

## COMMITTEE OF CONFERENCE SUBSTITUTE TO HR 1246

## 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 authorize certain ad valorem tax exemptions for certain personal  
 3 motor vehicles; to provide for certain local government assistance grants; to freeze the  
 4 valuation of residential and nonresidential real property except for certain adjustments; to  
 5 provide for ratification of certain exemptions and assessment freezes which were previously  
 6 enacted; to provide for applicability; to provide for the submission of this amendment for  
 7 ratification or rejection; and for other purposes.

8 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

## 9 SECTION 1.

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

## 11 SECTION 2.

12 Article VII, Section I of the Constitution is amended by revising Paragraph III and by adding  
 13 a 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), (b.1), (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 residential and nonresidential real  
 22 property, other tangible property, and one or more classes of intangible personal property  
 23 including money; provided, however, that any taxation of intangible personal property  
 24 may be repealed by general law without approval in a referendum effective for all taxable  
 25 years beginning on or after 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

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

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

16 (3) The General Assembly shall provide by general law for the exemption of all ad  
17 valorem taxes otherwise due upon qualified motor vehicles. Such general law shall  
18 provide an exemption in the amount of 50 percent of the assessed value of all qualified  
19 motor vehicles for the period beginning July 1, 2009, and ending on June 30, 2010, and  
20 an exemption in the amount of the full assessed value of all qualified motor vehicles for  
21 each 12 month period thereafter. Such general law shall define a qualified motor vehicle  
22 as a motor vehicle titled in the name of an individual natural person who is a United  
23 States citizen and a Georgia resident and may include further limitations and  
24 qualifications. Such general law shall provide for local government assistance grants to  
25 counties, municipalities, and county and independent school districts to offset revenue  
26 loss subject to such limitations as may be imposed by the General Assembly.

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

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

31 (c) ~~Tangible~~ Subject to the limitations of Paragraph IV of this section, tangible real  
32 property, but no more than 2,000 acres of any single property owner, which is devoted to  
33 bona fide agricultural purposes shall be assessed for ad valorem taxation purposes at 75  
34 percent of the value which other tangible real property is assessed. No property shall be  
35 entitled to receive the preferential assessment provided for in this subparagraph if the  
36 property which would otherwise receive such assessment would result in any person who  
37 has a beneficial interest in such property, including any interest in the nature of stock

1 ownership, receiving the benefit of such preferential assessment as to more than 2,000  
2 acres. No property shall be entitled to receive the preferential assessment provided for in  
3 this subparagraph unless the conditions set out below are met:

4 (1) The property must be owned by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (2) Except as otherwise provided in subparagraph (a)(3) of this Paragraph, if such  
11 residential real property or nonresidential real property is sold or transferred to another  
12 person, such residential real property or nonresidential real property shall be valued for  
13 ad valorem tax purposes in an amount not to exceed fair market value. For purposes of  
14 this subparagraph (a), fair market value shall not exceed the sales price of that property  
15 in a bona fide arm's length transaction.

16 (3) If such residential real property is the homestead property of a deceased owner and  
17 such homestead property is transferred to the surviving spouse of such deceased owner,  
18 such surviving spouse shall retain the same valuation amount of such property as such  
19 deceased owner, subject to any subsequent increases under subparagraph (a)(4) of this  
20 Paragraph.

21 (4) The valuation amount under this subparagraph for any individual parcel of  
22 residential real property may be increased during a taxable year by an amount not to  
23 exceed a 2 percent increase in the preceding taxable year's value. The valuation amount  
24 under this subparagraph for any individual parcel of nonresidential real property may be  
25 increased during a taxable year by an amount not to exceed a 3 percent increase in the  
26 preceding taxable year's value.

27 (5) The state revenue commissioner shall be authorized to correct any manifest, factual  
28 error in the valuation of residential or nonresidential real property.

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

32 (c) Any local or general law providing for base year assessed value homestead  
33 exemptions that freeze the assessment of property with respect to any or all ad valorem  
34 taxes enacted prior to January 1, 2009, shall be ratified expressly; provided, however, that  
35 such ratification shall not be interpreted to imply that such laws were invalid at the time  
36 they became law. The provisions of this Paragraph shall not apply to any homestead's ad  
37 valorem taxes which are the subject of any such general or local law exemption unless such

1 general law or local law is repealed. In the event of such repeal, the initial valuation  
 2 amount of the homestead property for purposes of subparagraph (a) of this Paragraph shall  
 3 be the taxable value of such property established as the initial base year assessed value of  
 4 such property; provided, however, that in the case of an adjusted base year assessed value  
 5 homestead exemption, the initial valuation amount of the homestead property for purposes  
 6 of subparagraph (a) of this Paragraph shall be the taxable value of the property established  
 7 as the most recent adjusted base year assessed value applicable to such property.

8 (d) This Paragraph shall not apply to real property in any county or consolidated  
 9 government for which a local constitutional amendment has been continued in force and  
 10 effect as part of this Constitution which freezes ad valorem property taxes with respect to  
 11 such real property unless such local constitutional amendment is repealed. In the event of  
 12 such repeal, the initial valuation amount of each parcel of residential or nonresidential real  
 13 property shall be the most recent taxable value of such parcel as established under such  
 14 local constitutional amendment.

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

### 20 SECTION 3.

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

24 "( ) YES Shall Georgia's property tax system be comprehensively reformed by  
 25 eliminating all property taxes on personal motor vehicles and freezing the tax  
 26 ( ) NO assessed value of all real property as set forth in The Property Tax Reform  
 27 Amendment through an amendment to the Constitution of the State of  
 28 Georgia?"

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