



Local Homestead Option Sales Tax (LHOST) Guidance

Created under [Senate Bill 33 \(2026\)](#), the Local Homestead Option Sales Tax (LHOST), provides for a county-wide 1 percent sales tax to offset a homestead exemption from municipal and county ad valorem property tax.

This guide will provide an overview of the LHOST statute including the process for implementation and key considerations for municipal officials. The guide concludes with Frequently Asked Questions regarding the LHOST and a model local Act for municipalities.

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. The LHOST requires:

- A local Act (following advertisement) approved by two-thirds of the members of the House of Representatives and Senate; and
- Approval through a referendum in the local jurisdiction.

1. Advertisement of Local Act

Prior to the introduction of the local Act, the advertisement requirements of O.C.G.A. § 28-1-14¹ must be met. Below is a sample advertisement for the introduction of a local Act creating the necessary homestead exemption:

“NOTICE OF INTENTION TO INTRODUCE LOCAL LEGISLATION

Notice is given that there will be introduced at the 2026 special session of the General Assembly of Georgia a bill to provide a homestead exemption from City of _____ ad valorem taxes for municipal purposes; and for other purposes.”

2. Local Act by the General Assembly

O.C.G.A. § 48-8-109.52(c) outlines the necessary elements of a local Act to initiate the LHOST. The local Act may be introduced by a member of the local legislative delegation representing the city and may be introduced in the House of Representative or the Senate. As the local Act creates a homestead exemption it will require approval by 2/3 vote in both the House and the Senate.

A sample municipal local Act is included within this guide.

3. Approval through Referendum

Finally, the LHOST exemption must be approved through referendum by voters of the jurisdiction. County-wide voters will be asked to approve the county homestead exemption and the collection of the sales tax while city voters will be asked to approve the municipal homestead exemption. Cities should work with their election supervisors to ensure procedure to meet election dates is followed. Eligible election dates may be found in O.C.G.A § 21-2-540(c).

If approved by voters, the LHOST will begin being collected on January 1 of the following year. Current statute provides that the earliest an LHOST may be collected is January 1, 2028.

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

¹ O.C.G.A. § 28-1-14(a): “No local bill shall become law unless notice of the intention to introduce such bill shall have been advertised in the newspaper in which the sheriff’s advertisements for the locality affected are published one time before the bill is introduced. Such advertisement must be not more than 60 days prior to the convening date of the session at which the bill is introduced. After the advertisement has been published the bill may be introduced at any time during that session unless the advertisement is published during the session, in which event the bill may not be introduced before Monday of the calendar week following the week in which the advertisement is published.”

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.

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, similar to the state Homeowner Tax Relief Grants (HTRGs). 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.

Key Consideration for Municipal Officials

Fundamentally both FLOST and LHOST all for a shift in revenue to fund municipal operation from property tax to sales tax. A city should consider whether they are interested funding government through more sales tax and less property tax. If so, then cities should consider whether the tax relief should be provided for all properties (FLOST) or should be focused on homeowners first (LHOST).

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.

LHOST Frequently Asked Questions (FAQs)

1. What local governments are eligible to participate in the LHOST?

The LHOST is limited to counties and cities that fit the definition as an “eligible local government” in the statute. To be eligible, the county or city must follow the necessary procedure to obtain the required homestead exemption 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.

2. What does a city need to do to obtain a LHOST?

No city action is technically required to initiate a LHOST. Instead, the city’s local legislative delegation makes the ultimate decision of whether to proceed with a LHOST by passing a local Act through the General Assembly. A local Act is needed for the county and each participating city. Cities are encouraged to discuss the LHOST with their legislative delegation and share their opinions on this tax. A local Act will be required which requires advertising the introduction of local legislation. For the June 2026 Special Session, this is time sensitive.

3. How is the process to obtain an LHOST different from the FLOST?

For an LHOST to be collected, a local act must be passed, and a referendum held for the county and each participating city. No, action by the county or municipalities is needed. Instead, under the FLOST an IGA between the county and cities representing 50% of the municipal population is required before the referendum.

4. How are the funds distributed under the LHOST compared to the FLOST?

LHOST funds are utilized based on a formula in statute. The amount of funds annually determines an amount exempted off each homestead in the county for county tax purposes and participating municipal tax purposes. The local governments are then refunded the amount on revenue lost from the exemption. FLOST fund distribution instead is entirely determined by the IGA between the county and cities that initiates the tax.

5. What should my city do if the local delegation is pushing forward a local Act for the county?

If a local Act is being proposed by the county, the municipality should determine whether they are interested in participating in the LHOST as well. Regardless of city

decision, if the county local Act is passed and the referendum approved, the LHOST will be collected county-wide and county homeowners will receive the exemption from their county property taxes. If a city wishes to participate, they will need a local Act specific for the city and approval through referendum of city voters. City homeowners will then receive an exemption off their county property taxes and their city property taxes funded by the sales tax.

6. What happens if my county approves the LHOST but my city does not?

If the county approved the LHOST but a city does not, the LHOST will still be collected county-wide and each homeowner in the county will annually receive an exemption from only their county property taxes. City homeowners will only see an exemption from their city property taxes after the city obtains a local Act and referendum approval. A city does not need to approve the LHOST at the same time as the county and is eligible to join in the LHOST any year during the ten year period it is in place.

7. What happens if the county approves an LHOST but the city referendum fails?

What if the city's is approved but not the county's?

If the county approves the LHOST but the city's referendum fails, the homestead exemption will not be provided to city homeowners for city property taxes. The tax will still be collected county-wide and the exemption will be provided from county property taxes and city property taxes where the exemption was approved.

If the city's referendum is approved but the county's fails, the tax will not be collected and the homestead exemption will not be provided. Only after the approval of the county referendum can the tax begin and the homestead exemptions apply and be funded.

8. Can my city proceed with the FLOST if the county does the LHOST?

No. The FLOST and the LHOST can not be collected at the same time in a county. Both taxes must be collected county-wide and there is no mechanism to separate the taxes between the county and cities. The collection of the FLOST blocks the LHOST and the collection of the LHOST blocks the FLOST.

9. How is the tax relief under the LHOST different from the FLOST?

Under LHOST, homestead property tax is prioritized first. The tax funds an exemption from property tax for homestead properties first. Only if all tax liability for homestead properties county-wide is exempted then excess funds are provided to local governments to reduced their millage rate for property tax relief on non-homesteaded properties.

Under FLOST, funds are distributed to each participating local government based on the IGA and general property tax relief is provided. Funds are used to reduced the government’s millage rate to reduce the property tax burden on all properties – homestead, commercial, rental, etc.

10. When will the LHOST begin being collected and when will tax relief be provided?

The LHOST will begin being collected on January 1 of the year following the approval of the county’s referendum but no earlier than January 1, 2028. Property tax relief will be provided in the year the tax begins for county homeowners and city homeowners if their municipality obtained the local Act and approval through referendum.

Generic Municipal LHOST Local Act

A BILL TO BE ENTITLED

AN ACT

1 To provide a homestead exemption from _____ ad valorem taxes for municipal purposes
2 in the amount of the assessed value of the homestead property determined annually for the
3 special district based upon the proceeds of a Local Homestead Option Sales Tax (LHOST)
4 imposed within the special district coterminous with _____ County; to provide for
5 definitions; to specify the terms and conditions of the exemption and the procedures
6 relating thereto; to provide for applicability; to provide for compliance with constitutional
7 requirements and the provisions of Article 2C of Chapter 8 of Title 48 of the Official Code
8 of Georgia Annotated; to provide for a referendum, effective dates, automatic repeal,
9 mandatory execution of election, and judicial remedies regarding failure to comply; to
10 provide for related matters; to repeal conflicting laws; and for other purposes.

11

12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

13

14

SECTION 1.

15 (a) As used in this Act, the term:

16 (1) "Ad valorem taxes for _____ municipal purposes" means all ad valorem taxes
17 imposed by the governing authority of _____ for all purposes.¹

18 (2) "Homestead property" shall have the same meaning as provided in Code Section 48-
19 8-109.50 of the O.C.G.A.²

¹ Code Section 48-8-109.52(c)(3).

² Code Section 48-8-109.50(b)(2).

20 (3) "Local Homestead Option Sales Tax" or "LHOST" means the special sales and use
21 tax established under Article 2C of Chapter 8 of Title 48 of the O.C.G.A.³

22 (4) "Special district of _____ County" means the special district conterminous with
23 _____ County which was established by Code Section 48-8-109.51 of the O.C.G.A.

24 (5) "Local tax official" means the tax official charged with the duty of receiving
25 applications for homestead exemptions for _____.

26 (b) Each resident of the special district is granted an exemption from ad valorem taxes for
27 _____ municipal purposes on such person's homestead property within the special
28 district of _____ County in the amount of the assessed value of such homestead property
29 as is determined annually in accordance with Code Section 48-8-109.57 of the O.C.G.A.
30 for the special district of _____ County based upon the net proceeds of the LHOST
31 collected within the special district of _____ County. The value of such property in excess
32 of such exempted amount shall remain subject to taxation.

33 (c) A person shall not receive the homestead exemption granted by subsection (b) of this
34 section unless such person or person's agent files an application with the local tax official
35 giving such information relative to receiving such exemption as will enable the local tax
36 official to make a determination regarding the initial and continuing eligibility of such
37 person for such exemption; provided, however, any person who previously applied for
38 another homestead exemption from ad valorem taxes imposed by _____, was allowed
39 such homestead exemption for the immediately preceding tax year, and remains eligible
40 for such homestead exemption for that same homestead property in the current tax year
41 shall be allowed the exemption granted under subsection (b) of this section for that
42 homestead without the application otherwise required by this subsection. The local tax
43 official shall provide application forms for the purposes of this subsection.

44 (d) The exemption shall be claimed and returned as provided in Code Section 48-5-50.1
45 of the O.C.G.A. Once granted to a person, the exemption shall be automatically renewed
46 from year to year without application so long as the person granted the homestead

³ Code Section 48-8-109.52(a).

47 exemption under subsection (b) of this section occupies such residence as a homestead and
48 otherwise remains eligible for such exemption. It shall be the duty of any person granted
49 the homestead exemption under subsection (b) of this section to notify the local tax official
50 in the event that such person for any reason becomes ineligible for such exemption.

51 (e) In accordance with the provisions of subsection (c) of Code Section 48-8-109.52 of the
52 O.C.G.A., the exemption granted by subsection (b) of this section:

- 53 (1) Shall not apply to or affect any taxes other than ad valorem taxes for _____
54 municipal purposes.⁴
- 55 (2) Shall only apply to those portions of real property located within the special
56 district of _____ County.⁵
- 57 (3) Shall be in addition to and not in lieu of any other homestead exemption
58 applicable to ad valorem taxes for _____ municipal purposes.⁶
- 59 (4) The exemption granted by subsection (b) of this section shall apply to all taxable
60 years beginning on or after January 1, 20____.⁷

61

62 **SECTION 2.**

63 In accordance with the requirements of Article VII, Section II of the Constitution of the
64 State of Georgia, this Act shall not become law unless it receives the requisite two-thirds'
65 majority vote in both the Senate and the House of Representatives.⁸

66

67 **SECTION 3.**

68 (a) The election superintendent of _____ shall call and conduct an election as provided
69 in this section for the purpose of submitting this Act to the electors of _____ for approval
70 or rejection. The election superintendent shall conduct that election on

⁴ Code Section 48-8-109.52(c)(7).

⁵ Code Section 48-8-109.52(c)(6).

⁶ Code Section 48-8-109.52(c)(4).

⁷ Code Section 48-8-109.52(c)(5); During the 2026 Special Session, 2027 may legally be used here; however, unless there is a change to state law, there will be no collections to be used in 2027.

⁸ Code Section 48-8-109.52(c)(1).

71 _____,⁹ and shall issue the call and conduct that election
72 as provided by general law. The election superintendent shall cause the date and purpose
73 of the election to be published once a week for two weeks immediately preceding the date
74 thereof in the official organ of _____. The ballot shall have written or printed thereon
75 the words:

76 " () YES Shall the Act be approved which provides a homestead exemption
77 from _____ ad valorem taxes for municipal purposes in an amount
78 () NO of the assessed value of the homestead property as is determined annually
79 using the proceeds of the Local Homestead Option Sales Tax imposed within
80 the special district of _____ County?"

81 (b) All persons desiring to vote for approval of the Act shall vote "Yes," and all persons
82 desiring to vote for rejection of the Act shall vote "No." If more than one-half of the votes
83 cast on such question are for approval of the Act, Section 1 of this Act shall become of full
84 force and effect on January 1, 20 _____. If the Act is not so approved or if the election is
85 not conducted as provided in this section, Section 1 of this Act shall not become effective,
86 and this Act shall be automatically repealed on the 365th calendar day following the
87 election date provided for in this section. The expense of such election shall be borne by
88 _____. It shall be the election superintendent's duty to certify the result thereof to
89 the Secretary of State.

90 (c) The provisions of this section shall be mandatory upon the election superintendent and
91 are not intended as directory. If the election superintendent fails or refuses to comply with
92 this section, any elector of _____ may apply for a writ of mandamus to compel the
93 election superintendent to perform his or her duties under this section. If the court finds
94 that the election superintendent has not complied with this section, the court shall fashion
95 appropriate relief requiring the election superintendent to call and conduct such election on
96 the date required by this section or on the next date authorized for special elections
97 provided for in Code Section 21-2-540 of the O.C.G.A.

⁹ Select available date for a municipal referendum to present a special question to the voters; See Code Section 21-2-540(c).

98

SECTION 4.

99 Except as otherwise provided in Section 3 of this Act, this Act shall become effective upon
100 its approval by the Governor or upon its becoming law without such approval.

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102

SECTION 5.

103 All laws and parts of laws in conflict with this Act are repealed.