MINUTES OF SPECIAL CALLED CITY COUNCIL MEETING
CITY OF KENNESAW
Council Chambers
(2529 J.O. Stephenson Avenue, Kennesaw, GA 30144)

Livestream: www.kennesaw-ga.gov/publicmeetings/
January 27, 2025
6:00 PM

Present	Mayor Derek Easterling Mayor Pro Tem Pat Ferris Councilmember Madelyn Orochena Councilmember Tracey Viars Councilmember Antonio Jones Councilmember Anthony Gutierrez City Clerk Lea Alvarez City Manager Jeff Drobney City Attorney Randall Bentley, Sr.

1. Call to Order

Mayor Easterling called the meeting to order at 6:00 p.m.

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.

City Manager Jeff Drobney and Assistant Finance Director Jennifer Gordy shared a presentation regarding House Bill 581 for the Statewide Floating Homestead Exemption and FLOST [See **Exhibit A**]. Staff is recommending that the City of Kennesaw opt out of House Bill 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.

6:06 p.m. Floor Open for Public Comments

No comments.

6:07 p.m. Floor Closed for Public Comments

3. Adjourn

Mayor Easterling adjourned the meeting at 6:07 p.m. The second public hearing will be held at 10:30 a.m. on February 3, 2025, and the third public hearing will be held at 6:30 p.m. on February 3, 2025 in the Council Chambers. The public is encouraged to attend.

Lea Alvarez, City Clerk

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

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?

Names and Addresses will be disclosed in the Permanent Minutes of the City of Kennesaw

PLEASE MAKE SURE YOUR NAME IS LEGIBLE AND CLEAR

City Council Special Called Meeting

Intent to Opt Out of Homestead Tax Exemption

1/27/2025

Public Comment Sign-in

	Name	Address	Topic
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