## HOMESTEAD EXEMPTIONS

Several types of homestead exemptions have been enacted to reduce the burden of ad valorem taxation for Georgia homeowners. These exemptions apply to homestead property owned by and taxpayer and occupied as his or her legal residence (some exceptions to this rule apply and your tax assessors office can explain them to you).

To receive the benefit of the homestead exemption, the taxpayer must file an initial application. In Banks County, the application is filed with the Tax Assessor's Office. The application must be filed between January 1 and April 1 of the year for which the exemption is first claimed by the taxpayer. The homestead application is normally filed at the same time the initial tax return for the homestead property is filed.

Once granted, the homestead exemption is automatically renewed each year. The taxpayer does not have to apply again unless there is a change in ownership of property or the taxpayer seeks to qualify for a different kind of exemption.

Under the authority of the State Constitution, several different types of homestead exemptions are provided. In addition, local governments are authorized to provide for increased exemption amounts and several have done so. The tax assessors office in Banks County can answer questions regarding the standard exemptions as well as any local exemptions that are in place.

The Local County Exemptions supercede the state exemption amount when the local exemption is greater than the state exemption.

**HOMESTEAD EXEMPTION FILING DATES ARE JANUARY 1st THROUGH April 1st.**

**Effective June 1, 2005 homestead exemptions may be filed for any time during the year. However, exemptions must be filed for by April 1 to apply to the current tax year. You must still own and occupy the property as of January 1 to be eligible.**

- **Standard Homestead Exemption**
  The Home of each resident of Georgia that is actually occupied and used as the primary residence by the owner may be granted a $2,000 exemption from state, county and school taxes except for school taxes levied by municipalities and except to pay interest on and to retire bonded indebtedness. The $2,000 is deducted from the 40% assessed value of the homestead. The owner of a dwelling house of a farm that is granted homestead exemption may also claim a homestead exemption in participation with the program of rural housing under contract with the local housing authority. (O.C.G.A 48-5-44)
- **Individuals 65 Years of Age and Older May Claim a $4,000 Exemption**
  Individuals 65 years of age or over may claim a $4,000 exemption from all state and county ad valorem taxes if the income of that person and his spouse does not exceed $10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The social security maximum benefit for 2005 is $46,536. The owner must notify the tax assessors office if for any reason they no longer meet the requirements for this exemption. (O.C.G.A. 48-5-47)
- **Individuals 62 Years of Age and Older May Claim** an Individuals 62 years of age or over that are residents of each independent school district may claim an additional exemption from all ad valorem taxes for educational purposes and to retire school

bond indebtedness if the income of that person and his spouse does not exceed $10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The social security maximum benefit for 2005 is $46,536. The owner must notify the tax assessors office if for any reason they no longer meet the requirements for this exemption. This exemption may not exceed $10,000 of the homestead's assessed value. (O.C.G.A. 48-5-52)

- **Floating Inflation-Proof Exemption**
  Individuals 62 Years of age or over may obtain a floating inflation-proof state and county homestead exemption, except for taxes to pay interest on and to retire bonded indebtedness, based on natural increases in the homestead's value. If the appraised value of the home has increased by more than $10,000, the owner may benefit from this exemption. Income, together with spouse or any other person residing in the house, can not exceed $30,000. This exemption does not affect any municipal or educational taxes and is meant to be used in the place of any other state and county homestead exemption. (O.C.G.A. 48-5-47.1)
- **Homestead Exemption for Disabled Veterans**
  Any qualifying disabled veteran may be granted an exemption of $50,000 from paying property taxes for state, county, municipal, and school purposes. The value of the property in excess of this exemption remains taxable. This exemption is extended to the unremarried surviving spouse or minor children. (O.C.G.A. 48-5-48)
- **Homestead Exemption for Unremarried Surviving Spouse**
  The surviving spouse of a member of the armed forces who was killed in any war or armed conflict will be granted a homestead exemption from all ad valorem taxes for state, county, municipal and school purposes in the amount of $50,000. The surviving spouse will continue to be eligible for the exemption as long as they do not remarry. (O.C.G.A. 48-5-52.1)

**Local Exemptions particular to Banks County:**

- **Homeowners 65 years or older with no income limit** receive an exemption of $20,000 on county and $20,000 on county bonds; $20,000 on school and $20,000 on school bonds.
- **Homeowners 62 years or older with a net income of $10,000 or less per household** receive an exemption of $5,000 on county $20,000 on school and $20,000 on school bonds and $2,000 on state.
- **Homeowners 65 years or older a net income of $10,000 or less per household** receive an exemption of $20,000 on county and $20,000 on county bonds; $20,000 on school and $20,000 on school bonds and $4,000 on state.
- **Disables war veterans** receive an exemption of $50,000 on county and $50,000 on county bonds; $50,000 on school and $50,000 on school bonds and $50,000 on state.
- **Disabled persons less than 65 years of age declared 100% mentally or physically incapacitated** to the extent they are unable to be gainfully employed and such incapacity is likely permanent as certified by not more than three physicians, receive an exemption of $20,000 on county m&o, $20,000 on county bonds, $20,000 on school and $2,000 on state.
- **Disabled persons over 65 years of age**, please check with the tax commissioner regarding exemptions for which they may qualify.

In addition to the various homestead exemptions that are authorized, the law provides a Property Tax Deferral Program whereby qualified homestead property owners 62 and older with a gross income of $15,000 or less may defer but not exempt the payment of ad valorem taxes on part or all of the homestead property. Generally, the tax would be deferred until the property ownership changes or until such time that the deferred taxes plus interest reach a level equal to 85% of the fair market value of the property.

With respect to all of the homestead exemptions, the board of tax assessors makes the final determination as to eligibility. If the homestead application is denied, the taxpayer must be notified and an appeal procedure then is available to the taxpayer. For more information:

**SPECIALIZED AND PREFERENTIAL ASSESSMENT PROGRAMS**

Two general types of specialized of preferential assessment programs are available for certain owners of certain types of property. One of these programs authorizes assessment at 30% instead of 40% of the fair market value for certain agricultural properties being used for bona fide agricultural purposes.

The second type of preferential program is the Conservation Use program which provides that certain agricultural property, timber and land property, environmentally sensitive property, or residential transitional property is to be valued and assessed for ad valorem tax purposes at its current use value rather than its fair market value. For more information on Conservation Use we have included the following Information.

**WHAT IS CONSERVATION USE?**

Conservation Use was approved by an overwhelming majority of Georgia voters in an effort to encourage agricultural landowners to keep their land in production in exchange for favorable tax treatment. This favorable tax treatment is designed to protect these property owners from being pressured by the property tax burden to convert their land from agricultural use to residential or commercial use, hence the name ''conservation use'' assessment. In return for the favorable tax treatment the property owner must keep the land undeveloped in a qualifying use for a period of ten years on incur stiff penalties.

Applications for current use assessment must be filed with the county board of tax assessors on or before the last day for filing ad valorem tax returns in the county (April 1). A $10.00 recording fee must accompany all applications.

**QUALIFICATIONS**

- Owner must be an individual or family farm corporation, estate, trust or non-profit organization.
- Owner agrees to maintain the property in a qualifying use of ''good faith'' production of agricultural products or timber for 10 years.
- Owner cannot have over 2,000 acres statewide in the Conservation Use Program.
- The Tax Assessors Office may request additional information regarding the use of the property if the office feels it is necessary to determine if the property qualifies for the exemption. Information that may be requested is Schedule F (Profit or Loss from Farm Income), Form 4562 Depreciation, or Crop Production Records the owner maintains. (mandatory on tracts less than 10 acres)

## CONSERVATION USE VALUES

- Conservation values are set by the State of Georgia and cannot be appealed by the taxpayer, however the Board of Tax Assessors must still maintain the fair market value on the property which may still be appealed by the taxpayer.
- The Conservation values established by the state are made up of a combination of the capitalized income that could be produced from the land and market value. The ratio is 65% income and 35% fair market value.
- The maximum amount that conservation values may be increased is 3% per year or a maximum of 34.39% over the 10-year Covenant.
- The amount of savings on your tax bill cannot be determined at this time. The valuation for conservation use is available on your property upon request. You then can compare the fair market value to the conservation use value.
- Agricultural buildings may be included in the covenant. Although, the current values will not change on the buildings, these buildings would be subject only to the 3% per year maximum increase.

## BREACH ON CONTRACT

- If the owner breaks the Covenant a penalty of twice the taxes saved by the taxpayer will be imposed and interest at the rate of 1% per month will be assessed if not immediately reported.
- If the Covenant is broken as a result of death or eminent domain (condemnation) no penalty will be assessed.
- If the Covenant is broken as a result of medically demonstrable illness or foreclosure, the penalty will be the amount of taxes saved for the current year only.
- Leases or contracts for billboard signs, cellular towers, or any type of non-qualifying use will breach the Covenant and all penalties will apply. Hunting leases are allowed.
- If the property is sold, and if the purchaser continues using the property as it was originally covenanted then no penalty would be assessed. Purchaser must sign covenant agreeing to no change in use. However, the taxpayer should be aware that if the use changes during the 10-year period all penalties would apply.

## OTHER FACTS

- If the owner desires to omit a portion of a tract from the Covenant they must present to the Assessors' satisfaction a clearly defined description of the portion under the Covenant and a clearly defined description of the portion not under the Covenant.
- The property owner may give up to 5.0 acres to a relative within the 4th degree of civil reckoning provided that relative builds a house on the property received within one year and resides in the house for the remainder of the 10-year period.
- Property is allowed to lie fallow or idle for up to 2 years within any 5-year period.
- Property owners over age 65 who renew their Covenant may elect after 3 years into the second 10-year Covenant to terminate the Covenant by filing in writing a declaration with the Tax Assessors' office.

Each of these specialized or preferential programs requires the property owner to covenant with the board of tax assessors to maintain the property in its qualified use for at least 10 years in order to qualify for the preference. The Board of Tax Assessors can explain the ownership and use restrictions regarding property qualifying for either of these programs. Substantial penalties result if the covenant is broken. Additional information is available at: http://www.etax.dor.ga.gov/ptd/cas/cuse/index.aspx

## FOREST LAND PROTECTION ACT

This is a new form of specialized assessment that originated in 2009. This covenant is designed for forest land tracts consisting of more than 200 acres. The covenant is for fifteen years and is valued according to forest land conservation use values. These values cannot increase by more than 3% each year. The tax savings will be the difference between the Forest Land fair market value and the conservation use values. The penalty for a breach is based on a factor of two to three times the tax savings depending on the year in which a breach occurs. An application for this covenant must be filed with the Board of Assessors by April 1 to receive tax benefits for that tax digest year.

## FREEPORT EXEMPTION

The governing authority of any county or municipality may, subject to the approval of the electors of such political subdivision, except from ad valorem taxation, including all such taxes levied for educational purposes and for State purposes, all or any of the following types of tangible property. Application for this exemption must be made each year by April 1 in order to receive the maximum exemption on qualifying Inventory.

1. Inventory of goods in the process of manufacture or production, which shall include all partly finished goods and raw materials, held for direct use or consumption in the ordinary course of the taxpayer's manufacturing or production business in the State of Georgia.
2. Inventory of finished goods manufactured or produced within the State of Georgia in the ordinary course of the taxpayer's manufacturing or production business when held by the original manufacturer or producer of such finished goods. The exemption provided for herein shall be for a period not exceeding twelve (12) months from the date such property is produced or manufactured.
3. Inventory of finished goods which, on the first day of January, are stored in a warehouse, dock or wharf, whether public or private, and which are destined for shipment to a final destination outside the State of Georgia and inventory of finished goods which are shipped into the State of Georgia from outside the State and stored for transshipment to a final destination outside this State. The exemption provided for herein shall be for a period not exceeding twelve (12) months from the date such property is stored in this State.

For further details on Freeport exemption, read O.C.G.A. 48-5-48.2 in its entirety or contact the Tax Assessors office. Also use the following link:
http://www.etax.dor.ga.gov/ptd/adm/taxguide/exempt/freeport.aspx