

House Bill 410

By: Representatives Hanner of the 148<sup>th</sup>, Royal of the 171<sup>st</sup>, and Greene of the 149<sup>th</sup>

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 provide for funding of projects and services through the levy and  
3 collection of a municipal option sales and use tax; to provide for a short title; to provide for  
4 definitions; to provide for the rate and manner of imposition of such tax; to provide for  
5 applicability to certain sales; to provide for powers, duties, and authority of municipal  
6 governing authorities with respect to such tax; to provide for powers, duties, and authorities  
7 of the state revenue commissioner with respect to such tax; to provide for collection and  
8 administration of such tax; to provide for returns; to provide for distribution and expenditure  
9 of proceeds; to provide for a method for discontinuation of such tax; to change certain  
10 provisions regarding limitations on imposition of certain local taxes; to provide for other  
11 matters relative to the foregoing; to repeal conflicting laws; and for other purposes.

12 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

13 **SECTION 1.**

14 Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to sales and use  
15 taxes, is amended by adding a new article at the end thereof, to be designated Article 5, to  
16 read as follows:

17 **"ARTICLE 5**

18 48-8-230.

19 This article shall be known and may be cited as the 'Municipal Option Sales Tax Act.'

20 48-8-231.

21 As used in this article, the term:

22 (1) 'Building and construction materials' means all building and construction materials,  
23 supplies, fixtures, or equipment, any combination of such items, and any other leased or

1 purchased articles when the materials, supplies, fixtures, equipment, or articles are to be  
2 utilized or consumed during construction or are to be incorporated into construction work  
3 pursuant to a bona fide written construction contract.

4 (2) 'Capital outlay project' means:

5 (A) Acquisition, construction, installation, replacement, maintenance, or repair of  
6 water facilities for purposes including, but not limited to, asbestos remediation;

7 (B) Acquisition, construction, installation, replacement, maintenance, or repair of  
8 sewer facilities; and

9 (C) Acquisition, construction, installation, replacement, maintenance, or repair of  
10 natural gas facilities.

11 (3) 'Municipality' means a municipality that provides water, sewer and natural gas  
12 service, among other municipal services, and which has received correspondence from  
13 the state Department of Natural Resources urging the municipality to 'make distribution  
14 pipe replacement its highest priority as soon as possible' to correct and eliminate the  
15 'asbestos fiber health risk to its citizens.'

16 48-8-232.

17 The governing authority of any municipality in this state may, subject to the requirement  
18 of referendum approval and other requirements of this article, impose within the  
19 municipality a sales and use tax for a limited period of time. Such tax shall only be  
20 imposed for all of the purposes specified in paragraph (2) of Code Section 48-8-231. Any  
21 tax imposed under this article shall be at the rate of 1 percent. Except as to rate, a tax  
22 imposed under this article shall correspond to the tax imposed by Article 1 of this chapter.  
23 No item or transaction which is not subject to taxation under Article 1 of this chapter shall  
24 be subject to a tax imposed under this article, except that a tax imposed under this article  
25 shall apply to sales of motor fuels as that term is defined by Code Section 48-9-2 and shall  
26 be applicable to the sale of food and beverages as provided for in division (57)(D)(i) of  
27 Code Section 48-8-3.

28 48-8-233.

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

33 (1) The capital outlay projects for which the proceeds of the tax are to be used;

34 (2) The maximum period of time of the tax, to be stated in calendar years or calendar  
35 quarters and not to exceed five years;

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

4 (4) If general obligation debt is to be issued in conjunction with the imposition of the tax  
 5 as authorized by this article, the principal amount of the debt to be issued, the purpose for  
 6 which the debt is to be issued, the interest rate or rates or the maximum interest rate or  
 7 rates which such debt is to bear, and the amount of principal to be paid in each year  
 8 during the life of the debt.

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

26 (c)(1) If the tax is to be imposed solely for capital outlay and maintenance and operations  
 27 purposes and if no debt is to be issued, the ballot shall have written or printed thereon the  
 28 following:

29 '( ) YES Shall a 1 percent sales and use tax be imposed in the municipality of  
 30 \_\_\_\_\_ for a period of time not to exceed \_\_\_\_\_ and for  
 31 ( ) NO the raising of not more than \$\_\_\_\_\_ for the purpose of funding  
 32 \_\_\_\_\_?'

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

35 'If imposition of the tax is approved by the voters, such vote shall also constitute  
 36 approval of the issuance of general obligation debt of the municipality of \_\_\_\_\_  
 37 in the principal amount of \$\_\_\_\_\_ for the above purpose.'

1 (d) All persons desiring to vote in favor of imposing the tax shall vote 'Yes' and all persons  
2 opposed to levying the tax shall vote 'No.' If more than one-half of the votes cast are in  
3 favor of imposing the tax then the tax shall be imposed as provided in this article;  
4 otherwise the tax shall not be imposed and the question of imposing the tax shall not again  
5 be submitted to the voters of the county until after 12 months immediately following the  
6 month in which the election was held; provided, however, that if an election date  
7 authorized under Code Section 21-2-540 occurs during the twelfth month immediately  
8 following the month in which such election was held, the question of imposing the tax may  
9 be submitted to the voters of the county on such date. The election superintendent shall  
10 hold and conduct the election under the same rules and regulations as govern special  
11 elections. The superintendent shall canvass the returns, declare the result of the election,  
12 and certify the result to the Secretary of State and to the commissioner. The expense of the  
13 election shall be paid from municipal funds.

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

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

36 (3) The tax authorized by this article shall not be subject to any maximum period of time  
37 for which the tax may be levied if general obligation debt is to be issued in conjunction

1 with the imposition of the tax. In such case the resolution or ordinance calling for the  
 2 imposition of the tax shall not be required to state a maximum period of time for which  
 3 the tax is to be levied; and the language relating to the maximum period of time for which  
 4 the tax is to be levied shall be omitted from the ballot. The resolution or ordinance  
 5 calling for the imposition of the tax shall state the maximum amount of revenue to be  
 6 raised by the tax, and the tax shall terminate as provided in paragraph (1) or (3) of  
 7 subsection (b) of Code Section 48-8-234.

8 48-8-234.

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

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

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

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

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

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

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

32 (2) A municipality in which a tax authorized by this article is in effect may, while the tax  
 33 is in effect, adopt a resolution or ordinance calling for the reimposition of a tax as  
 34 authorized by this article upon the tax then in effect; and a referendum may be held for  
 35 this purpose while the tax is in effect. Proceedings for reimposition of a tax shall be in  
 36 the same manner as proceedings for the initial imposition of the tax, but the newly

1 authorized tax shall not be imposed until the expiration of the tax then in effect; provided,  
 2 however, that in the event of emergency conditions under which a municipality is unable  
 3 to conduct a referendum so as to continue the tax then in effect without interruption, the  
 4 commissioner may, if feasible administratively, waive the limitations of subsection (a)  
 5 of this Code section to the minimum extent necessary so as to permit the reimposition of  
 6 a tax, if otherwise approved as required under this Code section, without interruption,  
 7 upon the expiration of the tax then in effect.

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

11 48-8-235.

12 A tax levied pursuant to this article shall be exclusively administered and collected by the  
 13 commissioner for the use and benefit of the municipality imposing the tax. Such  
 14 administration and collection shall be accomplished in the same manner and subject to the  
 15 same applicable provisions, procedures, and penalties provided in Article 1 of this chapter;  
 16 provided, however, that all moneys collected from each taxpayer by the commissioner shall  
 17 be applied first to such taxpayer's liability for taxes owed the state. Dealers shall be  
 18 allowed a percentage of the amount of the tax due and accounted for and shall be  
 19 reimbursed in the form of a deduction in submitting, reporting, and paying the amount due  
 20 if such amount is not delinquent at the time of payment. The deduction shall be at the rate  
 21 and subject to the requirements specified under subsections (b) through (f) of Code Section  
 22 48-8-50.

23 48-8-236.

24 Each sales and use tax return remitting sales and use taxes collected under this article shall  
 25 separately identify the location of each retail establishment at which any of the sales and  
 26 use taxes remitted were collected and shall specify the amount of sales and the amount of  
 27 taxes collected at each establishment for the period covered by the return in order to  
 28 facilitate the determination by the commissioner that all sales and use taxes imposed by this  
 29 article are collected and distributed according to situs of sale.

30 48-8-237.

31 The proceeds of the tax collected by the commissioner in each municipality under this  
 32 article shall be disbursed as soon as practicable after collection as follows:

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

1 (2) Except for the percentage provided in paragraph (1) of this Code section, the  
2 remaining proceeds of the tax shall be distributed to the governing authority of the  
3 municipality imposing the tax and shall be expended for all purposes specified under  
4 paragraph (2) of Code Section 48-8-231.

5 48-8-238.

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

20 48-8-239.

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

27 48-8-240.

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

1 48-8-241.

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

5 48-8-242.

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

12 48-8-243.

13 (a) The proceeds received from the tax authorized by this article shall be used by the  
14 municipality exclusively for capital outlay projects and maintenance and operations  
15 expenses. Such proceeds shall be kept in a separate account from other funds of the  
16 municipality and shall not in any manner be commingled with other funds of the  
17 municipality prior to expenditure.

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

28 **SECTION 2.**

29 Said chapter is further amended by striking subsection (b) of Code Section 48-8-6, relating  
30 to limitations on imposition of certain local taxes, and inserting in its place a new subsection  
31 (b) to read as follows:

32 "(b) There shall not be imposed in any jurisdiction in this state or on any transaction in this  
33 state local sales taxes, local use taxes, or local sales and use taxes in excess of 2 percent.

34 For purposes of this prohibition, the taxes affected are any sales tax, use tax, or sales and

1 use tax which is levied in an area consisting of less than the entire state, however  
 2 authorized, including such taxes authorized by or pursuant to constitutional amendment,  
 3 except that the following taxes shall not count toward or be subject to such 2 percent  
 4 limitation:

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

7 (2) Any tax levied for purposes of a metropolitan area system of public transportation,  
 8 as authorized by the amendment to the Constitution set out at Georgia Laws, 1964, page  
 9 1008; the continuation of such amendment under Article XI, Section I, Paragraph IV(d)  
 10 of the Constitution; and the laws enacted pursuant to such constitutional amendment;  
 11 provided, however, that the exception provided for under this paragraph shall only apply  
 12 in a county in which a tax is being imposed under subparagraph (a)(1)(D) of Code  
 13 Section 48-8-111 in whole or in part for the purpose or purposes of a water capital outlay  
 14 project or projects, a sewer capital outlay project or projects, a water and sewer capital  
 15 outlay project or projects, water and sewer projects and costs as defined under  
 16 paragraph (3) of Code Section 48-8-200, or any combination thereof and with respect to  
 17 which the county has entered into an intergovernmental contract with a municipality, in  
 18 which the average waste-water system flow of such municipality is not less than 85  
 19 million gallons per day, allocating proceeds to such municipality to be used solely for  
 20 water and sewer projects and costs as defined under paragraph (3) of Code Section  
 21 48-8-200. The exception provided for under this paragraph shall apply only during the  
 22 period the tax under said subparagraph (a)(1)(D) is in effect. The exception provided for  
 23 under this paragraph shall not apply in any county in which a tax is being imposed under  
 24 Article 2A of this chapter;

25 (3) In the event of a rate increase imposed pursuant to Code Section 48-8-96, only the  
 26 amount in excess of the initial 1 percent sales and use tax and in the event of a newly  
 27 imposed tax pursuant to Code Section 48-8-96, only the amount in excess of a 1 percent  
 28 sales and use tax; ~~and~~

29 (4) A sales and use tax levied under Article 4 of this chapter; and

30 (5) A sales and use tax levied under Article 5 of this chapter.

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

### 34 SECTION 3.

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