

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 191 – SB 691

March 19, 2015

SUMMARY OF BILL: Requires action pursuant to changes in a property classification or assessment be commenced through notice of the State Board of Equalization or the Appeals Commission by September 1st of the year following the year for which the notice relates.

ESTIMATED FISCAL IMPACT:

On February 27, 2015, a fiscal note was issued for this bill with the following estimated impact:

Increased State Expenditures – Not Significant

Other Fiscal Impact – For each \$1,000,000 of additional value assessed identified; the recurring increase in local government property tax revenue is estimated to be \$12,000.

As of March 19, 2015, the fiscal note for the bill has been changed to characterize the estimated impact in the following manner:

(CORRECTED)

Increased State Expenditures – Not Significant

Increase Local Revenue – \$12,000

Assumptions:

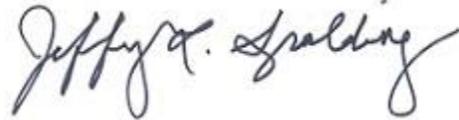
- The Office of the Comptroller of the Treasury reports that the State Board of Equalization has more latitude to recover assessments than the local property assessor; further, this bill gives the local property assessor more time to recover the assessment than the current implicit deadline of the end of the current year, which is based on a 1992 opinion by the Attorney General.
- Based on information provided by the Comptroller, the average property tax rate is estimated to be \$3.00 per hundred dollars of assessed value.
- Assessed value is estimated to be 40 percent of appraised value.
- The number of properties and the extent of reassessments that will occur as a result of this bill are unknown; however, it is estimated that an average of \$1,000,000 worth of additional appraised value will be assessed statewide as a result of this bill.

HB 191 – SB 691 (CORRECTED)

- The assessed value is estimated to be \$400,000 ($\$1,000,000 \times 40\%$). Therefore, the recurring increase in local government property tax revenue is estimated to be \$12,000 [$(\$400,000/\$100) / \times \3.00].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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