STATE OF GEORGIA
COUNTY OF HENRY

The Henry County Board of Commissioners held a Called BOC Meeting/Millage Rate Public Hearing #3/Adoption ***in-person*** on Tuesday, July 26, 2022, 9:30 a.m., at the Henry County Administration Building (Community Room), 140 Henry Parkway, McDonough GA. HenryTV also streamed this live online at its website, as well as Charter/Spectrum Channel 180 and Facebook Live.

Carlotta Harrell, Chair
Johnny Wilson, District I Commissioner
Dee Clemmons, District II Commissioner
Dee Anglyn, III, District III Commissioner *(via Teleconference)*
Vivian Thomas, Vice-Chair/District IV Commissioner *(via Teleconference)*
Bruce Holmes, District V Commissioner

Also in attendance: Cheri Hobson-Matthews, County Manager; Nancy Rowan, County Attorney; Stephanie Braun, Clerk, County Clerk; and Nathifa Cunningham, Deputy County Clerk

HENRY COUNTY CODE OF CONDUCT

(Sec. 2-2-128: Conduct during public meetings)

Jamie Pownall, Technology Services*, announced that when a quorum is established, the meeting will begin.*

Carlotta Harrell, Chair, explained that the Commissioners will be arriving momentarily and that two (2) Commissioners, **Dee Anglyn, III, District III Commissioner** and **Vivian Thomas, Vice-Chair/District IV Commissioner,** are in attendance via teleconference. The Chair further advised that the statute dictates that four (4) Commissioners have to be in-person at the meeting to establish a quorum. She called for a recess until a quorum is established, roughly about twenty (20) minutes.

RECESS IS TAKEN

PLEDGE OF ALLEGIANCE

The Pledge was recited.

TAX ASSESSOR

Chair Harrell, called for a motion on a Resolution to re-appoint a member to the Henry County Board of Tax Assessors, namely *Sam Chafin,* with term set for retroactive January 6, 2021 to January 6, 2027. Chair Harrell directed the County Clerk to place the Resolution on display for public viewing. In an effort to remain in compliance with state law regarding terms for the Board of Tax Assessors, this Resolution is put before the Board of Commissioners.

Dee Clemmons, District II Commissioner, made a motion to approve; **Johnny Wilson, District I Commissioner,** seconded the motion. The motion carried (6-0-0).

<u>TAX COMMISSIONER</u>

Millage Rate - Public Hearing/Adoption

The final Public Hearing and Adoption of the FY2022-2023 Millage Rate was called by **Chair Harrell** and she requested that the presenters come forward, the County Manager, the Financial Services Director and the Tax Commissioner.

David Smith, Director of Financial Services, provided highlights for the adopted Budget for FY2023, which is to set the millage rate. The budget for this fiscal year has a millage rate of 12.733 mills. He reminded the public that the millage rate has not changed; however, property values have increased, largely due to the growth of the Tax Digest, estimated to be 13.8%. Mr. Smith advised that 53.1% of the budget is for Public Safety, to include new officers, firefighters, paramedics, salaries, benefits and resources to support the ongoing service levels of the county. Additionally, there is a 4% increase to all salary scales for eligible employees and an additional 1% increase in salary yielded from same. The budget also funds employee benefits coverage at no cost to the employees.

Mr. Smith recalled that at the Public Hearing on July 19, 2022, he explained that residents will see a slight increase in property taxes due to rising property values, which is primarily caused by the inflationary growth. The county helps provide relief via a Frozen Homestead exemption. Several alternative millage rate presentations were done to address citizen concerns and that the District II Commissioner requested what impact a rollback on the millage rate would have on the FY23 Budget. Mr. Smith presented scenarios and various assumptions impacted by the rollback of the millage rate. In summary, Mr. Smith concluded after giving details of each scenario, that the impact would be negative to the county's effective and efficient operations.

Mr. Smith then went through a couple of options. Fund Balance would be used for critical one-time purchase items or Capital expenditures and the Fund Balance has increased since the arrival of the County Manager, at an average of $12 million each year. Not carrying vacant positions in the budget is also an option and could save approximately $5.4 million dollars, excluding Public Safety; however, several mission-critical departments would suffer from this. The millage rate has not been raised in the last six (6) years which has created a sustainability of services and a cushion to get through any impending economic downturn.

Chair Harrell thanked the County Manager and her staff for their efforts in ensuring that the county remains fiscally responsible and that there is good stewardship over the tax revenues. The employees deserved the rate they received and will not be taken away.

Commissioner Clemmons explained that there are other places to move money; there is also Fund Balance and while there is no precedence to move that money, it can be moved. The District II Commissioner explained for the benefit of the homeowners that the tax increase is necessary to provide better service levels of Public Safety or improvements of road, or vacancies in employment positions - namely how to explain these increases that would equate to provide better services other than Public Safety. **Chair Harrell** added that there is Parks & Recreation which provides a quality of life that will need improvements and upgrades; these would directly benefit the families who live within the county as well. As the county continues to grow, services such as the Trails Plan will provide better level of service for the residents as well.

Bruce Holmes, District V Commissioner, asked about providing relief for the citizens by rolling back the millage rate by 1 mill and taking that $9 million dollars out of Fund Balance to support necessary services in the county; **Mr. Smith** responded that he would not recommend rolling back 1 mill at this point, and that not taking money out of Fund Balance was agreed upon by this Board and would not be set in policy to fund ongoing economic expenditures; however, one-time expenditures can utilize Fund Balance, such as funding the sidewalks in Fairview. This expenditure did not affect the taxpayers. When a recession timeframe is looming, caution calls for slow spending and creating a savings account, which is what Fund Balance does for the county. The District V Commissioner recalled that the policy was made but there was a good economy back then, also. In October 2008, the Commissioner recalled that the economy fell out and it was not foreseen; he believes that this is happening today with the Gross Domestic Product (GDP) down the last two (2) quarters, home values are down, the country is in a recession, and he feels that the county is not in a position to increase taxes with the inflated home assessments. He suggested giving the citizens relief by rolling back the rate. Mr. Smith countered that they are not in a recession at this point because there is continued job growth and unemployment is still low. The Commissioner countered that the Fed is trying to force the economy and increase the unemployment rate; Mr. Smith concurred and added that the interest rates are increased to slow down the amount of cash flow that was put in. There is also a need to pay for the inflationary costs of running a county and if there is not a sufficient savings account to provide for that, then the county will not survive. Fund Balance was created to weather that scenario.

Commissioner Holmes continued that when a Commissioner is elected, it comes with a fiduciary responsibility over the Budget and if there is a negative economic environment coming, steps should be taken to ensure that the county does not go bankrupt; **Mr. Smith** concurred and added that it is why a savings account is created. In regards to what happened in 2008, in response to the District V Commissioner's remarks, the millage rate was increased and the taxes were increased to survive that recession period and furloughs were created. Mr. Smith added that his fiduciary responsibility for this particular Budget, with savings in the Fund Balance, means that raises can be created, competitive compensation, no furloughs for employees for the next year - and this was presented in a forecast a couple of meetings ago.

Commissioner Wilson referred to the District V Commissioner's comment about 2008 economic downfall (Commissioner Holmes was not on the Board until 2010). There was no Fund Balance to make up the difference in the Budget and expenses, so furloughs were enforced in the form of closing fire stations, cutting back on services in the county to make up for the differences. In 2012, the District I Commissioner recalled that Commissioner Holmes voted to increase the millage rate, from 11.75 to 14.5, in order to maintain services during the time that furloughs were in effect. The District I Commissioner noted that with the millage rate in place, the Fund Balance will be in place. Rolling back the millage rate will not serve a positive purpose as it will have to be raised again. The Fund Balance amount would be increased by another $3 million if the sidewalks expenses were stopped and that put money back in the Fund Balance. The Commissioner emphasized that taxes are not being raised; the valuations have increased and will only be affected by the Water Authority's 2 mill tax and the School Board's 23 mill tax. The county's taxation is with the Frozen Homestead exemptions and no one's taxes will be raised if that exemption is filed.

Commissioner Wilson continued that from 2017 until the newest and most current assessment had come out, his own county tax increased by $15 in five (5) years. In the last 5 years, the services in the county includes Staffing for Adequate Fire and Emergency Response (S.A.F.E.R.) grant employees, Public Safety increases by hiring additional personnel, three (3) fire stations have been built and are operating and it only cost him $3 a year. **Commissioner Holmes** asked Commissioner Wilson if any citizen in Henry County will be hurt from the increased taxes. Commissioner Wilson responded that with the Frozen Homestead exemption, they will not see a change on their tax bill from the Board of Commissioners (BOC) portion. Commissioner Holmes stated he will not vote in support of this millage rate increase or the tax increase then modified his statement to reflect that he will not be in support of the increased home valuation.

Chair Harrell called for the Tax Commissioner to come forward and make presentation and further advised that this is also a Public Hearing.

Michael Harris, Tax Commissioner, Henry County Tax Assessor's Office, noted that this is the third time presenting and summarized what the millage and Tax Digest processes involve. He added that the current millage rate of 12.733 has been in place for the last five (5) years and went through the formula of how that rate is calculated. Mr. Harris also went over the different scenarios of the property values versus the millage rate, such as if the property value increases but the millage rate stays the same.

To further clarify, **Mr. Harris** presented an actual property tax bill from 2020 with a fair market value of $178,000 (est), of which 40% gives an assessed value of $71,000 (est), with exemptions of about $25,000 (est). In 2021, the same property had a fair market value of $198,000 (est), with the 40% assessed value at $79,000 (est) and the exemption amount having gone up to offset the increase, at $33,000 (est), making the taxable value the same. In 2022 for the same property, the property was valued at $225,000 (est) with a 40% assessment of $90,000 (est) and an exemption amount of $44,000 (est), making the taxable value still at $45,000 (est). While the exemptions are in place for residential homeowners, the increase in the county revenues is actually coming from commercial and industrial, as they do not have the opportunities to utilize frozen provisions.

Mr. Harris gave the details of qualifying for the Frozen Homestead exemption and added that if the home is sold, the new owner would have to reapply for the same exemption. There is a provision that if the property value decreases below the base year of the exemption, the homeowner would pay the smaller valuation.

Mr. Harris then went through the age exemptions and what each stated age means insofar as exemption from school and water tax, as well as additional exemptions. Again referring to the chart, 37% of the 12.733 mills go to county government, while 50% of 20 mills go to School Maintenance & Operations (M&O).

Mr. Harris also acknowledged the team effort in working through the Tax Digest process, namely: the Tax Assessor's Office; the Tax Commissioner's Office; the Board of Education; the Board of Commissioners; Cities of Stockbridge, McDonough, Hampton and Locust Grove; and the Georgia Department of Revenue has the final approval for the county to send out its tax bills. He then went through what the Tax Digest consists of, which must be approved by the Georgia Department of Revenue. The DOR must receive these minimum of sixty (60) days in advance of the due date, which is November 16th of each year and bills must be sent out by the end of August; this deadline has been consistently met for the last several years.

Mr. Harris presented the new look for the tax bill and updated the statement, including a QR scan code and a further breakdown of each category with the Special Service Districts; on the reverse of the statement are detailed explanations mirroring the presentation that was just displayed for the Board and public viewing. Today is the last of the three (3) Public Hearings for the millage rate; it is also for the formal adoption of the millage rate, with the Resolution to be signed by the Chair upon approval.

Chair Harrell asked the Financial Services Director to come back up as there was a question from one of the Commissioners attending via teleconference. **Commissioner Anglyn** asked that if a millage rate is rolled back, who would benefit from it the most; **Mr. Smith** responded that the commercial and industrial property owners since they do not receive the Frozen Homestead exemption. A 1 mill rollback, or even a .5 mill rollback, would give a greater percentage of tax relief to the commercial and industrial property owners. The District III Commissioner suggested that each Commissioner apprise their constituents to take advantage of the various exemptions offered to them. He further remarked that two (2) negative quarters of GDP does not mean that the country is in a recession. While it is a responsibility to ensure proper funding in the county, they should also be conservative in the spending as well. Mr. Smith indicated that in looking at a property with a fair market value of $300,000 with a 1 mill rollback would only yield a savings of about $120, while a commercial property, such as a multi-family complex with a value of $42 million would yield a savings of $17,000 (est) and an industrial property with a value of $468 million yields about $37,000 (est) in tax savings. The percentage of savings would be greater realized in the commercial and industrial sides and not so much on the residential side.

Chair Harrell referred to the slide showing the breakdown of the millage rate for the county, the School Board and others (the sample 2022 Tax Bill) and pointed out the sample fair market value of $225,000 with assessed value of $90,000 and because there is a Frozen Homestead exemption, these would benefit the homeowners where their taxable value does not increase; **Mr. Harris** affirmed same. The Chair continued that on the School Board side, the taxable value does increase; she then asked if there are citizens at the School Board hearing asking for a rollback of that millage rate. Mr. Harris responded that the School Board hearings were completed and the 20 mills was adopted yesterday evening. The Chair then explained that this millage rate was voted upon when the Budget was approved for this fiscal year and emphasized that the <u>county is not increasing the millage rate</u>; rather, the recommendation is to keep the millage rate the same at 12.733 mills.

Commissioner Clemmons asked when the deadline is for homeowners to apply for the Frozen Homestead exemption to keep it in 2022; **Mr. Harris** responded that the deadline is April 1st and it has passed. The District II Commissioner advised that homeowners cannot apply for this exemption for 2022 because the deadline has passed and can only apply for 2023 by next April 1st. The Commissioner then asked if extensions on that deadline can be allowed for this year to ensure some type of property tax relief is in place - suggesting that the deadline be extended from April 1st to ninety (90) days thereafter to give the homeowners an opportunity to file for the exemption. Every year that it is brought up, it is always after the deadline of April 1st. The Frozen Homestead exemption only applies to the county portion and not the School Board or Water Authority, but if citizens can apply for exemptions with them, they would have to apply through those agencies. The Commissioner also noted that there is no process for relief detailed on their bill if there is inflation or if a taxpayer is unable to pay the increase (because of inflation). Mr. Harris responded that citizens are encouraged that if they have questions when they receive their tax bills to contact the Tax Assessor's Office to go through an appeal process if there is an increase; there is a 45-day time period to do so. Regarding any extension for applying for exemption, he yielded the floor to Mr. Selfe for remarks.

John Selfe, Chief Appraiser, Henry County Tax Assessor's Office, stated that he is not aware of any provision for an extension on the April 1st deadline for applying for the Frozen Homestead exemption; however, this is a local exemption and any changes would have to be at the approval of the voters in Henry County, which is a process. **Commissioner Clemmons** stated that since the deadline cannot be extended, there can be a statutory relief where citizens can negotiate their tax amounts based on a hardship of income. The District II Commissioner emphasized that citizens should not lose their homes because their incomes did not increase but their property taxes did at the rate of inflation and not because of the county. She asked that a statutory process be put in place for relief to the citizens who cannot pay their taxes based on no increase in their income which creates a hardship. **Nancy Rowan, County Attorney,** advised that the taxes are regulated by the State and whatever the county does should not hinder to what is required by the State regarding payment of taxes, appeals, etc. As of right now, there is no program in Henry County with that option. The District II Commissioner insisted that there are communities that will allow a payment plan for those experiencing hardships. Mr. Harris explained that the School Board would have to be a part of this proposal as well, since it would be impacted as well.

Commissioner Thomas asked if there can be an extension for people to file the Frozen Homestead exemption for this year and not have to absorb the increase for 2023, as she believes this would be helpful to those who are having taxes increased and no income increase. The heaviest tax burden is coming from the School Board and not from the BOC. She suggested looking into an extension on filing the homestead exemptions to be assessed before receiving the 2022 tax bill and not have to absorb the 2023 increase because of the missed April 1st deadline. **Chair Harrell** responded that she does not know what response the Georgia Department of Revenue would have for this, as the tax bills have to be sent out by a certain date and there is a process to get to that point. Mr. Harris affirmed same. The Chair asked that this be checked if there is anything in place for extending the deadline for people to file for exemptions other than the Frozen Homestead exemption. **Ms. Rowan** understands that the District II Commissioner is suggesting that if a homeowner receives their tax bill and it increased and it causes a hardship, if a statutory program for relief can be put in place. The District II Commissioner clarified that is one and the other is if the deadline can be extended for homeowners to file for the Frozen Homestead exemption for 2022, which is local to Henry County.

Chair Harrell asked the Tax Commissioner for an estimate of homeowners who have not applied for an exemption, or if most homeowners have applied for one; **Mr. Selfe** stated that he does not have those numbers with him but there is a report on that. The Chair requested that report be given to the Board. **Mr. Harris** stated that the moment the L1 (for example) exemption is filed, the Frozen Homestead exemption goes into place. The deadline for applying for homestead exemption is April 1st; the provision to add the Frozen Homestead exemption was done by legislation in 2004 by the BOC. The age exemption for the School taxes will require reapplying at age 62 and from that point forward, repeating at ages 65, 68 and 70 will automatically update those figures.

Chair Harrell opened the floor for the Public Hearing and called for anyone wishing to speak to come and make comment, allowing three (3) minutes to make comment.

Public Hearing Comments

Thomas Fielding, no address given

Mr. Fielding stated that he filed for age and Frozen Homestead exemptions. He expressed concern over his tax bill that increased by $600 and he believes that the valuation is false. He states that he would have been fine with a valuation of $300,000 on his home a few years ago but there are real estate sites valuing his home at $440,000. He states that this is a false economy ready to collapse soon based on the present inflation rate of 9.1% and prime lending rates going up. He suggested a solution of a running tax rate, an average of five (5) years and applying that as a rate. He remarked that a 2-bedroom apartment in a complex is far more expensive than a mortgage, which will impact the youth and the elderly. He stated that Henry County needs to figure out where to make cuts in the budget and have a 5-year running rate to hopefully provide some relief and help homeowners not lose their homes.

There being no one else approaching, **Chair Harrell** called for motion on the millage rate.

Commissioner Wilson made a motion to approve the millage rate at 12.733 mills; **Commissioner Thomas** seconded the motion.

Commissioner Clemmons stated that there needs to be a property tax relief program to come back before the Board in an effort to help citizens keep their homes when they are faced with hardship due to non-increase in income and an increase in their property taxes. **Chair Harrell** directed staff to bring something back at a future meeting, specifically the Tax Commissioner's Office.

A motion and second made, the motion carried (5-1-0).

*(**Chair Harrell, Commissioners Wilson, Clemmons, Anglyn** and **Thomas** voted in favor; **Commissioner Holmes** voted in opposition)*

ADJOURNMENT

There being no further business to come before the Henry County Board of Commissioners at this time **Chair Harrell** adjourned the meeting. ***Meeting adjourned at 11:18 a.m.***

Carlotta Harrell, Chair

Stephanie Braun, County Clerk