

The House Committee on Ways and Means offers the following substitute to HR 1114:

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 collection of unpaid

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20 assessments; to waive uniformity provisions; to provide for expenditure procedures and
 21 exemptions; to provide for related matters; to provide for the submission of this amendment
 22 for ratification 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, Paragraph I of the Constitution is amended by revising paragraph
 43 (a) as follows:

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

56

SECTION 3.

57 Article VIII, Section VI, Paragraph IV of the Constitution is amended by revising paragraph
 58 (e) and adding a new paragraph to read as follows:

59 “(e) Except as provided for in subparagraph (k) of this Paragraph, the ~~The~~ tax imposed
 60 pursuant to this Paragraph shall not be subject to and shall not count with respect to any
 61 general law limitation regarding the maximum amount of local sales and use taxes which
 62 may be levied in any jurisdiction in this state.”

63 “(k) Notwithstanding any other provision of the Constitution, the total of the rates of the
 64 sales and use tax levied pursuant to this Paragraph, the sales tax for educational purposes
 65 levied pursuant to Article IX, Section IV, Paragraph V, and any sales and use or any excise
 66 tax for educational purposes levied pursuant to any constitutional amendment continued
 67 in force and effect pursuant to Article XI, Section I, Paragraph IV(a) shall not exceed
 68 2 percent.”

95 (3) Exemption of all homestead properties located in every county, consolidated
96 government, municipality, and local school system from ad valorem taxes for county,
97 consolidated government, municipal, and educational purposes no later than January 1,
98 2032, regardless of whether or not a local government or local school system enacts a
99 local homestead option sales tax authorized by this Paragraph; provided, however, that
100 the General Assembly may provide by general law for homestead property to be subject
101 to ad valorem taxation for county, consolidated government, municipal, and educational
102 purposes for the first tax year for which the homeowner is otherwise granted a homestead
103 exemption on that homestead and may allow for homestead property to be subject to ad
104 valorem taxes to pay interest on and to retire bonded indebtedness of counties,
105 consolidated governments, municipalities, or local school systems;

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

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

113 Any such general law may also, for the purpose of providing ad valorem property tax
114 relief to homesteaded properties, provide for the increase of any state-wide homestead
115 exemptions from county, consolidated government, municipal, and educational purposes
116 ad valorem property taxation for any tax year before tax year 2032 or for the reallocation
117 of the proceeds of any local option sales tax not otherwise obliged to bonded indebtedness.

118 (b) The provisions of Article VII, Section II, Paragraph II(a) shall not apply to any laws
119 enacted pursuant to this Paragraph nor, except as provided in this subparagraph, shall any
120 local homestead option sales tax imposition be conditioned upon or require the approval
121 of a majority of the qualified electors residing within the limits of the local taxing

122 jurisdiction voting in a referendum thereon; provided, however, that the General Assembly
 123 may by general law provide that the implementation or renewal of a local homestead option
 124 sales tax after January 1, 2037, may be conditioned upon approval by a majority of the
 125 qualified electors residing within the limits of the local taxing jurisdiction voting in a
 126 referendum thereon; and provided, further, that, notwithstanding any other provision of this
 127 Paragraph to the contrary, if a referendum is required by general law and is not adopted by
 128 the voters of the local jurisdiction, then such local government shall be authorized to levy
 129 and collect ad valorem taxes upon homestead properties."

130 **SECTION 6.**

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

132 **"SECTION IVA.**

133 **LOCAL FINANCE ASSESSMENTS**

134 Paragraph I. *Authorization.* (a) The General Assembly shall provide by general law for
 135 the issuance and collection of local finance assessments by counties, municipalities,
 136 consolidated governments, and local school systems in each such local jurisdiction. Any
 137 such general law shall provide:

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

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

144 (3) That ad valorem property taxes collected by a county, municipality, or consolidated
 145 government shall be offset or rolled back in an amount equal to funds collected by such

146 local government through one or more local finance assessments collected for the
147 provision of services; provided, however, that such offsets or roll backs shall not be
148 required for local finance assessments collected for capital projects; and

149 (4) A limit on the number of methods by which such assessments may be allocated by
150 the local jurisdiction.

151 (b) The General Assembly may provide by general law that failure to pay local finance
152 assessments may result in the temporary suspension of any or all homestead exemptions
153 granted to the person or entity subject to such unpaid assessment or may subject a person
154 or entity to other enforcement mechanisms.

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

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

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

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

165 **SECTION 7.**

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

169 " YES Shall the Constitution of Georgia be amended to provide 100 percent property
170 NO tax relief for homeowners, exempting homestead properties from ad valorem
171 taxation by counties, schools, consolidated governments, municipalities, and
172 local school systems for all tax years following the first year in which a
173 homestead exemption is granted, by revising finance procedures for local
174 governments and school systems?"

175 All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."
176 All persons desiring to vote against ratifying the proposed amendment shall vote "No." If
177 such amendment shall be ratified as provided in said Paragraph of the Constitution, it shall
178 become a part of the Constitution of this state.