

Mayor

Derek Easterling

City Manager

Jeff Drobney, ICMA-CM

City Clerk

Lea Alvarez, CMC

**Council**

Madelyn Orochena

Tracey Viars

Pat Ferris

Antonio Jones

Anthony Gutierrez

City Council**Special Called Meeting Agenda**

January 27, 2025 6:00 PM

Council Chambers

(2529 J.O. Stephenson Avenue, Kennesaw, GA 30144)

Livestream: www.kennesaw-ga.gov/publicmeetings/

1. Call to Order**2. Public Hearing(s)****A. Public Hearing: Intent to Opt Out of Statewide Homestead Exemption**

First of three public hearings addressing the City of Kennesaw's intent to opt out of the statewide adjusted base year ad valorem homestead exemption pursuant to O.C.G.A § 48-5-44.2.

3. Adjourn



Item Report

TO: The Honorable Mayor and City Council

FROM: Jeff Drobney, City Manager, Jennifer Gordy, Assistant Finance Director

DATE: January 27, 2025

TITLE: **Public Hearing: Intent to Opt Out of Statewide Homestead Exemption**
First of three public hearings addressing the City of Kennesaw's intent to opt out of the statewide adjusted base year ad valorem homestead exemption pursuant to O.C.G.A § 48-5-44.2.

Summary:

The City of Kennesaw Mayor & Council intend to opt out of the statewide adjusted base year ad valorem homestead exemption for the City of Kennesaw. The dates of the public hearings were properly advertised in the Marietta Daily Journal on January 18 and 25, 2025. The second and third public hearings will take place on Monday, February 3, 2025, at 10:30 AM and 6:30 PM, respectively.

Recommendation:

Fiscal Impact:

Attachments:

1. HB 581 LPC Presentation COK (3)
2. RESOLUTION HB581 Opt-Out
3. 2025-01-18 Homestead Opt-Out Ad
4. Press Release Notice of Intent to Opt out of Homestead Exemption
5. Notice of Intent to Opt out of Homestead Exemption Advertisement #2

House Bill 581

Statewide Floating Homestead Exemption and FLOST

- Passed by House and Senate in 2024
- Signed into Law April 18th, 2024
- Referendum passed by voters November 2024

City of Kennesaw



Statewide Floating Homestead Exemption



Establishes a statewide "floating homestead" exemption based on a rate of inflation determined by DOR (Consumer Price Index)

- Requires approval through referendum in November 2024 (HR 1022); Applies to taxable years beginning in 2025 (approved by voters)
- Exemption allows assessment on homesteaded properties to only rise annually at the rate of inflation
- Property value resets with a sale or adjusts with "substantial property change"
- If your local government has an existing homestead exemption the taxpayer will receive the exemption that is more beneficial

How does HB 581 effect the current Homestead Float in Kennesaw



- There is no effect to the current homestead float in Kennesaw, Cobb County or the other cities in Cobb that currently have a floating homestead freeze
- Kennesaw's homestead float keeps the owner's primary residence property taxes from going up as a result of reassessments by increasing the amount of homestead exemption
- The increased exemption only applies to property taxes for the city general fund. It does not affect taxes for schools or bond indebtedness
- The exemption automatically renews annually as long as the owner continues to occupy the residence as his or her homestead. It terminates when the property is sold or otherwise no longer qualifies for homestead exemption
- In Kennesaw each home with a Floating Homestead has an established base year value which does not change unless some improvement is made to the property.

Implications (or options) for the City of Kennesaw



- Opt-in (we don't do anything):
 - General Fund float will remain the same
 - Bond remains the same
 - Only Homestead properties will be capped on increases
 - Significantly increased administrative burden with no benefit or change - Kennesaw property owners will continue to receive the more beneficial floating homestead exemption
- Opt-out:
 - General Fund float will remain the same
 - Bond remains the same
 - Only Homestead properties receive the current float
 - Kennesaw property owners will see no change and continue to receive the more beneficial floating homestead exemption

Let's compare...



Example of Current "Frozen" Homestead Exemption

Assumptions:

- Year 1 - Assessed Value of \$100,000
- Year 2 - Assessed Value increased to \$110,000 due to market changes
- Assessed Value increased every three years due to market changes
- Assuming an inflationary rate of 2%

Current "Frozen" Floating Homestead Exemption:				
Year	Assessed Value	Exemption	Frozen Base Year Value	Taxes Paid using current M&O millage rate of 7.75 MILLS
1	100,000	0	100,000	\$ 775.00
2	110,000	10,000	100,000	\$ 775.00
3	110,000	10,000	100,000	\$ 775.00
4	110,000	10,000	100,000	\$ 775.00
5	140,000	40,000	100,000	\$ 775.00
6	140,000	40,000	100,000	\$ 775.00
7	140,000	40,000	100,000	\$ 775.00
8	170,000	70,000	100,000	\$ 775.00
9	170,000	70,000	100,000	\$ 775.00
10	170,000	70,000	100,000	\$ 775.00
Total Taxes Paid over 10 Year Period:				\$ 7,750.00
Additional Taxes Paid under current "Frozen" Homestead				0.00

Let's compare...



Example of HB 581 "Adjustable" Floating Homestead Exemption

Assumptions:

- Year 1 - Assessed Value of \$100,000
- Year 2 - Assessed Value increased to \$110,000 due to market changes
- Assessed Value increased every three years due to market changes
- Assuming an inflationary rate of 2%

HB 581 "Adjustable" Floating Homestead Exemption:				
Year	Assessed Value	Exemption	Adjusted Base Year Value	Taxes Paid using current M&O millage rate of 7.75 MILLS
1	100,000	0	100,000	\$ 775.00
2	110,000	8,000	102,000	\$ 790.50
3	110,000	8,000	102,000	\$ 790.50
4	110,000	8,000	102,000	\$ 790.50
5	140,000	35,960	104,040	\$ 806.31
6	140,000	35,960	104,040	\$ 806.31
7	140,000	35,960	104,040	\$ 806.31
8	170,000	63,879	106,121	\$ 822.44
9	170,000	63,879	106,121	\$ 822.44
10	170,000	63,879	106,121	\$ 822.44
Total Taxes Paid over 10 Year Period:				\$ 8,032.74
Additional Taxes Paid Under HB 581				\$ 282.74

Recommendation



Staff recommendation is to **opt out** of HB 581 – staying in has no benefit for the Kennesaw tax-payers on their homestead property as our current Floating Homestead exemption with a property value “freeze” is always more beneficial.

Opt-out Proposed Timeline



- Formal Decision to Opt-out (January)
- Hold three required Public Hearings
 - 1st Hearing – prior to Council Work Session at 6:00 PM January 27th
 - 2nd Hearing – Special Called session at 10:30 AM February 3rd
 - 3rd Hearing – Council Meeting at 6:30 PM February 3rd
- Opt-out resolution filed with the Secretary of State by March 1, 2025

Questions?



**CITY OF KENNESAW
GEORGIA**

RESOLUTION NO. 2025-____, 2025

**RESOLUTION TO OPT OUT OF THE HOMESTEAD EXEMPTION PURSUANT TO
O.C.G.A § 48-5-44.2.**

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF KENNESAW, COBB COUNTY, GEORGIA, AS FOLLOWS:

WHEREAS, Georgia Code O.C.G.A. § 48-5-44.2, effective January 1, 2025, creates a statewide homestead exemption from ad valorem taxes levied by, for, or on behalf of the state or any county, consolidated government, municipality, or local school district in this state; and

WHEREAS, more specifically, O.C.G.A. § 48-5-44.2(i) authorizes the governing authority of any county, consolidated government, municipality, or school district to opt out of the homestead exemption otherwise granted with respect to such political subdivision through certain procedures and the adoption of a resolution by March 1, 2025; and

WHEREAS, the City of Kennesaw desires to opt out of the homestead exemption otherwise granted; and

WHEREAS, the City of Kennesaw has complied with the required procedures pursuant to O.C.G.A. § 48-5-44.2(i), including but not limited to, holding at least three public meetings on the intent to opt out and placing the required advertisement in a newspaper of general circulation and on its website as required.

NOW, THEREFORE, BE IT RESOLVED that the City of Kennesaw hereby opts out of the homestead exemption otherwise granted by O.C.G.A. § 48-5-44.2.

BE IT FURTHER RESOLVED, that this Resolution shall become effective upon its approval by the City Council of Kennesaw, Georgia.

BE IT FURTHER RESOLVED, that the City of Kennesaw City Clerk is hereby directed to provide a certified copy of this Resolution to the Georgia Secretary of State no later than March 1, 2025.

PASSED AND ADOPTED by the Kennesaw City Council on this ____ day of _____, 2025.

ATTEST:

CITY OF KENNESAW:

Lea Alvarez, City Clerk

Derek Easterling, Mayor

NOTICE OF INTENT TO OPT OUT OF HOMESTEAD EXEMPTION

The City of Kennesaw Mayor & Council intends to opt out of the statewide adjusted base year ad valorem homestead exemption for the City of Kennesaw.

All concerned citizens are invited to the public hearing on this matter to be held at Kennesaw City Hall Council Chambers located at 2529 J.O. Stephenson Avenue, Kennesaw, Georgia on Monday, January 27, 2025 at 6:00 PM.

Times and places of additional public hearings on this matter are at Kennesaw City Hall Council Chambers located at 2529 J.O. Stephenson Avenue, Kennesaw, Georgia on Monday, February 3, 2025 at 10:30 AM and 6:30 PM.

The City of Kennesaw's floating homestead exemption provides a greater benefit to the taxpayer than the new statewide adjusted base year ad valorem homestead exemption.

**PRESS RELEASE ANNOUNCING
NOTICE OF INTENT TO OPT OUT OF HOMESTEAD EXEMPTION**

The City of Kennesaw today announces its intention to opt out of the statewide adjusted base year ad valorem homestead exemption for the City of Kennesaw.

All concerned citizens are invited to the public hearings on this matter to be held at the City of Kennesaw Council Chambers located at 2529 J.O. Stephenson Avenue, Kennesaw, Georgia on January 27, 2025 at 6:00 PM and February 3, 2025 at 10:30 AM and 6:30 PM.

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