

The House Committee on Rules offers the following substitute to SR 1:

A RESOLUTION

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

6 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 SECTION 1.

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

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

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 19 however, that any taxation of intangible personal property may be repealed by general  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

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

26 (A) Trailers;₂

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

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

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

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

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; and

75 (4) Property under this subparagraph (c) shall be subject to the limitations under  
76 Paragraph IV of this section only if provided by general law and only to the extent  
77 provided for in such general law.

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

88 (2) The General Assembly shall be authorized by general law to establish as a separate  
89 class of property for ad valorem tax purposes any tangible real property on which there  
90 have been releases of hazardous waste, constituents, or substances into the environment.  
91 For such purposes, the General Assembly is shall be authorized by general law to  
92 establish a program by which certain properties within such class may be assessed for  
93 taxes at different rates or valuations in order to encourage the cleanup, reuse, and  
94 redevelopment of such properties and to assist in the revitalization thereof by encouraging  
95 remedial action. Property under this subparagraph (d) shall be subject to the limitations  
96 under Paragraph IV of this section only if provided by general law and only to the extent  
97 provided for in such general law.

98 (e) The General Assembly shall provide by general law:

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

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

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

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

121 (3) Property under this subparagraph (e) shall be subject to the limitations under  
122 Paragraph IV of this section only if provided by general law and only to the extent  
123 provided for in such general law.

124 (f)(1) The General Assembly shall provide by general law for the definition and  
125 methods of assessment and taxation, such methods to include a formula based on current  
126 use, annual productivity, and real property sales data, of 'forest land conservation use  
127 property' to include only forest land each tract of which exceeds 200 acres of a qualified  
128 owner. Such methods of assessment and taxation shall be subject to the following  
129 conditions:

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

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

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

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

141 (E) The General Assembly may provide by general law for a limited exception to the  
142 200 acre requirement in the case of a transfer of ownership of all or a part of the forest  
143 land conservation use property during a covenant period to another owner qualified to  
144 enter into an original forest land conservation use covenant if the original covenant is  
145 continued by both such acquiring owner and the transferor for the remainder of the  
146 term, in which event no breach of the covenant shall be deemed to have occurred even  
147 if the total size of a tract from which the transfer was made is reduced below 200 acres.

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

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

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

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

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

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

173 (4) Such revenue reduction shall be calculated by utilizing forest land fair market  
 174 value. For purposes of this subparagraph, forest land fair market value means the 2008  
 175 fair market value of the forest land. Such 2008 valuation may increase from one taxable  
 176 year to the next by a rate equal to the percentage change in the price index for gross  
 177 output of state and local government from the prior year to the current year as defined by  
 178 the National Income and Product Accounts and determined by the United States Bureau  
 179 of Economic Analysis and indicated by the Price Index for Government Consumption  
 180 Expenditures and General Government Gross Output (Table 3.10.4). Such revenue  
 181 reduction shall be determined by subtracting the aggregate forest land conservation use  
 182 value of qualified properties from the aggregate forest land fair market value of qualified  
 183 properties for the applicable tax year and the resulting amount shall be multiplied by the  
 184 millage rate of the county, municipality, or county or independent school district.

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

187 (6) Property under this subparagraph (f) shall be subject to the limitations under  
 188 Paragraph IV of this section only if provided by general law and only to the extent  
 189 provided for in such general law.

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

197 Paragraph IV. *Limitations on assessed value increases for real property.* (a)(1) Except  
 198 as otherwise provided in this Paragraph, the rate of increase of the assessed value of  
 199 real property for state, county, municipal, or educational ad valorem tax purposes shall  
 200 not exceed an aggregate of 9 percent for each three-year period of successive ownership  
 201 and, except as provided in this subparagraph, shall not exceed from one taxable year to  
 202 the succeeding taxable year the lesser of 3 percent or the percent change in the rate of  
 203 economic inflation on individual taxpayers as determined by the state revenue  
 204 commissioner. For such purpose, the state revenue commissioner may use the Consumer  
 205 Price Index for all urban consumers published by the Bureau of Labor Statistics of the  
 206 United States Department of Labor and any other reliable economic indicator determined  
 207 by the state revenue commissioner or such other designee as specified by general law to

208 be appropriate. Within such three-year period, such 3 percent limitation shall operate in  
209 a cumulative manner so if an increase in one year is less than 3 percent, the 3 percent cap  
210 for the next succeeding year shall be increased by an amount equal to the difference in  
211 the actual percentage increase in the preceding year and 3 percent. Nothing in this  
212 Paragraph shall be construed to prohibit the assessed value of property from decreasing.

213 (2) If real property or interests therein are sold or transferred, such real property shall  
214 be valued for ad valorem tax purposes in an amount not to exceed fair market value.  
215 Substantial additions or improvements to such real property shall be valued for ad  
216 valorem tax purposes at their fair market value and shall be added to the owner's  
217 valuation amount under this subparagraph.

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

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

223 (1) The establishment of classes or subclasses of real property and methods of  
224 assessment and taxation, including percentage limitations applicable thereto;

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

227 (3) Other circumstances that shall require a revaluation of the real property, including,  
228 but not limited to, rezoning;

229 (4) The timing of the reassessments as a result of sale, transfer, additions, or  
230 improvements and the establishment of phase-in periods of assessment increases due to  
231 sales or transfers of property at such rate or rates and in such manner as determined by  
232 general law; and

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

237 (c) The General Assembly shall be authorized to provide by local or general law for base  
238 year assessed value homestead exemptions that freeze the assessment of property with  
239 respect to any or all ad valorem taxes. Any local or general law providing for base year  
240 assessed value homestead exemptions that freeze the assessment of property with respect  
241 to any or all ad valorem taxes enacted prior to January 1, 2011, shall be ratified expressly;  
242 provided, however, that such ratification shall not be interpreted to imply that such laws  
243 were invalid at the time they became law. The provisions of this Paragraph shall not apply  
244 to any homestead's ad valorem taxes which are the subject of any such general or local law

245 exemption unless such general law or local law is repealed. In the event of such repeal, the  
 246 initial valuation amount of the homestead property for purposes of this Paragraph shall be  
 247 the taxable value of such property established as the initial base year assessed value of such  
 248 property; provided, however, that in the case of an adjusted base year assessed value  
 249 homestead exemption, the initial valuation amount of the homestead property for purposes  
 250 of this Paragraph shall be the taxable value of the property established as the most recent  
 251 adjusted base year assessed value applicable to such property.

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

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

264 (f) The General Assembly shall be authorized to provide for procedures to discontinue  
 265 the limitations under this Paragraph conditioned upon approval by a majority of the  
 266 qualified electors residing within the limits of a county voting in a referendum thereon  
 267 which shall discontinue such limitations for ad valorem taxes for such county and each  
 268 municipality and each county or independent school system located in such county."

269 **SECTION 2.**

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

273 " YES Shall property taxes in Georgia be reformed by limiting increases of the  
 274 value of real property through an amendment to the Constitution of  
 275  NO Georgia?"

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

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