City of Flowery Branch
Special Called City Council Meeting
Thursday, February 13, 2025, 8:30 AM
City of Flowery Branch City Hall
5410 Pine Street, Flowery Branch, GA 30542

CALL TO ORDER:

Mayor Asbridge called the meeting to order at 8:32 a.m.

Present: Mayor Asbridge and Council Members Joe Anglin, Oliver McClellan, Joseph Mezzanotte, and Chris Mundy.

Also present were City Manager Tonya Parrish, City Clerk Shelia Cooper, Finance Director Matthew Hamby.

Absent: Council Member William McDaniel

PLEDGE OF ALLEGIANCE:

Mayor Asbridge led the Pledge of Allegiance.

ADOPTION OF AGENDA:

There was a motion made to adopt the agenda as presented.

MOTION: Chris Mundy
SECOND: Oliver McClellan
AYES: Joe Anglin, Oliver McClellan, Joseph Mezzanotte, Chris Mundy
NAYS: None
Motion carried

PUBLIC HEARING:

House Bill 581

City Manager Parrish presented a public hearing on House Bill 581 (HB581) by giving an overview of the bill. The Georgia Legislature approved HB581 during the 2024 session. The legislation required a statewide referendum. Voters approved the measure in the November 2024 election. This places a limit on the assessed value of homestead properties. HB581 enacts a statewide floating homestead exemption. Cities can decide to "opt out" of offering the exemption.

The referendum language that voters saw on the November 2024 voting ballot: *Shall the Constitution of Georgia be amended so as to authorize the General Assembly to provide by general law for a state-wide homestead exemption that serves to limit increases in the assessed value of homesteads, but which any county, consolidated government, municipality, or local school system may opt out of upon the completion of certain procedures?*

Each city, as well as county, has an opt-out provision. This comes with advertising requirements and three public hearings must be conducted. If you don't opt-out, you are automatically opted-in. The opt-out must be completed and certified by the Georgia Secretary of State by March 1, 2025. This does not mean taxes automatically increase if opted out. Millage rates may still be rolled back or lowered as needed by Council. This does not have any effect on existing senior citizen school tax exemptions.

Statewide Floating Homestead Exemption imposes an annual limit on value increases on properties with a homestead exemption, but it must be occupied by the owner. The annual limit is set by the Georgia Department of Revenue and is tied to inflation. The taxable value of a home resets when the property is sold, or significant improvements are completed.

HB581 also provides a possible FLOST Tax (Floating Local Option Sales Tax) as a means of recouping the revenue lost by the value limitations. This would have to be approved by the voters. If either the county, or even one city within the county that levies a property tax does not have a floating homestead exemption (either the one created by this bill, or a pre-existing one), then the county and all cities within the county are disqualified from the FLOST tax. It is an all or none deal.

Flowery Branch's initial cost would be approximately $59,098 in year one. The numbers used for estimation were taken from the Governor Homestead Exemption in 2023. It would increase each year as market conditions change. In a decade, it could easily equal just under one million dollars per year. Tax loss burdens would then shift to commercial properties including small businesses and rental properties. City Councils of the future may be placed in a precarious position each year to raise the millage rate to maintain service levels, much less increase service levels. Over time, home values will still become largely out of sync with actual values. Twenty years in the future a home value may have moved 3% (or less) per year meaning that longer-term homeowners may end up paying far less in property tax than a homeowner that just bought a home at market rate, creating an inequity when it comes to paying for services. Future borrowing for infrastructure may be more costly as each time a bond is issued a rating agency "grades" the government's ability or likelihood to be able to appropriately levy a tax to ensure obligations are met. If artificial value caps are placed and raising millage rates are deemed more cumbersome, that will almost certainly factor into the grading, hence a potential slightly higher interest rate at issuance. Opting in is a decision that permanently cedes some taxing authority to the State rules.

The financial impact on the City of Flowery Branch from 2016 to 2024:

- The value of homesteaded properties increased on average by 10.14%.
- The value of non-homesteaded properties increased on average by 11.06%.
- The Consumer Price Index (CPI) from 2016-2024 averaged 3.41% growth.

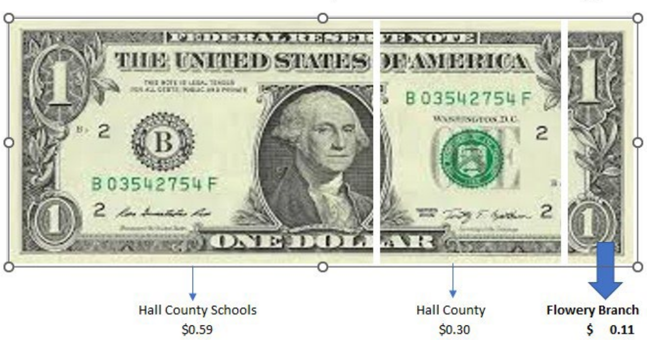
Director Hamby presented detailed financial impacts of House Bill 581.

Individual Home Example
Opting Out vs Opting In

Differences by Year	
2021	$ -
2022	$ 51.33
2023	$ 129.86
2024	$ 160.50
Total (2015 - 2024)	$ 341.68
2206 (# of 2023 Homestead Exempt Properties)	$ 753,746.89
Total # of Homestead Exempt Properties in Tax Year 2023: 2206	

WHERE DO MY TAXES GO?

YOUR TAX DOLLAR BREAKDOWN
A Quick-Look Summary of your Tax Dollar Breakdown by Governmental Entity for Tax Year 2023.



Council held a discussion throughout the entire public hearing with City Manager Parrish and Director Hamby.

There being no one in favor and no one in opposition, Mayor Asbridge closed the public hearing at 9:33 a.m.

EXECUTIVE SESSION: There was no executive session held.

ADJOURNMENT:

There was a motion made to adjourn the meeting at 9:34 a.m.

MOTION: Joe Anglin
SECOND: Chris Mundy
AYES: Joe Anglin, Oliver McClellan, Joseph Mezzanotte, Chris Mundy
NAYS: None
Motion carried

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Edward R. Asbridge, Mayor	Date	Shelia Cooper, City Clerk