

A RESOLUTION REGARDING HB1116 AND ITS IMPACT ON LOCAL GOVERNMENT FINANCES, CREDIT RATINGS, AND TAX EQUITY; AND URGING MEMBERS OF THE GEORGIA GENERAL ASSEMBLY TO AMEND OR OPPOSE THE LEGISLATION.

WHEREAS, Article IX, Section II of the Constitution of the State of Georgia recognizes and preserves local governments as political subdivisions of the state and grants them home rule powers to self-govern and provide essential public services and protect the health, safety, and welfare of residents; and

WHEREAS, House Bill 1116 (“HB1116”), the “Homeownership Opportunity and Market Equalization Act of 2026,” was passed by the Georgia House of Representatives on March 6, 2026, and proposes to cap annual local property tax revenue growth and restructure local option sales tax authority, including the creation of a Local Homestead Option Sales Tax (LHOST); and

WHEREAS, HB1116 would cap ad valorem property tax revenue increases regardless of community needs, and would require onerous and costly processes for revenue growth over the arbitrary cap, thereby constraining the City’s ability to protect the health, safety, and welfare of its residents; and

WHEREAS, HB1116 would revise local sales tax provisions to replace an existing homestead sales tax with a 1 percent LHOST dedicated to homestead property tax relief, and in DeKalb County the bill would eliminate the Equalized Homestead Option Sales Tax (EHOST), which currently provides relief from any county ad valorem property taxes levied uniformly throughout the county on homestead properties, including in all municipalities; and

WHEREAS, the required conversion to LHOST in DeKalb County raises serious concerns that the existing and future special purpose local option sales tax (SPLOST) could be jeopardized due to referendums that required both the EHOST and SPLOST to be approved in order for each to exist; and

WHEREAS, it is unclear how a single, one-cent LHOST in DeKalb County would be able to generate sufficient revenue to fully cover homestead property taxes for the county and all municipalities when the current, one-cent EHOST is adequate to cover only county homestead taxes; and

WHEREAS, the City of Decatur engages the community in comprehensive, strategic planning and employs conservative finance and budget practices as reflected in its strong credit ratings, due in part to the current legal flexibility to raise revenues when needed; and

WHEREAS, the state-imposed caps on local revenue growth and heightened dependence on a single one-cent sales tax for homestead relief will be seen by credit rating agencies as weakening local revenue flexibility and predictability, thereby potentially placing downward pressure on local governments' credit ratings, increasing borrowing costs for needed capital projects, and ultimately raising costs for taxpayers; and

WHEREAS, there has been no comprehensive, publicly available, independent financial analysis of HB1116's projected impacts on local governments, particularly with respect to long-term revenue estimates, impacts on taxpayer classes, and effects on credit ratings and debt affordability; and

WHEREAS, the residents and businesses of the City of Decatur expect and depend upon well-funded local services, including police, fire and emergency services, public works, parks and recreation, sanitation, and other services that protect quality of life and economic vitality; and hasty and poorly studied changes to a stable revenue structure threaten these critical services; and

WHEREAS, local elected representatives are best positioned to assess and respond to the unique fiscal needs of their communities, and a one-size-fits-all approach undermines local fiscal flexibility and home rule authority, especially in smaller cities like Decatur that are highly reliant on homestead property taxes to meet basic service standards.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Decatur, Georgia, that:

The City Commission of the City of Decatur hereby expresses its concerns that HB1116:

- Imposes rigid limits on annual property tax revenue growth that may prevent the City from keeping pace with population growth and service demands, thereby risking cuts to essential services, deferred maintenance of critical infrastructure, and erosion of the quality of life expected by residents and businesses.
- Does not consider that the current EHOST in DeKalb County that would be converted to LHOST is not adequate to provide homestead tax relief for municipal homestead property taxes.
- Will raise taxes on small businesses, rental properties, and other commercial properties-as well as on residents that cannot afford to own their homes. Furthermore, the proposed LHOST would apply to essential goods such as food,

which is currently excluded from EHOST, increasing the cost of living for all Georgians.

- Adds administrative complexity and additional unfunded mandated public processes for local budgets and millage decisions, which could delay or impede timely responses to emergencies, economic downturns, or rapid changes in community needs, and could contribute to rating agency concerns about the city's financial flexibility.
- Introduces wholesale changes to a city's ability to provide essential services without the benefit of an independent financial analysis.

The City Commission of the City of Decatur respectfully requests that members of the Georgia General Assembly:

- Defer action on HB1116 until a comprehensive, independent county-by-county and city-by-city financial impact analysis of HB1116 and any related measures is completed and shared with local elected bodies.
- Engage in meaningful consultation with the city to understand past, current and future reliance on property tax revenue to fund fair salaries and health benefits for police, fire and other essential workers, to make legally-obligated contributions to the city's retirement plan, to fund liability insurance premiums that have increased 240% since 2020, to invest in aging capital infrastructure and other expenditures that are necessary for the prudent operations of a local government.
- Oppose HB1116 in its current form, in the absence of considerations to include a financial analysis, credit rating analysis, an understanding of the bill's impact on DeKalb County's EHOST and SPLOST, information about the bill's impact on commercial (non-homestead) properties, and allowances for a community's ability to self-govern how it meets community needs.

SO RESOLVED, this 16th day of March, 2026.

CITY OF DECATUR, GEORGIA

Mayor

Attest:

Maria R. Rose

City Clerk

