

2008 SESSION

Taxes turn into a target for legislators

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House Speaker Glenn Richardson has been trying for months to foment a property tax rebellion, but his plan for changing the system will have plenty of competition when the General Assembly begins meeting next month.

Several other lawmakers — including some fellow political heavyweights — are also filing proposals to eliminate property taxes or freeze the property assessments used to determine how much property taxes homeowners pay.



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Glenn Richardson has been traveling to push his tax plan and now has to convince legislators his bill is the best.

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With those bills added to Richardson's plan to eliminate school property taxes, the 2008 session could become a months-long political wrestling match to determine who is the biggest champion of overtaxed homeowners.

"The theme of the session is going to be property tax reform," said Alan Essig, executive director of the Georgia Budget and Policy Institute and a critic of Richardson's proposal. "It's coming from six different angles with six different solutions. Everyone is trying to outdo each other."

Today brings the latest proposed "solution."

Senate Majority Whip Mitch Seabaugh (R-Sharpsburg) is filing a proposed constitutional amendment that would let local tax jurisdictions anywhere in the state — school districts, cities and counties — hold referendums on property taxes. Essentially, they could ask local voters to replace or cut property taxes and replace the revenue with a sales tax increase.

Most counties already use such tax swaps to hold down property taxes. But Seabaugh's statewide proposal, which would need voter approval in November, would get around some of the gripes local governments have with Richardson's proposal.

Richardson would eliminate school property taxes and replace the revenue by placing a sales tax on all groceries and services, such as haircuts and car repairs. He ultimately wants to replace all property taxes, including those levied by counties and cities.

That would leave the state to collect most taxes and dole out money to cities, counties and school districts. Local governments say that would severely limit their ability to make local decisions and would centralize power with the state.

"They did not like the state coming in and taking over and giving them some kind of allowance," Seabaugh said.

Under Seabaugh's plan, the decision about making a switch from property taxes to sales taxes would be left up to local government officials and voters. Those that want to continue using property taxes to pay for services — which would likely be the majority of cities, counties and school districts — wouldn't be forced to make the change.

Last week, Senate President Pro-Tem Eric Johnson (R-Savannah) filed another proposed constitutional amendment that would freeze existing residential property taxes.

"Georgia homeowners have had no protection from back-door tax increases, and their ability to pay is not tied to the tax," Johnson said.

Johnson's proposal, which would have to be voted on by Georgians in November, would freeze the amount of property taxes a homeowner pays at the time the owner buys the property. Any increase would be subject to

limitations, and the homestead exemption would accompany tax increases in most cases, limiting the effect. Several counties, including Johnson's Chatham County, have similar rules in place.

"This is not a new concept," he said. "I have been trying to find a way to ease the residential property tax burden for homeowners since I first ran for office. As we debate tax reform, I believe the time is right to bring this initiative forward again, because local governments should not be allowed to tax people out of their homes."

Last month, Rep. Kevin Levitas (D-Atlanta) filed legislation to give Georgians state income tax credits against state and county property taxes they pay.

Levitas also proposed legislation that would freeze the value a home is assessed at for property taxes at the original purchase price.

So, if a homeowner bought a house for \$200,000, the assessed value would remain the same over the years no matter how much housing prices or the actual value of that home increased. That would mean the same tax bill every year unless city, county or school officials increased the millage rate.

He said it would protect long-term residents who might otherwise see their tax bills skyrocket as home values rise.

"My bill rewards those taxpayers who remain in their home counties for the long term, who have paid their fair share of the tax burden over the years and who want nothing more than to remain in their neighborhood," he said.

More property tax bills are expected to be filed in coming weeks and into the 2008 session, which begins Jan. 14.

Richardson is presenting his plan to members of the state House today and Tuesday during closed-door Capitol Hill meetings. He has been traveling the state selling his proposal for months, trying to drum up public support. Now he's got to sell it to legislators.

Essig has been a critic of Richardson's plan, and some other property tax proposals, in part because he says they shift the burden of paying for government onto sales taxes. He said sales taxes are regressive because the poor and middle class spend a much higher percentage of their income on goods and services that would be taxed than the wealthy.

Richardson argues that property taxes are out of control, in part because local governments are increasing their spending each year at a far faster pace than inflation. He said Georgians are clamoring for a change and want something done about the problem now.

Data from the Tax Foundation, a Washington-based tax research group, show the property tax burden isn't as heavy in Georgia as in many other states.

Georgia's per capita state and local property taxes went up 9.5 percent from 2000 to 2005, the latest period for which figures are available. More than 30 states saw larger increases over that period. Georgia ranked 29th in local property taxes per capita in 2005, according to the foundation.

Essig sees politics, as much as anything else, behind the push for property tax "reform." Next year is, after all, an election year for the 236 members of the General Assembly. And the statewide, 2010 elections aren't that far off.

"The question is whether this is being driven from the grass roots, or from the top down," Essig said. "Before the speaker started talking about this, there wasn't any huge property tax rebellion.

"It has become this major issue, more as a political issue than a grass-roots issue."