

# Georgia

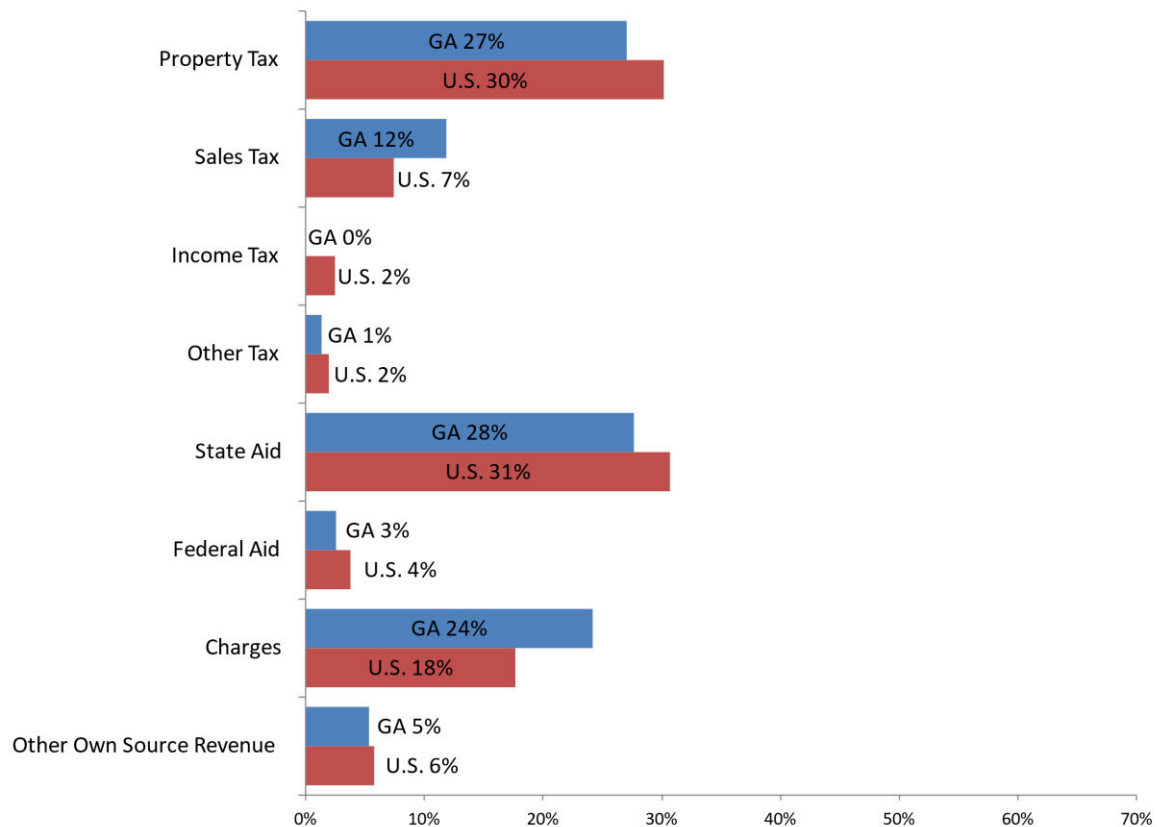
## Highlights

Once the primary source of revenue for both the state and local governments in Georgia, the state general property tax was fully phased out in 2016. However, local governments remain dependent on the property tax, which accounted for 27 percent of general fund revenues in 2019 (figure GA-1).

Local governments in Georgia also derive revenue from a variety of local-option sales taxes, including special sales taxes for education, transportation, or to finance property tax homestead exemptions. In 2021, the state sales tax rate was 4 percent, and the average county sales tax rate was 3.52 percent (Sales Tax Handbook).

Georgia allows for current use assessment for certain classes of conservation property (e.g., farm and timber land), but generally property is assessed at 40 percent of fair market value. A notable recent change to property taxation in Georgia was the elimination of property taxes on motor vehicles.

**Figure GA-1**  
**Sources of Georgia Local General Revenue, 2019**



Source: U.S. Census via Significant Features of the Property Tax

## Property Tax Reliance

By most measures, property taxes in Georgia are lower than in other states. For example, Georgia ranks 33rd in per capita property taxes among the 50 states and DC (table GA-1).

**Table GA-1**  
**Selected Georgia Property Tax Statistics, 2019<sup>1</sup>**

|  | Georgia   | U.S. Average | Rank (of 51)<br><i>1 is highest</i> |
|--|-----------|--------------|-------------------------------------|
| Per capita property tax  | \$1,290   | \$1,758      | 33                                  |
| Property tax percentage of personal income                         | 2.7%      | 3.1%         | 32                                  |
| Total property tax as percentage of state-local revenue            | 16.8%     | 16.6%        | 19                                  |
| Median owner-occupied home value <sup>2</sup>                      | \$176,000 | \$217,500    | 31                                  |
| Median real estate taxes paid for owner-occupied home <sup>2</sup> | \$1,623   | \$2,471      | 33                                  |
| Effective tax rate, median owner-occupied home <sup>3</sup>        | 0.9%      | 1.1%         | 26                                  |

Sources: [U.S. Census via Significant Features of the Property Tax](#), American Community Survey

<sup>1</sup> All revenue numbers in this table include the state government as well as local governments.

<sup>2</sup> The statistics for [median owner-occupied home value](#) and [median real estate taxes paid for owner-occupied home](#) are five-year average statistics for years 2015-2019.

<sup>3</sup> Calculated as the median real estate tax paid on owner-occupied homes as a percent of the median owner-occupied home value.

## Administration and Assessment

Property is assessed annually at 40 percent of fair market value, with certain exceptions as noted below. With the exception of public utility property and certain railroad and airline equipment, assessments are conducted by the county board of tax assessors in each county (table GA-2). The state tax commissioner enforces uniformity in assessment.

Preferential assessment programs are available for conservation of homestead property in areas undergoing conversion to commercial use, for historic preservation, and as an incentive for developers to clean up brownfield property.

## Limits on Property Taxation

Limitations on property taxes in Georgia include rate caps on school taxes as well as limits on the rate of assessed value growth. School districts are restricted to a maximum millage rate of 20 mills, excluding amounts for debt service, unless a higher rate is approved by local referendum.

The only direct limitations on assessment growth are on a local option basis by referendum and apply at the individual parcel level to homestead property. Referred to as the Homestead Exemption Valuation Freeze, this exemption is currently offered by 36 of the state's 159 counties, in some cases with restrictions based on age or income (Georgia Department of Revenue).

The Georgia Taxpayer Bill of Rights, signed into law in 1999, may have an indirect constraining effect on assessment growth and on millage rates. First, the law strengthened property owners' rights in appealing assessment increases, placing the burden of proof on local authorities to justify increases on appeal and requiring them to pay the legal costs for owners who receive a 15 percent or larger reduction in assessment as a result of an appeal. Second, to prevent indirect tax increases, the Taxpayer Bill of Rights requires a rollback of local millage rates to offset inflationary growth of the tax base. Should the levying authority wish to set its millage rate above the rollback rate, it is first required to publicize its intent and to hold three public hearings at times and with notice requirements as specified in the law (Georgia Department of Revenue).

## **Property Tax Relief and Incentives**

Property that is exempted from the tax includes government property and certain property of religious institutions, nonprofit hospitals, and eligible charitable and veterans' organizations. In addition, homeowners are eligible for state and local homestead exemptions on their primary residence that vary in amount by county, with additional exemptions for seniors, disabled veterans, surviving spouses of U.S. service members killed in action, and peace officers and firefighters killed in the line of duty. Finally, counties and municipalities may elect, with the approval of the voters, to exempt certain inventories of goods in process and finished goods.

One general economic development incentive is the use of qualified enterprise zones, where local governments may authorize property tax exemptions to eligible businesses for up to 10 years. Local governments are also able to offer property tax relief for economic development purposes when projects are financed through industrial development bonds and a local development authority retains legal ownership of the property (Monacell 2007). Like most states, Georgia also employs tax increment finance and the districts are called Tax Allocation Districts.

The state also provides incentives through the property tax for conservation. Under certain conditions and limits, agricultural land, forest land, and certain environmentally sensitive land can be assessed based on its current-use value rather than fair market value. Alternatively, agricultural land may be assessed at a preferential rate of 30 percent of fair market value rather than the standard 40 percent.

**Table GA-2**  
**Georgia Property Tax Features, 2020**

| Feature  | Georgia | Count for 50 states plus DC |
|--|---------|-----------------------------|
| <a href="#">Statewide classification of real property</a>      | Yes     | 25                          |
| <a href="#">Assessment of property primarily by county</a>     | Yes     | 31                          |
| <a href="#">Limits on property tax rates or levies</a>         | Yes     | 45                          |
| <a href="#">Limits on the rate of growth of assessed value</a> | Yes     | 18                          |
| <a href="#">Circuit breaker property tax relief program</a>    | No      | 31                          |

Sources: Significant Features of the Property Tax

## Key Property Tax History

Although the general property tax was adopted in 1852, and a 1913 statute, the Georgia Equalization Tax Act, created the position of state tax commissioner to enforce uniform assessments, assessment practices remained inconsistent across the state in the mid-1960s (Hart 1918). A 1965 court decision required the tax commissioner to enforce statewide uniformity in assessments, while subsequent administrative reforms in 1972 consolidated assessment authority at the county level, required minimum levels of staffing and training for assessors and appraisers, and created county and state boards of equalization to hear and adjudicate assessment appeals (Sjoquist 2008).

The state homestead exemption was adopted in 1937, and narrower statewide exemptions (e.g., the exemption for disabled veterans) were adopted at various times since 1957. The year 1999 saw passage of the Taxpayer Bill of Rights as well as the Homeowner Tax Relief Credit, which extended homestead exemptions to county and school district taxes (a 2002 law extended it further to city taxes) with reimbursement from the state to local governments through annual appropriations. Preferential assessment of agricultural property was passed in 1983. Current use assessment was passed in 1991 for agricultural, environmentally sensitive, and transitional residential property and in 2008 for forest land.

Legislation passed in 2010 phased out the quarter mill state property tax levy over five years beginning January 1, 2012. In the 2012 legislative session, House Bill 386 created a new Title Ad Valorem Tax to replace all annual state and local property taxes on motor vehicles purchased after February 2013 with a one-time tax at the time of purchase or first registration of a motor vehicle in Georgia.

## Recent Developments

In 2018, Georgia voters passed a constitutional amendment and two legislatively referred referenda related to property taxation. Amendment 3 (House Resolution 51) created a new subclass for timberland property and authorized the legislature to alter the formula used to value forest land. Referendum A (House Bill 820) authorized a homestead exemption for Atlanta that would exempt taxes on any increase in value over 2.6 percent per year (Collins et al. 2019). Referendum B (House Bill 196) explicitly extended property tax exemptions to nonprofit homes for the mentally disabled even if a business corporation finances construction or renovation of a home. A 2020 ballot measure authorized the exemption of property used by charitable organizations to build or repair single family homes as long as the qualifying nonprofit provides interest-free financing to homebuyers (Referendum A of 2020).

Georgia enacted property tax legislation in 2020 and 2021 to respond to challenges presented by the Covid-19 pandemic. Senate Bill 410 adopted in 2020 allows virtual hearings for property tax appeals; the law permits the board of equalization to conduct hearings by audio or visual teleconferencing or other media. House Bill 451, enacted in 2021, allows manufacturers eligible for inventory tax exemption under the Level 1 Freeport Exemption in 2021 to claim the value of finished goods inventory as of either January 2020 or January 2021.

When a taxpayer successfully appeals an assessment, Georgia law freezes the assessment at the new value for three years (the current tax year and two subsequent years). State statute prohibits any assessment increase within this period unless “other material factors” are involved. In *Dekalb County Board of Assessors v. CWS SGAR Brookhaven and WRH Aztec, LLP*, the Georgia Court of Appeals ruled that changes in market value or real estate prices during the period do not constitute “other material factors,” upholding the three-year freeze (Miller 2020).

The Tax Cuts and Jobs Act of 2017 capped the federal income tax deduction for state and local taxes (SALT) at \$10,000. The effect of the cap was to increase the burden of state and local taxes paid (including property taxes) over \$10,000. After the IRS signaled it would permit entity-level taxes that allow owners of pass-through entities to receive a credit on individual tax returns allowing them to circumvent the federal State and Local Tax (SALT) cap, Georgia enacted entity tax legislation. House Bill 149 of 2021 gives qualifying business owners the option to pay taxes on earned income at the entity level to circumvent the SALT cap.

## Resources

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## Publication Date

June 2021, data updated February 2022