GEORGIA REAL ESTATE EXAM GLOSSARY

Ad valorem tax

Ad valorem tax is a tax based on property value.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Finance and Closing	Georgia taxes and closing math	Define, distinguish, apply, retrieve

SOURCE STANDARD

Official exam outline plus authoritative Georgia or federal references where the topic has a controlling rule. Independent educational resource, not affiliated with GREC or PSI.

01 / COMPLETE LESSON

Build the complete exam definition

Learn the rule, separate it from the nearest distractor, then apply it to a Georgia fact pattern.

CORE DEFINITION

What does Ad valorem tax mean?

Ad valorem tax is a tax based on property value. Local property tax is calculated by applying the jurisdiction's millage rate to the property's taxable assessed value.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Ad valorem means according to value. A special assessment commonly funds a specific improvement and need not be based on the property's market value.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia property is generally assessed at 40 percent of fair market value unless a different statutory class or program applies.

WORKED EXAMPLE

Two otherwise similar properties with different taxable assessed values owe different amounts under the same millage rate.

EXAM TRAP

Do not confuse property tax with Georgia's transfer tax, which is triggered by a taxable conveyance rather than annual ownership value.

Memory cue: Do not confuse property tax with Georgia's transfer tax, which is triggered by a taxable conveyance rather than annual ownership value.

02 / PRACTICE AND MASTERY

Retrieve the rule under exam conditions

Answer before reading the explanation. Then explain why every distractor belongs to a different term.

ORIGINAL PRACTICE CHECK

Which statement correctly explains Ad valorem tax?

- **A** The assessment ratio is the percentage of fair market value used to establish taxable assessed value.
- **B** Assessed value is the taxable value produced by applying the legal assessment ratio to fair market value before subtracting any exemption the problem or jurisdiction directs.
- **C** A millage rate is a property-tax rate stated in mills, with one mill equal to $1 of tax for each $1,000 of taxable assessed value.
- **D** Ad valorem tax is a tax based on property value.

CORRECT ANSWER: D

Ad valorem tax is correct. Ad valorem tax is a tax based on property value. Local property tax is calculated by applying the jurisdiction's millage rate to the property's taxable assessed value. Ad valorem means according to value. A special assessment commonly funds a specific improvement and need not be based on the property's market value. Georgia property is generally assessed at 40 percent of fair market value unless a different statutory class or program applies.

MASTERY TRACKER

Mark each box only when you can perform the skill without looking.

- ☐ I can define the term in one precise sentence.
- ☐ I can separate it from the closest look-alike.
- ☐ I can explain the Georgia rule or confirm that the national rule applies.
- ☐ I can answer the practice check and explain every option.

03 / CONNECTIONS AND AUTHORITY

Connect the term to the wider exam

Use these relationships to move from isolated recall to a connected exam model.

RELATED TERM

Assessment ratio

The assessment ratio is the percentage of fair market value used to establish taxable assessed value.

https://www.passgeorgiarealestate.com/glossary/assessment-ratio

RELATED TERM

Assessed value

Assessed value is the taxable value produced by applying the legal assessment ratio to fair market value before subtracting any exemption the problem or jurisdiction directs.

https://www.passgeorgiarealestate.com/glossary/assessed-value

RELATED TERM

Millage rate

A millage rate is a property-tax rate stated in mills, with one mill equal to $1 of tax for each $1,000 of taxable assessed value.

https://www.passgeorgiarealestate.com/glossary/millage-rate

RELATED TERM

Transfer tax

Georgia real estate transfer tax is an excise tax on a taxable conveyance of real property.

https://www.passgeorgiarealestate.com/glossary/transfer-tax

RECOMMENDED NEXT COMPLETE LESSON

Finance and Closing complete lesson

https://www.passgeorgiarealestate.com/blog/georgia-property-tax-millage-calculations

EXAM SOURCES AND AUTHORITY NOTES

1. PSI Georgia Candidate Information Bulletin, 7/1/2026

Official exam administration and content-outline source.

https://test-takers.psiexams.com/api/content/bulletin/4672

2. Georgia Department of Revenue, Property Tax Valuation

Official source for fair market value, the 40 percent assessment ratio, and ad valorem taxation.

https://dor.georgia.gov/property-tax-valuation