

HR 1114

Homeownership Opportunity and Market Equalization Act of 2026

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Summary

Section 1: Revisions to the Homeowner Tax Relief Grant (HTRG) authorization

- A. This section removes the current constitutional cap that limits state grants for local homestead exemptions to \$18,000 of the assessed value of the homestead. With this change, the state can appropriate funds to local governments and school systems to cover any or all of the local taxes on homesteads.
- B. Additionally, this section authorizes the General Assembly to establish a program for local governments and school systems to use local funds to provide tax relief for homestead property.

Section 2: Local Taxes for Education:

- A. Revenue Cap on School Systems:
 1. The General Assembly may enact a law that would require each local school system to hold a local election before setting millage rates that would result in increased revenue for the school system. (This is a revenue cap, not just a millage rate cap)
 2. The new law may be written to allow for some growth in revenue due to inflation and local development without requiring a local election to be held to authorize any millage rate that would result in additional revenue.
- B. ESPLOST: Allows ESPLOST to be levied in fractions of 1% (currently it's always levied at 1%)
- C. Sales Tax Cap of a total of 2% from:
 1. ESPLOST;
 2. Education Local Homestead Option Sales Tax (New); and
 3. ELOST (Grandfathered tax)

Section 3: Revenue Cap, Sales Taxes, Total Homestead Exemption

A. Revenue Cap on Local Governments:

1. The General Assembly may enact a law that would require each local government to hold a local election before setting a millage rate that would result in increased revenue for the local government. This could be used to institute a total revenue cap and not just a millage rate cap.
2. This new state law may be written to allow for some growth in revenue due to inflation and new development without requiring a local election to be held to authorize any millage rate that would result in additional revenue.

B. Local Homestead Option Sales Tax:

1. The General Assembly is required to enact a general law creating a new homestead option sales tax for local governments and school systems.
2. While not totally clear, this general law may prevent the new homestead sales and use tax from being used prior to a 100% homestead property exemption (see C below) becoming effective for a jurisdiction.
3. Use of Proceeds:
 - i. The proceeds are intended to be used to offset the exemption of homesteads from all ad valorem taxation.
 - ii. Any proceeds in excess of the amount needed to exempt all homesteads must be used to offset or provide exemptions to non-homestead property.
4. Sales Tax Caps:
 - i. Schools: Up to 2% in combination with ESPLOST and ELOST.
 - ii. Local governments: Up to 3%.
5. Prior to January 1, 2037, these new local homestead option sales taxes cannot be made contingent on voter approval; after that date, the General Assembly may require voter approval for implementation or renewal of such sales taxes.

C. Total Homestead Exemption:

1. General law shall grant a 100% Homestead Exemption for all jurisdictions by January 1, 2032, at the latest.
2. The General Assembly may raise the state-wide homestead exemption at any time using general law (currently, this would require a 2/3 vote of the General Assembly and a state-wide election).

3. The General Assembly may allow a homestead property to be subject to ad valorem property tax for the first year that a homeowner is granted a homestead exemption on such property.
- D. The Separation of Powers Clause is waived for the Department of Revenue to adopt rules and regulations for implementing this section.

Section 4: Local Finance Assessments

A. New Option for Local Revenue:

This change to the constitution requires the General Assembly to pass a general law giving local governments and school systems the ability to issue and collect local finance assessments on real property.

B. Use of Proceeds:

1. For school systems: The revenue cannot exceed the actual cost of funding capital outlay projects.
2. For local governments:
 - i. The revenue cannot exceed the actual cost of funding capital outlay projects and providing services; and
 - ii. Property taxes must be rolled back or offset by an amount equal to the funds collected through one or more assessments.

C. Key Limitations:

1. Unpaid assessments may constitute a lien on the property as may be provided by general law.
2. The General Assembly may:
 - i. Create procedures that limit how revenue from assessments can be spent.
 - ii. Grant exemptions from paying assessments.
 - iii. Limit the methods used to calculate special assessments. (We believe this is a reference to methods other than using property value, such as square footage; impervious surface; frontage; height of structure; commercial vs. industrial vs. residential, etc.)