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**M E M O R A N D U M**

TO: Tax Commissioner and Chairman, Board of Tax Assessors

FROM: Ellen Mills, Director

SUBJECT: Net Digest Accuracy for Municipalities

DATE: January 2, 2018

In the 2013 Legislative Session [House Bill 463](#) was passed which changed the ad valorem tax methodology for International Registration Program (IRP) vehicles. Beginning with the 2014 tax year, these vehicles pay an Alternative Ad Valorem Tax (AAVT).

- The Alternative Ad Valorem Tax (AAVT) will be assessed and collected directly through the Georgia Department of Revenue Motor Vehicle Division at the same time the customer pays the annual IRP registration fees.
- The AAVT is determined by the value and rate assigned to each weight class.
- The AAVT will be distributed by DOR to the local governments on an annual basis “based upon the immediately preceding year’s ‘Tax Digest’ of each tax authority and the proportion that the amount of ad valorem taxes to be collected by a jurisdiction bears to the total amount of ad valorem taxes collected statewide.”
- The annual distribution will be made no later than April 1<sup>st</sup> of each year.

Since the distribution of IRP AAVT is dependent on the ‘Net Ad Valorem Tax Digest’ of each taxing authority in the state, DOR requires that exemptions (Freeport and Homestead) are accurately reflected on the consolidated summary reports for every ‘Municipality’ in each county regardless of whether the tax commissioner collects real and personal property taxes for those entities.

For 2018, please continue to report Municipal exemptions and accurately reflect net digest amounts.