

The House Committee on Ways and Means offers the following substitute to HB 1116:

A BILL TO BE ENTITLED

AN ACT

1 To amend Titles 20, 36, and 48 of the Official Code of Georgia Annotated, relating to
2 education, local government, and revenue and taxation, respectively, so as to provide for
3 property tax reform; to change certain provisions regarding assessment of tangible real
4 property; to require that each sales tax return include specific information regarding the
5 collection of such taxes; to require that the department maintain sales tax data differentiating
6 sales made within the limits of a municipality from sales made within the unincorporated
7 area of a county; to provide for the publication of such data; to authorize grant funding for
8 homeowner's incentive adjustments; to revise provisions regarding caps on local sales and
9 use tax; to revise provisions relating to the distribution of proceeds of such sales and use tax
10 through intergovernmental agreements; to allow county special purpose local option sales
11 taxes (SPLOST) to be imposed at a rate of less than 1 percent; to allow sales tax for
12 educational purposes to be imposed at a rate of less than 1 percent; to eliminate the use of the
13 joint county and municipal sales and use tax (LOST) on a date certain; to eliminate the use
14 of the homestead option sales tax (HOST) on a date certain; to establish a Local Homestead
15 Option Sales Tax (LHOST); to provide for a homestead exemption in the amount of the
16 proceeds derived from an LHOST within a given special district; to provide for the
17 conversion from other sales and use taxes to the LHOST; to provide for definitions; to
18 provide for imposition, collection, and distribution of proceeds; to establish a School Local

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19 Homestead Option Sales Tax (S-LHOST); to provide for a homestead exemption in the
20 amount of the proceeds derived from an S-LHOST within a given special district; to provide
21 for the conversion from other sales and use taxes to the S-LHOST; to provide for definitions;
22 to provide for imposition, collection, and distribution of proceeds; to establish a Municipal
23 Homestead Option Sales Tax (M-HOST); to provide for a homestead exemption in the
24 amount of the proceeds derived from an M-HOST within a given special district; to authorize
25 conversions to the LHOST; to provide for definitions; to provide for imposition, collection,
26 and distribution of proceeds; to increase the cap on reserve funds for local school systems;
27 to exclude amounts attributable to certain exemptions from ad valorem taxation from the
28 equalized adjusted school property tax digest for the purpose of calculating the local five mill
29 share and equalization grants; to expand the period of time within which taxpayers may apply
30 for homestead exemptions; to provide for penalties for failing to report ineligibility for a
31 homestead exemption; to provide for a database of homestead exemption information; to
32 provide for conforming changes; to establish the Joint Legislative Education Finance Study
33 Committee to evaluate the Quality Basic Education formula and education funding for public
34 schools; to provide for legislative findings; to provide for composition; to provide for
35 allowances; to provide for duties and powers; to provide for assistance; to provide for the
36 retention of finance professionals; to provide for a final report; to provide for automatic
37 repeal; to extend the sunset date for a sales and use tax exemption for certain
38 high-technology data center equipment; to provide for an excise tax on high-technology data
39 centers; to provide for the establishment of the Homeowner's Tax Relief Fund; to provide for
40 dedication of funds; to provide for purposes of distribution; to provide for rules and
41 regulations; to provide for related matters; to provide for short titles; to provide for multiple
42 effective dates; to provide for a contingent effective date and automatic repeal; to provide for
43 applicability; to repeal conflicting laws; and for other purposes.

44 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

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45

PART I

46

SECTION 1-1.

47 This Act shall be known and may be cited as the "Homeownership Opportunity and Market
48 Equalization Act of 2026."

49

PART II

50

SECTION 2-1.

51 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
52 amended in Code Section 48-5-7, relating to assessment of tangible property, by adding a
53 new subsection to read as follows:

54 "(a.1) Beginning in taxable year 2027, the percentage of assessment of fair market value
55 for taxable tangible real property subject to homestead exemptions shall be reduced by 3
56 percent each year for taxable years 2027 through 2037, and on and after January 1, 2037,
57 taxable tangible real property subject to homestead exemptions shall be assessed at
58 10 percent of its fair market value and shall be taxed on a levy made by each respective tax
59 jurisdiction according to 10 percent of such property's fair market value; provided,
60 however, that local governments and local school systems shall have the local option to
61 accelerate the reduction provided for in this subsection with excess proceeds from sales and
62 use taxes collected pursuant to Article 2C or 2C of this chapter."

63

SECTION 2-2.

64 Said title is further amended in Code Section 48-8-30, relating to imposition, rate, and
65 collection of tax, by adding a new subsection to read as follows:

66 "(1)(1) On or after January 1, 2027, each sales tax return remitting taxes collected under
67 this chapter shall include the location at which any of the taxes remitted were collected,

68 including separate line items for collections made within the city limits of a municipality
 69 and collections made within an unincorporated area of a county. Vendors submitting
 70 such sales tax returns shall provide a North American Industry Classification System
 71 code with each respective sales tax return.

72 (2) The commissioner shall compile and organize sales tax data, differentiating sales
 73 made within the limits of a municipality from sales made within the unincorporated area
 74 of a county. In the event that a municipality is located in more than one county, the
 75 compiled sales tax data shall distinguish between such sales made within the municipal
 76 limits of each respective county.

77 (3) On or before December 31 of each calendar year beginning on and after January 1,
 78 2027, the commissioner shall publish on the department's website the aggregate sales tax
 79 data specified by the North American Industry Classification System."

80 **PART III**

81 **SECTION 3-1.**

82 Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to state sales and
 83 use taxes, is amended by revising Code Section 48-8-6, relating to prohibition of political
 84 subdivisions from imposing various taxes, ceiling on local sales and use tax, and taxation of
 85 mobile telecommunications, as follows:

86 "48-8-6.

87 (a)(1) ~~Except~~ Until June 30, 2027, except as provided in this subsection, on and after
 88 July 1, 2024, there shall not be imposed in any jurisdiction in this state or on any
 89 transaction in this state local sales taxes, local use taxes, or local sales and use taxes in
 90 excess of 2 percent. For purposes of such 2 percent limitation, the taxes affected are any
 91 sales tax, use tax, or sales and use tax which is levied in an area consisting of less than
 92 the entire state, however authorized, including such taxes authorized by or pursuant to

93 constitutional amendment, and regardless of whether another provision of law purports
94 to the contrary except for the following:

95 (A) A 1 percent sales and use tax for educational purposes exempted from such
96 limitation under Article VIII, Section VI, Paragraph IV of the Constitution;

97 (B) Up to 1 percent in aggregate of any of the transportation related sales and use taxes
98 authorized under Articles 5, 5A, and 5B of this chapter and Article 2 of Chapter 9 of
99 Title 32, and in a county in which a tax is levied and collected pursuant to Part 2 of
100 Article 2A of this chapter, any tax levied for purposes of a metropolitan area system of
101 public transportation, as authorized by the amendment to the Constitution set out at
102 Georgia Laws, 1964, page 1008, the continuation of such amendment under Article XI,
103 Section I, Paragraph IV(d) of the Constitution, and the laws enacted pursuant to such
104 constitutional amendment; and

105 (C) Up to 1 percent in aggregate of any sales and use taxes authorized under Code
106 Section 48-8-96, Code Section 48-8-97, Article 2B of this chapter, Part 3 of Article 3
107 of this chapter, and Article 4 of this chapter.

108 (2) Notwithstanding any provision of law to the contrary, any tax that does not comply
109 with the limitations provided in paragraph (1) of this subsection as of July 1, 2025, but
110 was initiated in compliance with the law in effect prior to January 1, 2025, shall be
111 allowed to continue as authorized under laws that existed prior to July 1, 2025; provided,
112 however, that, upon the expiration or termination of any such tax, the jurisdiction that
113 levied such tax shall be fully subject to the limitations imposed by this subsection.

114 (3) This subsection shall not limit the imposition of any local excise tax, which is
115 separately authorized under Chapter 13 of this title.

116 (4) If the imposition of any otherwise authorized local sales tax, local use tax, or local
117 sales and use tax would result in a tax rate in excess of that authorized by this subsection,
118 then such otherwise authorized tax shall not be imposed.

119 (5) This subsection shall stand repealed and reserved on June 30, 2027.

120 (b)(1) On and after July 1, 2027, there shall not be imposed in any jurisdiction in this
121 state or on any transaction in this state local sales taxes, local use taxes, or local sales and
122 use taxes in excess of 5 percent. For purposes of such 5 percent limitation, the taxes
123 affected are any sales tax, use tax, or sales and use tax which is levied in an area
124 consisting of less than the entire state, however authorized, including such taxes
125 authorized by or pursuant to constitutional amendment, and regardless of whether another
126 provision of law purports to the contrary except for the 1 percent sales and use tax levied
127 and collected pursuant to Part 2 of Article 2A of this chapter, any tax levied for purposes
128 of a metropolitan area system of public transportation, as authorized by the amendment
129 to the Constitution set out at Georgia Laws, 1964, page 1008, the continuation of such
130 amendment under Article XI, Section I, Paragraph IV(d) of the Constitution, and the laws
131 enacted pursuant to such constitutional amendment. Any local school system located in
132 a county whose boundary is conterminous with the boundary of a special district shall be
133 permitted to exercise a right of first refusal of up to 1 percent of the local sales and use
134 taxes authorized pursuant to this Code section. In the event that more than one local
135 school system is located within such special district, such right of first refusal shall be
136 exercised collectively by all such local school systems.

137 (2) Notwithstanding any provision of law to the contrary, any tax that does not comply
138 with the limitations provided in paragraph (1) of this subsection as of July 1, 2032, but
139 was initiated in compliance with the law in effect prior to January 1, 2032, shall be
140 allowed to continue as authorized under laws that existed prior to July 1, 2032; provided,
141 however, that, upon the expiration or termination of any such tax, the jurisdiction that
142 levied such tax shall be fully subject to the limitations imposed by paragraph (1) of this
143 subsection.

144 (3) This subsection shall not limit the imposition of any local excise tax, which is
145 separately authorized under Chapter 13 of this title.

146 (4) If the imposition of any otherwise authorized local sales tax, local use tax, or local
 147 sales and use tax would result in a tax rate in excess of that authorized by paragraph (1)
 148 of this subsection, then such otherwise authorized tax shall not be imposed. Reserved:
 149 (c) Where the exception specified in paragraph (2) of subsection (a) of this Code section
 150 applies, the tax imposed under subparagraph (a)(1)(D) of Code Section 48-8-111 shall not
 151 apply to the sale of motor vehicles. This subsection shall stand repealed and reserved on
 152 June 30, 2027.

153 (c.1) Where the exception specified in paragraph (2) of subsection (a) of this Code section
 154 applies, on and after July 1, 2007, the aggregate amount of all excise taxes imposed under
 155 paragraph (5) of subsection (a) of Code Section 48-13-51 and all sales and use taxes shall
 156 not exceed 14 percent. This subsection shall stand repealed on June 30, 2027.

157 (d) Notwithstanding any law or ordinance to the contrary, any tax, charge, or fee levied
 158 by any political subdivision of this state and applicable to mobile telecommunications
 159 services, as defined in Section 124(7) of the federal Mobile Telecommunications Sourcing
 160 Act, 4 U.S.C. Section 124(7), shall apply only if the customer's place of primary use is
 161 located within the boundaries of the political subdivision levying such local tax, charge,
 162 or fee. For purposes of this subsection, the provisions of Code Section 48-8-13 shall apply
 163 in the same manner and to the same extent as such provisions apply to the tax levied by
 164 Code Section 48-8-1 on mobile telecommunications services. This subsection shall not be
 165 construed to authorize the imposition of any tax, charge, or fee."

166 **SECTION 3-2.**

167 Said chapter is further amended in Code Section 48-8-109.42, relating to use of tax proceeds,
 168 property tax relief requirements, and noncompliance, by revising subsection (a) as follows:
 169 "(a) Any proceeds received by a political subdivision from the tax authorized by this article
 170 shall be used by such political subdivision exclusively for tax relief for homestead
 171 properties and in conjunction with all limitations provided in the intergovernmental

172 agreement authorizing the tax for such political subdivision. The proceeds of such tax may
173 be used, after the renegotiation of any preexisting intergovernmental agreement authorizing
174 the tax for such special district, to provide a homestead exemption in an amount to be
175 determined from the amount of sales and use tax collected under this article. Any such
176 homestead exemption under this article shall be in addition to and not in lieu of any other
177 homestead exemption applicable to county taxes for county purposes, municipal taxes for
178 municipal purposes, and school system taxes for educational purposes, except for such
179 homestead exemption provided by Code Section 48-5-44. If the proceeds of the tax
180 authorized by this article exceed the amount necessary to provide a full exemption from ad
181 valorem property taxation to all homestead properties within the jurisdiction, then the
182 jurisdiction shall roll back its millage rate pursuant to subsection (b) of this Code section."

183 **SECTION 3-3.**

184 Said chapter is further amended in paragraph (1) of subsection (a) of Code Section 48-8-201,
185 relating to intergovernmental contract for distribution of tax proceeds, approval of
186 referendum by voters, cap on aggregate amount of tax, and rate, by striking "paragraph (2)
187 of subsection (a)" and replacing it with "subsection (b)".

188 **SECTION 3-4.**

189 Chapter 13 of Title 48 of the Official Code of Georgia Annotated, relating to specific,
190 business, and occupation taxes, is amended in division (b)(7)(B)(ii) of Code
191 Section 48-13-51, relating to county and municipal levies on public accommodations charges
192 for promotion of tourism, conventions, and trade shows, by striking "subsection (c.1) of Code
193 Section 48-8-6 and".

194

PART IV

195

SECTION 4-1.

196 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
 197 in Code Section 36-60-13, relating to multiyear lease, purchase, or lease-purchase contracts
 198 by local governments, is amended by revising subparagraph (h)(1)(A) as follows:

199 “(A) The average annual payments on the aggregate of all such outstanding contracts
 200 exceed 7.5 percent of the governmental fund revenues of the county or municipality for
 201 the calendar year preceding the delivery of such contract plus any available special
 202 county ~~1~~ percent sales and use tax proceeds collected pursuant to Code
 203 Section 48-8-111; or”

204

SECTION 4-2.

205 Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to sales and use tax,
 206 is amended in Code Section 48-8-110.1, relating to the creation of special districts, authority
 207 to impose special sales and use tax, and rate of tax relating to the county special purpose
 208 local option sales tax, by revising subsection (c) and adding a new subsection to read as
 209 follows:

210 “(c) Except as provided in subsection (d) or (e) of this Code section, any tax imposed under
 211 this part shall be at the rate of 1 percent. Except as to rate, a tax imposed under this part
 212 shall correspond to the tax imposed by Article 1 of this chapter. No item or transaction
 213 which is not subject to taxation under Article 1 of this chapter shall be subject to a tax
 214 imposed under this part, except that a tax imposed under this part shall apply to sales of
 215 motor fuels as prepaid local tax as that term is defined in Code Section 48-8-2 and shall be
 216 applicable to the sale of food and food ingredients and alcoholic beverages as provided for
 217 in Code Section 48-8-3.”

218 "(e) Any tax imposed under this part on or after January 1, 2027, may be at a rate of up to
 219 1 percent, but shall not be more than 1 percent. Any rate less than 1 percent shall only be
 220 in an increment of 0.05 percent. This subsection shall not apply to taxes under this part
 221 imposed or to be imposed under resolutions or ordinances adopted prior to
 222 January 1, 2027."

223 **SECTION 4-3.**

224 Said chapter is further amended in Code Section 48-8-111, relating to the procedure for the
 225 imposition of the county special purpose local option sales tax, by revising paragraph (1) of
 226 subsection (c) as follows:

227 "(c)(1) The ballot submitting the question of the imposition of the tax authorized by this
 228 part to the voters of the county within the special district shall have written or printed
 229 thereon the following:

230 '() YES Shall a special ~~±~~ percent sales and use tax be imposed in the special
 231 district of County for a period of time not to exceed
 232 () NO and for the raising of an estimated amount of \$ for the
 233 purpose of ?"

234 **SECTION 4-4.**

235 Said chapter is further amended in Code Section 48-8-112, relating to the effective date,
 236 termination, limitation, and continuation of the county special purpose local option sales tax,
 237 by revising paragraph (1) of subsection (c) as follows:

238 "(c)(1) At any time no more than a single ~~±~~ percent tax under this part may be imposed
 239 within a special district."

240

PART V

241

SECTION 5-1.

242 Said chapter is further amended in Code Section 48-8-141, relating to manner of imposition
243 of tax, report, and rate regarding sales tax for educational purposes, by revising subsection
244 (b) as follows:

245 "(b)(1) On or after July 1, 2015, except as provided in paragraph (2) of this subsection,
246 such sales and use tax levied on sales of motor fuels as defined in Code Section 48-9-2
247 shall be at the rate of 1 percent of the retail sales price of the motor fuel which is not more
248 than \$3.00 per gallon.

249 (2) Any tax imposed under this part on or after January 1, 2027, may be at a rate of up to
250 1 percent. Any rate less than 1 percent shall only be in an increment of 0.05 percent.
251 This subsection shall not apply to taxes under this part imposed or to be imposed under
252 resolutions or ordinances adopted prior to January 1, 2027."

253

PART VI

254

SECTION 6-1.

255 Article 2 of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to joint
256 county and municipal sales and use tax (LOST), is amended by adding a new Code section
257 to the end of Article 2, relating to joint county and municipal sales and use tax (LOST), to
258 read as follows:

259 "48-8-98.

260 (a) Any sales and use tax imposed pursuant to this article as of December 31, 2027, shall
261 be converted by operation of law on January 1, 2028, into a sales and use tax pursuant to
262 Article 2C of this chapter.

263 (b) Any millage rate adjustments due to the elimination of a sales and use tax pursuant to
264 this article pursuant to subsection (a) of this Code section shall be exempt from the
265 roll-back calculation provided in Code Section 48-5-32.1."

266 **SECTION 6-2.**

267 Article 2A of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to
268 homestead option sales and use tax (HOST), is amended by adding a new Code section to
269 the end of Part 1, to read as follows:

270 "48-8-109.01.

271 Any sales and use tax imposed pursuant to this article as of December 31, 2027, shall be
272 converted by operation of law on January 1, 2028, into a sales and use tax pursuant to
273 Article 2C of this chapter."

274 **PART VII**

275 **SECTION 7-1.**

276 Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to sales and use tax,
277 is amended by adding a new article to read as follows:

278 "ARTICLE 2C

279 48-8-109.50.

280 (a) This article shall be known and may be cited as the 'Local Homestead Option Sales
281 Tax' (LHOST).

282 (b) As used in this article, the term:

283 (1) 'Eligible local government' means each county, consolidated government, and
284 municipality whose governing authority levied and derived revenue from an ad valorem
285 tax on homestead property within the special district at a net millage rate of greater than
286 zero in the tax year immediately preceding the year in which the intergovernmental
287 agreement was executed. Such term excludes any government which levies the tax
288 provided for under Article 4 of this chapter or any consolidated government which elects
289 to implement a sales and use tax pursuant to Code Section 48-8-96 or 48-8-97.

290 (2) 'Homestead' means homestead as defined and qualified in Code Section 48-5-40, with
291 the additional limitation that such term shall include:

292 (A) Only the primary residence and not more than five contiguous acres of land
293 immediately surrounding such residence; or

294 (B) If the property is assessed pursuant to Code Section 48-5-7.4 or 48-5-7.7, only the
295 primary residence and the portion of the underlying property that is excluded from the
296 benefit of such assessment pursuant to subparagraph (a)(1)(B) of Code Section 48-5-7.4
297 or subparagraph (b)(2)(B) of Code Section 48-5-7.7.

298 (3) 'Local Homestead Option Sales Tax' or 'LHOST' means any special sales and use tax
299 levied under this article to fund homestead exemptions granted pursuant to Code
300 Section 48-5-44.

301 48-8-109.51.

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

306 (b) The territory of each special district shall include all of the territory within the county,
307 including all municipalities, to the extent the municipal boundaries lie within the
308 geographical boundaries of the county.

309 48-8-109.52.

310 (a) Subject to the requirements of this article, beginning January 1, 2028, there may be
311 imposed within any given special district a special sales and use tax to be used exclusively
312 to fund homestead exemptions granted within the special district pursuant to Code Section
313 48-5-44. Such sales and use tax shall be known and may be cited as the 'Local Homestead
314 Option Sales Tax' or 'LHOST.'

315 (b) Subject to the aggregate limits provided in Code Section 48-8-6, an LHOST may be
316 imposed within a special district in 0.05 percent increments at rates of up to 1 percent
317 within a special district.

318 (c) Except as otherwise provided in this article, the LHOST shall correspond to the tax
319 imposed by Article 1 of this chapter, and no item or transaction which is not subject to
320 taxation under Article 1 of this chapter shall be subject to a tax imposed under this article;
321 provided, however, that a tax imposed under this article shall apply to sales of motor fuels
322 as prepaid local tax as defined in Code Section 48-8-2 and shall be applicable to the sale
323 of food and food ingredients and alcoholic beverages as provided for in Code
324 Section 48-8-3. The levy of such tax upon sales of motor fuels as defined in Code
325 Section 48-9-2 shall only be imposed on the retail sales price of the motor fuel which is not
326 more than \$3.00 per gallon.

327 48-8-109.53.

328 (a) For the LHOST to be levied within a special district for the benefit of eligible local
329 governments within the special district, the governing authority of the county whose
330 geographical boundary is conterminous with that of the special district shall deliver or mail
331 a written notice to the governing authority of each municipality which is an eligible local
332 government located within the special district. Such notice shall contain the date, time,
333 place, and purpose of a meeting at which the governing authorities of the county and of

334 each such municipality are to meet to discuss the possible inclusion of funding of
335 homestead exemptions from ad valorem property taxes for each such municipality. Such
336 notice shall be delivered or mailed at least ten days prior to the date of the meeting which
337 shall be held at least 30 days prior to entering into an intergovernmental agreement or
338 adopting a resolution. The governing authority of the county and the governing authority
339 or authorities, if any, that represent at least 50 percent of the special district's residents of
340 municipalities which are eligible local governments may enter into an intergovernmental
341 agreement and adopt such intergovernmental agreement by resolution. The only terms that
342 may be agreed to in relation to an LHOST are:

- 343 (1) The rate of the tax;
344 (2) The maximum period of time stated in calendar years or quarters for which the tax
345 is to be levied, which shall not exceed ten years;
346 (3) The date on which the tax will commence; and
347 (4) The proposed distribution of the proceeds of the tax.

348 In the event that the parties have not entered into an intergovernmental agreement within
349 60 days of the county's delivery or mailing of the notice as required in this paragraph, the
350 county shall be authorized to adopt a resolution imposing the tax authorized under the
351 terms of this article, provided that the distribution of the proceeds of the tax shall be as
352 provided for in Code Section 48-8-109.57 at a rate necessary to fund exemptions from ad
353 valorem property taxes on homestead property to the extent granted pursuant to Code
354 Section 48-5-44 on homestead property within the special district levying the LHOST.

355 (b) Once the conditions of subsection (a) of this Code section are satisfied and the county
356 submits a copy of the required resolution or intergovernmental agreement to the
357 commissioner, the tax shall be imposed on the date specified in the resolution or
358 agreement; provided, however, that such date shall not be earlier than the first day of the
359 next succeeding calendar quarter which begins more than 50 days after the date that the
360 resolution or agreement is received by the commissioner; provided, further, that, with

361 respect to services that are regularly billed on a monthly basis, the tax shall apply to the
362 first regular billing period coinciding with or following the effective date specified in this
363 subsection.

364 (c) The tax shall cease to be imposed on the final day of the maximum period of time
365 specified in the resolution or intergovernmental agreement for the imposition of the tax;
366 provided, however, that the tax may cease at any earlier specified time through the
367 adoption of concurring resolutions by each eligible local government which was party to
368 the existing intergovernmental agreement; provided, further, that any tax initially imposed
369 pursuant to this article in taxable year 2027 through taxable year 2032 shall automatically
370 expire on December 31, 2037, but shall automatically renew in accordance with
371 subsection (d) of this Code section.

372 (d) The tax may be renewed for any special district in the same manner and under the same
373 conditions as for an initial imposition of an LHOST within the special district as provided
374 for in this article; provided, however, that any tax initially imposed pursuant to this article
375 in taxable year 2027 through taxable year 2032 which automatically expires on
376 December 31, 2037, pursuant to subsection (c) of this Code section, shall be automatically
377 reimposed for an additional period of ten years unless otherwise provided by a local Act
378 of the General Assembly. Such newly authorized tax shall not be imposed until the
379 expiration of the tax then in effect.

380 (e) A special district which wholly or partially contains a jurisdiction levying the tax
381 provided for under Article 4 of this chapter may be otherwise eligible to levy the tax
382 authorized under this article due to such jurisdiction, but only in the areas of the special
383 district outside of the jurisdiction levying the tax provided for under Article 4 of this
384 chapter.

385 (f) If there is only one governing authority within the special district that would be
386 otherwise required to enter into an intergovernmental agreement, the governing authority
387 of such county or consolidated government whose geographical boundary is conterminous

388 with that of the special district shall adopt a resolution which meets the requirements
389 provided for in this Code section for intergovernmental agreements.

390 48-8-109.54.

391 (a) Each LHOST shall be exclusively administered and collected by the commissioner for
392 the use and benefit of the special district imposing the tax. Such administration and
393 collection shall be accomplished in the same manner and subject to the same applicable
394 provisions, procedures, and penalties provided in Article 1 of this chapter except that the
395 LHOST shall be applicable to sales of motor fuels as prepaid local tax as defined in Code
396 Section 48-8-2; provided, however, that all moneys collected from each taxpayer by the
397 commissioner shall be applied first to such taxpayer's liability for taxes owed the state; and
398 provided, further, that the commissioner may rely upon a representation by or on behalf of
399 the county government or the Secretary of State that such a tax has been validly imposed,
400 and the commissioner and the commissioner's agents shall not be liable to any person for
401 collecting any such tax which was not validly imposed.

402 (b) Dealers, as defined in Code Section 48-8-2, shall be allowed a percentage of the
403 amount of the tax due and accounted for and shall be reimbursed in the form of a deduction
404 in submitting, reporting, and paying the amount due if such amount is not delinquent at the
405 time of payment. Such dealer deduction shall be at the rate and subject to the requirements
406 specified under subsections (b) through (f) of Code Section 48-8-50.

407 48-8-109.55.

408 Each sales and use tax return remitting sales and use taxes collected under this article shall
409 separately identify the location of each retail establishment at which any of the sales and
410 use taxes remitted were collected and shall specify the amount of sales and the amount of
411 taxes collected at each establishment for the period covered by the return to facilitate the

412 determination by the commissioner that all sales and use taxes imposed by this article are
413 collected and distributed according to situs of sale.

414 48-8-109.56.

415 (a) The proceeds of the tax collected by the commissioner under this article shall be
416 disbursed as soon as practicable after collection directly to the county whose boundary is
417 conterminous with the boundary of the special district and shall be held in a separately
418 designated interest-bearing account for the eligible local governments of the special
419 district.

420 (b) The funds of an account provided for in subsection (a) of this Code section shall only
421 be removed or disbursed by such county to eligible local governments within the special
422 district in accordance with Code Section 48-8-109.58, unless otherwise provided for in an
423 intergovernmental agreement entered into pursuant to subsection (a) of Code Section
424 48-8-109.53, in which case such removal or disbursement of funds from an account shall
425 be in accordance with the provisions of such intergovernmental agreement.

426 (c) No funds other than the annual LHOST proceeds, and interest accrued thereon, shall
427 be placed in such accounts and shall not be commingled with any other funds.

428 48-8-109.57.

429 (a) The proceeds of any tax authorized under this article shall be used exclusively to fund
430 exemptions from ad valorem property taxes on homestead property to the extent granted
431 pursuant to Code Section 48-5-44 on homestead property within the special district levying
432 the LHOST.

433 (b)(1) For an LHOST imposed for a single eligible local government, following the
434 adoption of millage rates each year by such eligible local government, the county tax
435 commissioner shall:

436 (A) Calculate for such eligible local government the assessed value within the special
437 district which is exempt from ad valorem tax for such year pursuant to Code
438 Section 48-5-44; and

439 (B) Multiply that eligible local government's net millage rate by the total determined
440 for such jurisdiction in subparagraph (A) of this paragraph.

441 (2) For an LHOST imposed for more than one eligible local government within a special
442 district, following the adoption of millage rates each year by all such eligible local
443 governments, the county tax commissioner shall:

444 (A) Calculate for each individual eligible local government the assessed value within
445 the special district which is exempt from ad valorem tax for such year pursuant to Code
446 Section 48-5-44;

447 (B) Multiply each eligible local government's net millage rate by the total determined
448 for such jurisdiction in subparagraph (A) of this paragraph;

449 (C) Add the sums determined in subparagraph (B) of this paragraph;

450 (D) Divide each eligible local government's amount from subparagraph (B) of this
451 paragraph by the total of subparagraph (C) of this paragraph; and

452 (E) Multiply the percentage determined by subparagraph (D) of this paragraph by the
453 net proceeds of the tax available in the trust account for eligible local governments as
454 of November 1 of such year.

455 (c) In the event an eligible local government fails to submit its adopted millage rates by
456 August 1, the county tax commissioner shall use 75 percent of such eligible local
457 government's prior year's millage rate in the calculation under subsection (b) of this Code
458 section, and the county shall only disburse under subsection (b) of this Code section the
459 lesser of such amount and the net millage rate actually levied by such eligible local
460 government in the current year.

461 (d) Notwithstanding any provision of law to the contrary, a county or municipality shall
462 be considered an eligible local government if in the preceding year the tax authorized under

463 Article 2 or Article 2B of this chapter was levied within the special district containing such
464 county or municipality, such county or municipality received funds from the levy of either
465 tax, either tax is no longer levied in the current year, and such county or municipality
466 adopts and submits a millage rate by August 1.

467 48-8-109.58.

468 (a) By December 1 each year, the county shall disburse LHOST funds from the trust
469 account the applicable amounts determined for such year pursuant to
470 subparagraph (b)(1)(B) or (b)(2)(E) of Code Section 48-8-109.57, to account, in whole or
471 in part, for the funds each eligible local government did not collect due to exemptions
472 granted under Code Section 48-5-44 for such year; provided, however, that, where an
473 intergovernmental agreement has been entered into pursuant to paragraph (2) of
474 subsection (a) of Code Section 48-8-109.53, any such disbursements by the county from
475 the trust account shall be in amounts determined pursuant to the provisions of such
476 intergovernmental agreement, if specified. No disbursement shall be made to any
477 governing authority until it has mailed its ad valorem tax bills for such year.

478 (b)(1) In the event that the amount of available proceeds exceeds the amount necessary
479 to provide homestead relief down to 10 percent of assessed value on homestead
480 properties, the excess proceeds shall be retained in the interest-bearing trust fund to be
481 applied in subsequent years in accordance with this Code section.

482 (2) In the event that the amount of the annual proceeds plus any excess proceeds of the
483 LHOST retained under paragraph (1) of this subsection are sufficient to provide
484 homestead relief down to 10 percent of assessed value on homestead properties for all
485 eligible local governments, then the funds shall be used for general tax reduction.

486 (3) If any proceeds remain after the requirements of paragraph (2) of this subsection have
487 been met, the eligible local government may be used to reduce the rate of the tax by filing
488 an updated resolution with the commissioner, or the remaining proceeds shall be

489 distributed and applied to provide a proportional reduction in the millage rates applied
490 for the eligible local governments which shall be calculated by dividing the net revenue
491 to be generated by each eligible local government from its ad valorem property taxes on
492 the net taxable digest of the special district excluding homestead property by the total net
493 revenue to be generated by the eligible local governments of the special district
494 collectively from ad valorem property taxes on the collective net taxable digest of the
495 special district excluding homestead property.

496 48-8-109.59.

497 The commissioner shall have the power and authority to promulgate such rules and
498 regulations as shall be necessary for the effective and efficient administration and
499 enforcement of the collection of the tax authorized by this article.

500 48-8-109.60.

501 Except as otherwise provided in this article or Code Section 48-8-6, the tax authorized by
502 this article shall be in addition to any other local sales and use tax. The imposition of any
503 other local sales and use tax within a county, municipality, or special district shall not
504 affect the authority of a county, municipality, or special district to impose the tax
505 authorized by this article, and the imposition of the tax authorized by this article shall not
506 affect the imposition of any otherwise authorized local sales and use tax within a county,
507 municipality, or special district.

508 48-8-109.61.

509 (a) The proceeds from any sales and use tax for a given special district levied as of
510 December 31, 2027, under Article 2 or Part 1 of Article 2A of this chapter shall, as of
511 January 1, 2028, be reallocated for the purpose of providing ad valorem property tax relief
512 to homestead properties pursuant to this article, provided that any intergovernmental

513 agreement, ordinance, or resolution required to authorize and impose any such applicable
 514 sales and use tax is revised so as to specifically state the intent of all parties and signatories
 515 to any such authorizing intergovernmental agreement, ordinance, or resolution to reallocate
 516 such proceeds for the purpose of providing homestead tax relief and to specify the effective
 517 date of such reallocation.

518 (b) The proceeds from any sales and use tax for a given special district levied as of
 519 December 31, 2027, under Article 4 of this chapter may be reallocated for the purpose of
 520 providing ad valorem property tax relief to homestead properties pursuant to this article,
 521 provided that any intergovernmental agreement, ordinance, or resolution required to
 522 authorize and impose any such applicable sales and use tax is revised so as to specifically
 523 state the intent of all parties and signatories to any such authorizing intergovernmental
 524 agreement, ordinance, or resolution to reallocate such proceeds for the purpose of
 525 providing homestead tax relief and to specify the effective date of such reallocation."

526 **PART VIII**

527 **SECTION 8-1.**

528 Said chapter is further amended by adding a new article to read as follows:

529 "ARTICLE 2D

530 48-8-109.70.

531 (a) This article shall be known and may be cited as the 'School Local Homestead Option
 532 Sales Tax' (S-LHOST).

533 (b) As used in this article, the term:

534 (1) 'Homestead' means homestead as defined and qualified in Code Section 48-5-40, with
 535 the additional limitation that such term shall include:

536 (A) Only the primary residence and not more than five contiguous acres of land
537 immediately surrounding such residence; or

538 (B) If the property is assessed pursuant to Code Section 48-5-7.4 or 48-5-7.7, only the
539 primary residence and the portion of the underlying property that is excluded from the
540 benefit of such assessment pursuant to subparagraph (a)(1)(B) of Code Section 48-5-7.4
541 or subparagraph (b)(2)(B) of Code Section 48-5-7.7.

542 (2) 'School Local Homestead Option Sales Tax' or 'S-LHOST' means any special sales
543 and use tax levied under this article to fund homestead exemptions granted pursuant to
544 Code Section 48-5-44.

545
546 48-8-109.71.

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

551 (b) The territory of each special district shall include all of the territory within the county,
552 including all local school systems, to the extent the local school system boundaries lie
553 within the geographical boundaries of the county.

554 48-8-109.72.

555 (a) Subject to the requirements of this article, each local school system is authorized to
556 impose, beginning January 1, 2028, within any given special district a special sales and use
557 tax to be used exclusively to fund homestead exemptions granted within the special district
558 pursuant to Code Section 48-5-44. Such sales and use tax shall be known and may be cited
559 as the 'School Local Homestead Option Sales Tax' or 'S-LHOST.'

560 (b) Subject to the aggregate limits provided in Code Section 48-8-6, an S-LHOST may be
561 imposed within a special district in 0.05 percent increments at a rate of up to 2 percent

562 within a special district; provided, however, that the combined rate of the tax under this
563 article and the tax authorized under Article VIII, Section VI, Paragraph IV of the
564 Constitution shall in no event exceed 2 percent combined within a special district.

565 (c) Except as otherwise provided in this article, the S-LHOST shall correspond to the tax
566 imposed by Article 1 of this chapter, and no item or transaction which is not subject to
567 taxation under Article 1 of this chapter shall be subject to a tax imposed under this article;
568 provided, however, that a tax imposed under this article shall apply to sales of motor fuels
569 as prepaid local tax as defined in Code Section 48-8-2 and shall be applicable to the sale
570 of food and food ingredients and alcoholic beverages as provided for in Code
571 Section 48-8-3. The levy of such tax upon sales of motor fuels as defined in Code
572 Section 48-9-2 shall only be imposed on the retail sales price of the motor fuel which is not
573 more than \$3.00 per gallon.

574 48-8-109.73.

575 (a) For the S-LHOST to be levied within a special district for the benefit of the local
576 school system or systems within the special district, the local board of education of the
577 local school system with the majority of students within the special district shall adopt a
578 resolution specifying:

579 (1) The rate of the tax;

580 (2) The maximum period of time stated in calendar years or quarters for which the tax
581 is to be levied, which shall not exceed ten years; and

582 (3) The date on which the tax will commence.

583 (b) Once the conditions of subsection (a) of this Code section are satisfied and the local
584 school system submits a copy of the required resolution to the commissioner, the tax shall
585 be imposed on the date specified in the resolution; provided, however, that such date shall
586 not be earlier than the first day of the next succeeding calendar quarter which begins more
587 than 50 days after the date that the resolution is received by the commissioner; provided,

588 further, that, with respect to services that are regularly billed on a monthly basis, the tax
589 shall apply to the first regular billing period coinciding with or following the effective date
590 specified in this subsection.

591 (c) The tax shall cease to be imposed on the final day of the maximum period of time
592 specified in the resolution for the imposition of the tax; provided, however, that the tax may
593 cease at any earlier specified time through the adoption of a resolution by the local school
594 system; provided, further, that any tax initially imposed pursuant to this article in taxable
595 year 2027 through taxable year 2032 shall automatically expire on December 31, 2037, but
596 shall automatically renew in accordance with subsection (d) of this Code section.

597 (d) The tax may be renewed for any local school system in the same manner and under the
598 same conditions as for an initial imposition of an S-LHOST within the special district as
599 provided for in this article; provided, however, that any tax initially imposed pursuant to
600 this article in taxable year 2027 through taxable year 2032 which automatically expires on
601 December 31, 2037, pursuant to subsection (c) of this Code section, shall be automatically
602 reimposed for an additional period of ten years unless otherwise provided by a local Act
603 of the General Assembly. Such newly authorized tax shall not be imposed until the
604 expiration of the tax then in effect.

605 48-8-109.74.

606 (a) Each S-LHOST shall be exclusively administered and collected by the commissioner
607 for the use and benefit of the local school system imposing the tax within the special
608 district. Such administration and collection shall be accomplished in the same manner and
609 subject to the same applicable provisions, procedures, and penalties provided in Article 1
610 of this chapter except that the S-LHOST shall be applicable to sales of motor fuels as
611 prepaid local tax as defined in Code Section 48-8-2; provided, however, that all moneys
612 collected from each taxpayer by the commissioner shall be applied first to such taxpayer's
613 liability for taxes owed the state; and provided, further, that the commissioner may rely

614 upon a representation by or on behalf of the county government or the Secretary of State
615 that such a tax has been validly imposed, and the commissioner and the commissioner's
616 agents shall not be liable to any person for collecting any such tax which was not validly
617 imposed.

618 (b) Dealers, as defined in Code Section 48-8-2, shall be allowed a percentage of the
619 amount of the tax due and accounted for and shall be reimbursed in the form of a deduction
620 in submitting, reporting, and paying the amount due if such amount is not delinquent at the
621 time of payment. Such dealer deduction shall be at the rate and subject to the requirements
622 specified under subsections (b) through (f) of Code Section 48-8-50.

623 48-8-109.75.

624 Each sales and use tax return remitting sales and use taxes collected under this article shall
625 separately identify the location of each retail establishment at which any of the sales and
626 use taxes remitted were collected and shall specify the amount of sales and the amount of
627 taxes collected at each establishment for the period covered by the return to facilitate the
628 determination by the commissioner that all sales and use taxes imposed by this article are
629 collected and distributed according to situs of sale.

630 48-8-109.76.

631 (a) The proceeds of the tax collected by the commissioner under this article shall be
632 disbursed as soon as practicable after collection directly to the applicable local school
633 system and shall be held in a separately designated interest-bearing account for such local
634 school system.

635 (b) The funds of an account provided for in subsection (a) of this Code section shall only
636 be removed or disbursed by such local school system in accordance with Code
637 Section 48-8-109.78.

638 (c) No funds other than the annual S-LHOST proceeds, and interest accrued thereon, shall
639 be placed in such accounts and shall not be commingled with any other funds.

640 48-8-109.77.

641 (a) The proceeds of any tax authorized under this article shall be used exclusively to fund
642 exemptions from ad valorem property taxes on homestead property to the extent granted
643 pursuant to Code Section 48-5-44 on homestead property within the special district levying
644 the S-LHOST, except as otherwise provided in Code Section 48-8-109.78.

645 (b)(1) For an S-LHOST imposed for a single local school system, following the adoption
646 of millage rates each year by such local school system the county tax commissioner shall:

647 (A) Calculate for such local school system the assessed value within the special district
648 which is exempt from ad valorem tax for such year pursuant to Code Section 48-5-44;
649 and

650 (B) Multiply such local school system's net millage rate by the total determined for
651 such jurisdiction in subparagraph (A) of this paragraph.

652 (2) For an S-LHOST imposed for more than one local school system within a special
653 district, following the adoption of millage rates each year by the local school systems
654 participating in the S-LHOST, the county tax commissioner shall:

655 (A) Calculate for each individual local school system the assessed value within the
656 special district which is exempt from ad valorem tax for such year pursuant to Code
657 Section 48-5-44;

658 (B) Multiply each local school system's net millage rate by the total determined for
659 such jurisdiction in subparagraph (A) of this paragraph;

660 (C) Add the sums determined in subparagraph (B) of this paragraph;

661 (D) Divide each local school system's amount from subparagraph (B) of this paragraph
662 by the total of subparagraph (C) of this paragraph; and

663 (E) Multiply the percentage determined by subparagraph (D) of this paragraph by the
664 net proceeds of the tax available in the trust account for local school systems as of
665 November 1 of such year.

666 (c) In the event a local school system fails to submit its adopted millage rates by August 1,
667 the county tax commissioner shall use 75 percent of such local school system's prior year's
668 millage rate in the calculation under subsection (b) of this Code section, and the county
669 shall only disburse under subsection (b) of this Code section the lesser of such amount and
670 the net millage rate actually levied by such local school system in the current year.

671 48-8-109.78.

672 (a) In the event that the amount of available proceeds exceeds the amount necessary to
673 reduce property taxes, the excess proceeds shall be retained in the interest-bearing trust
674 fund to be applied in subsequent years in accordance with this Code section.

675 (b) In the event that the amount of the annual proceeds plus any excess proceeds of the
676 S-LHOST retained under subsection (a) of this Code section are sufficient to exempt the
677 entire net taxable homestead digest for the local school system, then the funds shall be used
678 to do so, if otherwise authorized by law to provide an additional homestead exemption
679 beyond Code Section 48-5-44.

680 48-8-109.79.

681 The commissioner shall have the power and authority to promulgate such rules and
682 regulations as shall be necessary for the effective and efficient administration and
683 enforcement of the collection of the tax authorized by this article.

684 48-8-109.80.

685 Except as otherwise provided in this article or Code Section 48-8-6, the tax authorized by
686 this article shall be in addition to any other local sales and use tax. The imposition of any

687 other local sales and use tax within a county, municipality, or special district shall not
 688 affect the authority of any local school system to impose the tax authorized by this article,
 689 and the imposition of the tax authorized by this article shall not affect the imposition of any
 690 otherwise authorized local sales and use tax within any local school system or special
 691 district.

692 48-8-109.81.

693 The proceeds from any sales and use tax for a given local school system levied as of
 694 December 31, 2027, under Article 2B of this chapter or pursuant to a local constitutional
 695 amendment shall, as of January 1, 2028, be reallocated for the purpose of providing ad
 696 valorem property tax relief to homestead properties pursuant to this article, provided that
 697 any intergovernmental agreement, ordinance, or resolution required to authorize and
 698 impose any such applicable sales and use tax is revised so as to specifically state the intent
 699 of all parties and signatories to any such authorizing intergovernmental agreement,
 700 ordinance, or resolution to reallocate such proceeds for the purpose of providing homestead
 701 tax relief and to specify the effective date of such reallocation."

702 **PART IX**
 703 **SECTION 9-1.**

704 Said chapter is further amended by adding a new article to read as follows:

705 "ARTICLE 2E

706 48-8-109.90.

707 (a) This article shall be known and may be cited as the 'Municipal Homestead Option Sales
 708 Tax' (M-HOST).

709 (b) As used in this article, the term:

710 (1) 'Homestead' means homestead as defined and qualified in Code Section 48-5-40, with
711 the additional limitation that it shall include:

712 (A) Only the primary residence and not more than five contiguous acres of land
713 immediately surrounding such residence; or

714 (B) If the property is assessed pursuant to Code Section 48-5-7.4 or 48-5-7.7, only the
715 primary residence and the portion of the underlying property that is excluded from the
716 benefit of such assessment pursuant to subparagraph (a)(1)(B) of Code Section 48-5-7.4
717 or subparagraph (b)(2)(B) of Code Section 48-5-7.7.

718 (2) 'Municipal Homestead Option Sales Tax' or 'M-HOST' means any special sales and
719 use tax levied under this article to fund homestead exemptions granted pursuant to Code
720 Section 48-5-44.

721 (3) 'Qualified municipality' means only those incorporated municipalities which provide
722 at least three of the following services and do not levy a tax under Article 4 or Article 2D
723 of this chapter:

724 (A) Water;

725 (B) Sewage;

726 (C) Garbage collection;

727 (D) Police protection;

728 (E) Fire protection; or

729 (F) Library.

730 48-8-109.91.

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

735 (b) The territory of each special district shall include all of the territory within the county
736 including all municipalities, to the extent the municipal boundaries lie within the
737 geographical boundaries of the county.

738 48-8-109.92.

739 (a) Subject to the requirements of this article, each qualified municipality is authorized to
740 impose within any given special district, beginning January 1, 2028, a special sales and use
741 tax to be used exclusively to fund homestead exemptions granted within the special district
742 pursuant to Code Section 48-5-44. Such sales and use tax shall be known and may be cited
743 as the 'Municipal Homestead Option Sales Tax' or 'M-HOST.'

744 (b) Subject to the aggregate limits provided in Code Section 48-8-6, an M-HOST may be
745 imposed within a special district in 0.05 percent increments at a rate of up to 1 percent
746 within a special district.

747 (c) Except as otherwise provided in this article, the M-HOST shall correspond to the tax
748 imposed by Article 1 of this chapter, and no item or transaction which is not subject to
749 taxation under Article 1 of this chapter shall be subject to a tax imposed under this article;
750 provided, however, that a tax imposed under this article shall apply to sales of motor fuels
751 as prepaid local tax as defined in Code Section 48-8-2 and shall be applicable to the sale
752 of food and food ingredients and alcoholic beverages as provided for in Code
753 Section 48-8-3. The levy of such tax upon sales of motor fuels as defined in Code
754 Section 48-9-2 shall only be imposed on the retail sales price of the motor fuel which is not
755 more than \$3.00 per gallon.

756 48-8-109.93.

757 (a) For the M-HOST to be levied within a special district by a qualified municipality, the
758 governing authority of such municipality shall adopt a resolution specifying:

759 (1) The rate of the tax;

760 (2) The maximum period of time stated in calendar years or quarters for which the tax
761 is to be levied, which shall not exceed ten years; and

762 (3) The date on which the tax will commence.

763 (b) Once the conditions of subsection (a) of this Code section are satisfied and the
764 qualified municipality submits a copy of the required resolution to the commissioner, the
765 tax shall be imposed on the date specified in the resolution; provided, however, that such
766 date shall not be earlier than the first day of the next succeeding calendar quarter which
767 begins more than 50 days after the date that the resolution is received by the commissioner;
768 provided, further, that, with respect to services that are regularly billed on a monthly basis,
769 the tax shall apply to the first regular billing period coinciding with or following the
770 effective date specified in this subsection.

771 (c) The tax shall cease to be imposed on the final day of the maximum period of time
772 specified in the resolution for the imposition of the tax; provided, however, that the tax may
773 cease at any earlier specified time through the adoption of a resolution by the qualified
774 municipality; provided, further, that any tax initially imposed pursuant to this article in
775 taxable year 2027 through taxable year 2032 shall automatically expire on December 31,
776 2037, but shall automatically renew in accordance with subsection (d) of this Code section.

777 (d) The tax may be renewed for any qualified municipality in the same manner and under
778 the same conditions as for an initial imposition of an M-HOST within the special district
779 as provided for in this article; provided, however, that any tax initially imposed pursuant
780 to this article in taxable year 2027 through taxable year 2032 which automatically expires
781 on December 31, 2037, pursuant to subsection (c) of this Code section, shall be
782 automatically reimposed for an additional period of ten years, unless otherwise provided
783 by a local Act of the General Assembly. Such newly authorized tax shall not be imposed
784 until the expiration of the tax then in effect.

785 48-8-109.94.

786 (a) Each M-HOST shall be exclusively administered and collected by the commissioner
787 for the use and benefit of the qualified municipality imposing the tax within the special
788 district. Such administration and collection shall be accomplished in the same manner and
789 subject to the same applicable provisions, procedures, and penalties provided in Article 1
790 of this chapter except that the M-HOST shall be applicable to sales of motor fuels as
791 prepaid local tax as defined in Code Section 48-8-2; provided, however, that all moneys
792 collected from each taxpayer by the commissioner shall be applied first to such taxpayer's
793 liability for taxes owed the state; and provided, further, that the commissioner may rely
794 upon a representation by or on behalf of the county government or the Secretary of State
795 that such a tax has been validly imposed, and the commissioner and the commissioner's
796 agents shall not be liable to any person for collecting any such tax which was not validly
797 imposed.

798 (b) Dealers, as defined in Code Section 48-8-2, shall be allowed a percentage of the
799 amount of the tax due and accounted for and shall be reimbursed in the form of a deduction
800 in submitting, reporting, and paying the amount due if such amount is not delinquent at the
801 time of payment. Such dealer deduction shall be at the rate and subject to the requirements
802 specified under subsections (b) through (f) of Code Section 48-8-50.

803 48-8-109.95.

804 Each sales and use tax return remitting sales and use taxes collected under this article shall
805 separately identify the location of each retail establishment at which any of the sales and
806 use taxes remitted were collected and shall specify the amount of sales and the amount of
807 taxes collected at each establishment for the period covered by the return to facilitate the
808 determination by the commissioner that all sales and use taxes imposed by this article are
809 collected and distributed according to situs of sale.

810 48-8-109.96.

811 (a) The proceeds of the tax collected by the commissioner under this article shall be
812 disbursed as soon as practicable after collection directly to the applicable qualified
813 municipality to be held in a separately designated interest-bearing account for such
814 qualified municipality.

815 (b) The funds of an account shall only be removed or disbursed by such qualified
816 municipality in accordance with Code Section 48-8-109.98.

817 (c) No funds other than the annual M-HOST proceeds, and interest accrued thereon, shall
818 be placed in such accounts and shall not be commingled with any other funds.

819 48-8-109.97.

820 (a) The proceeds of any tax authorized under this article shall be used exclusively to fund
821 exemptions from ad valorem property taxes on homestead property to the extent granted
822 pursuant to Code Section 48-5-44 on homestead property within the special district levying
823 the M-HOST, except as otherwise provided in Code Section 48-8-109.98.

824 (b) For an M-HOST imposed by a qualified municipality, following the adoption of
825 millage rates each year by such qualified municipality, the county tax commissioner shall:

826 (1) Calculate for such qualified municipality the assessed value within the special district
827 which is exempt from ad valorem tax for such year pursuant to Code Section 48-5-44;
828 and

829 (2) Multiply that qualified municipality's net millage rate by the total determined for such
830 jurisdiction in paragraph (1) of this subsection.

831 (c) In the event a qualified municipality fails to submit their adopted millage rates by
832 August 1, the county tax commissioner shall use 75 percent of such municipality's prior
833 year's millage rate in the calculation under subsection (b) of this Code section, and the
834 county shall only disburse under subsection (b) of this Code section the lesser of such

835 amount and the net millage rate actually levied by such qualified municipality in the
836 current year.

837 48-8-109.98.

838 (a) In the event that the amount of available proceeds exceeds the amount necessary to
839 provide homestead relief down to 10 percent of assessed value on homestead properties,
840 the excess proceeds shall be retained in the interest-bearing trust fund to be applied in
841 subsequent years in accordance with this Code section.

842 (b) In the event that the amount of the annual proceeds plus any excess proceeds of the
843 M-HOST retained under subsection (a) of this Code section are sufficient to provide
844 homestead relief down to 10 percent of assessed value on homestead properties for all
845 qualified municipalities, then the funds shall be used for general tax reduction.

846 (c) If any proceeds remain after the requirements of subsection (b) of this Code section
847 have been met, the qualified municipality may be used to reduce the rate of the tax by filing
848 an updated resolution with the commissioner, or the remaining proceeds shall be distributed
849 and applied to provide a proportional reduction in the millage rates applied for the qualified
850 municipalities which shall be calculated by dividing the net revenue to be generated by
851 each qualified municipality from its ad valorem property taxes on the net taxable digest of
852 the special district excluding homestead property by the total net revenue to be generated
853 by the qualified municipalities of the special district collectively from ad valorem property
854 taxes on the collective net taxable digest of the special district excluding homestead
855 property.

856 48-8-109.99.

857 The commissioner shall have the power and authority to promulgate such rules and
858 regulations as shall be necessary for the effective and efficient administration and
859 enforcement of the collection of the tax authorized by this article.

860 48-8-109.100.

861 Except as otherwise provided in this article or Code Section 48-8-6, the tax authorized by
862 this article shall be in addition to any other local sales and use tax. The imposition of any
863 other local sales and use tax within a county, municipality, or special district shall not
864 affect the authority of any qualified municipality to impose the tax authorized by this
865 article, and the imposition of the tax authorized by this article shall not affect the
866 imposition of any otherwise authorized local sales and use tax within any qualified
867 municipality or special district.

868 48-8-109.101.

869 The proceeds from a sales and use tax for a given special district levied prior to January 1,
870 2028, under Article 2 or Article 2B of this chapter may be reallocated for the purpose of
871 providing ad valorem property tax relief to homestead properties pursuant to this article,
872 provided that any intergovernmental agreement, ordinance, or resolution required to
873 authorize and impose any such applicable sales and use tax is revised so as to specifically
874 state the intent of all parties and signatories to any such authorizing intergovernmental
875 agreement, ordinance, or resolution to reallocate said proceeds for the purpose of providing
876 homestead tax relief and to specify the effective date of such reallocation."

877

PART X

878

SECTION 10-1.

879 Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,
880 relating to financing under the "Quality Basic Education Act," is amended in paragraph (5)
881 of subsection (a) of Code Section 20-2-167, relating to funding for direct instructional, media
882 center, and staff development costs, computerized uniform budget and accounting system,

883 submission of local budget to state board, and provision of certain information by local
884 boards, by striking "15 percent" and replacing it with "25 percent".

885 **SECTION 10-2.**

886 Said part is further amended in Code Section 20-2-164, relating to local five mill share funds,
887 by revising subsection (g) as follows:

888 "(g) For purposes of calculation under this Code section and Code Section 20-2-165, the
889 equalized adjusted school property tax digest, adjusted by paragraph (1) of subsection (a)
890 of this Code section, shall be reduced by the sum of the following products:

891 (1) The product of the number of constitutional homestead exemptions for owner
892 occupied homes pursuant to Code Section 48-5-44 granted for that year, exclusive of
893 those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and
894 48-5-52, multiplied by the amount per exemption authorized under Code Section 48-5-44;
895 provided, further, that, in any city operating an independent school system which
896 provides a homestead exemption through local legislation comparable to that provided
897 in Code Section 48-5-44, the product calculated in this paragraph shall represent the
898 number of homestead exemptions provided through the applicable local legislation
899 multiplied by the amount per exemption authorized in Code Section 48-5-44, or by the
900 amount per exemption authorized in the applicable local legislation, whichever is less;
901 and provided, further, that, if the amount per exemption authorized in Code
902 Section 48-5-44 has been changed subsequent to the year of the applicable digest, the
903 more recently adopted amount per exemption shall be used for the product calculated in
904 this paragraph;

905 (2) The product of the number of constitutional homestead exemptions for disabled
906 veterans pursuant to Code Section 48-5-48 granted for that year, multiplied by the amount
907 per exemption authorized under that Code section; provided, further, that, in any city
908 operating an independent school system which provides a homestead exemption through

909 local legislation comparable to that provided in Code Section 48-5-48, the product
910 calculated in this paragraph shall represent the number of homestead exemptions
911 provided through the applicable local legislation multiplied by the amount per exemption
912 authorized in the applicable local legislation, whichever is less; and provided, further,
913 that, if the amount per exemption authorized in Code Section 48-5-48 has been changed
914 subsequent to the year of the applicable digest, the more recently adopted amount per
915 exemption shall be used for the product calculated in this paragraph;

916 (3) The product of the estimated number of persons age 65 or older residing in the local
917 school system during that year multiplied by 5,000;

918 (4) The product which results from the following calculations:

919 (A) Subtract the estimated state-wide percentage that persons age 65 or older is of the
920 total population, excluding military personnel and institutional population, from the
921 respective percentage for the local school system. If the respective percentage for the
922 local school system is less than the state-wide percentage, a difference of zero shall be
923 used in the calculations in this paragraph;

924 (B) Multiply the difference which results from subparagraph (A) of this paragraph by
925 1,000; and

926 (C) Multiply the product which results from subparagraph (B) of this paragraph by the
927 estimated number of persons age 65 or older residing in the local school system during
928 that year; and

929 (5) The product which results from the following calculations:

930 (A) Divide the amount reported in paragraph (4) of subsection (e) of this Code section
931 by the average ratio of assessed value to true value used to calculate the most recent
932 equalized adjusted school property tax digest pursuant to Code Section 48-5-274; and

933 (B) Multiply the quotient which results from subparagraph (A) of this paragraph by .4;

934 (6) The difference between the assessed value and the net taxable assessed value of all
935 properties for which an exemption pursuant to Code Section 48-5-44.2 was granted for
936 that year;

937 (7) The difference between the assessed value and the net taxable assessed value of all
938 properties for which an exemption authorized pursuant to a local constitutional
939 amendment or Article VII, Section II, Paragraph II(a) of the Constitution was granted in
940 that year; and

941 (8) The product of the value of all tangible personal property for which level 1 freeport
942 exemptions pursuant to Code Sections 48-5-48.1 and 48-5-48.2 were granted for that
943 year, multiplied by .4."

944 **SECTION 10-3.**

945 Said part is further amended by adding a new Code section to read as follows:

946 "20-2-172.

947 (a) The General Assembly finds that:

948 (1) State funding for the operation of Georgia's public schools is based on the Quality
949 Basic Education (QBE) formula, which was established in 1985 and calculates funding
950 to local units of administration, including local school systems, based generally on
951 full-time equivalent (FTE) student counts and types of programs;

952 (2) The QBE formula, which requires local school systems to spend a calculated amount
953 of the local five mill share of funds annually in order to participate in the QBE program,
954 is supplemented with state funding for equalization grants for local school systems that
955 have relatively weak local tax bases and are unable to raise revenues sufficient for facility
956 needs and which serve as additional state capital outlay grants for short-term periods,
957 specifically targeted at low-income school systems, in order to help such systems initiate
958 what they have been unable to accomplish with existing revenue sources;

959 (3) A comprehensive review of the QBE formula, equalization grants, and all other
960 education financing sources and mechanisms, including programmatic funds, is needed
961 to determine whether the current education financing system continues to be an
962 appropriate and equitable method of calculating and distributing state education funds;
963 and

964 (4) It would be beneficial to consider overhauling the current education financing
965 structure, if necessary, including to identify ways to simplify the QBE funding formula
966 and to adequately assist economically disadvantaged districts or districts with high
967 poverty levels.

968 (b)(1) There is created the Joint Legislative Education Finance Study Committee to be
969 composed of ten members as follows:

970 (A) Five members of the House of Representatives, to include: the chairperson of the
971 House Committee on Appropriations, the chairperson of the House Committee on
972 Education, the chairperson of the House Appropriations Subcommittee for Education,
973 and two members of the House of Representatives to be appointed by the Speaker of
974 the House of Representatives; and

975 (B) Five members of the Senate, to include: the chairperson of the Senate
976 Appropriations Committee, the chairperson of the Senate Education and Youth
977 Committee, the chairperson of the Senate Appropriations Subcommittee for Education,
978 and two members of the Senate to be appointed by the President of the Senate.

979 (2) The Speaker of the House of Representatives and the President of the Senate shall
980 each designate one of his appointees to serve as cochairpersons. The committee may
981 elect other officers as deemed necessary. The cochairpersons may designate and appoint
982 subcommittees from among the membership of the committee as well as appoint other
983 persons to perform such functions as they may determine to be necessary and relevant to
984 perform its duties. The committee shall meet at the call of the cochairpersons. A quorum
985 for transacting business shall be a majority of the members of the committee.

986 (3) The members of the committee shall receive the allowances provided for in Code
 987 Section 28-1-8.

988 (c) The committee shall undertake a comprehensive review of the QBE formula and the
 989 various program components of the formula, equalization grants, and all other education
 990 financing sources and mechanisms to determine whether the current education financing
 991 system continues to be an appropriate and equitable method of calculating and distributing
 992 state education funds.

993 (d) The committee may request assistance and input from state and local agencies and
 994 organizations as needed, including the Department of Revenue, the Department of
 995 Education, the Department of Audits and Accounts, the State Charter Schools Commission,
 996 the Office of Planning and Budget, local school systems, and local tax officials.

997 (e) Subject to available funding, the committee shall be authorized to retain the services
 998 of auditors, attorneys, financial consultants, education experts, economists, and other
 999 individuals or firms as determined appropriate by the committee.

1000 (f) The committee shall produce a final report no later than December 1, 2027, which
 1001 includes specific findings and recommendations, including suggestions for proposed
 1002 legislation.

1003 (g) The committee shall stand abolished and this Code section shall stand repealed by
 1004 operation of law on December 31, 2027."

1005 **SECTION 10-4.**

1006 Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to ad valorem
 1007 taxation of property, is amended in Code Section 48-5-45, relating to application for
 1008 homestead exemption and unlawful to solicit fee to file application for homestead for
 1009 another, by revising subsections (a) and (b) as follows:

1010 "(a)(1) An applicant seeking a homestead exemption as provided in Code Section
 1011 48-5-44 and qualifying under the provisions of Code Section 48-5-40 shall file a written

1012 application and schedule with the tax receiver or tax commissioner charged with the duty
 1013 of receiving returns of property for taxation ~~at any time~~ during the calendar year
 1014 subsequent to the property becoming the primary residence of the applicant up to and
 1015 including:

1016 (A) The ~~the~~ date for the closing of the books for the return of taxes for the calendar
 1017 year, ~~except that,; or~~

1018 (B) In ~~in~~ the case of a property which is subject to a reassessment by the board of tax
 1019 assessors, ~~the final date to file an appeal of the annual notice of current reassessment.~~

1020 Any such application and schedule may be filed in conjunction with or in lieu of an
 1021 appeal of the reassessment.

1022 (2) The failure to file properly the application and schedule on or before the ~~date for the~~
 1023 ~~closing of the books for the return of taxes of a calendar year in which the taxes are due~~
 1024 applicable deadline under paragraph (1) of this subsection shall constitute a waiver of the
 1025 homestead exemption on the part of the applicant failing to make the application for such
 1026 exemption for that year.

1027 (b) The owner of a homestead which is actually occupied by the owner as a residence and
 1028 homestead shall not have to apply for the exemption more than once so long as the owner
 1029 remains in continuous occupation of the residence as a homestead. The exemption shall
 1030 automatically be renewed from year to year so long as the owner continuously occupies the
 1031 residence as a homestead. It shall be the duty of any person granted the exemption to
 1032 notify the tax receiver or tax commissioner in the event such person for any reason
 1033 becomes ineligible for such exemption."

1034 **SECTION 10-5.**

1035 Said chapter is further amended by adding a new Code section to read as follows:

1036 "48-5-51.1.
1037 For tax years beginning on and after January 1, 2026, in the event that a person fails to
1038 report his or her loss of eligibility for a homestead exemption that is listed on the property's
1039 annual notice of current reassessment for such property by the final date to file an appeal
1040 of such notice, the person shall be properly assessed and billed for all taxes and interest due
1041 and the person shall be assessed a penalty of 50 percent of the amount by which any taxes
1042 were to be reduced from exemptions and credits that were improperly applied."

1043 **SECTION 10-6.**

1044 Said chapter is further amended by adding a new Code section to read as follows:

1045 "48-5-57.
1046 Recognizing the importance and value of properly granting and continually allowing
1047 homestead exemptions, beginning January 1, 2028, each local tax official charged by law
1048 with the duty of reviewing applications for homestead exemptions shall submit to the
1049 department a list of taxpayers that have been granted or denied a homestead exemption for
1050 property within its jurisdiction. Such submissions shall be made annually for each taxing
1051 jurisdiction within 30 days of the final date to file an appeal of the annual notice of
1052 assessment. The commissioner shall maintain a database of homestead exemption
1053 information in a manner which allows local tax officials access to review and ensure
1054 accuracy of their jurisdiction's properties receiving homestead exemptions. Each such local
1055 tax official shall review such database prior to approving a homestead exemption and on
1056 an annual basis prior to issuing the notices of assessment for the taxing jurisdiction."

1057

PART XI

1058

SECTION 11-1.

1059 Said title is further amended in Code Section 48-8-3, relating to exemptions from sales and
 1060 use tax, by revising subparagraphs (A) and (H) of paragraph (68.1) as follows:

1061 "(68.1)(A) For the period commencing on July 1, 2018, and ending on December 31,
 1062 ~~2031~~ 2037, high-technology data center equipment to be incorporated or used in a
 1063 high-technology data center that meets the high-technology data center minimum
 1064 investment threshold and other conditions provided in this paragraph."

1065 "(H) This paragraph shall stand repealed by operation of law on January 1, ~~2032~~ 2038;"

1066

SECTION 11-2.

1067 Said title is further amended by adding a new article to Chapter 13, relating to specific,
 1068 business, and occupation taxes, to read as follows:

1069

ARTICLE 9

1070 48-13-150.

1071 This article is enacted pursuant to Article VII, Section IIA, Paragraph I of the Constitution
 1072 of Georgia.

1073 48-13-151.

1074 (a) For taxable years 2028 through 2037, an excise tax shall be levied on each
 1075 high-technology data center that has been issued a certificate of exemption pursuant to
 1076 paragraph (68.1) of Code Section 48-8-3.

1077 (b) The excise tax levied pursuant to this article shall be at a rate equivalent to the total
1078 amount of sales and use taxes in effect that would be collected pursuant to this article but
1079 for the exemption in paragraph (68.1) of Code Section.

1080 48-13-152.

1081 (a)(1) There shall be established a Homeowner's Tax Relief Fund as a separate fund in
1082 the state treasury. The commissioner shall be the trustee of such fund.

1083 (2) The state treasurer shall invest the money held in the Homeowner's Tax Relief Fund
1084 in the same manner in which state funds are invested as authorized by the State
1085 Depository Board pursuant to Article 3 of Chapter 17 of Title 50. Interest earned by the
1086 money held in such fund shall be accounted for separately and shall be credited to the
1087 fund to be disbursed as other moneys in such fund.

1088 (b) For the period beginning on July 1, 2028, and ending on June 30, 2038, all of the
1089 money collected pursuant to this Code section shall be annually appropriated to the
1090 Homeowner's Tax Relief Fund established by subsection (a) of this Code section and such
1091 funds shall not lapse as otherwise required by Article III, Section IX, Paragraph IV(c) of
1092 the Constitution of Georgia. Each annual appropriation shall be made through the General
1093 Appropriations Act and shall include all of the money collected from such source during
1094 the most recently completed fiscal year.

1095 (c) All of the money appropriated to the Homeowner's Tax Relief Fund pursuant to
1096 subsection (b) of this Code section shall be used to provide homeowner tax relief grants to
1097 counties, municipalities, consolidated governments, and local school systems.

1098 (d) The commissioner shall prepare an accounting of the funds expended pursuant to this
1099 Code section during the most recently completed fiscal year to be provided to the Office
1100 of Planning and Budget, the House Budget and Research Office, and the Senate Budget and
1101 Evaluation Office by January 1 of each year.

1102 (e) The excise tax imposed by this article shall be paid by the high-technology data center
1103 and due and payable in the same manner as would be otherwise required under Article 1
1104 of Chapter 8 of this title.

1105 48-13-153.

1106 The department shall be authorized to adopt rules and regulations necessary for the
1107 enforcement and implementation of the provisions of this article."

1108

PART XII

1109

SECTION 12-1.

1110 (a) Except as otherwise provided in subsection (b) of this section, this Act shall become
1111 effective upon its approval by the Governor or upon its becoming law without such approval.

1112 (b) Parts II, III, V, VII, and XI of this Act shall become effective on January 1, 2027,
1113 following the ratification of an amendment to the Constitution of Georgia providing property
1114 tax relief for homeowners by reducing the taxable assessed value of residential properties
1115 from 40 percent of appraised value to 10 percent of appraised value at the rate of 3 percent
1116 each year, adding an additional 100 percent disabled veterans' homestead exemption for the
1117 full assessed value of a homestead in certain circumstances, and authorizing local homestead
1118 option sales taxes to support homestead exemptions from taxation by local governments and
1119 school systems. If such amendment is not so ratified, then Parts II, III, V, VII, and XI of this
1120 Act shall stand automatically repealed on January 1, 2027.

1121

SECTION 12-2.

1122 Section 10-2 of this Act shall be applicable to calculations based upon taxable years
1123 beginning on or after January 1, 2027.

1124

SECTION 12-3.

1125 All laws and parts of laws in conflict with this Act are repealed.