

2021 PUBLIC UTILITY EQUALIZATION RATIO CALCULATION

Issue: Each year the Georgia Department of Audits & Accounts does a Sales Ratio Study to determine the correctness of each county's tax digest. The DOAA compares the county valuation to the price of the property sold. If there is too much variation or deficiencies between the sale price and the valuation there are consequences regarding Public Utility Valuations and potential penalties if the deficiencies are not corrected within 3-years.

The 2021 tax digest the study was just published August 4, 2022.

There were no noted deficiencies in the Hall County study. However, the overall average assessment was determined to be below 38%, 37.48%.

This means that Public Utilities cannot be assessed at 40% for 2022 thus causing a loss in revenue.

- To determine valuations for the 2021 tax digest counties are required to use sales that occur in the previous calendar year i.e. 2020.
- However, the DOAA uses sales in the first 6-months of 2021 to compare to valuations set on sales that occurred in 2020.
- Obvious lapses in time require the DOAA to make adjustments for time since the sales they are using have occurred as much as twelve months after the date of valuation for the 2021 tax year.

The DOAA study can be appealed and we will be recommending appealing the DOAA study on the following basis.

1. The data used for the testing by the State Auditor's Office included over 100 non-arm's length sales. These sales included properties where new construction was partially complete, parcels with 299c treatment, lots with statutory absorption rates, SB 346 treatment and sales between related parties.
2. We assert that the time adjustment given by the State Auditor's Office does not accurately represent market conditions at the time of the study in Hall County.

Overview of Statewide Department of Audits Sales Ratio Results – Goal is to be at or above 38%

- Of 159 counties 95/59.75% scored below 38%.
- Of 159 counties 55/34.59% scored below 36%.
- Of 159 counties 64/40.25% scored above 38%.

*** The issue of not allowing an adequate time adjustment is systemic – 60% of all Georgia counties fell below 38%.**

*** Multiple counties will be appealing their DOAA Sales Ratio Study results.**

To support our claim and obtain a sales ratio of 38% or better please see the following and attached information.

- **Statewide map showing pass/failure rate.**
 - You will see in this map that the passing counties are generally clustered into two areas of the state.
 - This looks to indicate that adjustments made by the DOA seem to benefit the smaller counties only.
- **Statewide map show counties ranked by Economic Growth.**
 - Trend of pass/failure coincides with the level of growth and housing demand being lower in these areas than other areas of the state.
- **Statewide map show counties ranked by Population Growth.**
 - This continues to indicate that adjustments made by the DOA seem to benefit the smaller counties only.
- **Spreadsheet that includes the counties along with the adjusted ratios of each.**
 - This chart includes the population of each county according to *worldpopulationreview.com* and the growth percentages since 2010.
 - This aligns with our assertion that the DOAA study has an unintended bias.

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REVENUE IMPACT ANALYSIS

COUNTY TAX DIFF	-\$111,018.84
COUNTY SCHOOL TAX DIFF	-\$160,393.27
GAINESVILLE TAX DIFF	-\$20,359.79
GAINESVILLE SCHOOL TAX DIFF	-\$34,499.16
FLOWERY BRANCH	-\$1,005.76
BUFORD	-\$1,202.15
OAKWOOD	-\$1,827.39

TOTAL **-\$330,306.36**