

A RESOLUTION AUTHORIZING THE CITY MANAGER TO IMPLEMENT THE LEVEL I FREEPORT EXEMPTION ON TANGIBLE PERSONAL PROPERTY IN ACCORDANCE WITH O.C.G.A 48-5-48.2 AND SETTING THE EXEMPTION RATE AT 80 PERCENT WITH THE EXEMPTION TO BE EFFECTIVE JANUARY 1, 2019.

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 Savannah held a voter referendum on May 20, 2014, at which a majority of the municipal voters approved a Level I Freeport Exemption as defined by O.C.G.A. 48-5-48.2: and

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

WHEREAS, the City wishes to set the Level I Freeport Exemption to the 80% exemption level as authorized by O.C.G.A. 48-5-48.2: and

WHEREAS, the City wishes for the Level I Freeport Exemption to be effective on January 1, 2019.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Aldermen of the City of Savannah that:

Section 1: 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 at the rate of 80%, within the City of Savannah:

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 this state. The exemption provided for in this paragraph 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. For purposes of this paragraph, the following activities shall constitute substantial modification in the ordinary course of manufacturing, processing, or production operations:
 - a. The cleaning, drying, pest control treatment, or segregation by grade of grain, peanuts or other oil seeds, or cotton;
 - b. The remanufacture of aircraft engines or aircraft engine parts or components, meaning the substantial overhauling or rebuilding of aircraft engines or aircraft engine parts or components; and

- c. The blending of fertilizer bulk materials into a custom mixture, whether performed at a commercial fertilizer blending plant, retail outlet, or any application site;
2. Inventory of finished goods manufactured or produced within this state 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 in this paragraph shall be for a period not exceeding 12 months from the date such property is produced or manufactured; or
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 this state and inventory of finished goods which are shipped into this state from outside this state and stored for transshipment to a final destination outside this state, including foreign merchandise in transit. The exemption provided for in this paragraph shall be for a period not exceeding 12 months from the date such property is stored in this state. Such period shall be determined based on application of a first-in, first-out method of accounting for the inventory. The official books and records of the warehouse, dock, or wharf where such property is being stored 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 such warehouse, dock, or wharf, whether public or private, pertaining to any such property for which a freeport exemption has been claimed shall be at all times open to the inspection of all taxing authorities of this state and of any political subdivision of this state.

Section 2: The exemption shall become effective as of January 1, 2019.

Section 3: The City Clerk is directed to transmit a copy of this resolution to the State Revenue Commissioner.

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect.

Date: December 6, 2018

By: _____
Luciana Spracher
Acting Clerk of Council