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/
February 3, 2025
10:30 AM

Present	Mayor Derek Easterling Mayor Pro Tem Pat Ferris Councilmember Madelyn Orochena Councilmember Tracey Viars Councilmember Antonio Jones Deputy City Clerk Christie Burgner City Manager Jeff Drobney

1. Call to Order

Mayor Easterling called the meeting to order at 10:30 a.m.

2. Public Hearing(s)

A. **Public Hearing: Intent to Opt Out of Statewide Homestead Exemption**
Second 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 Dr. Jeff Drobney and Assistant City Finance Director Jennifer Gordy shared a presentation regarding House Bill (HB) 581 and the Statewide Floating Homestead Exemption and FLOST [See Exhibit A]. The City of Kennesaw's property value "freeze" is always more beneficial to residents than the "floating Homestead" in HB581. Therefore, staying in the program has no benefit for residents. Staff recommends to opt-out of HB581.

10:37 Floor open for Public Comment
There was no public comment.
10:38 Floor closed for Public Comment.

There was no comment from Council.

3. Adjourn

Mayor Pro Tem Ferris asked that Mayor Easterling state there is a quorum, although Councilmember Guiterrez was not in attendance. Mayor Easterling advised the meeting did have a quorum.

Mayor Easterling adjourned the meeting at 10:38 a.m. The third and final public hearing will be held February 3rd at the regularly scheduled council meeting at 6:30 p.m. in the Council Chambers. The public is encouraged to attend.

Exhibit A

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

Honoring Our Heritage - Forging Our Future
City of Kennesaw, GA

Exhibit A

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

Exhibit A

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.

Exhibit A

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 <u>Homestead</u> 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 <u>Homestead</u> properties receive the current float
  - Kennesaw property owners will see no change and continue to receive the more beneficial floating homestead exemption

Exhibit A

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**

Exhibit A

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**

Exhibit A

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.

Exhibit A

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

Exhibit A

Questions?