

House Bill 66

By: Representative Rice of the 95<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and  
2 taxation, so as to revise provisions of law regarding state and local title ad valorem tax fees;  
3 to revise definitions regarding such fees; to revise the time for submitting such fees and  
4 penalties for failure to submit such fees timely; to provide for the payment of such fees over  
5 time in certain circumstances; to clarify the provisions of law regarding rental motor  
6 vehicles; to extend the period of time which a loaner vehicle may be removed from  
7 inventory; to provide for a title ad valorem tax fee for leased vehicles; to clarify the  
8 provisions of law regarding the application of title ad valorem tax fees to certain title  
9 transactions; to provide for motor vehicles titled in other states but based in this state; to  
10 exclude the application of certain sales and use taxes to motor vehicle sales; to provide that  
11 no sales and use taxes shall be imposed upon state and local title ad valorem tax fees imposed  
12 as a part of the purchase price of a motor vehicle or as a part of payments under a finance  
13 arrangement with the dealer for the purchase of the motor vehicle; to provide for related  
14 matters; to provide an effective date; to repeal conflicting laws; and for other purposes.

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

16 style="text-align:center">**SECTION 1.**

17 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is  
18 amended by revising Code Section 48-5C-1, relating to definitions, exemption from taxation,  
19 allocation and disbursement of proceeds collected by tag agents, fair market value of vehicle  
20 appealable, and reports, as follows:

21 "48-5C-1.

22 (a) As used in this Code section, the term:

23 (1) 'Fair market value of the motor vehicle' means:

24 (A) ~~The~~ For a used motor vehicle, the average of the current fair market value and the  
25 current wholesale value of a motor vehicle for a vehicle listed in the current motor  
26 vehicle ad valorem assessment manual utilized by the state revenue commissioner in

27 determining the taxable value of a motor vehicle under Code Section 48-5-442 and, in  
 28 the case of a used car dealer, excluding any reduction for the trade-in value of another  
 29 motor vehicle;

30 (B) For a used motor vehicle which is not so listed in such current motor vehicle ad  
 31 valorem assessment manual, the value from the bill of sale or the value from a reputable  
 32 used car market guide designated by the commissioner, whichever is greater, and, in the  
 33 case of a used car dealer, excluding any reduction for the trade-in value of another  
 34 motor vehicle; or

35 ~~(C) The fair market value determined by the state revenue commissioner from the bill~~  
 36 ~~of sale of a new motor vehicle for which there is no value under subparagraph (A) of~~  
 37 ~~this paragraph~~ For a new motor vehicle, the retail selling price or, in the case of a lease  
 38 of a new motor vehicle, the agreed upon value of the vehicle pursuant to the lease  
 39 agreement, including labor, freight, delivery, and similar charges and dealer add-ons  
 40 and mark-ups, less excluding any rebate; and before any reduction for the trade-in value  
 41 of another motor vehicle; any extended warranty or maintenance agreement itemized  
 42 on the dealer's invoice to the customer; any finance, insurance, and interest charges for  
 43 deferred payments billed separately; and any cash discounts provided by the selling  
 44 dealer and taken at the time of sale.

45 (2) 'Immediate family member' means spouse, parent, child, sibling, grandparent, or  
 46 grandchild.

47 (3) 'Loaner vehicle' means a motor vehicle owned by a dealer which is withdrawn  
 48 temporarily from dealer inventory for exclusive use as a courtesy vehicle loaned at no  
 49 charge for a period not to exceed 30 days within a calendar year to any one customer  
 50 whose motor vehicle is being serviced by such dealer.

51 (4) 'Rental charge' means the total value received by a rental motor vehicle concern for  
 52 the rental or lease for 31 or fewer consecutive days of a rental motor vehicle, including  
 53 the total cash and nonmonetary consideration for the rental or lease, including, but not  
 54 limited to, charges based on time or mileage and charges for insurance coverage or  
 55 collision damage waiver but excluding all charges for motor fuel taxes or sales and use  
 56 taxes.

57 (5) 'Rental motor vehicle' means a motor vehicle designed to carry ~~ten~~ 44 or fewer  
 58 passengers and used primarily for the transportation of persons that is rented or leased  
 59 without a driver.

60 (6) 'Rental motor vehicle concern' means a person or legal entity which owns or leases  
 61 five or more rental motor vehicles and which regularly rents or leases such vehicles to the  
 62 public for value.

63 (7) 'Trade-in value' means the value of the motor vehicle as stated in the bill of sale for  
 64 a vehicle which has been traded in to the dealer in a transaction involving the purchase  
 65 of another vehicle from the dealer.

66 (b)(1)(A) Except as otherwise provided in this subsection, any motor vehicle for which  
 67 a title is issued in this state on or after March 1, 2013, shall be exempt from sales and  
 68 use taxes to the extent provided under paragraph ~~(92)~~ (95) of Code Section 48-8-3 and  
 69 shall not be subject to the ad valorem tax as otherwise required under Chapter 5 of ~~Title~~  
 70 ~~48~~ this title. Any such motor vehicle shall be titled as otherwise required under Title  
 71 40 but shall be subject to a state title fee and a local title fee which shall be alternative  
 72 ad valorem taxes as authorized by Article VII, Section I, Paragraph III(b)(3) of the  
 73 Georgia Constitution. Motor vehicles titled and registered under the International  
 74 Registration Plan shall not be subject to state and local title ad valorem tax fees but  
 75 shall continue to be subject to apportioned ad valorem taxation under Article 10 of  
 76 Chapter 5 of this title.

77 (B)(i) As used in this subparagraph, the term:

78 (I) 'Local base amount' means \$1 billion.

79 (II) 'Local current collection amount' means the total amount of sales and use taxes  
 80 on the sale of motor vehicles under Chapter 8 of this title and motor vehicle local  
 81 ad valorem tax proceeds ~~collected~~ under this Code section and Chapter 5 of this title  
 82 which were collected during the calendar year which immediately precedes the tax  
 83 year in which the title ad valorem tax adjustments are required to be made under this  
 84 subparagraph.

85 (III) 'Local target collection amount' means an amount equal to the local base  
 86 amount added to the product of 2 percent of the local base amount multiplied by the  
 87 number of years since 2012 with a maximum amount of \$1.2 billion.

88 (IV) 'State base amount' means \$535 million.

89 (V) 'State current collection amount' means the total amount of sales and use taxes  
 90 on the sale of motor vehicles under Chapter 8 of this title and motor vehicle state ad  
 91 valorem tax proceeds ~~collected~~ under this Code section and Chapter 5 of this title  
 92 which were collected during the calendar year which immediately precedes the tax  
 93 year in which the state and local title ad valorem tax rate is to be reviewed for  
 94 adjustment under division (xiv) of this subparagraph. Notwithstanding the other  
 95 provisions of this subdivision to the contrary, the term 'state current collection  
 96 amount' for the 2014 calendar year for the purposes of the 2015 review under  
 97 division (xiv) of this subparagraph shall be adjusted so that such amount is equal to  
 98 the amount of motor vehicle state ad valorem tax proceeds that would have been  
 99 collected under this Code section in 2014 if the combined state and local title ad

100 valorem tax rate was 7 percent of the fair market value of the motor vehicle less any  
101 trade-in value plus the total amount of motor vehicle state ad valorem tax proceeds  
102 collected under Chapter 5 of this title during 2014.

103 (VI) 'State target collection amount' means an amount equal to the state base  
104 amount added to the product of 2 percent of the state base amount multiplied by the  
105 number of years since 2012.

106 (ii) The combined state and local title ad valorem tax shall be at a rate equal to:

107 (I) For the period commencing March 1, 2013, through December 31, 2013, 6.5  
108 percent of the fair market value of the motor vehicle ~~less any trade-in value~~;

109 (II) For the 2014 tax year, 6.75 percent of the fair market value of the motor vehicle  
110 ~~less any trade-in value~~; and

111 (III) Except as provided in division (xiv) of this subparagraph, for the 2015 and  
112 subsequent tax years, 7 percent of the fair market value of the motor vehicle ~~less  
113 any trade-in value~~.

114 (iii) For the period commencing March 1, 2013, through December 31, 2013, the  
115 state title ad valorem tax shall be at a rate equal to 57 percent of the tax rate specified  
116 in division (ii) of this subparagraph, and the local title ad valorem tax shall be at a rate  
117 equal to 43 percent of the tax rate specified in division (ii) of this subparagraph.

118 (iv) For the 2014 tax year, the state title ad valorem tax shall be at a rate equal to 55  
119 percent of the tax rate specified in division (ii) of this subparagraph, and the local title  
120 ad valorem tax shall be at a rate equal to 45 percent of the tax rate specified in  
121 division (ii) of this subparagraph.

122 (v) For the 2015 tax year, the state title ad valorem tax shall be at a rate equal to 55  
123 percent of the tax rate specified in division (ii) of this subparagraph, and the local title  
124 ad valorem tax shall be at a rate equal to 45 percent of the tax rate specified in  
125 division (ii) of this subparagraph.

126 (vi) For the 2016 tax year, except as otherwise provided in division (xiii) of this  
127 subparagraph, the state title ad valorem tax shall be at a rate equal to 53.5 percent of  
128 the tax rate specified in division (ii) of this subparagraph, and the local title ad  
129 valorem tax shall be at a rate equal to 46.5 percent of the tax rate specified in division  
130 (ii) of this subparagraph.

131 (vii) For the 2017 tax year, except as otherwise provided in divisions (xiii) and (xiv)  
132 of this subparagraph, the state title ad valorem tax shall be at a rate equal to 44 percent  
133 of the tax rate specified in division (ii) of this subparagraph, and the local title ad  
134 valorem tax shall be at a rate equal to 56 percent of the tax rate specified in division  
135 (ii) of this subparagraph.

136 (viii) For the 2018 tax year, except as otherwise provided in division (xiii) of this  
137 subparagraph, the state title ad valorem tax shall be at a rate equal to 40 percent of the  
138 tax rate specified in division (ii) of this subparagraph, and the local title ad valorem  
139 tax shall be at a rate equal to 60 percent of the tax rate specified in division (ii) of this  
140 subparagraph.

141 (ix) For the 2019 tax year, except as otherwise provided in divisions (xiii) and (xiv)  
142 of this subparagraph, the state title ad valorem tax shall be at a rate equal to 36 percent  
143 of the tax rate specified in division (ii) of this subparagraph, and the local title ad  
144 valorem tax shall be at a rate equal to 64 percent of the tax rate specified in division  
145 (ii) of this subparagraph.

146 (x) For the 2020 tax year, except as otherwise provided in division (xiii) of this  
147 subparagraph, the state title ad valorem tax shall be at a rate equal to 34 percent of the  
148 tax rate specified in division (ii) of this subparagraph, and the local title ad valorem  
149 tax shall be at a rate equal to 66 percent of the tax rate specified in division (ii) of this  
150 subparagraph.

151 (xi) For the 2021 tax year, except as otherwise provided in division (xiii) of this  
152 subparagraph, the state title ad valorem tax shall be at a rate equal to 30 percent of the  
153 tax rate specified in division (ii) of this subparagraph, and the local title ad valorem  
154 tax shall be at a rate equal to 70 percent of the tax rate specified in division (ii) of this  
155 subparagraph.

156 (xii) For the 2022 and all subsequent tax years, except as otherwise provided in  
157 division (xiii) of this subparagraph for tax years 2022, 2023, and 2024 and except as  
158 otherwise provided in division (xiv) of this subparagraph for tax year 2023, the state  
159 title ad valorem tax shall be at a rate equal to 28 percent of the tax rate specified in  
160 division (ii) of this subparagraph, and the local title ad valorem tax shall be at a rate  
161 equal to 72 percent of the tax rate specified in division (ii) of this subparagraph.

162 (xiii) Beginning in 2016, by not later than January 15 of each tax year through the  
163 2022 tax year, the state revenue commissioner shall determine the local target  
164 collection amount and the local current collection amount for the preceding calendar  
165 year. If such local current collection amount is equal to or within 1 percent of the  
166 local target collection amount, then the state title ad valorem tax rate and the local title  
167 ad valorem tax rate for such tax year shall remain at the rate specified in this  
168 subparagraph for that year. If the local current collection amount is more than 1  
169 percent greater than the local target collection amount, then the local title ad valorem  
170 tax rate for such tax year shall be reduced automatically by operation of this division  
171 by such percentage amount as may be necessary so that, if such rate had been in effect  
172 for the calendar year under review, the local current collection amount would have

173 produced an amount equal to the local target collection amount, and the state title ad  
174 valorem tax rate for such tax year shall be increased by an equal amount to maintain  
175 the combined state and local title ad valorem tax rate at the rate specified in  
176 division (ii) of this subparagraph. If the local current collection amount is more than  
177 1 percent less than the local target collection amount, then the local title ad valorem  
178 tax rate for such tax year shall be increased automatically by operation of this division  
179 by such percentage amount as may be necessary so that, if such rate had been in effect  
180 for the calendar year under review, the local current collection amount would have  
181 produced an amount equal to the local target collection amount, and the state title ad  
182 valorem tax rate for such tax year shall be reduced by an equal amount to maintain the  
183 combined state and local title ad valorem tax rate at the rate specified in division (ii)  
184 of this subparagraph. In the event of an adjustment of such ad valorem tax rates, by  
185 not later than January 31 of such tax year, the state revenue commissioner shall notify  
186 the tax commissioner of each county in this state of the adjusted rate amounts. The  
187 effective date of such adjusted rate amounts shall be January 1 of such tax year.

188 (xiv) In tax years 2015, 2018, and 2022, by not later than July 1 of each such tax  
189 year, the state revenue commissioner shall determine the state target collection  
190 amount and the state current collection amount for the preceding calendar year. If  
191 such state current collection amount is greater than, equal to, or within 1 percent of  
192 the state target collection amount after making the adjustment, if any, required in  
193 division (xiii) of this subparagraph, then the combined state and local title ad valorem  
194 tax rate provided in division (ii) of this subparagraph shall remain at the rate specified  
195 in such division. If the state current collection amount is more than 1 percent less  
196 than the state target collection amount after making the adjustment, if any, required  
197 by division (xiii) of this subparagraph, then the combined state and local title ad  
198 valorem tax rate provided in division (ii) of this subparagraph shall be increased  
199 automatically by operation of this division by such percentage amount as may be  
200 necessary so that, if such rate had been in effect for the calendar year under review,  
201 the state current collection amount would have produced an amount equal to the state  
202 target collection amount, and the state title ad valorem tax rate and the local title ad  
203 valorem tax rate for the tax year in which such increase in the combined state and  
204 local title ad valorem tax rate shall become effective shall be adjusted from the rates  
205 specified in this subparagraph or division (xiii) of this subparagraph for such tax year  
206 such that the proceeds from such increase in the combined state and local title ad  
207 valorem tax rate shall be allocated in full to the state. In the event of an adjustment  
208 of the combined state and local title ad valorem tax rate, by not later than August 31  
209 of such tax year, the state revenue commissioner shall notify the tax commissioner of

210 each county in this state of the adjusted combined state and local title ad valorem tax  
 211 rate for the next calendar year. The effective date of such adjusted combined state  
 212 and local title ad valorem tax rate shall be January 1 of the next calendar year.  
 213 Notwithstanding the provisions of this division, the combined state and local title ad  
 214 valorem tax rate shall not exceed 9 percent.

215 (xv) The state revenue commissioner shall promulgate such rules and regulations as  
 216 may be necessary and appropriate to implement and administer this Code section,  
 217 including, but not limited to, rules and regulations regarding appropriate public  
 218 notification of any changes in rate amounts and the effective date of such changes and  
 219 rules and regulations regarding appropriate enforcement and compliance procedures  
 220 and methods for the implementation and operation of this Code section.

221 (C) The application for title and the state and local title ad valorem tax fees provided  
 222 for in subparagraph (A) of this paragraph shall be paid to the tag agent in the county ~~in~~  
 223 ~~which the purchaser registers such motor vehicle~~ where the motor vehicle is to be  
 224 registered and shall be paid at the time ~~the purchaser applies for a title and registers~~  
 225 ~~such motor vehicle~~ the application for a certificate of title is submitted or, in the case  
 226 of an electronic title transaction, at the time when the electronic title transaction is  
 227 finalized. In an electronic title transaction, the state and local title ad valorem tax fees  
 228 shall be remitted electronically directly to the county tag agent by the department or an  
 229 authorized agent of the department. A dealer of new or used motor vehicles may accept  
 230 such application for title and state and local title ad valorem tax fees on behalf of the  
 231 purchaser of a new or used motor vehicle for the purpose of ~~delivering~~ submitting or,  
 232 in the case of an electronic title application, finalizing such title application and  
 233 remitting state and local title ad valorem tax fees ~~to the county tag agent to obtain a tag~~  
 234 ~~and title for the purchaser of such motor vehicle.~~

235 (D) There shall be a penalty imposed on any person who, in the determination of the  
 236 commissioner, falsifies any information in any bill of sale used for purposes of  
 237 determining the fair market value of the motor vehicle. Such penalty shall not exceed  
 238 \$2,500.00 as a state penalty and shall not exceed \$2,500.00 as a local penalty as  
 239 determined by the commissioner. Such determination shall be made within 60 days of  
 240 the commissioner receiving information of a possible violation of this paragraph.

241 (E)(i) During the period from March 1, 2013, through June 30, 2013, except in the  
 242 case in which an extension of the registration period has been granted by the county  
 243 tag agent under Code Section 40-2-20, a A dealer of new or used motor vehicles that  
 244 accepts an application for title and state and local title ad valorem tax fees from a  
 245 purchaser of a new or used motor vehicle and does not ~~transmit~~ submit or, in the case  
 246 of an electronic title transaction, finalize such application for title and remit such state

247 and local title ad valorem tax fees to the county tag agent within 10 days following  
 248 the date of purchase shall be liable to the county tag agent for an amount ~~equal to 5~~  
 249 ~~percent of the amount of such state and local title ad valorem tax fees of \$10.00. An~~  
 250 additional penalty of \$25.00 shall be imposed if such payment is not transmitted  
 251 within 30 days following the date of purchase. An additional ~~5-percent~~ penalty of  
 252 \$50.00 shall be imposed if such payment is not transmitted within 60 days following  
 253 the date of purchase and a penalty of \$100.00 for each subsequent ~~month~~ 30 day  
 254 period in which the payment is not transmitted.

255 (ii) On and after July 1, 2013, except in the case in which an extension of the  
 256 registration period has been granted by the county tag agent under Code  
 257 Section 40-2-20, a dealer of new or used motor vehicles that accepts an application  
 258 for title and state and local title ad valorem tax fees from a purchaser of a new or used  
 259 motor vehicle and does not submit or, in the case of an electronic title transaction,  
 260 finalize such application for title and remit such state and local title ad valorem tax  
 261 fees to the county tag agent within 30 days following the date of purchase shall be  
 262 liable to the county tag agent for an amount of \$25.00. An additional penalty of  
 263 \$50.00 shall be imposed if such payment is not transmitted within 60 days following  
 264 the date of purchase and a penalty of \$100.00 for each subsequent 30 day period in  
 265 which the payment is not transmitted.

266 (F) A dealer of new or used motor vehicles that accepts an application for title and state  
 267 and local title ad valorem tax fees from a purchaser of a new or used motor vehicle and  
 268 converts such fees to his or her own use shall be guilty of theft by conversion and, upon  
 269 conviction, shall be punished as provided in Code Section 16-8-12.

270 (G)(i) During the period beginning March 1, 2013, through June 30, 2013, a dealer  
 271 of used motor vehicles that directly finances the sale of a used motor vehicle shall pay  
 272 the full amount of the state and local title ad valorem tax fees due at the time of the  
 273 sale of the motor vehicle.

274 (ii) During the period beginning July 1, 2013, through February 28, 2014, a dealer  
 275 of used motor vehicles that directly finances the sale of a used motor vehicle and that  
 276 has registered with the department in accordance with the provisions of this  
 277 subparagraph may elect to pay the state and local title ad valorem tax fees due on the  
 278 sale of such motor vehicle by paying an initial payment of 50 percent of the amount  
 279 of the state and local title ad valorem tax fees at the time of the sale of the motor  
 280 vehicle and paying the remaining 50 percent of the amount of the state and local title  
 281 ad valorem tax fees 12 months after the sale of the motor vehicle.

282 (iii) Beginning March 1, 2014, a dealer of used motor vehicles that directly finances  
 283 the sale of a used motor vehicle and that has registered with the department may elect



284 to pay the state and local title ad valorem tax fees due on the sale of such motor  
 285 vehicle by paying an initial payment of 20 percent of the amount of the state and local  
 286 title ad valorem tax fees at the time of the sale of the motor vehicle, paying 30 percent  
 287 of the amount of the state and local title ad valorem tax fees 12 months after the sale  
 288 of the motor vehicle, and paying the remainder of the amount of the state and local  
 289 title ad valorem tax fees 24 months after the sale of the motor vehicle; provided,  
 290 however, that in no event shall such payments extend beyond the term of the  
 291 financing agreement.

292 (iv) The department shall impose an annual registration fee of \$100.00 on such  
 293 dealers that directly finance the sale of used motor vehicles. In such case, the  
 294 department shall retain the title of such motor vehicle until such state and local ad  
 295 valorem tax fees are paid in full. In the event that the purchaser defaults under the  
 296 financing agreement and the dealer retakes possession of the motor vehicle, the dealer  
 297 shall pay the remaining amount of the state and local title ad valorem tax fees within  
 298 30 days of retaking possession of the motor vehicle and, upon the submission of the  
 299 appropriate application, documentation, and all applicable fees, the department shall  
 300 issue the title for the motor vehicle to the dealer.

301 (2) A person or entity acquiring a salvage title pursuant to subsection (b) of Code  
 302 Section 40-3-36 shall not be subject to the fee specified in paragraph (1) of this  
 303 subsection but shall be subject to a state title ad valorem tax fee in an amount equal to 1  
 304 percent of the fair market value of the motor vehicle. Such state title ad valorem tax fee  
 305 shall be an alternative ad valorem tax as authorized by Article VII, Section I, Paragraph  
 306 III(b)(3) of the Georgia Constitution.

307 (c)(1) The amount of proceeds collected by tag agents each month as state and local title  
 308 ad valorem tax fees, state salvage title ad valorem tax fees, administrative fees, penalties,  
 309 and interest pursuant to subsection (b) of this Code section shall be allocated and  
 310 disbursed as provided in this subsection.

311 (2) For the 2013 tax year and in each subsequent tax year, the amount of such funds shall  
 312 be disbursed within 30 days following the end of each calendar month as follows:

313 (A) State title ad valorem tax fees, state salvage title ad valorem tax fees,  
 314 administrative fees, penalties, and interest shall be remitted to the state revenue  
 315 commissioner who shall deposit such proceeds in the general fund of the state less an  
 316 amount to be retained by the tag agent not to exceed 1 percent of the total amount  
 317 otherwise required to be remitted under this subparagraph to defray the cost of  
 318 administration. Such retained amount shall be remitted to the collecting county's  
 319 general fund. Failure by the tag agent to disburse within such 30 day period shall result

320 in a forfeiture of such administrative fee plus interest on such amount at the rate  
321 specified in Code Section 48-2-40; and

322 (B) Local title ad valorem tax fees, administrative fees, penalties, and interest shall be  
323 designated as local government ad valorem tax funds. The tag agent shall then  
324 distribute the proceeds as specified in paragraph (3) of this subsection.

325 (3) The local title ad valorem tax fee proceeds required under this subsection shall be  
326 distributed as follows:

327 (A) The tag agent of the county shall within 30 days following the end of each calendar  
328 month allocate and distribute to the county governing authority and to municipal  
329 governing authorities, the board of education of the county school district, and the  
330 board of education of any independent school district located in such county an amount  
331 of those proceeds necessary to offset any reduction in ad valorem tax on motor vehicles  
332 collected under Chapter 5 of ~~Title 48~~ this title in the taxing jurisdiction of each  
333 governing authority and school district from the amount of ad valorem taxes on motor  
334 vehicles collected under Chapter 5 of ~~Title 48~~ this title in each such governing authority  
335 and school district during the same calendar month of 2012. This reduction shall be  
336 calculated by subtracting the amount of ad valorem tax on motor vehicles collected  
337 under Chapter 5 of ~~Title 48~~ this title in each such taxing jurisdiction from the amount  
338 of ad valorem tax on motor vehicles collected under Chapter 5 of ~~Title 48~~ this title in  
339 that taxing jurisdiction in the same calendar month of 2012. In the event that the local  
340 title ad valorem tax fee proceeds are insufficient to fully offset such reduction in ad  
341 valorem taxes on motor vehicles, the tag agent shall allocate a proportionate amount of  
342 the proceeds to each governing authority and to the board of education of each such  
343 school district, and any remaining shortfall shall be paid from the following month's  
344 local title ad valorem tax fee proceeds. In the event that a shortfall remains, the tag  
345 agent shall continue to first allocate local title ad valorem tax fee proceeds to offset  
346 such shortfalls until the shortfall has been fully repaid; and

347 (B) Of the proceeds remaining following the allocation and distribution under  
348 subparagraph (A) of this paragraph, the tag agent shall allocate and distribute to the  
349 county governing authority and to municipal governing authorities, the board of  
350 education of the county school district, and the board of education of any independent  
351 school district located in such county the remaining amount of those proceeds in the  
352 manner provided in this subparagraph. Such proceeds shall be deposited in the general  
353 fund of such governing authority or board of education and shall not be subject to any  
354 use or expenditure requirements provided for under any of the following described local  
355 sales and use taxes but shall be authorized to be expended in the same manner as  
356 authorized for the ad valorem tax revenues on motor vehicles under Chapter 5 of ~~Title~~

357 ~~48~~ this title which would otherwise have been collected for such governing authority  
 358 or board of education. Of such remaining proceeds:

359 (i) An amount equal to one-third of such proceeds shall be distributed to the board  
 360 of education of the county school district and the board of education of each  
 361 independent school district located in such county in the same manner as required for  
 362 any local sales and use tax for educational purposes levied pursuant to Part 2 of  
 363 Article 3 of Chapter 8 of ~~Title 48~~ this title currently in effect. If such tax is not  
 364 currently in effect, such proceeds shall be distributed to such board or boards of  
 365 education in the same manner as if such tax were in effect;

366 (ii)(I) Except as otherwise provided in this division, an amount equal to one-third  
 367 of such proceeds shall be distributed to the governing authority of the county and  
 368 the governing authority of each qualified municipality located in such county in the  
 369 same manner as specified under the distribution certificate for the joint county and  
 370 municipal sales and use tax under Article 2 of Chapter 8 of ~~Title 48~~ this title  
 371 currently in effect.

372 (II) If such tax were never in effect, such proceeds shall be distributed to the  
 373 governing authority of the county and the governing authority of each qualified  
 374 municipality located in such county on a pro rata basis according to the ratio of the  
 375 population that each such municipality bears to the population of the entire county.

376 (III) If such tax is currently in effect as well as a local option sales and use tax for  
 377 educational purposes levied pursuant to a local constitutional amendment, an  
 378 amount equal to one-third of such proceeds shall be distributed in the same manner  
 379 as required under subdivision (I) of this division and an amount equal to one-third  
 380 of such proceeds shall be distributed to the board of education of the county school  
 381 district.

382 (IV) If such tax is not currently in effect and a local option sales and use tax for  
 383 educational purposes levied pursuant to a local constitutional amendment is  
 384 currently in effect, such proceeds shall be distributed to the board of education of  
 385 the county school district and the board of education of any independent school  
 386 district in the same manner as required under that local constitutional amendment.

387 (V) If such tax is not currently in effect and a homestead option sales and use tax  
 388 under Article 2A of Chapter 8 of ~~Title 48~~ this title is in effect, such proceeds shall  
 389 be distributed to the governing authority of the county, each qualified municipality,  
 390 and each existing municipality in the same proportion as otherwise required under  
 391 Code Section 48-8-104; and

392 (iii)(I) An amount equal to one-third of such proceeds shall be distributed to the  
 393 governing authority of the county and the governing authority of each qualified

394 municipality located in such county in the same manner as specified under an  
 395 intergovernmental agreement or as otherwise required under the county special  
 396 purpose local option sales and use tax under Part 1 of Article 3 of Chapter 8 of ~~Title~~  
 397 ~~48~~ this title currently in effect; provided, however, that this subdivision shall not  
 398 apply if subdivision (III) of division (ii) of this subparagraph is applicable.

399 (II) If such tax were in effect but expired and is not currently in effect, such  
 400 proceeds shall be distributed to the governing authority of the county and the  
 401 governing authority of each qualified municipality located in such county in the  
 402 same manner as if such tax were still in effect according to the intergovernmental  
 403 agreement or as otherwise required under the county special purpose local sales and  
 404 use tax under Part 1 of Article 3 of Chapter 8 of ~~Title 48~~ this title for the 12 month  
 405 period commencing at the expiration of such tax. If such tax is not renewed prior  
 406 to the expiration of such 12 month period, such amount shall be distributed in  
 407 accordance with subdivision (I) of division (ii) of this subparagraph; provided,  
 408 however, that if a tax under Article 2 of Chapter 8 of ~~Title 48~~ this title is not in  
 409 effect, such amount shall be distributed in accordance with subdivision (II) of  
 410 division (ii) of this subparagraph.

411 (III) If such tax is not currently in effect in a county in which a tax is levied for  
 412 purposes of a metropolitan area system of public transportation, as authorized by the  
 413 amendment to the Constitution set out at Ga. L. 1964, p. 1008; the continuation of  
 414 such amendment under Article XI, Section I, Paragraph IV(d) of the Constitution;  
 415 and the laws enacted pursuant to such constitutional amendment, such proceeds  
 416 shall be distributed to the governing body of the authority created by local Act to  
 417 operate such metropolitan area system of public transportation.

418 (IV) If such tax were never in effect, such proceeds shall be distributed in the same  
 419 manner as specified under the distribution certificate for the joint county and  
 420 municipal sales and use tax under Article 2 of Chapter 8 of ~~Title 48~~ this title  
 421 currently in effect; provided, however, that if such tax under such article is not in  
 422 effect, such proceeds shall be distributed to the governing authority of the county  
 423 and the governing authority of each qualified municipality located in such county  
 424 on a pro rata basis according to the ratio of the population that each such  
 425 municipality bears to the population of the entire county.

426 (d)(1)(A) Upon the death of an owner of a motor vehicle which has not become subject  
 427 to paragraph (1) of subsection (b) of this Code section, the immediate family member  
 428 or immediate family members of such owner who receive such motor vehicle pursuant  
 429 to a will or under the rules of inheritance shall, subsequent to the transfer of title of such  
 430 motor vehicle, continue to be subject to ad valorem tax under Chapter 5 of ~~Title 48~~ this

431 title and shall not be subject to the state and local title ad valorem tax fees provided for  
432 in paragraph (1) of subsection (b) of this Code section unless the immediate family  
433 member or immediate family members make an affirmative written election to become  
434 subject to paragraph (1) of subsection (b) of this Code section. In the event of such  
435 election, such transfer shall be subject to the state and local title ad valorem tax fees  
436 provided for in paragraph (1) of subsection (b) of this Code section.

437 (B) Upon the death of an owner of a motor vehicle which has become subject to  
438 paragraph (1) of subsection (b) of this Code section, the immediate family member or  
439 immediate family members of such owner who receive such motor vehicle pursuant to  
440 a will or under the rules of inheritance shall be subject to a state title ad valorem tax fee  
441 in an amount equal to one-quarter of 1 percent of the fair market value of the motor  
442 vehicle and a local title ad valorem tax fee in an amount equal to one-quarter of 1  
443 percent of the fair market value of the motor vehicle. Such title ad valorem tax fees  
444 shall be an alternative ad valorem tax as authorized by Article VII, Section I, Paragraph  
445 III(b)(3) of the Georgia Constitution.

446 (2)(A) Upon the transfer from an immediate family member of a motor vehicle which  
447 has not become subject to paragraph (1) of subsection (b) of this Code section, the  
448 immediate family member or immediate family members who receive such motor  
449 vehicle shall, subsequent to the transfer of title of such motor vehicle, continue to be  
450 subject to ad valorem tax under Chapter 5 of ~~Title 48~~ this title and shall not be subject  
451 to the state and local title ad valorem tax fees provided for in paragraph (1) of  
452 subsection (b) of this Code section unless the immediate family member or immediate  
453 family members make an affirmative written election to become subject to paragraph  
454 (1) of subsection (b) of this Code section. In the event of such election, such transfer  
455 shall be subject to the state and local title ad valorem tax fees provided for in paragraph  
456 (1) of subsection (b) of this Code section.

457 (B) Upon the transfer from an immediate family member of a motor vehicle which has  
458 become subject to paragraph (1) of subsection (b) of this Code section, the immediate  
459 family member who receives such motor vehicle shall transfer title of such motor  
460 vehicle to such recipient family member and shall be subject to a state title ad valorem  
461 tax fee in an amount equal to one-quarter of 1 percent of the fair market value of the  
462 motor vehicle and a local title ad valorem tax fee in an amount equal to one-quarter of  
463 1 percent of the fair market value of the motor vehicle. Such title ad valorem tax fees  
464 shall be an alternative ad valorem tax as authorized by Article VII, Section I, Paragraph  
465 III(b)(3) of the Georgia Constitution.

466 (C) Any title transfer under this paragraph shall be accompanied by an affidavit of the  
467 transferor and transferee that such persons are immediate family members to one

468 another. There shall be a penalty imposed on any person who, in the determination of  
469 the state revenue commissioner, falsifies any material information in such affidavit.  
470 Such penalty shall not exceed \$2,500.00 as a state penalty and shall not exceed  
471 \$2,500.00 as a local penalty as determined by the state revenue commissioner. Such  
472 determination shall be made within 60 days of the state revenue commissioner  
473 receiving information of a possible violation of this paragraph.

474 (3) Any individual who:

475 (A) Is required by law to register a motor vehicle or motor vehicles in this state which  
476 were registered in the state in which such person formerly resided; and

477 (B) Is required to file an application for a certificate of title under Code Section  
478 40-3-21 or 40-3-32

479 shall only be required to pay state and local title ad valorem tax fees in the amount of 50  
480 percent of the amount which would otherwise be due and payable under this subsection  
481 at the time of filing the application for a certificate of title, and the remaining 50 percent  
482 shall be paid within 12 months.

483 (4) The state and local title ad valorem tax fees provided for under this Code section  
484 shall not apply to corrected titles, replacement titles under Code Section 40-3-31, or titles  
485 reissued to the same owner pursuant to Code Sections 40-3-50 through 40-3-56.

486 (5) Any motor vehicle subject to state and local title ad valorem tax fees under paragraph  
487 (1) of subsection (b) of this Code section shall continue to be subject to the title, license  
488 plate, revalidation decal, and registration requirements and applicable fees as otherwise  
489 provided in Title 40 in the same manner as motor vehicles which are not subject to state  
490 and local title ad valorem tax fees under paragraph (1) of subsection (b) of this Code  
491 section.

492 (6) Motor vehicles owned or leased by or to the state or any county, consolidated  
493 government, municipality, county or independent school district, or other government  
494 entity in this state shall not be subject to the state and local title ad valorem tax fees  
495 provided for under paragraph (1) of subsection (b) of this Code section; provided,  
496 however, that such other government entity shall not qualify for the exclusion under this  
497 paragraph unless it is exempt from ad valorem tax and sales and use tax pursuant to  
498 general law.

499 (7)(A) Any motor vehicle which is exempt from sales and use tax pursuant to  
500 paragraph (30) of Code Section 48-8-3 shall be exempt from state and local title ad  
501 valorem tax fees under this subsection.

502 (B) Any motor vehicle which is exempt from ad valorem taxation pursuant to Code  
503 Section 48-5-478, 48-5-478.1, 48-5-478.2, or 48-5-478.3 shall be exempt from state and

504 local title ad valorem tax fees under paragraph (1) of subsection (b) of this Code  
505 section.

506 (8) There shall be a penalty imposed on the transfer of all or any part of the interest in a  
507 business entity that includes primarily as an asset of such business entity one or more  
508 motor vehicles, when, in the determination of the state revenue commissioner, such  
509 transfer is done to evade the payment of state and local title ad valorem tax fees under  
510 this subsection. Such penalty shall not exceed \$2,500.00 as a state penalty per motor  
511 vehicle and shall not exceed \$2,500.00 as a local penalty per motor vehicle, as  
512 determined by the state revenue commissioner, plus the amount of the state and local title  
513 ad valorem tax fees. Such determination shall be made within 60 days of the state  
514 revenue commissioner receiving information that a transfer may be in violation of this  
515 paragraph.

516 (9) Any owner of any motor vehicle who fails to submit within 30 days of the date such  
517 owner is required by law to register such vehicle in this state an application for a first  
518 certificate of title under Code Section 40-3-21 or a certificate of title under Code  
519 Section 40-3-32 shall be required to pay a penalty in the amount of ~~10 percent of the state  
520 title ad valorem tax fees and 10 percent of the local title ad valorem tax fees required  
521 under this Code section, plus interest at the rate of 1.0 percent per month \$25.00,~~ unless  
522 a temporary permit has been issued by the tax commissioner. An additional penalty of  
523 \$50.00 shall be imposed if such application is not submitted within 60 days following the  
524 date of purchase and a penalty of \$100.00 for each subsequent 30 day period in which  
525 such application is not submitted. The tax commissioner shall grant a temporary permit  
526 in the event the failure to timely apply for a first certificate of title is due to the failure of  
527 a lienholder to comply with Code Section 40-3-56, regarding release of a security interest  
528 or lien, and no penalty or interest shall be assessed. Such penalty and interest shall be in  
529 addition to the penalty and fee required under Code Section 40-3-21 or 40-3-32, as  
530 applicable. A new or used motor vehicle dealer shall be responsible for remitting state  
531 and local title ad valorem tax fees in the same manner as otherwise required of an owner  
532 under this paragraph and shall be subject to the same penalties and interest as an owner  
533 for noncompliance with the requirements of this paragraph.

534 (10) The owner of any motor vehicle ~~purchased in this state~~ for which a title was issued  
535 in this state on or after January 1, 2012, and prior to March 1, 2013, shall be authorized  
536 to opt in to the provisions of this subsection at any time prior to January 1, 2014, upon  
537 compliance with the following requirements:

538 (A)(i) The total amount of Georgia state and local title ad valorem tax fees which  
539 would be due from March 1, 2013, to December 31, 2013, if such vehicle had been  
540 titled in 2013 shall be determined; and

- 541 (ii) The total amount of Georgia state and local sales and use tax and Georgia state  
 542 and local ad valorem tax under Chapter 5 of ~~Title 48~~ this title which were due and  
 543 paid in 2012 for that motor vehicle and, if applicable, the total amount of such taxes  
 544 which were due and paid for that motor vehicle in 2013 shall be determined; and
- 545 (B)(i) If the amount derived under division (i) of subparagraph (A) of this paragraph  
 546 is greater than the amount derived under division (ii) subparagraph (A) of this  
 547 paragraph, the owner shall remit the difference to the tag agent. Such remittance shall  
 548 be deemed local title ad valorem tax fee proceeds; or
- 549 (ii) If the amount derived under division (i) of subparagraph (A) of this paragraph is  
 550 less than the amount derived under division (ii) of subparagraph (A) of this paragraph,  
 551 no additional amount shall be due and payable by the owner.

552 Upon certification by the tag agent of compliance with the requirements of this  
 553 paragraph, such motor vehicle shall not be subject to ad valorem tax as otherwise  
 554 required under Chapter 5 of ~~Title 48~~ this title in the same manner as otherwise provided  
 555 in paragraph (1) of subsection (b) of this Code section.

556 (11)(A) In the case of rental motor vehicles owned by a rental motor vehicle concern,  
 557 the state title ad valorem tax fee shall be in an amount equal to .75 percent of the fair  
 558 market value of the motor vehicle, and the local title ad valorem tax fee shall be in an  
 559 amount equal to .75 percent of the fair market value of the motor vehicle, but only if  
 560 in the immediately prior calendar year the average amount of sales and use tax  
 561 attributable to the rental charge of each such rental motor vehicle was at least \$400.00  
 562 as certified by the state revenue commissioner. If, in the immediately prior calendar  
 563 year, the average amount of sales and use tax attributable to the rental charge of each  
 564 such rental motor vehicle was not at least \$400.00, this paragraph shall not apply and  
 565 such vehicles shall be subject to the state and local title ad valorem tax fees prescribed  
 566 in division (b)(1)(B)(ii) of this Code section.

567 (B) Such title ad valorem tax fees shall be an alternative ad valorem tax as authorized  
 568 by Article VII, Section I, Paragraph III(b)(3) of the Georgia Constitution.

569 (12) A loaner vehicle shall not be subject to state and local title ad valorem tax fees  
 570 under paragraph (1) of subsection (b) of this Code section for a period of time not to  
 571 exceed ~~six months in a calendar~~ one year commencing on the date such loaner vehicle is  
 572 withdrawn temporarily from inventory. Immediately upon the expiration of such  
 573 ~~six-month~~ one-year period, if the dealer does not return the loaner vehicle to inventory  
 574 for resale, the dealer shall be responsible for remitting state and local title ad valorem tax  
 575 fees in the same manner as otherwise required of an owner under paragraph (9) of this  
 576 subsection and shall be subject to the same penalties and interest as an owner for  
 577 noncompliance with the requirements of paragraph (9) of this subsection.



578 (13) Any motor vehicle which is donated to a nonprofit organization exempt from  
 579 taxation under Section 501(c)(3) of the Internal Revenue Code for the purpose of being  
 580 transferred to another person shall, when titled in the name of such nonprofit  
 581 organization, not be subject to state and local title ad valorem tax fees under  
 582 paragraph (1) of subsection (b) of this Code section but shall be subject to state and local  
 583 title ad valorem tax fees otherwise applicable to salvage titles under paragraph (2) of  
 584 subsection (b) of this Code section.

585 (14)(A) Notwithstanding the provisions of division (b)(1)(B)(ii) of this Code section,  
 586 in the case of motor vehicles that are leased for more than 31 consecutive days by  
 587 lessors who have registered with the department in accordance with this paragraph, the  
 588 state and local title ad valorem tax fee shall be in an amount equal to 4 percent of the  
 589 fair market value of the motor vehicle which shall be apportioned between state and  
 590 local title ad valorem tax fees as provided in divisions (b)(1)(B)(iii) through  
 591 (b)(1)(B)(xii) of this Code section.

592 (B) Such title ad valorem tax fees shall be an alternative ad valorem tax as authorized  
 593 by Article VII, Section I, Paragraph III(b)(3) of the Constitution.

594 (C) A lessor of motor vehicles under this paragraph that leases motor vehicles to  
 595 lessees residing in this state shall register with the department. The department shall  
 596 collect an annual fee of \$100.00 for such registrations. Failure of a lessor to register  
 597 under this subparagraph shall subject such lessor to a civil penalty of \$2,500.00.

598 (D) A lessee residing in this state who leases a motor vehicle under this paragraph shall  
 599 register such motor vehicle with the tag agent in such lessee's county of residence  
 600 within 30 days of the commencement of the lease of such motor vehicle or beginning  
 601 residence in this state, whichever is later.

602 (E) A lessor that leases a motor vehicle under this paragraph to a lessee residing in this  
 603 state shall apply for a certificate of title in this state within 30 days of the  
 604 commencement of the lease of such motor vehicle.

605 (15) There shall be no liability for any additional state or local title ad valorem tax fees  
 606 in any of the following title transactions:

607 (A) The addition or substitution of lienholders on a motor vehicle title so long as the  
 608 owner of the motor vehicle remains the same;

609 (B) The acquisition of a bonded title by a person or entity pursuant to Code  
 610 Section 40-3-28 if the title is to be issued in the name of such person or entity;

611 (C) The acquisition of a title to a motor vehicle by a person or entity as a result of the  
 612 foreclosure of a mechanic's lien pursuant to Code Section 40-3-54 if such title is to be  
 613 issued in the name of such lienholder;

614 (D) The acquisition of a title to an abandoned motor vehicle by a person or entity  
 615 pursuant to Chapter 11 of this title if such person or entity is a manufacturer or dealer  
 616 of motor vehicles and the title is to be issued in the name of such person or entity;

617 (E) The obtaining of a title to a stolen motor vehicle by a person or entity pursuant to  
 618 Code Section 40-3-43;

619 (F) The obtaining of a title by and in the name of a motor vehicle manufacturer,  
 620 licensed dealer, or licensed rebuilder for the purpose of resale or to obtain a corrected  
 621 title, provided that the manufacturer, dealer, or rebuilder shall submit an affidavit in a  
 622 form promulgated by the commissioner attesting that the transfer of title is for the  
 623 purpose of accomplishing a resale or to correct a title only;

624 (G) The obtaining of a title by and in the name of the holder of a security interest when  
 625 a motor vehicle has been repossessed after default in accordance with Part 6 of Article 9  
 626 of Title 11 if such title is to be issued in the name of such security interest holder;  
 627 provided, however, that dealers that directly finance the sale of used motor vehicles  
 628 shall be subject to subparagraph (b)(1)(G) of this Code section; and

629 (H) The obtaining of a title by a person or entity for purposes of correcting a title,  
 630 changing an odometer reading, or removing an odometer discrepancy legend, provided  
 631 that, subject to subparagraph (F) of this paragraph, title is not being transferred to  
 632 another person or entity.

633 (16) It shall be unlawful for a person to fail to obtain a title for and register a motor  
 634 vehicle in accordance with the provisions of this chapter. Any person who knowingly  
 635 and willfully fails to obtain a title for or register a motor vehicle in accordance with the  
 636 provisions of this chapter shall be guilty of a misdemeanor.

637 (e) The fair market value of any motor vehicle subject to this Code section shall be  
 638 appealable in the same manner as otherwise authorized for a motor vehicle subject to ad  
 639 valorem taxation under Code Section 48-5-450.

640 (f) Beginning in 2014, on or before January 31 of each year, the department shall provide  
 641 a report to the chairpersons of the House Committee on Ways and Means and the Senate  
 642 Finance Committee showing the state and local title ad valorem tax fee revenues collected  
 643 pursuant to this chapter and the motor vehicle ad valorem tax proceeds collected pursuant  
 644 to Chapter 5 of this title during the preceding calendar year."

645 **SECTION 2.**

646 Said title is further amended by revising paragraph (95) of Code Section 48-8-3, relating to  
 647 exemptions from state sales and use taxes, as follows:

648 "(95) The sale or purchase of any motor vehicle titled in this state on or after March 1,  
 649 2013, pursuant to Code Section 48-5C-1. This exemption shall not apply to leases

650 monthly lease payments or rentals of motor vehicles ~~or to those sales and use taxes~~  
651 ~~collected pursuant to subsection (d) of Code Section 48-8-241.~~ No sales and use taxes  
652 shall be imposed upon state and local title ad valorem tax fees imposed pursuant to  
653 Chapter 5C of this title as a part of the purchase price of a motor vehicle, as a part of  
654 payments under a finance arrangement with the dealer for the purchase of the motor  
655 vehicle, or any portion of a lease or rental payment that is attributable to payment of state  
656 and local title ad valorem tax fees under Chapter 5C of this title."

657 **SECTION 3.**

658 This Act shall become effective upon its approval by the Governor or upon its becoming law  
659 without such approval.

660 **SECTION 4.**

661 All laws and parts of laws in conflict with this Act are repealed.