

THE ROMAN CATHOLIC
ARCHDIOCESE OF ATLANTA



Memo

Date: September 16, 2024
To: All Parish and School Business Managers
From: Holly Orsagh – Director of Financial Services
Re: Property Taxes/Exemptions and Water/Sewer Fees in Georgia

You may have recently received a property tax notice for properties associated with your parish, mission, or school. Property valuations are generally sent out in the Spring, followed by a period during which the valuation can be appealed to the county tax commissioner, and then property tax fees are generally due in the Fall. It's important to understand your responsibilities for water, sewer, and stormwater fees, as well as how property tax exemptions work, especially regarding religious use.

Archdiocese of Atlanta Properties Background: The AOA Properties Holding Inc. is a real estate trust that was legally formed to hold the various Archdiocese of Atlanta real estate properties, which number over 400 individual parcels of land. Although each parish, mission, or school name is not specified in property titles, the properties are each held “in trust” for the exclusive usage by the specific parish/mission or school. So, each parish/school has essentially joint ownership and legal rights to use of the property, and the property is appropriately shown as an asset on the parish/school’s balance sheet.

General Tax Information

Water, Sewer, and Stormwater Fees: Counties and municipalities send notices of water, sewer and stormwater fees separately from property tax bills, although the fees are based on the same valuation. Each location is responsible for paying these fees, even if the property is exempt from property tax.

Newly Purchased Property: If you received a property tax notice associated with your location, it may be due to recently purchasing property: When a property is purchased, the previous owner typically pays taxes up to the sale date, and the property taxes are prorated between the seller and buyer. To formally change the property’s usage of a newly purchased property to "exempt use" (religious use), documentation must be submitted to the county tax commissioner showing the property's use on January 1 of the tax year. Each county has specific guidelines for this documentation.

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For example, if a lot was purchased on July 1, 2023, the seller is responsible for the property taxes up to that date, while the buyer assumes responsibility for the taxes for the remainder of the year. If the property is intended to be used for religious purposes, documentation demonstrating this usage as of January 1, 2024, must be submitted to the county tax commissioner in the spring. If the tax commissioner allows the exemption, the property taxes for 2024 would be waived based on its religious use. However, it is important to note that property taxes for the current year (2023) must be paid until the appeal process is completed in the FOLLOWING YEAR.

Exemptions: The Archdiocese of Atlanta properties are not automatically exempt from property taxes. Property tax exemptions are determined by the county's tax commissioner. For properties to be exempt from property taxes, three areas must be considered: **Usage, Timing and Documentation.**

- 1) Usage:** Properties used for religious purposes (religious services or clergy housing) are often exempted from property tax. Seeking a property tax exemption based on religious use should aim to further the parish or mission's ministry and spiritual growth, rather than merely to avoid tax liabilities.

According to Georgia law, the following uses, among others, provide an exemption for property based on religious use:

- All places of burial
- All places of religious worship
- Property owned and operated exclusively as a church, association or convention of churches, a convention mission agency, or as an integrated auxiliary of a church or convention or association of churches, provided the entity is recognized as an exempt religious organization under Section 501(c)(3) of the Internal Revenue Code and the property is used in line with such exemption
- Property owned by religious groups and used solely for single-family residences, with no income derived from the property

“Religious use” typically requires that services are performed on the property. For example, a new parcel of land such as an existing parking lot may not qualify for a tax exemption, as the tax commissioner may not recognize "religious parking." However, transforming a wooded area that will be the future site of a rectory into a prayer garden with statuary, a Cross, or Stations of the Cross could support the claim that the property is used for religious purposes. Similarly, converting a house into clergy housing may more easily obtain a religious use exemption. It is essential to use parish property in a routine, religious manner now if you plan to qualify it as tax-exempt based on religious use before year-end.

Note: Vacant land does not qualify as being “used for an exempt purpose.” Exemption from property tax does not extend to these specific utility fees, such as water, sewer and stormwater fees.

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- 2) Timing:** According to Georgia law, the usage of a property as of January 1 of a tax year determines its eligibility for exemption from property taxes for the rest of that tax year.

For example, evidence of exempt use in March 2024 does not confirm or support exempt status as of January 1, 2024. Such documentation might support an exemption application for the following year, 2025, but does not affect the exemption status for 2024. To qualify for an exemption in 2024, the exempt use must be established and documented PRIOR to January 1, 2024.

- 3) Documentation:** Documentation of religious use requires substantial evidence. Merely having the Stations of the Cross on the property, for instance, may not provide sufficient documentation for a valid religious use. Documentation may include:

- Church bulletins announcing religious activities on the property
- Photographs of religious events
- Any other evidence that supports the claim of religious use

Assistance: Applying for property tax exemptions based on religious use may require the involvement of professionals familiar with real estate and tax appeals, such as accountants or attorneys. Finance Councils may have professionals that can assist. If your entity needs further assistance, the Archdiocese's external attorneys are experienced in this process and can provide support on a fee-for-service basis.

For any additional questions or guidance, please contact Holly Orsagh at horsagh@archatl.com or 404-920-7906