



May 18, 2024

Property Tax Freeze

Dear Reader:

The following document was created from the CTAS website (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

Property Tax Freeze 3
----------------------------------	------------

Property Tax Freeze

Reference Number: CTAS-741

In November 2006, the voters of Tennessee approved an amendment to Article II, Section 6 of the Tennessee Constitution that gave the Tennessee General Assembly the authority to authorize cities and counties the option to implement a property tax freeze program for individuals 65 and older. As a result of the amendment to the Tennessee Constitution, the Tennessee General Assembly passed the "Property Tax Freeze Act" in June 2007, which was codified in T.C.A. § 67-5-705. Review the Tennessee Tax Freeze Jurisdictions. The program requirements, rules and regulations can be found on the Tennessee Comptroller of the Treasury – Division of Property Assessments' web site.

The enactment of this program will allow counties by resolution to freeze the amount of property taxes paid by those individuals 65 years of age or older who qualify to be frozen at their current level. If a county enacts this program, it will require the Assessor of Property, the Trustee and the Budget/Finance Director to work more closely than before because of the program requirements. The program's requirements will require the county to calculate their penny using both their normal assessment total and their property tax freeze assessment totals. For example, County A who will start their budgetary process in February, will receive their initial assessment total from the Assessor. While the county is working on its initial budget, the tax freeze program is continuing for the Trustee and the Assessor. The deadline for the eligible participants to qualify is 35 days after the delinquency date. Once that deadline has passed, the Trustee has 15 days to compile that list and then turn the list over to the Assessor, who then has 60 days to certify the tax assessment base and turn the information over to the county.

Here is an example of how a county might be affected by the program. County A is calculating its penny from its initial assessment total provided by the Assessor of Property:

<u>Initial Assessment</u>	<u>Variance Rate</u>	<u>Penny Calculation</u>	<u>Net Penny</u>
\$814,530,604	6%	\$81,453- (4,487)	\$76,966

If County A does not intend on raising their property tax rate, the county is in position to proceed with their budget process. Now as a result of County A having passed the resolution to participate in the Property tax Freeze Program, the following information is needed from both the Trustee and the Assessor of Property:

<u># of Participants</u>	<u>Assessment Total</u>	<u>New Assessment Total</u>
1,093	\$21,558,457	\$792,972,147

Now for County A who wants to raise its property tax rate, the following calculation is used:

<u>New Assessment</u>	<u>Variance Rate</u>	<u>Penny Calculation</u>	<u>Net Penny</u>
\$792,972,147	6%	\$72,297-(4,338)	\$67,959

So the negative effect of the Property Tax Freeze Program will be a reduction in the assessment total, which will lead to a reduction in the county's penny calculation. Instead of County A being able to use \$76,966 per penny for any incremental property, the county now has to use \$67,959 –a net loss of \$9,007 per penny for each incremental property tax increase. This reduction in turn can potentially limit County A's ability to raise the amount of property needed to fund its operations. Upon the adoption of a property tax freeze, calculations must be made for additional penny values.

Example of property tax freeze calculations for tax aggregate freeze totals.

Source URL: <https://www.ctas.tennessee.edu/eli/property-tax-freeze>