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Officials consider tax caps

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Low-income Athens homeowners would get a tax break under a proposal Athens-Clarke commissioners will consider this summer.

A group of commissioners and other officials are beginning work on "circuit breakers," a policy that caps property taxes based on income and is intended to keep poor and elderly homeowners in gentrifying neighborhoods from being taxed out of their homes.

But members of the commission's Legislative Review Committee - a five-member standing committee that vets new laws - said they have too many questions to recommend yet that the full commission sign off on the policy.

"I think all of us want to help our low-income residents protect their property (and) stay in their homes, but I have no idea

what this will do to our income from property taxes," Commissioner Kathy Hoard said.

Although state lawmakers have pushed measures like capping home value assessments and doing away with the "birthday tax" on cars to lower property tax bills, commissioners said they doubt whether the legislature would allow circuit breakers in Clarke County. The Georgia General Assembly would need to pass local legislation setting up a referendum, and then Athens voters would have to approve circuit breakers.

Republicans in the legislature seem more interested in tax relief for the rich than for the poor, Commissioner Andy Herod said.

"Part of it depends on being in a state that's progressive, and we're not in one of those," Herod said.

State Rep. Bob Smith, R-Watkinsville, who has championed property tax reform, said he was not familiar with circuit breakers and wanted to learn more.

The legislature has allowed other counties to cap property taxes based on age or income before, Mayor Heidi Davison said.

Home values are higher compared to income for working- and middle-class people than the wealthy, so property taxes tend to be regressive, according to the Institute on Taxation and Economic Policy, a left-leaning nonpartisan think tank in Washington, D.C. The poorest 20 percent of Americans pay 3 percent of their income in property taxes, while the richest 1 percent pay 0.8 percent, the institute said.

The effect of a circuit breaker is similar to a homestead exemption, which helps someone with an inexpensive home more than the owner of an expensive one, Athens-Clarke Chief Assessor George Hanson said. It is a tool to target tax cuts to a specific group, getting around a state requirement that the tax rate be the same for everyone in a city or county, he said.

"You figure out who you want to provide relief to, and you find a way to do it," Hanson said.

Davison has talked about circuit breakers for years and campaigned on the idea in 2006.

But she did not assign it to the Legislative Review Committee, starting the process of bringing it to a vote, until recently.

This commission is more sympathetic to circuit breakers than past ones, and other local governments also are pushing them as part of comprehensive tax reform, Davison said.

"It just seemed like the right time to do it," she said.

The committee is expected to issue a recommendation in August, said its chairman, Commissioner Mike Hamby.

"I like the idea," Hamby said. "I need more information on how it would affect the budget, but the intent is good."

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