

House Resolution 1114

By: Representatives Blackmon of the 146th, Burns of the 159th, Efstation of the 104th, Hatchett of the 155th, Cannon of the 172nd, and others

A RESOLUTION

1 Proposing an amendment to the Constitution so as to remove the cap on benefits granted
2 pursuant to the Homeowner's Incentive Adjustment clause; to authorize the General
3 Assembly to provide by general law for local grant and adjustment programs; to substantially
4 revise procedures for financing local governments and local school systems to provide
5 property tax relief for homeowners; to authorize the General Assembly to require the voters
6 to approve proposed millage rates of local school systems and local governments that would
7 increase local government revenues; to revise provisions for sales and use taxes that may be
8 levied by local boards of education for capital outlay projects and related purposes; to
9 provide that the total of all sales, use, and excise taxes levied by local boards of education
10 shall be capped at 2 percent; to make conforming changes; to provide for a general law
11 establishing a new homestead option sales tax that may be enacted by all counties,
12 consolidated governments, municipalities, and local school systems; to provide that all
13 homestead properties shall be functionally exempt from local government and local school
14 system ad valorem taxation after a certain date; to provide for general laws related to the
15 exemption of properties from ad valorem taxes based upon the proceeds of such homestead
16 option sales tax; to provide for local finance assessments by local governments; to limit the
17 amount of assessments to the actual cost to the local jurisdiction for funding capital outlay
18 projects and providing services; to require the offsetting or rollback of ad valorem property
19 taxes; to provide for allocation of assessments; to provide for liens for unpaid assessments;

20 to waive uniformity provisions; to provide for expenditure procedures and exemptions; to
21 provide for related matters; to provide for the submission of this amendment for ratification
22 or rejection; and for other purposes.

23 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

24 **SECTION 1.**

25 Article VII, Section IIA of the Constitution is amended by revising Paragraph I as follows:

26 "Paragraph I. *State and local grants; adjustment amount.* (a) For each taxable year, a
27 homeowner's incentive adjustment may be applied to the return of each taxpayer claiming
28 such state-wide homestead exemption as may be specified by general law. The General
29 Assembly by general law may authorize local governments and local school systems to
30 establish local grant programs and to appropriate local tax funds in support of local
31 homeowner's incentive adjustments.

32 (b) The amount of such adjustment the adjustment applied pursuant to subparagraph (a)
33 of this Paragraph may provide a taxpayer with a benefit equivalent to a homestead
34 exemption of up to ~~\$18,000.00~~ of the assessed value of a taxpayer's homestead or the
35 taxpayer's ad valorem property tax liability on the homestead, ~~whichever is lower~~. The
36 General Assembly may appropriate such amount each year for grants to local governments
37 and school districts as homeowner tax relief grants.

38 (c) The adjustments and grants authorized by this Paragraph shall be made in such
39 manner and shall be subject to the procedures and conditions as may be specified by
40 general law heretofore or hereafter enacted."

41 **SECTION 2.**

42 Article VIII, Section VI of the Constitution is amended by revising Paragraphs I and IV as
43 follows:

44 "Paragraph I. **Local taxation for education.** (a) The board of education of each local
45 school system shall annually certify to its fiscal authority or authorities a school tax not
46 greater than 20 mills per dollar for the support and maintenance of education; provided
47 however that the General Assembly may provide by law that before any local school
48 system establishes a millage rate that would result in increased revenues such millage rate
49 shall be approved by a majority of the qualified voters voting thereon in such local school
50 system proposing such millage rate and such general law may allow inflation and new
51 development or growth to be taken into account before such referendum is required. Said
52 fiscal authority or authorities shall annually levy said tax upon the assessed value of all
53 taxable property within the territory served by said local school system, provided that the
54 levy made by an area board of education, which levy shall not be greater than 20 mills per
55 dollar, shall be in such amount and within such limits as may be prescribed by local law
56 applicable thereto.

57 (b) School tax funds shall be expended only for the support and maintenance of public
58 schools, public vocational-technical schools, public education, and activities necessary or
59 incidental thereto, including school lunch purposes.

60 (c) The 20 mill limitation provided for in subparagraph (a) of this Paragraph shall not
61 apply to those local school systems which are authorized on June 30, 1983, to levy a school
62 tax in excess thereof.

63 (d) The method of certification and levy of the local school system tax provided for in
64 subparagraph (a) of this Paragraph shall not apply to those local school systems that are
65 authorized on June 30, 1983, to utilize a different method of certification and levy of such
66 tax; but the General Assembly may by law require that such local school systems be
67 brought into conformity with the method of certification and levy herein provided."

68 "Paragraph IV. **Sales tax for educational purposes.** (a) The board of education of each
69 school ~~district~~ system in a county in which no independent or area school ~~district~~ system
70 is located may by resolution, and the ~~board~~ boards of education of each county ~~school~~

71 ~~district and the board of education of each, independent, and area school district system~~
72 ~~located wholly or partially within the same county as such county school system~~ may by
73 concurrent resolutions, impose, levy, and collect a sales and use tax for educational
74 purposes of such school ~~districts~~ systems conditioned upon approval by a majority of the
75 qualified voters residing within the limits of the local taxing jurisdiction voting in a
76 referendum thereon. In addition, when a county school ~~district~~ system has one or more
77 independent ~~or area school districts~~ systems located wholly or partially within the same
78 county as such county school system, the school ~~district~~ system or combination of school
79 ~~districts~~ systems that has a majority of the students enrolled within the county, based on the
80 latest full-time equivalent count, shall be authorized to call for a referendum to impose,
81 levy, and collect a sales and use tax for educational purposes of such school ~~districts~~
82 systems conditioned upon approval by a majority of the qualified voters residing within the
83 limits of the county voting in a referendum thereon. This tax shall be at ~~the a rate of not~~
84 to exceed 1 percent and shall be imposed for a period of time not to exceed five years, but
85 in all other respects, except as otherwise provided in this Paragraph, shall correspond to
86 and be levied in the same manner as the tax provided for by Article 3 of Chapter 8 of Title
87 48 of the Official Code of Georgia Annotated, relating to the special county 1 percent sales
88 and use tax, as now or hereafter amended. Proceedings for the reimposition of such tax
89 shall be in the same manner as proceedings for the initial imposition of the tax, but the
90 newly authorized tax shall not be imposed until the expiration of the tax then in effect.

91 (b) The purpose or purposes for which the proceeds of the tax are to be used and may be
92 expended include:

- 93 (1) Capital outlay projects for educational purposes;
- 94 (2) The retirement of previously incurred general obligation debt with respect only to
95 capital outlay projects of the local school system; provided, however, that the tax
96 authorized under this Paragraph shall only be expended for the purpose authorized under
97 this subparagraph (b)(2) if all ad valorem property taxes levied or scheduled to be levied

98 prior to the maturity of any such then outstanding general obligation debt to be retired by
99 the proceeds of the tax imposed under this Paragraph shall be reduced by a total amount
100 equal to the total amount of proceeds of the tax imposed under this Paragraph to be
101 applied to retire such bonded indebtedness. In the event of failure to comply with the
102 requirements of this subparagraph (b)(2), as certified by the Department of Revenue, no
103 further funds shall be expended under this subparagraph (b)(2) by such ~~county or~~
104 ~~independent local~~ board of education and all such funds shall be maintained in a separate,
105 restricted account and held solely for the expenditure for future capital outlay projects for
106 educational purposes; or

107 (3) A combination of the foregoing.

108 (c) The resolution calling for the imposition of the tax and the ballot question shall each
109 describe:

110 (1) The specific capital outlay projects to be funded, or the specific debt to be retired,
111 or both, if applicable;

112 (2) The maximum cost of such project or projects and, if applicable, the maximum
113 amount of debt to be retired, which cost and amount of debt shall also be the maximum
114 amount of net proceeds to be raised by the tax; and

115 (3) The maximum period of time, to be stated in calendar years or calendar quarters
116 and not to exceed five years.

117 (d) Nothing in this Paragraph shall prohibit a county and those municipalities located in
118 such county from imposing as additional taxes local sales and use taxes authorized by
119 general law.

120 (e) Except as provided for in subparagraph (k) of this Paragraph, the tax imposed
121 pursuant to this Paragraph shall not be subject to and shall not count with respect to any
122 general law limitation regarding the maximum amount of local sales and use taxes which
123 may be levied in any jurisdiction in this state.

124 (f) The tax imposed pursuant to this Paragraph shall not be subject to any sales and use
125 tax exemption with respect to the sale or use of food and beverages which is imposed by
126 law.

127 (g) The net proceeds of the tax shall be distributed ~~between~~ among the county school
128 ~~district system, area school system, and the independent school districts systems,~~ or portion
129 thereof, located wholly or partially in the same county as such county school system
130 according to an agreement between the ~~county school system and the independent school~~
131 ~~district or districts~~ school systems or, if no agreement can be reached, according to the ratio
132 the student enrollment in each school ~~district system,~~ or portion thereof, bears to the total
133 student enrollment of all school ~~districts systems~~ in the county or upon such other formula
134 for distribution as may be authorized by local law. For purposes of this subparagraph,
135 student enrollment shall be based on the latest full-time equivalent count prior to the
136 referendum on imposing the tax.

137 (h) Excess proceeds of the tax which remain following expenditure of proceeds for
138 authorized projects or purposes for education shall be used solely for the purpose of
139 reducing any indebtedness of the school system. In the event there is no indebtedness, such
140 excess proceeds shall be used by such school system for the purpose of reducing its millage
141 rate in an amount equivalent to the amount of such excess proceeds.

142 (i) The tax authorized by this Paragraph may be imposed, levied, and collected as
143 provided in this Paragraph without further action by the General Assembly, but the General
144 Assembly shall be authorized by general law to further define and implement its provisions
145 including, but not limited to, the authority to specify the percentage of net proceeds to be
146 allocated among the projects and purposes for which the tax was levied.

147 (j)(1) Notwithstanding any provision of any constitutional amendment continued in
148 force and effect pursuant to Article XI, Section I, Paragraph IV(a) and except as
149 otherwise provided in subparagraph (j)(2) of this Paragraph, any political subdivision
150 whose ad valorem taxing powers are restricted pursuant to such a constitutional

151 amendment may receive the proceeds of the tax authorized under this Paragraph or of any
 152 local sales and use tax authorized by general law, or any combination of such taxes,
 153 without any corresponding limitation of its ad valorem taxing powers which would
 154 otherwise be required under such constitutional amendment.

155 (2) The restriction on and limitation of ad valorem taxing powers described in
 156 subparagraph (j)(1) of this Paragraph shall remain applicable with respect to proceeds
 157 received from the levy of a local sales and use tax specifically authorized by a
 158 constitutional amendment in force and effect pursuant to Article XI, Section I,
 159 Paragraph IV(a), as opposed to a local sales and use tax authorized by this Paragraph or
 160 by general law.

161 (k) Notwithstanding any other provision of the Constitution, the total of the rates of the
 162 sales and use tax levied pursuant to this Paragraph, the sales tax for educational purposes
 163 levied pursuant to Article IX, Section IV, Paragraph V, and any sales and use or any excise
 164 tax for educational purposes levied pursuant to any constitutional amendment continued
 165 in force and effect pursuant to Article XI, Section I, Paragraph IV(a) shall not exceed
 166 2 percent."

167 SECTION 3.

168 Article IX, Section IV of the Constitution is amended by revising Paragraph I and adding a
 169 new paragraph to read as follows:

170 "Paragraph I. ***Power of taxation.*** (a) Except as otherwise provided in this Paragraph,
 171 the governing authority of any county, municipality, or combination thereof may exercise
 172 the power of taxation as authorized by this Constitution or by general law.

173 (a.1) Notwithstanding any provision of Section II of this article to the contrary, the
 174 General Assembly may provide by law that before any county, municipality, or
 175 combination thereof establishes a millage rate that would result in increased revenues such
 176 millage rate shall be approved by a majority of the qualified voters voting thereon in the

177 particular county or municipality proposing such millage rate and such general law may
178 allow inflation and new development or growth to be taken into account before such
179 referendum is required.

180 (b) In the absence of a general law:

181 (1) County governing authorities may be authorized by local law to levy and collect
182 business and occupational license taxes and license fees only in the unincorporated areas
183 of the counties. The General Assembly may provide that the revenues raised by such tax
184 or fee be spent for the provision of services only in the unincorporated areas of the
185 county.

186 (2) Municipal governing authorities may be authorized by local law to levy and collect
187 taxes and fees in the corporate limits of the municipalities.

188 (c) The General Assembly may provide by law for the taxation of insurance companies
189 on the basis of gross direct premiums received from insurance policies within the
190 unincorporated areas of counties. The tax authorized herein may be imposed by the state
191 or by counties or by the state for county purposes as may be provided by law. The General
192 Assembly may further provide by law for the reduction, only upon taxable property within
193 the unincorporated areas of counties, of the ad valorem tax millage rate for county or
194 county school district purposes or for the reduction of such ad valorem tax millage rate for
195 both such purposes in connection with imposing or authorizing the imposition of the tax
196 authorized herein or in connection with providing for the distribution of the proceeds
197 derived from the tax authorized herein."

198 "Paragraph V. **Local homestead option sales tax.** (a) The General Assembly shall
199 provide by general law for a local homestead option sales tax that may be enacted by any
200 county, consolidated government, municipality, or local school system to offset the
201 exemption of all property subject to a homestead exemption from all ad valorem taxation
202 by local governments or local school systems required by this Paragraph. Any such general
203 law shall provide for the:

204 (1) Optional imposition of a local homestead option sales tax in support of the local
205 school system at a rate not to exceed 2 percent to offset ad valorem property taxes for
206 educational purposes of the local school system;

207 (2) Optional imposition of a local homestead option sales tax in support of county,
208 consolidated government, and municipal purposes at a rate not to exceed 3 percent to
209 offset ad valorem property taxes for county, consolidated government, or municipal
210 purposes;

211 (3) Exemption of all homestead properties located in every county, consolidated
212 government, municipality, and local school system from ad valorem taxes for county,
213 consolidated government, municipal, and educational purposes no later than January 1,
214 2032, regardless of whether or not a local government or local school system enacts a
215 local homestead option sales tax authorized by this Paragraph; provided, however, that
216 the General Assembly may provide by general law for homestead property to be subject
217 to ad valorem taxation for county, consolidated government, municipal, and educational
218 purposes for the first tax year for which the homeowner is otherwise granted a homestead
219 exemption on that homestead;

220 (4) Offsetting or exemption of county, consolidated government, municipal, or local
221 school system ad valorem taxes for other properties if the proceeds of any such local
222 homestead option sales tax exceed the value of the homestead exemption required by
223 subparagraph (a)(3) of this Paragraph; and

224 (5) Promulgation of rules and regulations by the Department of Revenue, which is
225 authorized by this Paragraph notwithstanding the provisions of Article I, Section II,
226 Paragraph III or Article III, Section I, Paragraph I.

227 Any such general law may also, for the purpose of providing ad valorem property tax
228 relief to homesteaded properties, provide for the increase of any state-wide homestead
229 exemptions from county, consolidated government, municipal, and educational purposes

230 ad valorem property taxation for any tax year before tax year 2032 or for the reallocation
 231 of the proceeds of any local option sales tax not otherwise obliged to bonded indebtedness.

232 (b) The provisions of Article VII, Section II, Paragraph II(a) shall not apply to any laws
 233 enacted pursuant to this Paragraph nor, except as provided in this subparagraph, shall any
 234 local homestead option sales tax imposition be conditioned upon or require the approval
 235 of a majority of the qualified electors residing within the limits of the local taxing
 236 jurisdiction voting in a referendum thereon; provided, however, that the General Assembly
 237 may by general law provide that the implementation or renewal of a local homestead option
 238 sales tax after January 1, 2037, may be conditioned upon approval by a majority of the
 239 qualified electors residing within the limits of the local taxing jurisdiction voting in a
 240 referendum thereon."

241 **SECTION 4.**

242 Article IX of the Constitution is amended by adding a new section to read as follows:

243 **"SECTION IVA.**

244 **LOCAL FINANCE ASSESSMENTS**

245 Paragraph I. **Authorization.** (a) The General Assembly shall provide by general law for
 246 the issuance and collection of local finance assessments by counties, municipalities,
 247 consolidated governments, and local school systems on each parcel of real property located
 248 in each such local jurisdiction. Any such general law shall provide:

249 (1) The amount of such assessments issued by any county, municipality, or
 250 consolidated government shall not exceed the actual cost to such local jurisdiction for
 251 funding capital outlay projects and providing services;

252 (2) The amount of such assessments issued by any local school system shall not exceed
253 the actual cost to such local jurisdiction for funding capital outlay projects for educational
254 purposes;

255 (3) That ad valorem property taxes collected by a county, municipality, or consolidated
256 government must be offset or rolled back in an amount equal to funds collected by such
257 local government through one or more local finance assessments; and

258 (4) A limit on the number of methods by which such assessments may be allocated
259 among parcels of real property by the local jurisdiction.

260 (b) Unpaid local finance assessments may constitute a lien against the property for which
261 assessments are not paid, as provided for by general law.

262 (c) The uniformity provisions of Article VII, Section I, Paragraph III shall not apply to
263 any laws enacted or assessments issued or collected pursuant to this section.

264 Paragraph II. *Expenditure and exemptions.* (a) The General Assembly may provide by
265 general law procedures for the expenditure of any public funds collected pursuant to this
266 section.

267 (b) The General Assembly may provide by general law for exemptions from assessments
268 authorized pursuant to this section.

269 (c) General laws enacted and assessments issued or collected pursuant to the authority
270 of this Paragraph shall not be subject to the uniformity provisions of Article VII, Section I,
271 Paragraph III."

272 **SECTION 5.**

273 The above proposed amendment to the Constitution shall be published and submitted as
274 provided in Article X, Section I, Paragraph II of the Constitution. The ballot submitting the
275 above proposed amendment shall have written or printed thereon the following:

276 " YES Shall the Constitution of Georgia be amended to provide complete property
277 NO tax relief for homeowners, exempting homestead properties from ad valorem
278 taxation by counties, schools, consolidated governments, municipalities, and
279 local school systems for all tax years following the first year in which a
280 homestead exemption is granted, by revising finance procedures for local
281 governments and school systems?"

282 All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."

283 All persons desiring to vote against ratifying the proposed amendment shall vote "No." If
284 such amendment shall be ratified as provided in said Paragraph of the Constitution, it shall
285 become a part of the Constitution of this state.