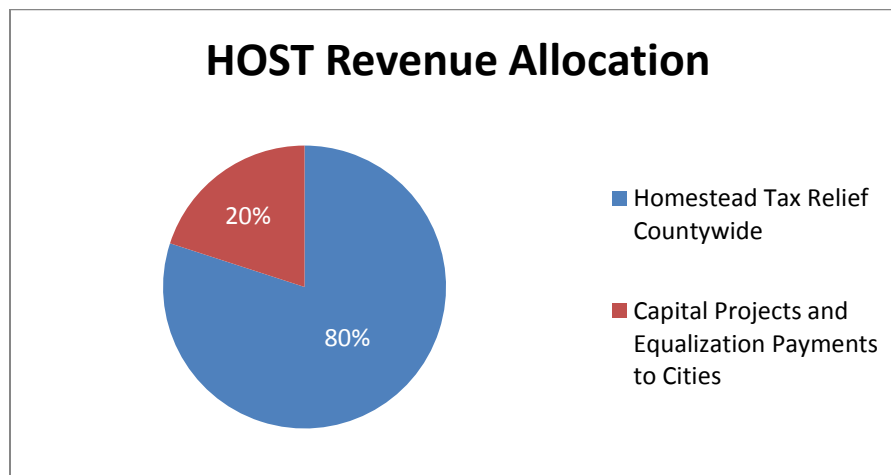




DeKalb County HOST and E-HOST Information

Q: What is HOST?

A: The Homestead Option Sales Tax, or HOST, is a 1% sales and use tax assessed on all goods sold throughout DeKalb County that is governed by Article 2a, Chapter 8 of Title 48 in O.C.G.A. HOST generates approximately \$100 million each year depending on the level of sales, at least 80% of which must be used to subsidize county property taxes on homesteads, while no more than 20% may be dedicated to capital improvement projects and equalization payments to the cities in DeKalb County. In 2015, the HOST credit forgave 55% of the county property taxes charged for each homeowner. Homeowners in the unincorporated area of the county received 62% of the tax credits issued or over \$53 million, with the remaining 38% or more than \$33 million going to homeowners in the cities.



Q: What are equalization payments to DeKalb's cities?

A: Equalization payments are transfers of HOST funds to cities in DeKalb County from the Georgia Department of Revenue. These payments are made because HOST only subsidizes County millage rates, resulting in a disproportionate amount of tax credits accruing to residents of unincorporated DeKalb County. Equalization payments to the cities are calculated based on a formula that factors in the difference between the county's unincorporated millage rate and the county millage rate in each city as well as the homestead tax digest of each city. The larger a city's homestead tax digest and the greater the differential between the unincorporated millage rate and the county millage rate in the city, the higher the equalization payment will be to the city. In 2015, equalization payments to the cities totaled nearly \$16.8 million.



Q: **What is a homestead?**

A: A homestead is defined in O.C.G.A. § 48-5-40 as a citizen's primary residence and up to five acres surrounding it, provided the property is owned by and in possession of the citizen. Except for those on active duty with the armed services, citizens must occupy the residence to qualify for the exemption. Citizens must apply to DeKalb County to qualify their property as a homestead. To learn more about homestead exemptions, [CLICK HERE](#).

Q: **What percentage of HOST funding is dedicated to County capital improvements after funds are distributed to municipalities?**

A: The portion of HOST funding dedicated to capital has varied over the years from 0 to 20 percent, the maximum allowed under the law. The County has traditionally used its annual capital amounts from HOST for transportation projects, including matching Georgia Department of Transportation funding for resurfacing and other transportation improvement projects. Beginning in 2010, some of the HOST revenue available for capital was distributed to the cities in DeKalb. The amounts available to the County for capital funding after distribution to municipalities have ranged from a peak of \$20 million annually in 2008 to a low of \$90,000 in 2010. The amount available in 2015 was \$4.9 million.

Q: **How are HOST funds used?**

A: HOST proceeds are used in three ways:

- 1) Offer a property tax exemption for homeowners. By law, a minimum of 80% of HOST proceeds must be used to forgive a portion of the county tax bill for owner-occupied residences
- 2) Provide funding for capital improvement projects
- 3) Direct payments to cities in DeKalb County

The county may choose to increase the percentage of HOST proceeds dedicated to tax relief. The remaining proceeds are then available to fund capital improvements and direct payments to cities in DeKalb County.

Q: **How does HB 215 change HOST?**

A: HB 215 enables voters to reform DeKalb's HOST through a referendum to allocate 100% of HOST revenue to subsidize county and city property taxes on homesteads. This new, reformed HOST is known as an Equalized Homestead Option Sales Tax, or E-HOST. A majority of voters must approve the Equalized HOST and the SPLOST for either to be enacted.



Q: What is E-HOST?

A: E-HOST is an abbreviation for the Equalized Homestead Option Sales Tax that is enabled by HB 215. Equalized HOST takes funding that is currently allocated to direct payments to DeKalb's municipalities and capital improvement projects for DeKalb County Government and redirects it to property tax subsidies for homeowners.

Additionally, the law expands the taxes which can be subsidized using HOST proceeds to include city taxes, which will result in property tax reductions for all homeowners in DeKalb County based on current projections.

Q: If I live in unincorporated DeKalb County, what impact will approving Equalized HOST have on my property tax bill?

A: Based on preliminary estimates, Equalized HOST will result in most, if not all, of the property taxes charged for county-wide services (General Fund and Hospital) being forgiven. If additional HOST proceeds are available after forgiving county-wide taxes, then some of the county taxes charged only in the unincorporated areas will also be forgiven.

Based on these projections, Equalized HOST would lower the amount of property taxes charged in the unincorporated area of the county by about \$719,000 in the first year or roughly \$8 in savings per homestead property.

The exact impact on property tax bills in unincorporated DeKalb will depend on the amount of sales tax collected and the millage (property tax) rates charged each year.

Q: If I live in an incorporated city in DeKalb County, what impact will approving Equalized HOST have on my property tax bill?

A: Based on preliminary estimates, Equalized HOST will result in a credit to offset most if not all of the property taxes charged for county-wide services (General Fund and Hospital) charged to city residents. If additional HOST proceeds are available after forgiving county-wide taxes, then some municipal property taxes will also be forgiven. Equalized HOST would lower the amount of property taxes charged in the incorporated areas of the county by close to \$21.5 million in the first year or roughly \$407 in savings per homesteaded property.

The exact impact on property tax bills in cities in DeKalb will depend on the amount of sales tax collected and the millage (property tax) rates charged each year.



Q: **What happens if Equalized HOST is approved by voters, but the SPLOST fails?**

A: If Equalized HOST is approved by voters, but the SPLOST is not approved, HOST will continue to operate as it does currently.

Q: **What happens to HOST after the SPLOST expires?**

A: When the SPLOST is set to expire, the County may elect to pursue a referendum to renew the SPLOST and extend it for five or six additional years. If this referendum to renew the SPLOST is not approved, HOST will revert to its original form, with at least 80% devoted to county property tax subsidies for homesteads, and up to 20% dedicated to capital projects and equalization payments to cities in DeKalb County.

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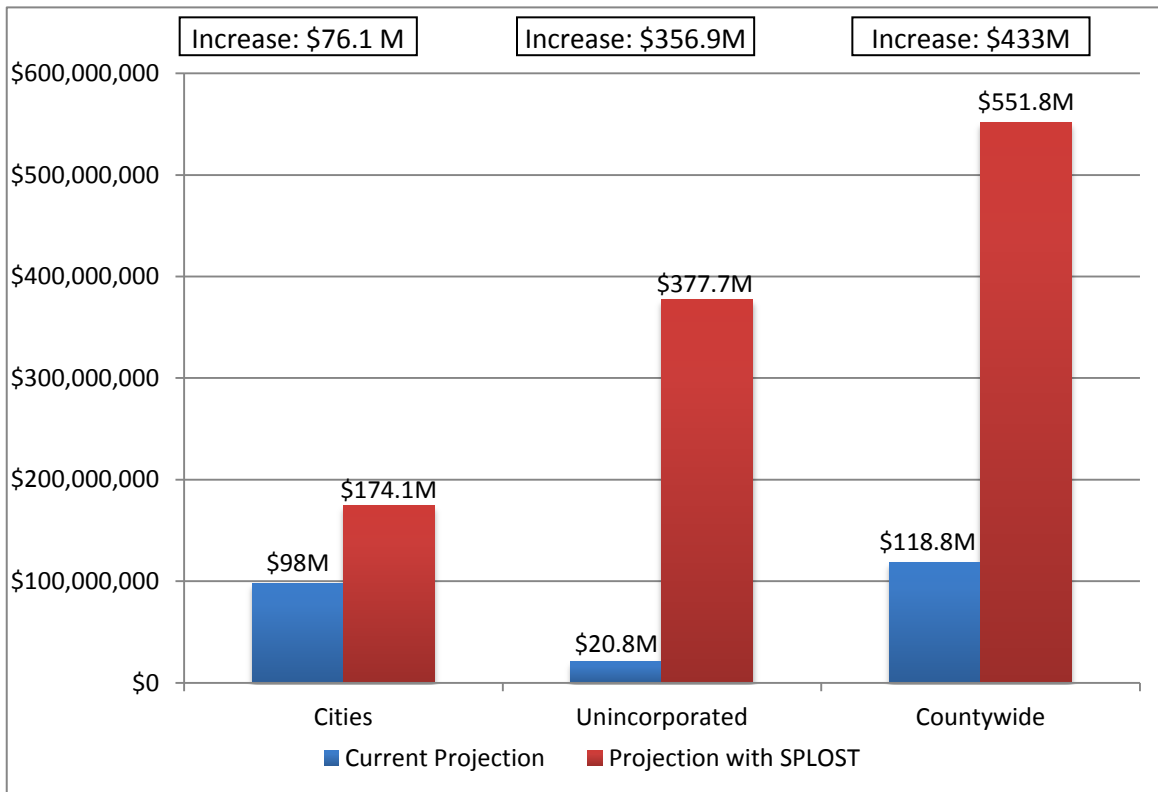
Q: How much revenue is HOST projected to generate over the next five years for capital projects in unincorporated areas and equalization payments to cities?

A: The existing HOST is projected to generate \$118.7 million over the next five years to be divided between capital projects in unincorporated areas and equalization payments to cities. Unincorporated areas are projected to receive approximately \$20.8 million for capital projects, while cities are projected to receive approximately \$97.9 million from equalization payments.

Q: How much revenue will SPLOST generate relative to current projections?

If adopted, SPLOST revenue would increase capital funding countywide by \$433.1 million over the next five years. Capital funding for unincorporated areas would increase by approximately \$357.4 million. Capital funding for cities would increase by approximately \$75.7 million. The graph below shows projected 5-year capital funding based on current projections compared to projections with SPLOST for cities, unincorporated areas, and countywide.

Five-Year Capital Funding: Current Projection vs. Projection with SPLOST





Q: What would be the difference in tax credits offered by Equalized HOST for all homesteads?

A: If approved, Equalized HOST (E-HOST) is projected to generate \$566.4 million in homestead tax credits over the next five years, \$113.3 million more than projected HOST credits over the same period.

For DeKalb’s cities, projections show that E-HOST revenues over the next five years will offer \$317.3 million in tax credits, a \$109.7 million increase above projections of HOST credits over five years.

For unincorporated DeKalb, projections show that E-HOST revenues over the next five years will offer \$249.1 million in tax credits, a \$3.6 million increase above projections of HOST credits over five years. This disparity is attributable to the equalization of HOST, which takes funding that is currently transferred to municipalities, and diverts it to property tax credits for city taxes.

**Five-Year HOST Credits:
Current Projection vs. Projection with E-HOST**

