



41 Perimeter Center East, Suite 250  
 Dunwoody, Georgia 30346  
 P (678) 382-6700 F (678) 382-6701  
[dunwoodyga.gov](http://dunwoodyga.gov)

## MEMORANDUM

**To:** Mayor and City Council  
**From:** Chris Pike, Finance Director  
**Date:** October 23, 2017  
**Subject:** 2018 Legislative Priorities

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### ITEM DESCRIPTION

Discussion to select the Dunwoody 2018 legislative priorities for presentation to the DeKalb County legislative delegation.

### BACKGROUND

As the City does each year, staff has compiled the following draft list of legislative priorities for 2018.

#### 1. Enhance and Improve K-12 Educational Opportunities

During 2014, the City suggested our legislators begin to explore potential legislative solutions to enhance and improve K-12 educational opportunities in Dunwoody. As the Council discussed, one such solution may be working towards a constitutional amendment that would allow for the creation of a separate school district. Several preliminary meetings and hearings took place to evaluate the current environment and to start exploring solutions that would provide the best alternatives for K-12 education. For 2018, staff recommends a continued effort towards that same goal.

#### 2. E911 Revenues & Statewide E911 Authority

Last year, the state established a statewide authority to collect and distribute E911 revenue to cities and counties. The state rationalized this idea as a means to ensure that all E911 dollars were collected by the hundreds of phone providers serving the state. With such an authority, administrative bureaucracy and costs are clearly a concern. The City would not want the costs to outweigh the benefit, and should watch any 2018 legislation that follows up on the 2017 law that now needs a funding mechanism. Staff has reached out to the head of this new authority to see if any pending legislation is being drafted.

Also, over the past decades, we've seen many technological advances in the E911 industry. With these improvements, costs have increased as well. However, the E911 fee

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has been capped at \$1.50 per month per line for over 30 years. State law already caps the fee to no more than actual costs, but now that \$1.50 fails to cover the costs for most jurisdictions including Dunwoody. The City would look for existing bills or opportunities to increase the fee to align it with inflation over the past years and/or index it to subsequent years' inflationary indexes.

### 3. "Small Cells" and Similar Pole Mounted Equipment

Cell phone companies are continuing strong (and expensive) efforts to reduce the City's ability to zone and otherwise regulate access to our rights-of-way, traffic poles, and other means to increase their capacity. Working with GMA and ACCG on this statewide issue, staff recommends a close watch on any bills that address this topic to ensure our best interests are heard.

### 4. Property Tax Policies and Updates

At the June GMA convention, a directive was given to set up an ad hoc committee to explore GMA's policy on a variety of property tax issues from appraisal to collections. Much discussion surrounded the issues that arose from the Fulton County appraisal problems that were headlined this spring. Discussion also included compensation to Tax Commissioners for collecting city taxes. The complete report of that committee follows this memo. Also discussed but absent the report was the inclusion of non-taxes on the property tax bill; an issue Dunwoody has addressed repeatedly over the years and will undoubtedly address again in 2018.

Staff recommends monitoring what comes of not only this memo but what other cities intend to push above and beyond what's included in the report. This particularly includes any Fulton cities that may want a statewide bill changed to address an issue unique to their situation. Such agendas may be counterproductive to our needs. Also, the area surrounding the confusing language of the 1999 Taxpayer Bill of Rights that leads to a misunderstanding as to what a millage rate increase is should be address. Staff does not recommend changing any components of the rollback calculation, millage rate public hearings, or any process of the millage rate adoption process. Our goal will be to merely change the wording of the tax notice to provide clarity to the taxpayers. As indicated in the report, HB302 planted a seed for this last year. We would like to see more effort on this in 2018.

### 5. Update to SAVE verification process

Each year, the biggest complaint my department receives is from businesses who object to the bureaucratic process of complying with the Georgia Security and Immigration Compliance Act (GSICA). The GSICA was intended to enact a "comprehensive regulation of persons in this state who are not lawfully present in the United States." It requires the city to verify (and pay for the verification) of businesses operating in the City. In 2012, the Attorney General issued a report that listed Occupation Tax certificates as a "public benefit" requiring SAVE verification. The law is silent now and cities must choose to follow the AG's report or not at their own peril. Staff believes the AG's office issued their report with the misunderstanding that Georgia's Occupation Tax law was similar to Tennessee;

the state in which our GSICA law mirrored. In Tennessee, governments issue licenses actually granting permission to establish a business. In Georgia, our Occupation Tax law collects a tax on businesses already allowed to operate through zoning laws. The tax Dunwoody collects at year's end is no different than an income tax, and the income tax is not subject to the SAVE requirements. Staff recommends exploring with key legislative members who understand this distinction and can work to update the law's language to specifically exclude Occupation Tax as a public benefit.

#### 6. Monitoring Items

As a City, we have faced numerous attempts at legislation that would have negative consequences to the citizens of Dunwoody. Examples include discussions to change the HOST calculation to provide less to the cities in DeKalb, requiring Dunwoody to pay for DeKalb government employees' retirement, and alter the billing requirements for the tax and special assessment statements issued by the tax commissioner for the City. Staff anticipates the 2018 session to contain similar bills requiring our attention and recommends a conscious effort to evaluate and continue to oppose legislation that would limit our effectiveness as an organization and/or negatively impact the citizens of Dunwoody.

#### **ALTERNATIVES**

Council may choose to add or remove items from the list of priorities. Each of the items noted above have been discussed with our legislative advocates.

#### **RECOMMENDED ACTION**

Staff recommends the Council discuss the priorities to be officially adopted at the next meeting.



**Property Tax Assessment Task Force  
Report to the Legislative Policy Council**

**August 30, 2017**

### Members

**Jan Moore (Statesboro) – Task Force Chair**

**Linda Blechinger (Auburn) – LPC Chair**

**Cesar Mitchell (Atlanta)**

**Mike Bodker (Johns Creek)**

**Robert Reichert (Macon-Bibb County)**

**Nancy Denson (Athens-Clarke County)**

**Terri Anulewicz (Smyrna)**

**Cornell Harvey (Brunswick)**

**Bryan Lackey (Gainesville)**

**Bret Bell (Savannah)**

**Paul Radford (Sugar Hill)**

**Chris Pike (Dunwoody)**

### Introduction

The Property Tax Assessment Task Force was appointed at the 2017 GMA Convention by LPC Chair Linda Blechinger to further analyze the property tax assessment process and the compensation of tax commissioners for the collection of municipal taxes. The task force held two meetings, one on August 7, 2017 in Atlanta and one on August 18, 2017 in Macon. The task force deliberated policy ideas based on input from a county tax assessor (Fulton County Assessor Dwight Robinson), a tax policy expert (Dr. Peter Bluestone, Georgia State University), a legislator (Senator John Albers (R), representing parts of North Fulton, including Alpharetta and Roswell), a representative from the Georgia Department of Revenue (Vanessa Barrios), a representative from the Georgia Association of Tax Officials (Kevin Payne, Floyd County Tax Commissioner), and a local government official with firsthand experience with property tax reforms (Mayor Teresa Tomlinson, Columbus-Muscogee County).

After careful deliberation, the task force has prepared the following report to be presented to the full Legislative Policy Council at the Fall LPC Meeting.

### Policy Suggestions

*Over the two task force meetings the members of the task force thoroughly vetted both the property tax assessment process and the system of tax commissioner compensation for the collection of municipal taxes. The task force was asked to rank the most pressing issues with the assessment process, and they are listed below in order of urgency.*

- 1. Local Control** – Due to the disparate impact of property tax assessments across the state, stemming from multiple causes such as real estate growth, commercial growth, and highly residential communities, the task force suggests that GMA should oppose any statewide “one-size-fits-all” approach to property tax exemptions or assessment reforms. The task force determined that while targeted exemptions, such as a “Floating Homestead” exemption, “Stephens-Day” homestead exemption, or “CPI Homestead” exemption are useful, they are best when initiated by the elected officials of local governments and not used in a statewide manner.
  
- 2. Altering the Timing of the Assessment Process** – Currently, residents have forty-five (45) days to file an appeal from when the assessments are mailed on May 15th. In many cases, this requires the local government to decide on its millage rate before it knows how many assessments will be appealed or how much of the digest is at risk. Changing the assessment calendar to have assessments mailed on April 1<sup>st</sup>, which then moves the appeal window further up in the year, would give local governments the opportunity to decide on the millage rate after all appeals have been filed. This would allow local governments to calculate how much of the digest is at risk, pending the results of the appeals. The task force suggests that the LPC consider altering the time of the appeals process. However, any policy proposal should account for the variance in fiscal calendars for local governments and for other dates tangential to preparing a digest, such as the final date for filing of homestead exemptions.
  
- 3. Increased Enforcement, Transparency and Frequency in the Existing Assessment Process** – Several issues identified by the task force could have been alleviated by a more attentive and proactive effort from assessors. For example, the spike in assessments in Fulton County can be attributed to the failure of the assessors to manage the assessments in the years leading up to the 2017 digest. In 2013 the Fulton County Board of Assessors was found by the Department of Revenue to be in deficiency of its digest, and it was given three (3) years to correct the deficiency. This three (3) year timeframe ultimately depressed the Fulton digest even further behind actual market conditions by the time the deficiency was corrected in 2016. With stiffer penalties and enforcement of that process, incremental increases in the digest are more likely, which would have eliminated the extreme “sticker shock” property owners have experienced in the past.

Additionally, even though information is required of assessors in current law describing how an assessment is calculated, the task force suggests requiring tax assessors to be more transparent in explaining to taxpayers how their home values are determined.

It is conceivable that problems like those that occurred in Fulton County could be averted with a tighter timeline to review the digest. Currently, the digest must be reviewed every three (3) years, and county assessors can review it more often if they so choose. Multiple

members of the task force have assessors who choose to review the digest more frequently than the three (3) year requirement, while those in counties like Fulton have been adversely impacted by digests that trail actual property values.

4. **Assessor Tools for Gentrification** – This would allow the tax assessor to classify properties as transitioning residential, and not require a subdivision-style or purely residential comp on such properties. This type of policy would require a Constitutional Amendment, given that only commercial properties can be assessed this way under the Georgia Constitution.
5. **Changing the Language in the Taxpayer Bill of Rights** – Several members of the task force shared accounts of the language in the annual newspaper advertisement causing confusion and leading to a misunderstanding of the difference between an assessment increase and a millage increase. HB 302 was introduced last year by Representative Randy Nix and seeks to clarify this issue. Both GMA and ACCG were supportive of the legislation last session.
6. **Other Ideas Vetted by the Task Force – Municipal Option Sales Tax (MOST) for Property Tax Relief** – The task force discussed the idea of supplementing property tax relief with a municipal only local sales tax, but ultimately decided that this task force and policy discussion was not the proper venue to advocate for MOST as a revenue option for cities. However, GMA remains committed to its support for a MOST.

*The task force was asked if GMA needed to adopt a policy position on the issue of compensation of tax commissioners for the collection of municipal taxes, and the group voted unanimously to support such a position.*

1. **Tax Commissioner Compensation for the Collection of Municipal Taxes** – The task force heard from the President of the Georgia Association of Taxing Officials, Kevin Payne at the second task force meeting. While many local governments seem to be happy with the agreement they have with the tax commissioner to collect their taxes, it was apparent that the municipal contract with the tax commissioner was separate from the budget that the tax commissioner receives from the county commission, even though a certain percentage of the county residents are also municipal residents. Currently the law states that the municipality can contract with the tax commissioner by paying the county a fee that “will substantially approximate the cost to the county of providing the service,” and that the tax commissioner “is authorized to contract for and to accept, receive, and retain compensation from the municipality for such additional duties and responsibilities in addition to that compensation provided by law to be paid to the tax commissioner by the county.” The task force determined that the language was vague, and that one possible idea would be to cap the amount that tax commissioners could charge municipalities by tying the cap to a percentage of the tax commissioner pay

schedule. The pay schedule is based on county population, and could approximate the amount of additional responsibility that the tax commissioner has to perform.

### Current GMA Policy on Assessments

*GMA supports reasonable reform of the approach to property assessments which minimizes undue hardship and confusion to property owners, ensures equity among comparable properties and taxpayers, provides for adjustment of values that mimics market conditions, and strikes a balance between the goals of providing more certainty to taxpayers and retaining uniformity, flexibility and revenues necessary to provide services at the local level.*

**Explanation:** Local governments need a broad tax base in order to provide services in times of market fluctuations. Any changes to the property assessment process should reflect the highest order of consideration to ensure against tax inequities. Reactionary policies, such as freezes and caps, defy free-market principles, lead to tax inequities, and can decrease the flexibility necessary for the provision of basic services to residents.

Other states that have implemented caps or freezes have created hardship for local governments and for schools, for property owners – particularly new property owners – and on economic development. Property assessment restrictions force municipal governments to live off new growth or to increase millage rates.

Moreover, uniformity is an issue. Property owners with identical properties receive identical services but may pay grossly different property taxes based simply on the date on which their respective property was purchased. Consideration must be given to timely reassessment and reevaluation practices to help ensure uniformity, balance in taxation, and current market value.

### Conclusion

**The Property Tax Assessment Task Force recommends that the Legislative Policy Council consider its findings and suggestions for potential policy direction leading into the 2018 session of the Georgia General Assembly.**