


**Tennessee's Property Tax Relief  
and Tax Freeze**

*Division of Property Assessments*

CCFO/CMFO  
Fall 2024

TENNESSEE COMPTROLLER OF THE TREASURY



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**Who We Are**

- Comptroller of the Treasury,  
Jason E. Mumpower
- Office Mission: **Make  
Government Work Better**



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**Property Tax Relief Basics**

- Funded by the State of Tennessee
  - \$41.2 million appropriated by General Assembly
- Applications are completed by applicant, taken at the collecting official's office, and processed by the Comptroller's Tax Relief department
- Reimbursement, not an exemption
- Payment amounts can change year to year
  - Value, Tax Rate, Equalization Ratio

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**Legal Basis**

- Constitution
  - Article II, Section 28
- State law
  - T.C.A. §§ 67-5-701 – 704
- Administrative rules
  - SBOE rules Chapter 0600-03



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**Who Gets Tax Relief**

- Classifications:
  - Low-income elderly (65 years old by December 31 of the tax year)
  - Low-income disabled
  - Disabled veterans
  - Surviving spouses of disabled veterans



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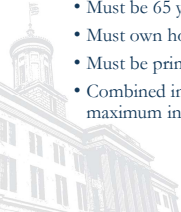
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**Low-Income Elderly**

- Must be 65 years or older by 12/31
- Must own home
- Must be primary residence
- Combined income of all applicable parties cannot exceed maximum income limit



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### Low-Income Disabled

- Must be determined permanently and totally disabled by the SSA or another qualified agency by 12/31
- If applicant is 65 or older, classify as Elderly
- If disability is not from SSA, proof of disability is required each year
- Must own home
- Must be primary residence
- Combined income of all applicable parties cannot exceed maximum income limit

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### Disabled Veterans

- Must meet at least one of the three statutory eligibility criteria
- Effective date must be within tax year or earlier
- No income limit, therefore, no co-owner or spouse information is required

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### Surviving Spouse of Disabled Veteran

- Disabled veteran must have met at least one of the five statutory eligibility criteria
- Effective date must be within tax year or earlier
- Must have been married at time of death
- Surviving spouse cannot have remarried

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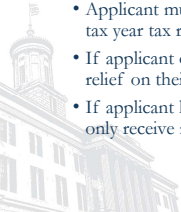
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**Ownership**

- Applicant must have owned the property at some point during the tax year tax relief is being applied on
- If applicant owns more than one property, they can only receive relief on their primary residence
- If applicant has more than one residence on their property, they can only receive relief on their primary residence



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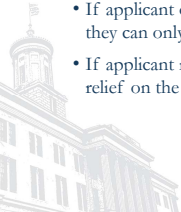
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**Ownership**

- If applicant owns a mobile home that is on someone else's property, they can only receive relief on the value of their mobile home
- If applicant resides on a commercial property, they can only receive relief on the portion of the property they live in



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**Residency**

- Residence must have been applicant's primary residence at some point during the tax year tax relief is being applied on
- Acceptable proof of residency for Tax Relief purposes (if required):
  - Valid ID
  - SSA Letter
  - VA Letter
  - Voter Registration Card
  - Bank Statement



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**Income**

- Combined income of all owners and applicant's spouse must not exceed the maximum income limit set for the tax year tax relief is being applied on
- Requested income is income received in previous tax year
- Income can be verified directly through Social Security Administration (SSA)
- Common proof of income (if required):
  - SSA 1099
  - VA letter
  - Tax Return
  - Bank Statement

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**Income Limit**

- Relief is paid on the amount of tax due on the market value up to the property value limit
- Low-income elderly and low-income disabled homeowners
  - Income Limit: \$36,370 for 2024 applications
  - Property Value Limit: \$31,800 for 2024 applications
- Disabled veteran and surviving spouse homeowners
  - Income Limit: None
  - Property Value Limit: \$175,000

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**Deadlines**

- Tax Relief Application Deadline:
  - Application due from applicant to collector's office
  - 35 days after jurisdiction's tax payment deadline
- Tax Relief Application Submission Deadline:
  - Applications submitted by collector's office
  - May 5 (unless May 5 falls on the weekend)

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2024 DV APPLICATION

Form of Tennessee Property Tax Relief Program

CLASSIFICATION

APPLICANT'S INCOME

OTHER PARTY'S INCOME

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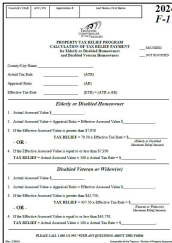
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### Calculating Payments

- Tax Relief is calculated using an equation that includes:
  - Property Assessed Value
  - Tax Rate
  - Appraisal Ratio
- When any of these values change, Tax Relief reimbursement amount can change



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### Optional Local Supplemental Tax Relief Programs

- **T.C.A. § 67-5-701(j)**
  - Local governments may provide funds for local Tax Relief
  - Adopted by act of the local legislative body
  - Applies to low-income elderly, low-income disabled, and disabled veteran homeowners
  - Total relief provided by state and local government combined cannot exceed the total tax amount
  - Only taxpayers who have applied for and received state Tax Relief can receive local Tax Relief



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### Appealing Decision

- Tax Relief decisions can be appealed by applicant within 90 days of date displayed on the initial unapproved/void letter
- File online:  
<https://www.comptroller.tn.gov/boards/state-board-of-equalization/value-appeals>.

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### Application Stats (as of 6/18/2024)

- Number of ACVs Selected: 149,566
- Number of ACVs Returned: 127,715
- Amount Paid in ACVs: \$34,004,287.14
- Number of DVs Submitted: 21,850
- Amount Paid in DVs: \$4,639,210.53
- Total Amount Paid: \$39,480,925.74

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### Property Tax Relief Trends

Property Tax Relief Expenditures by Category  
In Millions

Fiscal Year	Elderly/Disabled	Veterans/Widows	Total Expenditures
2010	\$106.7	\$54.4	\$200.3
2011	\$107.8	\$8.0	\$215.8
2012	\$108.8	\$9.5	\$218.3
2013	\$109.9	\$10.5	\$220.4
2014	\$109.1	\$11.8	\$220.9
2015	\$108.8	\$8.0	\$216.8
2016	\$117.0	\$9.7	\$226.7
2017	\$117.2	\$9.7	\$226.9
2018	\$108.9	\$10.7	\$219.6
2019	\$108.8	\$17.6	\$226.4
2020	\$108.0	\$17.0	\$225.0
2021	\$117.4	\$17.4	\$234.8
2022	\$116.4	\$29.7	\$246.1
2023	\$115.7	\$38.9	\$442.1

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## Local Officials' Roles

- **County or City Governing Body**
  - Adopts or terminates the local option Tax Freeze by resolution or ordinance
  - Files with Division of Property Assessments within 45 days
- **County Trustee or City Collecting Official**
  - Accepts applications
  - Determines eligibility (age, ownership & residency, income)
- **Assessor of Property**
  - Determines base assessment subject to the freeze
    - Total freeze vs. partial freeze
    - Partial freeze
      - Mixed-use property, including farm and greenbelt
      - Property over the maximum acreage limit
  - Determines adjustments to frozen base tax amounts for improvements made to property
  - Assists in verifying ownership of property

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## Tax Freeze Timeline

Year A				Year B				Year C							
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
New Applicants - Taxes frozen at this tax year's amount				Application deadline 30 days after delinquency date											
Business Applicants - Requalify for next year's tax billing				4/15											
				New Applicants - Taxes frozen at this tax year's amount				4/15							
				Business Applicants - Requalify for next year's tax billing				4/15							

**Qualified Applicants Must**

1. Be 65 years of age or older by the end of tax year
2. Own their principal residence any time during the tax year & through the application deadline
3. Provide prior year's income and meet current tax year's income limit cap.
4. Apply to collecting official

**Application Deadline**

30 days after delinquency date  
**(generally April 5<sup>th</sup>)**

**How It Works**

1. Initial application year taxes on principal residence set as base frozen tax amount
2. Taxes frozen at that amount for subsequent years

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## Fundamental Concept

- The tax amount is frozen
- Not...
  - Property value
  - Assessment
  - Tax rate

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### How Tax Freeze Works

- **Frozen Portion of property**
  - Principal residence with supporting land and other improvements
  - 90% of Tax Freeze parcels are frozen in their entirety (typical house and lot)
  - Taxes remain the same even with a tax rate increase or reappraisal
    - Unless a physical change occurs
- **Non-Frozen Portion of property**
  - Land supporting another use (such as farm, greenbelt or commercial/industrial)
  - Improvements supporting another use (such as farm outbuildings or commercial/industrial buildings)
  - Any additional non-principal residences on the parcel

**Taxes remain the same on the frozen portion, but on the non-frozen portion are calculated using the current value and tax rate.**

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### Frozen Tax Adjustment Scenarios

- New additions
- Conversion of unfinished areas to living area
- Prorations
- Existing improvements newly discovered
- Splits & combinations
- Other physical changes to land or buildings

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### Reappraisal Year

- Properties are revalued just as if they were not on the Tax Freeze
  - For new applicants...
    - Calculated tax amount on the frozen portion becomes the base frozen tax for subsequent years
  - For requalifications...
    - Frozen tax amounts stay the same
    - Base tax adjustments are to be made only on properties that have had a physical change...not judgement call changes such as quality or effective year built

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### Requalifications

- Applicants must requalify every year
- Collecting official accepts application and determines continued eligibility
  - Verifies application information
  - Reviews appropriate year's income
  - Submits to Assessor
- Assessor reviews parcel records
  - Verifies ownership
  - Verifies frozen portions of property
  - Verifies/updates tax freeze amounts
  - Submits back to collecting official

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### Who bears the cost of the Tax Freeze?

- Local governments adopting the Tax Freeze bear the cost of...
  - Administering the program
  - Foregone tax revenue due to the program
- The state does not pay the cost of the Tax Freeze Program

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### State Tax Freeze System

- State system is available for use by local Tax Freeze administrators
- Secure web-based program
- Collecting officials
  - Can use Tax Freeze System website for entering applications
- Assessors
  - IMPACT counties use IMPACT system to perform their work for Tax Freeze
  - Data passed between IMPACT and the Tax Freeze System
- Online interaction between Assessor and collecting official

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### How Do Tax Freeze and Tax Relief Compare?

- Property Tax Relief
  - Established in 1973
- Property Tax Freeze
  - Established in 2007
- The Tax Freeze does not replace Tax Relief
- Persons may be eligible for both
- Some jurisdictions have adopted optional Tax Relief local supplemental programs instead of, or in addition to, Tax Freeze
- Many similarities and differences exist

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### Tax Relief vs. Tax Freeze...Similarities

- Authorized in State Constitution, established in state law
- Rules promulgated by State Board of Equalization
- Application deadline (35 days after delinquency date)
- Annual application/re-qualification required
- Documentation of age, income and ownership required
- Are for the principal residence
- Do not affect the assessed value of property
- Income limits are adjusted annually by Social Security cost-of-living adjustment (COLA)

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### Tax Relief vs. Tax Freeze...Differences

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| <ul style="list-style-type: none"> <li>• State Tax Relief           <ul style="list-style-type: none"> <li>• State program</li> <li>• Available in all counties and cities</li> <li>• Funded by state dollars (<i>except local supplemental programs</i>)</li> <li>• Administered by state with assistance of collecting officials</li> <li>• Applications approved by state</li> <li>• Tax rebate/credit</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Local Tax Freeze           <ul style="list-style-type: none"> <li>• Local program</li> <li>• Available where opted-in (<i>27 counties, 34 cities</i>)</li> <li>• Funded by local dollars</li> <li>• Administered by collecting officials with assistance of Assessors</li> <li>• Applications approved by local collecting official</li> <li>• Tax amount is frozen</li> </ul> </li> </ul> |
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### Tax Relief vs. Tax Freeze...Differences

<ul style="list-style-type: none"> <li>• State Tax Relief               <ul style="list-style-type: none"> <li>• Available to...                   <ul style="list-style-type: none"> <li>• Low-income elderly</li> <li>• Low-income disabled</li> <li>• Disabled veterans and surviving spouses</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Local Tax Freeze               <ul style="list-style-type: none"> <li>• Available to...                   <ul style="list-style-type: none"> <li>• Low-income elderly</li> </ul> </li> </ul> </li> </ul>
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### Tax Relief vs. Tax Freeze...Differences

<ul style="list-style-type: none"> <li>• State Tax Relief               <ul style="list-style-type: none"> <li>• Revenue-neutral at local level (<i>except local supplemental programs</i>)</li> <li>• Annual benefit</li> <li>• Statewide income limit of \$36,370 for 2024 (<i>Elderly/Disabled</i>)</li> <li>• Property value limit of \$31,800 for 2024</li> <li>• Does not affect local tax rate</li> <li>• Does not shift property tax burden</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Local Tax Freeze               <ul style="list-style-type: none"> <li>• Foregone local revenue</li> <li>• Benefit starts when a tax increase would occur</li> <li>• Income limit by county of \$36,370 or above for 2024</li> <li>• Acreage limit (no more than 5 acres)</li> <li>• Can affect local tax rate</li> <li>• Can shift tax burden</li> </ul> </li> </ul>
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### Web Links

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Questions



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