



The School Board has been and remains committed to providing tax relief for all seniors. The resolution we passed on August 11, 2015, reflects our commitment to seniors. The purpose of the senior exemption is two-fold. The primary purpose is to help seniors retire in place, at home in Decatur. A secondary purpose is to slow growth in our schools. Experience has shown that when seniors move out, families move in.

The resolution we passed is broad, and it doesn't address certain details, which the legislative process is intended to address. In working with our legislators and community members to achieve the goals of the resolution, the School Board has determined that it is in the best interest of the students and the taxpayers to support a 5-year sunset provision.

The Board Chair, Vice Chair and Superintendent met with the DeKalb Senate Delegation to present the bill and to ask for their favorable consideration. The Delegation and the Board are in agreement that a sunset should be applied to the legislation and the Delegation asked the Board to approve a new resolution including the sunset. This resolution will be voted on at the February regular Board of Education meeting on February 9th.

The Board of Education supports a 5-year sunset for the following reasons:

1. It allows us time to assess what the actual cost of the exemption will be.

The cost of this exemption is projected to be .65 of a mil or approximately \$1,000,000. We think the benefits exceed the projected cost. But, because the *actual* cost could be higher than the *projected* cost, a "sunset" would allow adjustments to be made at the end of a five-year period. Data collected during this period will help determine if the exemption should be limited by income or assessed value to be sustainable. We think this is a reasonable and responsible solution to providing immediate relief to seniors while protecting the school system and the taxpayers who fund it.

The projected cost is not certain because the data needed to make an accurate projection does not exist. The projection is based on records maintained by DeKalb County showing the assessed value and exemptions that apply to each parcel in Decatur. One existing (but more limited) exemption applies to all residents over the age of 62. Our projections assume that every person eligible for this exemption has claimed it. We know that this is not 100% true, but we do not know how far off it is.

We will not know the true impact until the exemption has been passed and eligible persons have claimed it. We will have much better data about the true impact—and appropriate limits—after it has been in effect for 5 years.

2. The sunset honors our commitments to both seniors and taxpayers.

City of Decatur taxpayers will pay for the exemption. The effect of the exemption is to shift costs from seniors to the taxpayers, who will be given an opportunity to approve or reject it in a referendum before it takes effect. If the effect of the exemption turns out to be higher than we projected, as it very well might be, then we have broken faith with taxpayers. The sunset is a good compromise.

3. The sunset allows us to adjust for changing circumstances.

The demographic composition of Decatur may be very different in 5-10 years than it is today. 10+ years ago, CSD was closing schools because enrollment was dropping precipitously. 10 years later, our circumstances have changed significantly.

In addition, other legislators are currently proposing legislation that would cap our millage at 20. Currently, our cap is 25 and the mil for this year is 18.66. If that legislation passes and a senior tax exemption without a sunset passes, then the school system could be in a dangerous predicament of having just lost a significant source of tax revenue, with little room to raise the mil to offset that loss of revenue in the future. Changing demographics and changing legislation illustrates why we need to be able to revisit the tax exemption and respond to changing factors. The sunset would allow the Board to respond to these changing factors.

Further, we should not assume that we can make adjustments if there is no sunset and the exemption proves too costly. Tax breaks are very hard to take back. The default needs to be one that we can live with.

Many people have asked, why the School Board did not propose a sunset from the outset. The Board opted not to propose limits from the outset for these reasons:

- * Because we are committed to providing the maximum sustainable exemption, and it appears a blanket exemption will be sustainable;
- * Because limits might frustrate the goal of slowing growth, especially if the wrong cut-offs are used;
- * Because we had no data that could be used to determine the appropriate cut-offs; and
- * Because the total cost of the exemption without limits is *projected* to be manageable.

Many seniors have also expressed concern that they might be hit with higher taxes again in 5 years. The School Board's goal is to provide long-term, sustainable tax relief to all seniors. If the landscape changes such that we need to adjust the exemption in 5 years (which we hope is not the case), the Board is much more likely to examine income caps, assessment limits, or other tiered tax relief, before it would do away with senior tax exemptions all together.