

Property Assessments, Tax Relief and GIS Services

Bryan Kinsey, AAS, TMA
Division of Property Assessments

9.22.22

TENNESSEE COMPTROLLER OF THE TREASURY



Who We Are

- The Division of Property Assessments (DPA)
- One of 12 divisions of the Comptroller's Office; one of 3 divisions directly involved in property tax administration
- Created by the 85th General Assembly in 1967
- Mission
 - To make government work better
- Purpose
 - Effective administration of Tennessee's property tax

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Who We Are

- Comptroller of the Treasury, Jason E. Mumpower
- Elected to first two-year term on January 13, 2021



Jason E. Mumpower

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Who We Are

- DPA Leadership
 - Bryan Kinsey, AAS, TMA Director
 - Jaclyn Harding, Assistant Director
 - Ryan Duggin, AAS, TMA Assistant Director
 - Macy Brower, AAS, TMA Assistant Director



Bryan Kinsey



Jaclyn Harding



Ryan Duggin



Macy Brower

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What We Do

- Primary Functions
 - Assist in reappraisal programs
 - Monitor and audit assessor of property office functions
 - Conduct appraisal ratio studies and current value updates
 - Administer the Assessment Certification and Education Program
 - Provide data processing services
 - Administer the Tax Relief Program
 - Provide support for the Tax Freeze Program
 - Provide geographic services to local governments

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The Assessment of Property

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Legal Framework

- The Constitution of the State of Tennessee
 - Article II, Section 28
 - All property subject to taxation
 - Legislature may exempt certain properties
 - For purposes of taxation, three classifications
 - Real property
 - Tangible personal property
 - Intangible personal property

Legal Framework

- The Constitution of the State of Tennessee
 - Article II, Section 28
 - Real property classified into four subclassifications and assessed at:
 - Public Utility Property (55%)
 - Industrial and Commercial Property (40%)
 - Residential Property (25%)
 - Farm Property (25%)

Legal Framework

- The Constitution of the State of Tennessee
 - Article II, Section 28
 - Tangible personal property classified into three subclassifications and assessed at:
 - Public Utility Property (55%)
 - Industrial and Commercial Property (30%)
 - All other Tangible Personal Property (5%)
 - Exempts \$7,500 worth of such tangible personal property ... in the hands of a taxpayer
 - Intangible personal property assessment level left up to the Legislature (40%)

Legal Framework

- The Constitution of the State of Tennessee
 - Article II, Section 28
 - Legislature **shall** provide tax relief to elderly, low-income taxpayers
 - Legislature **may** provide tax relief to homeowners totally and permanently disabled
 - Legislature **may** authorize tax freeze

Legal Framework

- The Constitution of the State of Tennessee
 - Article II, Section 28
 - Requires equality and uniformity of assessments
 - Enables the Legislature to establish the value and definition of property
 - Requires taxing authorities to apply the same tax rate to all properties



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Legal Framework

- Laws enacted by the General Assembly
 - Title 67, Chapter 1 of Tennessee Code Annotated
 - Division of Property Assessments
 - County Boards of Equalization
 - State Board of Equalization
 - Assessors of Property
 - And more...



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Legal Framework

- Laws enacted by the General Assembly
 - Title 67, Chapter 5 of Tennessee Code Annotated
 - Authority to levy a property tax
 - Exemptions
 - Classification and assessment
 - Assessment review
 - Periodic reappraisal and equalization
 - Certified tax rate
 - Delinquent taxes
 - And more...

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Legal Framework

- Rules promulgated by the State Board of Equalization
 - Contested case procedures
 - Tax Relief
 - Assessment certification and training
 - Assessment of tangible personal property
 - Equalization
 - Exemptions
 - Tax Freeze
 - And more...

Legal Framework

- Assessment manuals
 - Developed by DPA and approved by the State Board of Equalization (SBOE)
 - Developed by and approved by SBOE
- Published standards such as those from the International Association of Assessing Officers

Appraisal, Assessment, and Equalization

- Appraisal = opinion of value
 - Approaches to value
 - Market approach (sales comparison)
 - Cost approach (replacement cost new less depreciation)
 - Income approach (net operating income / capitalization rate)
- Assessment = constitutional percentage applied to appraised value
 - Residential/farm (25%)
 - Commercial/industrial (40%)
 - Personal property (30%)

Appraisal, Assessment, and Equalization

- Separation of duties
 - Assessment function is distinct from taxation function
 - Assessor of Property appraises and classifies the property and then applies the Constitutional percentages to appraisals to determine assessments
 - County Commission and city governing bodies determine local property tax rates
 - Taxes are collected by county Trustee and city collecting officials

Appraisal, Assessment, and Equalization

- Example
 - Residential appraised value = \$400,000
 - Residential assessment percentage = 25%
 - Assessed value = \$100,000
 - Tax rate = \$2.50 per \$100 of assessed value
 - Tax calculation
 - $(\$100,000 / 100) * \2.50
 - $\$1,000 * \$2.50 = \mathbf{\$2,500}$

Appraisal, Assessment, and Equalization

- The Role of the Assessor
 - Primary responsibility is to locate, identify, and appraise all taxable property for the purpose of achieving fair and equitable assessments
 - Appraisal date: January 1
 - Achieved through discovery, visual inspection, and periodic revaluations
 - Real property revalued on a multi-year cycle
 - Personal property revalued annually



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Appraisal, Assessment, and Equalization

- County-wide reappraisal
 - Performed periodically to update all property values in a jurisdiction to market value
 - Every county on a 4-, 5-, or 6-year cycle
 - Responsibility of assessor with training, support, technical assistance, and supervision by DPA

STATISTICS

CREATE REPORT

SELECT SALES

VIEW DATA

MAP

DELETE

HELP

Dataset Details

Name	Cumberland County Reappraisal Analysis
County	Cumberland
Appraisal Tax Year	2022
Date Imported	8/21/2022 11:38 AM
File Date	8/21/2022
File Information	N/A
Lower Trim	0.5979
Upper Trim	1.4787

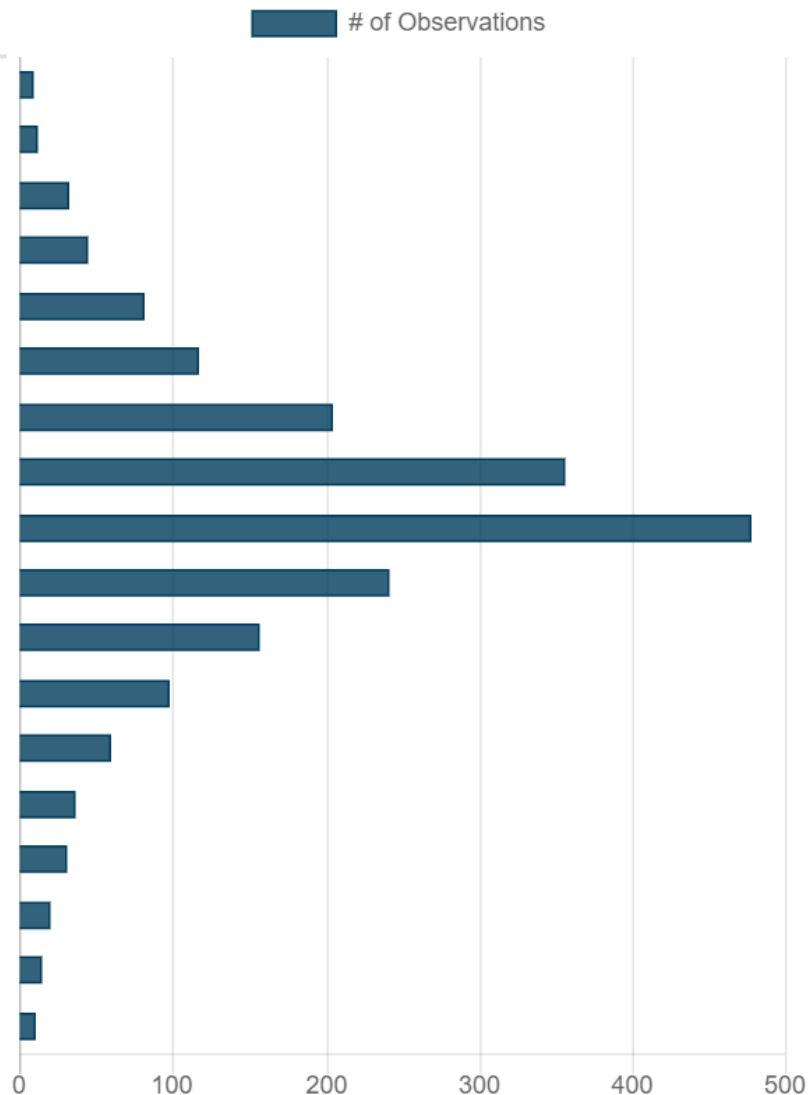
Detailed Statistics

Observations	2,003
Weighted Mean	0.9991
Mean	1.0138
Median	1.0004
Standard Deviation	0.1290
Coefficient of Dispersion	9.20
Coefficient of Variation	12.72
Price-Related	1.01

Histogram

Statistics By

Bin	Minimum	Maximum	Count	Percent	Total	Percent
1	0.6106	0.6587	9	0.45	9	0.45
2	0.6588	0.7069	12	0.60	21	1.05
3	0.7070	0.7550	33	1.65	54	2.70
4	0.7551	0.8032	44	2.20	98	4.89
5	0.8033	0.8514	81	4.04	179	8.94
6	0.8515	0.8996	117	5.84	296	14.78
7	0.8997	0.9478	204	10.18	500	24.96
8	0.9479	0.9960	356	17.77	856	42.74
9	0.9961	1.0442	478	23.86	1334	66.60
10	1.0443	1.0923	242	12.08	1576	78.68
11	1.0924	1.1405	157	7.84	1733	86.52
12	1.1406	1.1887	98	4.89	1831	91.41
13	1.1888	1.2369	60	3.00	1891	94.41
14	1.2370	1.2851	36	1.80	1927	96.21
15	1.2852	1.3332	31	1.55	1958	97.75
16	1.3333	1.3814	20	1.00	1978	98.75
17	1.3815	1.4296	14	0.70	1992	99.45
18	1.4297	1.4779	11	0.55	2003	100.00



Appraisal, Assessment, and Equalization

- Appraisal ratio studies
 - Conducted every 2 years in all counties
 - Performed by DPA staff
 - Measures the relationship between the assessor's appraised values and current market value
 - Appraised Value/Sale Price: $\$235,000/\$260,000=0.9038$
 - Used for purposes such as equalizing the assessments of timely filed business personal property, public utility properties, property successfully appealed by owners, and Tax Relief payments

Appraisal, Assessment, and Equalization

- Current value update (CVU)
 - Conducted in 3rd year in counties on a 6-year reappraisal cycle
 - Performed by DPA staff
 - Measures the relationship between the assessor's appraised values and current market value
 - If overall appraisal ratio falls below 90%, property values are updated to market value

Appraisal, Assessment, and Equalization

- Computer-assisted mass appraisal (CAMA) methodologies
- Not single property (fee) appraisal
- Statistical analysis ensures fairness, equity, uniformity, etc.
- 85 counties currently use CAMA system provided by the Comptroller's Office
- 10 counties use other systems



Appraisal, Assessment, and Equalization

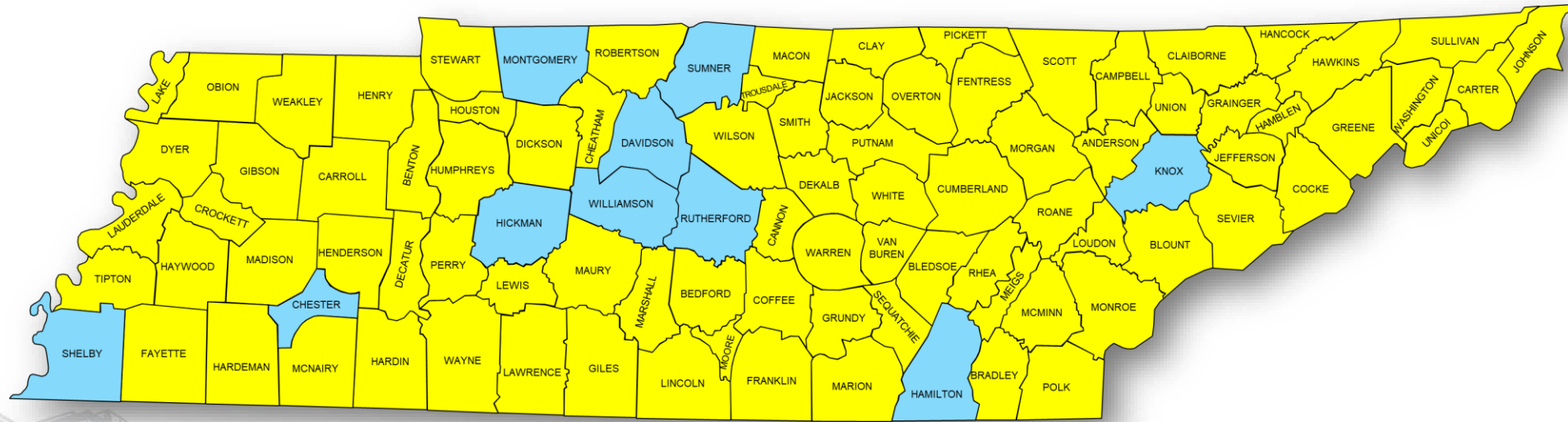
- For IMPACT jurisdictions, DPA provides
 - Revaluation year CAMA updates to produce current appraisals
 - Annual cyclical processes
 - Personal property schedules
 - Assessment change notices
 - Tax billing calculations with production of tax roll




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CAMA Systems in Tennessee



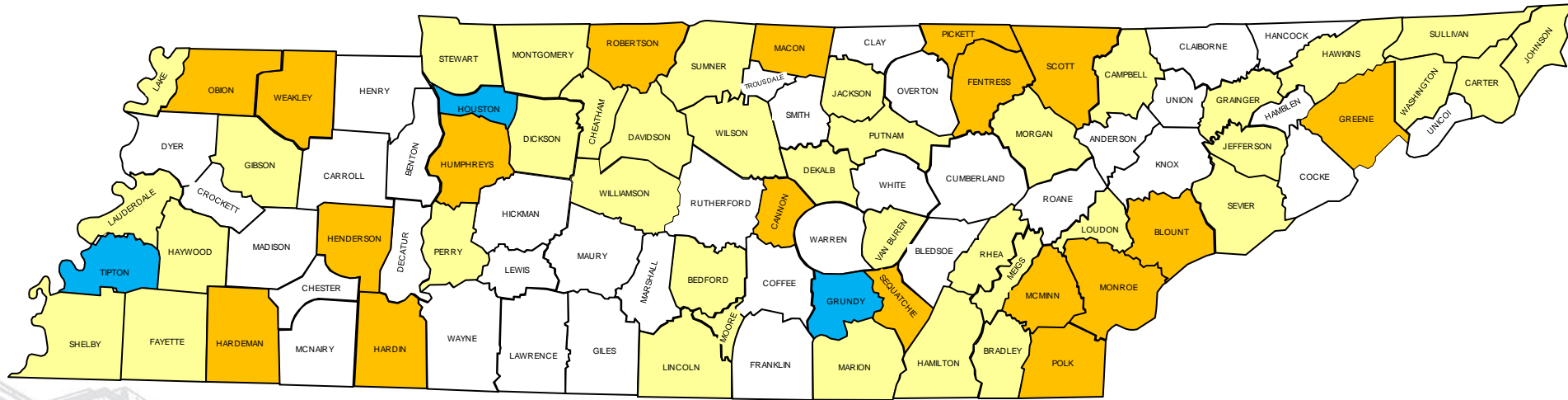
 **IMPACT** TENNESSEE COMPTROLLER OF THE TREASURY
Tennessee's CAMA Solution




 Other CAMA Systems

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2023 Assessment Activity



-  Ratio Study (38)
-  Current Value Update (3)
-  Revaluation (18)

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Property Tax Assistance Programs

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Property Tax Relief

- Statewide program mandated in every taxing jurisdiction
 - Funded by General Assembly at approximately \$41 million annually
- Property tax assistance to certain qualifying homeowners
 - Low-income elderly or permanently disabled
 - Disabled veterans or surviving widow(er)
- Annual application/re-application process
 - Applications received by collecting officials
 - Applications reviewed/approved/paid by DPA

Property Tax Relief

- Elderly
 - Age 65 or older
 - Income maximum of \$31,600 for relief of 2022 taxes
 - Pays on first \$30,000 of market value for tax year 2022
- Disabled
 - Totally and permanently disabled
 - Income maximum of \$31,600 for relief of 2022 taxes
 - Pays on first \$30,000 of market value for tax year 2022

Property Tax Relief

- Disabled veteran [or qualifying widow(er)]
 - No age requirement
 - No income limit
 - Pays on first \$175,000 of market value
 - Must be permanently and totally disabled and connected to military service

Property Tax Freeze

- Local option program (*no state funding*)
- To qualify:
 - 65 Years Old
 - Own primary residence
 - Meet income requirements
 - File annual application
 - Administered by county trustee (or city collecting official) with assistance from Assessor of Property

Property Tax Freeze

- The *tax amount* is frozen
 - Not...
 - Property values
 - Assessments
 - Tax rates



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24 Tax Freeze Jurisdictions by County

<u>County</u>	<u>Year Adopted</u>	<u>County</u>	<u>Year Adopted</u>
Anderson	2007	Knox	2007
Bledsoe	2011	Madison	2012
Blount	2007	Montgomery	2008
Bradley	2007	Roane	2007
Campbell	2008	Robertson	2008
Coffee	2008	Rutherford	2008
Davidson	2007	Sevier	2008
Franklin	2008	Shelby	2008
Hamblen	2007	Smith	2008
Hancock	2010	Sumner	2008
Haywood	2022	Williamson	2008
Hickman	2008	Wilson	2007

34 Tax Freeze Jurisdictions by City

<u>City</u>	<u>Year Adopted</u>	<u>County Where Located</u>	<u>City</u>	<u>Year Adopted</u>	<u>County Where Located</u>
Arlington	2012	Shelby	La Vergne	2019	Rutherford
Bartlett	2008	Shelby	Lebanon	2013	Wilson
Brownsville	2022	Haywood	Manchester	2007	Coffee
Chattanooga	2017	Hamilton	Memphis	2008	Shelby
Clarksville	2008	Montgomery	Millington	2008	Shelby
Clinton	2008	Anderson	Murfreesboro	2015	Rutherford
Collierville	2008	Shelby	Oak Ridge	2010	Anderson & Roane
Crossville	2017	Cumberland	Piperton	2008	Fayette
Dyersburg	2008	Dyer	Portland	2008	Robertson & Sumner
Fairview	2008	Williamson	Smyrna	2009	Rutherford
Gallatin	2008	Sumner	South Carthage	2008	Smith
Goodlettsville	2008	Davidson	Spring Hill	2009	Maury & Williamson
Gordonsville	2008	Smith	Springfield	2008	Robertson
Greenbrier	2008	Robertson	Tullahoma	2009	Coffee & Franklin
Hendersonville	2008	Sumner	Westmoreland	2008	Sumner
Jackson	2009	Madison	White House	2011	Robertson & Sumner
Lakeland	2012	Shelby	Whitwell	2016	Marion



Geographic Services

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Geographic Services

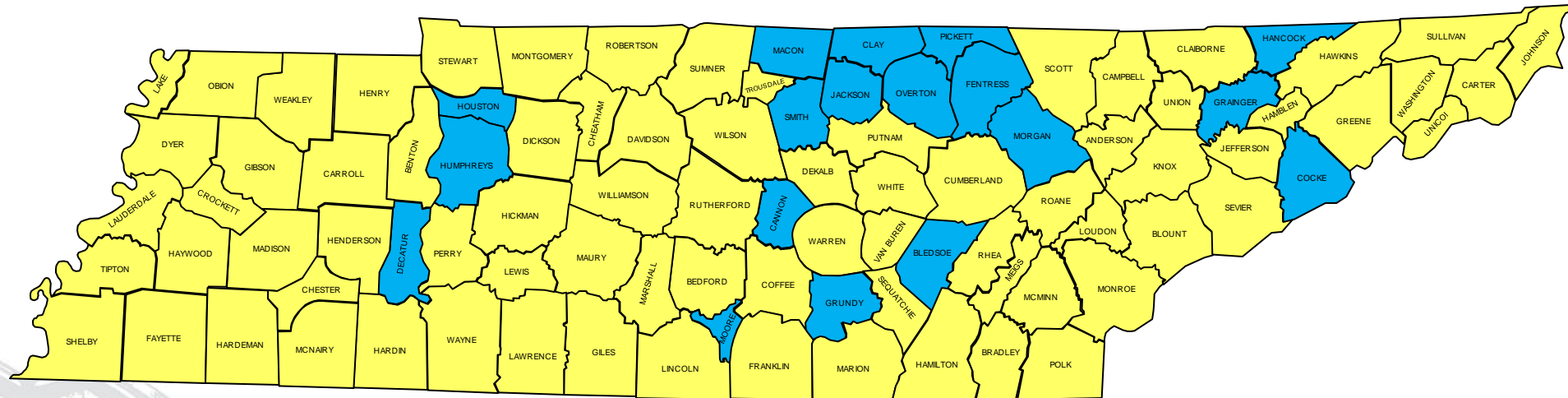
- Develops and uses Geographic Information Systems (GIS) technology to support state assessment staff, local assessors of property, local administrators of elections, and others
- Three key business areas:
 - Parcel boundary mapping
 - Municipal boundary management
 - Redistricting support



Geographic Services

- Parcel boundary mapping
 - Local assessors of property map from deeds
 - Map on paper, scan images, send to Geographic Services
 - Map in GIS computer, data is replicated to Geographic Services
 - Geographic Services maintains statewide geodatabase of parcel boundaries
 - Data feeds into IMPACT system
 - Data shared with STS GIS Services for use in Tennessee Property Viewer online map

Geographic Services

Parcel Boundary Map



-  Local Geographic Information System (GIS) (77)
-  Paper Maps (18)

Geographic Services

- Municipal Boundary Management
 - Law requires municipalities to inform Comptroller's Office of any annexations and/or deannexations
 - Geographic Services receives boundary changes and updates the statewide geodatabase

Geographic Services

- Redistricting Support
 - Partnership with U.S. Census Bureau
 - Working with county administrators of elections (AOEs)
 - Assisting county legislative bodies
 - Was last completed in 2021 based on 2020 census results



Questions?

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