

The House Committee on Ways and Means offers the following substitute to HB 80:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
2 taxation, so as to revise provisions of law regarding state and local title ad valorem tax fees;
3 to revise definitions regarding such fees; to revise the time for submitting such fees and
4 penalties for failure to submit such fees timely; to provide for the payment of such fees over
5 time in certain circumstances; to clarify the provisions of law regarding rental and leased
6 motor vehicles; to extend the period of time which a loaner vehicle may be removed from
7 inventory; to provide for a title ad valorem tax fee for rental and leased vehicles; to clarify
8 the provisions of law regarding the application of title ad valorem tax fees to certain title
9 transactions; to provide for motor vehicles titled in other states but based in this state; to
10 exclude the application of certain sales and use taxes to motor vehicle sales and leases; to
11 provide for related matters; to provide for an effective date; to repeal conflicting laws; and
12 for other purposes.

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

14 **SECTION 1.**

15 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
16 amended by revising Code Section 48-5C-1, relating to definitions, exemption from taxation,
17 allocation and disbursement of proceeds collected by tag agents, fair market value of vehicle
18 appealable, and reports, as follows:

19 "48-5C-1.

20 (a) As used in this Code section, the term:

21 (1) 'Fair market value of the motor vehicle' means:

22 (A) ~~The~~ For a used motor vehicle, the greater of the retail selling price or, in the case
23 of a lease of a used motor vehicle, the agreed upon value of the vehicle pursuant to the
24 lease agreement or the average of the current fair market value and the current
25 wholesale value of a motor vehicle for a vehicle listed in the current motor vehicle ad
26 valorem assessment manual utilized by the state revenue commissioner in determining

27 the taxable value of a motor vehicle under Code Section 48-5-442, less any reduction
 28 for the trade-in value of another motor vehicle and any rebate or any cash discounts
 29 provided by the selling dealer and taken at the time of sale. The retail selling price or
 30 agreed upon value shall include any charges for labor, freight, delivery, and similar
 31 charges and dealer add-ons and mark-ups, but shall not include any extended warranty
 32 or maintenance agreement itemized on the dealer's invoice to the customer or any
 33 finance, insurance, and interest charges for deferred payments billed separately;

34 (B) For a used motor vehicle which is not so listed in such current motor vehicle ad
 35 valorem assessment manual, the ~~value~~ retail selling price from the bill of sale or the
 36 value from a reputable used car market guide designated by the commissioner,
 37 whichever is greater, and, in the case of a used car dealer, less any reduction for the
 38 trade-in value of another motor vehicle and any rebate or any cash discounts provided
 39 by the selling dealer and taken at the time of sale. In the case of a used car dealer, the
 40 value shall include any charges for labor, freight, delivery, and similar charges and
 41 dealer add-ons and mark-ups, but shall not include any extended warranty or
 42 maintenance agreement itemized on the dealer's invoice to the customer or any finance,
 43 insurance, and interest charges for deferred payments billed separately; or

44 (C) ~~The fair market value determined by the state revenue commissioner from the bill~~
 45 ~~of sale of a new motor vehicle for which there is no value under subparagraph (A) of~~
 46 ~~this paragraph, less any rebate and before any reduction for the trade-in value of another~~
 47 ~~motor vehicle. For a new motor vehicle, the greater of the retail selling price or, in the~~
 48 ~~case of a lease of a new motor vehicle, the agreed upon value of the vehicle pursuant~~
 49 ~~to the lease agreement or the average of the current fair market value and the current~~
 50 ~~wholesale value of a motor vehicle for a vehicle listed in the current motor vehicle ad~~
 51 ~~valorem assessment manual utilized by the state revenue commissioner in determining~~
 52 ~~the taxable value of a motor vehicle under Code Section 48-5-442, less any reduction~~
 53 ~~for the trade-in value of another motor vehicle and any rebate or any cash discounts~~
 54 ~~provided by the selling dealer and taken at the time of sale. The retail selling price or~~
 55 ~~agreed upon value shall include any charges for labor, freight, delivery, and similar~~
 56 ~~charges and dealer add-ons and mark-ups, but shall not include any extended warranty~~
 57 ~~or maintenance agreement itemized on the dealer's invoice to the customer or any~~
 58 ~~finance, insurance, and interest charges for deferred payments billed separately.~~

59 (2) 'Immediate family member' means spouse, parent, child, sibling, grandparent, or
 60 grandchild.

61 (3) 'Loaner vehicle' means a motor vehicle owned by a dealer which is withdrawn
 62 temporarily from dealer inventory for exclusive use as a courtesy vehicle loaned at no

63 charge for a period not to exceed 30 days within a ~~calendar year~~ 366 day period to any
64 one customer whose motor vehicle is being serviced by such dealer.

65 (4) 'Rental charge' means the total value received by a rental motor vehicle concern for
66 the rental or lease for 31 or fewer consecutive days of a rental motor vehicle, including
67 the total cash and nonmonetary consideration for the rental or lease, including, but not
68 limited to, charges based on time or mileage and charges for insurance coverage or
69 collision damage waiver but excluding all charges for motor fuel taxes or sales and use
70 taxes.

71 (5) 'Rental motor vehicle' means a motor vehicle designed to carry ~~ten~~ 44 or fewer
72 passengers and used primarily for the transportation of persons or property that is rented
73 or leased without a driver.

74 (6) 'Rental motor vehicle concern' means a person or legal entity which owns or leases
75 five or more rental motor vehicles and which regularly rents or leases such vehicles to the
76 public for value.

77 (7) 'Trade-in value' means the value of the motor vehicle as stated in the bill of sale for
78 a vehicle which has been traded in to the dealer in a transaction involving the purchase
79 of another vehicle from the dealer.

80 (b)(1)(A) Except as otherwise provided in this subsection, any motor vehicle for which
81 a title is issued in this state on or after March 1, 2013, shall be exempt from sales and
82 use taxes to the extent provided under paragraph ~~(92)~~ (95) of Code Section 48-8-3 and
83 shall not be subject to the ad valorem tax as otherwise required under Chapter 5 of ~~Title~~
84 ~~48~~ this title. Any such motor vehicle shall be titled as otherwise required under Title
85 40 but shall be subject to a state title fee and a local title fee which shall be alternative
86 ad valorem taxes as authorized by Article VII, Section I, Paragraph III(b)(3) of the
87 Georgia Constitution. Motor vehicles registered under the International Registration
88 Plan shall not be subject to state and local title ad valorem tax fees but shall continue
89 to be subject to apportioned ad valorem taxation under Article 10 of Chapter 5 of this
90 title.

91 (B)(i) As used in this subparagraph, the term:

92 (I) 'Local base amount' means \$1 billion.

93 (II) 'Local current collection amount' means the total amount of sales and use taxes
94 on the sale of motor vehicles under Chapter 8 of this title and motor vehicle local
95 ad valorem tax proceeds ~~collected~~ under this Code section and Chapter 5 of this title
96 which were collected during the calendar year which immediately precedes the tax
97 year in which the title ad valorem tax adjustments are required to be made under this
98 subparagraph.

99 (III) 'Local target collection amount' means an amount equal to the local base
 100 amount added to the product of 2 percent of the local base amount multiplied by the
 101 number of years since 2012 with a maximum amount of \$1.2 billion.

102 (IV) 'State base amount' means \$535 million.

103 (V) 'State current collection amount' means the total amount of sales and use taxes
 104 on the sale of motor vehicles under Chapter 8 of this title and motor vehicle state ad
 105 valorem tax proceeds ~~collected~~ under this Code section and Chapter 5 of this title
 106 which were collected during the calendar year which immediately precedes the tax
 107 year in which the state and local title ad valorem tax rate is to be reviewed for
 108 adjustment under division (xiv) of this subparagraph. Notwithstanding the other
 109 provisions of this subdivision to the contrary, the term 'state current collection
 110 amount' for the 2014 calendar year for the purposes of the 2015 review under
 111 division (xiv) of this subparagraph shall be adjusted so that such amount is equal to
 112 the amount of motor vehicle state ad valorem tax proceeds that would have been
 113 collected under this Code section in 2014 if the combined state and local title ad
 114 valorem tax rate was 7 percent of the fair market value of the motor vehicle less any
 115 trade-in value plus the total amount of motor vehicle state ad valorem tax proceeds
 116 collected under Chapter 5 of this title during 2014.

117 (VI) 'State target collection amount' means an amount equal to the state base
 118 amount added to the product of 2 percent of the state base amount multiplied by the
 119 number of years since 2012.

120 (ii) The combined state and local title ad valorem tax shall be at a rate equal to:

121 (I) For the period commencing March 1, 2013, through December 31, 2013, 6.5
 122 percent of the fair market value of the motor vehicle ~~less any trade-in value~~;

123 (II) For the 2014 tax year, 6.75 percent of the fair market value of the motor vehicle
 124 ~~less any trade-in value~~; and

125 (III) Except as provided in division (xiv) of this subparagraph, for the 2015 and
 126 subsequent tax years, 7 percent of the fair market value of the motor vehicle ~~less~~
 127 ~~any trade-in value~~.

128 (iii) For the period commencing March 1, 2013, through December 31, 2013, the
 129 state title ad valorem tax shall be at a rate equal to 57 percent of the tax rate specified
 130 in division (ii) of this subparagraph, and the local title ad valorem tax shall be at a rate
 131 equal to 43 percent of the tax rate specified in division (ii) of this subparagraph.

132 (iv) For the 2014 tax year, the state title ad valorem tax shall be at a rate equal to 55
 133 percent of the tax rate specified in division (ii) of this subparagraph, and the local title
 134 ad valorem tax shall be at a rate equal to 45 percent of the tax rate specified in
 135 division (ii) of this subparagraph.

136 (v) For the 2015 tax year, the state title ad valorem tax shall be at a rate equal to 55
137 percent of the tax rate specified in division (ii) of this subparagraph, and the local title
138 ad valorem tax shall be at a rate equal to 45 percent of the tax rate specified in
139 division (ii) of this subparagraph.

140 (vi) For the 2016 tax year, except as otherwise provided in division (xiii) of this
141 subparagraph, the state title ad valorem tax shall be at a rate equal to 53.5 percent of
142 the tax rate specified in division (ii) of this subparagraph, and the local title ad
143 valorem tax shall be at a rate equal to 46.5 percent of the tax rate specified in division
144 (ii) of this subparagraph.

145 (vii) For the 2017 tax year, except as otherwise provided in divisions (xiii) and (xiv)
146 of this subparagraph, the state title ad valorem tax shall be at a rate equal to 44 percent
147 of the tax rate specified in division (ii) of this subparagraph, and the local title ad
148 valorem tax shall be at a rate equal to 56 percent of the tax rate specified in division
149 (ii) of this subparagraph.

150 (viii) For the 2018 tax year, except as otherwise provided in division (xiii) of this
151 subparagraph, the state title ad valorem tax shall be at a rate equal to 40 percent of the
152 tax rate specified in division (ii) of this subparagraph, and the local title ad valorem
153 tax shall be at a rate equal to 60 percent of the tax rate specified in division (ii) of this
154 subparagraph.

155 (ix) For the 2019 tax year, except as otherwise provided in divisions (xiii) and (xiv)
156 of this subparagraph, the state title ad valorem tax shall be at a rate equal to 36 percent
157 of the tax rate specified in division (ii) of this subparagraph, and the local title ad
158 valorem tax shall be at a rate equal to 64 percent of the tax rate specified in division
159 (ii) of this subparagraph.

160 (x) For the 2020 tax year, except as otherwise provided in division (xiii) of this
161 subparagraph, the state title ad valorem tax shall be at a rate equal to 34 percent of the
162 tax rate specified in division (ii) of this subparagraph, and the local title ad valorem
163 tax shall be at a rate equal to 66 percent of the tax rate specified in division (ii) of this
164 subparagraph.

165 (xi) For the 2021 tax year, except as otherwise provided in division (xiii) of this
166 subparagraph, the state title ad valorem tax shall be at a rate equal to 30 percent of the
167 tax rate specified in division (ii) of this subparagraph, and the local title ad valorem
168 tax shall be at a rate equal to 70 percent of the tax rate specified in division (ii) of this
169 subparagraph.

170 (xii) For the 2022 and all subsequent tax years, except as otherwise provided in
171 division (xiii) of this subparagraph for tax years 2022, 2023, and 2024 and except as
172 otherwise provided in division (xiv) of this subparagraph for tax year 2023, the state

173 title ad valorem tax shall be at a rate equal to 28 percent of the tax rate specified in
174 division (ii) of this subparagraph, and the local title ad valorem tax shall be at a rate
175 equal to 72 percent of the tax rate specified in division (ii) of this subparagraph.

176 (xiii) Beginning in 2016, by not later than January 15 of each tax year through the
177 2022 tax year, the state revenue commissioner shall determine the local target
178 collection amount and the local current collection amount for the preceding calendar
179 year. If such local current collection amount is equal to or within 1 percent of the
180 local target collection amount, then the state title ad valorem tax rate and the local title
181 ad valorem tax rate for such tax year shall remain at the rate specified in this
182 subparagraph for that year. If the local current collection amount is more than 1
183 percent greater than the local target collection amount, then the local title ad valorem
184 tax rate for such tax year shall be reduced automatically by operation of this division
185 by such percentage amount as may be necessary so that, if such rate had been in effect
186 for the calendar year under review, the local current collection amount would have
187 produced an amount equal to the local target collection amount, and the state title ad
188 valorem tax rate for such tax year shall be increased by an equal amount to maintain
189 the combined state and local title ad valorem tax rate at the rate specified in
190 division (ii) of this subparagraph. If the local current collection amount is more than
191 1 percent less than the local target collection amount, then the local title ad valorem
192 tax rate for such tax year shall be increased automatically by operation of this division
193 by such percentage amount as may be necessary so that, if such rate had been in effect
194 for the calendar year under review, the local current collection amount would have
195 produced an amount equal to the local target collection amount, and the state title ad
196 valorem tax rate for such tax year shall be reduced by an equal amount to maintain the
197 combined state and local title ad valorem tax rate at the rate specified in division (ii)
198 of this subparagraph. In the event of an adjustment of such ad valorem tax rates, by
199 not later than January 31 of such tax year, the state revenue commissioner shall notify
200 the tax commissioner of each county in this state of the adjusted rate amounts. The
201 effective date of such adjusted rate amounts shall be January 1 of such tax year.

202 (xiv) In tax years 2015, 2018, and 2022, by not later than July 1 of each such tax
203 year, the state revenue commissioner shall determine the state target collection
204 amount and the state current collection amount for the preceding calendar year. If
205 such state current collection amount is greater than, equal to, or within 1 percent of
206 the state target collection amount after making the adjustment, if any, required in
207 division (xiii) of this subparagraph, then the combined state and local title ad valorem
208 tax rate provided in division (ii) of this subparagraph shall remain at the rate specified
209 in such division. If the state current collection amount is more than 1 percent less

210 than the state target collection amount after making the adjustment, if any, required
 211 by division (xiii) of this subparagraph, then the combined state and local title ad
 212 valorem tax rate provided in division (ii) of this subparagraph shall be increased
 213 automatically by operation of this division by such percentage amount as may be
 214 necessary so that, if such rate had been in effect for the calendar year under review,
 215 the state current collection amount would have produced an amount equal to the state
 216 target collection amount, and the state title ad valorem tax rate and the local title ad
 217 valorem tax rate for the tax year in which such increase in the combined state and
 218 local title ad valorem tax rate shall become effective shall be adjusted from the rates
 219 specified in this subparagraph or division (xiii) of this subparagraph for such tax year
 220 such that the proceeds from such increase in the combined state and local title ad
 221 valorem tax rate shall be allocated in full to the state. If the state current collection
 222 amount is more than 2 percent more than the state target collection amount after
 223 making the adjustment, if any, required by division (xiii) of this subparagraph, then
 224 the combined state and local title ad valorem tax rate provided in division (ii) of this
 225 subparagraph shall be decreased automatically by operation of this division by such
 226 percentage amount as may be necessary so that, if such rate had been in effect for the
 227 calendar year under review, the state current collection amount would have produced
 228 an amount equal to the state target collection amount, and the state title ad valorem
 229 tax rate and the local title ad valorem tax rate for the tax year in which such decrease
 230 in the combined state and local title ad valorem tax rate shall become effective shall
 231 be adjusted from the rates specified in this subparagraph or division (xiii) of this
 232 subparagraph for such tax year such that such decrease in the combined state and local
 233 title ad valorem tax rate shall be allocated in full to the state. In the event of an
 234 adjustment of the combined state and local title ad valorem tax rate, by not later than
 235 August 31 of such tax year, the state revenue commissioner shall notify the tax
 236 commissioner of each county in this state of the adjusted combined state and local
 237 title ad valorem tax rate for the next calendar year. The effective date of such
 238 adjusted combined state and local title ad valorem tax rate shall be January 1 of the
 239 next calendar year. Notwithstanding the provisions of this division, the combined
 240 state and local title ad valorem tax rate shall not be less than 5 percent nor exceed 9
 241 percent.

242 (xv) The state revenue commissioner shall promulgate such rules and regulations as
 243 may be necessary and appropriate to implement and administer this Code section,
 244 including, but not limited to, rules and regulations regarding appropriate public
 245 notification of any changes in rate amounts and the effective date of such changes and

246 rules and regulations regarding appropriate enforcement and compliance procedures
 247 and methods for the implementation and operation of this Code section.

248 (C) The application for title and the state and local title ad valorem tax fees provided
 249 for in subparagraph (A) of this paragraph shall be paid to the tag agent in the county ~~in~~
 250 ~~which the purchaser registers such motor vehicle~~ where the motor vehicle is to be
 251 registered and shall be paid at the time ~~the purchaser applies for a title and registers~~
 252 ~~such motor vehicle~~ the application for a certificate of title is submitted or, in the case
 253 of an electronic title transaction, at the time when the electronic title transaction is
 254 finalized. In an electronic title transaction, the state and local title ad valorem tax fees
 255 shall be remitted electronically directly to the county tag agent. A dealer of new or
 256 used motor vehicles may accept such application for title and state and local title ad
 257 valorem tax fees on behalf of the purchaser of a new or used motor vehicle for the
 258 purpose of ~~delivering~~ submitting or, in the case of an electronic title application,
 259 finalizing such title application and remitting state and local title ad valorem tax fees
 260 ~~to the county tag agent to obtain a tag and title for the purchaser of such motor vehicle.~~

261 (D) There shall be a penalty imposed on any person who, in the determination of the
 262 commissioner, falsifies any information in any bill of sale used for purposes of
 263 determining the fair market value of the motor vehicle. Such penalty shall not exceed
 264 \$2,500.00 as a state penalty and shall not exceed \$2,500.00 as a local penalty as
 265 determined by the commissioner. Such determination shall be made within 60 days of
 266 the commissioner receiving information of a possible violation of this paragraph.

267 (E)(i) During the period from March 1, 2013, through June 30, 2013, except in the
 268 case in which an extension of the registration period has been granted by the county
 269 tag agent under Code Section 40-2-20, a ~~A~~ dealer of new or used motor vehicles that
 270 accepts an application for title and state and local title ad valorem tax fees from a
 271 purchaser of a new or used motor vehicle and does not ~~transmit~~ submit or, in the case
 272 of an electronic title transaction, finalize such application for title and remit such state
 273 and local title ad valorem tax fees to the county tag agent within 10 days following
 274 the date of purchase shall be liable to the county tag agent for an amount ~~equal to 5~~
 275 ~~percent of the amount of such state and local title ad valorem tax fees~~ of \$10.00. An
 276 additional penalty of \$25.00 shall be imposed if such payment is not transmitted
 277 within 30 days following the date of purchase. An additional ~~5 percent~~ penalty of
 278 \$50.00 shall be imposed if such payment is not transmitted within 60 days following
 279 the date of purchase and a penalty of \$100.00 for each subsequent month 30 day
 280 period in which the payment is not transmitted.

281 (ii) On and after July 1, 2013, except in the case in which an extension of the
 282 registration period has been granted by the county tag agent under Code

283 Section 40-2-20, a dealer of new or used motor vehicles that accepts an application
 284 for title and state and local title ad valorem tax fees from a purchaser of a new or used
 285 motor vehicle and does not submit or, in the case of an electronic title transaction,
 286 finalize such application for title and remit such state and local title ad valorem tax
 287 fees to the county tag agent within 30 days following the date of purchase shall be
 288 liable to the county tag agent for an amount of \$25.00. An additional penalty of
 289 \$50.00 shall be imposed if such payment is not transmitted within 60 days following
 290 the date of purchase and a penalty of \$100.00 for each subsequent 30 day period in
 291 which the payment is not transmitted.

292 (F) A dealer of new or used motor vehicles that accepts an application for title and state
 293 and local title ad valorem tax fees from a purchaser of a new or used motor vehicle and
 294 converts such fees to his or her own use shall be guilty of theft by conversion and, upon
 295 conviction, shall be punished as provided in Code Section 16-8-12.

296 (2) A person or entity acquiring a salvage title pursuant to subsection (b) of Code
 297 Section 40-3-36 shall not be subject to the fee specified in paragraph (1) of this
 298 subsection but shall be subject to a state title ad valorem tax fee in an amount equal to 1
 299 percent of the fair market value of the motor vehicle. Such state title ad valorem tax fee
 300 shall be an alternative ad valorem tax as authorized by Article VII, Section I, Paragraph
 301 III(b)(3) of the Georgia Constitution.

302 (c)(1) The amount of proceeds collected by tag agents each month as state and local title
 303 ad valorem tax fees, state salvage title ad valorem tax fees, administrative fees, penalties,
 304 and interest pursuant to subsection (b) of this Code section shall be allocated and
 305 disbursed as provided in this subsection.

306 (2) For the 2013 tax year and in each subsequent tax year, the amount of such funds shall
 307 be disbursed within ~~30~~ 20 days following the end of each calendar month as follows:

308 (A) State title ad valorem tax fees, state salvage title ad valorem tax fees,
 309 administrative fees, penalties, and interest shall be remitted to the state revenue
 310 commissioner who shall deposit such proceeds in the general fund of the state less an
 311 amount to be retained by the tag agent not to exceed 1 percent of the total amount
 312 otherwise required to be remitted under this subparagraph to defray the cost of
 313 administration. Such retained amount shall be remitted to the collecting county's
 314 general fund. Failure by the tag agent to disburse within such ~~30~~ 20 day period shall
 315 result in a forfeiture of such administrative fee plus interest on such amount at the rate
 316 specified in Code Section 48-2-40; and

317 (B) Local title ad valorem tax fees, administrative fees, penalties, and interest shall be
 318 designated as local government ad valorem tax funds. The tag agent shall then
 319 distribute the proceeds as specified in paragraph (3) of this subsection.

320 (3) The local title ad valorem tax fee proceeds required under this subsection shall be
 321 distributed as follows:

322 (A) The tag agent of the county shall within ~~30~~ 20 days following the end of each
 323 calendar month allocate and distribute to the county governing authority and to
 324 municipal governing authorities, the board of education of the county school district,
 325 and the board of education of any independent school district located in such county an
 326 amount of those proceeds necessary to offset any reduction in ad valorem tax on motor
 327 vehicles collected under Chapter 5 of ~~Title 48~~ this title in the taxing jurisdiction of each
 328 governing authority and school district from the amount of ad valorem taxes on motor
 329 vehicles collected under Chapter 5 of ~~Title 48~~ this title in each such governing authority
 330 and school district during the same calendar month of 2012. This reduction shall be
 331 calculated by subtracting the amount of ad valorem tax on motor vehicles collected
 332 under Chapter 5 of ~~Title 48~~ this title in each such taxing jurisdiction from the amount
 333 of ad valorem tax on motor vehicles collected under Chapter 5 of ~~Title 48~~ this title in
 334 that taxing jurisdiction in the same calendar month of 2012. In the event that the local
 335 title ad valorem tax fee proceeds are insufficient to fully offset such reduction in ad
 336 valorem taxes on motor vehicles, the tag agent shall allocate a proportionate amount of
 337 the proceeds to each governing authority and to the board of education of each such
 338 school district, and any remaining shortfall shall be paid from the following month's
 339 local title ad valorem tax fee proceeds. In the event that a shortfall remains, the tag
 340 agent shall continue to first allocate local title ad valorem tax fee proceeds to offset
 341 such shortfalls until the shortfall has been fully repaid; and

342 (B) Of the proceeds remaining following the allocation and distribution under
 343 subparagraph (A) of this paragraph, the tag agent shall allocate and distribute to the
 344 county governing authority and to municipal governing authorities, the board of
 345 education of the county school district, and the board of education of any independent
 346 school district located in such county the remaining amount of those proceeds in the
 347 manner provided in this subparagraph. Such proceeds shall be deposited in the general
 348 fund of such governing authority or board of education and shall not be subject to any
 349 use or expenditure requirements provided for under any of the following described local
 350 sales and use taxes but shall be authorized to be expended in the same manner as
 351 authorized for the ad valorem tax revenues on motor vehicles under Chapter 5 of ~~Title~~
 352 ~~48~~ this title which would otherwise have been collected for such governing authority
 353 or board of education. Of such remaining proceeds:

354 (i) An amount equal to one-third of such proceeds shall be distributed to the board
 355 of education of the county school district and the board of education of each
 356 independent school district located in such county in the same manner as required for

357 any local sales and use tax for educational purposes levied pursuant to Part 2 of
 358 Article 3 of Chapter 8 of ~~Title 48~~ this title currently in effect. If such tax is not
 359 currently in effect, such proceeds shall be distributed to such board or boards of
 360 education in the same manner as if such tax were in effect;

361 (ii)(I) Except as otherwise provided in this division, an amount equal to one-third
 362 of such proceeds shall be distributed to the governing authority of the county and
 363 the governing authority of each qualified municipality located in such county in the
 364 same manner as specified under the distribution certificate for the joint county and
 365 municipal sales and use tax under Article 2 of Chapter 8 of ~~Title 48~~ this title
 366 currently in effect.

367 (II) If such tax were never in effect, such proceeds shall be distributed to the
 368 governing authority of the county and the governing authority of each qualified
 369 municipality located in such county on a pro rata basis according to the ratio of the
 370 population that each such municipality bears to the population of the entire county.

371 (III) If such tax is currently in effect as well as a local option sales and use tax for
 372 educational purposes levied pursuant to a local constitutional amendment, an
 373 amount equal to one-third of such proceeds shall be distributed in the same manner
 374 as required under subdivision (I) of this division and an amount equal to one-third
 375 of such proceeds shall be distributed to the board of education of the county school
 376 district.

377 (IV) If such tax is not currently in effect and a local option sales and use tax for
 378 educational purposes levied pursuant to a local constitutional amendment is
 379 currently in effect, such proceeds shall be distributed to the board of education of
 380 the county school district and the board of education of any independent school
 381 district in the same manner as required under that local constitutional amendment.

382 (V) If such tax is not currently in effect and a homestead option sales and use tax
 383 under Article 2A of Chapter 8 of ~~Title 48~~ this title is in effect, such proceeds shall
 384 be distributed to the governing authority of the county, each qualified municipality,
 385 and each existing municipality in the same proportion as otherwise required under
 386 Code Section 48-8-104; and

387 (iii)(I) An amount equal to one-third of such proceeds shall be distributed to the
 388 governing authority of the county and the governing authority of each qualified
 389 municipality located in such county in the same manner as specified under an
 390 intergovernmental agreement or as otherwise required under the county special
 391 purpose local option sales and use tax under Part 1 of Article 3 of Chapter 8 of ~~Title~~
 392 ~~48~~ this title currently in effect; provided, however, that this subdivision shall not
 393 apply if subdivision (III) of division (ii) of this subparagraph is applicable.

394 (II) If such tax were in effect but expired and is not currently in effect, such
 395 proceeds shall be distributed to the governing authority of the county and the
 396 governing authority of each qualified municipality located in such county in the
 397 same manner as if such tax were still in effect according to the intergovernmental
 398 agreement or as otherwise required under the county special purpose local sales and
 399 use tax under Part 1 of Article 3 of Chapter 8 of ~~Title 48~~ this title for the 12 month
 400 period commencing at the expiration of such tax. If such tax is not renewed prior
 401 to the expiration of such 12 month period, such amount shall be distributed in
 402 accordance with subdivision (I) of division (ii) of this subparagraph; provided,
 403 however, that if a tax under Article 2 of Chapter 8 of ~~Title 48~~ this title is not in
 404 effect, such amount shall be distributed in accordance with subdivision (II) of
 405 division (ii) of this subparagraph.

406 (III) If such tax is not currently in effect in a county in which a tax is levied for
 407 purposes of a metropolitan area system of public transportation, as authorized by the
 408 amendment to the Constitution set out at Ga. L. 1964, p. 1008; the continuation of
 409 such amendment under Article XI, Section I, Paragraph IV(d) of the Constitution;
 410 and the laws enacted pursuant to such constitutional amendment, such proceeds
 411 shall be distributed to the governing body of the authority created by local Act to
 412 operate such metropolitan area system of public transportation.

413 (IV) If such tax were never in effect, such proceeds shall be distributed in the same
 414 manner as specified under the distribution certificate for the joint county and
 415 municipal sales and use tax under Article 2 of Chapter 8 of ~~Title 48~~ this title
 416 currently in effect; provided, however, that if such tax under such article is not in
 417 effect, such proceeds shall be distributed to the governing authority of the county
 418 and the governing authority of each qualified municipality located in such county
 419 on a pro rata basis according to the ratio of the population that each such
 420 municipality bears to the population of the entire county.

421 (d)(1)(A) Upon the death of an owner of a motor vehicle which has not become subject
 422 to paragraph (1) of subsection (b) of this Code section, the immediate family member
 423 or immediate family members of such owner who receive such motor vehicle pursuant
 424 to a will or under the rules of inheritance shall, subsequent to the transfer of title of such
 425 motor vehicle, continue to be subject to ad valorem tax under Chapter 5 of ~~Title 48~~ this
 426 title and shall not be subject to the state and local title ad valorem tax fees provided for
 427 in paragraph (1) of subsection (b) of this Code section unless the immediate family
 428 member or immediate family members make an affirmative written election to become
 429 subject to paragraph (1) of subsection (b) of this Code section. In the event of such

430 election, such transfer shall be subject to the state and local title ad valorem tax fees
431 provided for in paragraph (1) of subsection (b) of this Code section.

432 (B) Upon the death of an owner of a motor vehicle which has become subject to
433 paragraph (1) of subsection (b) of this Code section, the immediate family member or
434 immediate family members of such owner who receive such motor vehicle pursuant to
435 a will or under the rules of inheritance shall be subject to a state title ad valorem tax fee
436 in an amount equal to one-quarter of 1 percent of the fair market value of the motor
437 vehicle and a local title ad valorem tax fee in an amount equal to one-quarter of 1
438 percent of the fair market value of the motor vehicle. Such title ad valorem tax fees
439 shall be an alternative ad valorem tax as authorized by Article VII, Section I, Paragraph
440 III(b)(3) of the Georgia Constitution.

441 (2)(A) Upon the transfer from an immediate family member of a motor vehicle which
442 has not become subject to paragraph (1) of subsection (b) of this Code section, the
443 immediate family member or immediate family members who receive such motor
444 vehicle shall, subsequent to the transfer of title of such motor vehicle, continue to be
445 subject to ad valorem tax under Chapter 5 of ~~Title 48~~ this title and shall not be subject
446 to the state and local title ad valorem tax fees provided for in paragraph (1) of
447 subsection (b) of this Code section unless the immediate family member or immediate
448 family members make an affirmative written election to become subject to paragraph
449 (1) of subsection (b) of this Code section. In the event of such election, such transfer
450 shall be subject to the state and local title ad valorem tax fees provided for in paragraph
451 (1) of subsection (b) of this Code section.

452 (B) Upon the transfer from an immediate family member of a motor vehicle which has
453 become subject to paragraph (1) of subsection (b) of this Code section, the immediate
454 family member who receives such motor vehicle shall transfer title of such motor
455 vehicle to such recipient family member and shall be subject to a state title ad valorem
456 tax fee in an amount equal to one-quarter of 1 percent of the fair market value of the
457 motor vehicle and a local title ad valorem tax fee in an amount equal to one-quarter of
458 1 percent of the fair market value of the motor vehicle. Such title ad valorem tax fees
459 shall be an alternative ad valorem tax as authorized by Article VII, Section I, Paragraph
460 III(b)(3) of the Georgia Constitution.

461 (C) Any title transfer under this paragraph shall be accompanied by an affidavit of the
462 transferor and transferee that such persons are immediate family members to one
463 another. There shall be a penalty imposed on any person who, in the determination of
464 the state revenue commissioner, falsifies any material information in such affidavit.
465 Such penalty shall not exceed \$2,500.00 as a state penalty and shall not exceed
466 \$2,500.00 as a local penalty as determined by the state revenue commissioner. Such

467 determination shall be made within 60 days of the state revenue commissioner
468 receiving information of a possible violation of this paragraph.

469 (3) Any individual who:

470 (A) Is required by law to register a motor vehicle or motor vehicles in this state which
471 were registered in the state in which such person formerly resided; and

472 (B) Is required to file an application for a certificate of title under Code Section
473 40-3-21 or 40-3-32

474 shall only be required to pay state and local title ad valorem tax fees in the amount of 50
475 percent of the amount which would otherwise be due and payable under this subsection
476 at the time of filing the application for a certificate of title, and the remaining 50 percent
477 shall be paid within 12 months.

478 (4) The state and local title ad valorem tax fees provided for under this Code section
479 shall not apply to corrected titles, replacement titles under Code Section 40-3-31, or titles
480 reissued to the same owner pursuant to Code Sections 40-3-50 through 40-3-56.

481 (5) Any motor vehicle subject to state and local title ad valorem tax fees under paragraph
482 (1) of subsection (b) of this Code section shall continue to be subject to the title, license
483 plate, revalidation decal, and registration requirements and applicable fees as otherwise
484 provided in Title 40 in the same manner as motor vehicles which are not subject to state
485 and local title ad valorem tax fees under paragraph (1) of subsection (b) of this Code
486 section.

487 (6) Motor vehicles owned or leased by or to the state or any county, consolidated
488 government, municipality, county or independent school district, or other government
489 entity in this state shall not be subject to the state and local title ad valorem tax fees
490 provided for under paragraph (1) of subsection (b) of this Code section; provided,
491 however, that such other government entity shall not qualify for the exclusion under this
492 paragraph unless it is exempt from ad valorem tax and sales and use tax pursuant to
493 general law.

494 (7)(A) Any motor vehicle which is exempt from sales and use tax pursuant to
495 paragraph (30) of Code Section 48-8-3 shall be exempt from state and local title ad
496 valorem tax fees under this subsection.

497 (B) Any motor vehicle which is exempt from ad valorem taxation pursuant to Code
498 Section 48-5-478, 48-5-478.1, 48-5-478.2, or 48-5-478.3 shall be exempt from state and
499 local title ad valorem tax fees under paragraph (1) of subsection (b) of this Code
500 section.

501 (8) There shall be a penalty imposed on the transfer of all or any part of the interest in a
502 business entity that includes primarily as an asset of such business entity one or more
503 motor vehicles, when, in the determination of the state revenue commissioner, such

504 transfer is done to evade the payment of state and local title ad valorem tax fees under
 505 this subsection. Such penalty shall not exceed \$2,500.00 as a state penalty per motor
 506 vehicle and shall not exceed \$2,500.00 as a local penalty per motor vehicle, as
 507 determined by the state revenue commissioner, plus the amount of the state and local title
 508 ad valorem tax fees. Such determination shall be made within 60 days of the state
 509 revenue commissioner receiving information that a transfer may be in violation of this
 510 paragraph.

511 (9) Any owner of any motor vehicle who fails to submit within 30 days of the date such
 512 owner is required by law to register such vehicle in this state an application for a first
 513 certificate of title under Code Section 40-3-21 or a certificate of title under Code
 514 Section 40-3-32 shall be required to pay a penalty in the amount of ~~10 percent of the state~~
 515 ~~title ad valorem tax fees and 10 percent of the local title ad valorem tax fees required~~
 516 ~~under this Code section, plus interest at the rate of 1.0 percent per month \$25.00, unless~~
 517 a temporary permit has been issued by the tax commissioner. An additional penalty of
 518 \$50.00 shall be imposed if such application is not submitted within 60 days following the
 519 date of purchase and a penalty of \$100.00 for each subsequent 30 day period in which
 520 such application is not submitted. The tax commissioner shall grant a temporary permit
 521 in the event the failure to timely apply for a first certificate of title is due to the failure of
 522 a lienholder to comply with Code Section 40-3-56, regarding release of a security interest
 523 or lien, and no penalty or interest shall be assessed. Such penalty and interest shall be in
 524 addition to the penalty and fee required under Code Section 40-3-21 or 40-3-32, as
 525 applicable. A new or used motor vehicle dealer shall be responsible for remitting state
 526 and local title ad valorem tax fees in the same manner as otherwise required of an owner
 527 under this paragraph and shall be subject to the same penalties and interest as an owner
 528 for noncompliance with the requirements of this paragraph.

529 (10) The owner of any motor vehicle ~~purchased in this state~~ for which a title was issued
 530 in this state on or after January 1, 2012, and prior to March 1, 2013, shall be authorized
 531 to opt in to the provisions of this subsection at any time prior to ~~January 1~~ February 28,
 532 2014, upon compliance with the following requirements:

533 (A)(i) The total amount of Georgia state and local title ad valorem tax fees which
 534 would be due from March 1, 2013, to December 31, 2013, if such vehicle had been
 535 titled in 2013 shall be determined; and

536 (ii) The total amount of Georgia state and local sales and use tax and Georgia state
 537 and local ad valorem tax under Chapter 5 of ~~Title 48~~ this title which were due and
 538 paid in 2012 for that motor vehicle and, if applicable, the total amount of such taxes
 539 which were due and paid for that motor vehicle in 2013 and 2014 shall be determined;
 540 and

541 (B)(i) If the amount derived under division (i) of subparagraph (A) of this paragraph
 542 is greater than the amount derived under division (ii) subparagraph (A) of this
 543 paragraph, the owner shall remit the difference to the tag agent. Such remittance shall
 544 be deemed local title ad valorem tax fee proceeds; or

545 (ii) If the amount derived under division (i) of subparagraph (A) of this paragraph is
 546 less than the amount derived under division (ii) of subparagraph (A) of this paragraph,
 547 no additional amount shall be due and payable by the owner.

548 Upon certification by the tag agent of compliance with the requirements of this
 549 paragraph, such motor vehicle shall not be subject to ad valorem tax as otherwise
 550 required under Chapter 5 of ~~Title 48~~ this title in the same manner as otherwise provided
 551 in paragraph (1) of subsection (b) of this Code section.

552 (11)(A) In the case of rental motor vehicles owned by a rental motor vehicle concern,
 553 the state title ad valorem tax fee shall be in an amount equal to ~~.75~~ .375 percent of the
 554 fair market value of the motor vehicle, and the local title ad valorem tax fee shall be in
 555 an amount equal to ~~.75~~ .375 percent of the fair market value of the motor vehicle, but
 556 only if in the immediately prior calendar year the average amount of sales and use tax
 557 attributable to the rental charge of each such rental motor vehicle was at least \$400.00
 558 as certified by the state revenue commissioner. If, in the immediately prior calendar
 559 year, the average amount of sales and use tax attributable to the rental charge of each
 560 such rental motor vehicle was not at least \$400.00, this paragraph shall not apply and
 561 such vehicles shall be subject to the state and local title ad valorem tax fees prescribed
 562 in division (b)(1)(B)(ii) of this Code section.

563 (B) Such title ad valorem tax fees shall be an alternative ad valorem tax as authorized
 564 by Article VII, Section I, Paragraph III(b)(3) of the Georgia Constitution.

565 (12) A loaner vehicle shall not be subject to state and local title ad valorem tax fees
 566 under paragraph (1) of subsection (b) of this Code section for a period of time not to
 567 exceed ~~six months in a calendar year~~ 366 days commencing on the date such loaner
 568 vehicle is withdrawn temporarily from inventory. Immediately upon the expiration of
 569 such ~~six-month~~ 366 day period, if the dealer does not return the loaner vehicle to
 570 inventory for resale, the dealer shall be responsible for remitting state and local title ad
 571 valorem tax fees in the same manner as otherwise required of an owner under paragraph
 572 (9) of this subsection and shall be subject to the same penalties and interest as an owner
 573 for noncompliance with the requirements of paragraph (9) of this subsection.

574 (13) Any motor vehicle which is donated to a nonprofit organization exempt from
 575 taxation under Section 501(c)(3) of the Internal Revenue Code for the purpose of being
 576 transferred to another person shall, when titled in the name of such nonprofit
 577 organization, not be subject to state and local title ad valorem tax fees under

578 paragraph (1) of subsection (b) of this Code section but shall be subject to state and local
 579 title ad valorem tax fees otherwise applicable to salvage titles under paragraph (2) of
 580 subsection (b) of this Code section.

581 (14)(A) A lessor of motor vehicles that leases motor vehicles for more than 31
 582 consecutive days to lessees residing in this state shall register with the department. The
 583 department shall collect an annual fee of \$100.00 for such registrations. Failure of a
 584 lessor to register under this subparagraph shall subject such lessor to a civil penalty of
 585 \$2,500.00.

586 (B) A lessee residing in this state who leases a motor vehicle under this paragraph shall
 587 register such motor vehicle with the tag agent in such lessee's county of residence
 588 within 30 days of the commencement of the lease of such motor vehicle or beginning
 589 residence in this state, whichever is later.

590 (C) A lessor that leases a motor vehicle under this paragraph to a lessee residing in this
 591 state shall apply for a certificate of title in this state within 30 days of the
 592 commencement of the lease of such motor vehicle.

593 (15) There shall be no liability for any additional state or local title ad valorem tax fees
 594 in any of the following title transactions:

595 (A) The addition or substitution of lienholders on a motor vehicle title so long as the
 596 owner of the motor vehicle remains the same;

597 (B) The acquisition of a bonded title by a person or entity pursuant to Code
 598 Section 40-3-28 if the title is to be issued in the name of such person or entity;

599 (C) The acquisition of a title to a motor vehicle by a person or entity as a result of the
 600 foreclosure of a mechanic's lien pursuant to Code Section 40-3-54 if such title is to be
 601 issued in the name of such lienholder;

602 (D) The acquisition of a title to an abandoned motor vehicle by a person or entity
 603 pursuant to Chapter 11 of this title if such person or entity is a manufacturer or dealer
 604 of motor vehicles and the title is to be issued in the name of such person or entity;

605 (E) The obtaining of a title to a stolen motor vehicle by a person or entity pursuant to
 606 Code Section 40-3-43;

607 (F) The obtaining of a title by and in the name of a motor vehicle manufacturer,
 608 licensed distributor, licensed dealer, or licensed rebuilder for the purpose of resale or
 609 to obtain a corrected title, provided that the manufacturer, distributor, dealer, or
 610 rebuilder shall submit an affidavit in a form promulgated by the commissioner attesting
 611 that the transfer of title is for the purpose of accomplishing a resale or to correct a title
 612 only;

613 (G) The obtaining of a title by and in the name of the holder of a security interest when
 614 a motor vehicle has been repossessed after default in accordance with Part 6 of Article 9
 615 of Title 11 if such title is to be issued in the name of such security interest holder; and

616 (H) The obtaining of a title by a person or entity for purposes of correcting a title,
 617 changing an odometer reading, or removing an odometer discrepancy legend, provided
 618 that, subject to subparagraph (F) of this paragraph, title is not being transferred to
 619 another person or entity.

620 (16) It shall be unlawful for a person to fail to obtain a title for and register a motor
 621 vehicle in accordance with the provisions of this chapter. Any person who knowingly
 622 and willfully fails to obtain a title for or register a motor vehicle in accordance with the
 623 provisions of this chapter shall be guilty of a misdemeanor.

624 (17) Any person who purchases a 1963 through 1985 model year motor vehicle for
 625 which such person obtains a title shall be subject to this Code section, but the state title
 626 ad valorem tax fee shall be in an amount equal to .50 percent of the fair market value of
 627 such motor vehicle, and the local title ad valorem tax fee shall be in an amount equal to
 628 .50 percent of the fair market value of such motor vehicle.

629 (e) The fair market value of any motor vehicle subject to this Code section shall be
 630 appealable in the same manner as otherwise authorized for a motor vehicle subject to ad
 631 valorem taxation under Code Section 48-5-450; provided, however, that the person
 632 appealing the fair market value shall first pay the full amount of the state and local title ad
 633 valorem tax prior to filing any appeal. If the appeal is successful, the amount of the tax
 634 owed shall be recalculated and, if the amount paid by the person appealing the
 635 determination of fair market value is greater than the recalculated tax owed, the person
 636 shall be promptly given a refund of the difference.

637 (f) Beginning in 2014, on or before January 31 of each year, the department shall provide
 638 a report to the chairpersons of the House Committee on Ways and Means and the Senate
 639 Finance Committee showing the state and local title ad valorem tax fee revenues collected
 640 pursuant to this chapter and the motor vehicle ad valorem tax proceeds collected pursuant
 641 to Chapter 5 of this title during the preceding calendar year."

642 **SECTION 2.**

643 Said title is further amended by revising paragraph (95) of Code Section 48-8-3, relating to
 644 exemptions from state sales and use taxes, as follows:

645 "(95) The sale or purchase of any motor vehicle titled in this state on or after March 1,
 646 2013, pursuant to Code Section 48-5C-1. This Except as otherwise provided in this
 647 paragraph, this exemption shall not apply to leases or rentals of motor vehicles for
 648 periods of 31 or fewer consecutive days or to those sales and use taxes collected pursuant

649 ~~to subsection (d) of Code Section 48-8-241.~~ Lease payments for a motor vehicle that is
650 leased for more than 31 consecutive days for which a state and local title ad valorem tax
651 is paid shall be exempt from sales and use taxes as provided for in this paragraph. No
652 sales and use taxes shall be imposed upon state and local title ad valorem tax fees
653 imposed pursuant to Chapter 5C of this title as a part of the purchase price of a motor
654 vehicle or any portion of a lease or rental payment that is attributable to payment of state
655 and local title ad valorem tax fees under Chapter 5C of this title."

656 **SECTION 3.**

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

659 **SECTION 4.**

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