



DEPARTMENT
of REVENUE

PERSONAL PROPERTY UPDATE

Missy Dove, Compliance Specialist III & Nathan Evans, Compliance Specialist II

Local Government Services

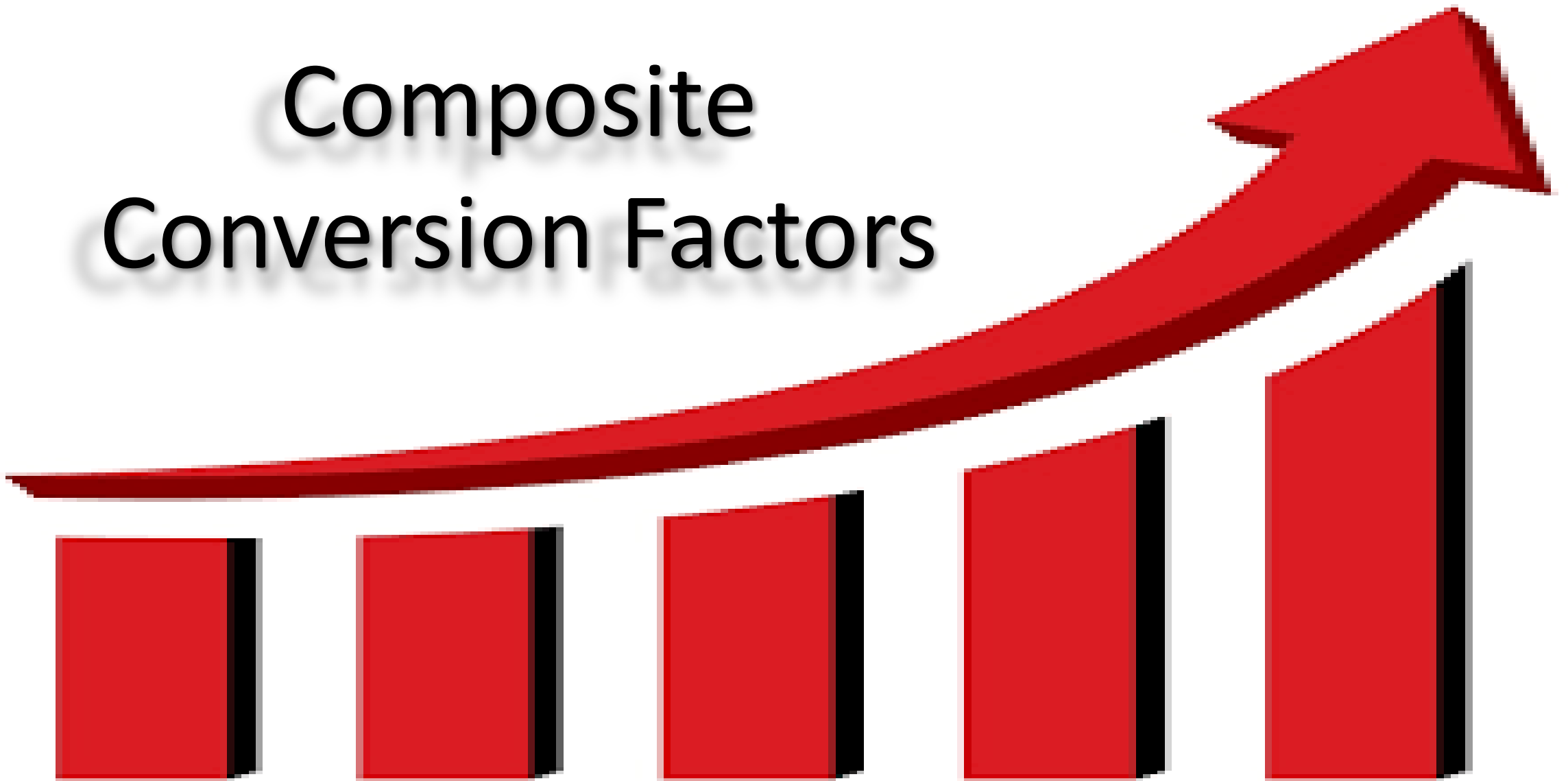
May 2024

HB 808- PERSONAL PROPERTY



- Increases personal property exemption from \$7,500 to \$20,000
 - Promote efficiency when tax equals cost of administering/collecting tax
 - Does not include motor vehicles, trailers, and mobile homes
- O.C.G.A. 48-5-42.1
- Dependent on November referendum
- Effective January 1, 2025, if approved by referendum

Composite Conversion Factors



All three indices in the table below track average capital equipment cost change percentages and indicate the differences that have occurred over the past five years.

Indices	2017	2018	2019	2020	2021	2022 (Q1)*
Marshall & Swift/Boeckh - Industrial Equipment Avg. ⁶	2.60%	4.80%	0.77%	2.54%	19.6%	3.51%
US Bureau of Labor Statistics - Producer Price Index for Finished Goods, Capital Equipment ⁷	0.90%	2.70%	1.13%	0.95%	7.25%	1.9%
FM Global - Industrial Equipment Composite ⁴	1.20%	2.80%	1.93%	1.52%	6.72%	4.38%

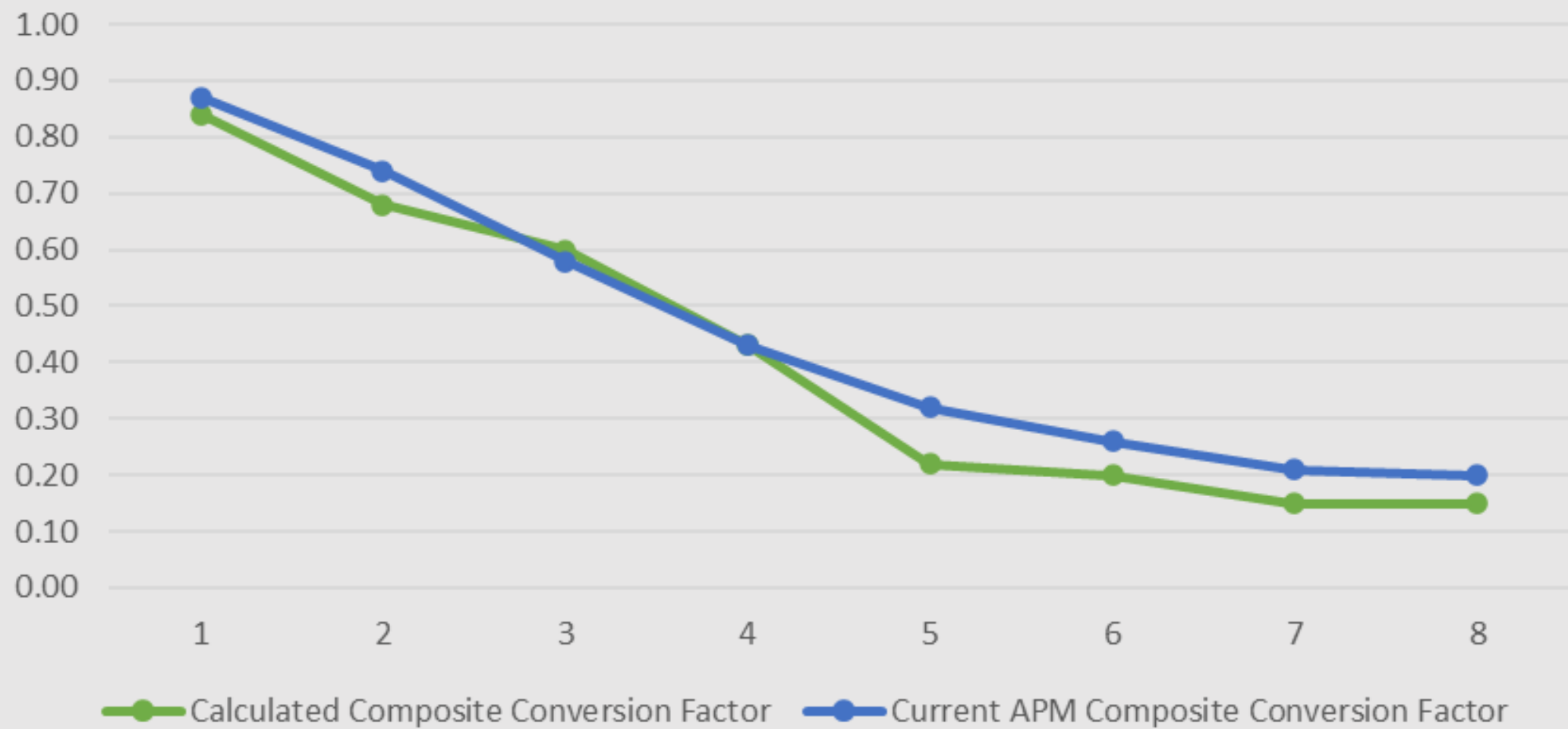
GROUP

PENDING

Group I (5-7 years typical useful life; IRS Asset class 00.13, Data Handling Equipment)

Year Acquired	Depreciation Percentage	Percent Good		Cost Index Factor		Calculated Composite Conversion Factor	Current APM Composite Conversion Factor	Change
2023	17%	83%	x	1.010	=	0.84	0.87	-3.45%
2022	33%	67%	x	1.022	=	0.68	0.74	-8.11%
2021	50%	50%	x	1.200	=	0.60	0.58	3.45%
2020	67%	33%	x	1.305	=	0.43	0.43	0.00%
2019	83%	17%	x	1.311	=	0.22	0.32	-31.25%
2018	85%	15%	x	1.359	=	0.20	0.26	-23.08%
2017 & prior	85%	15%	x	1.000	=	0.15	0.21	-28.57%

Group 1



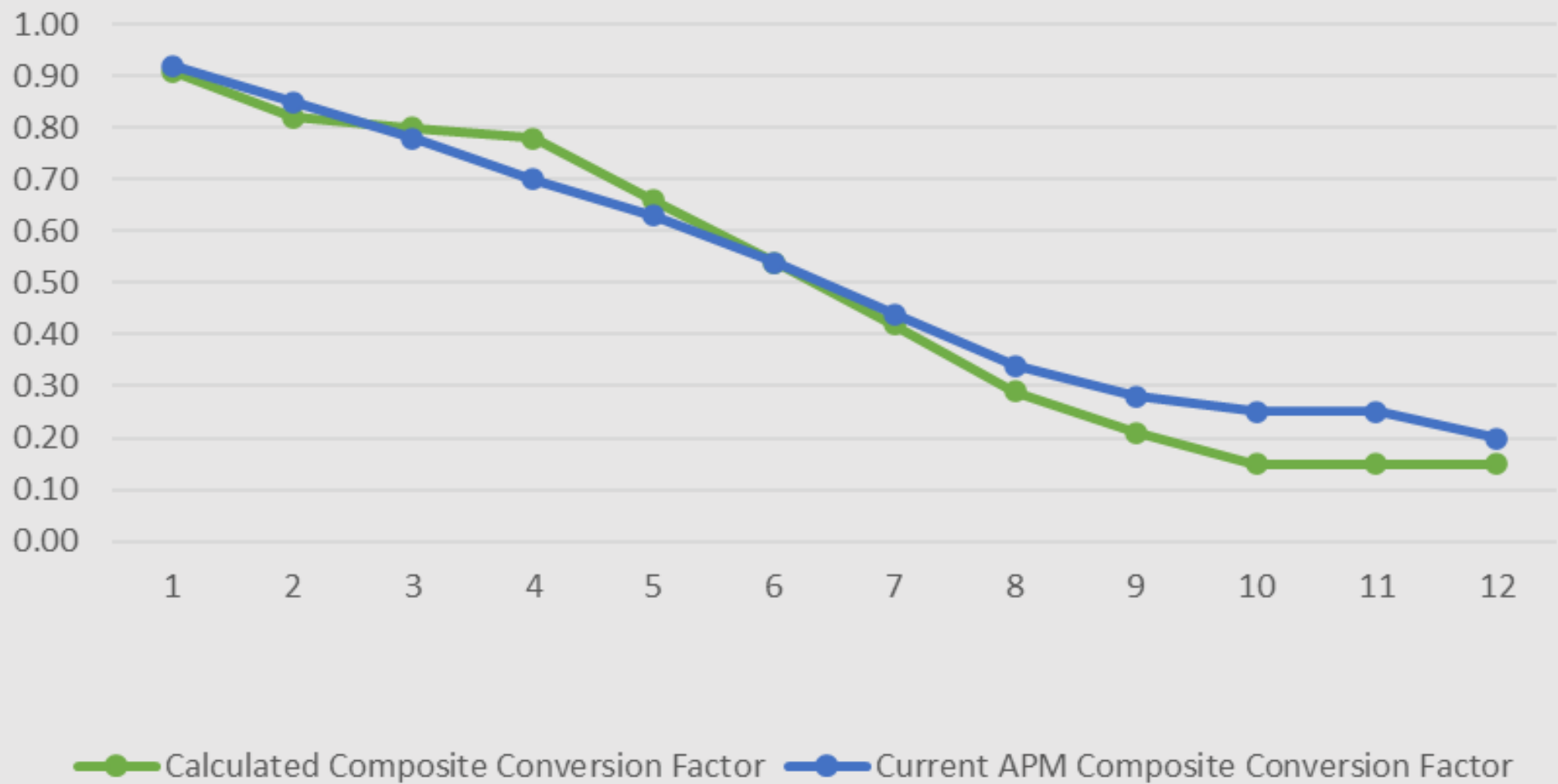
GROUP 2

PENDING

Group II (8-12 years typical useful life, IRS Asset class 00.11, Office furniture and fixtures)

Year Acquired	Depreciation Percentage	Percent Good		Cost Index Factor		Calculated Composite Conversion Factor	Current APM Composite Conversion Factor	Change
2023	10%	90%	x	1.010	=	0.91	0.92	-1.09%
2022	20%	80%	x	1.022	=	0.82	0.85	-3.53%
2021	30%	70%	x	1.200	=	0.80	0.78	2.56%
2020	40%	60%	x	1.305	=	0.78	0.70	11.43%
2019	50%	50%	x	1.311	=	0.66	0.63	4.76%
2018	60%	40%	x	1.359	=	0.54	0.54	0.00%
2017	70%	30%	x	1.405	=	0.42	0.44	-4.55%
2016	80%	20%	x	1.433	=	0.29	0.34	-14.71%
2015	85%	15%	x	1.422	=	0.21	0.28	-25.00%
2014 & prior	85%	15%	x	1.000	=	0.15	0.25	-40.00%

Group 2



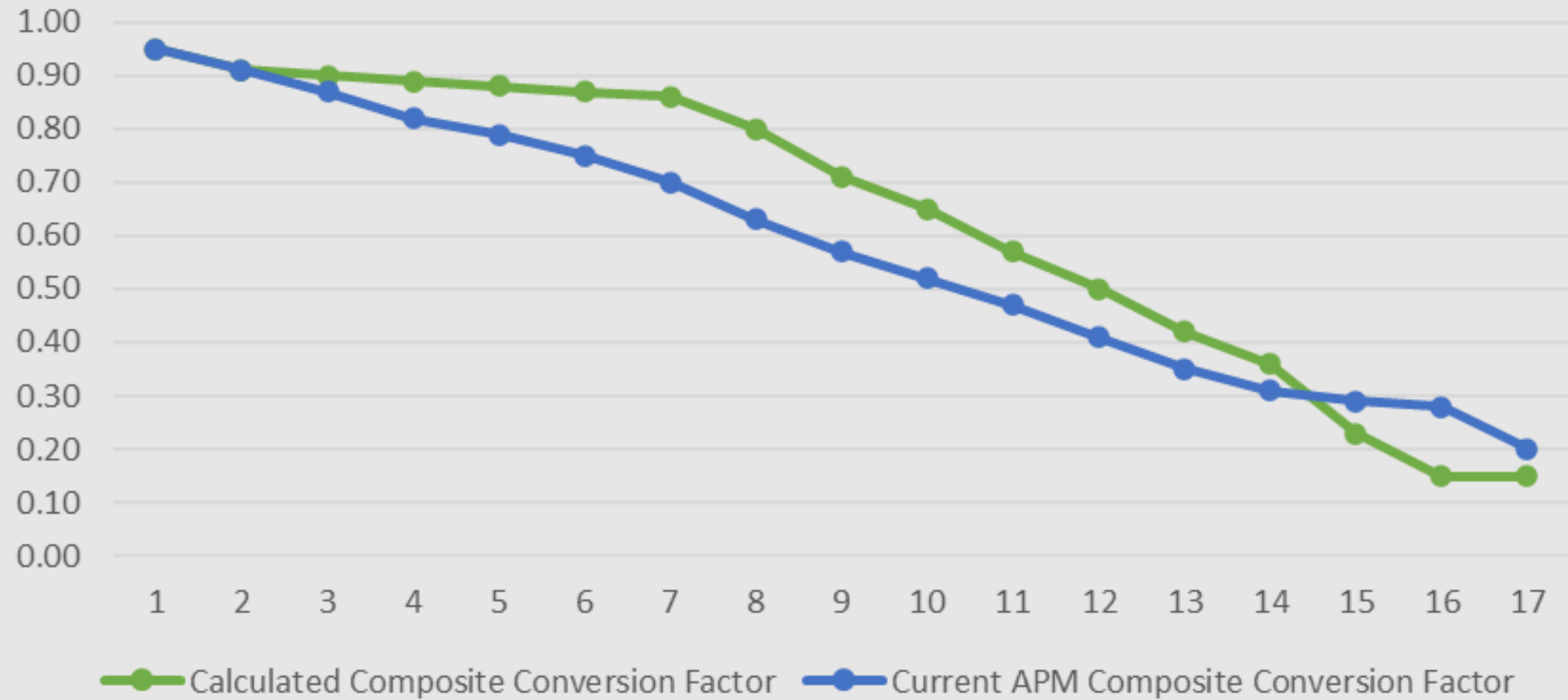
GROUP 3



Group III (13+ years typical useful life)

Year Acquired	Depreciation Percentage	Percent Good		Cost Index Factor		Calculated Composite Conversion Factor	Current APM Composite Conversion Factor	Change
2023	6%	94%	x	1.010	=	0.95	0.95	0.00%
2022	12%	89%	x	1.022	=	0.91	0.91	0.00%
2021	18%	83%	x	1.200	=	0.90	0.87	3.45%
2020	24%	78%	x	1.305	=	0.89	0.82	8.54%
2019	29%	72%	x	1.311	=	0.88	0.79	11.39%
2018	35%	67%	x	1.359	=	0.87	0.75	16.00%
2017	41%	61%	x	1.405	=	0.86	0.70	22.86%
2016	47%	56%	x	1.433	=	0.80	0.63	26.98%
2015	53%	50%	x	1.422	=	0.71	0.57	24.56%
2014	59%	45%	x	1.435	=	0.65	0.52	25.00%
2013	65%	39%	x	1.454	=	0.57	0.47	21.28%
2012	71%	34%	x	1.466	=	0.50	0.41	21.95%
2011	76%	28%	x	1.507	=	0.42	0.35	20.00%
2010	82%	23%	x	1.555	=	0.36	0.31	16.13%
2009	85%	15%	x	1.543	=	0.23	0.29	-20.69%
2008 & prior	85%	15%	x	1.000	=	0.15	0.28	-46.43%

Group 3



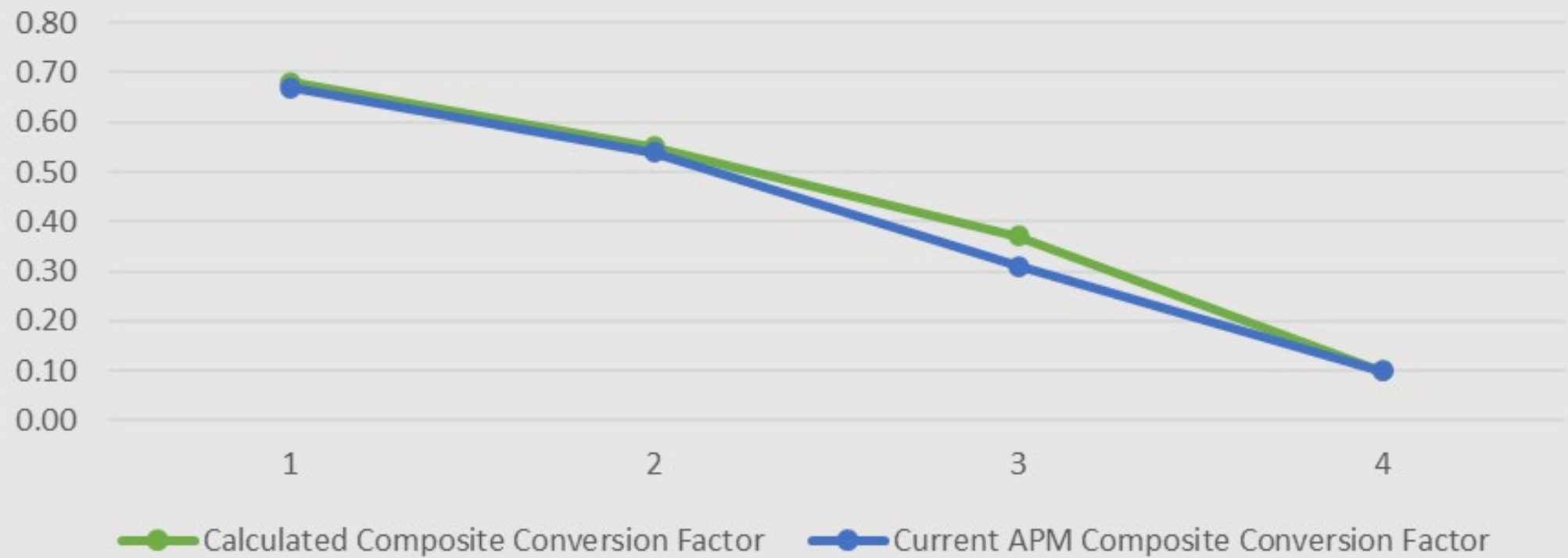
GROUP 4

PENDING

Group IV (1-4 years typical useful life; IRS Asset class 00.12, Computers)

Year Acquired	Depreciation Percentage	Percent Good		Cost Index Factor		Calculated Composite Conversion Factor	Current APM Composite Conversion Factor	Change
2023	33%	67%		1.010	=	0.68	0.67	1.49%
2022	46%	54%		1.022	=	0.55	0.54	1.85%
2021	69%	31%		1.200	=	0.37	0.31	19.35%
2020 & Prior	90%	10%		-	=	0.10	0.10	0.00%

Group 4

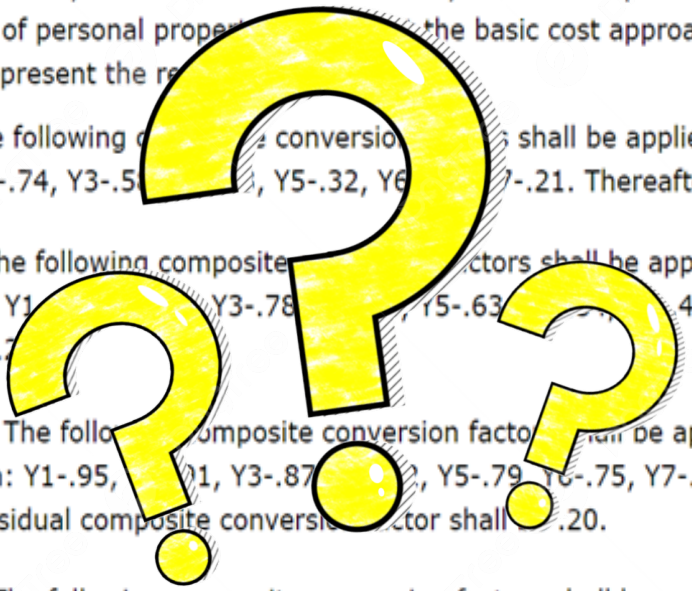


WHAT IS THE IMPACT???

Sample Data from Actual Iron and Steel Pipe and Tube Manufacturer

<u>Group</u>	<u>Current CCF Value</u>	<u>Proposed CCF Value</u>	<u>% of Change</u>
Group I (5-7 Years)	\$26,981	\$25,965	-3.77%
Group II (8-12 Years)	\$4,472,760	\$4,640,644	3.75%
Group III (13+ Years)	\$975,972	\$1,022,929	4.81%
Group IV (1-4 Years)	\$23,442	\$24,042	2.56%
Total All Groups	\$5,499,155	\$5,713,580	3.90%

WHAT'S NEXT?

- 
- (iii) **Composite conversion factors.** The appraisal staff shall, in accordance with this Rule, use the composite conversion factors as provided in this subparagraph and apply the appropriate factor to the original cost new of personal property to arrive at the basic cost approach value. The last composite conversion factor in each economic life group shall not be trended and shall represent the residual value.
- (I) **Group I composite conversion factors.** The following composite conversion factors shall be applied to Group I assets to arrive at the basic cost approach value for years one through seven: Y1-.87, Y2-.74, Y3-.58, Y4-.44, Y5-.32, Y6-.21. Thereafter the residual composite conversion factor shall be .20.
- (II) **Group II composite conversion factors.** The following composite conversion factors shall be applied to Group II assets to arrive at the basic cost approach value for years one through eleven: Y1-.95, Y2-.87, Y3-.78, Y4-.69, Y5-.63, Y6-.54, Y7-.44, Y8-.34, Y9-.28, Y10-.25, Y11-.25. Thereafter the residual composite conversion factor shall be .20.
- (III) **Group III composite conversion factors.** The following composite conversion factors shall be applied to Group III assets to arrive at the basic cost approach value for years one through sixteen: Y1-.95, Y2-.87, Y3-.87, Y4-.79, Y5-.79, Y6-.75, Y7-.70, Y8-.63, Y9-.57, Y10-.52, Y11-.47, Y12-.41, Y13-.35, Y14-.31, Y15-.29, Y16-.28. Thereafter the residual composite conversion factor shall be .20.
- (IV) **Group IV composite conversion factors.** The following composite conversion factors shall be applied to Group IV assets to arrive at the basic cost approach value for years one through three: Y1-.67, Y2-.54, Y3-.31. Thereafter the residual composite conversion factor shall be .10.

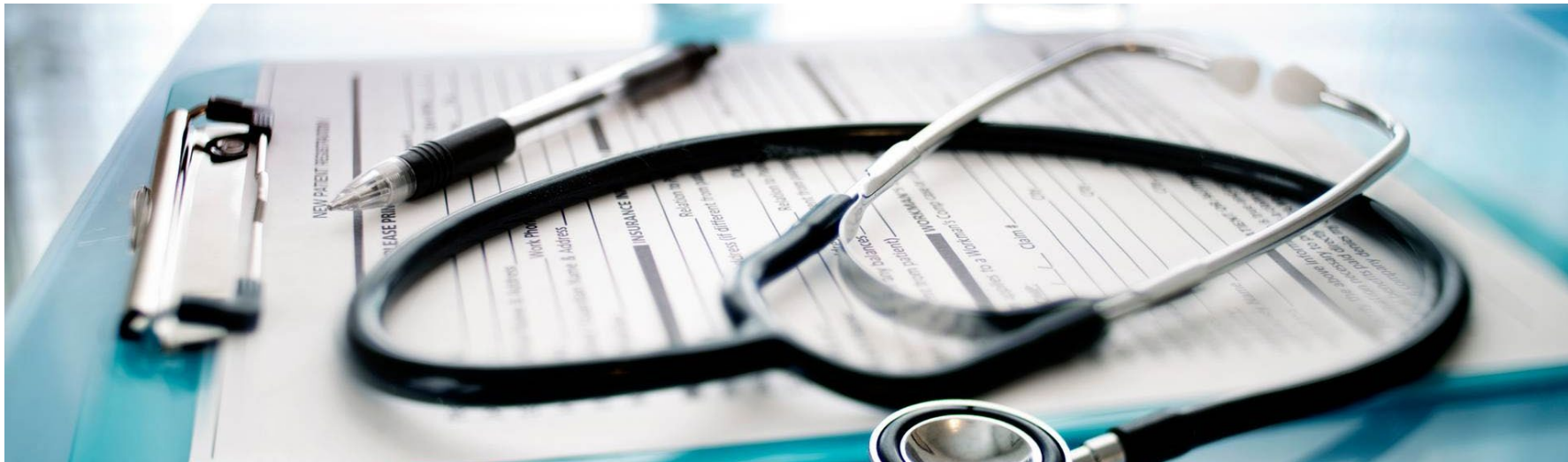


QUESTIONS?

Missy Dove
Compliance Specialist III
(404) 780-1111
melissa.dove@dor.ga.gov

DEPARTMENT of REVENUE

Nathan Evans
Compliance Specialist II
(404) 617-4221
Nathan.evans1@dor.ga.gov



Tawanda Shivers, PPS
Steven Spencer, CPA

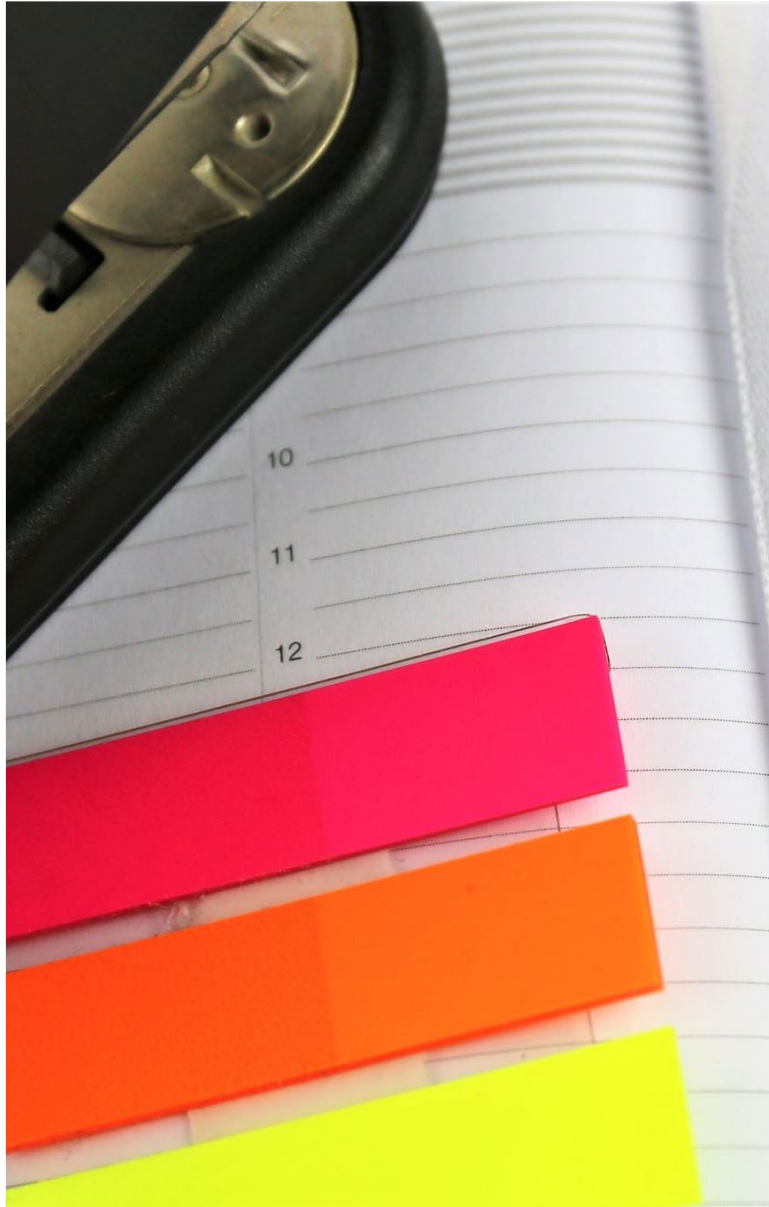
Importance of Audit

Selecting Audits

Audit Process

Recap

Q & A





- Self-reporting
 - Taxpayers tell us what they own
- Verification of information
 - Are all taxable assets reported?
- Getting to know the taxpayers
 - Gain an understanding of “who” and “what”



- Appraisal Procedure Manual recommends auditing every 3 years
- Different ways to select; be consistent
 - Random, industry, location, size
- Stay away from:
 - Auditing the same business every year
 - Auditing based on appeal results

PERSONAL PROPERTY AUDITING-OUTLINE

A. Business Personal Property (BPP) Audit Approach:

1. Situs Visits & Walkthroughs
2. Sources of Information for Audit Purposes
3. Matters to Consider When Conducting BPP Audits
4. What are Your Biggest Challenges

B. The Appraiser's Business Personal Property (BPP) Toolbox – A Must

1. **The APM** – Essential Elements.
2. **IRS Publication 946** – Key Factors & Exceptions.
3. **O.C.G.A.** – Knowing Per Prop Tax Law - Use It.
4. **Georgia Case Law** – How GA Courts Ruled

A. BPP AUDIT APPROACH

1. Situs Visits and Walkthroughs

- ❑ Determine taxpayers to be audited by utilizing a random sample generator based on digest or specific identification due to suspected or know issues.
 - ❖ Consider stratifying your sample selection
 - ❖ Extract of digest into Excel. Use Excel's random generator to develop selections.
- ❑ Situs visit is invaluable in understanding the taxpayer's business & getting first-hand visual confirmation of assets to be/being assessed
 - ❖ Take copious notes and/or pictures (if allowed)
 - ❖ Be specific when noting assets. Helps w/valuation & appeals (if necessary)
 - JLG 660SJ pneumatic articulating boom aerial lift vs. boom lift
 - RIGID 535A Pipe Threader vs. pipe threader
- ❑ Inquire of taxpayer and provide understanding of why they're being audited and the process

ROACH – CONT'D



A. BPP AUDIT APPROACH – CONT'D

2. Sources of Information for Audit Purposes

❑ What Are We Auditing? PT-50P & Supporting Schedules

❑ What info do we use/request from taxpayer to assist w/ the audit

- ❖ Trial Balance (financial statement detail) (Unconsolidated)
 - Bookkeeping worksheet in which the balances of all ledgers are compiled into debit & credit account column totals that are equal
- ❖ Balance Sheet (Unconsolidated)
- ❖ Income Statement (Unconsolidated)
- ❖ Fixed Asset Listing (i.e. Depreciation/Amortization Schedule)
- ❖ "Income Tax Returns (Note: Cannot be subpoenaed pursuant to O.C.G.A.)
 - §48-5-300 (2)(A) – "... (2) shall not apply to the following..." "(A) Any income tax records or returns;"
- ❖ Inutility / Obsolescence Schedules (Note: Don't be intimidated!)
- ❖ IF FREEPORT: Schedules supporting Freeport Application & S
- ❖ Listing of Leased Assets

Balance Sheet
[Company Name]
As of: [DATE]

Account	Balance
ASSETS	
Current Assets	
Cash (bank account)	\$0.00
Accounts Receivable	\$0.00
Inventory	\$0.00
Subtotal: Current Assets	\$0.00
Fixed Assets	
Vehicles	\$0.00
Equipment	\$0.00
Office Tech	\$0.00
Accumulated Depreciation	\$0.00
Subtotal: Fixed Assets	\$0.00
Other Assets	
Financing Agreements	\$0.00
Notes Receivable	\$0.00

Big Dog Carworks Corp.
Trial Balance

Acct. No.	Account	Debit	Credit
101	Cash	\$6,200	
110	Accounts receivable	2,500	
161	Prepaid insurance	2,400	
183	Equipment	3,000	
184	Truck	8,000	
201	Bank loan		\$9,000
210	Accounts payable		700
247	Unearned repair revenue		400
320	Share capital		10,000
350	Dividends	200	
450	Repair revenue		10,000
654	Rent expense	1,600	
656	Salaries expense	4,000	
668	Supplies expense	1,500	
670	Truck operating expense	700	
		\$30,100	\$30,100

3. A. BPP AUDIT APPROACH— CONT'D

❑ Matters to consider:

- ❖ Consider appropriate Grouping Categories (Group 1 – 4) for misclassification (all taxpayers)
 - Especially cell towers, solar farms, coin operated amusement machines
- ❖ Who in fact own the assets within your County
- ❖ Exceptions for specialized industries (i.e. farms, agriculture, lumber etc)
- ❖ PILOT “Payment in lieu of Taxes” Programs
 - Business & Industrial / Economic Development Authorities
- ❖ Accrual accounts which reduce asset values PT-50P Schedule B (8) (e.g. reserve accounts, shrinkage, discounts, rebates)
 - “Do not make deductions ...mark-down or shrinkage... discounts...”
- ❖ Purchased finished goods of taxpayers seeking freeport exemption
- ❖ Request BOA to document decisions on consideration of valuing certain assets in meeting minutes
 - Salvage values (APM Chapter 560-11-10) (v), portable storage units/sheds, equipment, etc

A. BPP Audit Approach – cont'd

WHAT ARE YOUR BIGGEST CHALLENGES?

- ❖ Taxpayers
- ❖ Human Capital
- ❖ Information Systems & Applications (IT)
- ❖ Guidance: Statutory or Otherwise
- ❖ Coin Operated Amusement Machines (COAM's)
- ❖ AirBnB's
- ❖ Data Centers
- ❖ Bitcoin Mining





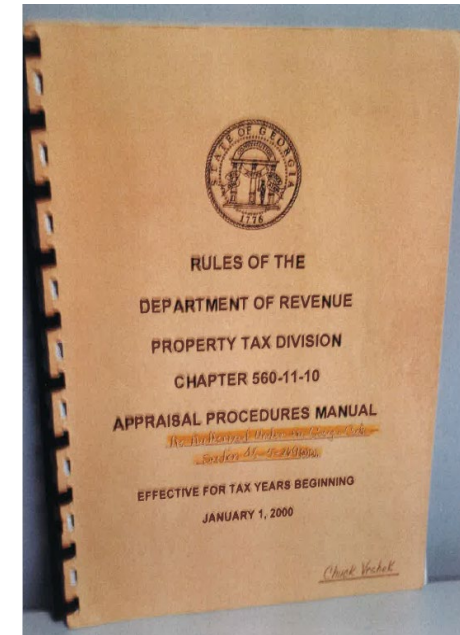
Personal Property Appraiser's Essential Toolbox

B. THE PERSONAL PROPERTY APPRAISER'S TOOL BOX

1. *The Georgia Appraisal Procedure Manual – APM*

- Published in 2000
- Source for PP definitions, policies & procedures
- Gives direction to use IRS Pub 946, Tables B-1 & B-2
- Example - Salvage Value saved the day
- Example - Exemption Missed – Over Paid Taxes

In Summary, the APM is a must have tool and should be readily accessible to all appraiser's in hardcopy or electronic format. **Use It !!**

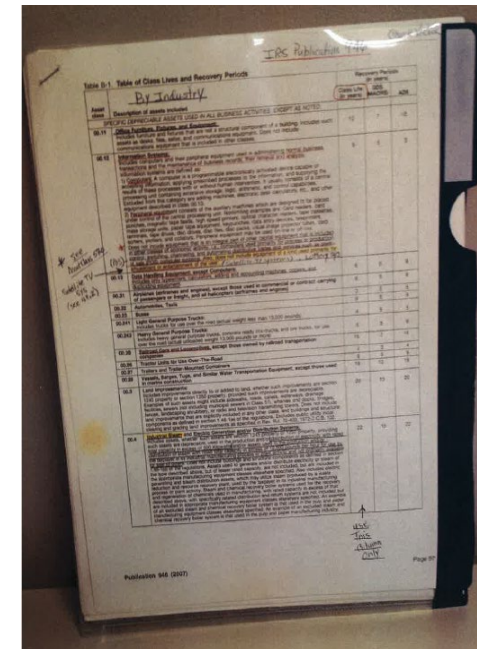


B. TOOLBOX ESSENTIALS CONT'D

2. IRS Publication 946 – Class Life in Years Guideline

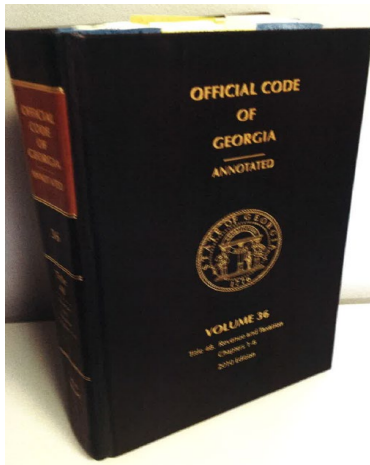
- Helps to provide “Equal & Uniform” treatment of all tax payers in Georgia.
- Sets up a Standard in the “Class Life In Years” for consistent Georgia asset grouping or classification.
- Example - Point of Sale (POS) Systems (Table: B-1, Asset Class 00.12)
- Example - RR Tracks / RR Sidings (Table: B-2, Asset Class: 40.4)
 - ✓ What is your County’s Policy
 - ✓ BOA should formally document policy in minutes
- Example - Pallet Racking Systems – (Where?)
- Example - Solar Panels (Where?)

In conclusion, IRS Publication is the “*Shall Use Tool*”!



B. TOOL BOX ESSENTIALS CONT'D

3. Official Code of Georgia, Annotated (OCGA).



We could talk about this law book and its legal citations all day long – **boring!!** But we can certainly get to know what is in the book and where to find it.....

- Mark all pertinent sections in the Table of Contents
- Read & highlight all Personal Property sections
- Do put Tabs on all Key sections for easy access
- Don't forget to highlight Judicial Decisions and the Opinions of the Attorney General

The more you know and use this book the better you will be at resolving issues of personal property valuation. Know how to use this important personal property tool.

B. TOOL BOX ESSENTIALS CONT'D

4. Georgia Case Law – Last major tool in the box. Here are some examples of basic personal property case law:

- **Murray Bakery Products v. Board of Tax Assessors** – a basic case defining what are eligible inventory materials for the Freeport exemption and what's not.
- **Flambeau Corp v. Morgan County BOA** – a case for establishing “value in use” in the determination of equipment value.
- **Georgia Art Lighting Designs, Inc. v. Gwinnett BOA** **Gwinnett BOA v. Standard Distributing Supply of GA** - These two cases parallel each in the final decision of Freeport application errors. The court notes distinction between “*under reporting*” and “*under valuing*.”

B. TOOL BOX ESSENTIALS CONT'D

Georgia Case Law concluded.....

- **East Gas, Inc. v. Johnson County BOA** – a case where the courts affirm the right and power of the BOA to issue Subpoenas for verification work.
- **Broz v. Commissioner of IRS** – First, this was the key case in establishing firm class life in years for cellular telephone company equipment. Second, and most important, case decision further defined the legal use and interpretation of IRS Publication 946 (Table B-2, Asset Class 48-32). Applies to Georgia appraiser's use and application of class life in years.

In summary, the appraiser must have such key and defining case law in the tool box. Again, a must have!

B. TOOL BOX ESSENTIALS CONT'D

United States Tax Court

Robert and Kimberly Broz, Petitioners v. Commissioner of Internal Revenue,
Respondent


“They may nonetheless not depreciate their equipment under a class life simply because they believe it better approximates the equipment’s useful life. Deductions are a matter of legislative grace, and petitioners are entitled to deduct only the amounts prescribed by Congress.”

IRS Publication 946 (Table B-2, Asset Class 48-32).

NON-TOOL BOX “OUTSIDE RESOURCES” EXAMPLES OF 3RD PARTY ASSISTANCE

- **Use Experts** - Aircraft Engine “Remanufacturer”: In determining whether or not that “manufacturers Freeport” did apply, we retained “an expert aeronautical engineer” certified in FAA engine certification to make our case.
- **Use 3rd Party Confirmations** – In our audit of a major equipment dealer, when financial information of inventory was “suspect”, we confirmed inventory balances directly with the financial institution that had financed the dealer inventory, providing full and accurate inventory cost for each tax year reviewed.

Think outside the box for gathering vital information in determining valuation



Self-Reporting	Every 3 years	Physical Inspections
Verify Information	Choose Consistency	Sources of Information
Know and Grow	Good Intentions	Matters to Consider

QUESTIONS?

Tawanda Shivers, PPS

770-609-7240

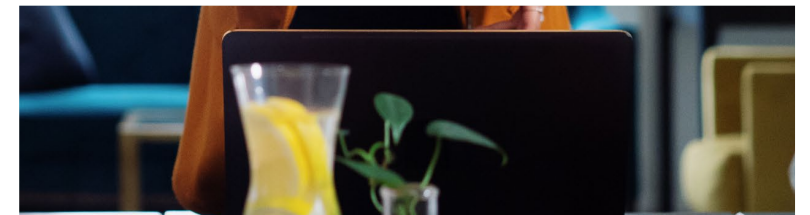
Tawanda.Lacole@gmail.com

Steven Spencer, CPA

Traylor Business Services

770-422-5151

sspencer@tbs-inc.com



DEMYSTIFYING THE TAX ABATEMENT AGREEMENT

Pilots and Property Tax: The Relationship



TROUP COUNTY
G E O R G I A

Industrial Revolution by Henrique Mello



Tax abatement Incentives:

Never made a bad deal good

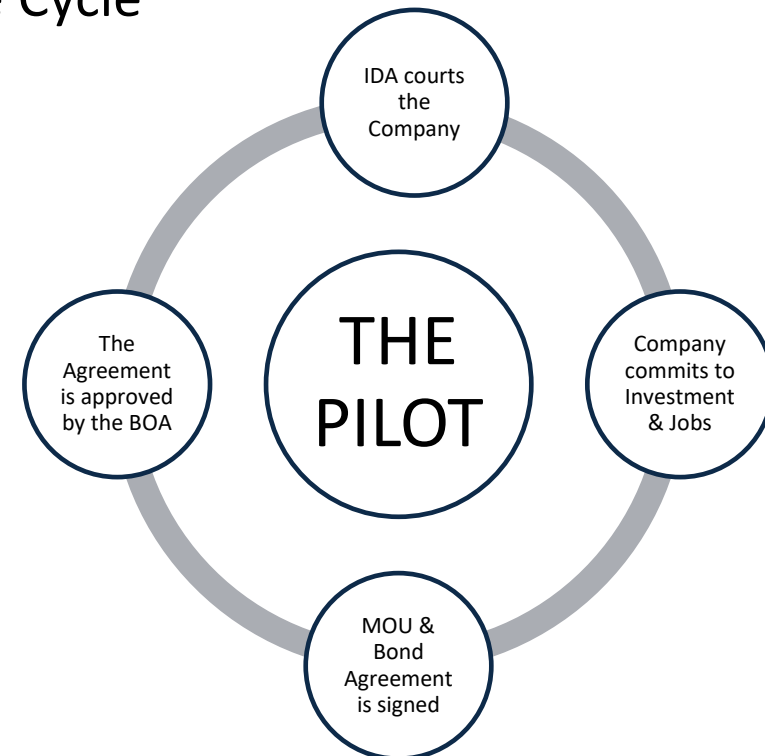
Can make a good deal better

OKAY, YOU WENT TO BED WITH IDA AND THEY LEFT YOU IN CHARGE WITH THE TASK OF WAKING UP WITH VIVI & DAN

The Steps

- The Industrial Authority meets with the Company many times before the Company commits
- Company commits to Investment & Job Creation
- The Authority, Company, Attorneys, & all interested Parties negotiate the Agreement, then sign
- The Agreement Exemption have to be approved by the Board of Assessors

The Cycle



WHAT HAPPENS WHEN A COMPANY LOCATES TO TROUP COUNTY? WHY IS SUCH A BIG SECRET?

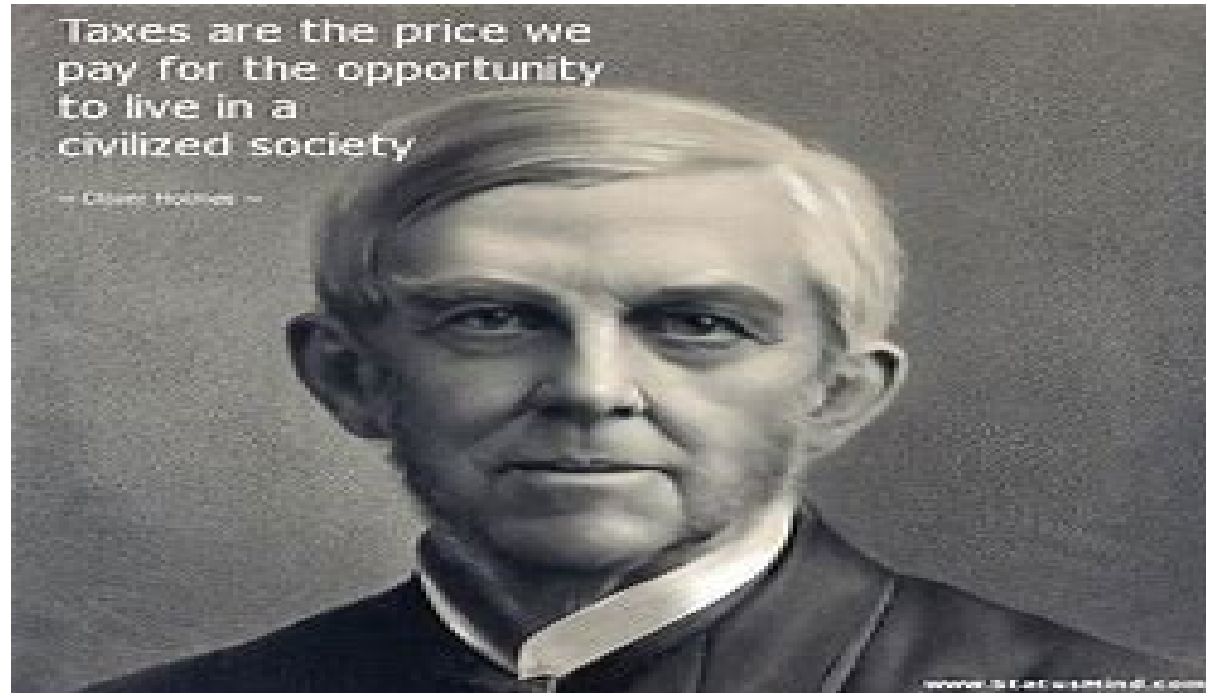
- Are we giving something away? What are we exchanging?

Property Tax



IN 1866 A BOOK TITLED “CHRISTIAN ETHICS OR THE SCIENCE OF DUTY” SUGGESTED THAT TAXES ARE USED TO ASSURE “LIFE AND PROPERTY”

A man's taxes are what he pays for the protection of his life and property, and for the conditions of public prosperity in which he shares. He ought to pay his just portion of the expense of government.



WHO WINS AND WHO LOSES?

- The community gains jobs
- Sales Tax Revenue increases for Property Tax Rollbacks
- Housing starts surge
- Municipal services expand
- The company can invest in new equipment and or expansion with the comfort of recouping their venture capital more faster

THE AGREEMENT AND PROJECT

- **Tax Abatements are not standard; they are local incentives**
- **Bond Investment and Pilots**
- **Fixed Assets/Capitalized Assets**
- **Construction in Progress (CIP)**
- **Inventory**
- **Jobs**
- **Vendors/Suppliers**

TYPES OF PILOTS (TAX ABATEMENT AGREEMENTS)

Phased In

Specified Percentage/#Years

- Property tax abatements can be structured various ways. A company may receive an abatement of a certain percent for a specified number of years; for instance, if a company received a 50 percent property tax abatement for 20 years, they only have to pay half the property taxes they would normally owe for the next two decades.
- A company's property taxes may also be phased in over time. An example of this would be a deal in which a company paid 20 percent of the property tax the first year, 40 percent the second, etc., until after 7-10 years they will be paying at a normal rate.
- These are typical in Troup County.

COMPLIANCE: WHO'S LOOKING OUT FOR US?

- The Industrial Development Authority
- The County's Governing Authority
- The City's Governing Authority
- The last but not the least, the Tax Assessors is the Compliance Board

TAX ABATEMENT AGREEMENT AND ITS RELATIONSHIP TO PROPERTY TAXES

- Pilot Agreements
- The Project
- Investments and Jobs
- Sales & Leaseback
- Company's Report
- Pilot Compliance
- Property Tax Compliance

BOA PILOT POLICY (WHAT?)

- Tax Abatement Structure
- Charts of Investment/Job Criteria
- Methodology
- Commitment of Investment/Jobs
- Creation or Retention
- The Board of Assessors has in place, certain criteria for any industry exploring relocation and or expanding a local facility
- The Board of Assessors collaborates with the Authority and Company to establish a mutual valuation structure.

BOA PILOT POLICY (WHY?)

- Tax Abatement Consideration
- Size of Investment
- Number of Jobs
 - Creation
 - Retention
 - Relocation
 - Expansion
- The Board of Assessors are citizens too!
- The Board of Assessors are Property Owners too!
- The Board of Assessors weighs the impact of each potential Tax Abatement:
- Will this Industry benefit Troup County's Citizens & Schools?

BOA PILOT POLICY COMPLIANCE (HOW?)

BOA REQUIRES A COMPANY'S REPORT – VERIFICATION

- Proof of Investment and Job Commitment
- Review of Company's Financial Records
- Verify Bills of Sales for reconciliation of returns
- Report of employee count from Human Resources
- Dept. of Labor Collaboration
- State of Georgia Revenue Jobs Credit Report

WHY DO YOU NEED TO GIVE A BILL OF SALE TO THE ASSESSORS?

- The Authority is the exempt entity
- Only assets titled to the Authority are exempt
- Assets must be titled to Authority by December 31st
- BOS must be signed by both: Authority & Company
- The Board of Assessors is only entity that can approve the exemption
- A requisition is not the bill of sale but should accompany the BOS
- Either invoices or an accurate description and cost of the fixed assets should be attached for tracking the Investment

BOA PILOT POLICY (IF NOT?)

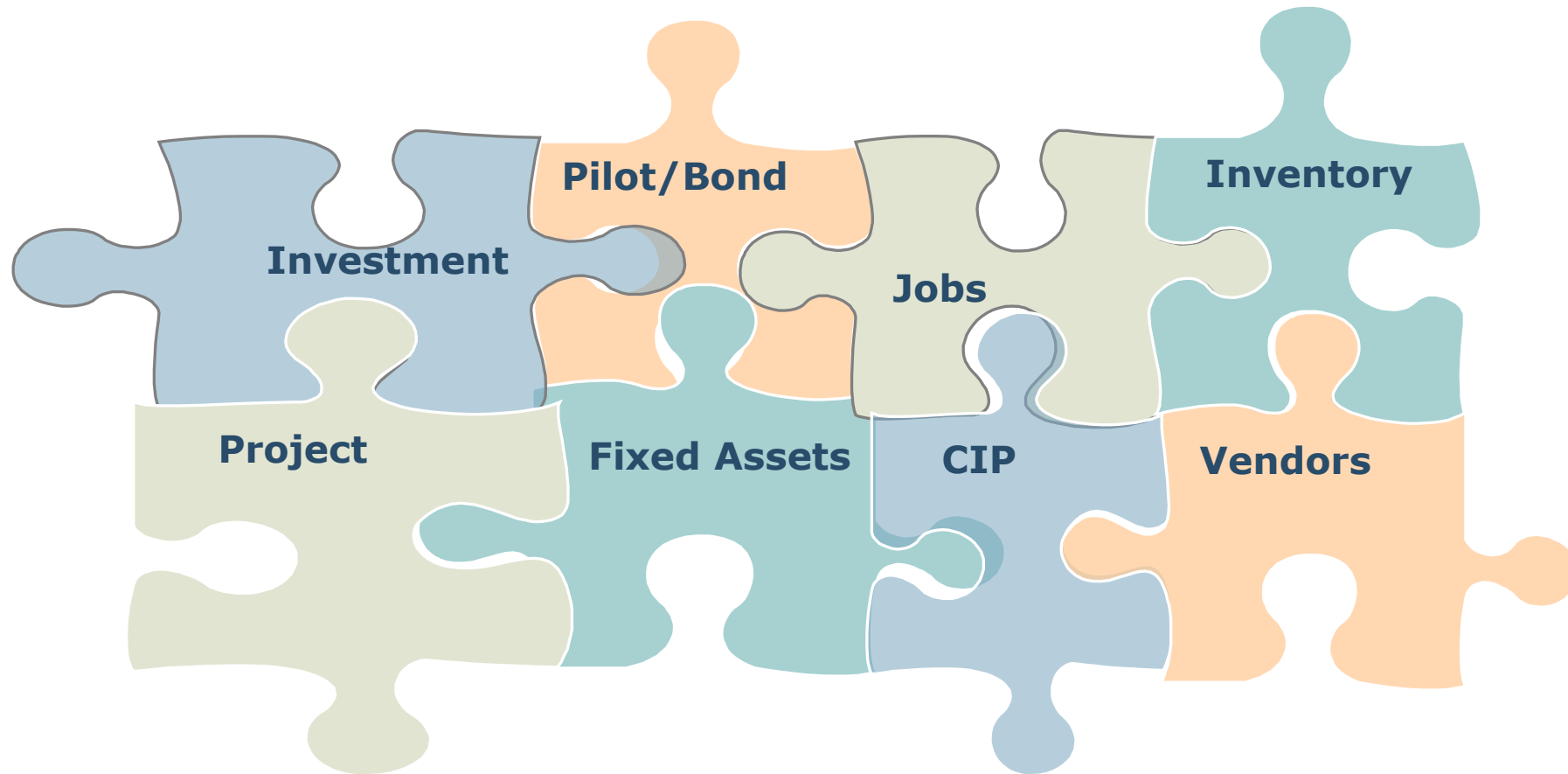
- INVESTMENTS AND JOBS QUOTA
- BOA Pilot Policy will determine a 3 Year Achievement test for the Company's Commitment
 - The Investment Goals
 - Jobs Achievement Goals
 - Claw-backs (the Ugly Side of Pilots)
 - Who loses?

WHY IS IT SO HARD TO ENSURE COMPLIANCE WITH PILOTS

- **Multiple players involved**
- **Lack of understanding**
- **Lack of Communication**
- **The folks who negotiate the agreements are gone!**
- **Can't find the right folk to communicate with....**
- **We take it personal!**

PILOT PUZZLE

- How the Project Investment and Jobs data fit together with Property Taxes



GATHERING THE PUZZLE PIECES

- **Investments, Jobs and Property Tax Reporting: gather your team. You will need your HR, Finance and Cost Folks to complete all requirements of the BOA Policy**
- **Abatement and Property Tax Compliance**
- **Do you have tax abatement and property tax experience? If not, do not be afraid to ask for help. We are here to assist you in anyway that we can.**

KEY TEAM MEMBERS

- Facilitator: coordinates and produce the report
- Human Resources: gathers the jobs data
- Accounting: produces the fixed assets, inventory and vendor data
- Legal: requisition, advance, draws and bills of sales
- CFO: the start and end of company's compliance

ACCOUNTING: THE KEY PUZZLE PIECES



VENDORS/SUPPLIERS

- **Vendors should be listed and submitted with names, addresses and contact information.**
- **Suppliers of inventory and other services**
- **Sub-Suppliers should be encouraged to file returns with the county**
- **All cost of inventory located at the company's facility designated as consigned goods should be submitted as an attachment and listed on the PT-50 schedule**
- **All leased equipment information should be submitted as attachment and listed on the PT-50 schedule**

FIXED ASSETS ARE THE INVESTMENTS PERSONAL AND REAL PROPERTY

- Machinery
- Equipment
- Furniture
- Fixtures
- Structures (Signs, towers, chillers & company owned power generation utilizes)
- Processing pipes and cranes
- Concrete Equipment Platforms
- Building
- Building Improvements
- Land
- Land Improvements (paving, real fixtures that are not processing)
- Building heating & air systems

INVESTMENT TO THE PT-50 RETURN

- Each Pilot should report on the only authorized form provided by the Georgia Department of Revenue (PT-50) **DO NOT USE AN UNAUTHORIZED FORM**
- If the company has more than 1 Pilot, then you shall use a separate PT-50 for each Pilot Report **(IF YOU HAVE 2 PILOTS, THEN 2 RETURNS)**
- Pilot accounts are not on the Tax Digest and assessed after the digest is approved
- Real Property Returns are supplied to return the Real Estate **(Land, Land Improvements, Buildings & Building Improvements)**

PROPERTY TAX CONT...

- Taxable assets should be reported on a separate PT-50 form
- Taxable property maybe: inventory that doesn't qualify for an exemption and/or assets not owned by the authority on the assessment date of January 1st of each year (BOS-Bill of Sale)
- Investments that are over the Investment Goal **(These assets will be captured as overages)**
 -

INVENTORY

- All inventory must be reported and have supporting documents such as TB, G/L, audited financial report (**These documents can be printed or sent electronically**)
- Full Freeport Exemption for all qualified inventory reported before April 1st of each year
- Freeport Applications must be completed and signed to be considered as properly return according to Department of Revenue
- Taxable Inventory includes all supply and expense including production accounts should be accounted for (**You don't have send your supporting documents BUT remember, I can't verify your request for Freeport**)

CONSTRUCTION IN PROGRESS (CIP)

- **Personal Property**
- **Machinery or Equipment that is not ready for production by January 1st**
- **Total cost must be reported with details**
- **Allowed an 25% reduction of total cost for the 1st year, thus the company will be assessed on 75% good instead of a typical 92% good factor**
- **Just because you have not completely paid for a line of equipment doesn't mean that you don't report the cost**

JOB ACHIEVEMENT

- **Number of full-time employees with benefits as required by the State of Georgia**
- **Zip codes of employees**
- **Presented in a report, employment shall be verified with the State's job reports submitted to Georgia Department of Labor**

PUZZLE COMPLETED

- **The Tax Abatement program is an incentive for a company to invest in a project which can include real and personal property**
- **The Authority, Taxing Entities and citizens exchange the tax savings for jobs and other community benefits**
- **The Agreement and the Troup County Board of Assessors Pilot Policy must be adhered to throughout the Pilot Term**
- **Penalties against the company shall apply if the dates for filings are not observed**
- **The citizens are really the ones who are offering the incentive through delegation of powers to us**



YOU CANNOT COMPLETE THE PUZZLE

WITHOUT ALL OF THE PIECES!

PILOT AND PROPERTY TAX TERMS

- **Agreement:** Contract between the Local government and the Company for the abatement of taxes
- **Pilot:** Payment in Lieu of Taxes
- **Project:** Planned investment of new property, plant, machinery & equipment
- **Investment:** Amount spent to finance a Planned Project
- **Fixed Asset Cost:** Total cost of an asset from purchase to production
- **Requisition:** an accurate accounting of assets with the description and all costs that will be titled to economic development authority

TERMS CONT.

- **Investment schedule: percentage of taxes that are otherwise due to taxing entities that may be increased over the term of the Pilot Incentive Program**
- **Jobs: full time & full benefits for employees guaranteed in the agreement**
- **PT-50: Business Personal Property Return**
- **Assets: All property owned by the Company**
- **CIP: 100% cost of Machinery and Equipment not ready for production by January 1st (not real)**

TERMS CONT...

- **Inventory:** Complete listing of all stock on hand, raw materials, work in progress, finished goods, supplies, packaging materials.....
- **Vendors/Suppliers:** other enterprises that may provide goods or services to the company

NAME	YEAR	REQUISITION #	ADVANCE DRAW				
ABC Industries	2016	1	\$4,439,200	This example shows a summary of the agreement, term & payments			
ABC Industries	2017	2	\$107,856,654				
ABC Industries	2018	3	\$57,707,146				
TOTAL ADVANCE			\$170,003,000				
PERSONAL			\$34,521,058				
REAL			\$146,678,364				
TOTAL INVESTMENT			\$181,199,422				
VARIANCE OVER BOND			(\$11,196,422)				
AGREEMENT CONTENTS:	YEAR	PERSONAL %	REAL %				
170,000,000 Bond	2018	12.50%	10%	7 year tax abatement for Personal			
Project Includes:	2019	25.00%	15%				
Land	2020	37.50%	20%	15 year tax abatement for Real			
Land Improvements	2021	50.00%	25%				
Building	2022	62.50%	30%				
Building Improvements	2023	75.00%	35%				
Machinery & Equipment	2024	87.50%	40%				
Furniture & Fixtures	2025	100.00%	50%	Investment starts Day 1			
Personal Term 2018-24	2026	0.00%	50%				
Real Term 2018-32	2027	0.00%	65%	All cost associated with the Project are			
	2028	0.00%	70%	counted			
	2021	2029	0.00%	75%			
150,000,000 INVEST		2030	0.00%	85%	Ground disturbances, permits, fees,		
Soft cost are incl. in Invest		2031	0.00%	90%	architect, labor & other construction		
Orig. Cost w/o dep		2032	0.00%	95%	costs		
300 NEW FT JOBS							

The property of governmental entities is not subject to taxation.

“Abatement “ is transferring a public entity’s exempt status to a private user or lessee. The property is not on tax rolls because it belongs to an exempt entity even though it is being leased to, and used by, a private company or individual.

Lessees of public property may be required to make a PILOT, or even to pay actual taxes, for some or all of the years of the lease. The amounts and terms of these payments are negotiated by the parties and incorporated into the economic development agreement.

Contact Information:

Vivian White Kelly

*Personal Property Supervisor
Troup County Board of Assessors*

📍 100 Ridley Avenue
LaGrange, GA 30240
☎ Office: (706) 298-3674
📠 Mobile: (706) 523-1066
✉ vwhite@troupco.org
🌐 www.troupcountyga.org

