Age-Based Homestead Exemption Estimate Calculator

H. SPENCER BANZHAFF
Department of Economics
Georgia State University

PER JOHNSON
Center for State and Local Finance
Georgia State University

The Center for State and Local Finance (CSLF) has created a revenue assessment tool for Georgia counties and school districts interested in estimating how new or expanded age-based homestead exemptions will affect property tax revenue. A recent CSLF publication, *Age-Based Property Tax Exemptions in Georgia*, highlighted the proliferation of age-based homestead exemptions in Georgia in recent years, as illustrated in Table 1. Due to interest following this publication, CSLF developed this tool to help counties and school districts understand the fiscal effects that such exemptions could have on their governments.1

### Table 1. Percentage of Jurisdictions with Age-Specific Property Exemptions, by Jurisdiction Type and Year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Counties</td>
<td>0</td>
<td>3.1</td>
<td>19.5</td>
<td>35.9</td>
<td>41.5</td>
</tr>
<tr>
<td>County School Districts</td>
<td>0.6</td>
<td>6.3</td>
<td>33.3</td>
<td>46.5</td>
<td>54.7</td>
</tr>
<tr>
<td>Cities</td>
<td>3.6</td>
<td>15.7</td>
<td>19.6</td>
<td>31.3</td>
<td>36.9</td>
</tr>
<tr>
<td>City School Districts</td>
<td>3.9</td>
<td>19.2</td>
<td>37</td>
<td>53.9</td>
<td>61.5</td>
</tr>
</tbody>
</table>

This tool uses the age-based homestead exemption equation, listed as Equation 2 on page 4 of the aforementioned *Age-Based Property Tax Exemptions in Georgia* report.

### How to use the tool

To use the tool, the interested county or school district enters unique variables specific to its jurisdiction and proposed homestead exemption in columns N, O, P, and Q as described below. An example calculation is included in the tool to assist the user.

---

• COLUMN K: The Millage Rate is set by the local jurisdiction. Millage rates for all local governments in Georgia can be found on the Georgia Department of Revenue’s Property Tax Millage Rates website. All estimates require a specified homestead exemption.

• COLUMN L: The Homestead Exemption Level is represented by delta (δ) in the homestead exemption calculation explained in the Age-Based Property Tax Exemptions in Georgia report. This is the specific dollar amount of the proposed exemption. If the proposed homestead exemption is not in the form of a level, then leave this column blank.

• COLUMN M: The Homestead Exemption Ratio of Assessed Value is represented by phi (Φ) in the homestead calculation explained within the report. This form of homestead exemption is a proportional adjustment to the assessment ratio. If the proposed homestead exemption is not in the form of a ratio of the homestead’s assessed value, then leave this column blank.

• COLUMN N: The Homestead Exemption Ratio of Tax Bill is represented by theta (θ) in the homestead calculation explained within the report. This ratio, which ranges from 0 to 1, is the proportion by which the maintenance and operations (M&O) and bond millage rates are prorated (“0” is a full exemption for an individual homesteader). If the proposed homestead exemption is not in the form of a ratio of the homesteader’s tax bill, then enter “1” in this column.

Limitations
This tool is a composite of data collected from the following public sources:

• U.S. Census Bureau, American Community Survey (ACS), Tables B25007 and B25079, 2015 5-Year Survey

• Georgia Department of Revenue, 2015 Tax Digest

Where data for specific counties or school districts were unavailable to complete the aggregate value columns from the ACS 2015 5-Year Survey (e.g., Columns H, I, and J), the ACS 2016, 2014, 2013, 2012, and 2011 5-Year Surveys were reviewed to compile data to the greatest extent practical. Data that may have been available prior to 2011 were not considered. As a result, some data from different years may be used for some calculations; in a few situations, no available data could be found (“Unknown”). If data were not available from the ACS 2015 5-Year Survey, it is noted in the spreadsheet with color coding. The 2015 Tax Digest for Georgia was the most current and complete tax digest available from the Georgia Department of Revenue at the time of development. Local governments or school districts are free to enter more current and accurate data into the Underlying Fiscal Data columns if available.

Using the available data, this tool makes the following calculations:

• The Percent of Owner-Occupied Households (column E) is our attempt to estimate the number of parcels that would qualify as homesteads. This percentage reflects the share of Owner-Occupied Households (column D) to Total Households (column C) within the ACS 2015 5-Year Survey. This percentage is then applied to the Total Residential Assessed Value (Column F), provided from the 2015 Tax Digest, to estimate the share of total residential assessed value that would be subject to a homestead exemption.

• The Percent of Senior Owner-Occupied Household Aggregate Value (column J) is a ratio of Aggregate Value of Owner-Occupied Households for those 65 years and older (column I) to the total Aggregate Value of Owner-Occupied Households (column H), as provided from the ACS 2015 5-Year Survey. As noted above, the ACS 2015 5-Year Survey did not include data for all counties or school districts. Therefore, the ACS 5-Year Survey for 2011-16 were also reviewed to develop this percentage.

The Estimated Revenue Impact (columns O and P) reflect Equation 2 on page 4 of the aforementioned Age-Based Homestead Exemption Estimate Calculator.
Property Tax Exemptions in Georgia report. The “Low Estimate” (column O) attempts to adjust the Total Residential Assessed Value (column F) with the Percent of Owner-Occupied Households to Total Households (column E). The “High Estimate” (column P), however, does not apply this estimated percentage (column E) to the Total Residential Assessed Value (column F) in the event that it underestimates the number of parcels that would be considered homesteads.

Finally, this tool does not account for preexisting general or age-based homestead exemptions that may be present within each local jurisdiction and which may therefore further reduce the net estimated revenue effect.

You can access the tool at: cslf.gsu.edu/files/2018/06/Age-Based-Homestead-Exemption-Estimate-Calculator_20180601.xlsx.

If required, CSLF is able to prepare a detailed revenue estimate for proposed age-based homestead exemptions on a fee basis. For additional information, contact CSLF at cslf@gsu.edu or 404.413.0140.
About the Authors

H. Spencer Banzhaf is a professor of economics at Georgia State University’s Andrew Young School of Policy Studies. He also is a research associate at the National Bureau of Economic Research and a senior fellow at the Property and Environment Research Center. His research focuses on environmental policy analysis, especially related to the urban environment and the interactions among local environmental amenities, local real estate markets, and the demographic composition of cities. He received his doctorate in economics from Duke University.

Per Johnson is a public finance fellow at the Center for State and Local Finance and Fiscal Research Center. Johnson earned his bachelor of science degree in environmental science from Western Washington University and previously had a 13-year career in environmental consulting. More recently, Johnson completed a planning and economic development internship with Central Atlanta Progress. He is currently pursuing a master’s degree in public administration at from the Andrew Young School of Policy Studies at Georgia State University with a concentration in planning and economic development.

About the Center for State and Local Finance

The Center for State and Local Finance’s (CSLF) mission is to develop the people and ideas for next generation public finance by bringing together the Andrew Young School’s nationally-ranked faculty and the broader public finance community. CSLF conducts innovative, nonpartisan research on tax policy and reform, budget and financial management, education finance, and economic development and urban policy. Additionally, it provides premier executive education in public finance for state and local finance officials and works with local and state partners on technical assistance projects on fiscal and economic policy.

CSLF maintains a position of neutrality on public policy issues. However, in order to protect their academic freedom, authors may express a wide range of viewpoints in CSLF’s publications. The research, interpretations or conclusions in CSLF publications should be understood to be solely those of the author(s).

For more information on the Center for State and Local Finance, visit our website at: cslf.gsu.edu.