

The House Committee on Ways and Means offers the following substitute to HB 195:

**A BILL TO BE ENTITLED
AN ACT**

1 To amend Part 1 of Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia
2 Annotated, relating to property tax exemptions, so as to allow certain business corporations
3 to participate in the indirect ownership of a home for the mentally disabled for financing
4 purposes; to provide for procedures, conditions, and limitations; to provide for a referendum;
5 to provide for a contingent effective date; to provide for automatic repeal under certain
6 circumstances; to provide for applicability; to repeal conflicting laws; and for other purposes.

7 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

8 **SECTION 1.**

9 Part 1 of Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated,
10 relating to property tax exemptions, is amended by revising paragraph (13) of subsection (a)
11 of Code Section 48-5-41, relating to property exempt from taxation, as follows:

12 "(13)(A) All property of any nonprofit home for the mentally disabled used in
13 connection with its operation when the home for the mentally disabled has no
14 stockholders and no income or profit which is distributed to or for the benefit of any
15 private person and when the home is qualified as an exempt organization under the
16 United States Internal Revenue Code of 1954, Section 501(c)(3), as amended, and Code
17 Section 48-7-25, and is subject to the laws of this state regulating nonprofit and
18 charitable corporations.

19 (B) Property exempted by this paragraph shall not include property of a home for the
20 mentally disabled held primarily for investment purposes or used for purposes unrelated
21 to the providing of residential or health care to the mentally disabled;.

22 (C) For purposes of this paragraph, indirect ownership of such home for the mentally
23 disabled through a limited liability company that is fully owned by such exempt
24 organization shall be considered direct ownership.

25 (D) For purposes of this paragraph, the participation of a business corporation or other
26 entity or person in the indirect ownership of such home for the mentally disabled, as a

member of the limited liability company or limited partner of the partnership that is the direct owner of such home, for the purpose of providing financing for the construction or renovation of such home in return for a share of any tax credits pursuant to United States Internal Revenue Code of 1986, Section 42, as amended, and which relinquishes all ownership of such home upon the completion of its obligation under the financing agreement, shall not operate to disqualify such home for the exemption under this paragraph:"

SECTION 2.

35 The Secretary of State shall call and conduct an election as provided in this section for the
36 purpose of submitting this Act to the electors of the entire state for approval or rejection. The
37 Secretary of State shall conduct such election on the Tuesday next following the first
38 Monday in November, 2018, and shall issue the call and conduct that election as provided
39 by general law. The Secretary of State shall cause the date and purpose of the election to be
40 published once a week for two weeks immediately preceding the date thereof in the official
41 organ of each county in the state. The ballot shall have written or printed thereon the words:

42 "() YES Shall the Act be approved which provides an exemption from ad valorem
43 () NO taxes on nonprofit homes for the mentally disabled if they include business
44 corporations in the ownership structure for financing purposes?"

45 All persons desiring to vote for approval of the Act shall vote "Yes," and all persons desiring
46 to vote for rejection of the Act shall vote "No." If more than one-half of the votes cast on
47 such question are for approval of the Act, Section 1 of this Act shall become of full force and
48 effect on January 1, 2019, and shall be applicable to all tax years beginning on or after such
49 date. If the Act is not so approved or if the election is not conducted as provided in this
50 section, Section 1 of this Act shall not become effective, and this Act shall be automatically
51 repealed on the first day of January immediately following that election date. It shall be the
52 duty of each county election superintendent to certify the result thereof to the Secretary of
53 State.

SECTION 3.

55 Except as otherwise provided in Section 2 of this Act, this Act shall become effective upon
56 its approval by the Governor or upon its becoming law without such approval.

SECTION 4.

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