

The House Committee on Ways and Means offers the following substitute to HB 820:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated,
2 relating to property tax exemptions and deferral, so as to provide for a new homestead
3 exemption from ad valorem taxes for municipal and independent school system purposes in
4 an amount equal to the amount by which the current year assessed value of a homestead
5 exceeds the adjusted base year value of such homestead; to provide for definitions; to specify
6 the terms and conditions of the exemption and the procedures relating thereto; to provide for
7 applicability; to provide for related matters; to provide for compliance with constitutional
8 requirements; to provide for a referendum, effective dates, and automatic repeal; to repeal
9 conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

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

12 Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to
13 property tax exemptions and deferral, is amended by adding a new Code section to read as
14 follows:

15 "48-5-44.1.

16 (a) For purposes of this Code section, the term:

17 (1) 'Ad valorem taxes' means all ad valorem taxes for municipal and independent school
18 system purposes levied by, for, or on behalf of any municipality in this state or any
19 independent school system in this state, but excluding any ad valorem taxes to pay
20 interest on and to retire municipal or independent school system bonded indebtedness.

21 (2) 'Adjusted base year value' means the previous adjusted base year value adjusted
22 annually by the lesser of 3 percent or the inflation rate, plus any change in homestead
23 value, provided that no such change in homestead value shall be duplicated as to the same
24 addition or improvement.

25 (3) 'Change in homestead value' means value, including any final determination of value
26 on appeal pursuant to Code Section 48-5-311 derived from additions or improvements

27 to, or the removal of real property of, the homestead after the lowest base year value is
 28 determined.

29 (4) 'Homestead' means homestead as defined and qualified in Code Section 48-5-40 with
 30 the additional qualification that it shall include only the primary residence and not more
 31 than five contiguous acres of land immediately surrounding such residence.

32 (5) 'Inflation rate' means the Consumer Price Index for all urban consumers, U.S. City
 33 Average, all items 1967-100, or a successor index as reported by the United States
 34 Department of Labor Bureau of Labor statistics.

35 (6) 'Lowest base year value' means:

36 (A) Among the 2016, 2017, and 2018 taxable years, the lowest assessed value,
 37 including any final determination of value on appeal pursuant to Code Section 48-5-311
 38 of the homestead, with such assessed value being multiplied by 1.0423, which number
 39 represents inflation rate data for December, 2015, through December, 2017, with
 40 respect to an exemption under this Code section which is first granted to a person on
 41 such person's homestead in the 2019 taxable year or who thereafter reapplies for and
 42 is granted such exemption in the 2020 taxable year, or thereafter, solely because of a
 43 change in ownership to a joint tenancy with right of survival; or

44 (B) In all other cases, the lower of the assessed value, including any final determination
 45 of value on appeal pursuant to Code Section 48-5-311 of the homestead, from the
 46 taxable year immediately preceding the taxable year in which the exemption under this
 47 Code section is first granted to the most recent owner of such homestead or the assessed
 48 value, including any final determination of value on appeal pursuant to Code Section
 49 48-5-311 of the homestead, from the taxable year in which the exemption under this
 50 Act is first granted to the most recent owner of such homestead, with respect to an
 51 exemption under this Code section which is first granted to a person on such person's
 52 homestead in the 2020 taxable year or who thereafter reapplies for and is granted such
 53 exemption in the 2021 taxable year, or thereafter, solely because of a change in
 54 ownership to a joint tenancy with right of survival.

55 (7) 'Previous adjusted base year' means:

56 (A) With respect to an exemption under this Code section that is first granted to a
 57 person on such person's homestead, the lowest base year value; or

58 (B) In all other cases, the adjusted base year value as calculated in the taxable year
 59 immediately preceding the current year.

60 (b) When a resident of this state resides in a municipal corporation that is located in more
 61 than one county, that levies a sales tax for the purposes of a metropolitan area system of
 62 public transportation, and that has within its boundaries an independent school system, the
 63 homestead of each such resident actually occupied by the owner as a residence and

64 homestead shall be exempted from ad valorem taxes for municipal and independent school
65 system purposes in an amount equal to the amount by which the current year assessed
66 value, including any final determination of value on appeal pursuant to Code Section
67 48-5-311 of such homestead exceeds the adjusted base year value of the homestead. The
68 value of such property in excess of such exempted amount shall remain subject to taxation.

69 (c) The surviving spouse of the person who has been granted the exemption provided for
70 in subsection (b) of this Code section shall continue to receive such exemption so long as
71 such surviving spouse continues to occupy the home as a residence and homestead.

72 (d) A person shall not receive the homestead exemption granted by subsection (b) of this
73 Code section unless such person or person's agent files an application with the tax receiver
74 or tax commissioner of his or her respective municipality charged with the duty of
75 receiving returns of property for taxation giving such information relative to receiving such
76 exemption as will enable such tax receiver or tax commissioner to make a determination
77 regarding the initial and continuing eligibility of such person for such exemption or has
78 already filed for and is receiving a homestead exemption and such existing application
79 provides sufficient information to make such determination of eligibility. Such tax receiver
80 or tax commissioner shall provide application forms for this purpose.

81 (e) The exemption shall be claimed and returned as provided in Code Section 48-5-50.1.
82 Such exemption shall be automatically renewed from year to year so long as the owner
83 occupies the residence as a homestead. After a person or a person's agent has filed the
84 proper application as provided in subsection (d) of this Code section, it shall not be
85 necessary to make application thereafter for any year and the exemption shall continue to
86 be allowed to such person. It shall be the duty of any person granted the homestead
87 exemption under subsection (b) of this Code section to notify the tax receiver or tax
88 commissioner of the municipality in the event such person for any reason becomes
89 ineligible for such exemption.

90 (f)(1) Except as otherwise provided in paragraph (2) of this subsection, the homestead
91 exemption granted by subsection (b) of this Code section shall be in addition to and not
92 in lieu of any other homestead exemption applicable to ad valorem taxes for municipal
93 or independent school system purposes.

94 (2) The homestead exemption granted by subsection (b) of this Code section shall be in
95 lieu of and not in addition to any other base year assessed value or adjusted base year
96 value homestead exemption provided by local Act which is applicable to ad valorem
97 taxes for municipal purposes or independent school system ad valorem taxes for
98 educational purposes.

99 (g) The exemption granted by subsection (b) of this Code section shall apply to all taxable
100 years beginning on or after January 1, 2019."

101 **SECTION 2.**

102 In accordance with the requirements of Article VII, Section II, Paragraph II(a)(1) of the
 103 Constitution of the State of Georgia, this Act shall not become law unless it receives the
 104 requisite two-thirds' majority vote in both the Senate and the House of Representatives.

105 **SECTION 3.**

106 The Secretary of State shall call and conduct an election as provided in this section for the
 107 purpose of submitting this Act to the electors of the entire state for approval or rejection. The
 108 Secretary of State shall conduct such election on November 6, 2018, and shall issue the call
 109 and conduct such election as provided by general law. The Secretary of State shall cause the
 110 date and purpose of the election to be published once a week for two weeks immediately
 111 preceding the date thereof in the official organ of each county in the state. The ballot shall
 112 have written or printed thereon the words:

113 "() YES Do you approve a new homestead exemption from ad valorem taxes for
 114 () NO municipal and independent school system purposes in the amount of the
 115 difference between the current year assessed value of a home and the
 116 adjusted base year value, provided that the lowest base year value will be
 117 adjusted yearly by the lesser of 3 percent or the inflation rate?"

118 All persons desiring to vote for approval of the Act shall vote "Yes," and all persons desiring
 119 to vote for rejection of the Act shall vote "No." If more than one-half of the votes cast on
 120 such question are for approval of the Act, Section 1 of this Act shall become of full force and
 121 effect on January 1, 2019. If the Act is not so approved or if the election is not conducted
 122 as provided in this section, Section 1 of this Act shall not become effective and this Act shall
 123 be automatically repealed on the first day of January immediately following such election
 124 date. It shall be the duty of each county election superintendent to certify the results thereof
 125 to the Secretary of State.

126 **SECTION 4.**

127 Except as otherwise provided in Section 3 of this Act, this Act shall become effective upon
 128 its approval by the Governor or upon its becoming law without such approval.

129 **SECTION 5.**

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