead Enforcement and Penalties**

- A. Attempts to reduce the number of properties that are improperly receiving homestead exemptions.
- B. Adds additional language that makes it clearer that it is the duty of the homeowner to report when they no longer are eligible for a homestead on the property.
- C. Applies prospective penalties for those who are failing to report ineligibility for homestead exemptions.

### **Section 6-5: Homestead Database and Enforcement**

Requires state and local officials to work together in support of a state database used to cross-check individuals who may be claiming homestead exemptions for multiple properties.

## **Section 6-6: Annual Notices of Assessment (NOA)**

- A. Reduces the required contents of each NOA to only the information that is actionable for the taxpayer.
- B. Focuses on the actionable items:
  - 1. Appraised Value (Fair Market Value) used for current year vs last year
  - 2. Exemptions and credits granted and applicable as of creation of NOA
  - 3. The net Assessed Value for current and prior year.
- C. Revises the language of the mandatory disclaimer on each NOA in a manner that:
  - 1. Informs the taxpayer that they still have time to apply for homestead exemptions that they are eligible for.
  - 2. Informs the taxpayer that they have a duty to report if they are ineligible for homestead exemptions and failing to do so can subject them to penalties.

## **Section 7-1: Effective Dates and Applicability**

- A. Part II, IV, and VI effective 01/01/2026
- B. Part II and Section 5-1 effective 01/01/2027