

The Senate Committee on Finance offered the following substitute to HB 66:

**MOOT**

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 2A of Chapter 8 of Title 48 of the Official Code of Georgia Annotated,  
2 relating to homestead option sales and use tax, so as to provide for an alternative homestead  
3 option sales and use tax; to provide for the distribution of the proceeds from the levy of such  
4 tax; to provide for the levy of a special purpose local option sales and use tax in certain  
5 counties; to provide for a referendum; to provide for procedures, conditions, and limitations;  
6 to provide for a short title; to provide for legislative intent; to provide for construction; to  
7 amend Code Section 48-5C-1 of the Official Code of Georgia Annotated, relating to  
8 alternative ad valorem taxation of motor vehicles and title ad valorem tax fee, so as to  
9 provide for an alternative method for payment of such ad valorem tax for certain modified  
10 rental vehicles; to provide for definitions; to provide for related matters; to repeal conflicting  
11 laws; and for other purposes.

12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

13 **SECTION 1.**

14 Article 2A of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to  
15 homestead option sales and use tax, is amended by adding a new part to read as follows:

16

"Part 417 48-8-109.25.

18 (a) This part shall be known and may be cited as the 'Alternative Homestead Option Sales  
19 and Use Tax Act of 2025.'

20 (b) As used in this part, the term:

21 (1) 'Existing municipality' means a municipality created prior to January 1, 2026, lying  
22 wholly within or partially within a county.

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

26 (3) 'Qualified municipality' means a municipality created on or after January 1, 2026,  
27 lying wholly within or partially within a county.

28 (c) It is the intent of the General Assembly that the proceeds of the alternative homestead  
29 option sales and use tax be distributed equitably to the counties and qualified municipalities  
30 such that the residents of a new incorporated municipality will continue to receive a benefit  
31 from that tax substantially equal to the benefit they would have received if the area covered  
32 by the municipality had not incorporated. The provisions of this part shall be liberally  
33 construed to effectuate such intent.

34 48-8-109.26.

35 (a) Pursuant to the authority granted by Article IX, Section II, Paragraph VI of the  
36 Constitution of this state, there are created within this state 159 special districts. The  
37 geographical boundary of each county shall correspond with and shall be conterminous  
38 with the geographical boundary of one of the 159 special districts.

39 (b)(1) When the imposition of a local sales and use tax is authorized according to the  
40 procedures provided in this part within a special district, the county whose geographical

41 boundary is conterminous with that of the special district shall levy a local sales and use  
42 tax at the rate of 1 percent, except as provided in paragraph (2) of this subsection. Except  
43 as to rate, the local sales and use tax shall correspond to the tax imposed and administered  
44 by Article 1 of this chapter. No item or transaction which is not subject to taxation by  
45 Article 1 of this chapter shall be subject to the sales and use tax levied pursuant to this  
46 part, except that the sales and use tax provided for in this part shall be applicable to sales  
47 of motor fuels as prepaid local tax as such term is defined in Code Section 48-8-2 and  
48 shall be applicable to the sale of food and food ingredients and alcoholic beverages only  
49 to the extent provided for in paragraph (57) of Code Section 48-8-3.

50 (2) Such sales and use tax levied on sales of motor fuels as defined in Code  
51 Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of the motor fuel  
52 which is not more than \$3.00 per gallon.

53 (c) The proceeds of the sales and use tax levied and collected under this part shall be used  
54 only for the purposes of funding capital outlay projects and of funding services within a  
55 special district equal to the revenue lost to the homestead exemption as provided for in  
56 Code Section 48-8-109.27, and, in the event excess funds remain following the expenditure  
57 for such purposes, such excess funds shall be expended as provided in  
58 subparagraph (c)(2)(C) of Code Section 48-8-109.27.

59 (d)(1) Such sales and use tax shall only be levied in a special district following the  
60 enactment of a local Act which provides for a homestead exemption of an amount to be  
61 determined from the amount of sales and use tax collected under this part. Such  
62 exemption shall commence with taxable years beginning on or after January 1 of the year  
63 immediately following the first complete calendar year in which the sales and use tax  
64 under this part is levied. Any such local Act shall incorporate by reference the terms and  
65 conditions specified under this part. Any such local Act shall not be subject to the  
66 provisions of Code Section 1-3-4.1. Any such homestead exemption under this part shall  
67 be in addition to and not in lieu of any other homestead exemption applicable to county

68 taxes for county purposes within the special district. Notwithstanding any provision of  
69 such local Act to the contrary, the referendum which shall otherwise be required to be  
70 conducted under such local Act shall only be conducted if the resolution required under  
71 this part is adopted prior to the issuance of the call for the referendum under the local Act  
72 by the election superintendent. If such ordinance is not adopted by that date, the  
73 referendum otherwise required to be conducted under the local Act shall not be  
74 conducted.

75 (2) Such sales and use tax and the associated homestead exemption shall terminate ten  
76 years after the date such sales and use tax is first collected; provided, however, that  
77 nothing in this subsection shall prevent subsequent sales and use taxes or homestead  
78 exemptions from being adopted pursuant to this part in the same manner as provided in  
79 this part for the initial adoption of such sales and use tax and homestead exemption.

80 (3) No sales and use tax shall be levied in a special district under this part in which a tax  
81 is levied and collected under Article 2 of this chapter.

82 (e) Whenever the governing authority of any county whose geographical boundary is  
83 conterminous with that of the special district wishes to submit to the electors of the special  
84 district the question of whether the sales and use tax authorized by this part shall be  
85 imposed, any such governing authority shall notify the election superintendent of the  
86 county whose geographical boundary is conterminous with that of the special district by  
87 forwarding to the superintendent a copy of a resolution of the governing authority calling  
88 for a referendum election. Upon receipt of the resolution, it shall be the duty of the election  
89 superintendent to issue the call for an election for the purpose of submitting the question  
90 of the imposition of the sales and use tax to the voters of the special district for approval  
91 or rejection. The election superintendent shall issue the call and shall conduct the election  
92 on a date and in the manner authorized under Code Section 21-2-540. Such election shall  
93 only be conducted on the date of and in conjunction with a referendum provided for by  
94 local Act on the question of whether to impose a homestead exemption within such county

95 and based on the amount of proceeds from the sales and use tax levied and collected  
 96 pursuant to this part. The election superintendent shall cause the date and purpose of the  
 97 election to be published once a week for two weeks immediately preceding the date of the  
 98 election in the official organ of such county. The ballot shall have written or printed  
 99 thereon the following statement which shall precede the ballot question specified in this  
 100 subsection and the ballot question specified by the required local Act:

101 'NOTICE TO ELECTORS: Unless **BOTH** the alternative homestead exemption **AND**  
 102 the retail homestead option sales and use tax are approved, then neither the exemption nor  
 103 the sales and use tax shall become effective.'

104 Such statement shall be followed by the following:

105 '( ) YES Shall a retail homestead option sales and use tax of 1 percent be levied  
 106 within the special district within \_\_\_\_\_ County for the  
 107 ( ) NO purposes of funding capital outlay projects and of funding services to  
 108 replace revenue lost to an additional homestead exemption of up to  
 109 100 percent of the assessed value of homesteads from county taxes for  
 110 county purposes?'

111 Notwithstanding any other provision of law to the contrary, the statement, ballot question,  
 112 and local Act ballot question referred to in this subsection shall precede any and all other  
 113 ballot questions calling for the levy or imposition of any other sales and use tax which are  
 114 to appear on the same ballot.

115 (f) All persons desiring to vote in favor of levying the sales and use tax shall vote 'Yes,'  
 116 and those persons opposed to levying the tax shall vote 'No.' If more than one-half of the  
 117 votes cast are in favor of levying the tax and approving the local Act providing such  
 118 homestead exemption, then the tax shall be levied in accordance with this part; otherwise,  
 119 the sales and use tax may not be levied, and the question of the imposition of the sales and  
 120 use tax may not again be submitted to the voters of the special district until after 24 months  
 121 immediately following the month in which the election was held. It shall be the duty of the

122 election superintendent to hold and conduct such elections under the same rules and  
123 regulations as govern special elections. It shall be the superintendent's further duty to  
124 canvass the returns, declare the result of the election, and certify the result to the Secretary  
125 of State and to the commissioner. The expense of the election shall be borne by the county  
126 whose geographical boundary is conterminous with that of the special district holding the  
127 election.

128 (g) If the imposition of the sales and use tax provided for in this part is approved in a  
129 referendum election as provided by subsections (e) and (f) of this Code section, the  
130 governing authority of the county whose geographical boundary is conterminous with that  
131 of the special district shall adopt a resolution within 30 days after county certification of  
132 the result of the election imposing the sales and use tax authorized by this part on behalf  
133 of the county whose geographical boundary is conterminous with that of the special  
134 district. The resolution shall be effective on the first day of the next succeeding calendar  
135 quarter which begins more than 50 days after the adoption of the resolution. With respect  
136 to services which are billed on a regular monthly basis, however, the resolution shall  
137 become effective with the first regular billing period coinciding with or following the  
138 otherwise effective date of the resolution. A certified copy of the resolution shall be  
139 forwarded to the commissioner so that it will be received within five days after its  
140 adoption.

141 (h) Within 30 days of the conclusion of a year in which the sales and use tax provided for  
142 in this part is collected, the county shall post a report in a prominent place on its public  
143 website detailing how much money was collected in the past year by such sales and use tax,  
144 the value of homesteads reduced by such sales and use tax collections, and any other  
145 information that may be required by the commissioner in rules adopted pursuant to  
146 subsection (d) of Code Section 48-8-109.28. The county shall also deliver a copy of this  
147 report to each member of the General Assembly whose district includes any part of the  
148 county.

149 48-8-109.27.

150 (a) The sales and use tax levied pursuant to this part shall be exclusively administered and  
151 collected by the commissioner for the use and benefit of each county whose geographical  
152 boundary is conterminous with that of a special district. Such administration and collection  
153 shall be accomplished in the same manner and subject to the same applicable provisions,  
154 procedures, and penalties provided in Article 1 of this chapter except that the sales and use  
155 tax provided in this part shall be applicable to sales of motor fuels as prepaid local tax as  
156 such term is defined in Code Section 48-8-2; provided, however, that all moneys collected  
157 from each taxpayer by the commissioner shall be applied first to such taxpayer's liability  
158 for taxes owed the state. Dealers shall be allowed a percentage of the amount of the sales  
159 and use tax due and accounted for and shall be reimbursed in the form of a deduction in  
160 submitting, reporting, and paying the amount due if such amount is not delinquent at the  
161 time of payment. The deduction shall be at the rate and subject to the requirements  
162 specified under subsections (b) through (f) of Code Section 48-8-50.

163 (b) Each sales and use tax return remitting sales and use taxes collected under this part  
164 shall separately identify the location of each retail establishment at which any of the sales  
165 and use taxes remitted were collected and shall specify the amount of sales and the amount  
166 of taxes collected at each establishment for the period covered by the return in order to  
167 facilitate the determination by the commissioner that all sales and use taxes imposed by this  
168 part are collected and distributed according to situs of sale.

169 (c) The proceeds of the sales and use tax collected by the commissioner in each special  
170 district under this part shall be disbursed as soon as practicable after collection as follows:

171 (1) One percent of the amount collected shall be paid into the general fund of the state  
172 treasury in order to defray the costs of administration; and

173 (2) Except for the percentage provided in paragraph (1) of this subsection, the remaining  
174 proceeds of the sales and use tax shall be distributed to the governing authority of the  
175 county whose geographical boundary is conterminous with that of the special district. As

176 a condition precedent for the authority to levy the sales and use tax or to collect any  
177 proceeds from the tax authorized by this part for the year following the first complete  
178 calendar year in which it is levied and for all subsequent years except the year following  
179 the year in which the sales and use tax is terminated, the county whose geographical  
180 boundary is conterminous with that of the special district shall, except as otherwise  
181 provided in subsection (c) of Code Section 48-8-109.26, expend such proceeds as  
182 follows:

183 (A) A portion of such proceeds shall be expended for the purpose of funding capital  
184 outlay projects as follows:

185 (i) Prior to the beginning of each calendar year, the governing authority of the county  
186 whose geographical boundary is conterminous with that of the special district shall  
187 establish the capital factor which shall not exceed 0.250;

188 (ii) Capital outlay projects shall be funded in an amount equal to the product of the  
189 capital factor multiplied by the net amount of the sales and use tax proceeds collected  
190 under this part during the previous calendar year, and this amount shall be referred to  
191 as capital outlay proceeds;

192 (iii) The total portion, if any, to be paid to existing municipalities from the capital  
193 outlay proceeds shall be determined as follows:

194 (I) If the sales and use tax provided for in Part 1 of Article 3 of this chapter is  
195 currently levied and collected within such county, such portions shall be determined  
196 for each existing municipality by applying the percentage used for that  
197 municipality's portion of the proceeds of such sales and use tax received by such  
198 county from the commissioner in each month to the capital outlay portion of the  
199 proceeds of the sales and use tax provided for by this article received from the  
200 commissioner in the same month;

201 (II) If a new municipality is incorporated within the county, such newly  
202 incorporated municipality shall receive a portion of each month's capital outlay

203 proceeds that is equal to the population of such municipality within such county as  
204 a percentage of the total population of the county, as such populations are  
205 determined based upon the most recently published decennial United States Census,  
206 and the portion of such capital outlay proceeds received by the county and the  
207 existing municipalities shall be reduced in proportion to their populations within  
208 such county; or

209 (III) If the sales and use tax provided for in Part 1 of Article 3 of this chapter is not  
210 levied or collected within such county, the capital outlay portion of the sales and use  
211 tax provided for in this article shall be distributed to the municipalities located  
212 wholly or partially within the county based upon the populations of such  
213 municipalities that are located within the county as a percentage of the total  
214 population of such county, as such populations are determined based upon the most  
215 recently published decennial United States Census; and

216 (iv) Capital outlay projects funded by this part undertaken by the county shall be  
217 limited to road improvement projects; provided, however, that nothing in this division  
218 shall limit the scope of capital outlay projects undertaken by a qualified municipality;

219 (B) A portion of such proceeds shall be expended for the purpose of funding services  
220 within the special district equal to the revenue lost to the homestead exemption as  
221 provided for in this Code section as follows:

222 (i) Within 30 days of the end of the calendar year, the governing authority of such  
223 county shall calculate the homestead factor for that period by multiplying the quantity  
224 1.000 minus the capital factor for that period, and then dividing by the taxes to be  
225 levied in the current tax year for county maintenance and operations on only that  
226 portion of the county's tax digest levied for maintenance and operations that  
227 represents net assessments on qualified homestead property after all other homestead  
228 exemptions have been applied, rounding the result to three decimal places;

229 (ii) If the homestead factor is less than or equal to 1.000, the amount of homestead  
 230 exemption created for the current tax year under this part on qualified homestead  
 231 property shall be equal to the product of the homestead factor multiplied times the net  
 232 assessment of each qualified homestead remaining after all other homestead  
 233 exemptions have been applied; and

234 (iii) If the homestead factor is greater than 1.000, the homestead exemption created  
 235 for the current tax year by this part on qualified homestead property shall be equal to  
 236 the net assessment of each homestead remaining after all other homestead exemptions  
 237 have been applied; and

238 (C) If any of such proceeds remain following the distribution provided for in  
 239 subparagraphs (A) and (B) of this paragraph:

240 (i) The millage rate levied for county maintenance and operation purposes shall be  
 241 rolled back in an amount equal to such excess divided by the net taxable digest for  
 242 county purposes after deducting all homestead exemptions including the exemption  
 243 under this part; and

244 (ii) In the event the rollback created by division (i) of this subparagraph exceeds the  
 245 millage rate for county maintenance and operation purposes, the governing authority  
 246 of the county whose boundary is conterminous with the special district shall be  
 247 authorized to expend the surplus funds for funding all or any portion of those services  
 248 which are to be provided by such governing authorities pursuant to and in accordance  
 249 with Article IX, Section II, Paragraph III of the Constitution of this state.

250 (d) For illustration purposes, a hypothetical example of the calculation is provided as  
 251 follows:

252 First, calculate the homestead factor in accordance with  
 253 division (c)(2)(B)(i) of this Code section as follows:

254 (A) Capital factor certified by county as required by  
 255 subsection (c) of this Code section . . . . . 0.15

256	<u>(B) Net amount of sales and use tax collected in the special</u>	
257	<u>district pursuant to this part for the previous calendar year . . . . .</u>	<u>\$ 50 million</u>
258	<u>(C) Taxes levied for county purposes on only that portion of the</u>	
259	<u>county tax digest that represents net assessments on qualified</u>	
260	<u>homestead property after all other homestead exemptions have</u>	
261	<u>been applied . . . . .</u>	<u>\$100 million</u>
262	<u>(D) Calculation of homestead factor using figures above =</u>	
263	<u>[(1-.0150)(\$50 million/\$100 million)] . . . . .</u>	<u>0.425.</u>

264 48-8-109.28.

265 (a) Where a local sales or use tax has been paid with respect to tangible personal property  
 266 by the purchaser either in another local tax jurisdiction within this state or in a tax  
 267 jurisdiction outside this state, the sales and use tax may be credited against the sales and  
 268 use tax authorized to be imposed by this part upon the same property. If the amount of  
 269 sales or use tax so paid is less than the amount of the use tax due under this part, the  
 270 purchaser shall pay an amount equal to the difference between the amount paid in the other  
 271 tax jurisdiction and the amount due under this part. The commissioner may require such  
 272 proof of payment in another local tax jurisdiction as the commissioner deems necessary and  
 273 proper. No credit shall be granted, however, against the sales and use tax imposed under  
 274 this part for tax paid in another jurisdiction if the sales and use tax paid in such other  
 275 jurisdiction is used to obtain a credit against any other local sales and use tax levied in the  
 276 special district or in the county which is conterminous with the special district; and sales  
 277 and use taxes so paid in another jurisdiction shall be credited first against the sales and use  
 278 tax levied under this part and then against the sales and use tax levied under Article 3 of  
 279 this chapter, if applicable.

280 (b) No sales and use tax provided for in Code Section 48-8-109.26 shall be imposed upon  
 281 the sale of tangible personal property which is ordered by and delivered to the purchaser

282 at a point outside the geographical area of the special district in which the sales and use tax  
283 is imposed under this part regardless of the point at which title passes, if the delivery is  
284 made by the seller's vehicle, United States mail, or common carrier or by private or contract  
285 carrier licensed by the Federal Motor Carrier Safety Administration or the Georgia  
286 Department of Public Safety.

287 (c)(1) As used in this subsection, the term 'building and construction materials' means  
288 all building and construction materials, supplies, fixtures, or equipment, any combination  
289 of such items, and any other leased or purchased articles when the materials, supplies,  
290 fixtures, equipment, or articles are to be utilized or consumed during construction or are  
291 to be incorporated into construction work pursuant to a bona fide written construction  
292 contract.

293 (2) No sales and use tax provided for in Code Section 48-8-109.26 shall be imposed in  
294 a special district upon the sale or use of building and construction materials when the  
295 contract pursuant to which the materials are purchased or used was advertised for bid  
296 prior to approval of the levy of the sales and use tax by the county whose geographical  
297 boundary is conterminous with that of the special district and the contract was entered  
298 into as a result of a bid actually submitted in response to the advertisement prior to  
299 approval of the levy of the sales and use tax.

300 (d) The commissioner shall have the power and authority to promulgate such rules and  
301 regulations as shall be necessary for the effective and efficient administration and  
302 enforcement of the collection of the sales and use tax authorized to be imposed by this  
303 part."

304 **SECTION 2.**

305 Code Section 48-5C-1 of the Official Code of Georgia Annotated, relating to alternative ad  
306 valorem taxation of motor vehicles and title ad valorem tax fee, is amended in subsection (b)  
307 by repealing paragraph (7.1) and by adding a new paragraph to read as follows:

308 ”(19)(A) As used in this paragraph, the term:  
309 (i) 'For-hire charter bus or motor coach' means a motor vehicle designed for carrying  
310 more than 15 passengers and used for the transportation of persons for compensation.  
311 (ii) 'Special modified rental vehicle' means a motor vehicle that has been significantly  
312 modified at a manufacturing facility in this state, provided that:  
313 (I) Such manufacturing facility is operated by the owner of such motor vehicle;  
314 (II) Such owner primarily uses such motor vehicle by renting or leasing it without  
315 a driver to businesses;  
316 (III) Such rental or lease transactions are subject to Georgia state and local sales  
317 and use taxes; and  
318 (IV) Such owner provides the department with an affidavit affirming that the  
319 vehicle has been significantly modified and that the other qualifications of this  
320 definition have been met for such vehicle.  
321 (B) In the case of for-hire charter buses or motor coaches or special modified rental  
322 vehicles, the person applying for a certificate of title shall be required to pay title ad  
323 valorem tax fees in the amount of 50 percent of the amount which would otherwise be  
324 due and payable under this subsection at the time of filing the application for a  
325 certificate of title, and the remaining 50 percent shall be paid within 12 months  
326 following the filing of such application.”

327

**SECTION 3.**

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