

The House Committee on Ways & 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 increase the amount of a state-wide homestead exemption from
4 certain ad valorem taxes and prohibit the tax for the first year of qualification after a transfer
5 of title; to authorize grant funding for homeowner's incentive adjustments; to revise
6 provisions regarding caps on local sales and use tax; to revise provisions relating to the
7 distribution of proceeds of such sales and use tax through intergovernmental agreements; to
8 allow county special purpose local option sales taxes (SPLOST) to be imposed at a rate of
9 less than 1 percent; to allow joint county and municipal sales and use tax (LOST) to be
10 imposed at a rate of less than 1 percent; to establish a Local Homestead Option Sales Tax
11 (LHOST); to provide for a homestead exemption in the amount of the proceeds derived from
12 an LHOST within a given special district; to authorize conversions from the special district
13 option sales and use tax to the LHOST; to provide for definitions; to provide for imposition,
14 collection, and distribution of proceeds; to provide for local finance assessments by counties,
15 municipalities, consolidated governments, and local school systems; to provide for funding
16 of capital outlay projects; to provide for funding of local government services for counties,
17 municipalities, and consolidated governments; to provide for local authorization and
18 referenda; to provide for roll back of ad valorem property taxes in certain situations; to

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19 provide for notices of assessments due and collections; to increase the cap on reserve funds
20 for local school systems; to require the proposed annual operating budget resolution of a
21 local board of education to be approved in a referendum election if such resolution would
22 increase certain revenues raised by the local board of education by a certain amount; to
23 provide that certain proposed increases in revenue collections by local governments must be
24 approved by the voters of such local government; to exclude amounts attributable to certain
25 exemptions from ad valorem taxation from the equalized adjusted school property tax digest
26 for the purpose of calculating the local five mill share and equalization grants; to expand the
27 period of time within which taxpayers may apply for homestead exemptions; to provide for
28 penalties for failing to report ineligibility for a homestead exemption; to provide for a
29 database of homestead exemption information; to provide for conforming changes; to
30 establish the Joint Legislative Education Finance Study Committee to evaluate the Quality
31 Basic Education formula and education funding for public schools; to provide for legislative
32 findings; to provide for composition; to provide for allowances; to provide for duties and
33 powers; to provide for assistance; to provide for the retention of finance professionals; to
34 provide for a final report; to provide for automatic repeal; to provide for related matters; to
35 provide for short titles; to provide for multiple effective dates; to provide for a contingent
36 effective date and automatic repeal; to provide for applicability; to repeal conflicting laws;
37 and for other purposes.

38 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

39 **PART I**
40 **SECTION 1-1.**

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

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PART II

SECTION 2-1.

45 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
 46 amended by revising Code Section 48-5-44, relating to exemption from ad valorem taxation
 47 of property of homestead occupied by owner and effect of participation in rural housing
 48 program on homestead exemption, and limits, as follows:

49 "48-5-44.

50 (a)(1) The homestead of each resident of this state actually occupied by the owner as a
 51 residence and homestead shall be exempted from all ad valorem taxation for state, county,
 52 municipal, and school purposes, ~~except taxes levied by municipalities for school purposes~~
 53 ~~and~~ except to pay:

54 (A) Interest ~~interest~~ on and to retire bonded indebtedness; and

55 (B) Contract payments under an intergovernmental contract securing revenue bonds
 56 issued under Article 3 of Chapter 82 of Title 36, the 'Revenue Bond Law' or revenue
 57 anticipation certificates issued under Article 4 of Chapter 7 of Title 31, the 'Hospital
 58 Authorities Law.'

59 for as long as the residence and homestead is actually occupied by the owner primarily
 60 as a residence and homestead.

61 (2) The exemption shall not exceed ~~\$2,000.00~~ of the value of the homestead the amounts
 62 provided for in subsection (b) of this Code section. Should the owner of a dwelling house
 63 on a farm who is already entitled to a homestead exemption participate in the program
 64 of rural housing and obtain a new house under contract with the local housing authority,
 65 he or she shall be entitled to receive the same homestead exemption as allowed before
 66 making the contract. Except as otherwise specifically provided by law, the value of all
 67 homestead property in excess of ~~\$2,000.00~~ the applicable amount provided for in
 68 subsection (b) of this Code section shall remain subject to taxation. The exemption shall

69 be returned and claimed in the manner prescribed by law. ~~This exemption shall not apply~~
70 ~~to taxes levied by municipalities.~~

71 (b) The amount of the exemption provided for by this Code section shall be:

72 (1) For calendar years 2027 through 2028, \$10,000.00 of the value of the homestead;

73 (2) For calendar years 2029 and 2030, \$30,000.00 of the value of the homestead;

74 (3) For calendar year 2031, \$60,000.00 of the value of the homestead; and

75 (4) On and after January 1, 2032, the full value of the homestead; provided, however,
76 that any county, municipality, consolidated government, or local school system that has
77 in effect a base year value homestead exemption or adjusted base year value homestead
78 exemption may elect to suspend the full implementation of the exemption provided for
79 in this paragraph by up to three years by adoption of a resolution.

80 (c)(1) On and after January 1, 2032, notwithstanding the provisions of subsection (a)
81 and (b) of this Code section, the exemption granted by this Code section shall not apply
82 with respect to the first year for which the homestead exemption would otherwise have
83 first been granted to the applicant on that homestead. In such cases, the applicant shall
84 be assessed and shall pay all applicable ad valorem taxes on the full assessed value of the
85 homestead and, subsequent to such payment, shall be entitled to the exemption granted
86 under this Code section on that homestead.

87 (2) Except as provided in paragraph (3) of this subsection, in no event shall the tax
88 required by paragraph (1) of this subsection be applicable to a given taxpayer for a given
89 homestead for which the taxpayer was validly approved for the exemption authorized by
90 this Code section on such homestead as of December 31, 2031.

91 (3) On and after January 1, 2032, upon the substantial improvement of any homestead
92 granted the exemption under this Code section, the homestead shall be subject to ad
93 valorem tax on the full assessed value of such substantial improvement for the first tax
94 year for which the substantial improvement is assessed.

95 (d)(1) From January 1, 2032, through December 31, 2037, the General Assembly shall
 96 be authorized to establish a grant fund to provide grants for counties, municipalities,
 97 consolidated governments, and local school systems for purposes of offsetting any
 98 homeowner's incentive adjustments approved by the applicable governing authority. Each
 99 county, municipality, consolidated government, and local school system that applies for
 100 such grants shall provide the tax digest of each affected taxing jurisdiction, millage rates
 101 of each affected taxing jurisdiction, a certified audit, or such other documentation as may
 102 be required by the Department of Revenue. It is the intent of the General Assembly that
 103 the grant fund shall include no less than an amount equivalent to one-tenth of 1 percent
 104 of the total state sales and use tax collected pursuant to Code Section 48-8-30.
 105 (2) No county, municipality, consolidated government, or local school system that
 106 elected, pursuant to paragraph (4) of subsection (b) of this Code section, to suspend the
 107 full implementation of the exemption provided for in such paragraph by up to three years
 108 shall be eligible for any grants provided pursuant to this subsection for the duration of
 109 such suspension.
 110 (3) This subsection shall stand repealed on December 31, 2037."

111 **PART III**

112 **SECTION 3-1.**

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

117 "48-8-6.

118 (a)(1) ~~Except~~ Until June 30, 2027, except as provided in this subsection, on and after
119 July 1, 2024, there shall not be imposed in any jurisdiction in this state or on any
120 transaction in this state local sales taxes, local use taxes, or local sales and use taxes in
121 excess of 2 percent. For purposes of such 2 percent limitation, the taxes affected are any
122 sales tax, use tax, or sales and use tax which is levied in an area consisting of less than
123 the entire state, however authorized, including such taxes authorized by or pursuant to
124 constitutional amendment, and regardless of whether another provision of law purports
125 to the contrary except for the following:

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

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

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

139 (2) Notwithstanding any provision of law to the contrary, any tax that does not comply
140 with the limitations provided in paragraph (1) of this subsection as of July 1, 2025, but
141 was initiated in compliance with the law in effect prior to January 1, 2025, shall be
142 allowed to continue as authorized under laws that existed prior to July 1, 2025; provided,

143 however, that, upon the expiration or termination of any such tax, the jurisdiction that
144 levied such tax shall be fully subject to the limitations imposed by this subsection.

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

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

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

151 (b)(1) On and after July 1, 2027, there shall not be imposed in any jurisdiction in this
152 state or on any transaction in this state local sales taxes, local use taxes, or local sales and
153 use taxes in excess of 5 percent. For purposes of such 5 percent limitation, the taxes
154 affected are any sales tax, use tax, or sales and use tax which is levied in an area
155 consisting of less than the entire state, however authorized, including such taxes
156 authorized by or pursuant to constitutional amendment, and regardless of whether another
157 provision of law purports to the contrary except for the 1 percent sales and use tax levied
158 and collected pursuant to Part 2 of Article 2A of this chapter, any tax levied for purposes
159 of a metropolitan area system of public transportation, as authorized by the amendment
160 to the Constitution set out at Georgia Laws, 1964, page 1008, the continuation of such
161 amendment under Article XI, Section I, Paragraph IV(d) of the Constitution, and the laws
162 enacted pursuant to such constitutional amendment. Any local school system located in
163 a county whose boundary is conterminous with the boundary of a special district shall be
164 permitted to exercise a right of first refusal of up to 1 percent of the local sales and use
165 taxes authorized pursuant to this Code section. In the event that more than one local
166 school system is located within such special district, such right of first refusal shall be
167 exercised collectively by all such local school systems.

168 (2) Notwithstanding any provision of law to the contrary, any tax that does not comply
169 with the limitations provided in paragraph (1) of this subsection as of July 1, 2032, but

170 was initiated in compliance with the law in effect prior to January 1, 2032, shall be
171 allowed to continue as authorized under laws that existed prior to July 1, 2032; provided,
172 however, that, upon the expiration or termination of any such tax, the jurisdiction that
173 levied such tax shall be fully subject to the limitations imposed by paragraph (1) of this
174 subsection.

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

177 (4) If the imposition of any otherwise authorized local sales tax, local use tax, or local
178 sales and use tax would result in a tax rate in excess of that authorized by paragraph (1)
179 of this subsection, then such otherwise authorized tax shall not be imposed. Reserved:

180 (c) Where the exception specified in paragraph (2) of subsection (a) of this Code section
181 applies, the tax imposed under subparagraph (a)(1)(D) of Code Section 48-8-111 shall not
182 apply to the sale of motor vehicles. This subsection shall stand repealed and reserved on
183 June 30, 2027.

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

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

197 **SECTION 3-2.**

198 Said chapter is further amended in Code Section 48-8-109.42, relating to use of tax proceeds,
199 property tax relief requirements, and noncompliance, by revising subsection (a) as follows:

200 "(a) Any proceeds received by a political subdivision from the tax authorized by this article
201 shall be used by such political subdivision exclusively for tax relief for homestead
202 properties and in conjunction with all limitations provided in the intergovernmental
203 agreement authorizing the tax for such political subdivision. The proceeds of such tax may
204 be used, after the renegotiation of any preexisting intergovernmental agreement authorizing
205 the tax for such special district, to provide a homestead exemption in an amount to be
206 determined from the amount of sales and use tax collected under this article. Any such
207 homestead exemption under this article shall be in addition to and not in lieu of any other
208 homestead exemption applicable to county taxes for county purposes, municipal taxes for
209 municipal purposes, and school system taxes for educational purposes, except for such
210 homestead exemption provided by Code Section 48-5-44. If the proceeds of the tax
211 authorized by this article exceed the amount necessary to provide a full exemption from ad
212 valorem property taxation to all homestead properties within the jurisdiction, then the
213 jurisdiction shall roll back its millage rate pursuant to subsection (b) of this Code section."

214 **SECTION 3-3.**

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

219 **SECTION 3-4.**

220 Chapter 13 of Title 48 of the Official Code of Georgia Annotated, relating to specific,
221 business, and occupation taxes, is amended in division (b)(7)(B)(ii) of Code

222 Section 48-13-51, relating to county and municipal levies on public accommodations charges
 223 for promotion of tourism, conventions, and trade shows, by striking "subsection (c.1) of Code
 224 Section 48-8-6 and".

225

PART IV

226

SECTION 4-1.

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

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

235

SECTION 4-2.

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

241 “(c) Except as provided in subsection (d) or (e) of this Code section, any tax imposed under
 242 this part shall be at the rate of 1 percent. Except as to rate, a tax imposed under this part
 243 shall correspond to the tax imposed by Article 1 of this chapter. No item or transaction
 244 which is not subject to taxation under Article 1 of this chapter shall be subject to a tax
 245 imposed under this part, except that a tax imposed under this part shall apply to sales of

246 motor fuels as prepaid local tax as that term is defined in Code Section 48-8-2 and shall be
 247 applicable to the sale of food and food ingredients and alcoholic beverages as provided for
 248 in Code Section 48-8-3."

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

254 **SECTION 4-3.**

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

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

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

265 **SECTION 4-4.**

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

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

271

PART IVA

272

SECTION 4A-1.

273 Article 2 of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to joint
274 county and municipal sales and use tax (LOST), is amended in Code Section 48-8-82,
275 relating to authority to impose joint sales and use tax and rate of tax, as follows:

276 "48-8-82.

277 (a) When the imposition of a joint county and municipal sales and use tax is authorized
278 according to the procedures provided in this article within a special district, the county
279 whose geographical boundary is conterminous with that of the special district and each
280 qualified municipality located wholly or partially within the special district shall levy a
281 joint sales and use tax at the rate of 1 percent, except as provided in subsection (b) or (c)
282 of this Code section. Except as to rate, the joint tax shall correspond to the tax imposed
283 and administered by Article 1 of this chapter. No item or transaction which is not subject
284 to taxation by Article 1 of this chapter shall be subject to the tax levied pursuant to this
285 article, except that the joint tax provided in this article shall be applicable to:

286 (1) The sale of motor fuels as prepaid local tax as that term is defined in Code Section
287 48-8-2;

288 (2) The sale of food and food ingredients and alcoholic beverages only to the extent
289 provided for in paragraph (57) of Code Section 48-8-3; and

290 (3) The sale or use of jet fuel as such term is defined in Code Section 48-8-2, to the
291 extent allowed pursuant to Code Section 48-8-3.5.

292 (b) On or after July 1, 2015, such joint sales and use tax levied on sales of motor fuels as
293 defined in Code Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of
294 the motor fuel which is not more than \$3.00 per gallon; provided, however, that, in any
295 consolidated government levying a joint sales and use tax at 2 percent pursuant to Code
296 Section 48-8-96, on or after July 1, 2015, any such joint sales and use tax levied on sales

297 of motor fuels as defined in Code Section 48-9-2 shall be at the rate of 2 percent of the
298 retail sales price of the motor fuel which is not more than \$3.00 per gallon.

299 (c) Any tax imposed under this article on or after January 1, 2027, may be at a rate of up
300 to 1 percent, but shall not be more than 1 percent. Any rate less than 1 percent shall only
301 be in an increment of 0.05 percent. This subsection shall not apply to taxes under this
302 article imposed or to be imposed under resolutions or ordinances adopted prior to
303 January 1, 2027."

304 **SECTION 4A-2.**

305 Said article is further amended in Code Section 48-8-85, relating to referendum election for
306 imposition of tax, procedures, subsequent elections, and expenses, by revising subsection (a)
307 as follows:

308 "(a) Whenever the governing authority of any county or qualified municipality located
309 wholly or partially within a special district in which a joint county and municipal sales and
310 use tax was not imposed on January 1, 1980, wishes to submit to the electors of the special
311 district the question of whether the tax authorized by Code Section 48-8-82 shall be
312 imposed, any such governing authority shall notify the election superintendent of the
313 county whose geographical boundary is conterminous with that of the special district by
314 forwarding to the superintendent a copy of a resolution of the governing authority calling
315 for a referendum election. Upon receipt of the resolution, it shall be the duty of the election
316 superintendent to issue the call for an election for the purpose of submitting the question
317 of the imposition of the tax to the voters of the special district for approval or rejection.
318 The election superintendent shall set the date of the election for a day not less than 30 nor
319 more than 45 days after the date of the issuance of the call. The election superintendent
320 shall cause the date and purpose of the election to be published once a week for two weeks
321 immediately preceding the date of the election in the official organ of the county. The
322 ballot shall have written or printed thereon the following:

323 '() YES Shall a retail sales and use tax of † ____ percent be levied within the
 324 () NO special district within _____ County?"

325 **SECTION 4A-3.**

326 Said article is further amended in Code Section 48-8-92, relating to referendum election to
 327 discontinue imposition of tax, ballot question, and resubmission of question, by revising
 328 subsection (a) as follows:

329 "(a) Whenever the governing authority of any county and the governing authorities of at
 330 least one-half of qualified municipalities located wholly or partially within a special district
 331 in which the tax authorized by this article is being levied wish to submit to the electors of
 332 the special district the question of whether the tax authorized by Code Section 48-8-82
 333 shall be discontinued, such governing authorities shall notify the election superintendent
 334 of the county whose geographical boundary is conterminous with that of the special district
 335 by forwarding to the superintendent a copy of a joint resolution of the governing authorities
 336 calling for the referendum election. Upon receipt of the resolution, it shall be the duty of
 337 the election superintendent to issue the call for an election for the purpose of submitting
 338 the question of discontinuing the levy of the tax to the voters of the special district for
 339 approval or rejection. The election superintendent shall issue the call and shall conduct the
 340 election on a date and in the manner authorized under Code Section 21-2-540. The election
 341 superintendent shall cause the date and purpose of the election to be published once a week
 342 for two weeks immediately preceding the date of the election in the official organ of the
 343 county. The ballot shall have written or printed thereon the following:

344 '() YES Shall the † ____ percent retail sales and use tax being levied within the
 345 () NO special district within _____ County be terminated?"

346

PART V

347

SECTION 5-1.

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

350

"ARTICLE 2C351 48-8-109.50.

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

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

355 (1) 'Eligible local government' means each county, consolidated government, and
356 municipality whose governing authority levied and derived revenue from an ad valorem
357 tax on homestead property within the special district at a net millage rate of greater than
358 zero in the tax year immediately preceding the year in which the intergovernmental
359 agreement was executed. Such term excludes any government which levies the tax
360 provided for under Article 4 of this chapter.

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

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

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

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

372 48-8-109.51.

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

377 (b) The territory of each special district shall include all of the territory within the county
378 including all municipalities and local school systems, to the extent the municipal
379 boundaries and local school system boundaries lie within the geographical boundaries of
380 the county.

381 48-8-109.52.

382 (a) Subject to the requirements of this article, there may be imposed within any given
383 special district a special sales and use tax to be used exclusively to fund homestead
384 exemptions granted within the special district pursuant to Code Section 48-5-44. Such
385 sales and use tax shall be known and may be cited as the 'Local Homestead Option Sales
386 Tax' or 'LHOST.'

387 (b) Subject to the aggregate limits provided in Code Section 48-8-6, an LHOST may be
388 imposed within a special district in 0.05 percent increments at rates up to the following:

389 (1) For local school systems, up to 2 percent; provided, however, that the combined rate
390 of the tax under this article and the tax authorized under Article VIII, Section VI,
391 Paragraph IV of the Constitution shall in no event exceed 2 percent combined within a
392 special district; and

393 (2) For eligible local governments, up to 3 percent within a special district.

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

403 48-8-109.53.

404 (a)(1) For the LHOST to be levied within a special district for the benefit of the local
405 school system or systems within the special district, the governing authority of the local
406 school system with the majority of students within the special district shall adopt a
407 resolution specifying:

408 (A) The rate of the tax;

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

411 (C) The date on which the tax will commence.

412 (2) For the LHOST to be levied within a special district for the benefit of eligible local
413 governments within the special district, the governing authority of the county whose
414 geographical boundary is conterminous with that of the special district shall deliver or
415 mail a written notice to the governing authority of each municipality which is an eligible
416 local government located within the special district. Such notice shall contain the date,
417 time, place, and purpose of a meeting at which the governing authorities of the county
418 and of each such municipality are to meet to discuss the possible inclusion of funding of
419 homestead exemptions from ad valorem property taxes for each such municipality. The

420 notice shall be delivered or mailed at least ten days prior to the date of the meeting. The
421 meeting shall be held at least 30 days prior to entering into an intergovernmental
422 agreement or adopting a resolution. The governing authority of the county and the
423 governing authority or authorities, if any, that represent at least 50 percent of the special
424 district's residents of municipalities which are eligible local governments may enter into
425 an intergovernmental agreement and adopt such intergovernmental agreement by
426 resolution. The only terms that may be agreed to in relation to an LHOST are:

427 (A) The rate of the tax;

428 (B) The maximum period of time stated in calendar years or quarters for which the tax
429 is to be levied, which shall not exceed ten years;

430 (C) The date on which the tax will commence; and

431 (D) The proposed distribution of the proceeds of the tax.

432 In the event that the parties have not entered into an intergovernmental agreement within
433 60 days of the county's delivery or mailing of the notice as required in this paragraph, the
434 county shall be authorized to adopt a resolution imposing the tax authorized under the
435 terms of this article, provided that the distribution of the proceeds of the tax shall be as
436 provided for in Code Section 48-8-109.57 at a rate necessary to fund exemptions from
437 ad valorem property taxes on homestead property to the extent granted pursuant to Code
438 Section 48-5-44 on homestead property within the special district levying the LHOST.

439 (b) Once the conditions of subsection (a) of this Code section are satisfied and the county
440 or local school system submits a copy of the required resolution or intergovernmental
441 agreement to the commissioner, the tax shall be imposed on the date specified in the
442 resolution or agreement; provided, however, that such date shall not be earlier than the first
443 day of the next succeeding calendar quarter which begins more than 50 days after the date
444 that the resolution or agreement is received by the commissioner; provided, further, that,
445 with respect to services that are regularly billed on a monthly basis, the tax shall apply to

446 the first regular billing period coinciding with or following the effective date specified in
447 this subsection.

448 (c) The tax shall cease to be imposed on the final day of the maximum period of time
449 specified in the resolution or intergovernmental agreement for the imposition of the tax;
450 provided, however, that the tax may cease at any earlier specified time through the
451 adoption of a resolution by the local school system or concurring resolutions by each
452 eligible local government which was party to the existing intergovernmental agreement;
453 provided, further, that any tax initially imposed pursuant to this article in taxable year 2027
454 through taxable year 2032 shall automatically expire on December 31, 2037, but shall
455 automatically renew in accordance with subsection (d) of this Code section.

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

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

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

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

474 48-8-109.54.

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

486 (b) Dealers shall be allowed a percentage of the amount of the tax due and accounted for
487 and shall be reimbursed in the form of a deduction in submitting, reporting, and paying the
488 amount due if such amount is not delinquent at the time of payment. Such dealer deduction
489 shall be at the rate and subject to the requirements specified under subsections (b)
490 through (f) of Code Section 48-8-50.

491 48-8-109.55.

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

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

498 48-8-109.56.

499 (a) The proceeds of the tax collected by the commissioner under this article shall be
500 disbursed as soon as practicable after collection to:

501 (1) The county whose boundary is conterminous with the boundary of the special district
502 to be held in a separately designated interest-bearing account for the eligible local
503 governments of the special district: and

504 (2) Each local school system of the special district to be held in a separately designated
505 interest-bearing account by each local school system.

506 (b) The funds of an account shall only be removed or disbursed by such county to eligible
507 local governments within the special district and by each local school system in accordance
508 with Code Section 48-8-109.58, unless otherwise provided for in an intergovernmental
509 agreement entered into pursuant to paragraph (2) of subsection (a) of Code Section
510 48-8-109.53, in which case such removal or disbursement of funds of an account shall be
511 in accordance with the provisions of such intergovernmental agreement.

512 (c) No funds other than the annual LHOST proceeds, and interest accrued thereon, shall
513 be placed in such accounts. The funds within such accounts shall not be commingled with
514 any other funds.

515 48-8-109.57.

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

- 520 (b)(1) For an LHOST imposed for a single local school system, following the adoption
521 of millage rates each year by such local school system the county tax commissioner shall:
522 (A) Calculate for such local school system the assessed value within the special district
523 which is exempt from ad valorem tax for such year pursuant to Code Section 48-5-44;
524 and
525 (B) Multiply such local school system's net millage rate by the total determined for
526 such jurisdiction in subparagraph (A) of this paragraph.
- 527 (2) For an LHOST imposed for one or more local school systems within a special
528 district, following the adoption of millage rates each year by the local school systems
529 participating in the LHOST, the county tax commissioner shall:
530 (A) Calculate for each individual local school system the assessed value within the
531 special district which is exempt from ad valorem tax for such year pursuant to Code
532 Section 48-5-44;
533 (B) Multiply each local school system's net millage rate by the total determined for
534 such jurisdiction in subparagraph (A) of this paragraph;
535 (C) Add the sums determined in subparagraph (B) of this paragraph;
536 (D) Divide each local school system's amount from subparagraph (B) of this paragraph
537 by the total of subparagraph (C) of this paragraph; and
538 (E) Multiply the percentage determined by subparagraph (D) of this paragraph by the
539 net proceeds of the tax that were available in the trust account for local school systems
540 as of November 1 of such year.
- 541 (3) For an LHOST imposed for a single eligible local government, following the
542 adoption of millage rates each year by such eligible local government, the county tax
543 commissioner shall:
544 (A) Calculate for such eligible local government the assessed value within the special
545 district which is exempt from ad valorem tax for such year pursuant to Code Section
546 48-5-44; and

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

549 (4) For an LHOST imposed for one or more eligible local governments within a special
550 district, following the adoption of millage rates each year by all such eligible local
551 governments, the county tax commissioner shall:

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

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

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

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

560 (E) Multiply the percentage determined by subparagraph (D) of this paragraph by the
561 net proceeds of the tax that were available in the trust account for eligible local
562 governments as of November 1 of such year.

563 (c) In the event a local school system or eligible local government fails to submit their
564 adopted millage rates by August 1, the county tax commissioner shall use 75 percent of
565 such local school system or eligible local government's prior year's millage rate in the
566 calculation under subsection (b) of this Code section, and the county shall only disburse
567 under subsection (b) of this Code section the lesser of such amount and the net millage rate
568 actually levied by such eligible local government in the current year.

569 (d) Notwithstanding any provision of law to the contrary, a county or municipality shall
570 be considered an eligible local government if in the preceding year the tax authorized under
571 Article 2 or Article 2B of this chapter was levied within the special district containing such
572 county or municipality, such county or municipality received funds from the levy of either

573 tax, either tax is no longer levied in the current year, and such county or municipality
574 adopts and submits a millage rate by August 1.

575 48-8-109.58.

576 (a) By December 1 each year, the county shall disburse LHOST funds from the trust
577 account the applicable amounts determined for such year pursuant to
578 subparagraph (b)(1)(B), (b)(2)(E), (b)(3)(B), or (b)(4)(E) of Code Section 48-8-109.57, to
579 account, in whole or in part, for the funds each local school system or eligible local
580 government did not collect due to exemptions granted under Code Section 48-5-44 for such
581 year; provided, however, that, where an intergovernmental agreement has been entered into
582 pursuant to paragraph (2) of subsection (a) of Code Section 48-8-109.53, any such
583 disbursements by the county from the trust account shall be in amounts determined
584 pursuant to the provisions of such intergovernmental agreement, if specified. No
585 disbursement shall be made to any governing authority until it has mailed its ad valorem
586 tax bills for such year.

587 (b)(1) In the event that the amount of available proceeds exceeds the amount calculated
588 necessary to cover the amounts determined under the applicable subparagraph (b)(1)(B),
589 (b)(2)(C), (b)(3)(B), or (b)(4)(C) of Code Section 48-5-109.57, the excess proceeds shall
590 be retained in the interest-bearing trust fund to be applied in subsequent years in
591 accordance with this Code section.

592 (2) In the event that the amount of the annual proceeds plus any excess proceeds of the
593 LHOST retained under the paragraph (1) of this subsection are sufficient to exempt the
594 entire net taxable homestead digest for all local school systems or eligible local
595 governments, then the funds shall be used to do so, if otherwise authorized by law to
596 provide an additional homestead exemption beyond Code Section 48-5-44.

597 (3) If any proceeds remain after the requirements of paragraph (2) of this subsection have
598 been met, the local school system or eligible local government may reduce the rate of the

599 tax by filing an updated resolution with the commissioner, or the remaining proceeds
600 shall be distributed and applied to provide a proportional reduction in the millage rates
601 applied for the local school systems or eligible local governments which shall be
602 calculated dividing the net revenue to be generated by each local school system or
603 eligible local government from its ad valorem property taxes on the net taxable digest of
604 the special district excluding homestead property by the total net revenue to be generated
605 by the local school systems of the special district or eligible local governments of the
606 special district collectively from ad valorem property taxes on the collective net taxable
607 digest of the special district excluding homestead property.

608 48-8-109.59.

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

612 48-8-109.60.

613 Except as otherwise provided in this article or Code Section 48-8-6, the tax authorized by
614 this article shall be in addition to any other local sales and use tax. The imposition of any
615 other local sales and use tax within a county, municipality, or special district shall not
616 affect the authority of a county, municipality, or special district to impose the tax
617 authorized by this article, and the imposition of the tax authorized by this article shall not
618 affect the imposition of any otherwise authorized local sales and use tax within a county,
619 municipality, or special district.

620 48-8-109.61.

621 The proceeds from a sales and use tax for a given special district levied prior to October
622 1, 2026, under Article 2 or Article 2B of this chapter may be reallocated for the purpose

623 of providing ad valorem property tax relief to homestead properties pursuant to this article,
 624 provided that any intergovernmental agreement, ordinance, or resolution required to
 625 authorize and impose any such applicable sales and use tax is revised so as to specifically
 626 state the intent of all parties and signatories to any such authorizing intergovernmental
 627 agreement, ordinance, or resolution to reallocate said proceeds for the purpose of providing
 628 homestead tax relief and to specify the effective date of such reallocation."

629 **PART VI**
 630 **SECTION 6-1.**

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

633 "CHAPTER 93

634 36-93-1.

635 The purpose of this chapter is to provide for the issuance and collection of local finance
 636 assessments by counties, municipalities, consolidated governments, and local school
 637 systems pursuant to Article IX, Section IVA of the Constitution for the purposes of
 638 funding:

- 639 (1) Capital outlay projects and providing local government services for counties,
 640 municipalities, and consolidated governments; and
 641 (2) Capital outlay projects for local school systems.

642 36-93-2.

643 As used in this chapter, the term:

644 (1) 'Capital outlay project' means the acquisition or construction of a single improvement
645 with a useful life of ten years or more.

646 (2) 'Essential services' means each service authorized as a supplementary power by
647 Article IX, Section II, Paragraph III(a)(1) through III(a)(7) of the Constitution.

648 (3) 'Governing body' means the board, commission, council, or other local legislative
649 body of a local governmental entity or the local board of education for a local school
650 system.

651 (4) 'Local board of education' means the board of education having authority over and
652 responsibility for a local school system, including county, area, and independent boards
653 of education.

654 (5) 'Local finance assessments' means levies issued and collected by a local
655 governmental entity or a local board of education for funding capital outlay projects and
656 levies issued and collected by a local governmental entity for providing local government
657 services pursuant to this chapter.

658 (6) 'Local government services' means essential services and required government
659 expenditures provided by a local governmental entity.

660 (7) 'Local governmental entity' means any county, municipal corporation, or consolidated
661 city-county government.

662 (8) 'Required government expenditures' means expenses required by law to be incurred
663 by a local governmental entity to fund elections or to provide compensation for any
664 county officer specified in Article IX, Section I, Paragraph III of the Constitution.

665 36-93-3.

666 (a) The governing bodies of this state shall be authorized to issue and collect local finance
667 assessments in their respective local jurisdictions, subject to the provisions of this chapter.
668 The amount of any such assessment issued by a governing body pursuant to this chapter
669 shall not exceed the actual cost to the applicable local governmental entity or local school

670 system of funding the capital outlay project or providing the local government services, if
671 by a local governmental entity, for which the assessment was issued.

672 (b) The proceeds of any local finance assessments issued and collected by a local
673 governmental entity for the purpose of providing local government services shall be used
674 to roll back, and eliminate if possible, the millage rates for any ad valorem property taxes
675 levied by such local governmental entity on homestead properties.

676 36-93-4.

677 (a)(1) A governing body intending to issue and collect a local finance assessment for a
678 capital outlay project shall adopt a resolution or ordinance calling for such issuance and
679 collection. Such resolution or ordinance shall include:

680 (A) Details on how the proceeds of such local finance assessment are to be expended
681 in support of such capital outlay project;

682 (B) The method or formula, if applicable, to be used to allocate the assessment to
683 responsible persons or entities; provided, however, that in no event shall any such
684 method or formula be based on the ad valorem value of real property;

685 (C) The total proceeds to be collected from the assessment; and

686 (D) The duration of the assessment.

687 (2) A governing body voting to issue and collect a local finance assessment for a capital
688 outlay project within its jurisdiction shall notify the appropriate election superintendent
689 by forwarding to the election superintendent a copy of the resolution or ordinance of the
690 governing body calling for the issuance and collection of the assessment. Such ordinance
691 or resolution shall specify the nature of the applicable capital outlay project and the
692 method of calculating the local finance assessment to be utilized pursuant to
693 subparagraph (B) of paragraph (1) of this subsection.

694 (3) Upon receipt of the resolution or ordinance pursuant to paragraph (2) of this
695 subsection, the election superintendent of the applicable jurisdiction shall issue the call

696 for an election for the purpose of submitting the question of the issuance and collection
 697 of the assessment to the voters of the local governmental entity or local school system.
 698 Such election superintendent shall issue the call and shall conduct the election on a date
 699 and in the manner authorized under Code Section 21-2-540. Such election superintendent
 700 shall cause the date and purpose of the election to be published once a week for four
 701 weeks immediately preceding the date of the election in the legal organ of the local
 702 governmental entity or local school system or in a newspaper having general circulation
 703 in the local governmental entity or local school system at least equal to that of the legal
 704 organ.

705 (4) The ballot shall have written or printed thereon the following:

706 ' YES Shall a local finance assessment be imposed in _____
 707 NO for a capital outlay project to _____?'

708 (5) All persons desiring to vote in favor of the issuance and collection of the local
 709 finance assessment shall vote 'Yes' and all persons opposed to the issuance and collection
 710 of the assessment shall vote 'No.' If more than one-half of the votes cast are in favor of
 711 the issuance and collection of the assessment, then the assessment shall be issued and
 712 collected as provided in this chapter; otherwise, the assessment shall not be issued and
 713 collected. The election superintendent of the applicable jurisdiction shall hold and
 714 conduct the election under the same rules and regulations as govern special elections.
 715 Such election superintendent shall canvass the returns, declare the result of the election,
 716 and certify the result to the Secretary of State and to the state revenue commissioner. The
 717 expense of the election shall be paid from the applicable jurisdiction's funds.

718 (6) If the issuance and collection of the local finance assessment for a capital outlay
 719 project is approved by referendum, the assessment shall be issued and collected on the
 720 first day of the next succeeding calendar quarter which begins more than 80 days after
 721 the date of the election at which the assessment was approved by the voters. Such

722 collections shall not be placed upon any ad valorem property tax bills, notice, or
723 assessment.

724 (b)(1) The governing body of a local governmental entity intending to issue and collect
725 a local finance assessment for local government services shall adopt a resolution or
726 ordinance calling for such issuance and collection. Such resolution or ordinance shall
727 include:

728 (A) Details on how the proceeds of such local finance assessment are to be expended
729 in support of such local government services;

730 (B) The method or formula, if applicable, to be used to allocate the assessment to
731 responsible persons or entities; provided, however, that in no event shall any such
732 method or formula be based on the ad valorem value of real property;

733 (C) The total proceeds to be collected from the assessment; and

734 (D) The duration of the assessment.

735 (2) The issuance and collection by a local governmental entity of a local finance
736 assessment for essential services pursuant to this chapter shall be conditioned upon the
737 governing body of such local governmental entity adopting a resolution or ordinance
738 pursuant to this Code section and, subsequent to such resolution or ordinance, the
739 enactment of a local Act by the General Assembly. A governing body of a local
740 governmental entity voting to issue and collect a local finance assessment for essential
741 services pursuant to this chapter shall notify those members of the General Assembly
742 representing all or any portion of the local governmental entity of the adoption of a
743 resolution or ordinance pursuant to paragraph (1) of this subsection. Subsequent to the
744 adoption of such resolution or ordinance, the General Assembly may enact a local Act
745 to authorize such local finance assessment for essential services.

746 36-93-5.

747 (a) The local finance assessments provided for under this chapter shall be collected by the
748 applicable governing body, which shall issue periodic notices of the amount due, no less
749 frequently than quarterly, to the assessed person or entity located within the jurisdiction of
750 the local governmental entity or local school system. Such notices shall require payment
751 of assessments within 30 days of the date of the notice. Such notices shall also include a
752 statement that failure to remit payment could result in the loss of homestead exemptions
753 pursuant to Code Section 36-93-6.

754 (b) The local finance assessments provided for under this chapter shall be payable to the
755 treasurer of the applicable jurisdiction, who shall keep an accurate account of all such
756 collections made by him or her. Such collections shall be kept in a special fund, to be used
757 and applied for the payment of costs of the applicable capital outlay project or local
758 government services. The tax commissioner of any county shall be prohibited from
759 collecting any assessment made under this chapter for any local governmental entity or
760 local school system.

761 36-93-6.

762 Any person claiming any homestead exemption under general law or any local Act that
763 fails to pay an assessment by December 31 of the year of issuance shall be prohibited from
764 claiming any such homestead exemption under general law or any local Act the following
765 taxable year."

766 **PART VII**

767 **SECTION 7-1.**

768 Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,
769 relating to financing under the "Quality Basic Education Act," is amended in paragraph (5)

770 of subsection (a) of Code Section 20-2-167, relating to funding for direct instructional, media
771 center, and staff development costs, computerized uniform budget and accounting system,
772 submission of local budget to state board, and provision of certain information by local
773 boards, by striking "15 percent" and replacing it with "25 percent".

774

SECTION 7-2.

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

778 "(b)(1) Each governing body shall hold at least two public meetings, which shall not
779 occur within the same week, for the purpose of providing an opportunity for public input
780 on its proposed annual operating budget before adopting any budget; provided, however,
781 that any other public meeting or hearing held that is related to the budget as required by
782 law shall satisfy all or a portion of such requirement. The governing body of a charter
783 school with a state-wide attendance zone and students residing in 25 percent or more of
784 Georgia's counties or in three or more counties which are not geographically contiguous
785 shall conduct one such public meeting virtually and one such public meeting in the
786 county in which its primary business office is located. The public meetings shall be
787 advertised in a local newspaper of general circulation which shall be the same newspaper
788 in which other legal announcements of the board of education are advertised.

789 (2)(A)(i) On and after January 1, 2032, no proposed annual operating budget
790 resolution that would result in an increase in the revenues raised by the local board
791 of education from the levy and collection of ad valorem property taxes by an amount
792 that exceeds the greater of 3 percent or the percent change in the rate of economic
793 inflation on individual taxpayers as determined under the Consumer Price Index, as
794 reported by the Bureau of Labor Statistics of the United States Department of Labor,
795 of the amount of such revenues raised by the local board of education which would

796 be raised by the local board of education from the levy of its roll-back rate calculated
797 pursuant to Code Section 48-5-32.1 shall go into effect unless the General Assembly
798 enacts a local Act authorizing such increase or the electors of the local school system
799 have approved such budget resolution in a referendum election. In calculating
800 whether a proposed annual operating budget resolution would result in such an
801 increase in the revenues raised by the local board of education, increases in revenue
802 attributable to the levies of ad valorem property tax for the following shall not be
803 counted:

804 (I) The levy of an ad valorem property tax for the payment of debt service for
805 general obligation debt;

806 (II) The levy of an ad valorem tax to make contract payments under an
807 intergovernmental contract securing revenue bonds issued under Article 3 of
808 Chapter 82 of Title 36, the 'Revenue Bond Law;' or

809 (III) Costs incurred pursuant to a state of emergency declared by any federal, state,
810 or local emergency management agency, official, or authority.

811 (ii) The call for and conduct of any such election shall be in the manner authorized
812 under Code Section 21-2-540. The costs of any referendum held pursuant to this
813 paragraph shall be paid by the local board of education. The exact ballot language
814 shall be prescribed by the local board of education but shall contain, at a minimum,
815 the projected amount of revenue to be generated by the budget resolution; the amount
816 of revenue received by the local board of education in the previous fiscal year; and
817 a statement as to whether or not such projected revenue increase is the result of an
818 increase in the levy or rate of ad valorem property taxes. All persons desiring to vote
819 in favor of the budget resolution shall vote 'Yes' and all persons opposed to the budget
820 resolution shall vote 'No.' If more than one-half of the votes cast are in favor of the
821 budget resolution, then the budget resolution shall go into effect as provided by law;
822 otherwise, the budget resolution shall not go into effect and the local board of

823 education shall prepare a new proposed budget which is projected not to increase the
824 revenues raised by the local board of education by an amount that exceeds the 3
825 percent limitation provided for in this subparagraph.

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

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

834 **SECTION 7-3.**

835 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
836 in Code Section 36-81-3, relating to establishment of fiscal year, requirement of annual
837 balanced budget, adoption of budget ordinances or resolutions generally, budget
838 amendments, and uniform chart of accounts, by revising subsection (d) as follows:

839 "(d) Nothing contained in this Code section shall preclude a local government from
840 amending its budget so as to adapt to changing governmental needs during the budget
841 period; provided, however, that, on and after January 1, 2032, no such amendment shall
842 result in an increase in the revenues raised by the unit of local government from the levy
843 and collection of ad valorem property taxes by an amount that exceeds the greater of 3
844 percent or the percent change in the rate of economic inflation on individual taxpayers as
845 determined under the Consumer Price Index, as reported by the Bureau of Labor Statistics
846 of the United States Department of Labor, of the amount of such revenues which would be
847 raised by the unit of local government from the levy of its roll-back rate calculated pursuant
848 to Code Section 48-5-32.1; provided, further, that this shall not apply to increases in a

849 proposed budget attributable to costs incurred pursuant to a state of emergency declared
 850 by any federal, state, or local emergency management agency, official, or authority.
 851 Amendments shall be made as follows, unless otherwise provided by charter or local law:
 852 (1) Any increase in appropriation at the legal level of control of the local government,
 853 whether accomplished through a change in anticipated revenues in any fund or through
 854 a transfer of appropriations among departments, shall require the approval of the
 855 governing authority. Such amendment shall be adopted by ordinance or resolution;
 856 (2) Transfers of appropriations within any fund below the local government's legal level
 857 of control shall require only the approval of the budget officer; and
 858 (3) The governing authority of a local government may amend the legal level of control
 859 to establish a more detailed level of budgetary control at any time during the budget
 860 period. Said amendment shall be adopted by ordinance or resolution."

861 **SECTION 7-4.**

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

864 "36-81-6.

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

873 (2)(A) On and after January 1, 2032, if such budget ordinance is projected to result in
 874 an increase in the revenues raised by the unit of local government from the levy and

875 collection of ad valorem property taxes by an amount that exceeds the greater of 3
876 percent or the percent change in the rate of economic inflation on individual taxpayers
877 as determined under the Consumer Price Index, as reported by the Bureau of Labor
878 Statistics of the United States Department of Labor, of the amount of such revenues
879 raised by the unit of local government which would be raised by the unit of local
880 government from the levy of its roll-back rate calculated pursuant to Code Section
881 48-5-32.1, then such budget ordinance shall not go into effect unless the General
882 Assembly enacts a local Act authorizing such increase or the electors of the unit of local
883 government have approved such budget ordinance in a referendum election. In
884 calculating whether a proposed annual operating budget resolution would result in such
885 an increase in the revenues raised by the unit of local government, increases in revenue
886 attributable to the following shall not be counted:

887 (i) The levy of an ad valorem property tax for the payment of debt service for general
888 obligation debt;

889 (ii) The levy of an ad valorem tax to make contract payments under an
890 intergovernmental contract securing revenue bonds issued under Article 3 of Chapter
891 82 of Title 36, the 'Revenue Bond Law;' or

892 (iii) Costs incurred pursuant to a state of emergency declared by any federal, state,
893 or local emergency management agency, official, or authority.

894 (B) The call for and conduct of any such election shall be in the manner authorized
895 under Code Section 21-2-540. The costs of any referendum held pursuant to this
896 subsection shall be paid by the unit of local government adopting such budget
897 ordinance. The exact ballot language shall be prescribed by the governing authority
898 adopting the budget ordinance but shall contain, at a minimum, the projected amount
899 of revenue to be generated by the budget ordinance; the amount of revenue received by
900 the unit of local government in the previous fiscal year; and a statement as to whether
901 or not such projected revenue increase is the result of an increase in the levy or rate of

902 ad valorem property taxes. All persons desiring to vote in favor of the budget
 903 ordinance shall vote 'Yes' and all persons opposed to the budget ordinance shall vote
 904 'No.' If more than one-half of the votes cast are in favor of the budget ordinance, then
 905 the budget ordinance shall go into effect as provided by law; otherwise, the budget
 906 ordinance shall not go into effect and the governing authority shall prepare a new
 907 proposed budget pursuant to Code Section 36-81-5 which is projected not to increase
 908 the revenues raised by the unit of local government by an amount that exceeds the 3
 909 percent limitation provided for in this subsection.

910 (C) This paragraph shall not apply to increases in a proposed budget attributable to
 911 costs incurred pursuant to a state of emergency declared by any federal, state, or local
 912 emergency management agency, official, or authority.

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

916 **PART VIII**

917 **SECTION 8-1.**

918 Title 20 of the Official Code of Georgia Annotated, relating to education, is amended in
 919 Code Section 20-2-164, relating to local five mill share funds under the "Quality Basic
 920 Education Act," by revising subsection (g) as follows:

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

924 (1) The product of the number of constitutional homestead exemptions for owner
 925 occupied homes pursuant to Code Section 48-5-44 granted for that year, exclusive of
 926 those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and

927 48-5-52, multiplied by the amount per exemption authorized under Code Section 48-5-44;
928 provided, further, that, in any city operating an independent school system which
929 provides a homestead exemption through local legislation comparable to that provided
930 in Code Section 48-5-44, the product calculated in this paragraph shall represent the
931 number of homestead exemptions provided through the applicable local legislation
932 multiplied by the amount per exemption authorized in Code Section 48-5-44, or by the
933 amount per exemption authorized in the applicable local legislation, whichever is less;
934 and provided, further, that, if the amount per exemption authorized in Code Section
935 48-5-44 has been changed subsequent to the year of the applicable digest, the more
936 recently adopted amount per exemption shall be used for the product calculated in this
937 paragraph;

938 (2) The product of the number of constitutional homestead exemptions for disabled
939 veterans pursuant to Code Section 48-5-48 granted for that year, multiplied by the amount
940 per exemption authorized under that Code section; provided, further, that, in any city
941 operating an independent school system which provides a homestead exemption through
942 local legislation comparable to that provided in Code Section 48-5-48, the product
943 calculated in this paragraph shall represent the number of homestead exemptions
944 provided through the applicable local legislation multiplied by the amount per exemption
945 authorized in the applicable local legislation, whichever is less; and provided, further,
946 that, if the amount per exemption authorized in Code Section 48-5-48 has been changed
947 subsequent to the year of the applicable digest, the more recently adopted amount per
948 exemption shall be used for the product calculated in this paragraph;

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

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

952 (A) Subtract the estimated state-wide percentage that persons age 65 or older is of the
953 total population, excluding military personnel and institutional population, from the

954 respective percentage for the local school system. If the respective percentage for the
 955 local school system is less than the state-wide percentage, a difference of zero shall be
 956 used in the calculations in this paragraph;

957 (B) Multiply the difference which results from subparagraph (A) of this paragraph by
 958 1,000; and

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

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

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

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

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

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

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

977 **SECTION 8-2.**

978 Said title is further amended in Part 4 of Article 6 of Chapter 2, relating to financing under
 979 the "Quality Basic Education Act," by adding a new Code section to read as follows:

H. B. 1116 (SUB)

980 "20-2-172.

981 (a) The General Assembly finds that:

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

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

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

998 (4) It would be beneficial to consider overhauling the current education financing
999 structure, if necessary, including to identify ways to simplify the QBE funding formula
1000 and to adequately assist economically disadvantaged districts or districts with high
1001 poverty levels.

1002 (b)(1) There is created the Joint Legislative Education Finance Study Committee to be
1003 composed of ten members as follows:

1004 (A) Five members of the House of Representatives, to include: the chairperson of the
1005 House Committee on Appropriations, the chairperson of the House Committee on
1006 Education, the chairperson of the House Appropriations Subcommittee for Education,

1007 and two members of the House of Representatives to be appointed by the Speaker of
1008 the House of Representatives; and

1009 (B) Five members of the Senate, to include: the chairperson of the Senate
1010 Appropriations Committee, the chairperson of the Senate Education and Youth
1011 Committee, the chairperson of the Senate Appropriations Subcommittee for Education,
1012 and two members of the Senate to be appointed by the President of the Senate.

1013 (2) The Speaker of the House of Representatives and the President of the Senate shall
1014 each designate one of his appointees to serve as cochairpersons. The committee may
1015 elect other officers as deemed necessary. The cochairpersons may designate and appoint
1016 subcommittees from among the membership of the committee as well as appoint other
1017 persons to perform such functions as they may determine to be necessary and relevant to
1018 perform its duties. The committee shall meet at the call of the cochairpersons. A quorum
1019 for transacting business shall be a majority of the members of the committee.

1020 (3) The members of the committee shall receive the allowances provided for in Code
1021 Section 28-1-8.

1022 (c) The committee shall undertake a comprehensive review of the QBE formula and the
1023 various program components of the formula, equalization grants, and all other education
1024 financing sources and mechanisms to determine whether the current education financing
1025 system continues to be an appropriate and equitable method of calculating and distributing
1026 state education funds.

1027 (d) The committee may request assistance and input from state and local agencies and
1028 organizations as needed, including the Department of Revenue, the Department of
1029 Education, the Department of Audits and Accounts, the State Charter Schools Commission,
1030 the Office of Planning and Budget, local school systems, and local tax officials.

1031 (e) Subject to available funding, the committee shall be authorized to retain the services
1032 of auditors, attorneys, financial consultants, education experts, economists, and other
1033 individuals or firms as determined appropriate by the committee.

1034 (f) The committee shall produce a final report no later than December 1, 2027, which
 1035 includes specific findings and recommendations, including suggestions for proposed
 1036 legislation.

1037 (g) The committee shall stand abolished and this Code section shall stand repealed by
 1038 operation of law on December 31, 2027."

1039 SECTION 8-3.

1040 Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to ad valorem
 1041 taxation of property, is amended in Code Section 48-5-45, relating to application for
 1042 homestead exemption and unlawful to solicit fee to file application for homestead for
 1043 another, by revising subsections (a) and (b) as follows:

1044 "(a)(1) An applicant seeking a homestead exemption as provided in Code Section
 1045 48-5-44 and qualifying under the provisions of Code Section 48-5-40 shall file a written
 1046 application and schedule with the tax receiver or tax commissioner charged with the duty
 1047 of receiving returns of property for taxation ~~at any time~~ during the calendar year
 1048 subsequent to the property becoming the primary residence of the applicant up to and
 1049 including:

1050 (A) The ~~the~~ date for the closing of the books for the return of taxes for the calendar
 1051 year, ~~except that,~~ or

1052 (B) In in the case of a property which is subject to a reassessment by the board of tax
 1053 assessors, the final date to file an appeal of the annual notice of current reassessment.

1054 Any such application and schedule may be filed in conjunction with or in lieu of an
 1055 appeal of the reassessment.

1056 (2) The failure to file properly the application and schedule on or before the ~~date for the~~
 1057 ~~closing of the books for the return of taxes of a calendar year in which the taxes are due~~
 1058 applicable deadline under paragraph (1) of this subsection shall constitute a waiver of the

1059 homestead exemption on the part of the applicant failing to make the application for such
1060 exemption for that year.

1061 (b) The owner of a homestead which is actually occupied by the owner as a residence and
1062 homestead shall not have to apply for the exemption more than once so long as the owner
1063 remains in continuous occupation of the residence as a homestead. The exemption shall
1064 automatically be renewed from year to year so long as the owner continuously occupies the
1065 residence as a homestead. It shall be the duty of any person granted the exemption to
1066 notify the tax receiver or tax commissioner in the event such person for any reason
1067 becomes ineligible for such exemption."

1068 SECTION 8-4.

1069 Said chapter is further amended by adding a new Code section to read as follows:

1070 "48-5-51.1.

1071 For tax years beginning on and after January 1, 2026, in the event that a person fails to
1072 report his or her loss of eligibility for a homestead exemption that is listed on the property's
1073 annual notice of current reassessment for such property by the final date to file an appeal
1074 of such notice, the person shall be properly assessed and billed for all taxes and interest due
1075 and the person shall be assessed a penalty of 50 percent of the amount by which any taxes
1076 were to be reduced from exemptions and credits that were improperly applied."

1077 SECTION 8-5.

1078 Said chapter is further amended by adding a new Code section to read as follows:

1079 "48-5-57.

1080 Recognizing the importance and value of properly granting and continually allowing
1081 homestead exemptions, beginning January 1, 2028, each local tax official charged by law
1082 with the duty of reviewing applications for homestead exemptions shall submit to the
1083 department a list of taxpayers that have been granted or denied a homestead exemption for

1084 property within its jurisdiction. Such submissions shall be made annually for each taxing
1085 jurisdiction within 30 days of the final date to file an appeal of the annual notice of
1086 assessment. The commissioner shall maintain a database of homestead exemption
1087 information in a manner which allows local tax officials access to review and ensure
1088 accuracy of their jurisdiction's properties receiving homestead exemptions. Each such local
1089 tax official shall review said database prior to approving a homestead exemption and on
1090 an annual basis prior to issuing the notices of assessment for the taxing jurisdiction."

1091 **PART IX**

1092 **SECTION 9-1.**

1093 (a) Except as otherwise provided in subsection (b) of this section, this Act shall become
1094 effective upon its approval by the Governor or upon its becoming law without such approval.

1095 (b) Part II, Section 3-1, Part V, Part VI, and Sections 7-2, 7-3, and 7-4 of this Act shall
1096 become effective on January 1, 2027, following the ratification of an amendment to the
1097 Constitution of Georgia limiting sales and use tax to be imposed by local boards of
1098 education, removing the assessed value cap related to homeowner's incentive adjustments
1099 authorizing local finance assessments, and authorizing the General Assembly to require a
1100 local referendum for certain increases in revenue. If such amendment is not so ratified, then
1101 Part II, Section 3-1, Part V, Part VI, and Sections 7-2, 7-3, and 7-4 of this Act shall stand
1102 automatically repealed on January 1, 2027.

1103 **SECTION 9-2.**

1104 (a) Parts II and III and Sections 8-3, 8-4, and 8-5 of this Act shall be applicable to taxable
1105 years beginning on or after January 1, 2026.

1106 (b) Part V of this Act shall be applicable to taxable years beginning on or after January 1,
1107 2027, unless such part does not become effective in accordance with subsection (b) of
1108 Section 9-1.

1109 (c) Section 8-1 of this Act shall be applicable to calculations based upon taxable years
1110 beginning on or after January 1, 2027.

1111 **SECTION 9-3.**

1112 All laws and parts of laws in conflict with this Act are repealed.