

Reappraisal Cycles and Local Budgeting

Division of Property Assessments

CCFO & CMFO Training
September-November 2025

TENNESSEE COMPTROLLER OF THE TREASURY



1

Who We Are

- Comptroller of the Treasury, Jason E. Mumpower
- Office Mission: **Make government work better**



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2

Who We Are

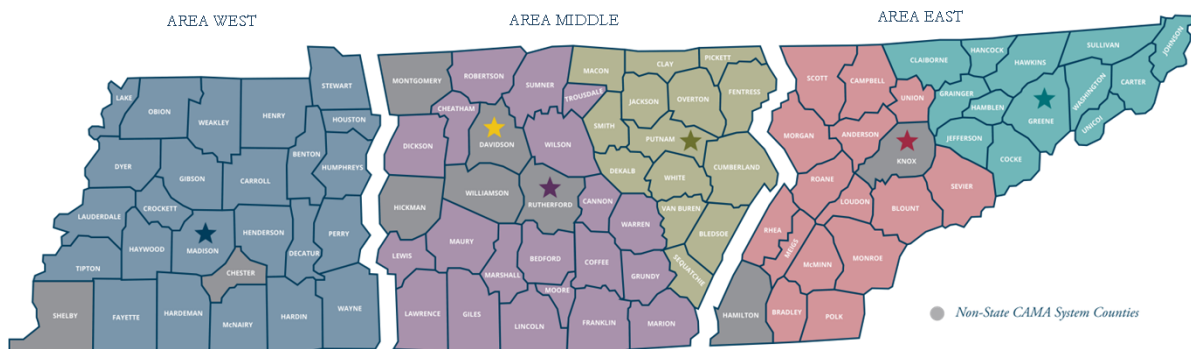
- The Division of Property Assessments (DPA)
- One of 13 divisions of the Comptroller's Office; one of 3 divisions directly involved in property tax administration
- Created by the 85th General Assembly in 1967
- Purpose: **effective administration of Tennessee's property tax**

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3

Where We Are



★ **JACKSON DPA**

225 Martin Luther King Drive
Lowell Thomas State Office Building
Tower A, Suite 400
Jackson, TN 38301

★ **NASHVILLE DPA**

Condell Hall Building
425 Rep. John Lewis Way N.
Nashville, TN 37243

★ **MURFREESBORO DPA**

1423 Mark Allen Lane
Murfreesboro, TN 37129

★ **COOKEVILLE DPA**

1100 England Drive
Suite 3A
Cookeville, TN 38501

★ **KNOXVILLE DPA**

221 Gore Road
Knoxville, TN 37919

★ **GREENVILLE DPA**

980 Old Stage Road
Greenville, TN 37745

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4

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
- Administer a statewide computer-assisted mass appraisal system
- Provide data processing services and tax billing calculations
- Administer the Tax Relief Program
- Provide support for the Tax Freeze Program
- Provide geographic services to local governments

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5

Reappraisal

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6

Reappraisal

- A systematic *mass appraisal* of all property within a jurisdiction over a period of time
- Strives for fair and equitable assessments
 - Recognizing changes to individual properties
 - Recognizing changes in market trends/conditions affecting groups of parcels

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7

Reappraisal

- Doesn't guarantee an increase or decrease in any one property value or jurisdiction as a whole
 - Individual property values may fluctuate
 - Total jurisdiction values may be up or down
 - *Depends on the market*
- Not a tool to generate new revenue
 - Certified tax rate (CTR), aka *truth-in-taxation*
 - State Board of Equalization (SBOE) oversees CTR
 - Same revenue on the same property as the prior year
 - CTR may be higher or lower than the prior year's rate

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8

Reappraisal

- Frequency of reappraisal determined by
 - Assessor selects cycle (currently 4-, 5-, or 6-years)
 - Reappraisal plan developed by assessor with DPA input as needed
 - Reappraisal plan approved by county commission and county mayor
 - Reappraisal plan submitted to DPA for review and transmission to SBOE
 - SBOE may approve or reject reappraisal plan

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9

Reappraisal

- Reappraisal v. Revaluation
 - Reappraisal is a process over a period of years
 - Revaluation is the culminating event
- Basics of reappraisal plan
 - Describes how the visual inspection of parcels will be accomplished over what time period
 - Describes the resources needed to accomplish the plan
 - Includes evidence of local approval

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10

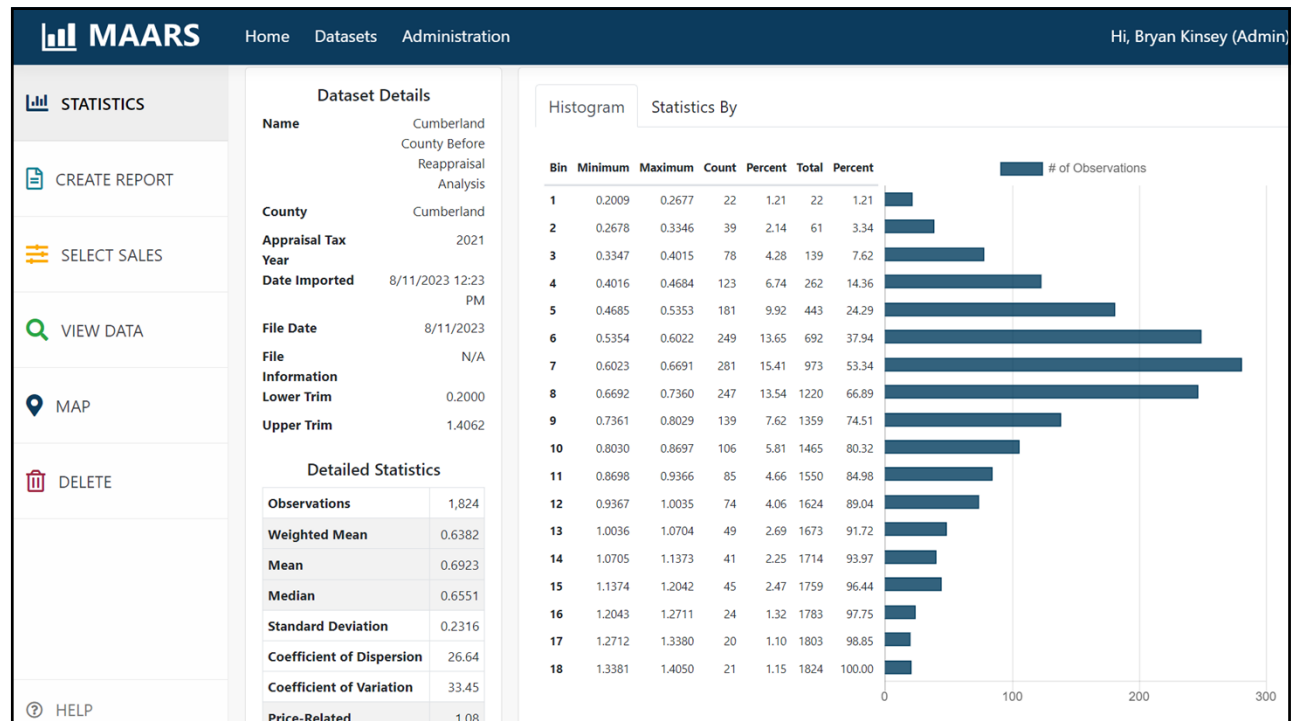
Reappraisal

- Basics of a reappraisal (revaluation year)
 - New rates are derived from various sources (market, cost, and income) and entered into the CAMA system
 - Uniformity and equity are reviewed at both the macro and micro levels
 - End goal is market value as measured by performance statistics of appraised values against sale prices of arm's-length transactions

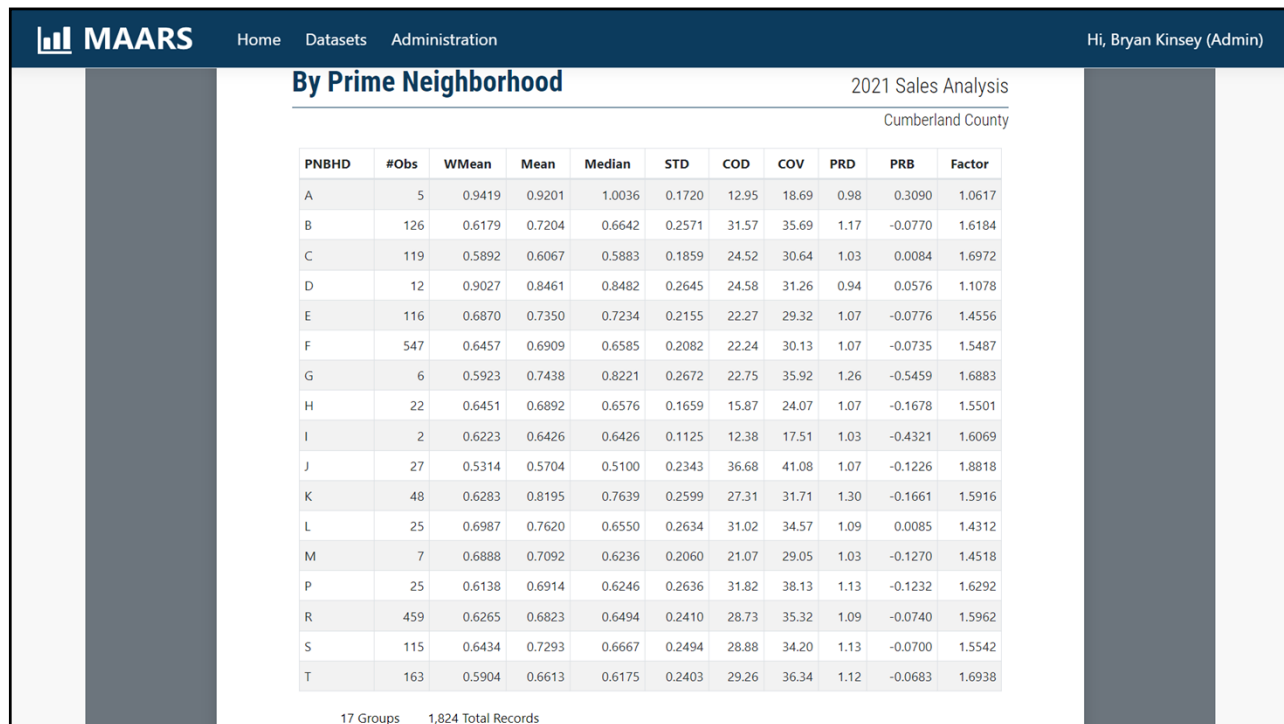
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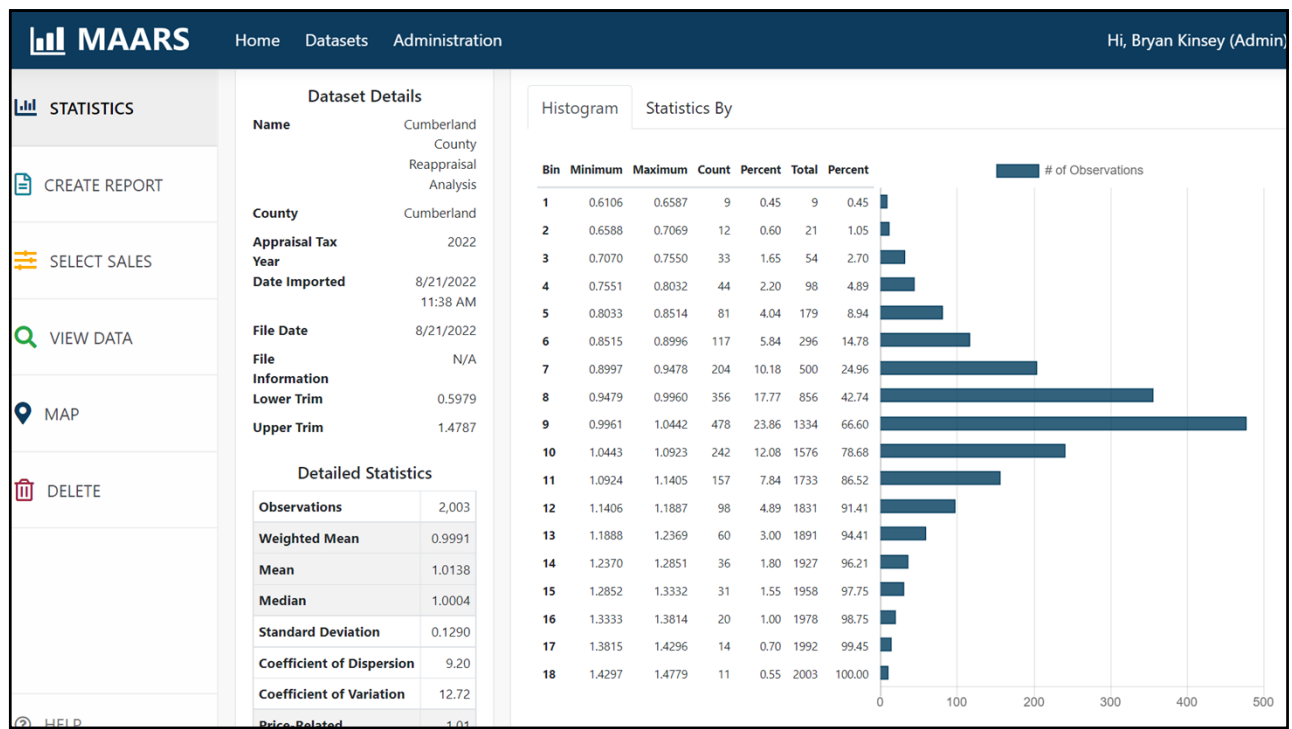
11



12



13




14

MAARS										
Home Datasets Administration										
Hi, Bryan Kinsey (Ad										
By Prime Neighborhood										
2022 Reappraisal										
Cumberland County										
PNBHD	#Obs	WMean	Mean	Median	STD	COD	COV	PRD	PRB	Factor
A	224	1.0064	1.0215	1.0050	0.1514	11.70	14.82	1.02	-0.0079	0.9936
C	105	1.0065	1.0043	1.0000	0.1010	7.47	10.06	1.00	0.0032	0.9935
D	41	1.0144	0.9969	1.0000	0.1894	13.88	19.00	0.98	0.0140	0.9858
E	64	0.9991	1.0146	1.0051	0.0670	4.89	6.60	1.02	-0.0144	1.0009
F	582	0.9949	1.0074	1.0016	0.1019	7.26	10.12	1.01	-0.0108	1.0051
G	140	1.0022	1.0211	1.0000	0.0943	6.73	9.24	1.02	-0.0097	0.9978
H	5	1.0366	1.0087	1.0069	0.0581	4.43	5.76	0.97	0.0370	0.9647
K	50	0.9885	1.0111	1.0000	0.0897	5.76	8.87	1.02	-0.0109	1.0116
L	48	1.0047	1.0098	1.0000	0.1165	8.12	11.54	1.01	0.0073	0.9953
N	7	1.0028	1.1049	1.1200	0.2393	16.72	21.66	1.10	-0.1180	0.9972
P	1	0.9286	0.9286	0.9286	0.0000	0.00	0.00	1.00	0.0000	1.0769
R	556	0.9994	1.0165	1.0048	0.1507	11.01	14.83	1.02	-0.0094	1.0006
T	180	0.9977	1.0185	1.0000	0.1499	10.85	14.72	1.02	-0.0075	1.0023
13 Groups 2,003 Total Records										

15

Truth-in-Taxation

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16

Certified Tax Rate

- Constitution of the State of Tennessee Article II Section 28
- Tenn. Code Ann. §§ 67-5-1701 through 1705
- State Board of Equalization Rules Chapter 0600-13

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17

Certified Tax Rate

- Prevents higher assessments after a general updating of values from automatically resulting in a general tax increase
- Also prevents lower assessments after a general updating of values from automatically resulting in a general tax decrease
- Certified tax rate (CTR) generates the same tax revenue in a year of general value updates as the amount levied in the prior year
- CTR cannot be exceeded without notice and public hearing

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18

Certified Tax Rate

- $CTR = \text{Prior Year Levy} / \text{Current Year Base}$
 - Deduct new real property from base
 - Deduct new personal property from base
 - Deduct appeals allowance
 - Add estimated public utility assessment

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19

Certified Tax Rate

- State Board of Equalization (SBOE) staff provides an estimated CTR on standard form
- Assessor or other local officials review
- Assessor and chief executive of the jurisdiction sign and return form to SBOE
- SBOE acknowledges receipt and reviews
- Governing body can accept or publish notice and hold hearings to exceed CTR

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20

Appraisal Ratio Studies and Equalization

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21

Ratios and Equalization

- Appraisal ratio studies
 - Conducted every 2 years in all counties by DPA
 - Measures the relationship between the assessor's appraised values and current market value
 - Appraised Value/Sale Price: $\$340,000/\$550,000 = 0.6182$
 - Not a measure of the assessor's performance
 - Used for equalizing the assessments of annually valued properties and Tax Relief payments
 - Recognizes that, for property tax purposes, properties across the state are appraised at varying levels in relation to actual market value

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22

The Concept Behind Equalization

- Some properties such as public utilities and tangible personal property are revalued at market value annually
- Other forms of real property are revalued cyclically, historically only once every 4, 5, or 6 years
- Modern-day concept of equalization began in earnest in the 1960s and 1970s and worked its way into legal framework through 1970s and 1980s

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23

Equalization Illustrated

Real property appraised value	<u>\$250,000</u>	Personal property appraised value	\$355,000
Real property market value	\$355,000	Personal property market value	\$355,000
Real property appraisal ratio	0.7042	Personal property appraisal ratio	1.0000
Personal property appraised value	\$355,000		
Real property appraisal ratio	0.7042		
Personal property equalized appraised value	<u>\$250,000</u>		

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24

Effects of Equalization

- Achieves relative equality in property taxation by assessing all properties at the same percentage of current market value
- Typically reduces the tax burden on tangible personal property and utility taxpayers
- Typically reduces the tax base because assessments of tangible personal property and utility accounts are reduced
 - Revenue loss to local jurisdiction if tax rate not increased

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25

Remedy for Equalization

- Appraise all properties on the same cycle
- Modernize concept of reappraisal cycles
 - More frequent update/revaluation of real property
 - Annual revaluation of real property to coincide with existing annual revaluation of tangible personal property and utilities

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26

Effects on Budgets

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27

Ratios and Budgeting

- January 1 – Assessment date
- March 1 – Personal property schedules due; correction of assessment from prior years
- May 20 – Assessment roll should be complete
- June 1 – County Board of Equalization meets
- July 1 – Tax rate set and budget adopted

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28

Ratios and Budgeting

FY 21	
Reappraisal	
Real	\$1,162,166,210
TPP (Eq.)	\$101,427,500
OSAP (Eq.)	\$69,785,223
Base (Eq.)	\$1,333,378,933
Eq. Ratio	1.0000
Tax Rate	\$1.96520
Levy	\$26,203,563

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29

Ratios and Budgeting

FY 21		FY 22
Reappraisal		N/A
Real	\$1,162,166,210	\$1,197,169,735
TPP (Eq.)	\$101,427,500	\$112,749,350
OSAP (Eq.)	\$69,785,223	\$72,318,549
Base (Eq.)	\$1,333,378,933	\$1,382,237,634
Eq. Ratio	1.0000	1.0000
Tax Rate	\$1.96520	\$1.96520
Levy	\$26,203,563	\$27,163,734

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30

Ratios and Budgeting

	FY 21	FY 22	FY 23
	Reappraisal	N/A	Ratio Study
Real	\$1,162,166,210	\$1,197,169,735	\$1,244,143,005
TPP (Eq.)	\$101,427,500	\$112,749,350	\$90,834,673
OSAP (Eq.)	\$69,785,223	\$72,318,549	\$48,223,914
Base (Eq.)	\$1,333,378,933	\$1,382,237,634	\$1,383,201,592
Eq. Ratio	1.0000	1.0000	0.6556
Tax Rate	\$1.96520	\$1.96520	\$1.96520
Levy	\$26,203,563	\$27,163,734	\$27,182,678

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31

Ratios and Budgeting

	FY 21	FY 22	FY 23	FY 24
	Reappraisal	N/A	Ratio Study	N/A
Real	\$1,162,166,210	\$1,197,169,735	\$1,244,143,005	\$1,289,293,325
TPP (Eq.)	\$101,427,500	\$112,749,350	\$90,834,673	\$91,126,268
OSAP (Eq.)	\$69,785,223	\$72,318,549	\$48,223,914	\$49,559,222
Base (Eq.)	\$1,333,378,933	\$1,382,237,634	\$1,383,201,592	\$1,429,978,815
Eq. Ratio	1.0000	1.0000	0.6556	0.6556
Tax Rate	\$1.96520	\$1.96520	\$1.96520	\$1.96520
Levy	\$26,203,563	\$27,163,734	\$27,182,678	\$28,101,944

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32

Ratios and Budgeting

	FY 21	FY 22	FY 23	FY 24	FY 25
	Reappraisal	N/A	Ratio Study	N/A	Ratio Study
Real	\$1,162,166,210	\$1,197,169,735	\$1,244,143,005	\$1,289,293,325	\$1,325,553,020
TPP (Eq.)	\$101,427,500	\$112,749,350	\$90,834,673	\$91,126,268	\$87,755,022
OSAP (Eq.)	\$69,785,223	\$72,318,549	\$48,223,914	\$49,559,222	\$48,100,000
Base (Eq.)	\$1,333,378,933	\$1,382,237,634	\$1,383,201,592	\$1,429,978,815	\$1,461,408,042
Eq. Ratio	1.0000	1.0000	0.6556	0.6556	0.6222
Tax Rate	\$1.96520	\$1.96520	\$1.96520	\$1.96520	\$1.96520
Levy	\$26,203,563	\$27,163,734	\$27,182,678	\$28,101,944	\$28,719,591

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33

Ratios and Budgeting

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
	Reappraisal	N/A	Ratio Study	N/A	Ratio Study	Reappraisal
Real	\$1,162,166,210	\$1,197,169,735	\$1,244,143,005	\$1,289,293,325	\$1,325,553,020	\$2,120,884,832
TPP (Eq.)	\$101,427,500	\$112,749,350	\$90,834,673	\$91,126,268	\$87,755,022	\$139,814,678
OSAP (Eq.)	\$69,785,223	\$72,318,549	\$48,223,914	\$49,559,222	\$48,100,000	\$80,900,000
Base (Eq.)	\$1,333,378,933	\$1,382,237,634	\$1,383,201,592	\$1,429,978,815	\$1,461,408,042	\$2,192,112,063
Eq. Ratio	1.0000	1.0000	0.6556	0.6556	0.6222	1.0000
Tax Rate	\$1.96520	\$1.96520	\$1.96520	\$1.96520	\$1.96520	\$1.31013
Levy	\$26,203,563	\$27,163,734	\$27,182,678	\$28,101,944	\$28,719,591	\$28,719,591

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34

Ratios and Budgeting

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
	Reappraisal	N/A	Ratio Study	N/A	Ratio Study	Reappraisal
Real	\$1,162,166,210	\$1,197,169,735	\$1,244,143,005	\$1,289,293,325	\$1,325,553,020	\$2,120,884,832
TPP (Eq.)	\$101,427,500	\$112,749,350	\$90,834,673	\$91,126,268	\$87,755,022	\$139,814,678
OSAP (Eq.)	\$69,785,223	\$72,318,549	\$48,223,914	\$49,559,222	\$48,100,000	\$80,900,000
Base (Eq.)	\$1,333,378,933	\$1,382,237,634	\$1,383,201,592	\$1,429,978,815	\$1,461,408,042	\$2,192,112,063
Eq. Ratio	1.0000	1.0000	0.6556	0.6556	0.6222	1.0000
Tax Rate	\$1.96520	\$1.96520	\$1.96520	\$1.96520	\$1.96520	\$1.31013
Levy	\$26,203,563	\$27,163,734	\$27,182,678	\$28,101,944	\$28,719,591	\$28,719,591
Tax Rate	\$1.96520	\$1.96520	\$2.03256	\$2.03256	\$2.05846	\$1.37231
Levy	\$26,203,563	\$27,163,734	\$28,114,402	\$29,065,177	\$30,082,500	\$30,082,500

35

Understanding Tennessee Property Assessments

- DPA informational videos
 - The Birth of a Parcel
 - A Parcel Experiences Changes
 - Getting to Know Greenbelt
 - Ready for Revaluation
 - The Real Deal with Appeals
 - Perusing Personal Property
 - The Rundown on Ratios and Equalization
 - Calculating Your Property Tax Bill

<https://www.comptroller.tn.gov/office-functions/pa/property-taxes/understanding-tennessee-property-assessments.html>

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36

Understanding Tennessee Property Assessments

- SBOE informational video
 - Understanding the Certified Tax Rate

<https://www.comptroller.tn.gov/boards/state-board-of-equalization/sboe-resources/certified-tax-rate.html>

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37

Questions?

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38