



SB 33: The “Homeownership Opportunity and Market Equalization Act of 2026”

Senate Bill 33 passed during the 2026 legislative session, known as the Homeownership Opportunity and Market Equalization Act or “H.O.M.E. Act” of 2026, aims to help lower the property tax burden on homesteaded properties in Georgia. The bill accomplishes this through two primary mechanisms: (1) applying the statewide floating homestead exemption created by HB 581 to all local governments and school districts, and (2) creating a new 1 percent Local Homestead Option Sales Tax (LHOST) to fund homestead property tax relief at the county and municipal level. The bill became effective May 11, 2026.

This guide will provide an overview of the provisions of SB 33 which impact municipalities.

1. FLOST Revisions (Section 2-1)

SB 33 adjusts the timing of how FLOST revenue is applied to property tax relief. Funds collected before July 1 in a given year reduce property taxes that same year. Funds collected on or after July 1 go toward relief in the following year.

2. “LHOST” Creation (Section 2-3)

The bill creates a new local option sales tax, the Local Homestead Option Sales Tax (LHOST), the proceeds of which are used to fund homestead property tax exemptions from county and municipal ad valorem taxes.

Eligible Local Governments

To be eligible to participate in the LHOST a county, consolidated local government, or municipality must follow the necessary process provided in statute and must have levied and derived revenue from property tax on homestead property at a net millage rate greater than zero in the preceding year. In practical terms, a municipality may only participate if it levied and collected property taxes on homestead property during the preceding year.

Interaction with Other Sales Taxes

The LHOST is subject to the overall 9 percent limitation on the sales tax rate, which includes a 5 percent local sales tax limit. Because the LHOST must be imposed at the full 1 percent rate, it cannot be levied in any jurisdiction where doing so would exceed the statutory local sales tax cap. In addition, LHOST cannot be collected in jurisdictions that already levy an OLOST, CSPLOST, MOST, or FLOST.

A county which contains a city which collects the MOST may still collect the LHOST for the benefit of the county and other cities therein. The LHOST would not be collected within the boundaries of the city collecting the MOST and the city would not receive LHOST revenue.

Process to Implement the LHOST

Unlike most local sales taxes, implementation of the LHOST also requires creation of a corresponding homestead exemption. Because a homestead exemption is also being created, the process in Article VII Section II of the Georgia Constitution must be followed for the county and each city that participates. This requires a local act passed by a 2/3 vote of the general assembly and approval through a referendum.

Important Note: The county's local act and referendum create the county homestead exemption and authorize collection of the LHOST countywide. A municipality that wishes to provide a municipal homestead exemption funded by LHOST proceeds must separately obtain its own local act and voter approval. Municipal participation is therefore optional and may occur after the county has already adopted the tax, but if a city creates a municipal homestead exemption before the county does, there will be no sales tax proceeds to fund the exemption.

Broken down:

The county local act and referendum create the county homestead exemption and authorize collection of the LHOST countywide.
Each municipal local act and referendum create that municipality's homestead exemption and authorize the municipality to receive LHOST proceeds.

Current statute provides that the earliest an LHOST may be collected is January 1, 2028.

Sales Tax Rate and Term

The LHOST must be levied at 1 percent and runs for a period not to exceed ten years.

Use of LHOST Revenue

LHOST revenue is used to fund homestead exemptions from municipal and county property tax. Unlike many other sales taxes the distribution is determined by formula in statute.

Each year, the county tax commissioner will calculate a uniform exemption amount that can be applied to every qualifying homestead in the county based on the amount of LHOST revenue available in the trust fund as of August 1. If available LHOST revenue exceeds the amount necessary to eliminate all county and participating municipal homestead property taxes, the excess revenue will be distributed to participating local governments and used to reduce net millage rates by an equal percentage.

Each participating local government is required to submit their adopted millage rate to the county tax commissioner by September 1 of each year.

Annually, each taxpayer's ad valorem property tax bill will reflect the gross tax savings as a result of the homestead exemption provided. In the event of excess revenue beyond what is necessary to exempt all homestead property tax, the tax bill will also reflect the taxpayer's gross tax savings as a result of the millage rate reduction.

Within 30 days after a participating local government's property tax bills are mailed, the county must distribute LHOST proceeds from the trust fund in an amount sufficient to reimburse that government for revenue lost due to the homestead exemption and, if applicable, any required millage rate reduction.

LHOST vs. FLOST

Designed as alternative sales taxes, the LHOST and FLOST are similar in their purpose of replacing property tax revenue with sales tax, but differ in key ways. As mentioned above, the LHOST and the FLOST statutorily may not both be levied simultaneously.

While both sales taxes provide property tax relief, the LHOST prioritizes homestead properties by providing these properties an exemption first, with general property tax rollback only if excess funds exist. Comparatively, all FLOST revenue is used for general property tax relief, rolling back the millage rate applicable to all properties in the jurisdiction.

The LHOST distribution is determined by a statute in formula which provides an equal exemption to all homestead property and then an equal percentage reduction in millage rate. The FLOST distribution is determined by an intergovernmental agreement between the county and cities representing at least fifty percent of the county's municipal population. Distribution is entirely based on negotiation without formula or criteria.

Finally, the LHOST is implemented through local legislation and voter approval rather than through an intergovernmental agreement. The LHOST does not require any action by the participating local governments before the local legislation is introduced. The FLOST instead is initiated by an intergovernmental agreement between the county and cities representing at least fifty percent of the county's municipal population calling for the referendum to approve the tax.

Key Takeaways for Municipal Officials Considering LHOST:

- Participation is limited to jurisdictions that levy and collect property taxes on homestead property.
- LHOST and FLOST cannot be imposed simultaneously.
- LHOST requires local legislation and voter approval.
- County and municipal participation are separate decisions.
- LHOST provides relief to homestead properties first, with general millage reductions occurring only if excess revenue exists.
- The earliest collection date of sales tax proceeds is January 1, 2028.
- GMA is advising cities to work with their counties and local delegations and review their taxes, finances, and digest to determine if either tax is appropriate for their community.

3. Reduction in Sales Tax Referendum Dates (Section 4-1)

The bill revises the dates in which local governments may present to the voters a referendum question to approve a sales tax. Referendums may be held in odd years on the third Tuesday in March or the Tuesday after the first Monday in November. In even years, referendums may be held on the date of the general primary in May or the Tuesday after the first Monday in November.

This change effectively eliminates the presidential preference primary as an eligible date for sales tax referendums.

4. Applies Statewide Floating Homestead Exemption to All Jurisdictions (Section 5-1)

The bill eliminates all provisions in law pertaining to a local government's ability to "opt out" of the statewide floating homestead exemption created by House Bill 581 (2024). This effectively will now apply the statewide floating homestead exemption to each municipality, county, and school board that had previously opted out. For these jurisdictions, the base year established will be 2026 and the first year the homestead exemption will be effective will be 2027.

Key Facts Concerning the Statewide Floating Homestead Exemption:

- The statewide floating homestead exemption limits annual increases in the taxable assessed value of homestead property to the rate of inflation
- The exemption only applies to homestead property and has no impact on commercial properties
- The value of the property is reset to fair market value for taxable purposes upon sale and any substantial improvements to the property are added to the value

Additional obligations associated with an out-out have also been eliminated such as the requirement to opt out again or provide a disclosure on the tax bill of the opt out.

5. Municipal Revision and Assessment of Digest (Section 5-2)

The bill includes language also requiring municipalities and school boards to complete revision and assessment of property tax returns by July 1 each year.

GMA is awaiting official DOR guidance on this provision but currently does not interpret any additional responsibility on municipalities.

6. Safe Harbor Provision for Inadvertent Homestead Exemption (Section 5-3)

This provision provides that there is no ability to collect back taxes from individuals who were inadvertently provided a homestead exemption when there is no evidence of intentional misrepresentation or fraudulent act.