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REVENUE AND TAXATION Ad Valorem Taxation of Property: Change Certain Provisions Relating to Qualifications of Property as Bona Fide Conservation Use Property; Change Certain Provisions Relative to the Ownership of Such Property and the Gross Income Derived by a Family Owned Farm Entity

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REVENUE AND TAXATION

Ad Valorem Taxation of Property: Change Certain
Provisions Relating to Qualification of Property as
Bona Fide Conservation Use Property; Change Certain
Provisions Relative to the Ownership of Such Property
and the Gross Income Derived by a Family Owned
Farm Entity

CODE SECTION: O.C.G.A. § 48-5-7.4 (amended)
BILL NUMBER: HB 1217
ACT NUMBER: 829
SUMMARY: The Act requires a family owned farm
entity owning property for
conservation use to be owned by one or
more natural or naturalized citizens
related to each other by blood or
marriage. The Act allows an entity
such as a corporation, a limited
partnership, a limited corporation, or a
limited liability company to serve as a
general partner of a family limited
partnership, but it may not hold more
than a five percent interest in that
family limited partnership. Finally, the
Act requires a family owned entity to
derive eighty percent or more of its
gross income from bona fide
conservation uses, including earnings
or investments directly related to past
or future bona fide conservation uses,
and when the family farm entity is
newly formed, an estimate of its
income may be used to determine
eligibility.

EFFECTIVE DATE: May 1, 2000¹

¹ See 2000 Ga. Laws 1338, §§ 2-3, at 1339. The Act took effect upon approval by the
History

Many family farm entities were influential in getting HB 1217 introduced.² The bill was introduced to allow surviving spouses to benefit from the savings offered by the Conservation Use Tax law.³

HB 1217

Representatives Thomas Buck, Richard Royal, and Jeanette Jamieson of the 135th, 164th, and 22nd Districts, respectively, sponsored HB 1217.⁴ Representative Thomas Buck introduced the bill on the House floor on February 14, 2000.⁵ The House assigned the bill to its Ways and Means Committee.⁶ The Committee substituted the bill to add language to include earnings and investments directly related to past or future bona fide conservation uses to the requirement that eighty percent of gross income be derived from bona fide conservation uses.⁷ The Committee substitute also provided that a newly formed family farm entity’s income may be estimated to determine its eligibility.⁸ The House adopted the Committee substitute and unanimously passed the bill, as substituted, on February 14, 2000.⁹

The Senate unanimously passed the bill with no changes on February 28, 2000.¹⁰ Governor Roy Barnes signed HB 1217 into law on May 1, 2000.¹¹

Governor. See id.

³. See id.
⁶. See id.
¹⁰. See Georgia Senate Voting Record, HB 1217 (Feb. 28, 2000).
The Act

The Act amends Code section 48-5-7.4, regarding the definition of who can own bona fide conservation use property and residential transitional property. It requires that the interest in 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, be owned by one or more natural or naturalized citizens related to each other by blood or marriage within the fourth degree of civil reckoning, with one exception. That exception allows a family limited partnership to have a corporation, limited partnership, limited corporation, or limited liability company serve as a general partner of the family limited partnership, but such general partner may not hold more than a five percent interest in that family limited partnership.

Further, although the former Code section already required that the family owned farm entity derive eighty percent or more of its gross income from bona fide conservation uses, the Act now allows earnings or investments directly related to past or future bona fide conservation uses to be considered in the eighty percent gross income requirement. Finally, the Act provides that newly formed family farm entities may estimate the entity’s income to determine its eligibility.

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13. Compare 1999 Ga. Laws 656, § 1, at 658-57 (formerly found at O.C.G.A. § 48-5-7.4(a)(1)(C)(iv) (1999)), with O.C.G.A. § 48-5-7.4(a)(1)(C)(iv) (Supp. 2000). Representative Royal stated that the “blood or marriage” requirement was added because widows were previously excluded from participating in the conservation use, even though their spouses were enrolled. See Royal Interview, supra note 2.

