



May 01, 2025

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# Government Property

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

The University of Tennessee  
County Technical Assistance Service  
226 Anne Dallas Dudley Boulevard, Suite 400  
Nashville, Tennessee 37219  
615.532.3555 phone  
615.532.3699 fax  
[www.ctas.tennessee.edu](http://www.ctas.tennessee.edu)

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# Government Property

Reference Number: CTAS-1528

All property of the United States, the state of Tennessee, any county, or any incorporated town, city or taxing district in the state that is used exclusively for public, county or municipal purposes is exempt from taxation. All property of an educational institution owned, operated or otherwise controlled by the state of Tennessee as trustee, or otherwise, is exempt from taxation. However, real property purchased for investment purposes by the Tennessee consolidated retirement system is subject to property taxation.<sup>1</sup>

When the United States government, the state of Tennessee, or any agency or political subdivision thereof acquires property assessed as a single unit by the assessor of property of any political subdivision, any lien for property taxes assessed by the political subdivision for the year in which the property is acquired will be released on the approval of the assessor of property of the political subdivision assessing the taxes with respect to that portion of the taxes representing the remainder of the calendar year after the date of the instrument or conveyance by the property owner, or after the date of the entry of an order of possession if the property is acquired by condemnation. The property owner will be relieved of all personal liability for that portion of the taxes. Either the condemnor or the property owner may request the assessor to provide proration. Proration is based on the last assessment made and rate fixed and the trustee must accept tender of the amount determined to be owing.<sup>2</sup>

If real property owned by the state or any political subdivision of the state is leased to a person, corporation, or other business entity for the purpose of operating a golf course or for the purpose of developing and operating a golf course, the person, corporation, or business entity makes payments in lieu of ad valorem taxes. The payments will be in an amount equal to the ad valorem taxes otherwise due and payable by the taxpayer upon the current fair market value of the leased real property.<sup>3</sup>

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<sup>1</sup>T.C.A. § 67-5-203(a)(1) and (2). See *also* Op. Tenn. Atty. Gen. 86-64 (March 17, 1986). For a nonexclusive list of governmental property exemptions, see T.C.A. §§ 7-57-307 (Metropolitan Hospital Authority Act); 7-66-110, 111 (Tennessee Homestead Act); 7-82-105 (Utility District Law of 1937); 7-86-117 (Emergency Communications District Law); 13-22-107 (Tennessee Housing Development Agency); 13-23-127 (Tennessee Housing Development Agency Act); 13-27-108 (Tennessee Export Development Act of 1983).

<sup>2</sup>T.C.A. § 67-5-203(b)(1) and (2).

<sup>3</sup>T.C.A. § 67-5-203(c).

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