

The Senate Committee on Finance offered the following substitute to HB 439:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 36 of the Official Code of Georgia Annotated, relating to local government
2 so as to authorize the establishment of local homeowner's incentive adjustment grant
3 programs; to provide definitions; to provide constitutional authorization; to provide for
4 referendums to establish and discontinue such programs; to provide for the appropriation of
5 funds to support such programs; to provide for the calculation, application, and limitations
6 on tax credits; to provide for rules and regulations; to provide for recoverability; to amend
7 Article 7 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to
8 miscellaneous local administrative provisions, so as to authorize the establishment of local
9 homeowner's incentive adjustment grant funds; to provide for an effective date; to provide
10 for related matters; to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

13 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
14 by adding a new chapter to read as follows:

15

"CHAPTER 89A16 36-89A-1.17 As used in this chapter, the term:18 (1) 'Applicable rollback' means a:19 (A) Rollback of an ad valorem tax millage rate pursuant to subsection (a) of Code
20 Section 48-8-91 in a county or municipality that levies a local option sales tax;21 (B) Rollback of an ad valorem tax millage rate pursuant to subparagraph (c)(2)(C) of
22 Code Section 48-8-104 in a county or municipality that levies a homestead option sales
23 tax;24 (C) Reduction of an ad valorem tax millage rate pursuant to the development of a
25 service delivery strategy under Code Section 36-70-24; and26 (D) Reduction of an ad valorem tax millage rate pursuant to paragraph (2) of
27 subsection (a) of Code Section 33-8-8.3 in a county that collects insurance premium
28 tax.29 (2) 'County millage rate' means the net ad valorem tax millage rate, after deducting
30 applicable rollbacks, levied by a county for county purposes and applying to qualified
31 homesteads in the county, including any millage levied for those special districts reported
32 on the 2026 ad valorem tax digest certified to and received by the state revenue
33 commissioner on or before December 31, 2026, but not including any millage levied for
34 purposes of bonded indebtedness and not including any millage levied on behalf of a
35 county school district for educational purposes.36 (3) 'Eligible assessed value' means a certain stated amount of the assessed value of each
37 qualified homestead in the state.38 (4) 'Fiscal authority' means the individual authorized to collect ad valorem taxes for a
39 county or municipality which levies ad valorem taxes.

40 (5) 'Local homeowner's incentive adjustment grant fund' means the fund established by
41 the participating local government pursuant to Code Section 48-5-381.1.

42 (6) 'Municipal millage rate' means the net ad valorem tax millage rate, after deducting
43 applicable rollbacks, levied by a municipality for municipal purposes and applying to
44 qualified homesteads in the municipality, but not including any millage levied for those
45 special tax districts reported on the 2026 City and Independent School Millage Rate
46 Certification certified to and received by the state revenue commissioner on or before
47 December 31, 2026, any millage levied for purposes of bonded indebtedness, or any
48 millage levied on behalf of an independent school district for educational purposes.

49 (7) 'Participating local government' means a county or municipality wherein the voters
50 have approved a local homeowner's incentive adjustment grant program pursuant to Code
51 Section 36-89A-2 and that has established a local homeowner's incentive adjustment
52 grant fund.

53 (8) 'Qualified homestead' means a homestead qualified for any exemption, state, county,
54 or school, authorized under Code Section 48-5-44.

55 36-89A-2.

56 (a) This chapter is enacted pursuant to Article VII, Section IIA, Paragraph I of the
57 Constitution to provide a mechanism for counties and municipalities to establish local
58 homeowner's incentive adjustment programs so as to reduce the tax burden upon qualified
59 homesteads within participating local governments.

60 (b) Any county or municipality that wishes to establish a local homeowner's incentive
61 adjustment program pursuant to this chapter shall first submit a referendum to the electors
62 of such jurisdiction with the question of whether or not such program shall be established.
63 The call for and conduct of any such election shall be in the manner authorized under Code
64 Section 21-2-540. All persons desiring to vote in favor of the local homeowner's incentive
65 adjustment program shall vote 'Yes' and all persons opposed to such program shall vote

66 'No.' If more than one-half of the votes cast are in favor of the local homeowner's incentive
67 adjustment program, then such program shall go into effect for the next fiscal year for the
68 participating local government.

69 (c) When the electors of a jurisdiction approve a local homeowner's incentive adjustment
70 program, and a county or municipality becomes a participating local government, the local
71 homeowner's incentive adjustment program shall not be discontinued until the electors of
72 the participating local government approve the discontinuation of such program in a
73 referendum. The call for and conduct of any such election shall be in the manner
74 authorized under Code Section 21-2-540. All persons desiring to vote in favor of
75 discontinuing the local homeowner's incentive adjustment program shall vote 'Yes' and all
76 persons opposed to discontinuing such program shall vote 'No.' If more than one-half of
77 the votes cast are in favor of discontinuing the local homeowner's incentive adjustment
78 program, then such program shall be discontinued at the end of the next fiscal year. If
79 more than one-half of the votes cast are opposed to discontinuing the local homeowner's
80 incentive adjustment program, then such program shall continue to operate in a manner
81 consistent with this chapter.

82 36-89A-3.

83 (a) Subject to the limitations of subsection (b) of this Code section, in each fiscal year
84 beginning after a county or municipality becomes a participating local government, the
85 governing authority of such government shall appropriate to the local homeowner's
86 incentive adjustment grant fund for such government funds to provide homeowner's
87 incentive adjustment credits to qualifying homestead properties in the county or
88 municipality.

89 (b) For each fiscal year beginning after a county or municipality becomes a participating
90 local government, no funds shall be appropriated under subsection (a) of this Code section
91 unless the actual revenues collected by such government in the preceding fiscal year

92 exceeded appropriations enumerated in the budget ordinance or resolution, as amended,
93 adopted by such government for such preceding fiscal year, and the amount of estimated
94 total revenues available for appropriation in the budget ordinance or resolution for the next
95 fiscal year are equal to or exceed such actual collections for the preceding fiscal year.

96 36-89A-4.

97 (a)(1) When funds are appropriated as provided in Code Section 36-89A-3, such grants
98 shall be allotted by the participating local government as follows:

99 (A) Immediately following the actual preparation of ad valorem property tax bills, the
100 county fiscal authority of a participating county shall calculate the total amount of tax
101 revenue which would be generated by applying the county millage rates to the eligible
102 assessed value of each qualified homestead in the county. The fiscal authority shall
103 then determine the amount of funds in the county's local homeowner's incentive
104 adjustment grant fund and calculate the amount of the adjustment credit that may be
105 provided from such fund to each qualified homestead in the county up to the taxpayer's
106 ad valorem property tax liability on the homestead. The total amount of actual
107 adjustment credit shall be applied as a tax credit given to each qualified homestead in
108 the county; or

109 (B) Immediately following the actual preparation of ad valorem property tax bills, the
110 fiscal authority of a participating municipality shall calculate the total amount of tax
111 revenue which would be generated by applying the municipal millage rate to the
112 eligible assessed value of each qualified homestead in the municipality. The fiscal
113 authority shall then determine the amount of funds in the municipality's local
114 homeowner's incentive adjustment grant fund and calculate the amount of the
115 adjustment credit that may be provided from such fund to each qualified homestead in
116 the municipality up to the taxpayer's ad valorem property tax liability on the homestead.

117 whichever is lower. The total amount of actual adjustment credit shall be applied as a
118 tax credit given to each qualified homestead in the municipality.

119 (2) Credit amounts computed under paragraph (1) of this subsection shall be applied to
120 reduce the otherwise applicable tax liability on a dollar-for-dollar basis, but the credit
121 granted shall not in any case exceed the amount provided for in the Constitution or of the
122 otherwise applicable tax liability after the granting of all applicable homestead
123 exemptions, except for any homestead exemption under Article 2A of Chapter 8 of Title
124 48, the 'Homestead Option Sales and Use Tax Act,' as amended, and after the granting
125 of all applicable millage rollbacks.

126 (3) Credit amounts computed under paragraph (1) of this subsection shall not be
127 computed so as to result in the value of the credits to be granted exceeding the amount
128 of funds in the local homeowner's incentive adjustment grant fund of the participating
129 local government.

130 (b) The grant of funds by a county shall be conditioned on the county's fiscal authority
131 reducing each qualified homestead's otherwise applicable liability for county taxes for
132 county purposes by a credit amount calculated in subparagraph (a)(1)(A) of this Code
133 section.

134 (c) The grant of funds by a municipality shall be conditioned on the municipality's fiscal
135 authority reducing each qualified homestead's otherwise applicable liability for municipal
136 taxes by a credit amount calculated in subparagraph (a)(1)(B) of this Code section.

137 (d) Each fiscal authority shall show the credit amount on the tax bill.

138 36-89A-5.

139 The state revenue commissioner shall adopt rules and regulations for the administration of
140 this chapter, including specific instructions to participating local governments on
141 developing and preparing the forms necessary for the administration of a program pursuant
142 to this chapter.

143 36-89A-6.
144 Any credit under this chapter which is erroneously or illegally granted shall be recoverable
145 by the political subdivision granting such credit in the same manner as any other delinquent
146 tax."

147 **SECTION 2.**

148 Article 7 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to
149 miscellaneous local administrative provisions, is amended by adding a new Code section to
150 read as follows:

151 "48-5-381.1.

152 (a) Whenever the governing authority of any county or municipality determines that it is
153 impractical to expend the funds raised by taxation for the purposes for which the taxes were
154 levied and that it is in the best interest of the county or municipality and its citizens and
155 taxpayers for public work to be postponed until more advantageous conditions prevail, the
156 governing authority may order as much of the funds as it deems proper transferred to a
157 fund to be known as the 'local homeowner's incentive adjustment grant fund' of the county
158 or municipality. The local homeowner's incentive adjustment grant fund may be deposited
159 in the manner provided by law or may be invested in obligations of the United States.

160 (b) A county or municipal governing authority may transfer from time to time to its local
161 homeowner's incentive adjustment grant fund any accumulated overage in its general fund.

162 (c) The county or municipal local homeowner's incentive adjustment grant fund shall be
163 held until the governing authority determines that it is practical and advantageous to
164 undertake a local homeowner's incentive adjustment program pursuant to Chapter 89A of
165 Title 36. Upon the determination, the governing authority may order funds transferred
166 from the local homeowner's incentive adjustment grant fund to any of the several funds or
167 to the general fund of the county or municipality so as to off set any homeowner's incentive
168 adjustments approved by such governing authority.

169 (d) The existence of a county or municipal local homeowner's incentive adjustment grant
170 fund shall not prevent tax levies from being made by the governing authority for the several
171 purposes authorized by law at such rates as are necessary for the current or anticipated
172 needs of the county or municipality to the same extent the governing authority could
173 lawfully levy if no local homeowner's incentive adjustment grant fund was in existence.
174 (e) When any county or municipal local homeowner's incentive adjustment grant fund is
175 established, it shall be the duty of the governing authority to expend the fund pursuant to
176 the provisions of Chapter 89A of Title 36. If such a program is not established or is
177 discontinued, the local homeowner's incentive adjustment grant fund shall be closed and
178 any remaining funds shall be deposited in the county or municipal general fund.
179 (f) The provisions of this Code section are in addition to and not in lieu of the
180 establishment of a reserve fund pursuant to Code Section 48-5-381."

181 **SECTION 3.**

182 This Act shall become effective on January 1, 2027.

183 **SECTION 4.**

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