

House Resolution 1246 (RULES COMMITTEE SUBSTITUTE)

By: Representatives Richardson of the 19th, O'Neal of the 146th, and Ehrhart of the 36th

A RESOLUTION

1 Proposing an amendment to the Constitution so as to provide for ad valorem tax reform; to
 2 provide for a short title; to repeal the levy of state ad valorem taxes except in the case of an
 3 emergency; to provide for applicability; to authorize certain ad valorem tax exemptions for
 4 certain personal motor vehicles; to provide for certain local government assistance grants;
 5 to freeze the valuation of residential and nonresidential real property except for certain
 6 adjustments; to provide for ratification of certain exemptions and assessment freezes which
 7 were previously enacted; to provide for applicability; to provide for the submission of this
 8 amendment for ratification or rejection; and for other purposes.

9 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 SECTION 1.

11 This resolution shall be known and may be cited as "The Property Tax Reform Amendment."

12 SECTION 2.

13 Article VII, Section I, Paragraph II of the Constitution is amended by revising subparagraph
 14 (a) as follows:

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

18 (2) Solely, for purposes of any general law in effect on January 1, 2009, which
 19 distributes intangible tax revenues to the state based upon a proportion that the state
 20 millage rate and millage rates of local tax jurisdictions bear to the total millage rate levied
 21 for all purposes, the state millage rate shall equal one-fourth mill on each dollar of
 22 assessed value.

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

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

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

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

5 SECTION 3.

6 Article VII, Section I of the Constitution is amended by revising Paragraph III and by adding
 7 a new Paragraph to read as follows:

8 "Paragraph III. *Uniformity Applicability of uniformity; exceptions; classification of*
 9 *property; assessment of agricultural land; conservation use; timber; utilities.* (a) All
 10 taxes shall be levied and collected under general laws and for public purposes only. Except
 11 as otherwise provided in subparagraphs (b), (b.1), (c), (d), and (e) of this Paragraph and
 12 Paragraph IV of this section, all taxation shall be uniform upon the same class of subjects
 13 within the territorial limits of the authority levying the tax.

14 (b)(1) Except as otherwise provided in this ~~subparagraph (b) Paragraph~~, classes of
 15 subjects for taxation of property shall consist of residential and nonresidential real
 16 property, other tangible property, and one or more classes of intangible personal property
 17 including money; provided, however, that any taxation of intangible personal property
 18 may be repealed by general law without approval in a referendum effective for all taxable
 19 years beginning on or after January 1, 1996.

20 (2) Subject to the conditions and limitations specified by law, each of the following
 21 types of property may be classified as a separate class of property for ad valorem property
 22 tax purposes and different rates, methods, and assessment dates may be provided for such
 23 properties:

24 (A) Trailers.

25 (B) Mobile homes other than those mobile homes which qualify the owner of the
 26 home for a homestead exemption from ad valorem taxation.

27 (C) Heavy-duty equipment motor vehicles owned by nonresidents and operated in
 28 this state.

29 ~~(3)~~(b.1)(1) Motor vehicles may be classified as a separate class of property for ad
 30 valorem property tax purposes, and such class may be divided into separate subclasses
 31 for ad valorem purposes.

32 (2) The General Assembly may provide by general law for the ad valorem taxation of
 33 motor vehicles including, but not limited to, providing for different rates, methods, and
 34 assessment dates, ~~and taxpayer liability~~ for such class and for each of its subclasses and
 35 need not provide for uniformity of taxation with other classes of property or between or
 36 within its subclasses.

1 (3) The General Assembly shall provide by general law for the exemption of all ad
 2 valorem taxes otherwise due upon qualified motor vehicles. Such general law shall
 3 provide an exemption in the amount of 50 percent of the assessed value of qualified
 4 motor vehicles for the period beginning July 1, 2009, and ending on June 30, 2010, and
 5 an exemption in the amount of the full assessed value of all qualified motor vehicles for
 6 each 12 month period thereafter. Such general law shall define a qualified motor vehicle
 7 as a motor vehicle titled in the name of an individual natural person and may include
 8 further limitations and qualifications. Such general law providing such an exemption
 9 shall provide for local government assistance grants to counties, municipalities, and
 10 county and independent school districts to offset revenue loss subject to such limitations
 11 as may be imposed by the General Assembly.

12 (4) The General Assembly may also determine what portion of any ad valorem tax on
 13 motor vehicles shall be retained by the state.

14 (5) As used in this subparagraph, the term 'motor vehicles' means all vehicles which
 15 are self-propelled and designed for use on roads and highways.

16 (c) ~~Tangible~~ Subject to the limitations of Paragraph IV of this section, tangible real
 17 property, but no more than 2,000 acres of any single property owner, which is devoted to
 18 bona fide agricultural purposes shall be assessed for ad valorem taxation purposes at 75
 19 percent of the value which other tangible real property is assessed. No property shall be
 20 entitled to receive the preferential assessment provided for in this subparagraph if the
 21 property which would otherwise receive such assessment would result in any person who
 22 has a beneficial interest in such property, including any interest in the nature of stock
 23 ownership, receiving the benefit of such preferential assessment as to more than 2,000
 24 acres. No property shall be entitled to receive the preferential assessment provided for in
 25 this subparagraph unless the conditions set out below are met:

26 (1) The property must be owned by:

27 (A)(i) One or more natural or naturalized citizens;

28 (ii) An estate of which the devisee or heirs are one or more natural or naturalized
 29 citizens; or

30 (iii) A trust of which the beneficiaries are one or more natural or naturalized
 31 citizens; or

32 (B) A family-owned farm corporation, the controlling interest of which is owned by
 33 individuals related to each other within the fourth degree of civil reckoning, or which
 34 is owned by an estate of which the devisee or heirs are one or more natural or
 35 naturalized citizens, or which is owned by a trust of which the beneficiaries are one or
 36 more natural or naturalized citizens, and such corporation derived 80 percent or more

1 of its gross income from bona fide agricultural pursuits within this state within the year
2 immediately preceding the year in which eligibility is sought.

3 (2) The General Assembly shall provide by law:

4 (A) For a definition of the term 'bona fide agricultural purposes,' but such term shall
5 include timber production;

6 (B) For additional minimum conditions of eligibility which such properties must
7 meet in order to qualify for the preferential assessment provided for herein, including,
8 but not limited to, the requirement that the owner be required to enter into a covenant
9 with the appropriate taxing authorities to maintain the use of the properties in bona fide
10 agricultural purposes for a period of not less than ten years and for appropriate penalties
11 for the breach of any such covenant.

12 (3) In addition to the specific conditions set forth in this subparagraph (c), the General
13 Assembly may place further restrictions upon, but may not relax, the conditions of
14 eligibility for the preferential assessment provided for herein.

15 (d)(1) ~~The~~ Subject to the limitations of Paragraph IV of this section, the General
16 Assembly shall be authorized by general law to establish as a separate class of property
17 for ad valorem tax purposes any tangible real property which is listed in the National
18 Register of Historic Places or in a state historic register authorized by general law. For
19 such purposes, the General Assembly is authorized by general law to establish a program
20 by which certain properties within such class may be assessed for taxes at different rates
21 or valuations in order to encourage the preservation of such historic properties and to
22 assist in the revitalization of historic areas.

23 (2) ~~The~~ Subject to the limitations of Paragraph IV of this section, the General
24 Assembly shall be authorized by general law to establish as a separate class of property
25 for ad valorem tax purposes any tangible real property on which there have been releases
26 of hazardous waste, constituents, or substances into the environment. For such purposes,
27 the General Assembly is authorized by general law to establish a program by which
28 certain properties within such class may be assessed for taxes at different rates or
29 valuations in order to encourage the cleanup, reuse, and redevelopment of such properties
30 and to assist in the revitalization thereof by encouraging remedial action.

31 (e) ~~The~~ Subject to the limitations of Paragraph IV of this section, the General Assembly
32 shall provide by general law:

33 (1) For the definition and methods of assessment and taxation, such methods to include
34 a formula based on current use, annual productivity, and real property sales data, of: 'bona
35 fide conservation use property' to include bona fide agricultural and timber land not to
36 exceed 2,000 acres of a single owner; and 'bona fide residential transitional property,' to
37 include private single-family residential owner occupied property located in transitional

1 developing areas not to exceed five acres of any single owner. Such methods of
2 assessment and taxation shall be subject to the following conditions:

3 (A) A property owner desiring the benefit of such methods of assessment and
4 taxation shall be required to enter into a covenant to continue the property in bona fide
5 conservation use or bona fide residential transitional use; and

6 (B) A breach of such covenant within ten years shall result in a recapture of the tax
7 savings resulting from such methods of assessment and taxation and may result in other
8 appropriate penalties;

9 (2) That standing timber shall be assessed only once, and such assessment shall be
10 made following its harvest or sale and on the basis of its fair market value at the time of
11 harvest or sale. Said assessment shall be two and one-half times the assessed percentage
12 of value fixed by law for other real property taxed under the uniformity provisions of
13 subparagraph (a) of this Paragraph but in no event greater than its fair market value; and
14 for a method of temporary supplementation of the property tax digest of any county if the
15 implementation of this method of taxing timber reduces the tax digest by more than 20
16 percent, such supplemental assessed value to be assigned to the properties otherwise
17 benefiting from such method of taxing timber.

18 (f) The Subject to the limitations of Paragraph IV of this section, the General Assembly
19 may provide for a different method and time of returns, assessments, payment, and
20 collection of ad valorem taxes of public utilities, but not on a greater assessed percentage
21 of value or at a higher rate of taxation than other properties, except that property provided
22 for in subparagraph (c), (d), or (e) of this Paragraph.

23 Paragraph IV. *Limitations on assessed value increases for real property.* (a)(1) Except
24 as otherwise provided in this Paragraph, the assessed value of residential real property
25 and nonresidential real property for all ad valorem tax purposes shall not be increased
26 from the valuation established for 2008, or, upon its sale or transfer, shall not be
27 increased from its fair market value established under subparagraph (a)(2) of this
28 Paragraph. Additions or improvements to such residential real property and
29 nonresidential real property placed in service after December 31, 2007, shall be appraised
30 for ad valorem tax purposes at their fair market value and shall be added to the owner's
31 valuation amount under this subparagraph.

32 (2) If such residential real property or nonresidential real property is sold or transferred
33 to another person, such residential real property or nonresidential real property shall be
34 appraised for ad valorem tax purposes at fair market value.

35 (3) The valuation amount under this subparagraph for any individual parcel of
36 residential real property may be increased during a taxable year by an amount not to
37 exceed a 2 percent increase in the preceding taxable year's value. The valuation amount

1 under this subparagraph for any individual parcel of nonresidential real property may be
 2 increased during a taxable year by an amount not to exceed a 3 percent increase in the
 3 preceding taxable year's value.

4 (b) The General Assembly shall be authorized by general law to further define and
 5 implement the provisions of this Paragraph including, but specifically not limited to,
 6 definitions of residential real property and nonresidential real property.

7 (c) Any local or general law providing for base year assessed value homestead
 8 exemptions that freeze the assessment of property with respect to any or all ad valorem
 9 taxes enacted prior to January 1, 2009, shall be ratified expressly; provided, however, that
 10 such ratification shall not be interpreted to imply that such laws were invalid at the time
 11 they became law. The provisions of this Paragraph shall not apply to any homestead's ad
 12 valorem taxes which are the subject of any such general or local law exemption unless such
 13 general law or local law is repealed. The repeal of such general law under this
 14 subparagraph shall be accomplished by general Act of the General Assembly, the
 15 effectiveness of which shall not be conditioned on approval by a majority of the qualified
 16 voters voting thereon in the state. The repeal of any such local law under this subparagraph
 17 shall be accomplished by local Act of the General Assembly, the effectiveness of which
 18 shall not be conditioned on approval by a majority of the qualified voters voting thereon
 19 in the affected local tax jurisdiction.

20 (d) This Paragraph shall not apply to real property in any county or consolidated
 21 government for which a local constitutional amendment has been continued in force and
 22 effect as part of this Constitution which freezes ad valorem property taxes with respect to
 23 such real property unless such local constitutional amendment is repealed. The repeal of
 24 such local constitutional amendment under this subparagraph shall be accomplished by
 25 local Act of the General Assembly, the effectiveness of which shall not be conditioned on
 26 approval by a majority of the qualified voters voting thereon in the county or consolidated
 27 government."

28 **SECTION 4.**

29 The above proposed amendment to the Constitution shall be published and submitted as
 30 provided in Article X, Section I, Paragraph II of the Constitution. The ballot submitting the
 31 above proposed amendment shall have written or printed thereon the following:

32 "() YES Shall Georgia's property tax system be comprehensively reformed by
 33 eliminating all property taxes on personal motor vehicles, removing state
 34 () NO property taxes, and freezing the tax assessed value of all real property as set
 35 forth in The Property Tax Reform Amendment through an amendment to the
 36 Constitution of the State of Georgia?"

- 1 All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."
- 2 All persons desiring to vote against ratifying the proposed amendment shall vote "No." If
- 3 such amendment shall be ratified as provided in said Paragraph of the Constitution, it shall
- 4 become a part of the Constitution of this state.