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# Fulton County Tax Expenditure Report For Fiscal Year 2019

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## **REVISED EDITION**

This document is revised from the November 19, 2018 version of this report. The current version corrects the adjustment made to the bond tax expenditure estimates due to the presence of various exempt property in tax allocation districts.

## **ACKNOWLEDGMENTS**

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# Introduction

Tax expenditures are provisions in the tax code that allow for special treatment of some properties or a certain type of expense. Such treatment usually results in a reduction in tax liability for the taxpayer. In principle, these tax benefits could be provided by direct budget appropriations, thus these provisions are referred to as expenditures, as they represent tax revenues that would have been otherwise collected if not for this preferential treatment in the tax code.

Like direct government expenditures, tax expenditures are an allocation of government revenue that are intended to achieve a particular policy outcome or encourage some activity. The value of a tax expenditure can be thought of as representing the amount of money that would be necessary to provide the same level of financial support in the form of a government grant instead of through the tax code. Tax expenditures, also referred to as tax preference items, can take several forms. At the local government level many are structured as property tax exemptions, abatements, tax allocation districts, and sales tax exemptions.

## TAX EXPENDITURE REPORT

The purpose of the report is to provide the county with an inventory of tax expenditures and their value. In this way, these items can be tracked over time in a fashion analogous to a budget of direct governmental expenditures. The three main taxes levied by the county include the property tax, the local option sales tax, and the TAVT. Together these represent approximately 90 percent of Fulton County revenues for Fiscal Year (FY) 2018.

While direct expenditures are reviewed annually with every budget, it is usually the case that tax expenditures are not subject to such periodic review. It is important to monitor the value associated with these provisions as they are a reduction in tax revenue and their presence results in special treatment for some taxpayers relative to others.

Leaving tax expenditures out of the annual budgetary review process creates two types of distortions. First, it under-represents the amount of government resources allocated for a given purpose. Second, it incorrectly represents the distribution of the benefits of government expenditures. The recipients of the benefits of tax expenditure provisions are usually higher income taxpayers compared to direct expenditure programs, so that the absence of tax expenditures in the overall analysis may lead to the conclusion that government resources are targeted toward less affluent taxpayers. In addition, not all tax expenditure programs have a direct budgetary counterpart, thus without a tax expenditure report, these provisions and their distributional effects escape notice.

The presence of tax expenditures is not necessarily bad tax policy. However, not recognizing or monitoring the resources allocated through the tax system is not good fiscal policy. Through this report, we hope to provide a consolidated listing of government resources provided through this means. This report does not, however, provide any information on how effective the provision may be in terms of

fulfilling its purpose. For instance, while the value of various tax abatements may be reported in the tax expenditure report, there is no accompanying analysis to determine the extent to which these incentives are effective or necessary to attract development activities.

## **IDENTIFYING TAX EXPENDITURES**

In most cases, identifying a tax expenditure is straightforward. Tax expenditures are deviations or special exceptions from the generally defined tax base. However, there may be disagreement as to what constitutes the standard tax base. Even at the federal level, the list of tax expenditure items included by the Administration differs from the list estimated by Congress because each works from a different definition of the standard tax base. The appropriate norm against which tax expenditures are defined is somewhat subjective and may, in some cases, be driven by the intent of the policy underlying the legislation.

This report lists code statutes that result in a reduction in the amount of revenue collected from the taxpayer. This has the advantage of being a very straightforward and non-subjective rule to apply. As a second advantage, this method provides a list of statutory exemptions allowing for comparison between provisions affecting taxpayers and industries.

This rule has the disadvantage of identifying many sales tax provisions as tax expenditures that would not be identified as tax expenditures under the rule of good tax policy. This is particularly true in the case of business inputs. When business inputs are included in the sales tax base, those inputs are taxed and the tax is included in the price when the input is sold to the next stage of production. The more these inputs are taxed at the intermediate stages of production, the more the tax is imbedded in the price of the item. This embedded tax distorts prices and influences economic decisions. Therefore, it is important to remember that some business exemptions are listed as tax expenditures in this report but that these do not represent items that should be included in the tax base.

## **TAX EXPENDITURES VS. REVENUE ESTIMATES**

The estimate associated with a tax expenditure provision does not necessarily represent the revenue that would be gained from the repeal of the tax preference. Instead, the cost of the tax expenditure represents the value of the deduction or credit taken via the provision. There are two ways in which the expenditure deviates from the revenue estimate. First, tax expenditures are estimated as independent provisions. Therefore, any effect that the presence of one expenditure may have on the use of another expenditure is not accounted for in the estimate. It is conceivable that elimination of one tax expenditure provision may result in increased usage of another tax expenditure provision with little change in revenue to the local government. Second, tax expenditure estimates are not adjusted for behavioral changes. Instead, tax expenditure estimates are designed to present information on the steady state trend of usage of the provision. Thus, tax expenditure estimates can only act as an indication of the revenue effect that would occur if the provision were eliminated or modified.

Estimates in the report that are assigned a positive value denote an expenditure that is estimated to reduce local revenues. Provisions assigned a value of “(m)” denote a tax expenditure that is estimated to reduce state revenues by less than \$1,000.

## **DATA SOURCES OF ESTIMATES**

The main source of data for the property tax estimates are the Fulton County property tax records and the Fulton County Consolidation Sheets for FY 2014 through FY 2018.<sup>1</sup> Other information provided by the county is also used where necessary to supplement these records and provide context for the expenditure values. The sales tax estimates are based the local sales tax estimates provided in the annual Georgia Tax Expenditure report which are derived from a variety of sources, including the U.S. Census Bureau, U.S. Bureau of Economic Analysis or the U.S. Bureau of Labor Statistics.<sup>2</sup> These estimates are scaled down to represent the revenue loss associated specifically with the Fulton County government. The estimates for the TAVT provisions are constructed using data for Fulton County TAVT collections and Georgia exemptions provided by the Georgia Department of Revenue.

## **FORECASTED VALUES FOR FY2019**

The report includes forecasted values of the expenditure estimates for FY 2019. Because the values from the consolidated sheets for 2017 and 2018 are not certified as of the time this document was created, using historical values to produce a general trend in future exemption values is challenging. Therefore, we make an assumption that each exemption estimate presented below will increase by 3 percent over its 2018 estimated value. We also assume the 2019 maintenance and operations (M&O) and bond millage rates will remain constant at the 2018 levels.

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<sup>1</sup> The 2017 and 2018 consolidation sheets have not been certified by the Georgia Department of Revenue as of the time of this report.

<sup>2</sup> For more information on the sources and reliability of these estimates, see the Georgia Tax Expenditure Report available at <https://opb.georgia.gov/tax-expenditure-reports>.

# 1. Property Tax

The FY 2018 general fund millage rate for Fulton County equals 10.2 mills and the bond fund millage rate equals 0.23 mills.<sup>3</sup> Property tax collections represent the largest source of tax revenue for the county. Forecasted collections for FY 2018 equaled \$668 million or 91 percent of total county tax revenue.<sup>4</sup>

**Table 1.1. Historic Property Tax Millage Rate and Digest Value**

	2014	2015	2016	2017	2018
Millage Rates					
M&O	11.781	10.500	10.450	10.380	10.200
Bond	0.270	0.250	0.250	0.250	0.230
Gross Assessed Value (\$ in 000)	\$53,208,413	\$57,860,917	\$59,202,325	\$59,467,914	\$71,215,035

Property is appraised by the county tax assessors to determine its fair market value. The formula for determining the tax liability of a property in Fulton County is as follows:

$$\text{Tax Liability} = [(\text{Market Value} * \text{Assessment Ratio}) - \text{Exemptions}] * \text{Millage Rate}$$

The county's tax base equals 40 percent of the fair market value of the property less any exemptions.<sup>5</sup> The property tax liabilities are remitted by taxpayers to the county tax collector. Annually, the Georgia Department of Revenue certifies the assessed values of the properties, also referred to as the tax digest.

## 1.1 HOMESTEAD EXEMPTIONS

Homestead exemptions are a popular tax expenditure used by the state and local governments throughout Georgia. These exemptions can apply broadly or to a more targeted group depending upon the qualifications. In all cases though, these homestead exemptions apply to the primary residence of property owners. It is not uncommon for a local government to have numerous homestead exemptions or reductions.

The county code and state statutes provide several exemptions for homesteaded property owners in Fulton County. These exemptions are available for property that is classified as a primary residence of the homeowner. As such, rental properties and second-homes do not classify as homestead property. All homesteaded property in Fulton County is eligible for a \$30,000 exemption and a floating homestead exemption. In addition, the several age and income related exemptions exist to qualified homesteaders in Fulton County, including a disability exemption, and several exemptions for surviving spouses and veterans. It is important to note that several of these exemptions are tied to a definition of income that is

<sup>3</sup> A mill is one one-thousandth of a dollar. 10.2 mills equal 0.0102. 0.23 mills equal 0.00023.

<sup>4</sup> Based on data from the Fulton County FY 2018 Adopted Budget.

<sup>5</sup> Because the assessment ratio of 40 percent is a statutory requirement, we do not consider this a tax expenditure. Instead, this is the standard value against which exemptions are measured.

set by the state or federal government. Therefore, the value of these exemptions may change over time due to changes in the definition of qualifying income.

The estimates provided below reflect the value of revenue not collected by the county government as a result of these exemptions. In some cases, eliminating an exemption may not result in an increase in revenue to the county because the taxpayer may qualify for multiple exemptions. Thus, eliminating one exemption may only cause an increase in the use of another exemption and not result in a revenue gain to the county.

In addition, the estimates presented below exclude the value of exemptions associated with incremental revenue of the tax allocation district (TAD) revenue. To do this, we pro-rate the value of all exemptions against M&O taxes in the TADs based on the ratio of the incremental assessed value to the total assessed value<sup>6</sup>. Because the incremental revenue does not accrue to the county government, we do not include the exemptions from the TAD increment in the estimates below. Instead, estimates of the tax expenditures associated with the TAD increments are presented separately in section 1.4 to avoid double-counting.

### **1.101 Fulton County Basic Homestead Exemption**

All homestead properties are eligible for a \$30,000 exemption against the full assessed value of the property.<sup>7</sup> This homestead exemption only applies to M&O taxes.

**Table 1.2. Fulton County Basic Homestead Exemption Example**

(a) 2016 Fair Market Value (FMV)	(b) Assessed Value (40% FMV)	(c) Homestead Exemption	(d) Net Taxable Value
\$250,000	(a) x 0.40 \$100,000	\$30,000	(b) – (c) \$70,000

Number of properties in 2018 = 148,698

**Table 1.3. Fulton County Basic Homestead Exemption Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$41,636	\$42,951	\$44,240
Bonds	-	-	-

\* Values obtained from local exemption L1 from Fulton County consolidation sheets. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

<sup>6</sup> Under O.C.G.A § 36-44-3(1), ad valorem property taxes included under the Redevelopment Powers Act which apply to tax allocation districts includes all ad valorem property taxes except those 1) levied to repay bond indebtedness, 2) associated with personal property, and 3) associated with properties owned by utility or railroad companies.

<sup>7</sup> 1992 Ga Laws p. 6563; 2008 Ga Laws p. 4010



### 1.102 Fulton County CPI Exemption

The county's CPI homestead exemption is an assessment freeze in which the annual exemption value adjusts each year to a value equal the difference between the value of the base year assessment and the current year assessment, where the base year assessment adjusts annually by the minimum of the increase in the annual consumer price index (CPI) and 3 percent. For the purpose of this exemption, the base year is the year in which the CPI homestead exemption is first applied to the homestead, whether it be in 2005 when the exemption went into effect or the year of a qualified application is received. This exemption only applies to M&O taxes and is in addition to the county's basic homestead exemption of \$30,000.<sup>8</sup>

**Table 1.4. Fulton County CPI Exemption Example**

(a) 2016 Fair Market Value (FMV)	(b) Assessed Value (40% FMV)	(c) Base Homestead Exemption	(d) Value of CPI Homestead Exemption (2016)	(e) Net Taxable Value
\$625,000	(a) x 0.40 \$250,000	\$30,000	\$125,000	(b) - \$30,000 - (d) \$95,000

Number of properties in 2018 = 93,378

**Table 1.5. Fulton County CPI Homestead Exemption Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$8,763	\$35,869	\$36,945
Bonds	-	-	-

\* Values are obtained from local exemption L14 from Fulton County consolidation sheets and represent the excess homestead exemption values above Fulton County Basic Homestead exemption. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### 1.103 Fulton County Senior Homestead Freeze and 50 Percent Reduction

The county has multiple senior homestead exemptions that apply to seniors of different ages. Two of these homestead exemptions that apply to seniors at least 65 years old with income limitations include a senior homestead freeze and a 50 percent reduction. These two senior exemptions only apply to M&O taxes and not those taxes to repay bonds.

- The senior homestead freeze is an assessment freeze for those 65 years or older with an annual federal adjusted gross income (AGI) of \$39,000 for the previous year. Under this homestead exemption, the total taxable value due to the county is frozen at a base year, defined as the year when the exemption is first granted, and all future ad valorem taxes due to the county is

<sup>8</sup> 2004 Ga Laws p. 3825

exempted. This homestead application is in addition to the basic homestead exemptions. Applicants are required to demonstrate qualifying income at the time of application and not during subsequent years.<sup>9</sup>

- The senior 50 percent reduction homestead exemption applies to those 65 years or older with an annual federal AGI no greater than 200 percent the federal poverty level for the preceding year<sup>10</sup>. Under this exemption, the assessed value available for taxation by Fulton County is cut in half. This homestead application is stackable and is added to other qualifying homestead exemptions, including the Fulton County basic homestead exemption, Fulton County CPI exemption, the Fulton County Senior Homestead Freeze and others.<sup>11</sup>

Number of properties in 2018 = 1,798

**Table 1.6. Fulton County Senior Homestead Freeze Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$271	\$745**	\$767
Bonds	-	-	-

\* Values obtained from local exemption L12 from Fulton County consolidation sheets and represent the excess homestead exemption values above Fulton County Basic Homestead exemption. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

\*\* The value for FY 2018 was summed from the values on Fulton County consolidation sheets #58 and #59 for unincorporated and incorporated Fulton County respectively, which unlike past years differed from the value on sheet #62 for all tax districts countywide.

### **1.104 State Exemption for homeowners aged 62 or older with net income less than \$10,000**

This state homestead exemption for education applies to those 62 years or older with a net income of \$10,000 for the immediately preceding year. For the purpose of this homestead exemption, the \$10,000 net income limit excludes the maximum Social Security income from sources including retirement, disability, or pension systems. This exemption only applies to M&O taxes.<sup>12</sup>

Number of properties in 2018 = 156

<sup>9</sup> 2002 Ga Laws p. 5122

<sup>10</sup> This value is adjusted annually.

<sup>11</sup> 2008 Ga Laws p. 3945

<sup>12</sup> O.C.G.A. § 48-5-52

**Table 1.7. State Exemption for Age 62 and older, Net Income less than \$10,000 Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$37	\$45	\$46
Bonds	-	-	-

\* Values obtained from state exemption code S3 from Fulton County consolidation sheets and represent the excess homestead exemption values above Fulton County Basic Homestead exemption. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.105 Exemptions Relating to Qualified Disabled Veterans and Other Disabled Homeowners**

The provides two exemptions for disabled homeowners. The Disabled Veteran exemption applies to veterans with a 100 percent service-connected disability<sup>13</sup>, exempting up to \$81,080<sup>10</sup> of assessed value from taxation. In addition, disabled homeowners may also qualify for a 100 percent exemption<sup>14</sup> if their federal AGI is less than \$66,912<sup>10</sup>. Both of these exemptions apply to M&O taxes in addition to taxes intended for bond repayment.

Number of properties in 2018 = 981

**Table 1.8. Exemptions for Disabled Veterans Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$470	\$670	\$690
Bonds	\$12	\$15	\$16

\* Values obtained from state exemption code S5 and SD from Fulton County consolidation sheets and represent the excess homestead exemption values above Fulton County Basic Homestead exemption. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.106 State Exemptions Relating to Qualified Surviving Spouses**

The state provides two exemptions for unremarried spouses of veterans, firefighters, or peace officers killed in the line of duty. The combined effect of these exemptions are presented below. The surviving spouse of a firefighter or peace officer killed in the line of duty provides a 100 percent exemption from county ad valorem tax for the unremarried spouse of a firefighter or peace officer<sup>15</sup>. Unremarried surviving spouses of a military member killed in combat may qualify for an exemption of up to \$81,080<sup>10</sup> of assessed value<sup>16</sup>.

Number of properties in 2018 = 56

<sup>13</sup> O.C.G.A. § 48-5-48

<sup>14</sup> 1988 Ga Laws p. 4034; 1989 Ga Laws p. 4379

<sup>15</sup> O.C.G.A § 48-5-48.4

<sup>16</sup> O.C.G.A. § 48-5-52.1

**Table 1.9. State Exemptions for Surviving Spouses Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$22	\$31	\$32
Bonds	\$1	\$1	\$1

\* Values obtained from state exemption code SE, SG, and SS from Fulton County consolidation sheets and represent the excess homestead exemption values above Fulton County Basic Homestead exemption. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.107 Other Local Exemptions Not Included Elsewhere**

This category is comprised of county exemptions not include elsewhere, including:

- Age 70 exemption with AGI less than \$66,912<sup>10</sup> = 100 percent exemption<sup>11</sup>
- Age 65 exemption with taxable income less than \$66,912<sup>10</sup> = \$4,000 exemption<sup>17</sup>
- Age 65 exemption with AGI less than \$66,912<sup>10</sup> = \$10,000 exemption<sup>18</sup>
- Urban Enterprise homestead exemptions and local personal property Freeport exemption<sup>19</sup>

Number of properties in 2018 = 23,301

**Table 1.10. Other Local Exemptions Not Included Elsewhere, Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$12,129	\$15,563	\$16,030
Bonds	\$257	\$322	\$331

\* Values obtained from local exemption L2-L8, L11, and L13 from Fulton County consolidation sheets and represent the excess homestead exemption values above Fulton County Basic Homestead exemption. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.108 Fulton County Co-Op Homestead Exemption**

The CO-OP Homestead exemption extends the eligibility for homestead exemptions to those who own property under an occupancy agreement as a stockholder of a nonprofit cooperative ownership housing corporation. This is not a specific homestead exemption per se, but rather a category of landowner that is allowed to qualify for the homestead exemptions previously described.<sup>20</sup>

Number of properties in 2018 = 10

<sup>17</sup> County, Fulton. 2018, April 2. Fulton County Guide to Homestead Exemptions.

<sup>18</sup> 1974 Ga Laws, p. 1657; 1976 Ga Laws, p. 1924; 1977 Ga Laws, p. 1574; 1978 Ga Laws, p. 2367

<sup>19</sup> County, Fulton. 2018, August 21. Fulton County Consolidation Sheets, Exemption Descriptions.

<sup>20</sup> 1976 Ga Laws, p. 1864; 1986 Ga Laws, p. 4448

**Table 1.11. Co-Op Homestead Exemptions Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$150	\$133	\$137
Bonds	(m)	(m)	(m)

\* Values obtained from local exemption L16 from Fulton County consolidation sheets and represent the excess homestead exemption values above Fulton County Basic Homestead exemption. Estimates exclude exemptions against M&O taxes associated with any TAD increment. (m) denotes a value less than \$1,000.

## 1.2 EXEMPT AND ABATED PROPERTY

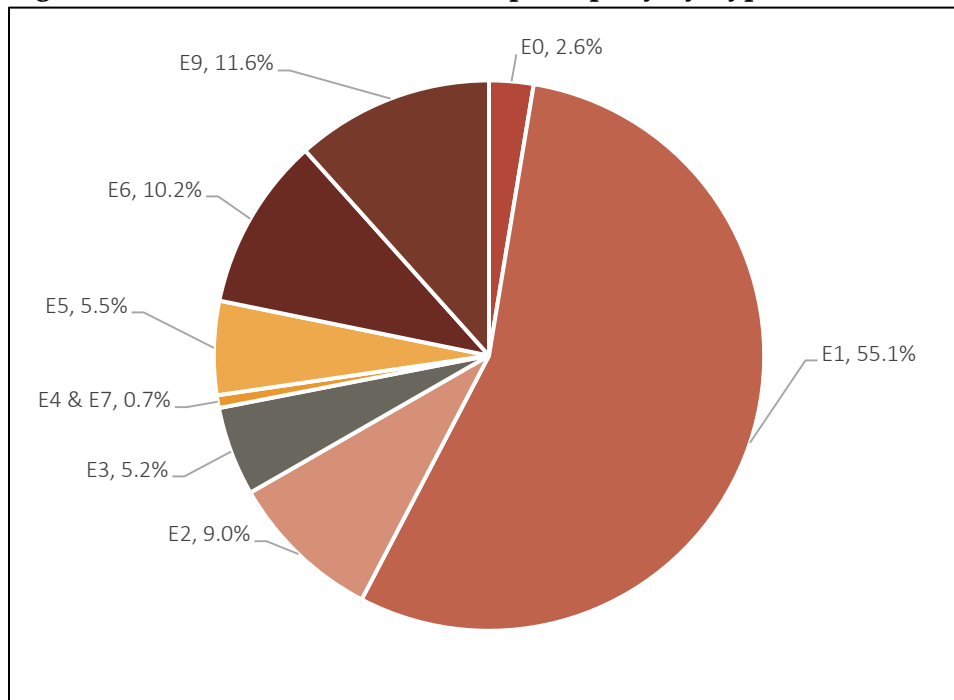
Under Section 48-5-41 of the Official Code of Georgia Annotated (O.C.G.A. 48-5-41), public properties and properties owned by various charitable and educational organizations as designated by Federal Law are exempt from local property tax. In addition, this exempt category includes some economic development abatements and usufruct properties which have been given exempt classification. Figure 1 shows the distribution of all exempt class property by classification.<sup>21</sup>

Properties abated as allowed O.C.G.A. 36-62 are classified as commercial or industrial and therefore are not included in Figure 1. These abated properties receive a partial reduction in their assessed value over a 10-year term, the value of which varies by property. The expenditure estimate for these partially abated properties are shown in Table 1.21.

The estimates provided below reflect the value of revenue not collected by the county government due to these exemptions. In some cases, eliminating an exemption may not result in an increase in revenue to the county because the taxpayer may qualify for multiple exemptions. Thus, eliminating one exemption may only cause an increase in the use of another exemption and not result in a revenue gain to the county.

In addition, the estimates presented below exclude the value of exemptions associated with incremental revenue of the tax allocation district (TAD) revenue. To do this, we pro-rate the value of all exemptions against M&O taxes in the TADs based on the ratio of the incremental assessed value to the total assessed value. Because the incremental revenue does not accrue to the county government, we do not include the exemptions from the TAD increment in the estimates below. Instead, estimates of the tax expenditures associated with the TAD increments are presented separately in section 1.4 to avoid double-counting.

<sup>21</sup> Property classification E1 includes properties that could be reclassified as E2-E9 properties. For example, several university properties are classified as E1 and not E6 properties.

**Figure 1. Share of 40% Value of Exempt Property by Type, 2018\***

Source: 2018 Fulton County consolidated sheet #62

\* Percentages should be considered approximate given all real property categories include properties that could potentially be reclassified.

### **1.201 Nonprofit Homes for the Aged**

Number of properties in 2018 = 190

Total 40 percent value in 2018 = \$238,805,150

Average 40 percent value in 2018 = \$1,256,869

**Table 1.12. Nonprofit Homes for the Aged Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$1,893	\$1,929	\$1,987
Bonds	\$58	\$55	\$57

\* Includes properties classified with exemption code E0 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.202 Public Property**

Number of properties in 2018 = 6,286

Total 40 percent value in 2018 = \$5,047,324,230

Average 40 percent value in 2018 = \$802,947

**Table 1.13. Public Property Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$31,917	\$36,422	\$37,515
Bonds	\$1,122	\$1,161	\$1,196

\* Includes properties classified with exemption code E1 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.203 Places of Religious Worship and No-Rent Income Residences**

Number of properties in 2018 = 1,862

Total 40 percent value in 2018 = \$829,063,480

Average 40 percent value in 2018 = \$445,254

**Table 1.14. Places of Religious Worship and No-Rent Income Residences Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$7,497	\$7,699	\$7,930
Bonds	\$197	\$191	\$196

\* Includes properties classified with exemption code E2 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.204 Property Used for Charitable Purposes**

Number of properties in 2018 = 618

Total 40 percent value in 2018 = \$480,580,960

Average 40 percent value in 2018 = \$777,639

**Table 1.15. Property Used for Charitable Purposes Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$3,313	\$3,304	\$3,403
Bonds	\$119	\$111	\$114

\* Includes properties classified with exemption code E3 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.205 Places of Religious Burial**

Number of properties in 2018 = 172

Total 40 percent value in 2018 = \$66,460,480

Average 40 percent value in 2018 = \$386,398

**Table 1.16. Places of Religious Burial Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$559	\$573	\$590
Bonds	\$16	\$15	\$16

\* Includes properties classified with exemption code E4 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.206 Charity Hospitals**

Number of properties in 2018 = 111

Total 40 percent value in 2018 = \$505,169,970

Average 40 percent value in 2018 = \$4,551,081

**Table 1.17. Charity Hospitals Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$3,203	\$3,450	\$3,554
Bonds	\$118	\$116	\$120

\* Includes properties classified with exemption code E5 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.207 Educational Institutions**

Number of properties in 2018 = 841

Total 40 percent value in 2018 = \$931,823,670

Average 40 percent value in 2018 = \$1,107,995

**Table 1.18. Educational Institutions Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$8,066	\$8,088	\$8,331
Bonds	\$227	\$214	\$221

\* Includes properties classified with exemption code E6 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.208 Air and Water Pollution Control Equipment**

Number of properties in 2018 = 5

Total 40 percent value in 2018 = \$2,006,950

Average 40 percent value in 2018 = \$401,390



**Table 1.19. Air and Water Pollution Control Equipment Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$6	\$20	\$21
Bonds	(m)	(m)	(m)

\* Includes properties classified with exemption code E7 on Fulton County's consolidation sheet #62. No qualifying Air and Water Pollution Control equipment is located within TADs, so no adjustment is made for exemptions associated with any TAD increment. (m) indicates a value less than \$1,000.

**1.209 Other**

Number of properties in 2018 = 255

Total 40 percent value in 2018 = \$1,066,487,774

Average 40 percent value in 2018 = \$4,182,305

**Table 1.20. Other Exempt Property Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$8,083	\$10,257	\$10,565
Bonds	\$210	\$245	\$253

\* Includes properties classified with exemption code E9 on Fulton County's consolidation sheet #62. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

**1.210 Commercial and Industrial Property Abatements**

Number of properties in 2018 = 184

Total 40 percent value in 2018 = \$2,699,575,694

Average assessment ratio in 2018 = 20.8 percent

**Table 1.21. Commercial and Industrial Property Abatement Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	Not Available	\$9,128	\$9,402
Bonds	Not Available	\$206	\$212

\* Includes properties with an Economic Development (ED) or Public Housing (PH) flag by the Fulton County assessor's office which are classified as commercial or industrial and have an assessment ratio of less than 40 percent. Estimates for this property category may include some exemptions against M&O taxes which are associated with TAD increments.

**1.3 SPECIAL ASSESSMENTS**

In some instances, property is assessed at a reduced rate or using an alternative method. Although this is not an explicit exemption, this treatment results in a reduction in the assessed value and is equivalent to an exemption.

The estimates provided below reflect the value of revenue not collected by the county government as a result of these exemptions. In some cases, eliminating an exemption may not result in an increase in revenue to the county because the taxpayer may qualify for multiple exemptions. Thus, eliminating one exemption may only cause an increase in the use of another exemption and not result in a revenue gain to the county.

In addition, the estimates presented below exclude the value of exemptions associated with incremental revenue of the tax allocation district (TAD) revenue. To do this, we pro-rate the value of all exemptions against M&O taxes in the TADs based on the ratio of the incremental assessed value to the total assessed value. Because the incremental revenue does not accrue to the county government, we do not include the exemptions from the TAD increment in the estimates below. Instead, estimates of the tax expenditures associated with the TAD increments are presented separately in section 1.4 to avoid double-counting.

### **1.301 Brownfield Property**

Brownfield Property – Provides for the preferential assessment of environmental and contaminated property by freezing the value for ten years as an incentive for developers to clean up and return the property to the tax rolls. This assessment also allows an owner to recoup against taxes due certain eligible Brownfield costs.<sup>22</sup>

Number of Properties in 2018 = 19

Total Assessed Value in 2018 = \$169,970,150

Average Assessed Value in 2018 = \$8,945,797

**Table 1.22. Brownfield Property Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$503	\$1,143	\$1,178
Bonds	\$18	\$34	\$35

\* Includes properties classified with State Exemption code SB. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.302 Conservation Use Property**

Bona fide agricultural property may be assessed at its current use value rather than fair market value.<sup>23</sup>

Number of Properties in 2018 = 591

Total Assessed Value in 2018 = \$98,356,800

Average Assessed Value in 2018 = \$166,424

<sup>22</sup> Georgia Const. Art. VII, Sect. I par. III 1

<sup>23</sup> O.C.G.A. §48-5-7

**Table 1.23. Conservation Use Property Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$640	\$940	\$968
Bonds	\$15	\$21	\$22

\* Includes properties classified with state exemption code SV. No conservation use property is located within a TAD, so no adjustment is made for exemptions associated with any TAD increment.

### **1.303 Forest Land Conservation Property**

Property primarily used for the good faith subsistence or commercial production of trees, timber, or other wood and wood fiber products and excludes the entire value of any residence located on the property. In addition, the property may have secondary uses such as the promotion, preservation, or management of wildlife habitat; carbon sequestration in accordance with the Georgia Carbon Sequestration Registry; mitigation and conservation banking that results in restoration or conservation of wetlands and other natural resources; or the production and maintenance of ecosystem products and services, such as, but not limited to, clean air and water. This 15-year covenant agreement between the taxpayer and local board of assessors is limited to forest land tracts consisting of more than 200 acres when owned by an individual or individuals or by any entity registered to do business in Georgia.<sup>24</sup>

Number of Properties in 2018 = 45

Total Assessed Value in 2018 = \$19,542,880

Average Assessed Value in 2018 = \$434,286

**Table 1.24. Forest Land Conservation Property Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$14	\$17	\$18
Bonds	(m)	(m)	(m)

\* Includes properties classified with state exemption code SJ. No forest land conservation property is located within a TAD, so no adjustment is made for exemptions associated with any TAD increment. (m) indicates a value less than \$1,000.

### **1.304 Freeport Exemption<sup>25</sup>**

A level 1 freeport exemption exempts -

- Inventory of goods in the process of being manufactured or produced including raw materials and partly finished goods
- Inventory of finished goods manufactured or produced in Georgia held by the manufacturer or producer for a period not to exceed 12 months

<sup>24</sup> O.C.G.A. §48-5-7.7

<sup>25</sup> O.C.G.A. §§48-5-48.1

- Inventory of finished goods on January 1 that are stored in a warehouse, dock, or wharf that are destined for shipment outside of Georgia for a period not to exceed 12 months

In addition, the county has also adopted a 100 percent level 2 Freeport exemption for inventory stored in e-commerce fulfillment centers.

**Table 1.25. Freeport Exemption Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$16,778	\$20,270	\$20,879
Bonds	\$404	\$457	\$471

\* Includes properties classified with state exemption code SF.

### **1.305 Historic Property**

Property that qualifies for listing on the Georgia or National Register of Historic Places may qualify for preferential assessment. The property must be certified by the Department of Natural Resources as rehabilitated historic or landmark historic property. The assessment level of such property is frozen at the greater of the acquisition cost or the fair market value on the digest at the time of certification.<sup>26</sup>

Number of Properties in 2018 = 97

Total Assessed Value in 2018 = \$47,181,440

Average Assessed Value in 2018 = \$486,407

**Table 1.26. Historic Property Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$56	\$124	\$128
Bonds	\$4	\$5	\$5

\* Includes properties classified with state exemption code SH. Estimates exclude exemptions against M&O taxes associated with any TAD increment.

### **1.306 Personal Property ≤ \$7,500**

Personal property, except motor vehicles, trailers, and motor homes, with an assessed value of \$7,500 or less is exempt from the property tax.<sup>27</sup>

<sup>26</sup> O.C.G.A. §§48-5-7.2, 48-5-7.37

<sup>27</sup> O.C.G.A. §§48-5-42.1

**Table 1.27. Personal Property ≤ \$7,500 Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$69	\$64	\$66
Bonds	\$2	\$1	\$1

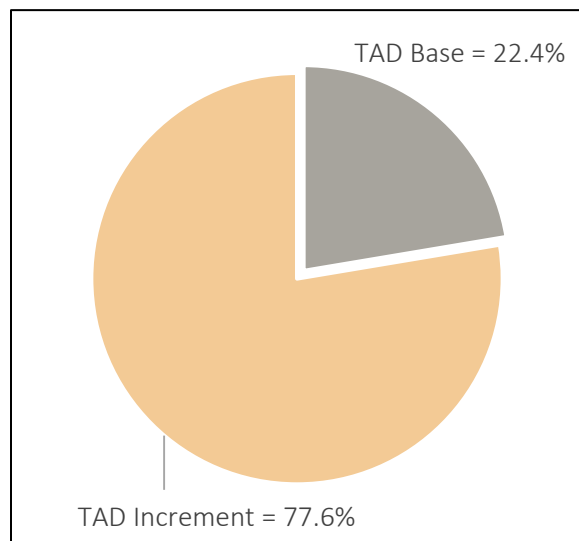
\* Includes properties classified with state exemption code SP

#### 1.4 TAX ALLOCATION DISTRICTS

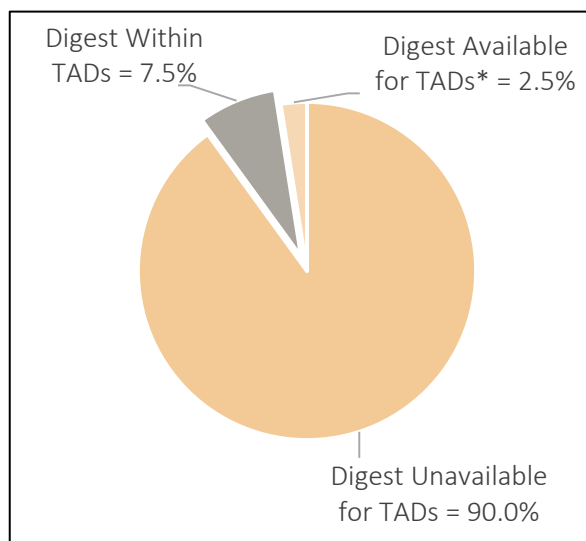
Local governments in Georgia are authorized to enact Tax Allocation Districts (TADs) through the Redevelopment Powers Law of 1985. TADs are a form of tax increment financing, which has become a widely used financing method across the nation to facilitate economic development and infrastructure projects. Within a TAD, a base assessed value of property is fixed at the time of establishment which continues to go to the local government throughout the life of the TAD. However, as properties appreciate throughout the TAD's lifespan, the difference between the base year assessed value and the current year tax assessed value represents the foregone revenue to the local government. The incremental assessed value above the base year value are used to fund redevelopment and revitalization projects consistent with the TAD's approved redevelopment plan. Although the presence of a TAD does not result in a reduction in tax liability for the taxpayers, the revenue generated from the assessed value above the base amount is not available to the Fulton County government. Thus, for the purposes of this report, these funds are considered a tax expenditure.<sup>28</sup> The Redevelopment Powers Act specifically states that the ad valorem tax associated with bond indebtedness does not apply to the tax allocation district financing. Thus, we do not include a value for the bonds in the tax expenditure estimates provided below.

<sup>28</sup> This definition represents a departure from the standard tax expenditure definition in which a TIF arrangement can be viewed as form of revenue earmarking.

**Figure 2. Base and Increment as a Percent of TAD Total Assessed Value, 2018 (\$ in 000)**



**Figure 3. Percent of County Digest Within a TAD, 2018 (\$ in 000)**



\* Fulton County cannot statutorily exceed 10 percent of Gross Digest within TADs per O.C.G.A. 36-44-17.

Source: 2018 Fulton County Property Tax Assessors File provided by the Fulton County Property Assessor's Office

#### **1.401 Atlanta Beltline TAD**

Established in 2005

Number of Parcels in 2018 = 5,203

Total Gross Assessed Value in 2018 = \$1,955,440,630

Certified Base Assessed Value = \$542,867,760

Base Value as a Percentage of Total Assessed Value in 2018 = 27.76 percent

**Table 1.28. Atlanta Beltline TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$8,658	\$12,842	\$13,393
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #105. The estimate does not adjust for the payment in lieu of taxes (PILOT) of \$1.35 million which is made annually until year 2031 out of the TAD increment to the Atlanta-Fulton County Library Board specifically for capital improvements. Because these funds do not flow to the county general fund, the PILOT is not considered an offset to the expenditure estimate.

#### **1.402 Atlanta Princeton Lakes TAD**

Established in 2002

Number of Parcels in 2018 = 929

Total Gross Assessed Value in 2018 = \$135,594,240

Certified Base Assessed Value = \$826,760

Base Value as a Percentage of Total Assessed Value in 2018 = 0.61 percent

**Table 1.29. Atlanta Princeton Lakes TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$1,045	\$1,172	\$1,208
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #93.

#### **1.403 Atlantic Steel TAD**

Established in 1999

Number of Parcels in 2018 = 1,933

Total Gross Assessed Value in 2018 = \$670,325,390

Certified Base Assessed Value = \$7,173,240

Base Value as a Percentage of Total Assessed Value in 2018 = 1.07 percent

**Table 1.30. Atlantic Steel TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$5,253	\$6,516	\$6,713
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #101.

#### **1.404 Campbellton TAD**

Established in 2006

Number of Parcels in 2018 = 759

Total Gross Assessed Value in 2018 = \$167,226,010

Certified Base Assessed Value = \$115,744,000

Base Value as a Percentage of Total Assessed Value in 2018 = 69.21 percent

**Table 1.31. Campbellton TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$273	\$510	\$561
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #108.

#### **1.405 College Park TAD**

Established in 2015

Number of Parcels in 2018 = 324

Total Gross Assessed Value in 2018 = \$34,711,240

Certified Base Assessed Value = \$27,748,930

Base Value as a Percentage of Total Assessed Value in 2018 = 79.94 percent

**Table 1.32. College Park TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$40	\$59	\$70
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #140.

**1.406 East Point No. 1 TAD**

Established in 2001

Number of Parcels in 2018 = 64

Total Gross Assessed Value in 2018 = \$98,303,570

Certified Base Assessed Value = \$4,720,280

Base Value as a Percentage of Total Assessed Value in 2018 = 4.80 percent

**Table 1.33. East Point No. 1 TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$930	\$955	\$985
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #98.

**1.407 East Point No. 2 TAD**

Established in 2006

Number of Parcels in 2018 = 418

Total Gross Assessed Value in 2018 = \$57,368,840

Certified Base Assessed Value = \$50,109,760

Base Value as a Percentage of Total Assessed Value in 2018 = 87.35 percent

**Table 1.34. East Point No. 2 TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$57	\$70	\$87
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #100.

**1.408 Eastside TAD**

Established in 2003

Number of Parcels in 2018 = 4,152

Total Gross Assessed Value in 2018 = \$931,076,340

Certified Base Assessed Value = \$299,727,240



Base Value as a Percentage of Total Assessed Value in 2018 = 32.19 percent

**Table 1.35. Eastside TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$3,586	\$5,383	\$5,636
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #96.

#### **1.409 Fulton Metropolitan TAD**

Established in 2006

Number of Parcels in 2018 = 426

Total Gross Assessed Value in 2018 = \$55,479,390

Certified Base Assessed Value = \$42,190,240

Base Value as a Percentage of Total Assessed Value in 2018 = 76.05 percent

**Table 1.36. Fulton Metropolitan TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$74	\$128	\$145
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #109.

#### **1.410 Hapeville TAD**

Established in 2008

Number of Parcels in 2018 = 8

Total Gross Assessed Value in 2018 = \$16,099,160

Certified Base Assessed Value = \$7,809,720

Base Value as a Percentage of Total Assessed Value in 2018 = 48.51 percent

**Table 1.37. Hapeville TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$0	\$85	\$89
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #89.

#### **1.411 Hollowell TAD**

Established in 2006

Number of Parcels in 2018 = 564

Total Gross Assessed Value in 2018 = \$61,435,810

Certified Base Assessed Value = \$37,285,040

Base Value as a Percentage of Total Assessed Value in 2018 = 60.69 percent

**Table 1.38. Hollowell TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$146	\$239	\$258
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #110.

#### **1.412 Perry Bolton TAD**

Established in 2002

Number of Parcels in 2018 = 3,323

Total Gross Assessed Value in 2018 = 213,520,900

Certified Base Assessed Value = \$66,022,880

Base Value as a Percentage of Total Assessed Value in 2018 = 30.92 percent

**Table 1.39. Perry Bolton TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$719	\$1,078	\$1,131
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #94.

#### **1.413 Stadium TAD**

Established in 2006

Number of Parcels in 2018 = 493

Total Gross Assessed Value in 2018 = \$34,419,940

Certified Base Assessed Value = \$26,839,560

Base Value as a Percentage of Total Assessed Value in 2018 = 77.98 percent

**Table 1.40. Stadium TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$0	\$47	\$57
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #107.

#### **1.414 Union City Town Center TAD**

Established in 2007

Number of Parcels in 2018 = 172

Total Gross Assessed Value in 2018 = \$58,923,130

Certified Base Assessed Value = \$52,964,800

Base Value as a Percentage of Total Assessed Value in 2018 = 89.89 percent

**Table 1.41. Union City Town Center TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$70	\$61	\$79
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #88.

**1.415 Westside TAD**

Established in 1998

Number of Parcels in 2018 = 4,111

Total Gross Assessed Value in 2018 = \$874,104,500

Certified Base Assessed Value = \$270,693,404

Base Value as a Percentage of Total Assessed Value in 2018 = 30.97 percent

**Table 1.42. Westside TAD Tax Expenditure Estimate (\$ in 000)**

	2017	2018	2019
Tax Expenditure Value*			
M&O	\$4,230	\$5,740	\$5,995
Bonds	-	-	-

\* Values from Fulton County consolidation sheet #103.

## 2. Sales and Use Tax

As of July 2018, the state and local sales tax in Fulton County equals 7.75 percent for sales occurring within the county but outside of Atlanta and 8.9 percent for sales within Atlanta. One cent of the total 7.75 or 8.9 cents of every dollar spent in the county is collected for county government operations. The remaining tax revenue is dedicated to education, sewer repairs, state operations, and transportation projects. The expenditure estimates provided below reflect the value of the revenue loss against the 1 cent Local Option Sales Tax only.

The sales tax base consists of retail sales, leases, rentals, use or consumption of tangible personal property. In general, the local tax base is consistent with the state sales tax base, which is defined to include mainly tangible personal property. The major exception is food for home consumption, which is included in the local sales tax base, but excluded from the state base. Services, with a few exceptions, are generally excluded from both the state and the local tax base. Because the authority to levy this tax is granted to the local government by the state government, exemptions to the base are passed at the state level. Unless otherwise specified in the state legislation, all exemptions passed at the state level also apply at the local level.

The state and local tax is administered by the Georgia DOR. The sales tax is remitted to the Georgia DOR by the retailer and the use tax is remitted by the consumer in cases where the retailer does not collect and remit sales tax. The Georgia DOR is responsible for distributing revenue to each of the local governments less a 1 percent administrative fee on a monthly basis.

**Table 2.1 Sales Tax Exemptions (\$ in 000)**

Provision*	Description	2017	2018	2019
4.00100	Sales to Federal Government, State of Georgia or a county or municipality in Georgia or any agency of such governments	Estimate not available		
4.00200	Tangible personal property furnished by the Federal Government or any county or municipality used by a contractor in the installation, repair, or extension of any public water, gas, or sewer system.	Estimate not available		
4.00300	Federal retailer's excise tax if separately itemized to the consumer and Georgia motor fuel tax imposed on the sale of motor fuel	Estimate not available		
4.00400	Sales of transportation furnished by a county or municipal public transit system or public transit authorities	\$47	\$49	\$51
4.00500	Sales of transportation furnished by an approved and authorized urban transit system	Estimate combined with 4.00400		
4.00600	Sales to any Hospital Authority created by Georgia law	Estimate combined with 4.00700		
4.00610	Sales to any Housing Authority created by Georgia law	\$7	\$7	\$8

Provision*	Description	2017	2018	2019
4.00620	Sales to local government authorities created on or after January 1, 1980 for the principal purpose of constructing, owning, or operating a coliseum and related facilities	(m)	(m)	(m)
4.00630	Sales to any agricultural commission created by the Department of Agriculture	(m)	(m)	(m)
4.00700	Sales of tangible personal property and services to an approved nursing home, inpatient hospice, general hospital or mental hospital when used specifically in the treatment function.	\$207	\$218	\$227
4.00705	Sales of tangible personal property to a non-profit health center established and receiving funds pursuant to the U.S. Public Health Service Act	\$1	\$1	\$1
4.00710	Sales of tangible personal property and services to a nonprofit organization whose primary function is to provide services to persons with intellectual disabilities	\$2	\$2	\$2
4.00720	Sales to Georgia Society of the Daughters of the American Revolution	(m)	(m)	(m)
4.00730	Sales of tangible property and services to a nonprofit volunteer health clinic primarily treating patients with incomes below 200 percent of the poverty level	\$2	\$1	\$1
4.00800	Sales of tangible personal property and services to the University System of Georgia and its educational units	\$122	\$127	\$132
4.00900	Sale of tangible personal property and services used exclusively in the educational function of an approved private college or university located in Georgia in which the credits are accepted by the University System of Georgia	Estimate combined with 4.00800		
4.01000	Sales of tangible personal property and services used exclusively in the educational function of an approved private elementary or secondary school	\$12	\$12	\$13
4.01100	Sale of tangible personal property or services to, and the purchase of tangible personal property or services by, any educational or cultural institute	(m)	(m)	(m)
4.01200	School lunches sold and served to pupils and employees of public schools	\$12	\$12	\$13
4.01300	School lunches sold and served to pupils and employees of approved private schools	\$2	\$2	\$2
4.01400	Sales of art and other artifacts for display or exhibition to museums	\$3	\$4	\$4
4.01500	Specific fundraising sales by any religious institution lasting no more than 30 days in a	(m)	(m)	\$1

Provision*	Description	2017	2018	2019
	calendar year and sales of religious paper when the paper is owned and operated by the religious institution			
4.01510	Sales of pipe organs or steeple bells to any church qualifying as a nonprofit	(m)	(m)	(m)
4.01700	Sales of fuel or consumable supplies used by ships engaged in inter-coastal or foreign commerce	(m)	(m)	(m)
4.01800	Charges for transportation of tangible personal property made in connection with interstate or intrastate transportation	Estimate not available		
4.01900	All tangible personal property purchased outside this state by a nonresident when the property is brought into Georgia upon the nonresident becoming a resident	Estimate not available		
4.02000	Water delivered through water mains, lines, or pipes	\$125	\$129	\$135
4.02100	Sales, transfers or exchanges of tangible personal property resulting from business reorganization when the owners, partners, or stockholders maintain the same proportionate interest or share in the newly formed business	Estimate not available		
4.02400	Rental of videotape or film to persons charging admission to view the tape or film	\$15	\$15	\$16
4.02500	Fares of for-hire vehicles	Estimate not available		
4.03000	Vehicles purchased by service-connected disabled veterans when the U.S. Dept. of Veterans Affairs supplies a grant to purchase and specially adapted the vehicle	(m)	(m)	(m)
4.03100	Sale of tangible personal property manufactured or assembled in Georgia for export when delivery is taken outside of Georgia	Estimate not available		
4.03200	Aircraft, watercraft, motor vehicles, and other transportation equipment manufactured or assembled in this State for exclusive use outside Georgia	Estimate not available		
4.03300	Common or common and contract carriers	Estimate not available		
4.03410	Machinery and equipment used to handle, move, or store tangible personal property in certain distribution facilities	Estimate not available		
4.03420	Machinery and equipment used directly to remanufacture certain aircraft engines or aircraft engine parts	(m)	(m)	(m)
4.03600	Machinery and equipment used in a facility for the primary purpose of reducing or eliminating air and water pollution	(m)	(m)	(m)
4.03610	Machinery and equipment used for water conservation and incorporated into a qualified water conservation facility.	Estimate not available		

Provision*	Description	2017	2018	2019
4.03800	Sale of tangible personal property and fees and charges for services by the Rock Eagle 4-H center	(m)	(m)	(m)
4.03900	Certain sales by a public or private school of tangible personal property, concessions, and tickets for admission to school functions	\$4	\$4	\$4
4.03910	Cargo containers and related chassis used for storage or shipping by persons engaged in international shipment of tangible personal property	Estimate not available		
4.04000	Sale of major components or repair parts installed in military aircraft, vehicles, or missiles	\$101	\$99	\$103
4.04100	Sale of tangible personal property and services to a nonprofit child-caring institution, child-placing agency, or maternity home	\$2	\$2	\$2
4.04200	Use or lease of tangible personal property when the lessor and lessee are under 100 percent common ownership and where the person who furnishes, leases, or rents the property has paid sales or use tax on the property	Estimate not available		
4.04300	Revenues from coin-operated amusement machines for which individual permits are required	\$52	\$54	\$56
4.04400	Sale of motor vehicles to nonresident purchasers when vehicles are immediately removed from Georgia and titled in another state.	Estimate not available		
4.04500	The sale or use of paper stock when used to print catalogs for distribution outside Georgia.	Estimate not available		
4.04600	Sale of tangible personal property or taxable services to nonprofit blood banks	\$3	\$3	\$3
4.04700	Sale of drugs dispensed by prescription, prescription glasses, contact lenses, contact lens samples and sales or use of certain controlled substances or dangerous drugs	\$1,007	\$1,071	\$1,118
4.04800	Sale of crab bait to licensed commercial fishermen	(m)	(m)	(m)
4.05000	Sales of insulin syringes and blood glucose level measuring strips dispensed without a prescription	\$50	\$53	\$55
4.05100	Sale of oxygen when prescribed by a licensed physician	\$1	\$1	\$1
4.05200	Sale or use of hearing aids	\$11	\$11	\$12
4.05300	Transactions where food stamps or WIC coupons are used as the method of payment of payment	\$211	\$210	\$220
4.05400	Sale or use of any durable medical equipment or prosthetic device prescribed by a physician	\$68	\$71	\$74

Provision*	Description	2017	2018	2019
4.05500	Sale of Georgia lottery tickets	\$328	\$339	\$354
4.05600	Sale by any qualified nonprofit parent-teacher organization	\$1	\$1	\$1
4.05710	Sales of food and beverages to a qualified food bank (expires June 30, 2021)	\$1	\$2	\$2
4.05720	Exemption for prepared food and food ingredients that are donated to a qualified nonprofit agency and used for hunger relief purposes	\$7	\$7	\$7
4.05730	Exemption for food and food ingredients that are donated following a natural disaster and used for disaster relief	Estimate combined with 4.0572		
4.05900	Sale of eligible food and beverages by any Girl or Boy Scout council	\$2	\$2	\$2
4.06000	Sale of certain machinery and equipment used to improve air quality in a clean room of Class 100,000 or less	\$1	\$1	\$1
4.06100	Advertising inserts that are used in newspapers for resale	Estimate not available		
4.06200	Sod grass sold in the original state of production by the sod producer, employee of the producer, or family member of the producer	(m)	(m)	(m)
4.06300	Funeral merchandise when paid with funds from the Georgia Crime Victims' Emergency Fund	(m)	(m)	(m)
4.06500	Sale of dyed diesel fuel used exclusively for operations of vessels or boats by licensed commercial fishermen	(m)	(m)	(m)
4.06600	Sale of gold, silver, or platinum bullion	\$6	\$6	\$6
4.06700	Sale of coins or currency	\$2	\$2	\$2
4.06800	Sale of certain computer equipment when the total qualifying purchases by a high technology company exceed \$15 million	Estimate not available		
4.06900	Sales of machinery and equipment and material incorporated and used in a clean room of Class 100 or less	Estimate Combined with 4.06000		
4.07000	Sale of natural gas used directly in the manufacture of electricity	\$95	\$103	\$107
4.07100	Sale to or by an organization whose primary purpose is to raise funds for books, materials, and programs for public libraries	(m)	(m)	(m)
4.07200	Sale of prescribed mobility enhancing equipment	\$5	\$5	\$6
4.07600	Exemption for personal property used in the renovation or expansion of an aquarium	\$2	(m)	(m)
4.08100	The purchase of food and nonalcoholic beverages provided at no charge aboard a qualified airline	(m)	(m)	(m)



Provision*	Description	2017	2018	2019
4.08300	Sale of biomass materials used to produce electricity or steam intended for sale	(m)	(m)	(m)
4.08600	Sales of engines, parts, equipment and other tangible personal property used in the maintenance or repair of certain aircraft	(m)	(m)	(m)
4.08700	Sales of tangible personal property used to renovate or expand a zoological institution (expires June 30, 2018)	(m)	(m)	(m)
4.09100	The sale of prewritten software which has been delivered to the purchaser electronically or by means of load and leave.	Estimate not available		
4.09300	Sale of tangible personal property used for and in the construction of a competitive project of regional significance, for the period commencing January 1, 2012, until June 30, 2019	\$13	\$18	\$19
4.09400	The sale, use, consumption, or storage of materials, containers, labels, sacks, or bags used for packaging tangible personal property for shipment or sale	Estimate not available		
4.09700	Sales of admission to a nonrecurring major sporting event	\$22	\$22	\$23
4.09800	Sales of tangible personal property and services to a qualified job training organization	\$1	\$1	\$2
4.09900	Exemption for expenses related to the renovation or expansion of qualified theatres	\$1	\$2	\$2
4.10000	Exemption for sales of tickets to a qualified fine arts performance or exhibition	\$31	\$32	\$34
4.3.2	Exemptions for energy, machinery or equipment, industrial material, and consumable supplies used in manufacturing	\$5,942	\$6,044	\$6,310
4.3.3	Sale and use by a qualified agriculture producer of agricultural production inputs, energy used in agriculture, and agricultural machinery and equipment	Estimate Combined with 4.3.2		
4.3.4	Exemption for qualified boat repairs	(m)	(m)	(m)
4.3.5	Exemption for sales within an enterprise zone	Estimate not available		
4.70000	Compensation of dealers for reporting and paying tax	\$150	\$154	\$160
4.90000	Sales tax exemption for casual sales	\$2	\$2	\$2

(m) indicates a value less than \$1,000.

\* Provisions represent the share of state sales tax expenditures, as identified within the *Georgia Tax Expenditure Report for FY 2019*, foregone by the Fulton County government. Provision numbers correspond to Sales Tax Expenditure numbers within the aforementioned state expenditure report.

### 3. Alternative Ad Valorem Tax on Motor Vehicles

Motor vehicles titled in Georgia are subject to a title ad valorem fee, referred to as the Motor Vehicle Title Fee or the TAVT. Passed in the 2012 session of the General Assembly, the tax was implemented as of March 1, 2013. The title fee rate is 7 percent. The revenue from the tax is shared between the state and local governments at a specified annual rate. The local (state) share of the tax was 51.58 (48.42) percent for CY 2018. The local share will be adjusted as of January 1, 2019 in accordance with the formula specified in current law. Due to legislation that was passed in 2018 by the General Assembly, the local (state) share will equal 65 (35) percent and remain at this share permanently effective July 1, 2019.

The tax base for new vehicles is equal to the greater of the retail selling price and the average of the current fair market value and the wholesale value as determined by the Georgia DOR. The tax base for used vehicles is equal to the average of the current fair market value and the wholesale value as determined by the Georgia DOR less any reductions for the trade-in value of another vehicle and any dealer rebates or cash discounts.

The tax is administered by the Georgia DOR but initial proceeds from activity occurring within the county are collected by the county tax administrator and remitted to the state government less a 1 percent administrative fee. In addition, the county government retains a 1 percent administrative fee after distributing the appropriate amounts to the municipal governments and school districts located within the county.

**Table 3.1. Expenditure Estimate (\$ in 000)**

Description	2017	2018	2019
3.1. Reduced rate for transfers between family members	\$323	\$412	\$463
3.2. Exemption for disabled veterans	\$14	\$15	\$17
3.3. Reduced Rate for rental vehicles	\$2,016	\$2,162	\$2,433
3.4. Reduced rate for vehicles manufactured in years 1963 through 1985	Included in 3.002		
3.5. Reduced rate for salvage vehicles	\$1,457	\$1,820	\$2,048
3.6. Dealer loaner vehicle exemption	\$95	\$104	\$117
3.7. Reduced rate for donated vehicles	\$4	\$4	\$4
3.8. Extended payment period for out-of-state vehicles	\$65	\$66	\$75
3.9. Trade-in exemption (including rebates and cash discounts)	\$6,137	\$6,892	\$7,754
3.10. Special assessment for used vehicles	\$616	\$692	\$779
3.11. Special assessment for new vehicles	\$1,220	\$1,371	\$1,542
3.12. Buy here pay here transactions	\$240	\$301	\$338

Description	2017	2018	2019
3.13. Exemption from TAVT for leased vehicles qualifying for Manufacturing Headquarters	\$19	\$24	\$27
3.14. Treatment of Leased Vehicles	\$484	\$979	\$1,101

(m) indicates a value less than \$1,000.

## About the Center for State and Local Finance

The Center for State and Local Finance (CSLF) mission is to develop the people and ideas for next generation public finance. Key initiatives include: 1) Developing executive education programs in public finance to provide professional development for the next generation of practitioners in state and local finance; 2) Building technical assistance capacity in next generation technologies for the public sector that include the use of “big data” and improved analytics to better inform policymakers and to better target solutions to public sector problems; 3) Supporting scholarship on critical challenges in state and local fiscal and economic policy; and 4) Building a strong capacity to translate and communicate academic research for the practitioner audience.

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