

The Senate Finance Committee offered the following substitute to HR 1246:

A RESOLUTION

1 Proposing an amendment to the Constitution so as to provide for ad valorem tax reform; to
 2 freeze the valuation of real property except for certain adjustments; to provide for
 3 procedures, conditions, and limitations for certain increases; to provide procedures for
 4 increasing or decreasing millage rates on taxes for educational purposes; to provide for
 5 ratification of certain exemptions and assessment freezes which were previously enacted; to
 6 provide for applicability; to provide for limitations on state government taxation and
 7 expenditures; to provide for a short title; to provide for definitions; to provide for spending
 8 limits; to provide for excess revenues; to provide for the authority of the General Assembly
 9 with respect to the foregoing; to provide for the submission of this amendment for ratification
 10 or rejection; and for other purposes.

11 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

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

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

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 23 however, that any taxation of intangible personal property may be repealed by general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

26 (2) Subject to the conditions and limitations specified by law, each of the following
 27 types of property may be classified as a separate class of property for ad valorem property
 28

1 tax purposes and different rates, methods, and assessment dates may be provided for such
2 properties:

3 (A) Trailers.

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

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

8 (3) Motor vehicles may be classified as a separate class of property for ad valorem
9 property tax purposes, and such class may be divided into separate subclasses for ad
10 valorem purposes. The General Assembly may provide by general law for the ad valorem
11 taxation of motor vehicles including, but not limited to, providing for different rates,
12 methods, assessment dates, and taxpayer liability for such class and for each of its
13 subclasses and need not provide for uniformity of taxation with other classes of property
14 or between or within its subclasses. The General Assembly may also determine what
15 portion of any ad valorem tax on motor vehicles shall be retained by the state. As used
16 in this subparagraph, the term 'motor vehicles' means all vehicles which are
17 self-propelled.

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

28 (1) The property must be owned by:

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

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

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

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

1 more natural or naturalized citizens, and such corporation derived 80 percent or more
2 of its gross income from bona fide agricultural pursuits within this state within the year
3 immediately preceding the year in which eligibility is sought.

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

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

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

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

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

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

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

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

1 include private single-family residential owner occupied property located in transitional
 2 developing areas not to exceed five acres of any single owner. Such methods of
 3 assessment and taxation shall be subject to the following conditions:

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

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

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

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

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

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

34 (3) The valuation amount under this subparagraph for any individual parcel of real
 35 property may be increased during a taxable year from the preceding taxable year's value
 36 by an amount not to exceed the most recent available annual percentage change in the
 37 price index for gross state and local government output as defined by the National Income

1 and Product Accounts and determined by the United States Bureau of Economic
2 Analysis. The percentage limitations of this provision shall not be construed to prohibit
3 the mass appraisal of real property in a county.

4 (b) As used in subparagraph (c) of this Paragraph, the term 'established property' means
5 any individual parcel of real property which has not been subdivided or substantially
6 improved, sold, or transferred during the previous 12 month period.

7 (c) The valuations established under subparagraph (a) of this Paragraph may be further
8 increased, but only under the following conditions:

9 (1) Each county shall adopt by majority vote a uniform process for assessment of real
10 property. Such process shall be utilized by the county and by each local taxing
11 jurisdiction in such county. Such process shall conform to any guidelines set forth by
12 general law and shall provide:

13 (A) A maximum allowable percentage increase from assessed value of established
14 property during any taxable year; and

15 (B) That any individual parcel of real property sold or transferred to another person
16 shall be assessed for ad valorem tax purposes at fair market value; and

17 (2) Such procedure shall become effective only upon its adoption by an ordinance or
18 resolution of the governing body of such local taxing jurisdiction and also by a local Act
19 of the General Assembly conditioned upon approval by a majority vote of the qualified
20 electors residing within the limits of the local taxing jurisdiction voting in a referendum
21 thereon.

22 (d) The General Assembly shall be authorized by general law to further define and
23 implement the provisions of this Paragraph.

24 (e) Any local or general law providing for base year assessed value homestead
25 exemptions that freeze the assessment of property with respect to any or all ad valorem
26 taxes enacted prior to January 1, 2009, shall be ratified expressly; provided, however, that
27 such ratification shall not be interpreted to imply that such laws were invalid at the time
28 they became law. The provisions of this Paragraph shall not apply to any homestead's ad
29 valorem taxes which are the subject of any such general or local law so long as the owner
30 of such homestead on January 1, 2009, remains the owner of such property. Upon any sale
31 or transfer of such homestead, no subsequent owner shall be entitled to apply for and
32 receive such exemption or exemptions on such homestead.

33 (f) This Paragraph shall not apply to real property in any county or consolidated
34 government for which a local constitutional amendment has been continued in force and
35 effect as part of this Constitution which freezes ad valorem property taxes with respect to
36 such real property unless such local constitutional amendment is repealed.

1 (D) Lottery funds;

2 (E) Motor fuel tax proceeds;

3 (F) Tobacco settlement funds;

4 (G) Care management organization fees and nursing home provider fees; and

5 (H) Moneys appropriated for homeowner's incentive adjustment tax relief under
6 Article VII, Section IIA.

7 (4) 'Population' means the number of people residing in Georgia, excluding armed
8 forces stationed overseas, as determined by the United States Bureau of Census.

9 (5) 'State government inflation' means the most recent available annual percentage
10 change in the price index for gross state and local government output as defined by the
11 National Income and Product Accounts and determined by the United States Bureau of
12 Economic Analysis.

13 Paragraph II. **Spending limits.** For any fiscal year that commences on or after July 1,
14 2010, the fiscal year spending as determined by the revenue estimate under Article III,
15 Section IX , Paragraph IV(b) shall not exceed the greater of:

16 (1) An amount equal to the fiscal year spending in any preceding fiscal year; or

17 (2) An amount equal to the immediately preceding fiscal year spending adjusted for
18 state government inflation and annual population change.

19 Paragraph III. **Excess revenues.** For any fiscal year that commences on or after July 1,
20 2010, if revenue from sources not excluded from total state revenues exceeds the limit on
21 total state fiscal year spending calculated in accordance with Paragraph II of this article,
22 for that fiscal year the excess shall be appropriated by vote of the General Assembly and
23 shall first fund increases due to student enrollment for local school systems, then excess
24 revenues shall be transferred to the Revenue Shortfall Reserve to the extent necessary to
25 ensure that the fund balance is equal to 10 percent of the fiscal year spending for the
26 previous fiscal year, and then excess revenues shall be used to reduce state indebtedness
27 or shall be refunded to the taxpayers or any combination of such purposes.

28 Paragraph IV. **Spending limit override.** The General Assembly shall be authorized to
29 exceed the limits specified under this article, but only upon the exhaustion of the Revenue
30 Shortfall Reserve and the adoption of a joint resolution by a two-thirds' vote of both houses
31 of the General Assembly voting in a roll-call vote. The General Assembly by law shall set
32 forth the amount of the spending limit override and the method by which it shall be
33 defrayed. In no event shall such expenditures be included in the computation of the
34 limitation imposed by Paragraph II of this section for any other year.

35 Paragraph V. **Implementation.** The General Assembly shall enact legislation that may
36 be necessary to implement and enforce the provisions of this article."

SECTION 4.

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

"() YES Shall the Constitution of Georgia be amended so as to allow limited adjustments to real property values but also allow for future increases if () NO approved by voters in a referendum and to provide for reform of limitations on state government taxation and expenditures?"

All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."

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