

A BILL TO BE ENTITLED
AN ACT

To amend Chapter 1 of Title 36 of the Official Code of Georgia Annotated, relating to general provisions regarding local government, so as to provide for the retirement of certain pension obligations; to provide for definitions; to provide for the creation of special districts under certain circumstances for a limited period of time; to provide for procedures, conditions, and limitations; to provide for certain taxation in connection with the retirement of such obligations; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 1 of Title 36 of the Official Code of Georgia Annotated, relating to general provisions regarding local government, is amended by adding a new Code section to read as follows:

"36-1-27.

(a) As used in this Code section, the term:

(1) 'Local government services' means one or more services enumerated under Article IX, Section II, Paragraph III(a) of the Constitution of Georgia.

(2) 'Pension obligation' means the amount of unfunded pension liability attributed to a portion of a formerly unincorporated area of a county that is included in the corporate limits of a municipality identified in paragraph (1) or (2) of subsection (c) of this Code section which:

(A) Has been established and verified by an independent actuarial study conducted pursuant to the direction of the board of trustees of the county pension board; and

(B) Is directly attributable to the provision of local government services in the formerly unincorporated area of the county, which local government services ceased to be provided in such area following the incorporation of a municipality identified in paragraph (1) or (2) of subsection (c) of this Code section.

(b) Pursuant to the authority granted by Article IX, Section II, Paragraph VI of the Constitution of Georgia, there is created in each county of this state a special district with boundaries that shall correspond with and be conterminous with the geographical area described by the governing authority of a county in which a pension obligation has been established and verified under paragraph (2) of subsection (a) of this Code section.

(c) When a pension obligation has been established and verified under paragraph (2) of subsection (a) of this Code section, the governing authority of the county shall be authorized to adopt an ordinance or resolution ratifying such pension obligation and describing the geographical area to which such pension obligation is directly attributable. Such area in the county shall correspond to and be conterminous with either:

(1) The incorporated area of a municipality created on or after January 1, 2005, and prior to July 1, 2016; or

(2) The incorporated area of a municipality created on or after July 1, 2016.

(d)(1) Following the adoption of the ordinance or resolution under subsection (c) of this Code section, the pension obligation directly attributable to that portion of the formerly unincorporated area of a county which is located in each special district created under this Code section which existed on the effective date of the local Act incorporating a municipality identified under paragraph (1) or (2) of subsection (c) of this Code section shall become the debt and obligation of the special district. Such pension obligation shall be determined by calculating the percentage of the total decline in the unincorporated tax digest of the county as a result of the incorporation of the municipality as of the effective date of the local Act creating such municipality. Such percentage shall then be multiplied by the total unfunded pension liability existing on the effective date of the local Act creating such municipality. Such portion of such unfunded pension liability shall then be multiplied by a factor equal to the percentage of decline in the contribution to the pension funds by the area encompassed by the special district due to the cessation of the provision of all or some of the local government services within such special district as a result of the incorporation of such area to obtain the pension obligation of the special district. Such pension obligation shall then be amortized over 30 years at an interest rate of 7.75 percent annually.

(2) An amount of ad valorem taxes shall be levied and imposed by the governing authority of the county in the geographic area of the special district to generate the annual amortized amount calculated pursuant to this subsection to retire such pension obligation in 30 years.

(3) The assumption of the pension obligation by the special district shall not create any additional obligation on the part of the special district or any right which did not exist prior to the creation of the special district.

(4) The assumption of the pension obligation by the special district shall not create any obligation on the part of the municipality within which the special district is located.
 (e) Each special district created by this Code section shall continue in force and effect until the full satisfaction of the pension obligation as set forth in this Code section. Following verification by an actuary of such full satisfaction, the ad valorem tax under this Code section shall cease in a special district, and such special district shall cease to exist."

SECTION 2.

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