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*Mayor Teresa Philyaw*  
*Mayor Pro Tem Kathy Carter*

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*Kathy Bookout*  
*Derrick Battle*

*Frank Moran*  
*Jeff B. Cole*

*City Manager: Jody Palmer*

September 20, 2017

**RE: Ballot Referendum on Proposed City of Hiram Homestead Exemption**

Dear Hiram Homeowner,

Currently, certain Paulding County homeowners have applied for, and been provided, a homestead exemption that affects the amount of property tax paid to the County by these homeowners. A “homestead exemption” reduces the value of the property on which a property tax is then calculated. While not a guarantee that the property taxes paid by the homeowner would be less with an exemption, in practice an exemption usually reduces the amount of property tax a homeowner would otherwise have to pay without the exemption.

While the City has a property tax system in place, the City has never imposed a tax to be collected and has no intention of doing so in the foreseeable future. The City recognizes, however, having a homestead exemption in place, to potentially reduce the tax liability of the citizens should a property tax be assessed and collected in the future, can provide some protection and security .

On the November 2017 general election ballot, there are three matters authorized by the State of Georgia General Assembly for consideration. These three matters would provide a “homestead exemption” for certain homeowners who live in the City that would reduce the figure on which a property tax would be calculated. Please find attached, for informational purposes only, an FAQ (Frequently Asked Questions) list regarding these matters.

Should you have further questions regarding Homestead Exemptions, please contact City Hall at 770-943-3726, extension 2016.

Sincerely,

Jody Palmer  
City Manager

1 Attachment

## City of Hiram Homestead Exemption FAQ's

### What is a millage rate?

The tax rate, or millage rate, is set annually by the City of Hiram Mayor and Council. A tax rate of one mill represents a tax liability of one dollar per \$1,000 of assessed value. The City estimates their total revenue from other sources. This figure is subtracted from their overall budgetary needs, and then a millage rate is set that will generate the necessary revenues to fulfill budgetary requirements. Hiram's current millage rate is zero.

### How are property taxes calculated?

Usually, **calculating** your property tax is simple once you know what the **homestead exemption** amount is. Simply subtract the amount of the **exemption** from the assessed value of your property as **determined** by the local tax assessor, and then multiply the remaining amount by your local property tax rate (millage rate).

### What is a homestead exemption?

Homestead exemption is the system developed by the State of Georgia that exempts from taxation a specified amount of assessed value of your home, thereby reducing the taxable property value, and reducing the amount of tax to be paid on said property.

Without a "homestead exemption", homeowners would be responsible for the full amount of property taxes assessed on their property.

#### **Example:**

*Consider a home that has an appraised value of \$150,000. The taxable value is 40% of the appraised value, \$60,000. With an adopted property tax rate (millage rate) of 2.260 mills, the municipal property tax bill would be \$135.60, for the tax year.*

### What is the purpose of a homestead exemption?

The **homestead exemption** is a legal process designed to reduce the annual property tax bill for qualified homeowners to protect the value of the homes of residents from property taxes, creditors, and circumstances arising from the death of the homeowner's spouse. Homestead Exemption Laws are found in state statutes or constitutional provisions, which exist in many states in the United States.

### Proposed General Homestead Exemption.

Under the proposed general homestead exemption on the ballot, the home of each resident of the City of Hiram that is actually occupied and used as the primary residence by the owner may be granted a \$40,000 general exemption off of the assessed value of the homestead.

#### **Example:**

*Consider the same home that has an appraised value of \$150,000. The taxable amount is 40% of the appraised value, \$60,000. The proposed municipal general exemption is \$40,000. In this instance, you would subtract \$40,000 from \$60,000, leaving a taxable value of \$20,000. With an adopted millage rate of 2.260 mills, the municipal property tax bill would be \$45.20 for the tax year. Without the exemption, the tax bill would be \$135.60.*

## **Individuals 65 Years of Age & Older May Claim an additional \$15,000 Exemption.**

There is an additional proposed exemption on the ballot, for individuals 65 years of age or older, of \$15,000 on the assessed value of the homestead, with no income requirements.

### ***Example:***

*Consider the same home that has an appraised value of \$150,000. The taxable amount is 40% of the appraised value, \$60,000. The proposed municipal general exemption is \$40,000. In this instance, you would subtract \$40,000 from \$60,000, leaving a taxable value of \$20,000; you would then subtract the additional exemption of \$15,000, leaving a taxable value of \$5,000. With an adopted millage rate of 2.260 mills, the municipal property tax bill would be \$11.30 for the tax year. Without these exemptions the tax bill would be \$135.60.*

## **Individual 70 Years of Age & Older May Claim a Full Exemption.**

Additionally, there is a proposed “full exemption” on the ballot, for individuals 70 years of age or older, with no income requirements.

### **Do all homes qualify for homestead exemptions?**

No, only a homeowner's principal residence qualifies. To qualify, a home must meet the definition of a residence homestead: The home's owner must be an individual (for example: not a corporation or other business entity) and use the home as his or her principal residence on January 1 of the tax year.

### **How do I qualify for a Homestead Exemption?**

If you have applied for your County Homestead Exemption with the Paulding County Tax Assessors' Office, you will have already qualified for your general exemption. You may apply for homestead exemption in the Paulding County Tax Assessor's office. To qualify you must both own and occupy your home as of January 1. Once you have qualified for homestead exemption, and remain in the same house, you do not need to reapply. However, if you move, you are required to reapply for the exemption for the new location. Application for homestead exemption may be submitted any time during the year but must be received before April 1 of the taxable year to qualify for the exemption that year. If received after April 1, the Tax Assessor will activate the exemption the following year. For the Age 65 Exemption and Age 70 Exemption you need only confirm with the Paulding County Tax Assessors' Office prior to April 1, as above, with documents required by the Tax Assessors' Office.

### **How do I file for homestead exemption?**

You may apply for homestead exemption in the Tax Assessor's office. To qualify you must both own and occupy your home as of January 1. Once you have qualified for homestead exemption, you do not need to reapply, as long as it remains your primary residence. If you move, you are required to reapply for the exemption for the new location. Application for homestead exemption can be submitted any time during the year but must be received before April 1 of the taxable year to qualify for the exemption that year. If received after April 1, the Tax Assessor will activate the exemption the following year.