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Before it even started...

- Senate: Income Tax Focus
- House: Property Tax Focus
- Pre-session meetings:
 - Shaw Blackmon
 - Speaker Burns
- **Speaker Burns**
 - January 28, 2026
 - Capitol Steps
 - **ALL REPUBLICAN REPS**
 - **Eliminate homestead tax**
 - **Bill introduced January 29**

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From the Beginning...

- **Senate Property Tax Proposal: SB 382**
 - Chairman Chuck Hufstetler
 - Remove opt out of HB 581, bringing everyone into the floating homestead exemption and FLOST eligible
- **House Property Tax Proposal: HR 1114 & HB 1116**
 - Chairman Shaw Blackmon
 - Elimination of all Homestead Property Tax by 2032

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SB 382

As passed Senate

- Makes HB 581 mandatory for all local governments
- Allows local governments to use tax proceeds from the prior taxable year or through June 30 of the current taxable year for the roll-back rate



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HR 1114

House Ways & Means Committee Sub

- Provides for local homestead option sales tax (LHOST) at no more than 2% for schools and **no more than 3% for county and city split (Taking 1 percent from county/city)**
- Exemption from **all homestead property taxes by Jan. 1, 2032** regardless of whether a local government has enacted a LHOST
- Authorizes the issuance and collection of local finance assessments



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HR 1114

House Ways & Means Committee Sub (Died on House Floor)

- Reduces the **assessed valuation of homestead property from 40% to 10%**
- Proceeds from sales taxes collected on high-technology data centers may be dedicated to fund the grants
- Provides for local homestead option sales tax (LHOST) at no more than 2% for schools and **no more than 3% for local governments (Taking 1% from county/city)**



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HB 1116

As Introduced to Ways & Means

- Constitutional amendment needed
- Provides exemption from all city, county, state and school property taxes on the value of the homestead property over five years reaching \$60,000
- LHOST used to provide property tax relief
- **3% revenue cap after Jan. 1, 2032**
 - If the local government's budget exceeds the 3% cap, it must be approved by local voter referendum



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HB 1116

House Ways & Means Committee Sub

- Constitutional Amendment still needed
- **Fully exempted homestead property tax by Jan. 1, 2032**
- **Schools are allowed first right of refusal of additional 1%** of local sales taxes collected
- Creates LHOST to fund exemption – 2% for school systems and up to 3% for local governments
 - Keeps sales tax cap at 5%
 - **Redirects all sales tax to fund exemption, eliminates 1% county/city sales tax**
- Issuance and collection of local finance assessments for services and capital
 - Referendums or Local Acts Required
- **Revenue Caps**



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HB 1116

House Ways & Means Committee Sub

- Constitutional amendment still needed
- Reduces assessment of homestead property by **3% until 2037**, when properties would be **assessed at 10% of FMV**
- Requires to DOR to publish point-of-sale data
- Revises local sales tax cap to 5% beginning July 1, 2027, excluding MARTA
- **Forced conversion of LOST and HOSTs to LHOST as of Jan. 1, 2028**
- Creates a school local homestead option sales tax (S-LHOST) for schools and a municipal homestead option sales tax (M-HOST) for cities



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HB 1116

As Passed House (Rules Committee Sub)

- Following constitutional amendment failing....
- **Force conversion of LOST and HOSTs to LHOST for homestead first, and then general rollback**
- **Annual Revenue Caps for local governments – 3% or CPI**
- Direct Mailing to each property owner in jurisdiction if rollback rate is exceeded
 - Refunds provided if process isn't followed



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HB 1116

Senate Version – Brought to committee, Hearing Only

- Makes HB 581 mandatory for all local governments
- Forced LOST and HOST conversion to LHOST
- Optional Addition of FLOST
- Revenue Caps – 3% or CPI
- Direct Mailing if rollback is exceeded



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HB 1116

As passed Senate Committee

- Keeps LOST intact – Optional LHOST with local act and referendum
- Revenue caps – 3% or CPI
- Direct mailing if rollback rate is exceeded
- NOA revisions removed (SB 566 Passed)



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SB 382

First House Ways & Means Committee Sub

- Force conversion of LOST and HOSTs to LHOST for homestead first, and then general rollback
- Makes HB 581 mandatory for all local governments — Protect local floats*
- Allows for **FLOST by referendum (LOST replacement)**
- Revenue Caps – 3% or CPI
- Direct Mailing if rollback rate is exceeded



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SB 382

Second House Ways & Means Committee Sub

- Eliminates the HB 581 floating homestead exemption
- **Replaces floating exemption with phase down of assessed value (cutting by 50%)**
- Allows for **FLOST by Referendum** to replace lost revenue from homestead exemption
- Requires DOR to collect point-of-sale data
- Revenue Caps – 3% or CPI
- Direct Mailing if rollback rate exceeded



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Going into Sine Die• **SB 382**

- Eliminate floating homestead exemption, phase down of assessed value to 50%
- Replacement revenue from FLOST
- Revenue Caps
- Direct Mailing

• **HB 1116**

- Optional LHOST
- Mandatory HB 581 floating homestead exemption
- Revenue Caps
- Direct Mailing



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Sine Die Drama

So what is SB 33?

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Sine Die Drama

- HB 1116 subbed in House with Senate's preferred language
 - Passed House on party-line vote
- HB 1116 defeated on Senate floor
 - 24 Yes and 28 No (8 Republican defections)
- SB 33 introduced and passed as Senate floor amendment
 - Prior version of 1116 with revenue caps and direct mailing eliminated
- SB 33 sent to House at "take-it-or-leave-it" option
- SB 33 passes House on party-line vote



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SB 33

- Change dates for FLOST revenue application
- LHOST created as option (local act required)
- HB 581 "opt out" eliminated – homestead exemption (cap) applies to all
- No revenue caps
- No direct mail requirement



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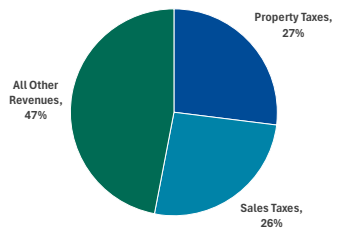
Local Governments Under Threat

Property Tax Matters

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How Cities Pay for Services

MUNICIPAL REVENUE, FY2024

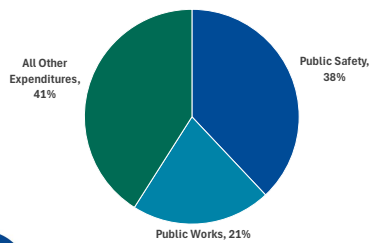


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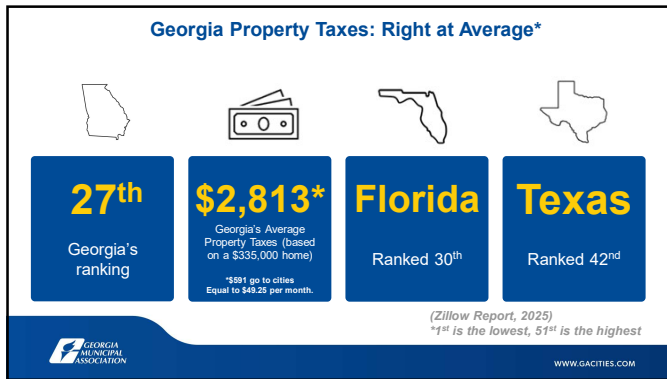
Cost of City Services

MUNICIPAL EXPENDITURES, FY2024



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COST ESCALATIONS: PUBLIC SAFETY STAFFING

Alpharetta

Alpharetta is now offering a hiring bonus just to recruit new police officers — cities are competing for public-safety talent the same as everyone else.

\$20K

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COST ESCALATIONS: PUBLIC SAFETY STAFFING

Newnan

^{JB1}
Communities must budget approximately \$161,427 for the first-year cost of one public safety employee, including compensation, benefits, a vehicle, vehicle upfitting, and essential equipment.

\$161K

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COST ESCALATIONS: HEALTH INSURANCE

Suwanee

Health insurance premiums are climbing statewide. Suwanee's rose 12% last year and are set to rise another 11.4% this year.

+23.4%

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COST ESCALATIONS: IN SURANCE

Calhoun

General liability, property and casualty insurance increased by 23% in 2024 and 24% in 2025 – 53% in two years.

+53%





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COST ESCALATIONS: FIRE TRUCKS

Statewide

A fire engine that cost \$589,000 in 2020 runs close to \$1.1 million today — and it now takes two to four years to get one delivered.

+87%





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COST ESCALATIONS: ROADS

Warner Robins

The cost to pave one mile of road jumped between 2023 and 2025, far outpacing general inflation over the same period.

+43%





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COST ESCALATIONS: WATER INFRASTRUCTURE

Monroe

Water treatment plant chemicals rose 148% from 2019 to 2023. Water main install and repair costs rose 209% from 2020 to 2024.

Water and sewer is the single largest capital need for Georgia cities — \$10.3 billion through 2029.

+209%





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COST ESCALATIONS: WATER INFRASTRUCTURE

Jackson

Jackson's wastewater treatment plant expansion cost grew from \$17 million 15 years ago to \$24 million five years ago—a 41% increase—and has since risen to \$37 million today, another 54% increase.

+117%
(from first to current price)





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What are cities already doing?

FLOST: A Model Already at Work

131 cities in 36 counties
currently collecting FLOST

19 cities in 7 counties
starting this October
(more referendums in November)

Give tools like this time to work.

Colquitt County
Five cities have just begun receiving FLOST funds — estimated to cut property taxes by 50%.

Habersham County
County plus seven cities: FLOST is on the ballot this fall.

Dade County
Considering both a FLOST and a TSPLOST for a fall vote.



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Sales tax depends on winning voter approval



FLOST isn't automatic either

FLOST votes failed in 4 counties last year: Floyd, Paulding, Union, Ware



2025 FLOST Referendum
Passed
Failed



Peach County

The T-SPLOST failed at the ballot box in May — voters don't always say yes.

This is why local flexibility based on the local economy is critical.


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Factors that Impact Sales Tax Referendums



Referendum Fatigue



Voter Confusion



Potential of Harm to Other Sales Taxes

LOST, SPLOST, ESPLOST, TSPLOST, HOST, FLOST, LHOST.


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Looking Ahead

What comes next?

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Looking ahead to 2027

- **New leadership, new priorities** — A new Governor and Lt. Governor will reshape the policy agenda and legislative dynamics.
- **A changing General Assembly** — New senators and a closer House margin could alter coalitions and what proposals can advance.
- **Property tax reform remains unsettled** — After HB 581, SB 33, and multiple 2026 proposals, there is still significant pressure for additional action.
- **The broader funding debate continues** — Property taxes are only one part of an ongoing discussion about how state and local governments should be funded.



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Looking ahead to 2027

- **No clear proposal—yet** — There are currently no specific bills to organize around, making it difficult to predict where the debate will begin or end.
- **Yesterday's alliances may not hold** — Different proposals affect cities, counties, schools, taxpayers, and regions differently, so coalitions can shift quickly.
- **Bottom line:** We must prepare for the issues we can anticipate while remaining nimble enough to respond to a rapidly changing political and policy landscape.



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LHOST & FLOST

New Property Tax Relief Tools for Georgia Communities

Legislative framework • local mechanics • implementation considerations



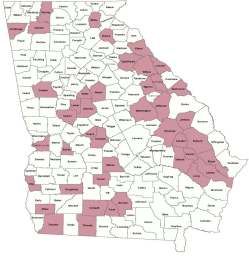
Alicia Vaughn
avaughn@accg.org
County Consulting Associate
ACCG

LHOST & PTRLOST(FLOST) – Overview & Implementation Considerations

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FLOST

Counties That Have FLOST
(Paying Local Option Sales Tax)



Vs.

LHOST

Approximately 100 Local LHOST Acts were introduced during special session this year and none passed because they did not receive the required 2/3 vote.



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Core Differences

FLOST



- FLOST reduces millage rates across the board, in a uniform manner, for all property owners. (residential, commercial, industrial, etc.)
- Requires a negotiated agreement between the county and municipalities.
- Revenue sharing is up for negotiation.

LHOST



- LHOST reduces homestead property taxes first
- Requires a local Act of the General Assembly.
- Distributed proportionately among the county and participating cities based on their actual homestead digests.
- Excess proceeds are used to reduce millage rates across the board for all property owners.

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Why LHOST is in the conversation

LHOST is a response to continued attention on homestead property taxes.

Property tax pressure

State-level discussion has focused on reducing the burden of **homestead** property taxes while maintaining essential local services.

Local service reality

Counties and cities depend on property tax revenue to fund services their residents use and value.

Revenue replacement matters!

A new local option

LHOST is a tool designed to provide homestead tax relief while reimbursing participating governments for forgone revenue.

Core tension: meaningful tax relief + sustainable local service funding

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What is LHOST?

A local option sales tax paired with a homestead exemption

```

graph LR
    A[LOCAL OPTION SALES TAX] --> B[HOMESTEAD EXEMPTION]
    B --> C[MILLAGE ROLLBACK]
  
```

- LHOST proceeds are applied first to reduce homestead property tax bills.
- A uniform rollback of the millage rate follows if all homestead liability is eliminated
- The structure is modeled after HOST legislation used in DeKalb and Rockdale Counties.
- Constitution requires a homestead exemption to support targeted tax relief that benefits homestead properties!

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How LHOST gets started

The principal initiation work for LHOST starts at the General Assembly rather than through a local pre-referendum process.

```

graph LR
    1[1. Local Act] --> 2[2. Parameters]
    2 --> 3[3. Referendum]
    3 --> 4[4. Collection]
  
```

- 1. Local Act**
General Assembly passes a local Act establishing the LHOST exemption.
A local act is required for each eligible local government to participate
- 2. Parameters**
The local Act contains the parameters needed for the referendum.
- 3. Referendum**
Voters consider the measure under the framework established by the local Act.
- 4. Collection**
If county referendum is approved sales tax collection begins.

Engage state representatives and senators early in the conversation to make sure your community goals are met!

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Revenue neutrality is central

Participating local governments are reimbursed for revenue actually forgone because of the homestead exemption.

```

graph LR
    A[LHOST TRUST FUND] --> B[Homestead exemption applied]
    B --> C[Governments reimbursed]
  
```

LHOST TRUST FUND

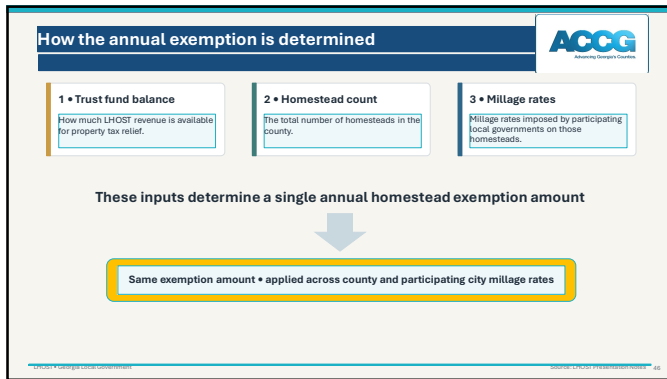
Homestead exemption applied
A single exemption amount is determined annually and applied to eligible homesteads within the county. The homestead exemption will lower the amounts owed for county portion and the portion for participating cities

Governments reimbursed
County and participating cities receive reimbursement for the actual property tax revenue forgone because of the exemption.

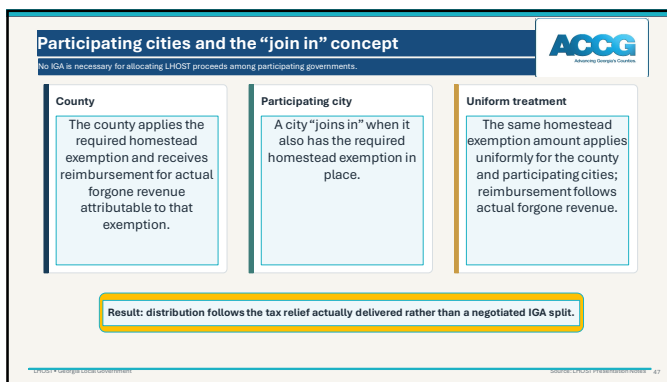
Design objective: local governments do not gain or lose revenue solely because of LHOST.

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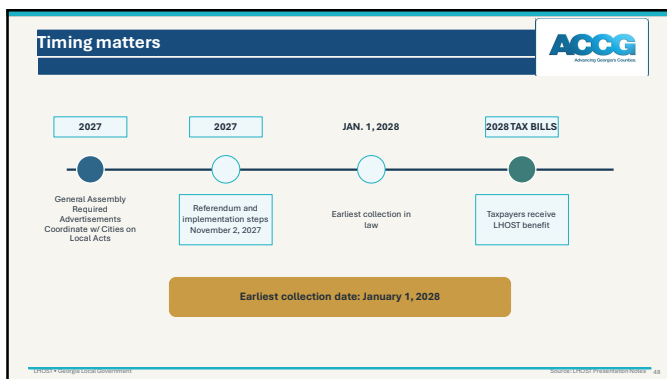
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Lessons in FLOST discussions – Best Practices

Keep proceeds tied to relief
Structure the IGA so excess proceeds do not become a windfall and so funds remain focused on property tax relief. Address excess proceeds explicitly.

Consider Timing of Relief
Consider timing of collection start dates and amount of first year of tax relief may be less than 6 months
Communicate clearly with public!

Match distribution to costs
Consider formula splits tied to existing property tax revenue or service costs rather than population alone;
Does population accurately reflect service costs?

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FLOST & LHOST RESOURCES

AVAILABLE ON ACCG'S WEBSITE: accg.org

- ACCG Model FLOST IGA
- Recorded Webinar GA DOR – explain new requirement for FLOST rollback
- ACCG Local Homestead Option Sales Tax Guide
- ACCG FLOST Webinar

Reach out to county consulting team:

- Copy of sample LHOST Act
- Sample Advertising Language for local act

THANK YOU!!!

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