

House Bill 290 (AS PASSED HOUSE AND SENATE)

By: Representatives Watson of the 172nd, McCall of the 33rd, Powell of the 171st, Corbett of the 174th, and Dickey of the 140th

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 1 of Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia
2 Annotated, relating to ad valorem property tax exemptions, so as to revise definitions related
3 to the exemption of certain agricultural equipment; to provide for related matters; to repeal
4 conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 style="text-align:center">**SECTION 1.**

7 Part 1 of Article 2 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated,
8 relating to ad valorem property tax exemptions, is amended by revising Code Section
9 48-5-41.1, relating to exemption of qualified farm products and harvested agricultural
10 products from taxation, as follows:

11 "48-5-41.1.

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

13 (1) 'Agricultural equipment' means farm tractors, combines, and all other farm equipment
14 other than motor vehicles, whether fixed or mobile, which are owned by or held under
15 a lease-purchase agreement and directly used in the production of farm products by a
16 family owned qualified farm products producer.

17 ~~(1)~~(2) 'Family owned farm entity' means a family corporation, a family partnership, a
18 family general partnership, a family limited partnership, a family limited corporation, or
19 a family limited liability company all of the interest of which is owned by one or more
20 natural or naturalized citizens related to each other within the fourth degree of civil
21 reckoning. It shall include an estate of which the devisees or heirs are one or more
22 natural or naturalized citizens related to each other within the fourth degree of civil
23 reckoning. It shall include a trust of which the beneficiaries are one or more natural or
24 naturalized citizens related to each other within the fourth degree of civil reckoning.
25 Such family owned farm entity must have derived 80 percent or more of its gross income

26 from bona fide agricultural uses within this state within the year immediately preceding
 27 the year in which the exemption provided by this Code section is sought.

28 ~~(2)~~(3) 'Family owned qualified farm products producer' means an individual or family
 29 owned farm entity primarily engaged in the direct cultivation of the soil, including soil
 30 removed from the land and placed in pots or containers, or operation of land for the
 31 production of qualified farm products. A family owned qualified farm products producer
 32 shall not include wholesalers, distributors, storage facility owners, manufacturers,
 33 processors, or other similar entities that primarily prepare qualified farm products for any
 34 intermediate or final market or that primarily operate to move or facilitate the movement
 35 of qualified farm products from a producer to any intermediate or final markets.

36 ~~(3)~~(4) 'Farm products' means only those farm products eligible to qualify for exemption
 37 from ad valorem taxation pursuant to the former provisions of paragraph (10) of
 38 subsection (a) of Code Section 48-5-41 as it existed prior to January 1, 1999.

39 ~~(4)~~(5) 'Harvested agricultural products' means only those harvested agricultural products
 40 eligible to qualify for exemption from ad valorem taxation pursuant to the former
 41 provisions of paragraph (10) of subsection (a) of Code Section 48-5-41 as it existed prior
 42 to January 1, 1999.

43 ~~(5)~~(6) 'Initial production' means:

44 (A) When applied to a laying hen, a period beginning at the time the laying hen comes
 45 into production at age six months rather than a period beginning when the laying hen
 46 is hatched; or

47 (B) When applied to a brood cow, a period of nine months from the time the brood cow
 48 is able to conceive at age 12 months rather than a period beginning when the brood cow
 49 is born.

50 (7) 'Lease-purchase agreement' means a financing agreement under which lessee
 51 payments are credited toward the purchase of agricultural equipment or that provides for
 52 a fixed amount purchase option to a lessee during the lease term. Under a lease-purchase
 53 agreement the title of ownership may remain with the lessor during the lease.

54 ~~(6)~~(8) 'Producer' means any entity that produces farm products.

55 ~~(7)~~(9) 'Qualified farm products' means livestock; crops; fruit or nut bearing trees, bushes,
 56 or plants; annual and perennial plants; Christmas trees; and plants and trees grown in
 57 nurseries for transplantation elsewhere. Qualified farm products shall not include
 58 standing timber.

59 (b) The following property shall be exempt from all ad valorem property taxes in this state:

60 (1) All farm products grown in this state and remaining in the hands of the producer
 61 during the one year beginning immediately after their initial production;

62 (2) Harvested agricultural products which have a planting-to-harvest cycle of 12 months
 63 or less, which are customarily cured or aged for a period in excess of one year after
 64 harvesting and before manufacturing, and which are held in this state for manufacturing
 65 and processing purposes; ~~and~~

66 (3) All qualified farm products grown in this state:

67 (A) Remaining in the hands of a family owned qualified farm products producer;

68 (B) Still in their natural and unprocessed condition, unless processed solely for further
 69 use in the production of other qualified farm products; and

70 (C) Not held for direct retail sale by someone other than the original family owned
 71 qualified farm products producer; and

72 (4) Agricultural equipment.

73 ~~(c)(1) As used in this subsection, the term 'lease purchase agreement' means a financing
 74 agreement under which:~~

75 ~~(A) A family owned qualified farm products producer has possession and control of
 76 farm tractors, combines, or other farm equipment other than motor vehicles equipment
 77 and uses such farm equipment directly in the production of agricultural products; and~~

78 ~~(B) The payments made pursuant to such financing agreement are credited towards the
 79 purchase of such farm equipment.~~

80 ~~(2) Farm tractors, combines, and all other farm equipment other than motor vehicles;
 81 whether fixed or mobile, which are owned by or held under a lease purchase agreement
 82 and directly used in the production of agricultural products by family owned qualified
 83 farm products producers shall be exempt from all ad valorem property taxes in this state."~~

84 **SECTION 2.**

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