

The Senate Finance Committee offered the following substitute to HB 709:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to sales
2 and use taxes, so as to change certain provisions regarding limitations with respect to local
3 sales and use taxes; to provide for certain exemptions; to change certain provisions regarding
4 the joint county and municipal sales and use tax and provide for an optional rate increase to
5 2 percent with respect to imposition by certain consolidated governments; to provide for
6 imposition of such tax at the rate of 2 percent by consolidated governments; to provide for
7 procedures, conditions, and limitations; to provide for reduction or termination; to provide
8 for the levy and collection of a court ordered storm-water and waste-water systems capital
9 outlay or repair projects sales and use tax; to provide for definitions; to provide for the rate
10 and manner of imposition of such tax; to provide for applicability to certain sales; to provide
11 for powers, duties, and authority of municipal governing authorities with respect to such tax;
12 to provide for powers, duties, and authority of the state revenue commissioner with respect
13 to such tax; to provide for collection and administration of such tax; to provide for returns;
14 to provide for distribution and expenditure of proceeds; to provide for a method for
15 discontinuation of such tax; to provide for other matters relative to the foregoing; to provide
16 an effective date; to repeal conflicting laws; and for other purposes.

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

18 Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to sales and use
19 taxes, is amended by striking subsections (b) and (c) of Code Section 48-8-6, relating to
20 limitations regarding local sales and use taxes, and inserting in their place the following:
21

22 "(b) There shall not be imposed in any jurisdiction in this state or on any transaction in this
23 state local sales taxes, local use taxes, or local sales and use taxes in excess of 2 percent.
24 For purposes of this prohibition, the taxes affected are any sales tax, use tax, or sales and
25 use tax which is levied in an area consisting of less than the entire state, however
26 authorized, including such taxes authorized by or pursuant to constitutional amendment,

1 except that the following taxes shall not count toward or be subject to such 2 percent
2 limitation:

3 (1) A sales and use tax for educational purposes exempted from such limitation under
4 Article VIII, Section VI, Paragraph IV of the Constitution;

5 ~~(2) Any tax levied for purposes of a metropolitan area system of public transportation,~~
6 ~~as authorized by the amendment to the Constitution set out at Georgia Laws, 1964, page~~
7 ~~1008; the continuation of such amendment under Article XI, Section I, Paragraph IV(d)~~
8 ~~of the Constitution; and the laws enacted pursuant to such constitutional amendment;~~
9 ~~provided, however, that the exception provided for under this paragraph shall only apply~~
10 ~~in a county in which a tax is being imposed under subparagraph (a)(1)(D) of Code~~
11 ~~Section 48-8-111 solely for the purpose or purposes of a water capital outlay project or~~
12 ~~projects, a sewer capital outlay project or projects, a water and sewer capital outlay~~
13 ~~project or projects, or a combination of such projects and such exception shall apply only~~
14 ~~during the period the tax under said subparagraph (a)(1)(D) is in effect. A sales and use~~
15 ~~tax levied under Article 4 of this chapter; and~~

16 ~~(3) In the event of a rate increase imposed pursuant to Code Section 48-8-96, only the~~
17 ~~amount in excess of the initial 1 percent sales and use tax and in the event of a newly~~
18 ~~imposed tax pursuant to Code Section 48-8-96, only the amount in excess of a 1 percent~~
19 ~~sales and use tax.~~

20 If the imposition of any otherwise authorized local sales tax, local use tax, or local sales
21 and use tax would result in a tax rate in excess of that authorized by this subsection, then
22 such otherwise authorized tax may not be imposed.

23 ~~(c) Where the exception specified in paragraph (2) of subsection (b) of this Code section~~
24 ~~applies, the tax imposed under subparagraph (a)(1)(D) of Code Section 48-8-111 shall not~~
25 ~~apply to:~~

26 ~~(1) The furnishing for value to the public of any room or rooms, lodgings, or~~
27 ~~accommodations which is subject to taxation under Article 3 of Chapter 13 of this title;~~
28 ~~and~~

29 ~~(2) The sale of motor vehicles.~~

30 SECTION 2.

31 Said chapter is further amended by adding a new Code section immediately following Code
32 Section 48-8-95, to be designated Code Section 48-8-96, to read as follows:

33 "48-8-96.

34 (a) With respect to any consolidated government created by the consolidation of a county
35 and one or more municipalities in which consolidated government homestead property
36 (exclusive of improvements) is valued for purposes of local ad valorem taxation according

1 to a base year assessed value which does not change so long as the property is actually
 2 occupied by the same owner as a homestead, the provisions of this Code section shall
 3 control over any conflicting provisions of Article 1 of this chapter or this article.

4 (b) If the tax authorized by this article is in effect in the special district containing a
 5 consolidated government referred to in subsection (a) of this Code section, then the rate of
 6 tax imposed under this article in such special district may be increased from 1 percent to
 7 2 percent if such increase is approved by:

8 (1) A resolution of the governing authority of the consolidated government in the same
 9 manner as otherwise required for the initial 1 percent sales tax pursuant to Code Section
 10 48-8-84; and

11 (2) A referendum conducted in the same manner as otherwise required for the initial 1
 12 percent sales tax pursuant to Code Section 48-8-85, except that the ballot shall have
 13 written or printed thereon the following:

14 '() YES Shall the retail sales and use tax levied within the special district within
 15 () NO _____ County be increased from 1 percent to 2 percent?'

16 (c) Such increased tax rate shall become effective on the first day of the next succeeding
 17 calendar quarter which begins more than 80 days after the date of the election at which
 18 such increase was approved by the voters. The proceeds of the increased tax shall be
 19 divided in the same proportions as the original tax.

20 (d) Such increased tax rate may be decreased from 2 percent to 1 percent if such decrease
 21 is approved by:

22 (1) A resolution of the governing authority of the consolidated government in the same
 23 manner as otherwise required under Code Section 48-8-92; and

24 (2) A referendum conducted in the same manner as otherwise required for
 25 discontinuation of the tax under Code Section 48-8-92, except that the ballot shall have
 26 printed or written thereon the following:

27 '() YES Shall the retail sales and use tax levied within the special district within
 28 () NO _____ County be decreased from 2 percent to 1 percent?'

29 (e) Such decreased tax rate shall become effective on the first day of the second calendar
 30 quarter following the month in which the commissioner receives certification of the result
 31 of the election.

32 (f) If the tax authorized by this article is to be newly imposed in the special district
 33 containing a consolidated government referred to in subsection (a) of this Code section,
 34 then such tax may be imposed in such special district at the rate of 2 percent if such rate
 35 is approved by:

1 (1) A resolution of the governing authority of the consolidated government in the same
2 manner as otherwise required pursuant to Code Section 48-8-84; and

3 (2) A referendum conducted in the same manner as otherwise required pursuant to Code
4 Section 48-8-85, except that the ballot shall have written or printed thereon the following:

5 '() YES Shall a retail sales and use tax of 2 percent be levied within the special
6 () NO district within _____ County?'

7 (g) Such 2 percent tax may be discontinued if such discontinuation is approved by:

8 (1) A resolution of the governing authority of the consolidated government in the same
9 manner as otherwise required under Code Section 48-8-92; and

10 (2) A referendum conducted in the same manner as otherwise required for
11 discontinuation of the tax under Code Section 48-8-92, except that the ballot shall have
12 printed or written thereon the following:

13 '() YES Shall the retail sales and use tax levied within the special district within
14 () NO _____ County be terminated?'

15 (h)(1) In the case of increase from 1 percent to 2 percent, the amount in excess of the
16 initial 1 percent sales and use tax shall not apply to the furnishing for value to the public
17 of any room or rooms, lodgings, or accommodations which are subject to taxation under
18 Article 3 of Chapter 13 of this title.

19 (2) In the case of a newly imposed 2 percent sales and use tax under this Code section,
20 only the amount in excess of a 1 percent sales and use tax shall not apply to the furnishing
21 for value of any room or rooms, lodgings, or accommodations which are subject to tax
22 under Article 3 of Chapter 13 of this title.

23 (i) In all respects not otherwise provided for in this Code section, the levy of a tax under
24 this article by a consolidated government referred to in subsection (a) of this Code section
25 shall be in the same manner as the levy of the tax by any other county."

26 SECTION 3.

27 Said chapter is further amended by adding a new article at the end thereof, to be designated
28 Article 4, to read as follows:

29 "ARTICLE 4

30 48-8-200.

31 As used in this article, the term:

32 (1) 'Building and construction materials' means all building and construction materials,
33 supplies, fixtures, or equipment, any combination of such items, and any other leased or
34 purchased articles when the materials, supplies, fixtures, equipment, or articles are to be

1 utilized or consumed during construction or are to be incorporated into construction work
 2 pursuant to a bona fide written construction contract.

3 (2) 'Court ordered storm-water and waste-water systems capital outlay or repair projects'
 4 means only those storm-water and waste-water systems capital outlay or repair projects
 5 which are undertaken to comply with a final judgment of a federal district court or a
 6 federal district court consent decree.

7 (3) 'Municipality' includes, without limitation, any consolidated government created by
 8 the consolidation of a county and one or more municipalities.

9 48-8-201.

10 (a) The governing authority of any municipality in this state may, subject to the
 11 requirement of referendum approval and the other requirements of this article, impose
 12 within the municipality a special sales and use tax for a limited period of time for the
 13 purpose of funding court ordered storm-water and waste-water systems capital outlay or
 14 repair projects. Any tax imposed under this article shall be at the rate of 1 percent.

15 (b) Except as otherwise provided in this article, a tax imposed under this article shall
 16 correspond to the tax imposed by Article 1 of this chapter. No item or transaction which
 17 is not subject to taxation under Article 1 of this chapter shall be subject to a tax imposed
 18 under this article, except that a tax imposed under this article shall apply to sales of motor
 19 fuels as that term is defined by Code Section 48-9-2 and shall be applicable to the sale of
 20 food and beverages as provided for in division (57)(D)(i) of Code Section 48-8-3.

21 (c) A tax imposed under this article shall not apply to the sale of motor vehicles.

22 48-8-202.

23 (a) A municipal governing authority voting to impose the tax authorized by this article shall
 24 notify the municipal election superintendent by forwarding to the superintendent a copy of
 25 the resolution or ordinance of the municipal governing authority calling for the imposition
 26 of the tax. Such ordinance or resolution shall specify the following:

27 (1) The maximum period of time of the tax, to be stated in calendar years or calendar
 28 quarters and not to exceed five years;

29 (2) The maximum cost of the project or projects which will be funded from the proceeds
 30 of the tax, which maximum cost shall also be the maximum amount of net proceeds to
 31 be raised by the tax; and

32 (3) If general obligation debt is to be issued in conjunction with the imposition of the tax,
 33 as authorized by this article, the principal amount of the debt to be issued, the interest rate
 34 or rates or the maximum interest rate or rates which such debt is to bear, and the amount
 35 of principal to be paid in each year during the life of the debt.

1 (b) Upon receipt of the resolution or ordinance, the municipal election superintendent shall
 2 issue the call for an election for the purpose of submitting the question of the imposition
 3 of the tax to the voters of the municipality. The municipal election superintendent shall
 4 issue the call and shall conduct the election on a date and in the manner authorized under
 5 Code Section 21-2-540. The municipal election superintendent shall cause the date and
 6 purpose of the election to be published once a week for four weeks immediately preceding
 7 the date of the election in the legal organ of the county in which the majority of the
 8 municipal population resides or in a newspaper having general circulation in the
 9 municipality at least equal to that of the legal organ. If general obligation debt is to be
 10 issued in conjunction with the imposition of the tax, the notice published by the municipal
 11 election superintendent shall also include, in such form as may be specified by the
 12 municipal governing authority, the principal amount of the debt, the rate or rates of interest
 13 or the maximum rate or rates of interest the debt will bear, and the amount of principal to
 14 be paid in each year during the life of the debt; and such publication of notice by the
 15 municipal election superintendent shall take the place of the notice otherwise required by
 16 Code Section 36-80-11 or by subsection (b) of Code Section 36-82-1, which notice shall
 17 not be required.

18 (c)(1) The ballot shall have written or printed thereon the following:

19 '() YES Shall a special 1 percent sales and use tax be imposed in _____ for
 20 a period of time not to exceed _____ and for the raising of not
 21 () NO more than \$_____ for the purpose of funding court ordered storm-water
 22 and waste-water capital outlay or repair projects?'

23 (2) If debt is to be issued, the ballot shall also have written or printed thereon, following
 24 the language specified by paragraph (1) of this subsection, the following:

25 'If imposition of the tax is approved by the voters, such vote shall also constitute
 26 approval of the issuance of general obligation debt of _____ in the principal
 27 amount of \$_____ for the above purpose.'

28 (d) All persons desiring to vote in favor of imposing the tax shall vote 'Yes' and all persons
 29 opposed to levying the tax shall vote 'No.' If more than one-half of the votes cast are in
 30 favor of imposing the tax, then the tax shall be imposed as provided in this article;
 31 otherwise, the tax shall not be imposed and the question of imposing the tax shall not again
 32 be submitted to the voters of the municipality until after 12 months immediately following
 33 the month in which the election was held; provided, however, that if an election date
 34 authorized under Code Section 21-2-540 occurs during the twelfth month immediately
 35 following the month in which such election was held, the question of imposing the tax may
 36 be submitted to the voters of the municipality on such date. The municipal election
 37 superintendent shall hold and conduct the election under the same rules and regulations as

1 govern special elections. The municipal election superintendent shall canvass the returns,
 2 declare the result of the election, and certify the result to the Secretary of State and to the
 3 commissioner. The expense of the election shall be paid from municipal funds.

4 (e)(1) If the proposal includes the authority to issue general obligation debt and if more
 5 than one-half of the votes cast are in favor of the proposal, then the authority to issue such
 6 debt in accordance with Article IX, Section V, Paragraph I of the Constitution is given
 7 to the proper officers of the municipality; otherwise such debt shall not be issued. If the
 8 authority to issue such debt is so approved by the voters, then such debt may be issued
 9 without further approval by the voters.

10 (2) If the issuance of general obligation debt is included and approved as provided in this
 11 Code section, then the governing authority of the municipality may incur such debt either
 12 through the issuance and validation of general obligation bonds or through the execution
 13 of a promissory note or notes or other instrument or instruments. If such debt is incurred
 14 through the issuance of general obligation bonds, such bonds and their issuance and
 15 validation shall be subject to Articles 1 and 2 of Chapter 82 of Title 36 except as
 16 specifically provided otherwise in this article. If such debt is incurred through the
 17 execution of a promissory note or notes or other instrument or instruments, no validation
 18 proceedings shall be necessary and such debt shall be subject to Code Sections 36-80-10
 19 through 36-80-14 except as specifically provided otherwise in this article. In either event,
 20 such general obligation debt shall be payable first from the separate account in which are
 21 placed the proceeds received by the municipality from the tax authorized by this article.
 22 Such general obligation debt shall, however, constitute a pledge of the full faith, credit,
 23 and taxing power of the municipality; and any liability on such debt which is not satisfied
 24 from the proceeds of the tax authorized by this article shall be satisfied from the general
 25 funds of the municipality.

26 48-8-203.

27 (a)(1) If the imposition of the tax is approved by referendum, the tax shall be imposed on
 28 the first day of the next succeeding calendar quarter which begins more than 80 days after
 29 the date of the election at which the tax was approved by the voters.

30 (2) With respect to services which are regularly billed on a monthly basis, however, the
 31 resolution or ordinance imposing the tax shall become effective with respect to and the
 32 tax shall apply to the first regular billing period coinciding with or following the effective
 33 date specified in paragraph (1) of this subsection. A certified copy of the ordinance or
 34 resolution imposing the tax shall be forwarded to the commissioner so that it will be
 35 received within five business days after certification of the election results.

36 (b) The tax shall cease to be imposed on the earliest of the following dates:

1 (1) If the resolution or ordinance calling for the imposition of the tax provided for the
 2 issuance of general obligation debt and such debt is the subject of validation proceedings,
 3 as of the end of the first calendar quarter ending more than 80 days after the date on
 4 which a court of competent jurisdiction enters a final order denying validation of such
 5 debt;

6 (2) On the final day of the maximum period of time specified for the imposition of the
 7 tax; or

8 (3) As of the end of the calendar quarter during which the commissioner determines that
 9 the tax will have raised revenues sufficient to provide to the municipality net proceeds
 10 equal to or greater than the amount specified as the maximum amount of net proceeds to
 11 be raised by the tax.

12 (c)(1) No municipality shall impose at any time more than a single 1 percent tax under
 13 this article.

14 (2) A municipality in which a tax authorized by this article is in effect may, while the tax
 15 is in effect, adopt a resolution or ordinance calling for the reimposition of a tax as
 16 authorized by this article upon the termination of the tax then in effect; and a referendum
 17 may be held for this purpose while the tax is in effect. Proceedings for the reimposition
 18 of a tax shall be in the same manner as proceedings for the initial imposition of the tax,
 19 but the newly authorized tax shall not be imposed until the expiration of the tax then in
 20 effect; provided, however, that in the event of emergency conditions under which a
 21 municipality is unable to conduct a referendum so as to continue the tax then in effect
 22 without interruption, the commissioner may, if feasible administratively, waive the
 23 limitations of subsection (a) of this Code section to the minimum extent necessary so as
 24 to permit the reimposition of a tax, if otherwise approved as required under this Code
 25 section, without interruption, upon the expiration of the tax then in effect.

26 (3) Following the expiration of a tax under this article, a municipality may initiate
 27 proceedings for the reimposition of a tax under this article in the same manner as
 28 provided in this article for the initial imposition of such tax.

29 48-8-204.

30 A tax levied pursuant to this article shall be exclusively administered and collected by the
 31 commissioner for the use and benefit of the municipality imposing the tax. Such
 32 administration and collection shall be accomplished in the same manner and subject to the
 33 same applicable provisions, procedures, and penalties provided in Article 1 of this chapter;
 34 provided, however, that all moneys collected from each taxpayer by the commissioner shall
 35 be applied first to such taxpayer's liability for taxes owed the state; and provided, further,
 36 that the commissioner may rely upon a representation by or in behalf of the municipality

1 or the Secretary of State that such a tax has been validly imposed, and the commissioner
2 and the commissioner's agents shall not be liable to any person for collecting any such tax
3 which was not validly imposed. Dealers shall be allowed a percentage of the amount of
4 the tax due and accounted for and shall be reimbursed in the form of a deduction in
5 submitting, reporting, and paying the amount due if such amount is not delinquent at the
6 time of payment. The deduction shall be at the rate and subject to the requirements
7 specified under subsections (b) through (f) of Code Section 48-8-50.

8 48-8-205.

9 Each sales and use tax return remitting sales and use taxes collected under this article shall
10 separately identify the location of each retail establishment at which any of the sales and
11 use taxes remitted were collected and shall specify the amount of sales and the amount of
12 taxes collected at each establishment for the period covered by the return in order to
13 facilitate the determination by the commissioner that all sales and use taxes imposed by this
14 article are collected and distributed according to situs of sale.

15 48-8-206.

16 (a) The proceeds of the tax collected by the commissioner in each municipality under this
17 article shall be disbursed as soon as practicable after collection as follows:

18 (1) One percent of the amount collected shall be paid into the general fund of the state
19 treasury in order to defray the costs of administration; and

20 (2) Except as otherwise provided in subsection (b) of this Code section, the remaining
21 proceeds of the tax shall be distributed to the governing authority of the municipality
22 imposing the tax.

23 (b) In the event that a municipality levying a tax under this article has incurred
24 indebtedness from the Georgia Environmental Facilities Authority, and in the event that
25 such a municipality has not made a payment when due within the meaning of Code Section
26 50-23-20 to the Georgia Environmental Facilities Authority, then the Georgia
27 Environmental Facilities Authority shall notify the director of the Office of Treasury and
28 Fiscal Services and the state revenue commissioner of such default. The commissioner
29 shall withhold only sufficient proceeds of the taxes collected under this article to cure or
30 correct the default under the indebtedness to the Georgia Environmental Facilities
31 Authority and shall transmit such proceeds to the director of the Office of Treasury and
32 Fiscal Services.

1 48-8-207.

2 Where a local sales or use tax has been paid with respect to tangible personal property by
3 the purchaser either in another local tax jurisdiction within the state or in a tax jurisdiction
4 outside the state, the tax may be credited against the tax authorized to be imposed by this
5 article upon the same property. If the amount of sales or use tax so paid is less than the
6 amount of the use tax due under this article, the purchaser shall pay an amount equal to the
7 difference between the amount paid in the other tax jurisdiction and the amount due under
8 this article. The commissioner may require such proof of payment in another local tax
9 jurisdiction as the commissioner deems necessary and proper. No credit shall be granted,
10 however, against the tax imposed under this article for tax paid in another jurisdiction if the
11 tax paid in such other jurisdiction is used to obtain a credit against any other local sales and
12 use tax levied in the municipality or in a special district which includes the municipality;
13 and taxes so paid in another jurisdiction shall be credited first against the tax levied under
14 Article 3 of this chapter, if applicable, then against the tax levied under Article 2 of this
15 chapter, if applicable, and then against the tax levied under this article.

16 48-8-208.

17 No tax provided for in this article shall be imposed upon the sale of tangible personal
18 property which is ordered by and delivered to the purchaser at a point outside the
19 geographical area of the municipality in which the tax is imposed regardless of the point
20 at which title passes, if the delivery is made by the seller's vehicle, United States mail, or
21 common carrier or by private or contract carrier licensed by the Federal Highway
22 Administration or the Georgia Public Service Commission.

23 48-8-209.

24 No tax provided for in this article shall be imposed upon the sale or use of building and
25 construction materials when the contract pursuant to which the materials are purchased or
26 used was advertised for bid prior to the voters' approval of the levy of the tax and the
27 contract was entered into as a result of a bid actually submitted in response to the
28 advertisement prior to approval of the levy of the tax.

29 48-8-210.

30 The commissioner shall have the power and authority to promulgate such rules and
31 regulations as shall be necessary for the effective and efficient administration and
32 enforcement of the collection of the tax authorized to be imposed by this article.

1 48-8-211.

2 The tax authorized by this article shall be in addition to any other local sales and use tax.
3 The imposition of any other local sales and use tax within a county, municipality, or special
4 district shall not affect the authority of a municipality to impose the tax authorized by this
5 article and the imposition of the tax authorized by this article shall not affect the imposition
6 of any otherwise authorized local sales and use tax within the county, municipality, or
7 special district.

8 48-8-212.

9 (a) The proceeds received from the tax authorized by this article shall be used by the
10 municipality exclusively for:

11 (1) Court ordered storm-water and waste-water systems capital outlay or repair projects;

12 (2) The repayment of general obligation indebtedness incurred in conjunction with the
13 imposition of the tax authorized by this article; or

14 (3) The repayment of any loans made to such municipality with respect to such capital
15 outlay or repair projects. Such proceeds shall be kept in a separate account from other
16 funds of the municipality and shall not in any manner be commingled with other funds
17 of the municipality prior to expenditure.

18 (b) The governing authority of the municipality shall maintain a record of each and every
19 capital outlay or repair project for which the proceeds of the tax are used. In each annual
20 audit a schedule shall be included which shows for each ongoing capital outlay or repair
21 project the original estimated cost, the current estimated cost if it is not the original
22 estimated cost, amounts expended in prior years, and amounts expended in the current year.
23 The auditor shall verify and test expenditures sufficient to provide assurances that the
24 schedule is fairly presented in relation to the financial statements. The auditor's report on
25 the financial statements shall include an opinion, or disclaimer of opinion, as to whether
26 the schedule is presented fairly in all material respects in relation to the financial statements
27 taken as a whole.

28 (c) No general obligation debt shall be issued in conjunction with the imposition of the tax
29 unless the municipal governing authority determines that, and if the debt is to be validated
30 it is demonstrated in the validation proceedings that, during each year in which any
31 payment of principal or interest on the debt comes due the municipality will receive from
32 the tax authorized by this article net proceeds sufficient to fully satisfy such liability.
33 General obligation debt issued under this article shall be payable first from the separate
34 account in which are placed the proceeds received by the municipality from the tax
35 authorized by this article. Such debt, however, shall constitute a pledge of the full faith,
36 credit, and taxing power of the municipality; and any liability on said debt which is not

1 satisfied from the proceeds of the tax authorized by this article shall be satisfied from the
2 general funds of the municipality.

3 (d) The resolution or ordinance calling for imposition of the tax authorized by this article
4 may specify that all of the proceeds of the tax will be used for payment of general
5 obligation debt issued in conjunction with the imposition of the tax. If the resolution or
6 ordinance so provides, then such proceeds shall be used solely for such purpose except as
7 provided in subsection (f) of this Code section.

8 (e) The resolution or ordinance calling for the imposition of the tax authorized by this
9 article may specify that a part of the proceeds of the tax will be used for payment of general
10 obligation debt issued in conjunction with the imposition of the tax. In such a case no part
11 of the net proceeds from the tax received in any year shall be used for other capital outlay
12 or repair purposes until all debt service requirements of the general obligation debt for that
13 year have first been satisfied from the account in which the proceeds of the tax are placed.

14 (f)(1)(A) If the proceeds of the tax are specified to be used solely for the purpose of
15 payment of general obligation debt issued in conjunction with the imposition of the tax,
16 then any net proceeds of the tax in excess of the amount required for final payment of
17 such debt shall be subject to and applied as provided in paragraph (2) of this subsection.

18 (B) If the municipality receives from the tax net proceeds in excess of the maximum
19 cost of the project or projects calling for the imposition of the tax or in excess of the
20 actual cost of such project or projects, then such excess proceeds shall be subject to and
21 applied as provided in paragraph (2) of this subsection.

22 (C) If the tax is terminated under paragraph (1) of subsection (b) of Code Section
23 48-8-203 by reason of denial of validation of debt, then all net proceeds received by the
24 municipality from the tax shall be excess proceeds subject to paragraph (2) of this
25 subsection.

26 (2) Excess proceeds subject to this subsection shall be used solely for the purpose of
27 reducing any indebtedness of the municipality other than indebtedness incurred pursuant
28 to this article. If there is no such other indebtedness or, if the excess proceeds exceed the
29 amount of any such other indebtedness, then the excess proceeds shall next be paid into
30 the general fund of the municipality, it being the intent that any funds so paid into the
31 general fund of the municipality be used for the purpose of reducing ad valorem taxes."

32 **SECTION 4.**

33 This Act shall become effective upon its approval by the Governor or upon its becoming law
34 without such approval.

SECTION 5.

- 1
- 2 All laws and parts of laws in conflict with this Act are repealed.