

The House Committee on Ways and Means offers the following substitute to HR 51:

A RESOLUTION

1 Proposing an amendment to the Constitution so as to revise the prescribed methodology for
 2 establishing the fair market value of forest land conservation use property; to permit the
 3 deduction and retention of a portion of assistance grants related to forest land conservation
 4 use property; to permit the subclassification of timberland property for ad valorem taxation
 5 purposes; to provide for related matters; to provide for the submission of this amendment for
 6 ratification or rejection; and for other purposes.

7 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 SECTION 1.

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

11 "(f)(1) The General Assembly shall be authorized to provide by general law for the
 12 definition and methods of assessment and taxation, ~~such methods to include a formula~~
 13 ~~based on current use, annual productivity, and real property sales data,~~ of 'forest land
 14 conservation use property' to include only forest land each tract of which exceeds 200
 15 acres of a qualified owner. ~~Such methods of assessment and taxation shall be subject to~~
 16 ~~the following conditions:~~

17 ~~(2)(A) Any individual or A qualified owner shall consist of any individual or~~
 18 ~~individuals or any entity registered to do business in this state;~~

19 ~~(B) A qualified owner~~ desiring the benefit of such methods of assessment and
 20 taxation for forest land conservation use property shall be required to enter into a
 21 covenant to continue the property in forest land use;

22 ~~(C)(B)~~ All contiguous forest land conservation use property of an owner within a
 23 county for which forest land conservation use assessment is sought under this
 24 subparagraph shall be in a single covenant;

25 ~~(D)(C)~~ A breach of such covenant within 15 years shall result in a recapture of the
 26 tax savings resulting from such methods of assessment and taxation and may result in
 27 other appropriate penalties; ~~and.~~

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

36 ~~(2)~~(3) No portion of an otherwise eligible tract of forest land conservation use property
 37 shall be entitled to receive simultaneously special assessment and taxation under this
 38 subparagraph and either subparagraph (c) or (e) of this Paragraph.

39 ~~(3)~~(4)(A) The General Assembly shall appropriate an amount for assistance grants
 40 to counties, municipalities, and county and independent school districts to offset
 41 revenue loss attributable to the implementation of this subparagraph. Such grants shall
 42 be made in such manner and shall be subject to such procedures as may be specified by
 43 general law.

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

51 ~~(C)~~(ii) If the forest land conservation use property is located in a county,
 52 municipality, or county or independent school district where forest land conservation
 53 use value causes an ad valorem tax revenue reduction of more than 3 percent due to
 54 the implementation of this subparagraph, in each taxable year in which such reduction
 55 occurs, the assistance grants to the county, each municipality located therein, and the
 56 county or independent school districts located therein shall be, for as follows:

57 (i) ~~For~~ the first 3 percent of such reduction amount, in an amount equal to 50
 58 percent of the amount of such reduction; and, for

59 (ii) ~~For~~ the remainder of such reduction amount, in an amount equal to 100 percent
 60 of the amount of such remaining reduction amount.

61 ~~(4) Such revenue reduction shall be calculated by utilizing forest land fair market~~
 62 ~~value. For purposes of this subparagraph, forest land fair market value means the 2008~~
 63 ~~fair market value of the forest land. Such 2008 valuation may increase from one taxable~~
 64 ~~year to the next by a rate equal to the percentage change in the price index for gross~~

65 ~~output of state and local government from the prior year to the current year as defined by~~
 66 ~~the National Income and Product Accounts and determined by the United States Bureau~~
 67 ~~of Economic Analysis and indicated by the Price Index for Government Consumption~~
 68 ~~Expenditures and General Government Gross Output (Table 3.10.4).~~

69 (C)(i) Such revenue reduction shall be determined by subtracting the aggregate
 70 forest land conservation use value of qualified properties from the aggregate forest
 71 land fair market value of qualified properties for the applicable tax year and the
 72 resulting amount shall be multiplied by the millage rate of the county, municipality,
 73 or county or independent school district.

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

77 (D) Notwithstanding subparagraph (a) of Paragraph VI of Section IX of Article II of
 78 this Constitution, the General Assembly may provide by general law for a fee, not to
 79 exceed 5 percent, to be deducted from such assistance grants and retained by the state
 80 revenue commissioner to provide for the costs to the state of administering the
 81 provisions of this subparagraph.

82 (f.1) The General Assembly shall be authorized by general law to establish a separate
 83 class of property for ad valorem taxation purposes that includes only tangible real property
 84 that has as its primary use the production of trees for the primary purpose of producing
 85 timber for commercial uses. Such property shall be known as 'timberland property' and
 86 shall be assessed for ad valorem taxation pursuant to a method or manner to be prescribed
 87 by general law."

88 SECTION 2.

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

92 "() YES Shall the Constitution of Georgia be amended so as to revise the prescribed
 93 methodology for establishing the fair market value of forest land
 94 conservation use property, to provide that up to 5 percent of assistance
 95 grants related to forest land conservation use property may be deducted and
 96 retained by the state revenue commissioner to provide for state
 97 () NO administrative costs, and to provide for the subclassification of timberland
 98 property for ad valorem taxation purposes?"

99 All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."
 100 All persons desiring to vote against ratifying the proposed amendment shall vote "No." If

101 such amendment shall be ratified as provided in said Paragraph of the Constitution, it shall
102 become a part of the Constitution of this state.