



March 30, 2023

SUMMARY OF BILL: Creates a property tax exemption for real property that provides tree canopy, as determined by an implementing agency (Agency). Authorizes the Agency to formulate application formats and requirements for the exemption, and requires the Agency to calculate the portion of tree canopy sheltering real properties upon the submission of an application.

Requires a property owner claiming such an exemption to file an application with the State Board of Equalization (SBE). Authorizes the SBE to impose a filing fee up to \$120.

Provides that such tax exemption shall not continue for more than seven years unless the Agency determines that it is reasonable to continue the exemption an additional seven years. However, if during the period of tax exemption, the property is determined by the Agency to have tree canopy coverage in an amount less than previously determined, the exemption is void and of no effect, and the owner is liable for any difference between the tax paid and the tax that would have been due.

FISCAL IMPACT:

Other Fiscal Impact – The fiscal impact of the proposed legislation is dependent upon whether Davidson County elects to come under its provisions. If Davidson County does elect to, there will be a one-time increase to state expenditures of \$10,000 for modifications to the online exemption application; any subsequent recurring increase to state revenue cannot be estimated. The proposed legislation would also result in a recurring decrease to local revenue and increase to local expenditures, both of which cannot be quantified but are considered permissive.

Assumptions:

- The proposed legislation is permissive and would only apply to Davidson County if its governing body elected to come under the legislation's provisions by a two-thirds majority vote.
- Any vote would take place at a regularly scheduled meeting resulting in no significant increase to local expenditures.
- Davidson County's planning commission, assessor of property, or county board of equalization would be determined as the Agency responsible for creating an application

format and calculating the portion of tree canopy sheltering real properties upon receiving an application for exemption.

- Any recurring increase to local expenditures relative to determining the portion of real property that provides tree canopy cannot be estimated but is considered permissive.
- A property owner would be required to file an application for exemption with the SBE.
- According to the Comptroller of the Treasury (COT), the SBE will be able to absorb the increase to responsibilities utilizing existing staff and resources, resulting in no significant impact to state expenditures.
- The SBE would be authorized to charge a filing fee that is not to exceed \$120 and is proportional to the value of the property at issue.
- It is not known how many additional applications the SBE would receive as a result of the proposed legislation; therefore, any increase to state revenue cannot be estimated.
- The COT will have to modify the existing online exemption application filing system to accommodate the new exemption type. It is estimated that the cost to modify the system would result in a one-time state expenditure of \$10,000.
- If Davidson County elects to come under the proposed legislation, there would be a recurring decrease in local revenue for parcels of real property that provide tree canopy.
- Due to multiple unknown factors, such as if and when Davidson County would come under the legislation, how many properties would qualify for the tax exemption, the value of such properties, the amount of taxes currently generated, and the reduction in taxes due to the exemption, any permissive, recurring decrease to local revenue cannot be quantified.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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