

2017 Legislative Update
February 22, 2017
WinGAP Business Meeting

HB 4

- **Taxes must be current to apply or reapply for CUVA**
- **CUVA is breached if taxes become delinquent**

HB 85

- **Removes the 2008 base year value on which the reimbursement for FLPA is figured**
- **Create new Statute 48-5-600 through 604**
- **New statute defines what a Qualified Owner is**
- **What a Qualified timberland property is**
- **What Timberland property is**

HB 85 Continued 601

- **Qualified timberland property will be valued with a methodology restricted to ability to generate income from the production of timber**
- **The Revenue Commissioner shall annually prescribe such appraisal methodology and publish a manual annually by June 1 for the next tax year**
- **The commissioner shall have access to qualified timberland property for the purpose of conducting appraisals after notice to owner**
- **Taxpayer or BOA may challenge methodology before the Georgia Tax Tribunal**

HB 85 602

- **The commissioner shall certify as a qualified owner any individual or entity whose primary purpose is commercial production of timber**
- **They must register with the commissioner**
- **Certify to commissioner that they are commercial producers of timber**

HB 85 603

48-5-603.

(a) The commissioner shall certify as qualified timberland property any timberland property that is titled to a qualified owner, provided that such qualified owner:

(1) Submits a list of all parcels to the commissioner that contain timberland property and that identify the specific portions of such parcels that are timberland property; and

(2) Certifies that such qualified owner does not intend to develop or sell for development any portion of such timberland property as residential property of 20 acres or less.

(b) The list provided for in subsection (a) of this Code section shall be certified by the qualified owner and shall be updated annually.

(c) The commissioner shall be authorized to conduct an audit of any list submitted pursuant to this Code section.

HB 85 604

- **Authorizes commissioner to prescribe forms and promulgate rules and regs to implement**

HB 85 48-5A-5

- **Commissioner shall deduct 1% of grant for administrative cost.**

HR 51 Ballot Resolution to enable HB 85

- **A fee not to exceed 5% of grant for reimbursement**

YES Shall the Constitution of Georgia be amended so as to revise the prescribed methodology for establishing the fair market value of forest land conservation use property, to provide that up to 5 percent of assistance grants related to forest land conservation use property may be deducted and retained by the state revenue commissioner to provide for state administrative costs, and to provide for the subclassification of timberland property for ad valorem taxation purposes?"

NO

HB 85 Thoughts Larry Ramsey, ACCG

As promised, please see the attached substitutes to HR 51 and HB 85 regarding FLPA and timber valuation. HR 51 is the proposed constitutional amendment that would do a couple of things. First, it removes the existing language tying forest land conservation property to 2008 values. Second, (p. 3, l. 82) it defines "timberland property" and authorizes the General Assembly to establish timberland property as a separate class of property.

HB 85 Thoughts Larry Ramsey, ACCG

HB 85 would be the general law contemplated by HR 51. As to FLPA/forest land conservation property, the only change is to again remove the 2008 valuation language. It then sets up a new article re: valuation of qualified timberland property. For this category of property, this bill appears to do two primary things: first, DOR is to develop the "methodology" for valuing timberland property each year. While I believe the bill still isn't clear, the idea is that DOR will actually appraise the timberland properties (p. 2, ll. 57-59). Also, the methodology is limited to the income approach and use of such property for commercial timber production. The bill says a board of assessors may appeal DOR's methodology each year. The DOR would also be required to have a registration process for certifying "qualified timberland property" and "qualified owners".

HB 85 Thoughts Joe Scheuer, ACCG

- 1) It seems that the amount of the assistance grants can decrease. The new math is for a tax year is you subtract the FLPA value from FMV. If the difference is 3% or less, then the assistance grant is 50% of the reduction amount. If more than 3%, then the first 3% is 50% of the reduction amount and the remainder of the reduction amount is at 100%. Currently, the baseline for subtraction is NOT current FMV but is tied to an indexed 2008 value.
- 2) the General Assembly can allow for UP To 5% to be deducted from the assistance grants for implementation purposes.
- 3) The ramifications of allowing timberland to be a separate class are that the General Assembly can AT ANYTIME do what it wants to timber values with NO restrictions whatsoever.

HB 85 Thoughts Joe Scheuer, ACCG

SECOND on the implementing general bill:

- 1) The new material on timberland can be altered at any time in the future.
- 2) The deduction from assistance grants is initially set at 1% (but the constitution would allow it to be increased at any time up to 5%).

HB 95 and HB 99

- **Appear to make the 35% of CUVA value associated with sales only apply to sales that are bought for existing use**
- **65% is currently based on productivity**

HB 195

- **Exemption for non profit home for the mentally disabled would extend to LLC's owned by the home or if owned by an entity that uses tax credits for the homes financed.**

HB 204

- **Eliminates fees on tax bills.**

HB 209

- **Disabled Veteran would get a refund of any taxes paid during the approval process. Retroactive to the date VA certifies eligibility**

HB 238

- **No breach of CUVA Covenant if Solar Panels installed.**
- **The CUVA would continue on the rest of Covenant and Solar Farm would pay on non CUVA value.**

HB 285

- **LIHTC bill**
- **48-5-2 Shall apply section of FMV (SHALL APPLY)**
- **Higher operating cost of regulatory requirements**
- **Sales of unrestricted market rate properties shall not be considered as comparable**
- **May only use comparable sales that also had unused tax credits that were transferred**
- **Income Tax credits are not income for the property to be used for valuation purposes**

HB 290

- **Leased Purchase Farm equipment would be exempt if used in direct production of farm products**

HB 347

- **"(3) 'Fair market value of property' means the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property at an arm's length, bona fide sale. The income approach, if actual income and expense data is available are supplied by the property owner, shall be considered applied in determining the fair market value of income-producing property. For purposes of this subparagraph, income and expense data prepared by the commissioner pursuant to Code Section 48-5-269 may be used in addition to actual income and expense data.**

HB 347 Continued

- 48-5-304(b)(1) The commissioner shall not approve any digest or portion thereof for any class or strata of property where evidence ~~exists~~ establishes that the county board of tax assessors has ~~substantially~~ failed to comply with the provisions of this title or the rules and regulations of the commissioner for valuation of such property or class or strata of property. Such evidence shall include, but not be limited to, a submission to the commissioner, in writing, by a taxpayer alleging such failure by the board of tax assessors.

HB 347 Continued

- **Revenue Commissioner investigates and in 10 days notify BOA, TC taxpayer**
- **Submit rebuttal within 30 days**
- **Conclude investigation in 90 days and issue findings**
- **If evidence supports commissioner he\she shall disapprove digest**
- **BOA must correct and submit corrections to commissioner**

HB 347 Continued

- **BOE must advise taxpayer on the Appraisal Procedure Manual? BOE Manual? At the time the date of the hearing is sent to the taxpayer.**
- **Copy must be sent to taxpayer if requested.**
- **If BOE does not have the manual, taxpayer gets their value.**

HB 373 CUVA Bill

- **BOA shall not require a plat or survey to break the 2 acres of underlying property out on CUVA**
- **Less than 10 acre test**
- **Proof of incurring expenses for qualifying use**
- **Affidavit where owner swears he has incurred or plans to incur expenses for qualifying use within 24 months,**
- **Proof owner has generated income from use**
- **Affidavit in which owner swear that he has generated or plans to generate income within 24 months.**

HB 373 Continued

- **If they qualified as of May 1, 2012 no additional proof for renewal can be required by BOA.**
- **IF CUVA denial goes to Superior Court and taxpayer is approved County pays taxpayers litigation cost.**
- **County must pay interest on denied CUVA if Court grants it.**

HB 374 33 Pages and growing

HB374	2.20.17	Returns, notices and appeals
Section 1	48-5-10	
Line(s) 13-16	Allows electronic returns	
Section 2	48-5-306	
Line(s) 79-80, 82-83	Reducing \$750k to \$500k for binding arbitration	
Section 3	48-5-311	
Lines(s) 232	Requires BOE to have 40 hours of training prior to hearing an appeal	
Lines(s) 322-312	Limits BOE to three terms in a lifetime	
Lines(s) 400-401	Reducing \$750k to \$500k for hearing officer	
Lines 485-487, 503-505	Allows for agreed upon electronic documentation to be passed between BOA and BOE	
Lines(s) 567-568	Request of appeal documents shall be made no less than ten days prior to appeal hearing	
Line(s) 653-654	Allows BOA and TP to agree on value any time during the appeal process	
Lines(s) 659-663	30-day notice is not subject to 3-year lock	
Lines(s) 673, 687	Reducing \$750k to \$500k for hearing officer	
Line(s) 778-783	Hearing officer pay increase from \$75 to \$100 and anyone can pay the fee.	
Line(s) 962-964	Allows settlement conference to be continued	

SB 167

- **Disabled Veteran S5**
- **Exemption raised to 77,300**
- **Allows a child who qualifies for homestead and mother / father occupy their home and could otherwise qualify for veterans exemption would be entitled to parent disabled veterans exemption**

SR 104

- **State shall not impose any ad valorem millage.**