

The House Committee on Ways and Means offers the following substitute to HR 1:

A RESOLUTION

1 Proposing an amendment to the Constitution so as to limit valuation increases of real
2 property; to provide for ratification of prior and enactment of new exemptions and
3 assessment freezes; to provide for applicability; to provide for the submission of this
4 amendment for ratification or rejection; and for other purposes.

5 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 SECTION 1.

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

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

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18 however, that any taxation of intangible personal property may be repealed by general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

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

25 (A) Trailers;₂

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

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

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

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

50 (1) The property ~~must~~ shall be owned by:

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

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

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

56 (B) A family-owned farm corporation, the controlling interest of which is owned by
57 individuals related to each other within the fourth degree of civil reckoning, or which
58 is owned by an estate of which the devisee or heirs are one or more natural or
59 naturalized citizens, or which is owned by a trust of which the beneficiaries are one or
60 more natural or naturalized citizens, and such corporation derived 80 percent or more
61 of its gross income from bona fide agricultural pursuits within this state within the year
62 immediately preceding the year in which eligibility is sought;

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

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

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

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

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

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

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

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

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

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

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

115 (f)(1) Subject to the limitations of Paragraph IV of this section, the ~~The~~ General
116 Assembly shall provide by general law for the definition and methods of assessment and
117 taxation, such methods to include a formula based on current use, annual productivity,
118 and real property sales data, of 'forest land conservation use property' to include only
119 forest land each tract of which exceeds 200 acres of a qualified owner. Such methods of
120 assessment and taxation shall be subject to the following conditions:

121 (A) A qualified owner shall consist of any individual or individuals or any entity
122 registered to do business in this state;

123 (B) A qualified owner desiring the benefit of such methods of assessment and
124 taxation shall be required to enter into a covenant to continue the property in forest land
125 use;

126 (C) All contiguous forest land conservation use property of an owner within a county
127 for which forest land conservation use assessment is sought under this subparagraph
128 shall be in a single covenant;

129 (D) A breach of such covenant within 15 years shall result in a recapture of the tax
130 savings resulting from such methods of assessment and taxation and may result in other
131 appropriate penalties; and

132 (E) The General Assembly may provide by general law for a limited exception to the
133 200 acre requirement in the case of a transfer of ownership of all or a part of the forest
134 land conservation use property during a covenant period to another owner qualified to
135 enter into an original forest land conservation use covenant if the original covenant is
136 continued by both such acquiring owner and the transferor for the remainder of the

137 term, in which event no breach of the covenant shall be deemed to have occurred even
138 if the total size of a tract from which the transfer was made is reduced below 200 acres.

139 (2) No portion of an otherwise eligible tract of forest land conservation use property
140 shall be entitled to receive simultaneously special assessment and taxation under this
141 subparagraph and either subparagraph (c) or (e) of this Paragraph.

142 (3)(A) The General Assembly shall appropriate an amount for assistance grants to
143 counties, municipalities, and county and independent school districts to offset revenue
144 loss attributable to the implementation of this subparagraph. Such grants shall be made
145 in such manner and shall be subject to such procedures as may be specified by general
146 law.

147 (B) If the forest land conservation use property is located in a county, municipality,
148 or county or independent school district where forest land conservation use value
149 causes an ad valorem tax revenue reduction of 3 percent or less due to the
150 implementation of this subparagraph, in each taxable year in which such reduction
151 occurs, the assistance grants to the county, each municipality located therein, and the
152 county or independent school districts located therein shall be in an amount equal to 50
153 percent of the amount of such reduction.

154 (C) If the forest land conservation use property is located in a county, municipality,
155 or county or independent school district where forest land conservation use value
156 causes an ad valorem tax revenue reduction of more than 3 percent due to the
157 implementation of this subparagraph, in each taxable year in which such reduction
158 occurs, the assistance grants to the county, each municipality located therein, and the
159 county or independent school districts located therein shall be as follows:

160 (i) For the first 3 percent of such reduction amount, in an amount equal to 50
161 percent of the amount of such reduction; and

162 (ii) For the remainder of such reduction amount, in an amount equal to 100 percent
163 of the amount of such remaining reduction amount.

164 (4) Such revenue reduction shall be calculated by utilizing forest land fair market
165 value. For purposes of this subparagraph, forest land fair market value means the 2008
166 fair market value of the forest land. Such 2008 valuation may increase from one taxable
167 year to the next by a rate equal to the percentage change in the price index for gross
168 output of state and local government from the prior year to the current year as defined by
169 the National Income and Product Accounts and determined by the United States Bureau
170 of Economic Analysis and indicated by the Price Index for Government Consumption
171 Expenditures and General Government Gross Output (Table 3.10.4). Such revenue
172 reduction shall be determined by subtracting the aggregate forest land conservation use
173 value of qualified properties from the aggregate forest land fair market value of qualified

174 properties for the applicable tax year and the resulting amount shall be multiplied by the
175 millage rate of the county, municipality, or county or independent school district.

176 (5) For purposes of this subparagraph, the forest land conservation use value shall not
177 include the value of the standing timber located on forest land conservation use property.

178 (g) The General Assembly may provide for a different method and time of returns,
179 assessments, payment, and collection of ad valorem taxes of public utilities, but not on a
180 greater assessed percentage of value or at a higher rate of taxation than other properties,
181 except that property provided for in subparagraph (c), (d), (e), or (f) of this Paragraph.
182 Property under this subparagraph (g) shall be subject to the limitations under Paragraph IV
183 of this section only if provided by general law and only to the extent provided for in such
184 general law.

185 Paragraph IV. *Limitations on assessed value increases for real property.* (a)(1) Except
186 as otherwise provided in this Paragraph, the rate of increase of the assessed value of
187 real property for state, county, municipal, or educational ad valorem tax purposes shall
188 not exceed an aggregate of 9 percent for each three-year period of successive ownership
189 and, except as provided in this subparagraph, shall not exceed from one taxable year to
190 the succeeding taxable year the lesser of 3 percent or the percent change in the rate of
191 economic inflation on individual taxpayers as determined by the state revenue
192 commissioner. For such purpose, the state revenue commissioner may use the Consumer
193 Price Index for all urban consumers published by the Bureau of Labor Statistics of the
194 United States Department of Labor and any other reliable economic indicator determined
195 by the state revenue commissioner or such other designee as specified by general law to
196 be appropriate. Within such three-year period, such 3 percent limitation shall operate in
197 a cumulative manner so if an increase in one year is less than 3 percent, the 3 percent cap
198 for the next succeeding year shall be increased by an amount equal to the difference in
199 the actual percentage increase in the preceding year and 3 percent. Nothing in this
200 Paragraph shall be construed to prohibit the assessed value of property from decreasing.

201 (2) If real property or interests therein are sold or transferred, such real property shall
202 be valued for ad valorem tax purposes in an amount not to exceed fair market value.
203 Additions or improvements to such real property shall be valued for ad valorem tax
204 purposes at their fair market value and shall be added to the owner's valuation amount
205 under this subparagraph.

206 (3) In addition to any general law authorizing error or omission correction by local tax
207 officials, the state revenue commissioner shall be authorized to correct any manifest,
208 factual error or omission in the valuation of real property.

209 (b) The General Assembly shall be authorized by general law to further define and
210 implement the provisions of this Paragraph, including, but not limited to:

211 (1) The definition of a sale or transfer of real property or interests therein under
212 subparagraph (a)(2) of this Paragraph IV;

213 (2) Other circumstances that shall require a revaluation of the real property, including,
214 but not limited to, rezoning;

215 (3) The timing of the reassessments as a result of sale, transfer, additions, or
216 improvements; and

217 (4) The definition and methods of determining fair market value as applied to
218 nonresidential real property under subparagraph (a)(2) of this Paragraph, such methods
219 may include, but shall not be limited to, a formula based on current use, annual revenue,
220 and real property sales data.

221 (c) The General Assembly shall be authorized to provide by local or general law for base
222 year assessed value homestead exemptions that freeze the assessment of property with
223 respect to any or all ad valorem taxes. Any local or general law providing for base year
224 assessed value homestead exemptions that freeze the assessment of property with respect
225 to any or all ad valorem taxes enacted prior to January 1, 2011, shall be ratified expressly;
226 provided, however, that such ratification shall not be interpreted to imply that such laws
227 were invalid at the time they became law. The provisions of this Paragraph shall not apply
228 to any homestead's ad valorem taxes which are the subject of any such general or local law
229 exemption unless such general law or local law is repealed. In the event of such repeal, the
230 initial valuation amount of the homestead property for purposes of this Paragraph shall be
231 the taxable value of such property established as the initial base year assessed value of such
232 property; provided, however, that in the case of an adjusted base year assessed value
233 homestead exemption, the initial valuation amount of the homestead property for purposes
234 of this Paragraph shall be the taxable value of the property established as the most recent
235 adjusted base year assessed value applicable to such property.

236 (d) This Paragraph shall not apply to homestead real property in any county or
237 consolidated government for which a local constitutional amendment has been continued
238 in force and effect as part of this Constitution which freezes ad valorem property taxes with
239 respect to such homestead real property unless such local constitutional amendment is
240 repealed. In the event of such repeal, the initial valuation amount of each parcel of
241 homestead real property shall be the most recent taxable value of such parcel as established
242 under such local constitutional amendment.

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

248 (f) The General Assembly shall be authorized to discontinue the limitations under this
249 Paragraph by local law conditioned upon approval by a majority of the qualified electors
250 residing within the limits of a local taxing jurisdiction voting in a referendum thereon."

251 **SECTION 2.**

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

255 "() YES Shall the Constitution of Georgia be amended so as to limit valuation
256 increases of real property and to provide for ratification of prior and
257 () NO enactment of new exemptions and assessment freezes?"

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