House Budget and Research Office

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2024 SESSION: WAYS AND MEANS LEGISLATIVE HIGHLIGHTS

During the 2024 Session, the House Ways and Means Committee was assigned 69 bills and resolutions, of which 42 were passed out of committee, 37 were passed by the House of Representatives, and 16 received final passage. The bills heard by the committee addressed tax credits, exemptions, and structure to provide Georgians with tax relief; supported communities and local governments; and promoted economic development in the state.

Tax Relief for Georgians

- HB 581 (Rep. Shaw Blackmon, 146th) amends O.C.G.A. 48-5-2, relating to ad valorem taxation, to add a definition for "estimated roll-back rate" to mean the current year's estimated millage rate minus the millage equivalent of the total net assessed value added by reassessments. Language is also struck that required using the most recent arm's length transaction amount in any year as the maximum allowable fair market value for the next taxable year.

  The bill sets additional requirements for the ad valorem tax bill that is prepared annually by the county tax commissioner or collector to include the total amount of taxes levied on property owned by the taxpayer, the amount or property tax granted by Act of the 1973 Session of Georgia's General Assembly, and net amount of taxes due for the current year.

  HB 581 amends O.C.G.A. 48-5-264, relating to duties of the chief appraiser, to require county chief appraisers to reappraise land parcels in their county every three years. The bill amends O.C.G.A. 48-5-299, relating to changing real property values established by appeal, to change the length the value of real property is frozen following appeal from three total years to two total years, including the year the value of real property is challenged. The bill amends O.C.G.A. 48-5-306, relating to annual notices of current assessment, to require notices to include the current year's estimated roll-back rate.

  HB 581 allows for a homestead exemption to be adopted by all counties and municipalities in the state that levy a property tax. The homestead exemption is tied to the rate of inflation and counties and cities must provide notice to opt-out.

  HB 581 amends O.C.G.A. 48-8-6, relating to limitations on local sales and use taxes, by eliminating the current limit of two percent on local sales tax, as well as exceptions that allow local government entities to go beyond the limit. The bill provides for local sales tax to be levied up to two percent, with the following exceptions: an additional one percent each for an education-related special purpose local option sales tax, a transportation-related sales and use tax of up to one percent, and sales and use taxes allowed under Article 4 of Chapter 8 of Title 48, relating to the municipal option sales tax. The bill creates a new local

option sales tax to be titled a "flexible penny local option sales tax", or FLOST. Following an intergovernmental agreement and voter approval via a referendum, a one percent sales tax can be collected for the purpose of providing property tax relief, provided that all participating counties or municipalities have adopted an adjusted value homestead exemption. The bill requires the commissioner of the Department of Revenue to not certify the tax digest of a political subdivision not in compliance with specified uses of taxes levied in this Code section.

- HB 1015 (Rep. Lauren McDonald, 26th) amends O.C.G.A. 48-7-20, relating to individual income tax rates, to lower the individual income tax rate effective on January 1, 2024 from 5.49 percent to 5.39 percent.

- HB 1019 – **Vetoed** (Rep. Matt Reeves, 99th) amends O.C.G.A. 48-5-44, relating to homestead exemptions, to increase the statewide homestead exemption from $2,000 to $4,000, provided the owner resides in the home as their primary residence.

- HB 1021 (Rep. Lauren Daniel, 117th) amends O.C.G.A. 48-7-26, relating to personal exemptions, to increase the personal exemption for each dependent from $3,000 to $4,000.

- HR 1022 (Rep. Beth Camp, 135th) amends the Constitution to allow the General Assembly to provide a state-wide homestead exemption that is uniformly applicable to all counties and other local governmental entities by general law.

- SB 366 (Sen. Chuck Hufstetler, 52nd) amends O.C.G.A. 28-5-4 to require that the general appropriations bill be referred to the Senate Appropriations Committee upon its first reading in the Senate and, if amended or passed by committee substitute, may not be considered until the bill has been placed on members' desks for at least 24 hours. The bill also requires governor's budget report to be made available by the House Budget and Research Office and Senate Budget and Evaluation Office to their respective chambers.

  SB 366 amends O.C.G.A. 28-5-41.1 to increase the number of annual economic analyses from 10 to 12. The bill clarifies that an economic analysis must be conducted if the sunset date of a tax credit or exemption is within two years and is a state expenditure of at least $20 million, according to the most recent Tax Expenditure Report. Selections for any excess reports will be equally divided between the chairs of the House Ways and Means and Senate Finance Committees.

  SB 366 requires the Department of Audits and Accounts to post a list of economic analyses to be conducted and establish a mechanism to collect relevant data from stakeholders. The department will share the data to the contracted researchers, but neither the department nor the contracted researchers are bound to utilize all provided data in the completed economic analyses. The bill further clarifies the criteria with which the Department of Audits and contracted researchers may review and evaluate the selected tax incentive programs. SB 366 amends O.C.G.A. 28-12-1 to require the House Ways and Means Committee and Senate Finance Committees to meet by January 31 of each year to review economic analyses completed the prior year.

Provide Community Support

- HB 82 (Rep. Mack Jackson, 128th) amends O.C.G.A. 48-7-29, relating to tax credits for rural physicians, limiting eligibility for the current tax credit to rural physicians who qualify on or before May 15, 2023 and repealing the credit on December 31, 2029.

  The bill subsequently creates a tax credit of up to $5,000 for rural healthcare professionals, defined as physicians and dentists operating in a rural county. The tax credit may be claimed for up to five years, provided that the healthcare professional continues operating in a rural county. No healthcare professional practicing in a rural county on or before May 15, 2023 is eligible for the tax credit unless they have practiced in a non-rural county for at least three years. If a healthcare professional qualifies for less than the full 12 months in their first year, they will receive a prorated amount of the credit. The tax credit for this program will not exceed $2 million for any calendar year.

- HB 946 (Rep. Lee Hawkins, 27th) amends O.C.G.A. 48-8-5A, relating to special district mass transportation sales and use tax, to allow a county and one or more municipalities that comprise at least one-half of the total population of the territory of qualified municipalities to enter into an intergovernmental agreement that would allow the special district to establish a tax rate of up to one percent.

  The agreement must provide for the proceeds to be received by municipalities in the district that have not entered into the agreement, for which a calculation for the absent municipality minimum percentage is provided. The agreement can exist for a maximum of five years with an option for a sixth year if municipalities representing 100 percent of the district's population enter into the agreement. The bill removes language allowing for a sales and use tax related to this Code section to be established without an intergovernmental agreement.

Promote Economic Development

HB 808 (Rep. Mike Cheokas, 151st) amends O.C.G.A. 48-5-42.1, relating to the personal property tax exemption, to change the ad valorem taxation exemption on tangible personal property from $7,500 to $20,000. The bill must receive a 2/3 majority vote in both the House of Representatives and the Senate, and subsequently be approved by Georgia voters during the November 5, 2024 general election.

- HB 1023 (Rep. Bruce Williamson, 112th) amends O.C.G.A. 48-7-21, relating to taxation of corporations, to change the rate of taxable net income for corporations from 5.75 percent to the same rate as the individual income tax rate in the corresponding year. The bill further amends O.C.G.A. 48-7-57, relating filing dates and failure to file for corporate taxpayers, to allow for an additional month to file a state return beyond an extension provided related to a federal income tax return.

- SB 496 (Sen. Max Burns, 23rd) amends O.C.G.A. 48-7-29.8, relating to tax credits for the rehabilitation of historic structures, to extend the sunset date of the program to December 31, 2029 and clarify the definition of a historic building or structure to require the structure to be certified by the Department of Community Affairs as having met certain criteria. The bill amends O.C.G.A. 48-7-40.32, relating to revitalization zone tax credits, to extend the sunset date of the program to December 31, 2032.