

The Senate Committee on Finance offered the following substitute to HR 51:

A RESOLUTION

1 Proposing an amendment to the Constitution so as to revise the prescribed methodology for
 2 establishing the value of forest land conservation use property and related assistance grants;
 3 to provide for increases to assistance grants by general law for a five-year period; to permit
 4 the deduction and retention of a portion of assistance grants related to forest land
 5 conservation use property; to permit the subclassification of qualified timberland property
 6 for ad valorem taxation purposes; to provide for related matters; to provide for the
 7 submission of this amendment for ratification or rejection; and for other purposes.

8 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

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

11 "(f)(1) The General Assembly shall provide by general law for the definition ~~and,~~
 12 methods of assessment, and taxation, such methods to include a formula based on current
 13 use, annual productivity, and real property sales data, of 'forest land conservation use
 14 property' to include only forest land, each tract of which exceeds 200 acres ~~of a qualified~~
 15 owner. ~~Such methods of assessment and taxation shall be subject to the following~~
 16 ~~conditions:~~

17 (2)(A) Any individual or A qualified owner shall consist of any individual or
 18 ~~individuals or any entity registered to do business in this state;~~

19 (B) ~~A qualified owner~~ desiring the benefit of such methods of assessment and
 20 taxation for forest land conservation use property shall be required to enter into a
 21 covenant to continue the property in forest land use;
 22

23 (C) ~~(B)~~ All contiguous forest land conservation use property of an owner within a
 24 county for which forest land conservation use assessment is sought under this
 25 subparagraph shall be in a single covenant;

26 ~~(D)~~(C) A breach of such covenant within 15 years shall result in a recapture of the
 27 tax savings resulting from such methods of assessment and taxation and may result in
 28 other appropriate penalties, ~~and.~~

29 ~~(E)~~(D) The General Assembly may provide by general law for a limited exception
 30 to the 200 acre requirement in the case of a transfer of ownership of all or a part of the
 31 forest land conservation use property during a covenant period to another owner
 32 qualified to enter into an original forest land conservation use covenant if the original
 33 covenant is continued by both such acquiring owner and the transferor for the
 34 remainder of the term, in which event no breach of the covenant shall be deemed to
 35 have occurred even if the total size of a tract from which the transfer was made is
 36 reduced below 200 acres.

37 ~~(2)~~(3) No portion of an otherwise eligible tract of forest land conservation use property
 38 shall be entitled to receive simultaneously special assessment and taxation under this
 39 subparagraph and either subparagraph (c) or (e) of this Paragraph.

40 ~~(3)~~(4)(A) The General Assembly shall appropriate an amount for assistance grants
 41 to counties, municipalities, and county and independent school districts to offset
 42 revenue loss attributable to the implementation of this subparagraph. Such grants shall
 43 be made in such manner and shall be subject to such procedures as may be specified by
 44 general law. For the years 2019, 2020, 2021, 2022, and 2023, the value of the
 45 assistance grants may be increased by general law beyond the amounts prescribed by
 46 this subparagraph.

47 (B)(i) If the forest land conservation use property is located in a county,
 48 municipality, or county or independent school district where forest land conservation
 49 use value causes an ad valorem tax revenue reduction of 3 percent or less due to the
 50 implementation of this subparagraph, in each taxable year in which such reduction
 51 occurs, the assistance grants to the county, each municipality located therein, and the
 52 county or independent school districts located therein shall be in an amount equal to
 53 50 percent of the amount of such reduction.

54 ~~(E)~~(ii) If the forest land conservation use property is located in a county,
 55 municipality, or county or independent school district where forest land conservation
 56 use value causes an ad valorem tax revenue reduction of more than 3 percent due to
 57 the implementation of this subparagraph, in each taxable year in which such reduction
 58 occurs, the assistance grants to the county, each municipality located therein, and the
 59 county or independent school districts located therein shall be ~~as follows:~~ for

60 (i) ~~For the first 3 percent of such reduction amount, in an amount equal to 50~~
 61 ~~percent of the amount of such reduction; and, for~~

62 (ii) For the remainder of such reduction amount, in an amount equal to 100 percent
63 of the amount of such remaining reduction amount.

64 ~~(4) Such revenue reduction shall be calculated by utilizing forest land fair market
65 value. For purposes of this subparagraph, forest land fair market value means the 2008
66 fair market value of the forest land. Such 2008 valuation may increase from one taxable
67 year to the next by a rate equal to the percentage change in the price index for gross
68 output of state and local government from the prior year to the current year as defined by
69 the National Income and Product Accounts and determined by the United States Bureau
70 of Economic Analysis and indicated by the Price Index for Government Consumption
71 Expenditures and General Government Gross Output (Table 3.10.4).~~

72 (C)(i) Such revenue reduction shall be determined by subtracting the aggregate
73 forest land conservation use value of qualified properties from the aggregate forest
74 land fair market value of qualified properties for the applicable tax year and the
75 resulting amount shall be multiplied by the millage rate of the county, municipality,
76 or county or independent school district.

77 ~~(5)(ii)~~ For purposes of this subparagraph, the forest land conservation use value
78 shall not include the value of the standing timber located on forest land conservation
79 use property.

80 (D) Notwithstanding subparagraph (a) of Paragraph VI of Section IX of Article III
81 of this Constitution, the General Assembly may provide by general law for a fee, not
82 to exceed 5 percent, to be deducted from such assistance grants and retained by the state
83 revenue commissioner to provide for the costs to the state of administering the
84 provisions of subparagraph (f.1) of this Paragraph.

85 (f.1)(1) The General Assembly shall be authorized by general law to establish a
86 separate class of property for ad valorem taxation purposes that includes only tangible
87 real property that has as its primary use the production of trees for the primary purpose
88 of producing timber for commercial uses and that meets such further requirements as may
89 be prescribed by general law. Such property shall be known as 'qualified timberland
90 property.'

91 (2) The only two purposes authorized by the subclassification of qualified timberland
92 property as provided by this subparagraph shall be to allow the General Assembly by
93 general law to:

94 (A) Provide that the Department of Revenue shall appraise qualified timberland
95 property at its fair market value using any combination of appraisal methodologies
96 otherwise provided by general law for establishing the fair market value of real
97 property, provided that such methodology is not subject to an exception authorized by
98 subparagraph (b), (c), (d), (e), (f), or (g) of this Paragraph; and

