

STANDARD PROPERTY TAX RULE AND EXCEPTIONS

The standard rule for the taxation of real property in Georgia is that the property is valued at its fair market value and assessed and taxed at forty (40%) of its fair market value. O.C.G.A. § 48-5-7(a). With that as the standard, there are a number of exceptions. Thus, it is important to be aware of the exceptions to this standard rule which can be referred to as the fair market value/forty percent assessment rule.

As you know, timber is not considered in determining the value of real property at its fair market value. Thus, the fact that timber is not valued and assessed annually, but is valued and assessed at 100% of its fair market value and taxed at the time it is harvested or sold, is the first exception to the standard rule of fair market value/forty (40%) percent assessment.

The second exception is a tax assessment for property devoted to bona fide agricultural purposes which is assessed at 75% of the standard rule or 30% of fair market value not 40%. O.C.G.A. § 48-5-7(b). This exemption is often referred to as "agricultural preferential" or "ag preference."

The third exception might also be called a special fair market value exception. For property that meets certain criteria as rehabilitated historic property or landmark historic property, the property is assessed at 40% of the fair market value, but a special fair market value is determined for such property which is different from the standard fair market value determination. For rehabilitated historic property, see O.C.G.A. §§ 48-5-2(3)(C), 48-5-7(c), and 48-5-7.2, and for landmark historic property, see §§ 48-5-2(3)(D), 48-5-7(c.1), and 48-5-7.3.

The fourth exception is the current use value exception for bona fide conservation use property whereby property is not valued at its fair market value and assessed at 40%, but is valued at its "current use" value and then assessed at 40% of that "current use" value. O.C.G.A. §§ 48-5-2(1), 48-5-7(c.2), and 48-5-7.4(a) and (b). This is also called "CUVA" valuation.

The fifth exception is the current use value exception for bona fide residential transitional property whereby such property is valued at its "current use" value and then assessed at 40% of that current use value. O.C.G.A. §§ 48-5-2(2), 48-5-7(c.3), and 48-5-7.4(c).

A sixth exception that was added in 2003 is the fair market value of "brownfield property". O.C.G.A. §§ 48-5-2(F) and 48-5-7.6.

The seventh exception was added in 2008 effective January 1, 2009 under the Georgia Forest Land Protection Act of 2008. This exception is sometimes referred to as "FLPA" or "SUPER CUVA." Property in FLPA is valued and assessed like property in CUVA.