

Georgia Power Lease Lot Tax Recovery Program

- 1) Georgia Power leases non-utility property for construction of single family residences or cottages for general recreational purposes.
- 2) **Paragraph 25 of the Georgia Power lease provides for the tax on the lease lot to be billed to the lessee.**
- 3) Georgia power started billing the “Tax Assessment” in June 2001.
- 4) The Department of Revenue (DOR) establishes the lake lot property values on Georgia Power lease lots; not the counties.
- 5) The annual property tax assessment for each lot is calculated by multiplying the lot value times the Georgia statutory assessment ratio of 40%, times the county millage rate for that year. In some years the assessment ratio that is applied to the lot value can be less than 40%. This occurs when statistical studies performed by the State Auditor show that the average assessed value of locally assessed property in the county is below 95% of fair market value. If so, taxes on Georgia Power lake lots will be “equalized” with locally assessed property by reducing the 40% assessment ratio by the appropriate amount, e.g., 92.5% average FMV = 37% equalization ratio.
- 6) Georgia Power’s goal is to ensure individual lots are valued by the DOR at or below the market to ensure taxes are appropriate. Georgia Power reviews changes in the real estate market around the lake annually with the county tax assessors and local appraisers then works with the DOR to make adjustments to values.
- 7) Georgia Power does not benefit or profit from the tax assessment program, this is a pass through of costs incurred.
- 8) Georgia Power pays the tax cost for the current year and takes a tax deduction in the same year. The following year Georgia Power bills the lessee and treats the lessee’s payment as revenue and pays income tax on the revenue.
- 9) There is no income tax deduction available to lessees because Georgia Power is the land owner paying the taxes.
- 10) The Federal Energy Regulatory Commission (FERC) is aware of the company’s leasing program and activities involving the tax billing. FERC has no jurisdiction over the company’s leasing program of non-utility property. Also, the leasing program is not regulated by the Georgia Public Service Commission.