

House Bill 300

By: Representatives Mayo of the 84<sup>th</sup>, Mitchell of the 88<sup>th</sup>, and Bennett of the 94<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Code Section 48-5-2 of the Official Code of Georgia Annotated, relating to  
2 definitions regarding ad valorem taxation of property, so as to change a definition of fair  
3 market value; to provide for related matters; to provide for an effective date; to repeal  
4 conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Code Section 48-5-2 of the Official Code of Georgia Annotated, relating to definitions  
8 regarding ad valorem taxation of property, is amended by revising paragraph (3) as follows:  
9 "(3) 'Fair market value of property' means the amount a knowledgeable buyer would pay  
10 for the property and a willing seller would accept for the property at an arm's length, bona  
11 fide sale. The income approach, if data is available, shall be considered in determining  
12 the fair market value of income-producing property. Notwithstanding any other provision  
13 of this chapter to the contrary, ~~the transaction amount of the most recent arm's length,~~  
14 ~~bona fide sale in any year shall be the maximum allowable fair market value for the next~~  
15 ~~taxable year~~ the fair market value of property shall be based on the average value of the  
16 property over the previous seven years. In the case of real property, the average value of  
17 the property over the previous seven years shall be determined using the criteria in  
18 subparagraph (B) of this paragraph. With respect to the valuation of equipment,  
19 machinery, and fixtures when no ready market exists for the sale of the equipment,  
20 machinery, and fixtures, fair market value may be determined by resorting to any  
21 reasonable, relevant, and useful information available, including, but not limited to, the  
22 original cost of the property, any depreciation or obsolescence, and any increase in value  
23 by reason of inflation. Each tax assessor shall have access to any public records of the  
24 taxpayer for the purpose of discovering such information.

25 (A) In determining the fair market value of a going business where its continued  
26 operation is reasonably anticipated, the tax assessor may value the equipment,

27 machinery, and fixtures which are the property of the business as a whole where  
28 appropriate to reflect the accurate fair market value.

29 (B) The tax assessor shall apply the following criteria in determining the fair market  
30 value of real property:

- 31 (i) Existing zoning of property;
- 32 (ii) Existing use of property, including any restrictions or limitations on the use of  
33 property resulting from state or federal law or rules or regulations adopted pursuant  
34 to the authority of state or federal law;
- 35 (iii) Existing covenants or restrictions in deed dedicating the property to a particular  
36 use;
- 37 (iv) Bank sales, other financial institution owned sales, or distressed sales, or any  
38 combination thereof, of comparable real property;
- 39 (v) Decreased value of the property based on limitations and restrictions resulting  
40 from the property being in a conservation easement; ~~and~~
- 41 (vi) The average value of the property over the previous seven years; and
- 42 ~~(vi)~~(vii) Any other existing factors provided by law or by rule and regulation of the  
43 commissioner deemed pertinent in arriving at fair market value.

44 (B.1) The tax assessor shall not consider any income tax credits with respect to real  
45 property which are claimed and granted pursuant to either Section 42 of the Internal  
46 Revenue Code of 1986, as amended, or Chapter 7 of this title in determining the fair  
47 market value of real property.

48 (B.2) In determining the fair market value of real property, the tax assessor shall not  
49 include the value of any intangible assets used by a business, wherever located,  
50 including patents, trademarks, trade names, customer agreements, and merchandising  
51 agreements.

52 (C) Fair market value of 'historic property' as such term is defined in subsection (a) of  
53 Code Section 48-5-7.2 means:

- 54 (i) For the first eight years in which the property is classified as 'rehabilitated historic  
55 property,' the value equal to the greater of the acquisition cost of the property or the  
56 appraised fair market value of the property as recorded in the county tax digest at the  
57 time preliminary certification on such property was received by the county board of  
58 tax assessors pursuant to subsection (c) of Code Section 48-5-7.2;
- 59 (ii) For the ninth year in which the property is classified as 'rehabilitated historic  
60 property,' the value of the property as determined by division (i) of this subparagraph  
61 plus one-half of the difference between such value and the current fair market value  
62 exclusive of the provisions of this subparagraph; and

63 (iii) For the tenth and following years, the fair market value of such property as  
 64 determined by the provisions of this paragraph, excluding the provisions of this  
 65 subparagraph.

66 (D) Fair market value of 'landmark historic property' as such term is defined in  
 67 subsection (a) of Code Section 48-5-7.3 means:

68 (i) For the first eight years in which the property is classified as 'landmark historic  
 69 property,' the value equal to the greater of the acquisition cost of the property or the  
 70 appraised fair market value of the property as recorded in the county tax digest at the  
 71 time certification on such property was received by the county board of tax assessors  
 72 pursuant to subsection (c) of Code Section 48-5-7.3;

73 (ii) For the ninth year in which the property is classified as 'landmark historic  
 74 property,' the value of the property as determined by division (i) of this subparagraph  
 75 plus one-half of the difference between such value and the current fair market value  
 76 exclusive of the provisions of this subparagraph; and

77 (iii) For the tenth and following years, the fair market value of such property as  
 78 determined by the provisions of this paragraph, excluding the provisions of this  
 79 subparagraph.

80 (E) Timber shall be valued at its fair market value at the time of its harvest or sale in  
 81 the manner specified in Code Section 48-5-7.5.

82 (F) Fair market value of 'brownfield property' as such term is defined in subsection (a)  
 83 of Code Section 48-5-7.6 means:

84 (i) Unless sooner disqualified pursuant to subsection (e) of Code Section 48-5-7.6,  
 85 for the first ten years in which the property is classified as 'brownfield property,' or  
 86 as this period of preferential assessment may be extended pursuant to subsection (o)  
 87 of Code Section 48-5-7.6, the value equal to the lesser of the acquisition cost of the  
 88 property or the appraised fair market value of the property as recorded in the county  
 89 tax digest at the time application was made to the Environmental Protection Division  
 90 of the Department of Natural Resources for participation under Article 9 of Chapter  
 91 8 of Title 12, the 'Georgia Hazardous Site Reuse and Redevelopment Act,' as  
 92 amended; and

93 (ii) Unless sooner disqualified pursuant to subsection (e) of Code Section 48-5-7.6,  
 94 for the eleventh and following years, or at the end of any extension of this period of  
 95 preferential assessment pursuant to subsection (o) of Code Section 48-5-7.6, the fair  
 96 market value of such property as determined by the provisions of this paragraph,  
 97 excluding the provisions of this subparagraph."

98

**SECTION 2.**

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

101

**SECTION 3.**

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