

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 repeal the levy of state ad valorem taxes except in the case of an emergency; to provide for
 3 applicability; to freeze the valuation of real property except for certain adjustments; to
 4 provide for procedures, conditions, and limitations for certain increases; to provide
 5 procedures for increasing or decreasing millage rates on taxes for educational purposes; to
 6 provide for ratification of certain exemptions and assessment freezes which were previously
 7 enacted; to provide for applicability; to provide for the submission of this amendment for
 8 ratification or rejection; and for other purposes.

9 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

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

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

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

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

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

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

25 (4) The state shall continue to assure that all taxation is uniform upon the same class
 26 of subjects across all taxing jurisdictions of this state."
 27

SECTION 2.

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

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

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

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

(A) Trailers.

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

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

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

(c) ~~Tangible~~ Subject to the limitations of Paragraph IV of this section, tangible real property, but no more than 2,000 acres of any single property owner, which is devoted to bona fide agricultural purposes shall be assessed for ad valorem taxation purposes at 75

1 percent of the value which other tangible real property is assessed. No property shall be
2 entitled to receive the preferential assessment provided for in this subparagraph if the
3 property which would otherwise receive such assessment would result in any person who
4 has a beneficial interest in such property, including any interest in the nature of stock
5 ownership, receiving the benefit of such preferential assessment as to more than 2,000
6 acres. No property shall be entitled to receive the preferential assessment provided for in
7 this subparagraph unless the conditions set out below are met:

8 (1) The property must be owned by:

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

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

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

14 (B) A family-owned farm corporation, the controlling interest of which is owned by
15 individuals related to each other within the fourth degree of civil reckoning, or which
16 is owned by an estate of which the devisee or heirs are one or more natural or
17 naturalized citizens, or which is owned by a trust of which the beneficiaries are one or
18 more natural or naturalized citizens, and such corporation derived 80 percent or more
19 of its gross income from bona fide agricultural pursuits within this state within the year
20 immediately preceding the year in which eligibility is sought.

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

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

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

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

33 (d)(1) The Subject to the limitations of Paragraph IV of this section, the General
34 Assembly shall be authorized by general law to establish as a separate class of property
35 for ad valorem tax purposes any tangible real property which is listed in the National
36 Register of Historic Places or in a state historic register authorized by general law. For
37 such purposes, the General Assembly is authorized by general law to establish a program

1 by which certain properties within such class may be assessed for taxes at different rates
 2 or valuations in order to encourage the preservation of such historic properties and to
 3 assist in the revitalization of historic areas.

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

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

14 (1) For the definition and methods of assessment and taxation, such methods to include
 15 a formula based on current use, annual productivity, and real property sales data, of: 'bona
 16 fide conservation use property' to include bona fide agricultural and timber land not to
 17 exceed 2,000 acres of a single owner; and 'bona fide residential transitional property,' to
 18 include private single-family residential owner occupied property located in transitional
 19 developing areas not to exceed five acres of any single owner. Such methods of
 20 assessment and taxation shall be subject to the following conditions:

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

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

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

36 (f) The Subject to the limitations of Paragraph IV of this section, the General Assembly
 37 may provide for a different method and time of returns, assessments, payment, and

1 collection of ad valorem taxes of public utilities, but not on a greater assessed percentage
 2 of value or at a higher rate of taxation than other properties, except that property provided
 3 for in subparagraph (c), (d), or (e) of this Paragraph.

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

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

14 (3) The valuation amount under this subparagraph for any individual parcel of real
 15 property may be increased during a taxable year from the preceding taxable year's value
 16 by an amount not to exceed the most recent available annual percentage change in the
 17 price index for gross state and local government output as defined by the National Income
 18 and Product Accounts and determined by the United States Bureau of Economic
 19 Analysis. The percentage limitations of this provision shall not be construed to prohibit
 20 the mass appraisal of real property in a county.

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

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

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

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

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

34 (2) Such procedure shall become effective only upon its adoption by an ordinance or
 35 resolution of the governing body of such local taxing jurisdiction and also by a local Act
 36 of the General Assembly conditioned upon approval by a majority vote of the qualified

1 electors residing within the limits of the local taxing jurisdiction voting in a referendum
 2 thereon.

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

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

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

18 (g) This Paragraph shall not apply to real property in any county or any county school
 19 district for which a local constitutional amendment has been continued in force and effect
 20 as part of this Constitution which imposes millage rate limitations regarding ad valorem
 21 property taxes with respect to such real property unless such local constitutional
 22 amendment is repealed."

23 SECTION 3.

24 Article VIII, Section VI of the Constitution is amended by revising Paragraph II as follows:

25 "Paragraph II. ***Increasing or removing decreasing tax rate***. The mill limitation in effect
 26 on June 30, 1983, for any school system may be increased ~~or removed by action of the~~
 27 ~~respective boards of education~~ or decreased but only after such action has been approved
 28 by a local Act of the General Assembly conditioned on approval by a majority of the
 29 qualified voters voting thereon in the particular school system to be affected ~~in the manner~~
 30 ~~provided by law."~~

31 SECTION 4.

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

