

The Senate Committee on Finance offered the following substitute to HB 85:

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 definitions related to the value of property; to provide for the values
3 for assessments for forest land conservation use property and qualified timberland property;
4 to provide for the certification and appraisal of certain timberland property by the state
5 revenue commissioner; to provide for the return of such property to the commissioner; to
6 provide for appeals; to provide for definitions; to provide that the state revenue commissioner
7 shall deduct and retain an administrative fee from assistance grants related to forest land
8 conservation use property; to provide for related matters; to provide for a contingent effective
9 date; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

11 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
12 amended in Chapter 5, relating to ad valorem taxation of property, by adding a new
13 subparagraph to paragraph (3) of Code Section 48-5-2, relating to definitions, as follows:

14 "(G) Fair market value of 'qualified timberland property' means the fair market value
15 determined in accordance with Article 13 of this chapter."
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SECTION 2.

17 Said title is further amended in said chapter by revising paragraphs (5) and (6) of Code
18 Section 48-5-2, relating to definitions, as follows:

19 "(5) 'Forest land conservation use value' of forest land conservation use property means
20 the amount determined in accordance with the specifications and criteria provided for in
21 Code Section 48-5-271 and Article VII, Section I, Paragraph III(f) of the Constitution.

22 (6) 'Forest land fair market value' means the 2008 fair market value of the forest land;
23 provided, however, that when the 2008 fair market value of the forest land has been
24 appealed by a property owner and the ultimate fair market value of the forest land is
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26 changed in the appeal process by either the board of assessors, the board of equalization,
 27 a hearing officer, an arbitrator, or a superior court judge, then the final fair market value
 28 of the forest land shall replace the 2008 fair market value of the forest land. This final
 29 fair market value of the forest land shall be used in the calculation of local assistance
 30 grants. If local assistance grants have been granted to either a county, a county board of
 31 education, or a municipality based on the 2008 fair market value of forest land and
 32 subsequently the fair market value of such forest land is reduced on an appeal, then the
 33 county or the municipality shall reimburse the state, within 12 months unless otherwise
 34 agreed to by the parties, the difference between local assistance grants paid to the county
 35 or municipality and the amount which would have been due based on the final fair market
 36 value of the forest land. Such 2008 valuation may increase from one taxable year to the
 37 next by a rate equal to the percentage change in the price index for gross output of state
 38 and local government from the prior year to the current year as defined by the National
 39 Income and Product Accounts and determined by the United States Bureau of Economic
 40 Analysis and indicated by the Price Index for Government Consumption Expenditures
 41 and General Government Gross Output (Table 3.10.4)."

42 SECTION 3.

43 Said title is further amended in said chapter by adding two new subsections to Code Section
 44 48-5-7, relating to assessment of tangible property, to read as follows:

45 "(c.5) Tangible real property which qualifies as forest land conservation use property
 46 pursuant to the provisions of Code Section 48-5-7.7 shall be assessed at 40 percent of its
 47 forest land conservation use value and shall be taxed on a levy made by each respective tax
 48 jurisdiction according to 40 percent of the property's forest land conservation use value.
 49 (c.6) Tangible real property which qualifies as qualified timberland property in accordance
 50 with the provisions of Article 13 of this chapter shall be assessed at 40 percent of its fair
 51 market value of qualified timberland property and shall be taxed on a levy made by each
 52 respective tax jurisdiction according to 40 percent of its fair market value of qualified
 53 timberland property as such value is determined by the commissioner in accordance with
 54 Article 13 of this chapter."

55 SECTION 4.

56 Said title is further amended in said chapter by adding a new article to read as follows:

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"ARTICLE 13

58

48-5-600.

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As used in this article, the term:

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(1) 'Bona fide production of trees' means the good faith, real, actual, and genuine production of trees for commercial uses.

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(2) 'Qualified owner' means an individual or entity that meets the conditions of Code Section 48-5-603.

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(3) 'Qualified timberland property' means timberland property that meets the conditions of Code Section 48-5-604.

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(4) 'Timberland property' means tangible real property that has as its primary use the bona fide production of trees for the primary purpose of producing timber for commercial uses.

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48-5-600.1.

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In accordance with Article VII, Section I, Paragraph III(f.1) of the Constitution of Georgia, qualified timberland property shall be classified as a separate and distinct class of tangible property. The procedures prescribed by this article for appraisal and valuation of such property and for appeals of the assessed value of such property shall be exclusive.

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48-5-601.

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(a) Qualified timberland property shall be returned to the commissioner between January 1 and April 1 each year.

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(b) The fair market value of qualified timberland property shall be determined through annual appraisal conducted by the commissioner in accordance with the qualified timberland property appraisal manual provided for in Code Section 48-5-602.

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(c) The commissioner shall have access to qualified timberland property for the purpose of conducting appraisals, provided that prior notice has been given to the qualified owner of such property.

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(d) The commissioner shall ensure that the appraisal values of qualified timberland property are delivered to county tax officials by July 1 of each year.

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48-5-602.

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(a) The commissioner shall adopt by rule, subject to Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act,' and maintain a qualified timberland property appraisal manual that shall be used by the commissioner in the appraisal of qualified timberland property for ad valorem tax purposes.

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90 (b) The commissioner shall provide for a period of consultation with the Georgia
 91 Agricultural Statistical Service, Cooperative Extension Service, Georgia Forestry
 92 Association, and State Forestry Commission prior to the adoption of the qualified
 93 timberland property appraisal manual.

94 (c)(1) Such manual shall be proposed and published on or before June 1, 2019, and
 95 annually thereafter.

96 (2) Published manuals shall apply to the tax year following the tax year in which they
 97 are published.

98 (3) This annual publication requirement shall not be construed to require annual
 99 adjustments, revisions, or modifications to the appraisal methodology.

100 (d) Such manual shall contain:

101 (1) Complete parameters for the appraisal of qualified timberland property;

102 (2) A table of regional values for qualified timberland property based on the geographic
 103 locations and productivity levels within the state; and

104 (3) A prescription of methods and procedures by which identification data, appraisal and
 105 assessment data, sales data, and any other information relating to the appraisal and
 106 assessment of property shall be furnished to the department using electronic data
 107 processing systems and equipment.

108 48-5-603.

109 The commissioner shall certify as a qualified owner any individual or entity registered to
 110 do business in this state that is engaged in the bona fide production of trees for the primary
 111 purpose of producing timber for commercial uses, provided that such individual or entity:

112 (1) Registers with the commissioner; and

113 (2) Certifies to the commissioner that such individual or entity is engaged in the bona
 114 fide production of trees.

115 48-5-604.

116 (a) Upon application by a qualified owner, the commissioner shall certify as qualified
 117 timberland property any timberland property that is titled to a qualified owner, provided
 118 that:

119 (1) The timberland property is at least 50 contiguous acres;

120 (2) The production of trees on the timberland property is being done for the purpose of
 121 making a profit and is the primary activity taking place on the property;

122 (3) A consistent effort has been clearly demonstrated in land management in accordance
 123 with accepted commercial forestry practices, which may include reforestation, periodic

124 thinning, undergrowth control of unwanted vegetation, fertilization, prescribed burning,
 125 sales of timber, and maintenance of firebreaks; and

126 (4) Such qualified owner:

127 (A) Submits a list of all parcels to the commissioner that contain timberland property
 128 and that identify the specific portions of such parcels that such owner certifies are
 129 timberland property; and

130 (B) Certifies that such timberland property is used for the bona fide production of trees
 131 and that:

132 (i) There is a reasonable attainable economic salability of the timber products within
 133 a reasonable future time; and

134 (ii) The production of trees is being done for the purpose of making a profit and is the
 135 primary activity taking place on the property.

136 (b)(1) The qualified owner's submission provided for in paragraph (4) of subsection (a)
 137 of this Code section shall be certified by the qualified owner and shall be updated
 138 annually filed together with such qualified owner's return required by subsection (a) of
 139 Code Section 48-5-601. If such conditions are not met annually, the real property at issue
 140 shall be decertified as qualified timberland property and the commissioner shall notify
 141 the respective county tax officials of such decertification by April 15 of the respective
 142 year.

143 (2) The commissioner shall be authorized to conduct an audit of any list submitted
 144 pursuant to this Code section.

145 (c) The commissioner shall file certifications of qualified timberland property with the
 146 respective county tax officials in which any of such real property exists by April 15 each
 147 year.

148 48-5-605.

149 (a) A taxpayer or county board of tax assessors may appeal the commissioner's decisions
 150 related to:

151 (1) Such taxpayer's status as a qualified owner;

152 (2) The certification or noncertification of such taxpayer's timberland as qualified
 153 timberland property; or

154 (3) The appraised value of such taxpayer's qualified timberland property.

155 (b)(1) Such appeals shall be made as an appeal to the Georgia Tax Tribunal in
 156 accordance with Chapter 13A of Title 50 within 30 days of the commissioner's
 157 publication of such decision.

158 (2) The Georgia Tax Tribunal shall issue a final decision on such appeals on or before
 159 September 1 of the year in which an appeal is filed.

160 48-5-606.

161 (a) A taxpayer, group of taxpayers, county board of tax assessors, or association
 162 representing taxpayers may appeal the commissioner's decisions related to the
 163 commissioner's complete parameters for the appraisal of qualified timberland property
 164 required by paragraph (1) of subsection (d) of Code section 48-5-602.

165 (b)(1) Such appeals shall be made as an appeal to the Georgia Tax Tribunal in
 166 accordance with Chapter 13A of Title 50 within 60 days of the commissioner's
 167 publication of such manual.

168 (2) The Georgia Tax Tribunal shall issue a final decision on such appeals on or before
 169 September 1 of the year in which an appeal is filed.

170 48-5-607.

171 The commissioner shall be authorized to prescribe such forms and promulgate such rules
 172 and regulations as are necessary to implement this article."

173 **SECTION 5.**

174 Said title is further amended in Chapter 5A, relating to special assessment of forest land
 175 conservation use property, by adding two new Code sections to read as follows:

176 "48-5A-5.

177 Pursuant to Article VII, Section I, Paragraph III(f) of the Constitution, the commissioner
 178 shall deduct and retain an amount equal to 3 percent of an assistance grant upon
 179 distribution of such assistance grant to a county, municipality, or county or independent
 180 school district as an administrative fee to provide for the costs of administering Article 13
 181 of Chapter 5 of this title.

182 48-5A-6.

183 (a) For 2019, the value of the local assistance grant to any county shall be increased as
 184 necessary to ensure the total value of the local assistance grant is at least 80 percent of the
 185 value of the local assistance grant such county is eligible to receive for 2018.

186 (b) For 2020, the value of the local assistance grant to any county shall be increased as
 187 necessary to ensure the total value of the local assistance grant is at least 60 percent of the
 188 value of the local assistance grant such county is eligible to receive for 2018.

189 (c) For 2021, the value of the local assistance grant to any county shall be increased as
 190 necessary to ensure the total value of the local assistance grant is at least 40 percent of the
 191 value of the local assistance grant such county is eligible to receive for 2018.

192 (d) For 2022, the value of the local assistance grant to any county shall be increased as
193 necessary to ensure the total value of the local assistance grant is at least 20 percent of the
194 value of the local assistance grant such county is eligible to receive for 2018."

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SECTION 6.

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(a) This Act shall become effective on January 1, 2019, only if an amendment to the
197 Constitution of Georgia is ratified at the November, 2018, general election modifying
198 constitutional prescriptions for forest land conservation use property and related assistance
199 grants, permitting the withholding of a portion of assistance grants to provide for certain
200 state administrative costs, and establishing qualified timberland property as a
201 subclassification of tangible property for purposes of ad valorem taxation.

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(b) If such an amendment to the Constitution is not so ratified, then this Act shall not
203 become effective and shall stand repealed by operation of law on January 1, 2019.

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SECTION 7.

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