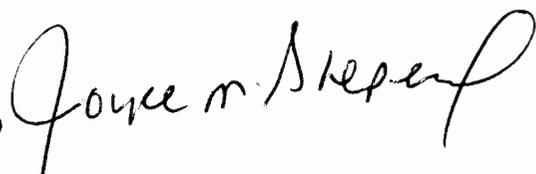


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AN ORDINANCE

BY COUNCIL MEMBER(S) JOYCE SHEPERD



**AN ORDINANCE TO AMEND CHAPTER 146, ARTICLE II, DIVISION ONE OF THE CODE OF ORDINANCES OF THE CITY OF ATLANTA TO CREATE A NEW SECTION 146-39 SO AS TO AUTHORIZE A 100% FREEPORT TAX EXEMPTION FOR MANUFACTURED AND PRODUCED GOODS AND INVENTORY IN THE CITY OF ATLANTA; TO FIX AN EFFECTIVE DATE OF JANUARY 1, 2015; TO DIRECT THE MUNICIPAL CLERK TO TRANSMIT THIS ORDINANCE TO THE STATE REVENUE COMMISSIONER; TO REPEAL CONFLICTING ORDINANCES AND RESOLUTIONS; AND FOR OTHER PURPOSES.**

**WHEREAS**, in 1976 the Georgia General Assembly enacted a statute to authorize cities and counties to exempt certain business inventories from ad valorem taxation, known as a "Freeport Exemption;" and

**WHEREAS**, in accordance with state law, the City of Atlanta held a voter referendum on November 7, 1978, at which a majority of the municipal voters approved a Level 1 Freeport Exemption; and

**WHEREAS**, the City has previously granted a 20% Freeport Exemption in accordance with Georgia law; and

**WHEREAS**, the jurisdictions surrounding Atlanta, including Fulton County, DeKalb County, Cobb County, as well as the municipalities of Alpharetta, East Point, Fairburn, Roswell and Union City have all granted a 100% exemption, thus putting the City of Atlanta at a competitive disadvantage; and

**WHEREAS**, the City wishes to engender a competitive business environment for manufacturers to remain, relocate or expand their operations in the City of Atlanta; and

**WHEREAS**, the City therefore wishes to increase the Level 1 Freeport Exemption to the 100% exemption level authorized by O.C.G.A. §48-5-48.2.

**NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA as follows:**

**Section One:That Chapter 146, Article II, Division One of the Code of Ordinances be amended by creating a new Section 146-39 to read as follows:**

**Section 146-39          Level 1 Freeport exemptions.**

- (a) In accordance with O.C.G.A. §48-5-48.2, as it may be amended from time to time, all the following types of tangible personal property are exempted from ad valorem taxation, as provided in subsection (b) of this section, including all such taxes levied for educational purposes and for state purposes, within the city:
- (1) Inventory of goods in the process of manufacture or production which shall include all partly finished goods and raw materials held for direct use or consumption in the ordinary course of the taxpayer's manufacturing or production business in the State of Georgia. The exemption provided for herein shall apply only to tangible personal property which is substantially modified, altered or changed in the ordinary course of the taxpayer's manufacturing, processing, or production operations in this state.
  - (2) Inventory of finished goods manufactured or produced within the State of Georgia in the ordinary course of the taxpayer's manufacturing or production business when held by the original manufacturer or producer of such finished goods. The exemption provided for herein shall be for a period not exceeding 12 months from the date the property is produced or manufactured.
  - (3) Inventory of finished goods which, on January 1, are stored in a warehouse, dock, or wharf, whether public or private, and which are destined for shipment to a final destination outside the State of Georgia and inventory of finished goods which are shipped into the State of Georgia from outside this state and stored for transshipment to a final destination outside this state. The exemption provided for herein shall be for a period not exceeding 12 months from the date the property is stored in this state. All property that is claimed to be exempt under the provisions of this subsection shall be designated as being in transit upon the official books and records of the warehouse, dock, or wharf, whether public or private, where this property is being stored. All official books and records shall contain a full, true, and accurate inventory of all such property, including the date of the receipt of the property, the date of the withdrawal of the property, the point of origin of the property, and the

point of final destination of the same, if known. The official books and records of any warehouse, dock, or wharf, whether public or private, pertaining to any in transit property, shall be at all times open to the inspection of all taxing authorities of this state, the city, and the county.

(4) As used in this section, the following words, terms and phrases are defined as follows:

- a. *Destined for shipment to a final destination outside this state* means, for purposes of this Level 1 Freeport Exemption, that portion or percentage of an inventory of finished goods which the taxpayer can establish, through a historical sales or shipment analysis, either of which utilizes information from the preceding calendar year, or other reasonable, documented method, is reasonably anticipated to be shipped to a final destination outside this state. Such other reasonable, documented method may only be utilized in the case of a new business, in the case of a substantial change in scope of an existing business, or in other unusual situations where a historical sales or shipment analysis does not adequately reflect future anticipated shipments to a final destination outside this state. It is not necessary that the actual final destination be known as of January 1 in order to qualify for the exemption.
- b. *Finished goods* means, for purposes of this Level 1 Freeport Exemption, goods, wares, and merchandise of every character and kind, but shall not include unrecovered, unextracted, or unsevered natural resources, or raw materials, or goods in the process of manufacture or production, or the stock-in-trade of a retailer.
- c. *Foreign merchandise in transit* means, for purposes of a Level 1 Freeport Exemption, any goods which are in international commerce where the title has passed to a foreign purchaser and the goods are temporarily stored in this state while awaiting shipment overseas.
- d. *Raw materials* means, for purposes of this Level 1 Freeport Exemption, any material whether crude or processed that can be converted by manufacture, processing, or combination into a new

and useful product, but shall not include unrecovered, unextracted, or unsevered natural resources.

- (b) All types of tangible personal property as stated in subsection (a) of this section shall be exempted at 100 percent of the value of such property.
- (c) Taxpayers desiring to make application for this exemption must do so on forms provided for this purpose by the Finance Department and must supply any additional information that may be requested which is necessary to determine the qualification for and amount of said exemption

**Section Two:** This ordinance shall become effective as of January 1, 2015.

**Section Three:** The Municipal Clerk is directed to transmit a copy of this ordinance to the State Revenue Commissioner.

**Section Four:** All ordinances or resolutions or parts of ordinances or resolutions in conflict herewith are hereby repealed to the extent of the conflict.