

The Senate Committee on Finance offered the following substitute to HB 1116:

A BILL TO BE ENTITLED
AN ACT

1 To amend Titles 20, 21, 36, and 48 of the Official Code of Georgia Annotated, relating to
2 education, elections, local government, and revenue and taxation, respectively, so as to
3 provide for property tax reform; to establish a Local Homestead Option Sales Tax (LHOST);
4 to provide for imposition, collection, and distribution of proceeds; to provide for definitions;
5 to exclude amounts attributable to certain exemptions from ad valorem taxation from the
6 equalized adjusted school property tax digest for the purpose of calculating the local five mill
7 share and equalization grants; to increase the cap on reserve funds for local school systems;
8 to require the proposed annual operating budget resolution of a local board of education to
9 be approved in a referendum election if such resolution would increase certain revenues
10 raised by the local board of education by a certain amount; to provide that certain proposed
11 increases in revenue collections by local governments must be approved by the voters of such
12 local government; to limit the dates of a special election presenting a question by a local
13 government to increase revenues; to require the production of certain information upon
14 request of a tax assessor for the assessment of income-producing property; to revise
15 provisions relating to certification of assessed taxable value of property and method of
16 computation, resolution or ordinance required for millage rate, and advertisement of intent
17 to increase property tax; to require municipal and school officials to submit certain
18 information relating to ad valorem taxes; to prohibit the retroactive assessment of additional

19 ad valorem taxes to a taxpayer due to an improperly or mistakenly applied homestead
20 exemption at no fault of the taxpayer; to make conforming changes; to provide for related
21 matters; to provide for short titles; to provide an effective date; to repeal conflicting laws;
22 and for other purposes.

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

24 **PART I**
25 **SECTION 1-1.**

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

28 **PART II**
29 **SECTION 2-1.**

30 Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to sales and use tax,
31 is amended in Code Section 48-8-6, relating to prohibition of political subdivisions from
32 imposing various taxes, ceiling on local sales and use taxes, and taxation of mobile
33 telecommunications, by revising subparagraph (a)(1)(C) as follows:

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

37 **SECTION 2-2.**

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

39

"ARTICLE 2C40 48-8-109.50.

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

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

44 (1) 'Eligible local government' means any county, consolidated government, or
45 municipality for which a homestead exemption is in effect by local Act in accordance
46 with Code Section 48-8-109.52 and whose governing authority levied and derived
47 revenue from an ad valorem tax on homestead property within the special district at a net
48 millage rate of greater than zero in the tax year preceding the effective date of such local
49 Act. Such term excludes any local government that levies the tax authorized under
50 Article 4 of this chapter.

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

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

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

59 (3) 'Local Homestead Option Sales Tax' or 'LHOST' means any special sales and use tax
60 levied under this article to fund homestead exemptions granted by local Act for eligible
61 local governments in accordance with this article.

62 48-8-109.51.

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

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

70 (c) The territory of each special district shall exclude any territory within which the tax
71 provided for in Article 4 of this chapter is levied.

72 48-8-109.52.

73 (a) Subject to the requirements of this article and the sales tax rate limitations imposed by
74 Code Section 48-8-6, beginning January 1, 2028, there shall be imposed within any special
75 district a special sales and use tax to be levied and collected to fund homestead exemptions
76 from ad valorem taxes imposed by eligible local governments on homestead property
77 within the special district. Any such tax shall be known as an 'LHOST.'

78 (b) An LHOST shall begin to be levied and collected in a given special district on the first
79 day of the next succeeding calendar quarter which begins more than 50 days after
80 certification of the result of the election approving the local Act granting a homestead
81 exemption in accordance with this article and applicable to the county or consolidated
82 government that is conterminous with the special district.

83 (c) Each local Act enacted pursuant to this article shall:

84 (1) Be adopted and approved by local referendum in accordance with Article VII,
85 Section II, Paragraph II(a)(2) of the Constitution;

86 (2) Incorporate, by reference to this article, the terms and conditions specified under this
87 article;

88 (3) Exempt homestead property within the special district from all ad valorem taxes
89 imposed by the governing authority of the local government for all purposes in an amount
90 to be determined annually based upon the net proceeds of the sales and use tax collected
91 under this article within the special district;

92 (4) Provide that such homestead exemption shall be allowed in addition to and not in lieu
93 of any other homestead exemption applicable to the homestead property;

94 (5) Provide that such homestead exemption shall become effective on January 1 of the
95 year subsequent to the approval of the local Act in the requisite referendum;

96 (6) Include only those portions of real property located within the applicable special
97 district established pursuant to this article; and

98 (7) Provide that the homestead exemption shall not apply to or affect any ad valorem
99 taxes other than those levied by the governing authority of the local government to which
100 the local Act applies.

101 (d) Notwithstanding any contrary provision of Article 2B of this chapter or any resolution,
102 ordinance, intergovernmental agreement, or referendum related thereto, a tax in effect
103 within a special district conterminous with a county pursuant to Article 2B of this chapter
104 shall terminate at the last moment of the day prior to the commencement of the levy of an
105 LHOST pursuant to this article in the special district conterminous with such county.

106 48-8-109.53.

107 (a) When the imposition of a local sales and use tax is authorized according to the
108 procedures provided in this article within a special district, the county whose geographical
109 boundary is conterminous with that of the special district shall levy a local sales and use
110 tax at the rate of 1 percent.

111 (b) Except as otherwise provided in this article, the LHOST shall correspond to the tax
112 imposed by Article 1 of this chapter, and no item or transaction which is not subject to
113 taxation under Article 1 of this chapter shall be subject to a tax imposed under this article;

114 provided, however, that a tax imposed under this article shall apply to sales of motor fuels
115 as prepaid local tax as defined in Code Section 48-8-2 and shall be applicable to the sale
116 of food and food ingredients and alcoholic beverages as provided for in Code
117 Section 48-8-3. The levy of such tax upon sales of motor fuels as defined in Code
118 Section 48-9-2 shall only be imposed on the retail sales price of the motor fuel which is not
119 more than \$3.00 per gallon.

120 (c) With respect to services that are regularly billed on a monthly basis, an LHOST shall
121 apply to the first regular billing period coinciding with or following the effective date of
122 the LHOST.

123 48-8-109.54.

124 (a) The tax shall cease to be imposed on the final day of the maximum period of time,
125 which shall not exceed ten years, as specified in the local Act granting the homestead
126 exemption for the county or consolidated government.

127 (b) The tax may be renewed for any special district in the same manner and under the same
128 conditions as for an initial imposition of the tax. Such newly authorized tax shall not be
129 imposed until the expiration of the tax then in effect.

130 48-8-109.55.

131 (a) Each LHOST shall be exclusively administered and collected by the commissioner for
132 the use and benefit of the special district imposing the tax. Such administration and
133 collection shall be accomplished in the same manner and subject to the same applicable
134 provisions, procedures, and penalties provided in Article 1 of this chapter except that the
135 LHOST shall be applicable to sales of motor fuels as prepaid local tax as defined in Code
136 Section 48-8-2; provided, however, that all moneys collected from each taxpayer by the
137 commissioner shall be applied first to such taxpayer's liability for taxes owed the state; and
138 provided, further, that the commissioner may rely upon a representation by or on behalf of

139 the county government or the Secretary of State that such a tax has been validly imposed,
140 and the commissioner and the commissioner's agents shall not be liable to any person for
141 collecting any such tax which was not validly imposed.

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

147 (c) Each sales and use tax return remitting sales and use taxes collected under this article
148 shall separately identify the location of each retail establishment at which any of the sales
149 and use taxes remitted were collected and shall specify the amount of sales and the amount
150 of taxes collected at each establishment for the period covered by the return to facilitate the
151 determination by the commissioner that all sales and use taxes imposed by this article are
152 collected and distributed according to situs of sale.

153 48-8-109.56.

154 (a) The proceeds of the tax collected by the commissioner under this article shall be
155 disbursed as soon as practicable after collection directly to the county whose boundary is
156 conterminous with the boundary of the special district to be held in trust for the special
157 district in an interest-bearing account and distributed thereafter by such county among the
158 eligible local governments within the special district in accordance with the provisions of
159 Code Section 48-8-109.57 and Code Section 48-8-109.58.

160 (b) No funds other than the annual LHOST proceeds, and interest accrued thereon, shall
161 be placed in such accounts. The funds within such accounts shall not be commingled with
162 any other funds of the county.

163 48-8-109.57.

164 (a) Following the adoption of millage rates each year by all eligible local governments and
165 prior to the printing of ad valorem tax bills, the county tax commissioner shall calculate the
166 amount of the assessed value to be exempted for homestead property within the special
167 district for which any local Acts are in effect under this article. The amount of the assessed
168 value of each homestead property that shall be exempted shall be calculated each tax year
169 based on the total value of all homestead property of the special district, the net millage
170 rates adopted by each eligible local government for such tax year, and the net proceeds of
171 the LHOST which are available in the trust account as of August 1 of such year.

172 (b) For an LHOST imposed within a special district which has a single eligible local
173 government, the county tax commissioner shall calculate the maximum amount of assessed
174 value of homestead property which may be exempted from all ad valorem taxes imposed
175 by such single eligible local government on homestead property within the special district,
176 which calculation shall be based upon the proceeds of the LHOST available in the trust
177 account as of August 1 of such year, the total assessed value of all homestead property in
178 the special district, and the net millage rates imposed by such single eligible local
179 government on such homestead property.

180 (c) For an LHOST imposed within a special district which has one or more eligible local
181 governments, following the adoption of millage rates each year by all such eligible local
182 governments, but not later than September 2, the county tax commissioner shall calculate
183 the single, maximum amount of assessed value which may be exempted throughout the
184 special district for all homestead property from all applicable ad valorem taxes imposed by
185 the eligible local governments within the special district, which calculation shall be based
186 upon the proceeds of the LHOST available in the trust account as of August 1 of such year,
187 the total assessed value of all homestead property in the special district, and the net millage
188 rates imposed by each such eligible local government on the homestead property within its
189 territory within the special district.

190 (d) In the event that the proceeds collected for a special district exceed the amount
191 necessary to exempt all homestead property from all ad valorem taxes imposed by all
192 eligible local governments on homestead property within the special district, the excess
193 proceeds shall be calculated by the county tax commissioner and applied in a manner to
194 reduce the net millage rates in effect on property within the special district by an equal
195 percentage across all eligible local governments in the special district for such tax year.

196 (e) For the purposes of subsection (c) of this Code section, in the event an eligible local
197 government fails to submit its adopted millage rates by September 1, the county tax
198 commissioner shall use 90 percent of such eligible local government's prior year's net
199 millage rates applicable to homestead property in the special district in the calculation
200 under this Code section and the county shall only disburse, under Code Section
201 48-8-109.58, the lesser of such amount and the net millage rate actually levied by such
202 eligible local government in the current year.

203 48-8-109.58.

204 (a) Prior to mailing ad valorem tax bills for homestead property, the tax collector for each
205 eligible local government shall apply the homestead exemption calculated by the county
206 tax commissioner under subsection (b) or (c) of Code Section 48-8-109.57 to each ad
207 valorem property tax bill for homestead property. Each ad valorem tax bill for homestead
208 property shall reflect the taxpayer's gross ad valorem tax savings which resulted from the
209 LHOST homestead exemption.

210 (b) In the event of excess proceeds described in subsection (d) of Code
211 Section 48-8-109.57, prior to mailing ad valorem tax bills, the tax collector for each
212 eligible local government shall apply the reduction calculated under subsection (d) of Code
213 Section 48-8-109.57 to each ad valorem property tax bill. If applicable, each ad valorem
214 tax bill shall reflect the taxpayer's gross ad valorem tax savings which resulted from such
215 LHOST millage rate reduction.

216 (c) Within 30 days of an eligible local government's mailing of its ad valorem tax bill for
217 a given tax year, the county shall disburse LHOST funds from the trust account to each
218 eligible local government in the amount of ad valorem property tax revenue that the given
219 eligible local government did not collect due to the amount of the homestead exemption
220 determined under Code Section 48-8-109.57, applied pursuant to subsection (a) of this
221 Code section, and as granted through the local Act required under this article and, if
222 applicable, the county shall also disburse the amount of revenue foregone due to the
223 reduction of the eligible local government's millage rates provided for in subsection (d) of
224 Code Section 48-8-109.57 and subsection (b) of this Code section.

225 (d) No disbursement shall be made to any governing authority until such governing
226 authority has mailed ad valorem tax bills for a given year.

227 48-8-109.59.

228 Where a local sales and use tax has been paid with respect to tangible personal property by
229 the purchaser either in another local tax jurisdiction within the state or in a tax jurisdiction
230 outside the state, the tax may be credited against the tax authorized to be imposed by this
231 article upon the same property. If the amount of sales and use tax so paid is less than the
232 amount of such tax due under this article, the purchaser shall pay an amount equal to the
233 difference between the amount paid in the other tax jurisdiction and the amount due under
234 this article. The commissioner may require such proof of payment in another local tax
235 jurisdiction as the commissioner deems necessary and proper. No credit shall be granted,
236 however, against the tax imposed under this article for tax paid in another jurisdiction if the
237 tax paid in such other jurisdiction is used to obtain a credit against any other local sales and
238 use tax levied in the special district or any other political subdivision within the special
239 district; and taxes so paid in another jurisdiction shall be credited against the tax levied
240 under Article 2 of this chapter, if applicable, then against the tax levied under Part 1 of

241 Article 3 of this chapter, if applicable, then against the tax levied under Part 2 of Article
242 3 of this chapter, if applicable, and then against the tax levied under this article.

243 48-8-109.60.

244 No tax provided for in this article shall be imposed upon the sale of tangible personal
245 property which is ordered by and delivered to the purchaser at a point outside the
246 geographical area of the special district in which the tax is imposed regardless of the point
247 at which title passes, if the delivery is made by the seller's vehicle, and including United
248 States mail or common carrier or by a private or contract carrier licensed by the Federal
249 Motor Carrier Safety Administration or the Georgia Department of Public Safety.

250 48-8-109.61.

251 No tax provided for in this article shall be imposed upon the sale or use of buildings and
252 construction materials when the contract for which the materials are purchased or used was
253 advertised for bid prior to the local referendum held for the local Act required to initiate
254 the levy of the tax and the contract was entered into as a result of a bid actually submitted
255 in response to the advertisement prior to approval of such local Act.

256 48-8-109.62.

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

260 48-8-109.63.

261 Except as otherwise provided in this article or Code Section 48-8-6, the tax authorized by
262 this article shall be in addition to any other local sales and use tax. The imposition of any
263 other local sales and use tax within a county, municipality, or special district shall not

264 affect the authority of a county, municipality, or special district to impose the tax
 265 authorized by this article and the imposition of the tax authorized by this article shall not
 266 affect the imposition of any otherwise authorized local sales and use tax within a county,
 267 municipality, or special district."

268

PART III

269

SECTION 3-1.

270 Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,
 271 relating to financing under the "Quality Basic Education Act," is amended in Code
 272 Section 20-2-164, relating to local five mill share funds, by revising subsection (g) as
 273 follows:

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

277 (1) The product of the number of constitutional homestead exemptions for owner
 278 occupied homes pursuant to Code Section 48-5-44 granted for that year, exclusive of
 279 those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and
 280 48-5-52, multiplied by the amount per exemption authorized under Code Section 48-5-44;
 281 provided, further, that, in any city operating an independent school system which
 282 provides a homestead exemption through local legislation comparable to that provided
 283 in Code Section 48-5-44, the product calculated in this paragraph shall represent the
 284 number of homestead exemptions provided through the applicable local legislation
 285 multiplied by the amount per exemption authorized in Code Section 48-5-44, or by the
 286 amount per exemption authorized in the applicable local legislation, whichever is less;
 287 and provided, further, that, if the amount per exemption authorized in Code
 288 Section 48-5-44 has been changed subsequent to the year of the applicable digest, the

289 more recently adopted amount per exemption shall be used for the product calculated in
290 this paragraph;

291 (2) The product of the number of constitutional homestead exemptions for disabled
292 veterans pursuant to Code Section 48-5-48 granted for that year, multiplied by the amount
293 per exemption authorized under that Code section; provided, further, that, in any city
294 operating an independent school system which provides a homestead exemption through
295 local legislation comparable to that provided in Code Section 48-5-48, the product
296 calculated in this paragraph shall represent the number of homestead exemptions
297 provided through the applicable local legislation multiplied by the amount per exemption
298 authorized in the applicable local legislation, whichever is less; and provided, further,
299 that, if the amount per exemption authorized in Code Section 48-5-48 has been changed
300 subsequent to the year of the applicable digest, the more recently adopted amount per
301 exemption shall be used for the product calculated in this paragraph;

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

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

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

310 (B) Multiply the difference which results from subparagraph (A) of this paragraph by
311 1,000; and

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

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

316 (A) Divide the amount reported in paragraph (4) of subsection (e) of this Code section
 317 by the average ratio of assessed value to true value used to calculate the most recent
 318 equalized adjusted school property tax digest pursuant to Code Section 48-5-274; and
 319 (B) Multiply the quotient which results from subparagraph (A) of this paragraph by .4;
 320 (6) The difference between the assessed value and the net taxable assessed value of all
 321 properties for which an exemption pursuant to Code Section 48-5-44.2 was granted for
 322 that year; and
 323 (7) The difference between the assessed value and the net taxable assessed value of all
 324 properties for which an exemption authorized pursuant to a local constitutional
 325 amendment or Article VII, Section II, Paragraph II(a) of the Constitution was granted in
 326 that year."

327 **SECTION 3-2.**

328 Said part is further amended in paragraph (5) of subsection (a) of Code Section 20-2-167,
 329 relating to funding for direct instructional, media center, and staff development costs,
 330 computerized uniform budget and accounting system, submission of local budget to state
 331 board, and provision of certain information by local boards, by striking "15 percent" and
 332 replacing it with "25 percent".

333 **SECTION 3-3.**

334 Said part is further amended in Code Section 20-2-167.1, relating to public meetings on
 335 proposed annual operating budget, notice, electronic copies, and exception for certain
 336 nonprofits, by revising subsection (b) as follows:

337 "(b)(1) Each governing body shall hold at least two public meetings, which shall not
 338 occur within the same week, for the purpose of providing an opportunity for public input
 339 on its proposed annual operating budget before adopting any budget; provided, however,
 340 that any other public meeting or hearing held that is related to the budget as required by

341 law shall satisfy all or a portion of such requirement. The governing body of a charter
342 school with a state-wide attendance zone and students residing in 25 percent or more of
343 Georgia's counties or in three or more counties which are not geographically contiguous
344 shall conduct one such public meeting virtually and one such public meeting in the
345 county in which its primary business office is located. The public meetings shall be
346 advertised in a local newspaper of general circulation which shall be the same newspaper
347 in which other legal announcements of the board of education are advertised.

348 (2)(A)(i) On and after January 1, 2027, no proposed annual operating budget
349 resolution that would result in an increase in the revenues raised by the local board
350 of education from the levy and collection of ad valorem property taxes by an amount
351 that exceeds the greater of 3 percent or the percent change in the rate of economic
352 inflation on individual taxpayers as determined under the Consumer Price Index, as
353 reported by the Bureau of Labor Statistics of the United States Department of Labor,
354 of the amount of such revenues raised by the local board of education which would
355 be raised by the local board of education from the levy of its roll-back rate calculated
356 pursuant to Code Section 48-5-32.1 shall go into effect unless the General Assembly
357 enacts a local Act authorizing such increase or the electors of the local school system
358 have approved such budget resolution in a referendum election. In calculating
359 whether a proposed annual operating budget resolution would result in such an
360 increase in the revenues raised by the local board of education, increases in revenue
361 attributable to economic growth and the levies of ad valorem property tax for costs
362 incurred pursuant to a state of emergency declared by any federal, state, or local
363 emergency management agency, official, or authority shall not be counted.

364 (ii) The call for and conduct of any such election shall be in the manner authorized
365 under Code Section 21-2-540. The costs of any referendum held pursuant to this
366 paragraph shall be paid by the local board of education. The exact ballot language
367 shall be prescribed by the local board of education but shall contain, at a minimum,

368 the projected amount of revenue to be generated by the budget resolution; the amount
369 of revenue received by the local board of education in the previous fiscal year; and
370 a statement as to whether or not such projected revenue increase is the result of an
371 increase in the levy or rate of ad valorem property taxes. All persons desiring to vote
372 in favor of the budget resolution shall vote 'Yes' and all persons opposed to the budget
373 resolution shall vote 'No.' If more than one-half of the votes cast are in favor of the
374 budget resolution, then the budget resolution shall go into effect as provided by law;
375 otherwise, the budget resolution shall either:

376 (I) Not go into effect and the local board of education shall prepare a new proposed
377 budget which is projected not to increase the revenues raised by the local board of
378 education by an amount that exceeds the 3 percent limitation provided for in this
379 subparagraph; or

380 (II) Go into effect and the local board of education shall be required to reduce its
381 proposed budget for the subsequent year by an amount corresponding to the
382 unapproved increase exceeding the 3 percent limitation.

383 (B) A local board of education shall not be required to hold either or both of the public
384 meetings required under paragraph (1) of this subsection after a proposed annual
385 operating budget resolution has been approved in a referendum election required under
386 subparagraph (A) of this paragraph.

387 (C) Nothing in this paragraph shall be construed to require that the public meetings of
388 a local board of education required under paragraph (1) of this subsection shall be held
389 at any particular time either prior to or following the referendum election required
390 under subparagraph (A) of this paragraph."

391 **SECTION 3-4.**

392 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
393 in Code Section 36-81-3, relating to establishment of fiscal year, requirement of annual

394 balanced budget, adoption of budget ordinances or resolutions generally, budget
395 amendments, and uniform chart of accounts, by revising subsection (d) as follows:

396 "(d) Nothing contained in this Code section shall preclude a local government from
397 amending its budget so as to adapt to changing governmental needs during the budget
398 period; provided, however, that, on and after January 1, 2027, no such amendment shall
399 result in an increase in the revenues raised by the unit of local government from the levy
400 and collection of ad valorem property taxes by an amount that exceeds the greater of 3
401 percent or the percent change in the rate of economic inflation on individual taxpayers as
402 determined under the Consumer Price Index, as reported by the Bureau of Labor Statistics
403 of the United States Department of Labor, of the amount of such revenues which would be
404 raised by the unit of local government from the levy of its roll-back rate calculated pursuant
405 to Code Section 48-5-32.1; provided, further, that this calculation shall not include
406 increases in a proposed budget attributable to economic growth and costs incurred pursuant
407 to a state of emergency declared by any federal, state, or local emergency management
408 agency, official, or authority. Amendments shall be made as follows, unless otherwise
409 provided by charter or local law:

- 410 (1) Any increase in appropriation at the legal level of control of the local government,
411 whether accomplished through a change in anticipated revenues in any fund or through
412 a transfer of appropriations among departments, shall require the approval of the
413 governing authority. Such amendment shall be adopted by ordinance or resolution;
- 414 (2) Transfers of appropriations within any fund below the local government's legal level
415 of control shall require only the approval of the budget officer; and
- 416 (3) The governing authority of a local government may amend the legal level of control
417 to establish a more detailed level of budgetary control at any time during the budget
418 period. Said amendment shall be adopted by ordinance or resolution."

419

SECTION 3-5.

420 Said title is further amended by revising Code Section 36-81-6, relating to adoption of budget
421 ordinance or resolution and form of budget, as follows:

422 "36-81-6.

423 (a)(1) On a date after the conclusion of the hearing required in subsection (f) of Code
424 Section 36-81-5, the governing authority shall adopt a budget ordinance or resolution
425 making appropriations in such sums as the governing authority may deem sufficient,
426 whether greater or less than the sums presented in the proposed budget. The budget
427 ordinance or resolution shall be adopted at a public meeting which shall be advertised in
428 accordance with the procedures set forth in subsection (e) of Code Section 36-81-5 at
429 least one week prior to the meeting, except as otherwise provided in paragraph (2) of this
430 subsection.

431 (2)(A) On and after January 1, 2027, if such budget ordinance is projected to result in
432 an increase in the revenues raised by the unit of local government from the levy and
433 collection of ad valorem property taxes by an amount that exceeds the greater of 3
434 percent or the percent change in the rate of economic inflation on individual taxpayers
435 as determined under the Consumer Price Index, as reported by the Bureau of Labor
436 Statistics of the United States Department of Labor, of the amount of such revenues
437 raised by the unit of local government which would be raised by the unit of local
438 government from the levy of its roll-back rate calculated pursuant to Code Section
439 48-5-32.1, then such budget ordinance shall not go into effect unless the General
440 Assembly enacts a local Act authorizing such increase or the electors of the unit of local
441 government have approved such budget ordinance in a referendum election. In
442 calculating whether a proposed annual operating budget resolution would result in such
443 an increase in the revenues raised by the unit of local government, increases in revenue
444 attributable to economic growth and costs incurred pursuant to a state of emergency

445 declared by any federal, state, or local emergency management agency, official, or
446 authority shall not be counted.

447 (B) The call for and conduct of any such election shall be in the manner authorized
448 under Code Section 21-2-540. The costs of any referendum held pursuant to this
449 paragraph shall be paid by the unit of local government adopting such budget
450 ordinance. The exact ballot language shall be prescribed by the governing authority
451 adopting the budget ordinance but shall contain, at a minimum, the projected amount
452 of revenue to be generated by the budget ordinance; the amount of revenue received by
453 the unit of local government in the previous fiscal year; and a statement as to whether
454 or not such projected revenue increase is the result of an increase in the levy or rate of
455 ad valorem property taxes. All persons desiring to vote in favor of the budget
456 ordinance shall vote 'Yes' and all persons opposed to the budget ordinance shall vote
457 'No.' If more than one-half of the votes cast are in favor of the budget ordinance, then
458 the budget ordinance shall go into effect as provided by law; otherwise, the budget
459 ordinance shall either:

460 (i) Not go into effect and the unit of local government shall prepare a new proposed
461 budget pursuant to Code Section 36-81-5 which is projected not to increase the
462 revenues raised by the unit of local government by an amount that exceeds the 3
463 percent limitation provided for in this subsection; or
464 (ii) Go into effect and the unit of local government shall be required to reduce its
465 proposed budget for the subsequent year by an amount corresponding to the
466 unapproved increase exceeding the 3 percent limitation.

467 (b) The budget may be prepared in any form that the governing authority deems most
468 efficient in enabling it to make the fiscal policy decisions embodied in the budget, but such
469 budget shall be subject to the provisions of this article."

470
471

PART IV
SECTION 4-1.

472 Title 21 of the Official Code of Georgia Annotated, relating to elections, is amended in
473 subsection (c) of Code Section 21-2-540, relating to conduct and timing of special primaries
474 and special elections generally, by revising paragraph (2) and adding a new paragraph to read
475 as follows:

476 “(2) Notwithstanding any other provision of law to the contrary and except as otherwise
477 provided in paragraph (2.1) of this subsection, a special election to present a question to
478 the voters shall be held only on one of the following dates which is at least 29 days after
479 the date of the call for the special election:

480 (A) In odd-numbered years, any such special election shall only be held on the third
481 Tuesday in March or on the Tuesday after the first Monday in November; and

482 (B) In even-numbered years, any such special election shall only be held on:

483 (i) The date of and in conjunction with the presidential preference primary if one is
484 held that year;

485 (ii) ~~The third Tuesday in March; provided, however, that such special election shall~~
486 ~~occur prior to July 1, 2024, and present a question to the voters on sales and use taxes~~
487 ~~authorized by Articles 5, 5A, and 5B of Chapter 8 of Title 48;~~

488 (iii)~~(ii)~~ The date of the general primary; or

489 (iv)~~(iii)~~ The Tuesday after the first Monday in November.

490 (2.1) Notwithstanding any other provision of law to the contrary, a special election to
491 present a question or other measure to the voters relating to an increase in revenue by
492 a local governing authority, including a question or measure that could result in an
493 increase in taxes shall be held only:

494 (A) In odd-numbered years, on:

495 (i) The third Tuesday in March; or

- 496 (ii) The Tuesday after the first Monday in November; and
 497 (B) In even-numbered years, on:
 498 (i) The date of the general primary; or
 499 (ii) The Tuesday after the first Monday in November."

500 **PART V**
 501 **SECTION 5-1.**

502 Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to ad valorem
 503 taxation of property, is amended in Code Section 48-5-2, relating to definitions, by repealing
 504 paragraph (2.1), redesignating paragraph (.1) as paragraph (.2), revising the introductory
 505 language of paragraph (3), and adding new paragraphs to read as follows:

506 "(.1) 'Actual income and expense data' means income, vacancies, collection losses, lease
 507 terms, and operating expenses for the prior calendar year, as documented in a taxpayer's
 508 official records and certified as complete and accurate by such taxpayer or such
 509 taxpayer's authorized representative."

510 "(3) 'Fair market value of property' means the amount a knowledgeable buyer would pay
 511 for the property and a willing seller would accept for the property at an arm's length, bona
 512 fide sale. The income approach, if data are available, shall be considered in determining
 513 the fair market value of income-producing property. Upon request of a county board of
 514 tax assessors, if actual income and expense data are voluntarily shall be supplied by the
 515 property an owner, such data shall be considered in such determination of
 516 income-producing property or by a duly appointed authorized agent of such owner on or
 517 before the deadline specified in Code Section 48-5-18. Such requests shall be governed
 518 by the provisions of Code Section 48-5-300. Actual income and expense data submitted
 519 to a county board of tax assessors pursuant to such requests shall be confidential and shall
 520 not be subject to inspection, pursuant to the provisions of Code Section 48-5-314. With

521 respect to the valuation of equipment, machinery, and fixtures when no ready market
 522 exists for the sale of the equipment, machinery, and fixtures, fair market value may be
 523 determined by resorting to any reasonable, relevant, and useful information available,
 524 including, but not limited to, the original cost of the property, any depreciation or
 525 obsolescence, and any increase in value by reason of inflation. Each tax assessor shall
 526 have access to any public records of the taxpayer for the purpose of discovering such
 527 information."

528 "(7) 'Income-producing property' means nonhomestead real property owned and operated
 529 by any corporation, association, partnership, or other private legal entity organized under
 530 the laws of this state, the United States, the District of Columbia, or any other state,
 531 territory, or dependency of the United States or under the laws of a foreign country that
 532 is used primarily for the purpose of generating income. Such term shall not include an
 533 organization which maintains nonprofit status under Section 501(c)(3) of the Internal
 534 Revenue Code of 1986 or tax-exempt status under Code Section 48-7-25."

535 **SECTION 5-2.**

536 Said chapter is further amended by revising Code Section 48-5-32.1, relating to certification
 537 of assessed taxable value of property and method of computation, resolution or ordinance
 538 required for millage rate, and advertisement of intent to increase property tax, as follows:
 539 "48-5-32.1.

540 (a) As used in this Code section, the term:

541 (1) 'Ad valorem tax' or 'property tax' means a tax imposed upon the assessed value of real
 542 property.

543 (2) 'Certified tax digest' means the total net assessed value on the annual property tax
 544 digest certified by the tax commissioner of a taxing jurisdiction to the department and
 545 authorized by the commissioner for the collection of taxes, or, in the case where the
 546 governing authority of a county whose digest has not been approved by the commissioner

547 has petitioned the superior court of the county for an order authorizing the immediate and
548 temporary collection of taxes, the temporary digest so authorized.

549 (3) 'Levying authority' means a county, a municipality, or a consolidated city-county
550 governing authority or other governing authority of a political subdivision of this state
551 that exercises the power to levy ad valorem taxes to carry out the governing authority's
552 purposes.

553 (4) 'Mill' means one one-thousandth of a United States dollar.

554 (5) 'Millage' or 'millage rate' means the levy, in mills, which is established by the
555 governing authority for purposes of financing, in whole or in part, the taxing jurisdiction's
556 expenses for its fiscal year.

557 (6) 'Millage equivalent' means the number of mills which would result when the total net
558 assessed value added by reassessments is divided by the certified tax digest and the result
559 is multiplied by the previous year's millage rate.

560 (7) 'Net assessed value' means the taxable assessed value of property after all
561 exemptions.

562 (8) 'Recommending authority' means a county, independent, or area school board of
563 education that exercises the power to cause the levying authority to levy ad valorem taxes
564 to carry out the purposes of such board of education.

565 (9) 'Roll-back rate' means the previous year's millage rate minus the millage equivalent
566 of the total net assessed value added by reassessments:

567 (A) As calculated and certified to the commissioner by the tax commissioner for
568 county and educational tax purposes; and

569 (B) As calculated by the collecting officer of the municipality for municipal tax
570 purposes.

571 (10) 'Taxing jurisdiction' means all the real property subject to the levy of a specific
572 levying authority or the recommended levy of a specific recommending authority.

573 (11) 'Total net assessed value added by reassessments' means the total net assessed value
 574 added to the certified tax digest as a result of revaluation of existing real property that has
 575 not been improved since the previous tax digest year.

576 (b) At the time of certification of the digest, the tax receiver or tax commissioner shall also
 577 certify to the recommending authority and levying authority of each taxing jurisdiction the
 578 total net assessed value added by reassessments contained in the certified tax digest for that
 579 tax digest year of the taxing jurisdiction.

580 (c)(1) Whenever a recommending authority or levying authority shall propose to adopt
 581 a millage rate which does not exceed the roll-back rate, it shall adopt that millage rate at
 582 an advertised public meeting and at a time and place which is convenient to the taxpayers
 583 of the taxing jurisdiction, in accordance with the procedures specified under Code Section
 584 48-5-32.

585 (2) In those instances in which the recommending authority or levying authority
 586 proposes to establish a general maintenance and operation millage rate which would
 587 require increases beyond the roll-back rate, the recommending authority or levying
 588 authority shall:

589 (A) Advertise ~~advertise~~ its intent to do so and shall conduct at least three public
 590 hearings thereon, at least one of which shall commence between the hours of 6:00 P.M.
 591 and 7:00 P.M., inclusive, on a business weekday. The recommending authority or
 592 levying authority shall place an advertisement in a newspaper of general circulation
 593 serving the residents of the unit of local government and post such advertisement on the
 594 website of the recommending or levying authority, which shall read as follows:

595 'NOTICE OF PROPERTY TAX INCREASE

596 The (name of recommending authority or levying authority) has tentatively adopted a
 597 millage rate which will require an increase in property taxes by (percentage increase
 598 over roll-back rate) percent.

599 All concerned citizens are invited to the public hearing on this tax increase to be held
600 at (place of meeting) on (date and time).

601 Times and places of additional public hearings on this tax increase are at (place of
602 meeting) on (date and time).

603 This tentative increase will result in a millage rate of (proposed millage rate) mills, an
604 increase of (millage rate increase above the roll-back rate) mills. Without this tentative
605 tax increase, the millage rate will be no more than (roll-back millage rate) mills. The
606 proposed tax increase for a home with a fair market value of (average home value from
607 previous year's digest rounded to the nearest \$25,000.00) is approximately \$(increase)
608 and the proposed tax increase for nonhomestead property with a fair market value of
609 (average nonhomestead property value from previous year's digest rounded to nearest
610 \$25,000.00) is approximately \$(increase).'

611 Simultaneously with this notice the recommending authority or levying authority shall
612 provide a press release to the local media; and

613 (B) Notify each taxpayer with property in the taxing jurisdiction, by mail directed to
614 the taxpayer's last known address, of the proposed intent to exceed the roll-back rate at
615 least ten days in advance of the first public hearing. Alternatively, the recommending
616 authority or levying authority may transmit the notice to the taxpayer by electronic
617 means at least ten days in advance of the first public hearing, if such taxpayer and
618 county clerk have consented in writing to service by electronic means. The county
619 clerk shall consolidate the required information for all taxing subdivisions relevant to
620 the taxpayer's property on one notice. The notice shall include, but not be limited to:

621 (i) The roll-back rate;

622 (ii) The proposed property tax revenue needed to fund the proposed budget;

623 (iii) The proposed millage rate based upon the proposed budget and the current year's
624 total assessed valuation;

625 (iv) The millage rate and property tax of the taxing jurisdiction on the taxpayer's
626 property from the previous year's tax statement;

627 (v) The proposed percent change in the millage rate between the previous year's tax
628 rate and the proposed tax rate for the current year;

629 (vi) The appraised value and assessed value of the taxpayer's property for the current
630 year;

631 (vii) The estimates of the tax for the current tax year on the taxpayer's property based
632 on the roll-back rate and the proposed millage rate; and

633 (viii) The dates, times, and locations of the public hearings.

634 (3) The advertisement shall appear at least one week prior to each hearing, be
635 prominently displayed, not be less than 30 square inches, and not be placed in that section
636 of the newspaper where legal notices appear and shall be posted on the appropriate
637 website at least one week prior to each hearing. In addition to the advertisement specified
638 under this paragraph, the levying or recommending authority may include in the notice
639 reasons or explanations for such tax increase.

640 (4) The recommending authority or levying authority shall provide interested taxpayers
641 of the taxing jurisdiction desiring to be heard an opportunity to present oral testimony
642 within reasonable time limits and without unreasonable restriction on the number of
643 individuals allowed to make public comment.

644 ~~(4)~~(5) No recommending authority shall recommend and no levying authority shall levy
645 a millage rate in excess of the proposed millage rate as established pursuant to
646 paragraph (2) of this subsection without beginning anew the procedures and hearings
647 required by this Code section and those required by Code Section 48-5-32.

648 ~~(5)~~(6) Any notice or hearing required under this Code section may be combined with any
649 notice or hearing required under Article 1 of Chapter 81 of Title 36 or Code
650 Section 48-5-32.

651 (d) Nothing contained in this Code section shall serve to extend or authorize any millage
652 rate in excess of the maximum millage rate permitted by law or to prevent the reduction of
653 the millage rate.

654 (e) The commissioner shall not accept a digest for review or issue an order authorizing the
655 collection of taxes if the recommending authority or levying authority other than municipal
656 governing authorities has established a millage rate that is in excess of the correct rollback
657 without complying fully with the procedures required by this Code section. In the event
658 a digest is not accepted for review by the commissioner pursuant to this subsection, it shall
659 be accepted for review upon satisfactory submission by such authorities of such evidence.
660 The levies of each of the levying authorities other than the county governing authority shall
661 be invalid and unenforceable until such time as the provisions of this Code section have
662 been met.

663 (f) Any recommending authority or levying authority that does not comply with the
664 provisions of subsection (c) of this Code section shall refund to taxpayers any property
665 taxes over-collected based on the amount of the levy that was in excess of the roll-back
666 rate. The provisions of this subsection shall not be construed as prohibiting any other
667 remedies available under the law.

668 ~~(f)~~(g) The commissioner shall promulgate such rules and regulations as may be necessary
669 for the administration of this Code section."

670 **SECTION 5-3.**

671 Said chapter is further amended by revising Code Section 48-5-302, relating to time for
672 completion of revision and assessment of returns and submission of completed digest to
673 commissioner, as follows:

674 "48-5-302.

675 Each county board of tax assessors, each municipal official responsible for collecting
676 municipal ad valorem property taxes, and each school official responsible for collecting ad

677 valorem property taxes for a local school system shall complete its revision and assessment
 678 of the returns of taxpayers in its respective county jurisdiction by July 15 of each year,
 679 except that, in all counties jurisdictions providing for the collection and payment of ad
 680 valorem taxes in installments, such date shall be June 1 of each year. The tax receiver or
 681 tax commissioner shall then immediately forward one copy of the completed digest to the
 682 commissioner for examination and approval."

683

SECTION 5-4.

684 Said chapter is further amended by revising Code Section 48-5-303, relating to correction of
 685 mistakes in county tax digests and notification of correction, as follows:

686 "48-5-303.

687 (a)(1) The county board of tax assessors shall have authority to correct factual errors in
 688 the tax digest when discovered within three years and when such corrections are of
 689 benefit to the taxpayer. Such corrections, after approval of the county board of tax
 690 assessors, shall be communicated to the taxpayer and notice shall be provided to the tax
 691 commissioner.

692 (2) If the county board of tax assessors discovers a factual error in the tax digest which
 693 is not of benefit to the taxpayer and which relates to an improperly or mistakenly applied
 694 homestead exemption that was not due to any intentional misrepresentation or fraudulent
 695 act on the part of the taxpayer, the tax receiver or tax commissioner shall be prohibited
 696 from retroactively assessing the taxpayer the difference in ad valorem taxes actually paid
 697 by the taxpayer and the amount of ad valorem taxes that would have been assessed on the
 698 taxpayer but for the improperly or mistakenly applied homestead exemption.

699 (b) If a tax receiver or tax commissioner makes a mistake in the digest which is not
 700 corrected by the county board of tax assessors or county board of equalization, the
 701 commissioner, with the sanction of the Governor, shall correct the mistake by making the
 702 necessary entries in the digest furnished the commissioner. The commissioner shall notify

703 the county governing authority and the tax collector of the county from which the digest
704 comes of the mistake and correction."

705 **PART VI**
706 **SECTION 6-1.**

707 This Act shall become effective upon its approval by the Governor or upon its becoming law
708 without such approval.

709 **SECTION 6-2.**
710 All laws and parts of laws in conflict with this Act are repealed.