

House Bill 1590

By: Representatives Jennings of the 82<sup>nd</sup>, Chambers of the 81<sup>st</sup>, and Royal of the 171<sup>st</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Code Section 48-8-104 of the Official Code of Georgia Annotated, relating to  
2 administration and disbursement of proceeds of the homestead option sales and use tax, so  
3 as to change certain provisions regarding the distribution and expenditure of such proceeds;  
4 to provide for applicability; to provide an effective date; to repeal conflicting laws; and for  
5 other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-8-104 of the Official Code of Georgia Annotated, relating to administration  
9 and disbursement of proceeds of the homestead option sales and use tax, is amended by  
10 striking paragraph (2) of subsection (c) and inserting in its place a new paragraph (2) to read  
11 as follows:

12 "(2) Except for the percentage provided in paragraph (1) of this subsection, the remaining  
13 proceeds of the sales and use tax shall be distributed to the governing authority of the  
14 county whose geographical boundary is conterminous with that of the special district. As  
15 a condition precedent for the authority to levy the sales and use tax or to collect any  
16 proceeds from the tax authorized by this article for the year following the first complete  
17 calendar year in which it is levied and for all subsequent years except the year following  
18 the year in which the sales and use tax is terminated under Code Section 48-8-106, the  
19 county whose geographical boundary is conterminous with that of the special district  
20 shall, except as otherwise provided in subsection (c) of Code Section 48-8-102, expend  
21 such proceeds as follows:

22 ~~(A) A portion of such proceeds shall be expended for the purpose of funding capital~~  
23 ~~outlay projects as follows:~~

24 ~~(i) The governing authority of the county whose geographical boundary is~~  
25 ~~conterminous with that of the special district shall establish the capital factor which~~  
26 ~~shall not exceed .200; and~~

1 ~~(ii) Capital outlay projects shall be funded in an amount equal to the product of the~~  
 2 ~~capital factor multiplied by the net amount of the sales and use tax proceeds collected~~  
 3 ~~under this article during the previous calendar year;~~

4 ~~(B)~~(A) A portion of such proceeds shall be expended for the purpose of funding  
 5 services within the special district equal to the revenue lost to the homestead exemption  
 6 as provided in ~~Code Section 48-8-104~~ this Code section as follows:

7 (i) The homestead factor shall be calculated by ~~multiplying the quantity 1.000 minus~~  
 8 ~~the capital factor times an amount equal to the net amount of sales and use tax~~  
 9 ~~collected in the special district pursuant to this article for the previous calendar year;~~  
 10 ~~and then dividing~~ the net amount of sales and use tax collected in the special district  
 11 pursuant to this article for the previous calendar year by the taxes levied for county  
 12 purposes on only that portion of the county tax digest that represents net assessments  
 13 on qualified homestead property after all other homestead exemptions and ad valorem  
 14 property tax credits have been applied, rounding the result to three decimal places;

15 (ii) If the homestead factor is less than or equal to 1.000, the amount of homestead  
 16 exemption created under this article on qualified homestead property shall be equal  
 17 to the product of the homestead factor multiplied times the net assessment of each  
 18 qualified homestead remaining after all other homestead exemptions and ad valorem  
 19 property tax credits have been applied; and

20 (iii) If the homestead factor is greater than 1.000, the homestead exemption created  
 21 by this article on qualified homestead property shall be equal to the net assessment of  
 22 each homestead remaining after all other homestead exemptions and ad valorem  
 23 property tax credits have been applied; and

24 (B) If any proceeds remain following the distribution provided for in subparagraph (A)  
 25 of this paragraph, a portion of such proceeds shall be expended for the purpose of  
 26 funding capital outlay projects as follows:

27 (i) The governing authority of the county whose geographical boundary is  
 28 conterminous with that of the special district shall establish the capital factor which  
 29 shall not exceed .200; and

30 (ii) Capital outlay projects shall be funded in an amount which shall not exceed the  
 31 product of the capital factor multiplied by the net amount of the sales and use tax  
 32 proceeds collected under this article during the previous calendar year;

33 (C) If any of such proceeds remain following the distribution provided for in  
 34 subparagraphs (A) and (B) of this paragraph:

35 (i) The millage rate levied for county purposes shall be rolled back in an amount equal  
 36 to such excess divided by the net taxable digest for county purposes after deducting  
 37 all homestead exemptions including the exemption under this article; and

1 (ii) In the event the rollback created by division (i) of this subparagraph exceeds the  
2 millage rate for county purposes, the governing authority of the county whose  
3 boundary is conterminous with the special district shall be authorized to expend the  
4 surplus funds for funding all or any portion of those services which are to be provided  
5 by such governing authorities pursuant to and in accordance with Article IX, Section  
6 II, Paragraph III of the Constitution of this state; and

7 (D) The manner of distribution and expenditure of proceeds specified under this  
8 paragraph shall apply with respect to taxes imposed or to be imposed under any  
9 resolution or ordinance adopted by a county governing authority on or after July 1,  
10 2006. With respect to taxes imposed or to be imposed under resolutions or ordinances  
11 adopted prior to July 1, 2006, this paragraph shall not apply until the expiration of any  
12 or all contractual obligations which have been entered into by such county governing  
13 authority with respect to such proceeds and such distribution and expenditure shall  
14 continue to be governed by the provisions of this paragraph as they existed prior to July  
15 1, 2006."

16 **SECTION 2.**

17 This Act shall become effective on July 1, 2006.

18 **SECTION 3.**

19 All laws and parts of laws in conflict with this Act are repealed.