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

A RESOLUTION

Proposing an amendment to the Constitution so as to revise procedures for financing local governments and local school systems to provide property tax relief for homeowners; to provide for the gradual reduction in the assessed value of homestead properties for tax purposes; to authorize the General Assembly to provide by law for a homestead exemption for an additional 100 percent disabled veterans' homestead exemption for the full assessed value of a homestead in certain circumstances; to authorize municipalities to seek supplementary funding to offset lost revenue from the homestead exemption; to remove the cap on benefits granted pursuant to the Homeowner's Incentive Adjustment clause; to authorize the General Assembly to dedicate funds to support such program; to authorize the General Assembly to provide by general law for local grant and adjustment programs; to revise provisions for sales and use taxes that may be levied by local boards of education for capital outlay projects and related purposes; to provide that the total of all sales, use, and excise taxes levied by local boards of education shall be capped at 2 percent; to authorize the conversion of sales and use and excise taxes for educational purposes authorized by certain local constitutional amendments into sales and use taxes authorized by general provisions of law; to repeal such local constitutional amendments on a date certain; to provide for a general law establishing new local homestead option sales taxes that may be enacted by all counties, consolidated governments, municipalities, and local school systems; to make conforming

changes; to provide for related matters; to provide for the submission of this amendment for ratification or rejection; and for other purposes.

BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article VII, Section I, Paragraph III of the Constitution is amended by revising subparagraph (a) and adding a new subparagraph to read as follows:

"(a) All taxes shall be levied and collected under general laws and for public purposes only. Except as otherwise provided in subparagraphs (b), (c), (d), (e), (f), ~~and~~ (h)<u>, and (i)</u> of this Paragraph, all taxation shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax."

<u>"(i) Tangible real property which is subject to a homestead exemption granted pursuant to Section II of this article shall be assessed for ad valorem taxation purposes at a reduced value than other tangible real property with that such reduced assessment level being achieved by the gradual reduction of the assessed value of such properties from 40 percent of appraised value to 10 percent of appraised value by 3 percent increments each year beginning in tax year 2027; provided, however, that local governments and local school systems shall have the local option to accelerate the reduction provided for in this subparagraph. The General Assembly by general law may further provide for implementation of this subparagraph."</u>

SECTION 2.

Article VII, Section II of the Constitution is amended by adding a new Paragraph to read as follows:

<u>"Paragraph VI. ***Additional disabled veterans' homestead exemption***. The General Assembly shall provide by general law for the creation of an additional 100 percent</u>

disabled veterans' homestead exemption for the full assessed value of a homestead upon a 100 percent disabled veteran procuring a loan or otherwise financing the development of new residential construction, obtaining or receiving a residential structure by inheritance, or purchasing an existing residential structure, for the purpose of use as a primary residence."

SECTION 3.

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

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

(b) The amount of ~~such adjustment~~ the adjustment applied pursuant to subparagraph (a) of this Paragraph may provide a taxpayer with a benefit equivalent to a homestead exemption of up to ~~$18,000.00 of the assessed value of a taxpayer's homestead or~~ the taxpayer's ad valorem property tax liability on the homestead~~, whichever is lower~~. The General Assembly may appropriate such amount each year for grants to local governments and school districts as homeowner tax relief grants, and, notwithstanding any other provisions of this Constitution, may provide by law for the dedication of the proceeds of specific taxes, fees, or assessments, including, but not limited to, dedicated proceeds from sales tax collections on high-technology data centers, to fund the grants provided for in this Paragraph.

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

SECTION 4.

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

"(a) The board of education of each school district in a county in which no independent or area school district is located may by resolution, and the board of education of each county ~~school district and the board of education of each~~, independent, and area school district located wholly or partially within the same county as such county school district may by concurrent resolutions, impose, levy, and collect a sales and use tax for educational purposes of such school districts conditioned upon approval by a majority of the qualified voters residing within the limits of the local taxing jurisdiction voting in a referendum thereon. In addition, when a county school district has one or more independent or area school districts located wholly or partially within the same county as such county school district, the school district or combination of school districts that has a majority of the students enrolled within the county, based on the latest full-time equivalent count, shall be authorized to call for a referendum to impose, levy, and collect a sales and use tax for educational purposes of such school districts conditioned upon approval by a majority of the qualified voters residing within the limits of the county voting in a referendum thereon. This tax shall be at ~~the~~ a rate ~~of~~ not to exceed 1 percent and shall be imposed for a period of time not to exceed five years, but in all other respects, except as otherwise provided in this Paragraph, shall correspond to and be levied in the same manner as the tax provided for by Article 3 of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to the special county 1 percent sales and use tax, as now or hereafter amended. Proceedings for the reimposition of such tax shall be in the same manner as proceedings for the initial imposition of the tax, but the newly authorized tax shall not be imposed until the expiration of the tax then in effect."

"(e) Except as provided for in subparagraph (k) of this Paragraph, the ~~The~~ tax imposed pursuant to this Paragraph shall not be subject to and shall not count with respect to any

general law limitation regarding the maximum amount of local sales and use taxes which may be levied in any jurisdiction in this state."

"(k) Notwithstanding any other provision of this Constitution, the total of the rates of the sales and use tax levied pursuant to this Paragraph, and the sales tax for educational purposes levied pursuant to Article IX, Section IV, Paragraph V shall not exceed 2 percent.

(l) Notwithstanding Article XI, Section I, Paragraph IV of this Constitution, any sales and use or any excise tax for educational purposes levied pursuant to any constitutional amendment continued in force and effect pursuant to Article XI, Section I, Paragraph IV(a) that is in force and effect on January 1, 2028, may be converted into a sales and use tax authorized pursuant to Article IX, Section IV, Paragraph V, and, if so, shall henceforth be governed by the provisions of such Paragraph V and any laws enacted pursuant thereto. All such local constitutional amendments converted into a sales and use tax authorized pursuant to Article IX, Section IV, Paragraph V shall stand repealed by operation of law and shall be deleted as part of this Constitution upon such conversion."

SECTION 5.

Article IX, Section IV of the Constitution is amended by adding a new Paragraph to read as follows:

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

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

121 (2) Optional imposition of a local homestead option sales tax in support of county,
122 consolidated government, and municipal purposes at a rate not to exceed 1 percent to
123 offset ad valorem property taxes for county, consolidated government, or municipal
124 purposes in a manner provided by general law;
125 (3) Exemption of homestead properties located in a county, consolidated government,
126 municipality, or local school system from certain ad valorem taxes for county,
127 consolidated government, municipal, or educational purposes if the local government or
128 local school system enacts a local homestead option sales tax authorized by this
129 Paragraph subject to a reduced assessment of tangible real property subject to a
130 homestead exemption;
131 (4) Offsetting or exemption of county, consolidated government, municipal, or local
132 school system ad valorem taxes for other properties in a manner provided by general law;
133 and
134 (5) Promulgation of rules and regulations by the Department of Revenue, which is
135 authorized by this Paragraph notwithstanding the provisions of Article I, Section II,
136 Paragraph III or Article III, Section I, Paragraph I.
137 (b) The provisions of Article VII, Section II, Paragraph II(a) shall not apply to any laws
138 enacted pursuant to this Paragraph nor, except as provided in this subparagraph, shall any
139 local homestead option sales tax imposition be conditioned upon or require the approval
140 of a majority of the qualified electors residing within the limits of the local taxing
141 jurisdiction voting in a referendum thereon; provided, however, that the General Assembly
142 may by general law provide that the implementation or renewal of a local homestead option
143 sales tax after January 1, 2037, may be conditioned upon approval by a majority of the
144 qualified electors residing within the limits of the local taxing jurisdiction voting in a
145 referendum thereon; and provided further, however, that, in the event that such a
146 referendum fails, the value at which homestead property is assessed for such jurisdiction

147 shall be increased to 40 percent of the appraised value of the homestead property for such
148 jurisdiction."

149 **SECTION 6.**

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

153 "( ) YES Shall the Constitution of Georgia be amended to provide property tax relief
154 ( ) NO for homeowners by reducing the taxable assessed value of residential
155 properties from 40 percent of appraised value to 10 percent of appraised value
156 at the rate of 3 percent each year, adding an additional 100 percent disabled
157 veterans' homestead exemption for the full assessed value of a homestead in
158 certain circumstances, and authorizing local homestead option sales taxes to
159 support homestead exemptions from taxation by local governments and
160 school systems?"

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