



# **Georgia Department of Revenue**

## **Georgia Association of Tax Officials**

**May 9, 2018**

**CAVEAT**

**Digest Submission**

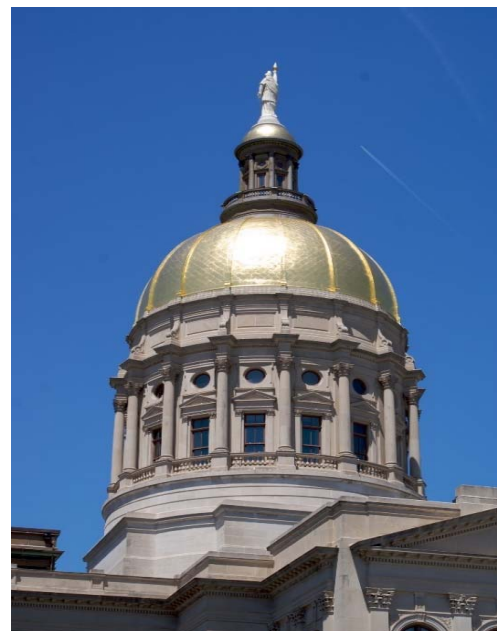
**Local Government Services**



# Georgia Department of Revenue

## 2018 Legislation

HB85	FLPA-Timberland
HR51	FLPA-Timberland
HB374	Appeals
HB729	Repeal state levy
HB888	Freeport
SB458	Conservation Use
HB381	Abandoned Mobile Homes
HB871	Mobile Home Sales Tax Exemption
HB661	Electronic state liens





# Georgia Department of Revenue

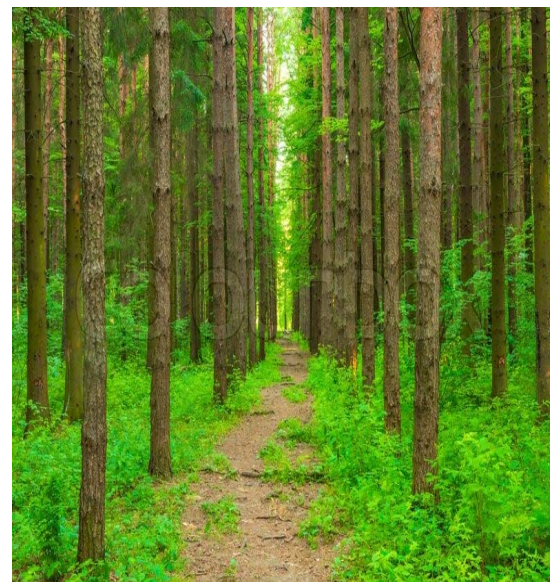
## House Bill 85 and HR51

Constitutional Amendment & Enabling Legislation

November 2018 statewide referendum

Effective **January 1, 2019**

1. Amends Forest Land Conservation Use
2. Amends FLPA Grant calculation
3. Establishes new property class - 'Qualified Timberland Property'





# Georgia Department of Revenue

## House Bill 85 and HR51

### FLPA Assessment

1. 200 acres lying within one or more counties, provided at least 100 acres within any given county
2. Change from 15-years to 10-years

### FLPA Grants

1. Basis for Grant is fair market value determined in 2019 and every three years thereafter
2. DOR may deduct 3% fee from FLPA grants
3. Phase out of grant amounts at 80%, 60%, 40%, and 20% from 2019-2022

### Qualified Timberland

1. Establishes QTP
2. Value at least 175% of FLPA conservation use value
3. DOR shall appraise QTP at fair market value
4. Creates Article 13 of Chapter 5 title 48 for QTP assessment



## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

GA Constitution Article VII, Section I, Paragraph III (f)(1) The General Assembly shall provide by general law for a definition ~~and~~, methods of assessment, and taxation, such methods to include a formula based on current use, annual productivity, and real property sales data, of 'forest land conservation use property' to include only forest land ~~each tract of which exceeds 200 acres of a qualified owner. Such methods of assessment and taxation shall be subject to the following conditions;~~ of at least 200 acres in aggregate which lies within one or more counties, provided that such forest land is in parcels of at least 100 acres within any given county.

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## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

GA Constitution Article VII, Section I, Paragraph III (f)(2) ~~A-qualified owner shall consist of any~~ Any individual or individuals or any entity registered to do business in this state;

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



## Georgia Department of Revenue

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### Forest Land Conservation Use Assessment

‘Forest Land Conservation Use value’ of forest land conservation use property means the amount determined in accordance with the specifications and criteria provided for in Code Section 48-5-271 and Article VII, Section I, Paragraph III(f) of the Constitution.



## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

O.C.G.A. 48-5-7(c.5) Tangible real property which qualified as forest land conservation use property pursuant to the provisions of Code Section 48-5-7.7 shall be assessed at 40 percent of its forest land conservation use value and shall be taxed on a levy made by each respective tax jurisdiction according to 40 percent of the property's forest land conservation use value.





## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

O.C.G.A. 48-5-7.7 (b)(2) 'Forest land conservation use property' means real property that is forest land ~~each tract of which consists of more than 200 acres of tangible real property of an owner~~ of at least 200 acres in aggregate which lies within one or more counties, provided that such forest land is in parcels of at least 100 acres within any given county and that is subject to the following qualifications:



## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

O.C.G.A. 48-5-7.7 (c)(1) ~~All contiguous forest~~ Forest land conservation use property of an owner within a county for which forest land conservation use assessment is sought under this code section shall be in ~~a single covenant~~ covenants, which shall include forest land of at least 200 acres in aggregate which lies within one or more counties, provided that such forest land is in parcels of at least 100 acres within any given county, unless otherwise required under subsection (e) of this Code section;



## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

O.C.G.A. 48-5-7.7 (d) No property shall qualify for conservation use assessment under this Code section unless and until the qualified owner of such property agrees by covenant with the appropriate taxing authority to maintain the eligible property in forest land conservation use for a period of ~~15~~ ten years beginning on the first day of January of the year in which such property qualifies for such conservation use assessment and ending on the last day of December of the final year of the covenant period....



## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

O.C.G.A. 48-5-7.7 (d) ....Upon the expiration of any covenant period, the property shall not qualify for further conservation use assessment under this Code section unless and until the qualified owner of the property has entered into a renewal covenant for an additional period of ~~15~~ ten years; provided, however, that the qualified owner may enter into a renewal contract in the ~~fourteenth~~ ninth year of a covenant period so that the contract is continued without a lapse for an additional ~~15~~ ten years.



## Georgia Department of Revenue

# Forest Land Conservation Use Assessment

O.C.G.A. 48-5-7.7 (v) At such time as the property ceases to be eligible for forest land conservation use assessment or when any ~~15~~ ten-year covenant period expires and the property does not qualify for further forest land conservation use assessment, the qualified owner of the property shall file an application for release of forest land conservation use treatment with the county board of tax assessors where the property is located who shall approve the release upon verification that all taxes and penalties with respect to the property have been satisfied.



## Georgia Department of Revenue

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### 2. Forest Land Assistance Grants

- Amends definition of Forest Land Fair Market Value
- Eliminates application of economic indicator
- Provides for phase-in of new formula
- Provides for 5% administration fee



## Georgia Department of Revenue

# Forest Land Assistance Grants

GA Constitution Article VII, Section I, Paragraph III (f)(4)(A) The General Assembly shall appropriate an amount for assistance grants to counties, municipalities, and county and independent school districts to offset revenue loss attributable to the implementation of this subparagraph. Such grants shall be made in such manner and shall be subject to such procedures as may be specified by general law. For the years 2019, 2020, 2021, 2022, and 2023, the value of the assistance grants may be increased by general law beyond the amounts prescribed by this subparagraph



# Georgia Department of Revenue

## Forest Land Assistance Grants

GA Constitution Article VII, Section I, Paragraph III (f) ~~(4) Such revenue reduction shall be calculated by utilizing forest land fair market value. For purposes of this subparagraph, forest land fair market value means the 2008 fair market value of the forest land. Such 2008 valuation may increase from one taxable year to the next by a rate equal to the percentage change in the price index for gross output of state and local government from the prior year to the current year as defined by the National Income and Product Accounts and determined by the United States Bureau of Economic Analysis and indicated by the Price Index for Government consumption Expenditures and General Government Gross Output (Table 3.10.4)~~





## Georgia Department of Revenue

# Forest Land Assistance Grants

GA Constitution Article VII, Section I, Paragraph III (f)(4)(C)(iii) For the purpose of this subparagraph, forest land fair market value means the fair market value of the forest land as determined in 2016, provided that such value shall change in 2019 and every three years thereafter to the fair market value of forest land as determined in such year.



## Georgia Department of Revenue

# Forest Land Assistance Grants

GA Constitution Article VII, Section I, Paragraph III (f)(4)(D) Notwithstanding subparagraph (a) of Paragraph VI of Section IX of Article III of this Constitution, the General Assembly may provide by general law for a fee, not to exceed 5 percent, to be deducted from such assistance grants and retained by the state revenue commissioner to provide for the costs to state of administering the provisions of subparagraph (f.1) of this Paragraph.



# Georgia Department of Revenue

## Forest Land Assistance Grants

48-5-2 (6) 'Forest land fair market value' means the ~~2008~~ fair market value of the forest land determined in accordance with Article VII, Section I, Paragraph III(f) of the Constitution,

...Removes wording about 2008 fair market, appeal settlement, and economic indicator....



## Georgia Department of Revenue

# Forest Land Assistance Grants

48-5A-5. Pursuant to Article VII, Section I, Paragraph III(f) of the Constitution, the commissioner shall deduct and retain an amount equal to 3 percent of an assistance grant upon distribution of such assistance grant to a county, municipality, or county or independent school district as an administrative fee to provide for the costs of administering Article 13 of Chapter 5 of this title.



## Georgia Department of Revenue

# Forest Land Assistance Grants

48-5A-6. (a) For 2019, the value of the local assistance grant to any county shall be increased by an amount equal to 80 percent of the difference between the value of the local assistance grant such county received for 2018 and the amount for which such county is eligible to receive in 2019.

(b) For 2020, the value of the local assistance grant to any county shall be increased by an amount equal to 60 percent of the difference between the value of the local assistance grant such county received for 2018 and the amount for which such county is eligible to receive in 2020.



## Georgia Department of Revenue

# Forest Land Assistance Grants

48-5A-6. (c) For 2021, the value of the local assistance grant to any county shall be increased by an amount equal to 40 percent of the difference between the value of the local assistance grant such county received for 2018 and the amount for which such county is eligible to receive in 2021.

(d) For 2022, the value of the local assistance grant to any county shall be increased by an amount equal to 20 percent of the difference between the value of the local assistance grant such county received for 2018 and the amount for which such county is eligible to receive in 2022.



## Georgia Department of Revenue

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### 3. Qualified Timberland Property

- Separate and distinct class of real property
- Fair market value determined in accordance with provisions in newly created Article 13
- Assessed at 40% of such fair market value



## Georgia Department of Revenue

# Qualified Timberland Property

GA Constitution Article VII, Section I, Paragraph III (f.1)(1)(A) The General Assembly shall be authorized by general law to establish a separate class of property for ad valorem taxation purposes that includes only tangible real property that has as its primary use the production of trees for the primary purpose of producing timber for commercial uses and that meets such further requirements as may be prescribed by general law. Such property shall be know as 'qualified timberland property.'





## Georgia Department of Revenue

# Qualified Timberland Property

GA Constitution Article VII, Section I, Paragraph III (f.1)(1)(B) The value of qualified timberland property shall be at least 175 percent of such property's forest land conservation use value as determined pursuant to subparagraph (f) of this Paragraph.



# Georgia Department of Revenue

## Qualified Timberland Property

GA Constitution Article VII, Section I, Paragraph III (f.1)(2) The only two purposes authorized by the sub classification of qualified timberland property as provided by this subparagraph shall be to allow the General Assembly by general law to:

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



# Georgia Department of Revenue

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## Qualified Timberland Property

GA Constitution Article VII, Section I, Paragraph III (f.1)(2)(B) Authorized the General Assembly to provide for a separate system by which to appeal appraisals of and determinations made related to qualified timberland property.



## Georgia Department of Revenue

# Qualified Timberland Property

48-5-2 (3)(G) Fair market value of 'qualified timberland property' means the fair market value determined in accordance with Article 13 of this chapter.

48-5-7(c)(6) Tangible real property which qualifies as qualified timberland property in accordance with the provision of Article 13 of this chapter shall be assessed at 40 percent of its fair market value of qualified timberland property and shall be taxed on a levy made by each respective tax jurisdiction according to 40 percent of its fair market value of qualified timberland property as such value is determined by the commissioner in accordance with Article 13 of this chapter.



# Georgia Department of Revenue

## Qualified Timberland Property

Article 13 of Chapter 5 of Title 48

48-5-600	Definitions
48-5-600.1	Classified as separate and distinct class
48-5-601	Returned to Commissioner
48-5-602	Timberland Appraisal Manual
48-5-603	Determination of Qualified owner
48-5-604	Certification of property by Commissioner
48-5-605	Appeal of Certification and Value
48-5-606	Appeal of Manual
48-5-607	Commissioner to prescribe forms and regs



## Georgia Department of Revenue

# Qualified Timberland Property 48-5-600: Definitions

Bona fide production of trees – good faith, real, actual, and genuine production of trees for commercial uses

Qualified owner – any person registered with Commissioner and engaged in commercial production of trees meeting provisions of 48-5-603

Qualified timberland property – timberland property owned by qualified owner that meets provisions of 48-5-604

Timberland property – primary use is production of trees for primary purpose of producing timber for commercial uses



## Georgia Department of Revenue

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### Qualified Timberland Property 48-5-600.1

- Classified as a separate and distinct class of tangible property
- Procedures for appraisal, valuation, and appeal are exclusive



## Georgia Department of Revenue

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# Qualified Timberland Property 48-5-601

- Returned to Revenue Commissioner between Jan 1 and Apr 1
- Annual appraisal using Timberland Appraisal Manual
- Revenue Commissioner shall have access to property for purpose of conducting appraisals (must give notice)
- Values delivered to county by July 1
- Value must be at least 175% of Forest Land Conservation Use





## Georgia Department of Revenue

# Qualified Timberland Property 48-5-602

- Revenue Commissioner must adopt by regulation a 'Qualified Timberland Property Appraisal Manual'
- After consulting with GA Ag Statistical Service, Cooperative Extension Service, GA Forestry Association, and State Forestry Commission
- Manual must be published June 1, 2019 and thereafter annually
- Published manuals apply to following year
- Must contain parameters for appraisal including table of regional values
- Must provide requirements for providing data to Department



## Georgia Department of Revenue

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# Qualified Timberland Property 48-5-603

- Revenue Commissioner certifies 'Qualified Owners'
- Qualified owners must be registered to do business in GA; must register with Revenue Commissioner; and must certify they are engaged in commercial production of trees



## Georgia Department of Revenue

# Qualified Timberland Property 48-5-604

- Qualified owners apply for certification of 'Qualified Timberland'
  - Must be at least 50 acres
  - Production of trees for profit
  - Clearly demonstrated land management
  - Submits list of timberland parcels
  - Certifies property is used for production of trees, there is economic salability; and production is done for profit
- Must apply annually
- Certification and Decertification filed with county by April 15



## Georgia Department of Revenue

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# Qualified Timberland Property 48-5-605

- Taxpayer or county board of assessors may appeal the commissioner's decisions related to:
  - Qualified Owner
  - Certification or Decertification of Timberland parcel
  - Appraised value of Timberland parcel
- Appeals are made to Georgia Tax Tribunal within 30 days of decision
- GTT makes final determination on appeals by September 1



## Georgia Department of Revenue

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# Qualified Timberland Property 48-5-606

- Taxpayer, group of taxpayers, county board of assessors, or association representing taxpayer may appeal the commissioner's decisions related to 'Qualified Timberland Appraisal Manual'
- Appeals are made to Georgia Tax Tribunal within 60 days of publication
- GTT makes final determination on appeals by September 1



# Georgia Department of Revenue

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## Qualified Timberland Property 48-5-607

- Revenue commissioner is authorized to prescribe forms and promulgate rules and regulations to implement Article 13



# Georgia Department of Revenue

## House Bill 374

Notice and Appeal

Effective **July 1, 2018**

1. Hearing Officer
2. 180 Day Rule
3. Settlement Conference





## Georgia Department of Revenue

### Senate Bill 374 – Notice of Assessment

O.C.G.A. 48-5-306 (b)(2)(A)

- (i) An appeal to the county board of equalization with appeal to the superior court;
- (ii) To arbitration **without an appeal to the superior court**; or
- (iii) For a parcel of nonhomestead property with a fair market value in excess of ~~\$750,000.00~~ **\$500,000.00 as shown on the taxpayer's annual notice of current assessment under this Code section**, or for one or more account numbers of wireless property as defined in subparagraph (e.1)(1)(B) of Code Section 48-5-311 with an aggregate fair market value in excess of ~~\$750,000.00~~ **\$500,000.00 as shown on the taxpayer's annual notice of current assessment under this Code section**, to a hearing officer with appeal to the superior court.





## Georgia Department of Revenue

### Senate Bill 374 –Appeal: No changes

O.C.G.A. 48-5-311 (e)(3)(A) In each year, the county board of tax assessors shall review the appeal and notify the taxpayer **(i) if there are no changes or corrections in the valuation or decision, or (ii)** of any corrections or changes with 180 days after receipt of the taxpayer's notice of appeal. If the county board of tax assessors fails to respond to the taxpayer within such 180 day period, **the property valuation asserted by the taxpayer on the property tax return or the taxpayer's notice of appeal shall become the assessed fair market value for the taxpayer's property for the tax year under appeal.** If no such assertion of value was submitted by the taxpayer, that appeal shall be forwarded to the county board of equalization.



## Georgia Department of Revenue

### Senate Bill 374 – Appeal: 180-day extension

O.C.G.A. 48-5-311(e)(3)(B) In any county in which the number of appeals exceeds a number equal to or greater than 3 percent of the total number of parcels in the county or the sum of the current assessed value of the parcels under appeal is equal to or greater than 3 percent of the gross tax digest of the county, the county board of tax assessors ~~shall~~may be granted an additional 180 day period to make its determination and notify the taxpayer. ~~The~~ **However, as a condition to receiving such an extension, the** county board of tax assessors shall, **at least 30 days before the expiration of the 180 day period provided under subparagraph (A) of this paragraph,** notify each affected taxpayer of the additional 180 day review period provided in this subparagraph **by mail or electronic communication, including posting notice on the website** of the county board of assessors if such a website is available....



## Georgia Department of Revenue

### Senate Bill 374 – Appeal: 180-day extension

O.C.G.A. 48-5-311 (e)(3)(B) ..... Such additional period shall commence immediately following the last day of the 180 days provided for under subparagraph (A) of this paragraph. If the county board of tax assessors fails to review the appeal and notify the taxpayer of either no changes or of any corrections or changes not later than the last day of such additional 180 day period, then the most recent property tax valuation asserted by the taxpayer on the property tax return or on appeal shall prevail and shall be deemed the value established on such appeal unless a time extension is granted under subparagraph (C) of this paragraph. If no such assertion of value was submitted by the taxpayer, the appeal shall be forwarded to the county board of equalization.



# Georgia Department of Revenue

## Senate Bill 374 – Appeal: 180 day extension

O.C.G.A. 48-5-311(e)(3)(C) Upon a sufficient showing of good cause by reason of unforeseen circumstances proven to the commissioner at least 30 days prior to the expiration of the additional 180 day period provided for under subparagraph (B) of this paragraph, the commissioner shall be authorized, in the commissioner's sole discretion, to provide for a time extension beyond the end of such additional 180 day period. The duration of any such time extension shall be specified in writing by the commissioner and, at least 30 days prior to the expiration of the extension provided for under subparagraph (B) of this paragraph, shall be sent to each affected taxpayer and shall also be posted on the website of the county board of tax assessors if such a website is available. If the county board of tax assessors fails to make its review and notify the taxpayer and the taxpayer's attorney not later than 30 days before the last day of such time extension, the most recent property tax valuation asserted by the taxpayer on the property tax return or on the taxpayer's notice of appeal shall prevail and shall be deemed the value established on such appeal...



# Georgia Department of Revenue

## Senate Bill 374 – Appeal: Records

O.C.G.A. 48-5-311(e)(6)(A) Within 15 days of the receipt of the notice of appeal the county board of equalization shall set a date for a hearing on the question s presented and shall so notify the taxpayer and the county board of tax assessors in writing....

...Such written notice shall advise each party that he or she may request a list of witnesses, documents, or other written evidence to be presented at the hearing by the other party, ~~which~~. **Such request must be made not less than ten days prior to the hearing date and such information** shall be provided to the requesting party not less than seven days prior to the time of the hearing...



# Georgia Department of Revenue

## Senate Bill 374 – Appeal: Agreements

O.C.G.A. 48-5-311(e)(8) If at any time during the appeal process to the county board of equalization ~~and after certification by the county board of assessors to the county board of equalization~~, the county board of tax assessors and the taxpayer mutually agree in writing on the fair market value, then the county board of tax assessors, or the county board of equalization, as the case may be, shall enter the agreed amount in all appropriate records as the fair market value of the property under appeal, and the appeal shall be concluded. The provision in subsection (c) of Code Section 48-5-299 shall apply to the agreed-upon valuation unless otherwise waived by both parties.



# Georgia Department of Revenue

## Senate Bill 374 – Appeal: Hearing Officer

O.C.G.A. 48-5-311(e.1)(5) The county board of assessors may for no more than 90 days review the taxpayer's appeal, and if changes or corrections are made by the county board of tax assessors, the board shall notify the taxpayer in writing of such changes. Within 30 days of the county board of tax assessors' mailing of such notice, the taxpayer may notify the county board of tax assessors in writing that the changes or corrections made by the county board of tax assessors are not acceptable, in which case, the county board of assessors shall, within 30 days of the date of mailing of such taxpayer's notification send or deliver all necessary ~~papers~~ **documentation** to the appeal administrator **in paper or electronic format as agreed upon by the county board of tax assessors and appeal administrator** for the appeal to the hearing officer, or board of equalization if elected by the taxpayer, and mail a copy to the taxpayer...



# Georgia Department of Revenue

## Senate Bill 374 – Appeal: Hearing Officer

O.C.G.A. 48-5-311(e.1)(6)(A)... If no hearing officer is appointed or if no hearing is scheduled within 180 days after the county board of tax assessors receives the taxpayer's notice of appeal, the property valuation asserted by the taxpayer on the property tax return or the taxpayer's notice of appeal shall become the assessed fair market value for the taxpayer's property for the tax year under appeal and subsection (c) of Code Section 48-5-299 shall apply.





## Georgia Department of Revenue

### Senate Bill 374 – Appeal: Hearing Officer

O.C.G.A. 48-5-311(e.1)(10) Each hearing officer shall be compensated by the county for time expended on ~~considering~~ **hearing** appeals. The compensation shall be paid at a rate of not less than ~~\$75.00~~ **\$100.00** per hour for the first hour and not less than \$25.00 per hour for each hour thereafter as determined by the county governing authority or as may be agreed upon by the parties with the consent of the county governing authority or as may be agreed upon by the parties with the consent of the county governing authority. Compensation pursuant to this paragraph shall be paid from the county treasury **or if the parties agree to pay compensation exceeding the minimum compensation set by this Code section by a combination of the parties as agreed on by the parties. The hearing officer shall receive such compensation** upon certification by the hearing officer of the hours expended in hearing of appeals.



# Georgia Department of Revenue

## Senate Bill 374 – Appeal: Arbitration

O.C.G.A. 48-5-311(f)(3)(C)(iii) The arbitrator, within 30 days after his or her appointment, shall set a time and place to hear evidence and testimony from both parties. The arbitrator shall provide written notice to the parties personally or by registered or certified mail or statutory overnight delivery not less than ~~ten~~ **21** days before the hearing. Such written notice shall advise each party that he or she may request a list of witnesses, documents, or other written evidence to be presented at the hearing by the other party. Such request must be made not less than ten days prior to the hearing date, and such information shall ~~must~~ be provided to the ~~other~~ **requesting** party not less than seven days prior to the time of the hearing. ~~Any and that any~~ failure to comply with this requirement, ~~unless waived by mutual written agreement of such parties;~~ shall be grounds for ~~a~~ **an automatic** continuance or for exclusion of such witnesses, document or other written evidence.



## Georgia Department of Revenue

### Senate Bill 374 – Appeal: Superior Court

O.C.G.A. 48-5-311(g)(2).....The taxpayer may exercise a one-time option to reschedule the settlement conference to a different date and time acceptable to the taxpayer, ~~but in no event later than 30 days from the date of the notice~~ during normal business hours. After a settlement conference has convened, the parties may agree to continue the settlement conference to a later date.....



## Georgia Department of Revenue

### Senate Bill 374 – Appeal: Superior Court

O.C.G.A. 48-5-311(g)(2).....If at the conclusion of the settlement conference the parties cannot ~~agree on a fair market value~~ reach an agreement, the written notice shall be provided to the taxpayer that the filing fees must be paid by the taxpayer to the clerk of the superior court within ~~ten~~ 20 days of the date of the conference, with a copy of the check deliver to the county board of tax assessors.



# Georgia Department of Revenue

## House Bill 729

Repeal state levy

Effective July 1, 2018



1. Repeals OCGA 48-5-8
2. Amends OCGA 48-6-65



# Georgia Department of Revenue

## House Bill 729: State Levy

Strikes Code Section 48-5-8

- Provided for state ad valorem tax levy and for ad valorem tax bill to include verbiage...

~~“...This gradual reduction and elimination of the state property tax and the reduction in your tax bill this year is the result of property tax relief passed by the Governor and the House of Representatives and the Georgia State Senate...”~~



## Georgia Department of Revenue

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### House Bill 729: Recording Intangible Tax

Modifies Code Section 48-6-61

Provides that intangible recording tax is due ....

**“...on any portion of the instrument which is an additional advance of indebtedness secured by a previously recorded instrument without regard to whether the original security instrument has been assigned...”**



# Georgia Department of Revenue

## House Bill 888

Changes Freeport Level 1 and 2  
Effective **July 1, 2018**

1. Summary, prescribed by DOR
2. Clerical errors
3. 180-day provision
4. Goods held by agent
5. Substantial assembly







# Georgia Department of Revenue

NEW  
Freeport  
Form

APPLICATION FOR FREEPORT INVENTORY EXEMPTION		TAX YEAR	IF ASSISTANCE NEEDED CALL	ACCOUNT NUMBER
See O.C.G.A. 48-5-48.1, 48-5-48.2, 48-5-48.5, and 48-5-48.6 RETURN COMPLETED FORM TO ADDRESS LISTED BELOW		DUE DATE	MAP AND PARCEL I.D. NO.	NAICS NO.
COUNTY NAME AND RETURN ADDRESS		TAXPAYER NAME AND ADDRESS		
The last day for filing this application to receive full exemption is shown in the DUE DATE box above.  If filing after the DUE DATE, a reduced exemption amount may be applicable as follows: if filed April 2- April 30 (66.67% of the full exemption), if filed May 1- May 31 (58.33%), if filed on June 1 (50%). Failure to file by June 1 shall constitute a waiver of the entire exemption for the year (0.0%)		BUSINESS PHYSICAL LOCATION		
		IF NAME OR MAILING ADDRESS IS INCORRECT, PROVIDE CORRECT DATA		
		NAME:		
		ADDRESS:		
		CITY, STATE, ZIP:		
1. Describe the type of business:				
2. Inventory values must be reported at 100% full cost at level of trade which includes freight, burden, overhead, and other charges as of January 1 of taxable year				
3. List the method of inventory valuation used: List the method of inventory cost identification:				
4. SUMMATION OF INVENTORY				
a. Total value of 'All Inventory' held on January 1 of taxable year \$				
b. Total value of all inventory held as 'Stock in Trade of a Retailer' as of January 1 of taxable year \$				
5. FREEPORT LEVEL '1' (NOTE: Not all counties offer Level 1 Freeport - check with county for appropriate exemption % for each category)				
a. "Finished Goods" held longer than 12 months \$				
b. Packaging materials (boxes, cartons, cases, fillers, labels, liners, pallets, plastic trays, shrink wrap, tape, etc.) \$				
c. Other expensed supplies (i.e. gasoline, medical supplies, office supplies, production supplies, safety gear, uniforms, etc.) \$				
d. Spare parts inventory \$				
e. Enter the 'FULL COST' for each category below and enter the combined 'FULL COST' for all categories here: → \$				
Category 1 - Raw materials and Goods in Process of a MANUFACTURER				
'FULL COST' Category 1 X* Exemption % = 'EXEMPTION AMOUNT'				
Category 2 - "Finished Goods" manufactured in Georgia held by original MANUFACTURER less than 12 months				
'FULL COST' Category 2 X* Exemption % = 'EXEMPTION AMOUNT'				
Line 5e - Category 3 - "Finished Goods" of DISTRIBUTOR held less than 12 months destined for out-of-state shipment				
'FULL COST' from Page 2, Line 8(e) X* Exemption % = 'EXEMPTION AMOUNT'				
Category 4 - "Stock in Trade of a FULLFILLMENT CENTER" held less than 12 months				
'FULL COST' Category 4 X* Exemption % = 'EXEMPTION AMOUNT'				
f. Apply the appropriate Level 1 exemption percentages above and enter the combined 'EXEMPTION AMOUNT' on this line. This represents the total Freeport Level '1' Exemption amount \$				
6. FREEPORT LEVEL '2' (NOTE: Not all counties offer Level 2 Freeport - check with county for appropriate exemption %)				
a. Enter total cost of all merchandise held as inventory from Line '4a' excluding amounts entered on Lines '5b', '5c', '5d', and '5e' \$				
b. Multiply Line '6a' by 'appropriate exemption %' for Level 2 Freeport and enter amount on this line. This represents the total applicable Freeport Level '2' Exemption amount. \$				
7. ATTACH AND FILE THIS FORM WITH PT50P-TAXPAYER RETURN				
a. Total Freeport '1' & '2' Exemption (add Lines '5f' and '6b' and enter amount here and on PT50P, Page 1, Line 'P') \$				
b. Total Taxable Inventory (Subtract Line '7a' from Line '4a and enter amount here and on PT50P, Page 1, Line 'I') \$				



# Georgia Department of Revenue

## House Bill 888

### Changes to Freeport Exemption

- Freeport application shall provide for a 'summary' (*formerly provided for 'schedule'*)
- Any clerical error, including but not limited to a typographical error, scrivener's error, or unintentional immaterial error or omission **shall not be construed as failure to file properly**
- Requires 'completed' application
- Board of tax assessors required to send letter of denial within **180 days** after receiving application or freeport exemption sought in application shall be deemed accepted in its entirety



# Georgia Department of Revenue

## House Bill 888 (Cont.)

### Changes to Freeport Exemption

- exemption of goods in the process of manufacture adds '**combined**' to the following definition...

"...tangible personal property which is substantially modified, altered, '**combined**', or changed in the ordinary course of the taxpayer's manufacturing, processing, or production operations in this state..."

- Substantial modification in the ordinary course of manufacturing, processing or production operations adds and includes "...**the substantial assembly of finished parts...**"



# Georgia Department of Revenue

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## House Bill 888 (Cont.)

### Changes to Freeport Exemption

- Any document filed under freeport exemption shall be considered timely filed if the postal date on the mailed document, **whether metered or stamped**, is on or before the date the county closes the book for the return of taxes (April 1<sup>st</sup>)
- Any document properly and timely filed and incorrectly determined to be untimely filed, upon sufficient proof, shall entitle the applicant to a credit against future ad valorem assessments which improperly denied the application



# Georgia Department of Revenue

## Senate Bill 458

Changes Conservation Use Assessment  
Effective **July 1, 2018**

1. BTA may not require plat or survey
2. Qualified non-profit owners
3. Documents regarding proof of use
4. Final appeal determinations
5. Breach by family farm entity





## Georgia Department of Revenue

### Senate Bill 458-CUVA: Ownership

- Qualified owners include...
  - A non profit organization designated under 501(c)(3) of Internal Revenue Code *(formerly only nonprofit 'conservation' organizations under 501(c)(3) were qualified owners)*
  - A bona fide club organized for pleasure, recreation and other nonprofitable purposes *(formerly such clubs had to be organized pursuant to Section 501(c)(7) of the Internal Revenue Code)*



## Georgia Department of Revenue

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### Senate Bill 458-CUVA: Recorded Plats

Added in regards to residential property on cuva property...

*"...The board of tax assessors shall not require a recorded plat or survey to set the boundaries of the underlying property..."*



## Georgia Department of Revenue

### Senate Bill 458-CUVA: Less than 10 acres

Provisions requiring additional relevant records regarding proof of bona fide conservation use if tract or parcel is less than 10 acres shall not apply if one of the following are provided...

- Proof of schedule E, schedule F or form 4835 being filed with the Internal Revenue Service pertaining to such property, or
- Proof that owner has incurred expenses for the qualifying use, or
- Proof that owner has generated income from the qualifying use





## Georgia Department of Revenue

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### **Senate Bill 458-CUVA: 10 acres or more**

Provisions requiring additional relevant records regarding proof of bona fide conservation use shall not apply if tract or parcel totals 10 acres or more for qualified property that on or after May 1, 2012 is either first made subject to a covenant or subject to renewal of a previous covenant



## Georgia Department of Revenue

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### **Senate Bill 458-CUVA: Litigation Court Costs**

If final determination on appeal to superior court is approval of application...taxpayer shall recover costs of litigation and reasonable attorney's fees.



## Georgia Department of Revenue

### Senate Bill 458-CUVA: Refunds

- If final determination causes refund...
  - Refund must be paid within 60 days and include interest from due date or date paid, whichever later, through date of final determination of value, subject to \$5,000 limit
  - Any refund paid after the sixtieth day from final determination of value accrues additional interest from the sixty-first day not subject to \$5,000 limit



## Georgia Department of Revenue

### **Senate Bill 458-CUVA: Additional tax owed**

If final determination creates additional tax due

- taxpayer given 60 days to pay adjusted bill
- once 60 day payment period is expired, bill is past due and interest accrues from original due date
- once past due all other fees, penalties and late and collection notices apply



## Georgia Department of Revenue

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### **Senate Bill 458-CUVA: Breach Court Costs**

If final determination on appeal to superior court reverses board of tax assessors decision to breach the covenant...taxpayer shall recover costs of litigation and reasonable attorney's fees in the action



## Georgia Department of Revenue

### Senate Bill 458-CUVA: Breach Penalty

#### CUVA breach penalty assessment

- Still twice the tax savings - but no penalty imposed until the appeal of board of assessors' determination of breach is concluded
- Once final determination of breach then taxpayer given 60 days to make payment before any interest is added (formerly breach penalty bill had to bear interest from the date of breach)
- Once 60 days has past interest accrues from "...the original billing due date..." and once past due all other fees, penalties and collection notices apply



## Georgia Department of Revenue

### Senate Bill 458-CUVA: Family Farm Entity

Breach penalty is tax savings in year of breach only if...

- 1) breach is solely a result of a **family owned farm entity** electing to discontinue the property in its qualifying use *and*,
- 2) the owner has **renewed at least once, without an intervening lapse** and has kept property in qualifying use **under the renewal covenant for at least three years** *and*,
- 3) any current shareholder, member or partner with has **reached the age of 65 and has held a beneficial interest since the time of the immediately preceding covenant.**

...election shall be in writing...



# Georgia Department of Revenue

## House Bill 381

### Abandoned Mobile Home Act

1. Defines 'derelict' and 'intact'
2. Landowner may request gov't to assess condition
3. If intact – landowner may file lien
4. If derelict – gov't posts property regarding magistrate hearing on landowners right to dispose of mobile home
5. Magistrate court hearing regarding finding of 'derelict'
6. If derelict – MH may be removed and title is surrendered
7. In either case – lien filed by landowner may be foreclosed
8. Unclaimed excess funds go to county or city treasury







# Georgia Department of Revenue

## House Bill 871

### Sales Tax Exemption on Mobile Home

50% sales tax exemption on sale of Mobile Home

- Must be installed on purchaser's real property
- Dealer must file for Certificate of Permanent Location within 30 days of retail sale
- Applicable to state sales tax





# Georgia Department of Revenue

## House Bill 661

### Electronic state liens

- Amended the provisions of HB375, passed in 2017
- State liens must be recorded in the county where the real property is located in order to attach to such real property.
- Removed requirements for certificate of lien clearance





# Georgia Department of Revenue

## COURT CASES

Bridges v Collins-Hooten

Suntrust v Douglas Co

DLT v M7Ven

Coleman v Glynn Co

Columbus BTA v Medical Center Hospital Auth

Hall BTA v Westrec Prop





# Georgia Department of Revenue

**Bridges et al v Collins-Hooten et al**  
**Georgia Court of Appeals**  
**Decided 11-1-16**



**Excess Funds**





# Georgia Department of Revenue

## Suntrust Bank v Tax Comm Douglas County Georgia Court of Appeals Decided 2-20-18



**Excess Funds**





# Georgia Department of Revenue

**DLT List LLC et al. v M7Ven Supp Housing Dev**  
**Georgia Supreme Court**  
**Decided 5-15-17**







# Georgia Department of Revenue

## Coleman et al. v Glynn Co Georgia Georgia Court of Appeals Decided 1-22-18



**Glynn County, Georgia**  
**PROPERTY TAXATION**

Page 1 of 1

**Owner Information**

Property Location:  
**161 ANGUILLA DR  
BRUNSWICK 31523**

Owner:  
**DARELL L CARVER Since Sep2002**  
161 ANGUILLA DR  
BRUNSWICK GA 31523

Parcel ID: 03-07654  
Effective Year: 1989  
Class: SFR Single Family Residence

**Tax Information**

Levy Description	CURRENT FISCAL YEAR 2017		Rate/\$1000	Annual Taxes
	Assessment	Exemption		
Capital Project	63,120	45,979	0.4900	\$8.40
Fire	63,120	45,979	2.0800	\$35.65
General County M&O	63,120	45,979	7.3830	\$126.55
General School	63,120	63,120	16.1570	
Solid Waste Service Fee				\$125.00
State of Georgia				
Total Current Fiscal Year Taxes	63,120	63,120	0.0000	\$295.60



# Georgia Department of Revenue

## Columbus Assrs v Medical Cntr Hosp Auth Georgia Supreme Court Decided 10-16-17



**Exemption**







# Georgia Department of Revenue

## Hall Assrs v Westrec Properties Georgia Supreme Court Decided 1-29-18





## Georgia Department of Revenue

# THANK YOU!

**For Educational Purposes Only:** The material within is intended to give the course participant a solid understanding of general principles in the subject area. As such, the material may not necessarily reflect the official procedure and policies of the Georgia Department of Revenue or the Department's official interpretation of the laws of the State of Georgia. The applicability to specific situations must be determined on a case-by-case basis.