

Why Tax Bills Rise Even as Home Values Fall in Metro Atlanta

O'Connor discusses why tax bills rise even as home values fall in Metro Atlanta.

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Many home's values drop in Metro Atlanta even though property tax bills increase. The answer isn't simple, and there are a lot of factors that come into play. There is a grand disconnect between what homeowners witness in the real estate market and what they experience on their tax bills. Due to this disparity, property owners can feel confused and frustrated about how assessments and tax rates truly work. Understanding two major factors, how assessment lags and milage rate adjustments affect tax bills, can help explain the disconnect, but also help understand available options.

Two Key Factors Behind Rising Tax Bills in a Cooling Market

Assessment Lags

Georgia assessors use past home sales, often one or two years old, to determine fair market value for property tax assessments. Part of the process is using the most common method of the sales comparison approach, which involves collecting data on recent home sales in the same neighborhood, evaluating similar properties, and adjusting for differences between the homes sold and the property being assessed. Other factors that are part of the process are using the mass appraisal system, timing of sales data, and value updates (revaluations vary by county).

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Tax bills rise in Metro Atlanta even as home's values drop

When markets cool or home prices drop, assessments often don't adjust right away, creating a lag. Resulting in homeowners being taxed based on "yesterday's" higher market conditions. To put it into perspective, if the housing market cools this year, the 2025 tax bill might still reflect prices from 2023 or 2024, when values were higher. Essentially, the lag means that taxes can rise temporarily even though real-time market prices drop.

For example, if home prices in a designated Atlanta neighborhood dropped in 2025, the 2025 assessment might still reflect 2023 or 2024, which were years when home prices peaked. That means owners could be paying taxes based on a value that does not properly reflect their home's current value.

Milage Rate Adjustments

Even if a home's value declines, the milage rate can rise. The milage rate is the tax rate per \$1,000 of assessed value. Local governments, such as county, city, and school districts, set these rates annually to meet budget needs. When budgets rise due to inflation, higher operating costs, or new projects, these local governments can increase milage rates to maintain or grow their revenue. This can completely offset any potential tax relief from declining home values.

For example, in Fulton County, in 2025, there was a proposed 12.4% increase over the rollback rate, which means that the county decided not to reduce the rate enough to neutralize the rising assessments. This means that even homes with lower assessments would still pay more in taxes.

Other Factors That Explain the Disconnect

Assessment lags and milage rates are two main factors that explain the disconnect between rising tax bills and declining home values. However, there are many other reasons that lead to homeowners questioning their assessment in comparison to their home's value.

Local budgets and school funding drive increases

Property taxes are the main source of revenue for schools and local services. Therefore, when home values drop, local governments can raise milage rates to avoid cutting budgets. This can make homeowners feel financial strain and pressure, especially when property values decline, but the tax bills are not.

Assessment caps and exemptions don't always apply

Georgia voters approved a statewide cap to limit how much a home's taxable value can increase each year. However, many counties and school districts opted out of the cap, which means that local taxing bodies are allowed to raise taxable values or milage rates.

Shifts in the tax base

Local governments are allowed to redistribute the tax burden onto homeowners if commercial properties lose value faster than residential ones. Similarly, if a county loses revenue from other sources, like state aid, the county can lean on property taxes even more so.

When Data and Reality Don't Line Up

Unfortunately, the property tax system doesn't update instantly with real-time market changes, and this causes heavy confusion and frustration when property owners receive their tax bill and assessments. Due to assessment lags and milage hikes, even if home sales soften, it can push tax bills upwards, making it hard for homeowners to keep up. As a result, owners may be paying high tax bills that may not accurately reflect the property's current market value. When data and reality don't line up, it can create a sense of unfairness and a lack of transparency.

It's too late to contest the Georgia property valuation for 2025, but now is the perfect time to get ready for the next round. Going over the 2025 assessment won't impact the current payment, but it's a good way to learn how property is valued and what to look out for next year. Keep in mind that because of changes in milage rates and assessment lags, even if home prices go down, tax bills can still go up.

About O'Connor:

O'Connor is one of the largest property tax consulting firms, representing 185,000 clients in 49 states and Canada, handling about 295,000 protests in 2024, with residential property tax reduction services in Georgia, Texas, Illinois, and New York. O'Connor's possesses the resources and market expertise in the areas of property tax, cost segregation, commercial and residential real estate appraisals. The firm was founded in 1974 and employs a team of 1,000 worldwide. O'Connor's core focus is enriching the lives of property owners through cost effective tax reduction.

Property owners interested in assistance appealing their assessment can enroll in O'Connor's Property Tax Protection Program [™]. There is no upfront fee, or any fee unless we reduce your property taxes, and easy online enrollment only takes 2 to 3 minutes.

Patrick O'Connor, President

O'Connor

+ + +1 713-375-4128

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