



Georgia Department of Revenue
Local Government Services Division
Informational Bulletin 2025 - 01
Overview of Floating Homestead Exemption and
the Annual Inflationary Index Rate
Issue Date: January 22, 2025

NOTICE TO LOCAL PROPERTY TAX JURISDICTIONS

House Bill 581 (2024) authorized a statewide floating homestead exemption for all local governments (Floating Homestead Exemption). The Floating Homestead Exemption requires the Commissioner of the Georgia Department of Revenue to “promulgate a standardized method for determining annual inflationary index rates which reflect the effects of inflation and deflation on the cost of living for residents of this state for a given calendar year.” Each annual inflationary adjustment will be referred hereto in as the Inflation Index Rate.

On December 30, 2024, the Commissioner proposed Rule 560-11-2-.32, which provides the standardized method for determining annual inflationary index rates (Notice LGSD-2024-002). The standardized method and the proposed inflationary index rate are for the purpose of the Floating Homestead Exemption and will be the rate of change in the Consumer Price Index – All Urban Consumer (CPI-U): U.S. City Average, as reported by the Bureau of Labor Statistics of the United States Department of Labor (Bureau), for the most recent calendar year. The Department will consider the proposed adoption of Rule 560-11-2-.32 at a remote hearing scheduled to be held on January 31, 2025, at 10 a.m.

Additionally, as set forth in House Bill 581, no Inflation Index Rate will be provided for the 2025 Digest Year. The first year an Inflation Index Rate will be published in accordance with the provisions of House Bill 581 and Rule 560-11-2-.32 will be for the 2026 Digest Year following the Bureau of Labor Statistics’ January release of the inflation rate for the immediately preceding December of the prior calendar year.

Pursuant to House Bill 581, unless a governing authority of any county, consolidated government, municipality, or school district elects to opt-out of the homestead exemption, each resident of this state is granted an exemption on that person's homestead from ad valorem taxes in an amount equal to the amount by which the current year assessed value of that homestead exceeds its previous adjusted base year assessed value. For clarification purposes, the base year assessed value (which is used to establish the adjusted base year assessed value) for the 2025 Digest Year is the 2024 Digest Year assessed value for all eligible homesteads for the Floating Homestead Exemption. In effect, *the assessed value on a person's homestead will not change from 2024 to 2025*. The Inflation Index Rate shall not be used to establish the adjusted base year assessed value until 2026.

FOR MORE INFORMATION

For more information on this subject, contact the Department’s Local Government Services Division by phone at 404-724-7000 from 8:00 am to 4:30 pm ET, Monday through Friday, excluding holidays. For forms and other information, please visit our website at <https://dor.georgia.gov>.