

The House Committee on Ways and Means offers the following substitute to HR 1246:

A RESOLUTION

1 Proposing an amendment to the Constitution so as to provide for tax relief from ad valorem
 2 property taxes; to provide for a short title; to authorize additional tax relief including the
 3 elimination of ad valorem property taxes for educational purposes; to provide for optional
 4 homeowner's incentive adjustments; to authorize the limited amending of conflicting local
 5 constitutional amendments; to provide for the automatic repeal of The Property Tax Reform
 6 Amendment unless specifically continued by general law; to provide for the revival and
 7 restoration of certain prior general and local constitutional provisions; to provide for the
 8 repeal of such provisions; to prohibit the annual levy of state ad valorem taxes except in
 9 emergencies; to authorize a refundable income tax credit for low-income families for
 10 qualified food expenses; to provide for motor vehicle tax relief grants; to provide for
 11 procedures; to provide for effective dates; to provide for the submission of this amendment
 12 for ratification or rejection; and for other purposes.

13 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

14 **PART I**
 15 **SECTION 1-1.**

16 This Part I of this resolution shall be known and may be cited as "The Property Tax Reform
 17 Amendment."

18 **SECTION 1-2.**

19 The Constitution is amended by adding a new subparagraph to Article VII, Section I,
 20 Paragraph II to read as follows:

21 "(c) On or after January 1, 2010, upon a determination by the General Assembly that
 22 sufficient revenues are available, the General Assembly shall be authorized by general law
 23 to provide for additional tax relief from ad valorem property taxes for educational purposes
 24 up to and including the abolishment and repeal of ad valorem property taxes for
 25 educational purposes in addition to the tax relief provided under Article VII, Sections IIA
 26 and IIB. Such further tax relief or abolishment and repeal shall take place in accordance

1 with such schedule as may be established by the General Assembly and shall apply to any
 2 or all such ad valorem property taxes for educational purposes as determined by the
 3 General Assembly except for ad valorem taxes pertaining to general obligation
 4 indebtedness incurred prior to January 1, 2010, and except for intangible taxes, tax
 5 allocation districts, or community improvement districts. Any provisions of this
 6 Constitution to the contrary shall be deemed inapplicable to such general law or laws. It
 7 is the express purpose and intent of this subparagraph that, upon sufficient revenues
 8 becoming available, all taxpayers are relieved from all ad valorem property taxes for
 9 educational purposes in this state; and the General Assembly is granted the authority to
 10 enact such general laws as are necessary to accomplish this purpose."

11

SECTION 1-3.

12 Article VII of the Constitution is amended by revising Section IIA as follows:

13

"SECTION IIA.

14

HOMEOWNER'S INCENTIVE ADJUSTMENT

15 Paragraph I. *State grants; adjustment amount.* (a) For each taxable year, a
 16 homeowner's incentive adjustment ~~may~~ shall be applied to the return of each taxpayer
 17 claiming such state-wide homestead exemption as may be specified by general law. The
 18 amount of such adjustment ~~may provide a taxpayer with a benefit equivalent to a~~
 19 ~~homestead exemption of up to \$18,000.00 of the assessed value of a taxpayer's homestead~~
 20 ~~or the taxpayer's ad valorem property tax liability on the homestead, whichever is lower~~
 21 shall be determined pursuant to subparagraph (b) of this Paragraph. The General Assembly
 22 ~~may~~ shall appropriate such amount each year for grants to local governments and school
 23 districts as homeowner tax relief grants. The adjustments and grants authorized by this
 24 Paragraph shall be made in such manner and shall be subject to the procedures and
 25 conditions as may be specified by general law heretofore or hereafter enacted.

26 (b) Subject to the limitations of subparagraph (c) of this Paragraph, each qualified
 27 taxpayer shall receive whichever of the following adjustment amounts provides the
 28 maximum benefit to that taxpayer on the tax bill for the applicable tax year:

29 (1) A benefit equivalent to a homestead exemption of up to \$30,000.00 of the assessed
 30 value of the taxpayer's homestead or the taxpayer's ad valorem property tax liability for
 31 county or municipal purposes, or both if applicable, on the homestead, whichever is
 32 lower; or

33 (2) A benefit equivalent to an exemption from the full amount of the taxpayer's ad
 34 valorem property tax liability for educational purposes on the homestead.

1 (c) Any benefit determination under subparagraph (b) of this Paragraph shall be
 2 determined according to a base millage rate. This base millage rate shall be the millage rate
 3 for the county, municipality, or school district which provides the amount of property tax
 4 revenue collected for such county, municipality, or school district during a tax year, not
 5 attributable to new construction, which does not exceed the amount collected in the 2008
 6 tax year plus the cap rate including any accrued cap rates. The term 'cap rate' means the
 7 percentage change in the price index for gross output of state and local government from
 8 the prior year to the current year as defined by the National Income and Product Accounts
 9 and determined by the United States Bureau of Economic Analysis and indicated by the
 10 Price Index for Government Consumption Expenditures and General Government Gross
 11 Output (Table 3.10.4)."

12 **SECTION 1-4.**

13 Article XI, Section I, Paragraph IV of the Constitution is amended by revising subparagraph
 14 (b) as follows:

15 "(b)(1) Except as otherwise provided in this subparagraph, any Any amendment which
 16 is continued in force and effect after July 1, 1987, pursuant to the provisions of
 17 subparagraph (a) of this Paragraph shall be continued in force and effect as a part of this
 18 Constitution, except that such amendment may thereafter be repealed but may not be
 19 amended. The repeal of any such amendment shall be accomplished by local Act of the
 20 General Assembly, the effectiveness of which shall be conditioned on its approval by a
 21 majority of the qualified voters voting thereon in each of the particular political
 22 subdivisions affected by the amendment.

23 (2) In the event any amendment which was continued in force and effect after July 1,
 24 1987, either pursuant to the provisions of subparagraph (a) of this Paragraph or any other
 25 provision of this Constitution contains provisions which require the rollback of ad
 26 valorem property taxes for educational purposes as the exclusive use of the proceeds of
 27 a local tax authorized and imposed pursuant to such amendment, the General Assembly
 28 is authorized to amend such amendment once for the limited purpose of either authorizing
 29 the use of such proceeds to roll back other ad valorem property taxes or to repeal such
 30 amendment. Any such amendatory or repealing local constitutional amendment shall be
 31 adopted by a majority vote of each house of the General Assembly but shall not require
 32 approval in a referendum in the affected local jurisdiction. Once a local constitutional
 33 amendment has been amended once pursuant to this subparagraph (b)(2), such
 34 amendment shall again become subject to the provisions of subparagraph (b)(1) of this
 35 Paragraph."

1 **PART II**

2 **SECTION 2-1.**

3 The Constitution is amended by revising subparagraph (a) of Article VII, Section I,
4 Paragraph II as follows:

5 "(a)(1) The state shall not impose an annual levy of state ad valorem taxes on tangible
6 property for all purposes, any purpose except for defending the state in an emergency, shall
7 not exceed one-fourth mill on each dollar of the assessed value of the property.

8 (2) Solely, for purposes of any general law in effect on January 1, 2008, which
9 distributes intangible tax revenues to the state based upon a proportion that the state
10 millage rate and millage rates of local tax jurisdictions bear to the total millage rate levied
11 for all purposes, the state millage rate shall equal one-fourth mill on each dollar of
12 assessed value.

13 (3) The prohibition of this subparagraph shall not affect state:

14 (A) Assessment and collection of ad valorem taxes on public utilities, railroad
15 companies, and airlines on behalf of local governments; or

16 (B) Administrative functions with respect to local ad valorem taxation pursuant to
17 any general law.

18 (4) The state shall continue to assure that all taxation is uniform upon the same class
19 of subjects across all taxing jurisdictions of this state."

20 **SECTION 2-2.**

21 Article VII, Section I of the Constitution is amended by adding a new Paragraph to read as
22 follows:

23 "Paragraph VI. *State tax requirements.* The General Assembly may provide by general
24 law for a state income tax credit for low-income families for qualified food expenses. Such
25 credit may be refundable to a taxpayer to the extent a taxpayer's credit amount exceeds the
26 taxpayer's state income tax liability."

27 **SECTION 2-3.**

28 Article VII of the Constitution is amended by adding a new section to read as follows:

29 **"SECTION IIB.**

30 **MOTOR VEHICLE TAX RELIEF GRANTS**

31 Paragraph I. *State grants; appropriations.* (a) For each 12 month period beginning on
32 July 1 and ending on June 30, a motor vehicle tax relief adjustment shall be applied to the

1 ad valorem property tax bill of a taxpayer on each qualified motor vehicle, titled in the name
 2 of an individual natural person. Subject to the limitations of subparagraph (b) of this
 3 Paragraph, the amount of such adjustment shall provide a taxpayer with a benefit equivalent
 4 to an ad valorem tax exemption of the eligible assessed value of such motor vehicle. The
 5 General Assembly shall appropriate such amount each year for grants to counties,
 6 municipalities, county school districts, and independent school districts as motor vehicle tax
 7 relief grants. The grants authorized by this Paragraph shall be made in such manner and shall
 8 be subject to the procedures and conditions as may be specified by general law.

9 (b) Any benefit determination under subparagraph (a) of this Paragraph shall be
 10 determined according to a base millage rate. This base millage rate shall be the millage rate
 11 for the county, municipality, county school district, or independent school district which
 12 provides the amount of property tax revenue collected for such county, municipality,
 13 county school district, or independent school district during a tax year, not attributable to
 14 new construction, which does not exceed the amount collected in the 2008 tax year plus the
 15 cap rate including any accrued cap rates. The term 'cap rate' means the percentage change
 16 in the price index for gross output of state and local government from the prior year to the
 17 current year as defined by the National Income and Product Accounts and determined by
 18 the United States Bureau of Economic Analysis and indicated by the Price Index for
 19 Government Consumption Expenditures and General Government Gross Output (Table
 20 3.10.4)"

21 **PART III**

22 **SECTION 3-1.**

23 The Constitution is amended by repealing subparagraph (c) of Article VII, Section I,
 24 Paragraph II which reads as follows:

25 "(c) On or after January 1, 2010, upon a determination by the General Assembly that
 26 sufficient revenues are available, the General Assembly shall be authorized by general law
 27 to provide for additional tax relief from ad valorem property taxes for educational purposes
 28 up to and including the abolishment and repeal of ad valorem property taxes for
 29 educational purposes in addition to the tax relief provided under Article VII, Sections IIA
 30 and IIB. Such further tax relief or abolishment and repeal shall take place in accordance
 31 with such schedule as may be established by the General Assembly and shall apply to any
 32 or all such ad valorem property taxes for educational purposes as determined by the
 33 General Assembly except for ad valorem taxes pertaining to general obligation
 34 indebtedness incurred prior to January 1, 2010, and except for intangible taxes, tax
 35 allocation districts, or community improvement districts. Any provisions of this
 36 Constitution to the contrary shall be deemed inapplicable to such general law or laws. It

1 is the express purpose and intent of this subparagraph that, upon sufficient revenues
 2 becoming available, all taxpayers are relieved from all ad valorem property taxes for
 3 educational purposes in this state; and the General Assembly is granted the authority to
 4 enact such general laws as are necessary to accomplish this purpose."

5 **SECTION 3-2.**

6 Article VII of the Constitution is amended as follows:

7 **"SECTION IIA.**

8 **HOMEOWNER'S INCENTIVE ADJUSTMENT**

9 Paragraph I. *State grants; adjustment amount.* (a) For each taxable year, a
 10 homeowner's incentive adjustment may ~~shall~~ be applied to the return of each taxpayer
 11 claiming such state-wide homestead exemption as may be specified by general law. The
 12 amount of such adjustment may provide a taxpayer with a benefit equivalent to a
 13 homestead exemption of up to \$18,000.00 of the assessed value of a taxpayer's homestead
 14 or the taxpayer's ad valorem property tax liability on the homestead, whichever is lower
 15 ~~shall be determined pursuant to subparagraph (b) of this Paragraph.~~ The General Assembly
 16 may ~~shall~~ appropriate such amount each year for grants to local governments and school
 17 districts as homeowner tax relief grants. The adjustments and grants authorized by this
 18 Paragraph shall be made in such manner and shall be subject to the procedures and
 19 conditions as may be specified by general law heretofore or hereafter enacted.

20 ~~(b) Subject to the limitations of subparagraph (c) of this Paragraph, each qualified~~
 21 ~~taxpayer shall receive whichever of the following adjustment amounts provides the~~
 22 ~~maximum benefit to that taxpayer on the tax bill for the applicable tax year:~~

23 ~~(1) A benefit equivalent to a homestead exemption of up to \$30,000.00 of the assessed~~
 24 ~~value of the taxpayer's homestead or the taxpayer's ad valorem property tax liability for~~
 25 ~~county or municipal purposes, or both if applicable, on the homestead, whichever is~~
 26 ~~lower; or~~

27 ~~(2) A benefit equivalent to an exemption from the full amount of the taxpayer's ad~~
 28 ~~valorem property tax liability for educational purposes on the homestead.~~

29 ~~(c) Any benefit determination under subparagraph (b) of this Paragraph shall be~~
 30 ~~determined according to a base millage rate. This base millage rate shall be the millage~~
 31 ~~rate for the county, municipality, or school district which provides the amount of property~~
 32 ~~tax revenue collected for such county, municipality, or school district during a tax year, not~~
 33 ~~attributable to new construction, which does not exceed the amount collected in the 2008~~
 34 ~~tax year plus the cap rate including any accrued cap rates. The term 'cap rate' means the~~

1 ~~percentage change in the price index for gross output of state and local government from~~
 2 ~~the prior year to the current year as defined by the National Income and Product Accounts~~
 3 ~~and determined by the United States Bureau of Economic Analysis and indicated by the~~
 4 ~~Price Index for Government Consumption Expenditures and General Government Gross~~
 5 ~~Output (Table 3.10.4)."~~

6 **SECTION 3-3.**

7 Article XI, Section I, Paragraph IV of the Constitution is amended by revising subparagraph
 8 (b) as follows:

9 ~~"(b)(1) Except as otherwise provided in this subparagraph, any Any amendment which~~
 10 ~~is continued in force and effect after July 1, 1987, pursuant to the provisions of~~
 11 ~~subparagraph (a) of this Paragraph shall be continued in force and effect as a part of this~~
 12 ~~Constitution, except that such amendment may thereafter be repealed but may not be~~
 13 ~~amended. The repeal of any such amendment shall be accomplished by local Act of the~~
 14 ~~General Assembly, the effectiveness of which shall be conditioned on its approval by a~~
 15 ~~majority of the qualified voters voting thereon in each of the particular political~~
 16 ~~subdivisions affected by the amendment.~~

17 ~~(2) In the event any amendment which was continued in force and effect after July 1,~~
 18 ~~1987, either pursuant to the provisions of subparagraph (a) of this Paragraph or any other~~
 19 ~~provision of this Constitution contains provisions which require the rollback of ad~~
 20 ~~valorem property taxes for educational purposes as the exclusive use of the proceeds of~~
 21 ~~a local tax authorized and imposed pursuant to such amendment, the General Assembly~~
 22 ~~is authorized to amend such amendment once for the limited purpose of either authorizing~~
 23 ~~the use of such proceeds to roll back other ad valorem property taxes or to repeal such~~
 24 ~~amendment. Any such amendatory or repealing local constitutional amendment shall be~~
 25 ~~adopted by a majority vote of each house of the General Assembly but shall not require~~
 26 ~~approval in a referendum in the affected local jurisdiction. Once a local constitutional~~
 27 ~~amendment has been amended once pursuant to this subparagraph (b)(2), such~~
 28 ~~amendment shall again become subject to the provisions of subparagraph (b)(1) of this~~
 29 ~~Paragraph."~~

30 **PART IV**

31 **SECTION 4-1.**

32 Article XI, Section I, of the Constitution is amended by adding a new paragraph to read as
 33 follows:

1 (b) If such amendment shall be ratified as provided in said Paragraph of the Constitution,
2 it shall become effective and a part of the Constitution of this state as follows:

3 (1) Part I: Sections 1-1, 1-2, and 1-4 on January 1, 2009;

4 (2) Part I: Section 1-3 on January 1, 2010;

5 (3) Part II, Part IV, and this Part on January 1, 2009; and

6 (4) Part I shall stand repealed only under the circumstances provided in Part IV;
7 otherwise, Part I shall remain effective as provided in Part IV. If Part I is repealed as
8 provided in Part IV, then Part III shall become effective January 1, 2013; otherwise, Part
9 III shall not become effective.