

The House Committee on Rules offers the following substitute to HR 1114:

A RESOLUTION

1 Proposing an amendment to the Constitution so as to revise procedures for financing
2 counties, municipalities, consolidated governments, and school systems to provide property
3 tax relief for homeowners; to provide for the gradual reduction in the assessed value of
4 homestead properties for tax purposes; to provide for an additional disabled veterans'
5 homestead exemption; to remove the cap on benefits granted pursuant to the Homeowner's
6 Incentive Adjustment clause; to authorize the General Assembly to provide for local grant
7 and adjustment programs; to authorize the dedication of funds for state and local grants; to
8 revise provisions for sales and use taxes that may be levied by local boards of education for
9 capital outlay projects; to provide a cap on the taxes that may be levied by local boards of
10 education; to authorize the conversion of sales and use and excise taxes for educational
11 purposes authorized by certain local constitutional amendments into sales and use taxes
12 authorized by general provisions of law; to provide for a new local homestead option sales
13 tax that may be enacted by counties, consolidated governments, municipalities, and local
14 school systems; to provide for related matters; to provide for the submission of this
15 amendment for ratification or rejection; and for other purposes.

16 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

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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)~~, and (i) of this Paragraph, all taxation shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax."

"(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 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. For local governments that calculate assessed value of properties at a percentage other than 40 percent of appraised value, such local government shall, beginning in tax year 2027, reduce such local government's percentage of appraised value by a total of 75 percent over 10 years in equal increments each year beginning in tax year 2027. The General Assembly by general law may further provide for implementation of this subparagraph."

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SECTION 2.

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

"Paragraph VI. *Additional disabled veterans' homestead exemption.* The General Assembly shall provide by general law for the creation of an additional 100 percent disabled veterans' homestead exemption for the full assessed value of a homestead upon

43 a 100 percent disabled veteran procuring a loan or otherwise financing the development of
 44 new residential construction, obtaining or receiving a residential structure by inheritance,
 45 or purchasing an existing residential structure, for the purpose of use as a primary
 46 residence."

47 SECTION 3.

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

49 "Paragraph I. *State and local grants; adjustment amount.* (a) For each taxable year, a
 50 homeowner's incentive adjustment may be applied to the return of each taxpayer claiming
 51 such state-wide homestead exemption as may be specified by general law. The General
 52 Assembly by general law may authorize local governments and local school systems to
 53 establish local grant programs and to appropriate local tax funds in support of local
 54 homeowner's incentive adjustments. The amount of such adjustment may provide a
 55 taxpayer with a benefit equivalent to a homestead exemption of up to ~~\$18,000.00 of the~~
 56 ~~assessed value of a taxpayer's homestead or the taxpayer's ad valorem property tax liability~~
 57 ~~on the homestead, whichever is lower.~~ The General Assembly may appropriate such
 58 amount each year for grants to local governments and school districts as homeowner tax
 59 relief grants.

60 (b) For each taxable year in which homestead properties located in a county,
 61 consolidated government, municipality, or local school system are assessed at a reduced
 62 value for purposes of ad valorem taxation pursuant to Article VII, Section I, Paragraph
 63 III(i), the General Assembly may appropriate grants to such local governments and school
 64 systems for purposes of replacing lost revenue due to such reduced assessment level.

65 (c) Notwithstanding any other provisions of this Constitution, the General Assembly may
 66 provide by law for the dedication of the proceeds of specific taxes, fees, or assessments,
 67 including, but not limited to, dedicated proceeds from sales tax collections on
 68 high-technology data centers, to fund the grants provided for in this Paragraph.

95 for the initial imposition of the tax, but the newly authorized tax shall not be imposed until
 96 the expiration of the tax then in effect."

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

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

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

113 SECTION 5.

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

116 "Paragraph V. **Local homestead option sales tax.** (a) The General Assembly shall
 117 provide by general law for a local homestead option sales tax that may be enacted by any
 118 county, consolidated government, municipality, or local school system to offset the loss of
 119 revenue received from homestead property taxes by such counties, consolidated
 120 governments, municipalities, and local school systems due to any reduction of assessed

121 value on homestead property pursuant to Article VII, Section I, Paragraph III(i) or due to
122 any increased homestead exemptions. To effectuate such offsets, such general law shall
123 provide for the:

124 (1) Optional imposition of a local homestead option sales tax in support of the local
125 school system at a rate not to exceed 2 percent;

126 (2) Optional imposition of a local homestead option sales tax in support of a county,
127 consolidated government, or municipality at a rate not to exceed 1 percent. Such general
128 law shall provide for proportional distribution of proceeds between such local
129 governments based on amount of such loss of revenue for each affected local
130 government;

131 (3) Exemption of homestead properties located in a county, consolidated government,
132 municipality, or local school system from certain ad valorem taxes or reduction in the
133 percentage of assessed value for purposes of ad valorem taxes on such homestead
134 property pursuant to Article VII, Section I, Paragraph III(i), if the county, municipality,
135 consolidated government, or local school system enacts a local homestead option sales
136 tax authorized by this Paragraph; and

137 (4) Offsetting or exemption of county, consolidated government, municipal, or local
138 school system ad valorem taxes for other properties in a manner provided by general law.

139 (b) The provisions of Article VII, Section II, Paragraph II(a) shall not apply to any laws
140 enacted pursuant to this Paragraph nor, except as provided in this subparagraph, shall any
141 local homestead option sales tax imposition be conditioned upon or require the approval
142 of a majority of the qualified electors residing within the limits of the local taxing
143 jurisdiction voting in a referendum thereon; provided, however, that the General Assembly
144 may by general law provide that the implementation or renewal of a local homestead option
145 sales tax after January 1, 2037, may be conditioned upon approval by a majority of the
146 qualified electors residing within the limits of the local taxing jurisdiction voting in a
147 referendum thereon; and provided further, however, that, in the event that such a

148 referendum fails, the value at which homestead property is assessed for such jurisdiction
 149 shall be increased to 40 percent of the appraised value of the homestead property for such
 150 jurisdiction."

151 **SECTION 6.**

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

155 "() YES Shall the Constitution of Georgia be amended to provide property tax relief
 156 () NO for homeowners by reducing the percent of taxable assessed value of
 157 residential properties from 40 percent of appraised value to 10 percent of
 158 appraised value at the rate of 3 percent each year over 10 years, adding an
 159 additional disabled veterans' homestead exemption, and authorizing local
 160 homestead option sales taxes to offset lost ad valorem revenues?"

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.