

Senate Bill 65

By: Senators Harper of the 7th, Gooch of the 51st, Martin of the 9th, Anderson of the 24th, Ligon, Jr. of the 3rd and others

AS PASSED

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 5C of Title 48 of the Official Code of Georgia Annotated, relating to
2 alternative ad valorem taxes on motor vehicles, so as to lower the tax rate imposed; to revise
3 a definition; to provide that the transfer of a title from one legal entity in which an individual
4 holds an ownership interest of at least 50 percent to another legal entity in which the same
5 individual holds an ownership interest of at least 50 percent does not constitute a taxable
6 event; to revise the date range for antique motor vehicles; to provide for related matters; to
7 provide an effective date; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Chapter 5C of Title 48 of the Official Code of Georgia Annotated, relating to alternative ad
11 valorem taxes on motor vehicles, is amended by revising paragraph (1) of subsection (a) of
12 Code Section 48-5C-1, relating to definitions, exemption from taxation, allocation and
13 disbursement of proceeds collected by tag agents, fair market value of vehicle appealable,
14 and report, as follows:

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

- 16 (A) For a used motor vehicle purchased from a new or used car dealer other than under
17 a seller financed sale arrangement, ~~the average of the current fair market value and the~~
18 ~~current wholesale value of a motor vehicle for a vehicle listed in the current motor~~
19 ~~vehicle ad valorem assessment manual utilized by the state revenue commissioner and~~
20 ~~based upon a nationally recognized motor vehicle industry pricing guide for fair market~~
21 ~~and wholesale market values in determining the taxable value of a motor vehicle under~~
22 ~~Code Section 48-5-442~~ retail selling price of the motor vehicle, and, in the case of a
23 used car dealer, less any reduction for the trade-in value of another motor vehicle;
24 (B) For a used motor vehicle purchased from a person other than a new or used car
25 dealer or purchased under a seller financed sale arrangement, the average of the current
26 fair market value and the current wholesale value of a motor vehicle for a vehicle listed

27 in the current motor vehicle ad valorem assessment manual utilized by the state revenue
 28 commissioner and based upon a nationally recognized motor vehicle industry pricing
 29 guide for fair market and wholesale market values in determining the taxable value of
 30 a motor vehicle under Code Section 48-5-442; provided, however, that, if the motor
 31 vehicle ~~which~~ is not listed in such current motor vehicle ad valorem assessment manual,
 32 the fair market value from the bill of sale or shall be the value from a reputable used car
 33 market guide designated by the commissioner, ~~whichever is greater~~, and, in the case of
 34 a motor vehicle purchased from a new or used car dealer under a seller financed sale
 35 arrangement, less any reduction for the trade-in value of another motor vehicle;

36 (C) Upon written application and supporting documentation submitted by an applicant
 37 under this Code section, a county tag agent may deviate from the fair market value as
 38 defined in subparagraph ~~(A)~~, ~~(B)~~, or ~~(D)~~ of this paragraph based upon mileage and
 39 condition of the used vehicle. Supporting documentation may include, but not be
 40 limited to, bill of sale, odometer statement, and values from reputable pricing guides.
 41 The fair market value as determined by the county tag agent pursuant to this
 42 subparagraph shall be appealable as provided in subsection (e) of this Code section;

43 (D) For a new motor vehicle, ~~the greater of the retail selling price or the average of the~~
 44 ~~current fair market value and the current wholesale value of a motor vehicle for a~~
 45 ~~vehicle listed in the current motor vehicle ad valorem assessment manual utilized by~~
 46 ~~the state revenue commissioner in determining the taxable value of a motor vehicle~~
 47 ~~under Code Section 48-5-442~~, less any reduction for the trade-in value of another motor
 48 vehicle and any rebate. The retail selling price shall include any charges for labor,
 49 freight, delivery, dealer fees and similar charges, tangible accessories, dealer add-ons,
 50 and mark-ups, but shall not include any federal retailers' excise tax or extended
 51 warranty, service contract, maintenance agreement, or similar products itemized on the
 52 dealer's invoice to the customer or any finance, insurance, and interest charges for
 53 deferred payments billed separately. No reduction for the trade-in value of another
 54 motor vehicle shall be taken unless the name of the owner and the vehicle identification
 55 number of such trade-in motor vehicle are shown on the bill of sale;

56 (E) For a motor vehicle that is leased:

57 (i) In the case of a motor vehicle that is leased to a lessee for use primarily in the
 58 lessee's trade or business and for which the lease agreement contains a provision for
 59 the adjustment of the rental price as described in Code Section 40-3-60, the agreed
 60 upon value of the motor vehicle less any reduction for the trade-in value of another
 61 motor vehicle and any rebate; or

62 (ii) In the case of a motor vehicle that is leased other than described in division (i) of
 63 this subparagraph, the total of the base payments pursuant to the lease agreement plus
 64 any down payments.

65 The term 'any down payments' as used in this subparagraph shall mean cash collected
 66 from the lessee at the inception of the lease which shall include cash supplied as a
 67 capital cost reduction; shall not include rebates, noncash credits, or net trade
 68 allowances; and shall include any upfront payments collected from the lessee at the
 69 inception of the lease except for taxes or fees imposed by law and monthly lease
 70 payments made in advance; or

71 (F) For a kit car which is assembled by the purchaser from parts supplied by a
 72 manufacturer, the ~~greater of the retail selling price of the kit or the average of the~~
 73 ~~current fair market value and the current wholesale value of the motor vehicle if listed~~
 74 ~~in the current motor vehicle ad valorem assessment manual utilized by the state revenue~~
 75 ~~commissioner and based upon a nationally recognized motor vehicle industry pricing~~
 76 ~~guide for fair market and wholesale market values in determining the taxable value of~~
 77 ~~a motor vehicle under Code Section 48-5-442. A kit car shall not include a rebuilt or~~
 78 ~~salvage vehicle."~~

79 **SECTION 2.**

80 Said chapter is further amended by revising division (b)(1)(A)(ii) of Code Section 48-5C-1,
 81 relating to definitions, exemption from taxation, allocation and disbursement of proceeds
 82 collected by tag agents, fair market value of vehicle appealable, and report, as follows:

83 "(ii) The combined state and local title ad valorem tax shall be at a rate equal to 7
 84 percent of the fair market value of the motor vehicle; provided, however, that,
 85 beginning on January 1, 2020, and continuing through June 30, 2023, such rate shall
 86 be equal to 6.6 percent of the fair market value of the motor vehicle."

87 **SECTION 3.**

88 Said chapter is further amended by revising paragraph (15) of subsection (d) of Code
 89 Section 48-5C-1, relating to definitions, exemption from taxation, allocation and
 90 disbursement of proceeds collected by tag agents, fair market value of vehicle appealable,
 91 and report, as follows:

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

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

- 96 (B) The acquisition of a bonded title by a person or entity pursuant to Code
 97 Section 40-3-28 if the title is to be issued in the name of such person or entity;
- 98 (C) The acquisition of a title to a motor vehicle by a person or entity as a result of the
 99 foreclosure of a mechanic's lien pursuant to Code Section 40-3-54 if such title is to be
 100 issued in the name of such lienholder;
- 101 (D) The acquisition of a title to an abandoned motor vehicle by a person or entity
 102 pursuant to Chapter 11 of Title 40 if such person or entity is a manufacturer or dealer
 103 of motor vehicles and the title is to be issued in the name of such person or entity;
- 104 (E) The obtaining of a title to a stolen motor vehicle by a person or entity pursuant to
 105 Code Section 40-3-43;
- 106 (F) The obtaining of a title by and in the name of a motor vehicle manufacturer,
 107 licensed distributor, licensed dealer, or licensed rebuilder for the purpose of sale or
 108 resale or to obtain a corrected title, provided that the manufacturer, distributor, dealer,
 109 or rebuilder shall submit an affidavit in a form promulgated by the commissioner
 110 attesting that the transfer of title is for the purpose of accomplishing a sale or resale or
 111 to correct a title only;
- 112 (G) The obtaining of a title by and in the name of the holder of a security interest when
 113 a motor vehicle has been repossessed after default in accordance with Part 6 of Article 9
 114 of Title 11 if such title is to be issued in the name of such security interest holder;
- 115 (H) The obtaining of a title by a person or entity for purposes of correcting a title,
 116 changing an odometer reading, or removing an odometer discrepancy legend, provided
 117 that, subject to subparagraph (F) of this paragraph, title is not being transferred to
 118 another person or entity;
- 119 (I) The obtaining of a title by a person who pays state and local title ad valorem tax
 120 fees on a motor vehicle and subsequently moves out of this state but returns and applies
 121 to retitle such vehicle in this state;
- 122 (J) The obtaining of a replacement title on a vehicle that is not less than 15 years old
 123 upon sufficient proof provided to the commissioner that such title no longer exists;
- 124 (K) The transfer of a title made as a result of a business reorganization when the
 125 owners, partners, members, or stockholders of the business being reorganized maintain
 126 the same proportionate interest or share in the newly formed business reorganization;
- 127 (L) The transfer of a title from a company to an owner of the company for the purpose
 128 of such individual obtaining a prestige or special license plate for the motor vehicle;
- 129 and
- 130 (M) The transfer of a title from an owner of a company to the company; and
- 131 (N) The transfer of a title from one legal entity in which an individual holds an
 132 ownership interest of at least 50 percent to another legal entity in which the same

133 individual holds an ownership interest of at least 50 percent, provided that the
134 alternative ad valorem tax imposed by this chapter has been levied on such motor
135 vehicle and has been paid by the transferring entity or such individual."

136 **SECTION 4.**

137 Said chapter is further amended by revising subparagraph (d)(17)(A) of Code
138 Section 48-5C-1, relating to definitions, exemption from taxation, allocation and
139 disbursement of proceeds collected by tag agents, fair market value of vehicle appealable,
140 and report, as follows:

141 "(A) Any person who purchases a 1963 through ~~1985~~ 1989 model year motor vehicle
142 for which such person obtains a title shall be subject to this Code section, but the state
143 title ad valorem tax fee shall be in an amount equal to 0.5 percent of the fair market
144 value of such motor vehicle, and the local title ad valorem tax fee shall be in an amount
145 equal to 0.5 percent of the fair market value of such motor vehicle."

146 **SECTION 5.**

147 This Act shall become effective on January 1, 2020.

148 **SECTION 6.**

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