

The Senate Committee on Finance offered the following substitute
to HB 238:

A BILL TO BE ENTITLED
AN ACT

To amend Article 1 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to general provisions regarding ad valorem taxation of property, so as to provide for an expanded definition of family farm; to provide for an exception or limitation to a breach of the covenants for use of the property for solar power generation or for farm labor housing; to provide for related matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article 1 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated, relating to general provisions regarding ad valorem taxation of property, is amended by revising subparagraph (a)(1)(C) and subsection (p) of Code Section 48-5-7.4, relating to bona fide conservation use property, as follows:

"(C) Except as otherwise provided in division (vii) of this subparagraph, such property must be owned by:

- (i) One or more natural or naturalized citizens;
- (ii) An estate of which the devisees or heirs are one or more natural or naturalized citizens;
- (iii) A trust of which the beneficiaries are one or more natural or naturalized citizens;
- (iv) A family owned farm entity, such as a family corporation, a family partnership, a family general partnership, a family limited partnership, a family limited corporation, or a family limited liability company, all of the interest of which is owned by one or more natural or naturalized citizens related to each other by blood or marriage within the fourth degree of civil reckoning, except that, solely with respect to a family limited partnership, a corporation, limited partnership, limited corporation, or limited liability company may serve as a general partner of the family limited partnership and hold no more than a 5 percent interest in such family limited

partnership, an estate of which the devisees or heirs are one or more natural or naturalized citizens, ~~or~~ a trust of which the beneficiaries are one or more natural or naturalized citizens, or an entity created by the merger or consolidation of two or more entities which independently qualify as a family owned farm entity, and which family owned farm entity derived 80 percent or more of its gross income from bona fide conservation uses, including earnings on investments directly related to past or future bona fide conservation uses, within this state within the year immediately preceding the year in which eligibility is sought; provided, however, that in the case of a newly formed family farm entity, an estimate of the income of such entity may be used to determine its eligibility;

(v) A bona fide nonprofit conservation organization designated under Section 501(c)(3) of the Internal Revenue Code;

(vi) A bona fide club organized for pleasure, recreation, and other nonprofitable purposes pursuant to Section 501(c)(7) of the Internal Revenue Code; or

(vii) In the case of constructed storm-water wetlands, any person may own such property;"

"(p) The following shall not constitute a breach of a covenant:

(1) Mineral exploration of the property subject to the covenant or the leasing of the property subject to the covenant for purposes of mineral exploration if the primary use of the property continues to be the good faith production from or on the land of agricultural products;

(2) Allowing all or part of the property subject to the covenant to lie fallow or idle for purposes of any land conservation program, for purposes of any federal agricultural assistance program, or for other agricultural management purposes;

(3) Allowing all or part of the property subject to the covenant to lie fallow or idle due to economic or financial hardship if the owner notifies the board of tax assessors on or before the last day for filing a tax return in the county where the land lying fallow or idle is located and if such owner does not allow the land to lie fallow or idle for more than two years of any five-year period;

(4)(A) Any property which is subject to a covenant for bona fide conservation use being transferred to a place of religious worship or burial or an institution of purely public charity if such place or institution is qualified to receive the exemption from ad valorem taxation provided for under subsection (a) of Code Section 48-5-41. No person shall be entitled to transfer more than 25 acres of such person's property in the aggregate under this paragraph.

(B) Any property transferred under subparagraph (A) of this paragraph shall not be used by the transferee for any purpose other than for a purpose which would entitle

such property to the applicable exemption from ad valorem taxation provided for under subsection (a) of Code Section 48-5-41 or subsequently transferred until the expiration of the term of the covenant period. Any such use or transfer shall constitute a breach of the covenant;

(5) Leasing a portion of the property subject to the covenant, but in no event more than six acres, for the purpose of placing thereon a cellular telephone transmission tower. Any such portion of such property shall cease to be subject to the covenant as of the date of execution of such lease and shall be subject to ad valorem taxation at fair market value;

(6) Allowing all or part of the property subject to the covenant on which a corn crop is grown to be used for the purpose of constructing and operating a maze so long as the remainder of such corn crop is harvested;

(7)(A) Allowing all or part of the property subject to the covenant to be used for agritourism purposes.

(B) As used in this paragraph, the term 'agritourism' means charging admission for persons to visit, view, or participate in the operation of a farm or dairy or production of farm or dairy products for entertainment or educational purposes or selling farm or dairy products to persons who visit such farm or dairy;

(8) Allowing all or part of the property which has been subject to a covenant for at least one year to be used as a site for farm weddings;

(9) Allowing all or part of the property which has been subject to a covenant for at least one year to be used to host not for profit equestrian performance events to which spectator admission is not contingent upon an admission fee but which may charge an entry fee from each participant; ~~or~~

(10) Allowing all or part of the property subject to the covenant to be used to host a not for profit rodeo event to which spectator admission and participant entry fees are charged in an amount that in aggregate does not exceed the cost of hosting such event;

(11)(A) Allowing part of the property subject to the covenant to be used for solar generation of energy and conversion of such energy into heat or electricity, and the sale of the same in accordance with applicable law.

(B) The provisions of subparagraph (A) of this paragraph shall not allow the portion of the property on which such solar energy generating equipment is located, as depicted by a boundary survey prepared by a licensed surveyor, and which is subject to an existing covenant to remain in the covenant. Such property shall be removed from the existing covenant at the time of the installation of the solar energy generating equipment and shall be subject to the penalty for breach of the covenant contained in subsection (q) of this Code section and shall be subject to ad valorem taxation at fair market value; or

101 (12)(A) Allowing part of the property subject to the covenant to be used for farm labor
102 housing. As used in this paragraph, the term 'farm labor housing' means all buildings
103 or structures used as living quarters when such housing is provided free of charge to
104 workers who provide labor on agricultural property.

105 (B) The provisions of subparagraph (A) of this paragraph shall not allow the portion
106 of the property on which such farm labor housing is located and which is subject to an
107 existing covenant to remain in the covenant. Such property shall be removed from the
108 existing covenant at the time construction of the farm labor housing begins and shall
109 be subject to ad valorem taxation at fair market value."

110 **SECTION 2.**

111 Said article is further amended by revising subsection (q) of Code Section 48-5-7.7, relating
112 to the forest land protection act, as follows:

113 "(q) The following shall not constitute a breach of a covenant:

114 (1) Mineral exploration of the property subject to the covenant or the leasing of the
115 property subject to the covenant for purposes of mineral exploration if the primary use
116 of the property continues to be the good faith production from or on the land of timber;

117 (2) Allowing all or part of the property subject to the covenant to lie fallow or idle for
118 purposes of any forestry conservation program, for purposes of any federal agricultural
119 assistance program, or for other agricultural management purposes;

120 (3) Allowing all or part of the property subject to the covenant to lie fallow or idle due
121 to economic or financial hardship if the qualified owner notifies the board of tax assessors
122 on or before the last day for filing a tax return in the county where the land lying fallow
123 or idle is located and if such qualified owner does not allow the land to lie fallow or idle
124 for more than two years of any five-year period;

125 (4)(A) Any property which is subject to a covenant for forest land conservation use
126 being transferred to a place of religious worship or burial or an institution of purely
127 public charity if such place or institution is qualified to receive the exemption from ad
128 valorem taxation provided for under subsection (a) of Code Section 48-5-41. No
129 qualified owner shall be entitled to transfer more than 25 acres of such person's
130 property in the aggregate under this paragraph.

131 (B) Any property transferred under subparagraph (A) of this paragraph shall not be
132 used by the transferee for any purpose other than for a purpose which would entitle
133 such property to the applicable exemption from ad valorem taxation provided for under
134 subsection (a) of Code Section 48-5-41 or subsequently transferred until the expiration
135 of the term of the covenant period. Any such use or transfer shall constitute a breach
136 of the covenant; ~~or~~

(5) Leasing a portion of the property subject to the covenant, but in no event more than six acres of every unit of 2,000 acres, for the purpose of placing thereon a cellular telephone transmission tower. Any such portion of such property shall cease to be subject to the covenant as of the date of execution of such lease and shall be subject to ad valorem taxation at fair market value;

(6)(A) Allowing part of the property subject to the covenant to be used for solar generation of energy and conversion of such energy into heat or electricity, and the sale of the same in accordance with applicable law.

(B) The provisions of subparagraph (A) of this paragraph shall not allow the portion of the property on which such solar energy generating equipment is located, as depicted by a boundary survey prepared by a licensed surveyor, and which is subject to an existing covenant to remain in the covenant. Such property shall be removed from the existing covenant at the time of the installation of the solar energy generating equipment and shall be subject to the penalty for breach of the covenant contained in subsection (r) of this Code section and shall be subject to ad valorem taxation at fair market value; or

(7)(A) Allowing part of the property subject to the covenant to be used for farm labor housing. As used in this paragraph, the term 'farm labor housing' means all buildings or structures used as living quarters when such housing is provided free of charge to workers who provide labor on agricultural property.

(B) The provisions of subparagraph (A) of this paragraph shall not allow the portion of the property on which such farm labor housing is located and which is subject to an existing covenant to remain in the covenant. Such property shall be removed from the existing covenant at the time construction of the farm labor housing begins and shall be subject to ad valorem taxation at fair market value."

SECTION 3.

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

SECTION 4.

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