

House Bill 997

By: Representatives Watson of the 172nd, England of the 116th, Burns of the 159th, Buckner of the 137th, Hatchett of the 150th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 1 of Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia
2 Annotated, relating to property tax exemptions, so as to provide for a state-wide exemption
3 from all ad valorem taxes for timber equipment and timber products held by timber
4 producers; to provide for a referendum; to provide for effective dates, applicability, and
5 automatic repeal; to provide for compliance with constitutional requirements; to provide for
6 related matters; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Part 1 of Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated,
10 relating to property tax exemptions, is amended by revising Code Section 48-5-41.1, relating
11 to exemption of qualified farm products and harvested agricultural products from taxation,
12 as follows:

13 "48-5-41.1.

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

15 (1) 'Agricultural equipment' means farm tractors, combines, and all other farm equipment
16 other than motor vehicles, whether fixed or mobile, which are owned by or held under

17 a lease-purchase agreement and directly used in the production of farm products by a
18 family owned qualified farm products producer.

19 (2) 'Family owned farm entity' means a family corporation, a family partnership, a family
20 general partnership, a family limited partnership, a family limited corporation, or a family
21 limited liability company all of the interest of which is owned by one or more natural or
22 naturalized citizens related to each other within the fourth degree of civil reckoning. It
23 shall include an estate of which the devisees or heirs are one or more natural or
24 naturalized citizens related to each other within the fourth degree of civil reckoning. It
25 shall include a trust of which the beneficiaries are one or more natural or naturalized
26 citizens related to each other within the fourth degree of civil reckoning. Such family
27 owned farm entity must have derived 80 percent or more of its gross income from bona
28 fide agricultural uses within this state within the year immediately preceding the year in
29 which the exemption provided by this Code section is sought.

30 (3) 'Family owned qualified farm products producer' means an individual or family
31 owned farm entity primarily engaged in the direct cultivation of the soil, including soil
32 removed from the land and placed in pots or containers, or operation of land for the
33 production of qualified farm products. A family owned qualified farm products producer
34 shall not include wholesalers, distributors, storage facility owners, manufacturers,
35 processors, or other similar entities that primarily prepare qualified farm products for any
36 intermediate or final market or that primarily operate to move or facilitate the movement
37 of qualified farm products from a producer to any intermediate or final markets.

38 (4) 'Farm products' means only those farm products eligible to qualify for exemption
39 from ad valorem taxation pursuant to the former provisions of paragraph (10) of
40 subsection (a) of Code Section 48-5-41 as it existed prior to January 1, 1999.

41 (5) 'Harvested agricultural products' means only those harvested agricultural products
42 eligible to qualify for exemption from ad valorem taxation pursuant to the former

43 provisions of paragraph (10) of subsection (a) of Code Section 48-5-41 as it existed prior
44 to January 1, 1999.

45 (6) 'Initial production' means:

46 (A) When applied to a laying hen, a period beginning at the time the laying hen comes
47 into production at age six months rather than a period beginning when the laying hen
48 is hatched; or

49 (B) When applied to a brood cow, a period of nine months from the time the brood cow
50 is able to conceive at age 12 months rather than a period beginning when the brood cow
51 is born.

52 (7) 'Lease-purchase agreement' means a financing agreement under which lessee
53 payments are credited toward the purchase of agricultural equipment or that provides for
54 a fixed amount purchase option to a lessee during the lease term. Under a lease-purchase
55 agreement the title of ownership may remain with the lessor during the lease.

56 (8) 'Producer' means any entity that produces farm products.

57 (9) 'Qualified farm products' means livestock; crops; fruit or nut bearing trees, bushes,
58 or plants; annual and perennial plants; Christmas trees; timber products; and plants and
59 trees grown in nurseries for transplantation elsewhere. ~~Qualified farm products shall not~~
60 ~~include standing timber.~~

61 (10) 'Timber equipment' means:

62 (A) All equipment other than motor vehicles, whether fixed or mobile, which is owned
63 by or held under a lease-purchase agreement by a timber producer and directly used in
64 the production or harvest of timber products; and

65 (B)(i) Equipment used in harvesting shall include all off-road equipment and related
66 attachments used in every forestry procedure starting with the severing of a tree from
67 the ground until and including the point at which the tree or its parts in any form has
68 been loaded in the field in or on a truck or other vehicle for transport to the place of
69 use.

70 (ii) Such off-road equipment shall include, but not be limited to, skidders, feller
71 bunchers, debarkers, delimiters, chip harvesters, tub-grinders, woods cutters, chippers
72 of all types, loaders of all types, dozers, mid-motor graders, and the related
73 attachments.

74 (11) 'Timber producer' means any one or more individuals or any entity, which is
75 registered to do business in this state, that is primarily engaged in the good faith
76 subsistence or commercial production or harvest of timber products. Such persons may
77 also be engaged in one or more of the following secondary practices:

78 (A) Land conservation and ecological forest management in which commercial
79 production of wood and wood fiber products may be undertaken primarily for
80 conservation and restoration purposes rather than financial gain;

81 (B) The promotion, preservation, or management of wildlife habitat;

82 (C) Carbon sequestration in accordance with the Georgia Carbon Sequestration
83 Registry;

84 (D) Mitigation and conservation banking that results in restoration or conservation of
85 wetlands and other natural resources; or

86 (E) The production and maintenance of ecosystem products and services, such as, but
87 not limited to, clean air and water.

88 (12) 'Timber products' means trees, timber, or other wood and wood fiber products
89 grown from or on the land.

90 (b) The following property shall be exempt from all ad valorem property taxes in this state:

91 (1) All farm products grown in this state and remaining in the hands of the producer
92 during the one year beginning immediately after their initial production;

93 (2) Harvested agricultural products which have a planting-to-harvest cycle of 12 months
94 or less, which are customarily cured or aged for a period in excess of one year after
95 harvesting and before manufacturing, and which are held in this state for manufacturing
96 and processing purposes;

- 97 (3) All qualified farm products grown in this state:
- 98 (A) Remaining in the hands of a family owned qualified farm products producer or a
- 99 timber producer;
- 100 (B) Still in their natural and unprocessed condition, unless processed solely for further
- 101 use in the production of other qualified farm products; and
- 102 (C) Not held for direct retail sale by someone other than the original family owned
- 103 qualified farm products producer or timber producer; ~~and~~
- 104 (4) Agricultural equipment; and
- 105 (5) Timber equipment."

106 **SECTION 2.**

107 The Secretary of State shall call and conduct an election as provided in this section for the

108 purpose of submitting this Act to the electors of the entire state for approval or rejection. The

109 Secretary of State shall conduct such election on the Tuesday next following the first

110 Monday in November, 2022, and shall issue the call and conduct that election as provided

111 by general law. The Secretary of State shall cause the date and purpose of the election to be

112 published once a week for two weeks immediately preceding the date thereof in the official

113 organ of each county in the state. The ballot shall have written or printed thereon the words:

114 "() YES Shall the Act be approved which grants a state-wide exemption from ad

115 () NO valorem taxes for timber equipment and timber products held by timber

116 producers?"

117 All persons desiring to vote for approval of the Act shall vote "Yes," and all persons desiring

118 to vote for rejection of the Act shall vote "No." If more than one-half of the votes cast on

119 such question are for approval of the Act, Section 1 of this Act shall become of full force and

120 effect on January 1, 2023, and shall be applicable to all tax years beginning on or after such

121 date. If the Act is not so approved or if the election is not conducted as provided in this

122 section, Section 1 of this Act shall not become effective, and this Act shall be automatically

123 repealed on the first day of January immediately following that election date. It shall be the
124 duty of each county election superintendent to certify the result thereof to the Secretary of
125 State.

126 **SECTION 3.**

127 Except as otherwise provided in Section 2 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 4.**

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

134 **SECTION 5.**

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