

Comptroller of the Treasury  
Division of Property Assessments

1967-2007

40th

*Recognizing 40 years of Assessment Administration*

DIVISION OF PROPERTY ASSESSMENTS

2007 ANNUAL REPORT

# **DIVISION OF PROPERTY ASSESSMENTS**

## **COMPTROLLER OF THE TREASURY**

### **CORE IDEOLOGY/MISSION STATEMENT**

#### **OUR CORE VALUES:**

*Honesty and Integrity — We must be honest in all we do and all we say in order to reflect the highest degree of integrity.*

*Accuracy and Reliability — The work we produce must be relevant, correct, professional, timely, and objective. Decision-makers and their publics must be able to depend on our work.*

*Accountability — We must accept personal responsibility for the work we each perform and the Division must take organizational responsibility for the work we collectively perform.*

#### **OUR PURPOSE:**

*Our purpose is to serve the people of Tennessee by ensuring fair and equitable property tax administration.*

#### **OUR MISSION:**

*Our mission is to make government work better to improve the quality of life for all Tennesseans by ensuring superior administration of the property tax system.*

# ASSESSMENT ADMINISTRATION

*Recognizing 40 Years of Assessment Administration*



## LETTER FROM THE DIRECTOR

Members of the Board:



The 2007 Annual Report of the Division of Property Assessments is presented in accordance with T.C.A. § 67-1-202(7). This report provides an overview of the Division's activities during the past year as we fulfilled our mission and administered Tennessee's outstanding property tax system.

Since May 25th, 1967 we have remained committed to our purpose of ensuring fair and equitable property tax administration. I am proud of the hard work, proficiency, and professionalism of the Division staff, and I am continually amazed by their dedication to public service.

This abbreviated report represents assessments and tax billings produced on 3.2 million properties in 95 counties and 285 municipalities. A comprehensive report will be available on the Division's website at <http://www.comptroller.state.tn.us/cpdivpa.htm>

My sincere thanks and appreciation are expressed to the Division staff that prepared this publication. I also wish to express my gratitude to those who support this Division and help us accomplish our mission, including the Comptroller of the Treasury, the State Board of Equalization, and the Property Assessors.

Sincerely,

*David Sherrill*

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# ASSESSMENT ADMINISTRATION



*Reflecting the Past  
Serving the Present  
Shaping the Future*

Comptroller of the Treasury  
Division of Property Assessments

1967-2007



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# EXECUTIVE SUMMARY

## Introduction



The 2007 Annual Report of the Division of Property Assessments (DPA) is submitted to the State Board of Equalization (SBOE) and contains reports on various programs administered by the DPA, as well as selected historical information.

The DPA continues its efforts to improve administration of the property assessment function in Tennessee. Improvements in the areas of division responsibility enumerated below ensure the DPA achieves the established goals.

The following comments briefly recap the activities of the DPA during the 2007 fiscal year. The remainder of this report summarizes the services and products of each section of the division. We continually pursue improvements in all these areas.

## Assessment Systems



Computerized assessment records of real and personal property are maintained for 89 counties and 281 cities in tax billing programs.

An enhancement of MapViewer to include GPS functionality as well as other improvements was completed in FY 2006-07. Use of MapViewer has grown, with over 100 state users and over 300 county users in 39 counties.

## Field Operations

Appraisal ratio studies were performed in 38 counties for 2007 pursuant to T.C.A. § 67-5-1604 and 1605.

Eighteen counties were reappraised in accordance with reappraisal plans submitted by assessors of property and approved by the SBOE pursuant to T.C.A. § 67-5-1601.

Current Value Update analysis was performed in 10 counties in accordance with T.C.A. § 67-5-1601.

Monitoring activities were conducted in all 95 counties to ensure the accuracy of the property characteristic data, sales information, mapping and administrative functions. County personal property audit programs initiated in January 2000 continue to improve the uniformity and equity of personal property.

State reappraisal grants totaling \$2,183,000 which includes \$255,411 in subsidies were administered to all 95 counties.

## GIS/Mapping



Approximately 10,000 county property ownership maps were updated reflecting changes in ownership and physical characteristics. There were also 27,000 maps reproduced resulting in \$50,000 in revenue.

# EXECUTIVE SUMMARY

## Legal Services

The following acts, that affect property tax administration, were passed during the 2007 Session of the 105th General Assembly: Public Chapters 98 and 11 amends TCA § 67-5-1412, Public Chapter 332 amends TCA § 67-5-1512(b)(1)(B), Public Chapter 256, Public Chapter 133, Public Chapter 473, Public Chapter 66, Public Chapter 514, Public Chapter 38, Public Chapter 37, Public Chapter 292, Public Chapter 179, Public Chapter 539, Public Chapter 553, Public Chapter 581, Public Chapter 132, Public Chapter 482, Public Chapter 449, Public Chapter 58, and Public Chapter 132.

## Property Tax Relief

The income limit for elderly and disabled homeowners was increased to \$20,000 in 2006. The market value limit for the elderly and disabled was \$25,000 and \$175,000 for disabled veterans and their surviving spouses. There were approximately 75,000 claims for tax relief reimbursements.

## Training

Schools and seminars were conducted across the state to provide professional and technical development for property assessors. The total cost for fiscal 2007 was \$44,910 for 217 students. Forty-one students in 2007 were private participants that paid \$14,365 to attend. The total division cost was \$30,545 for 176 students, a per student cost for tuition and books of \$173.55. This effort was in concert with the continued cooperation between the DPA and the University of Tennessee County Technical Assistance Service (CTAS) to develop and implement courses designed to meet the changing needs of our county assessors.

## Other

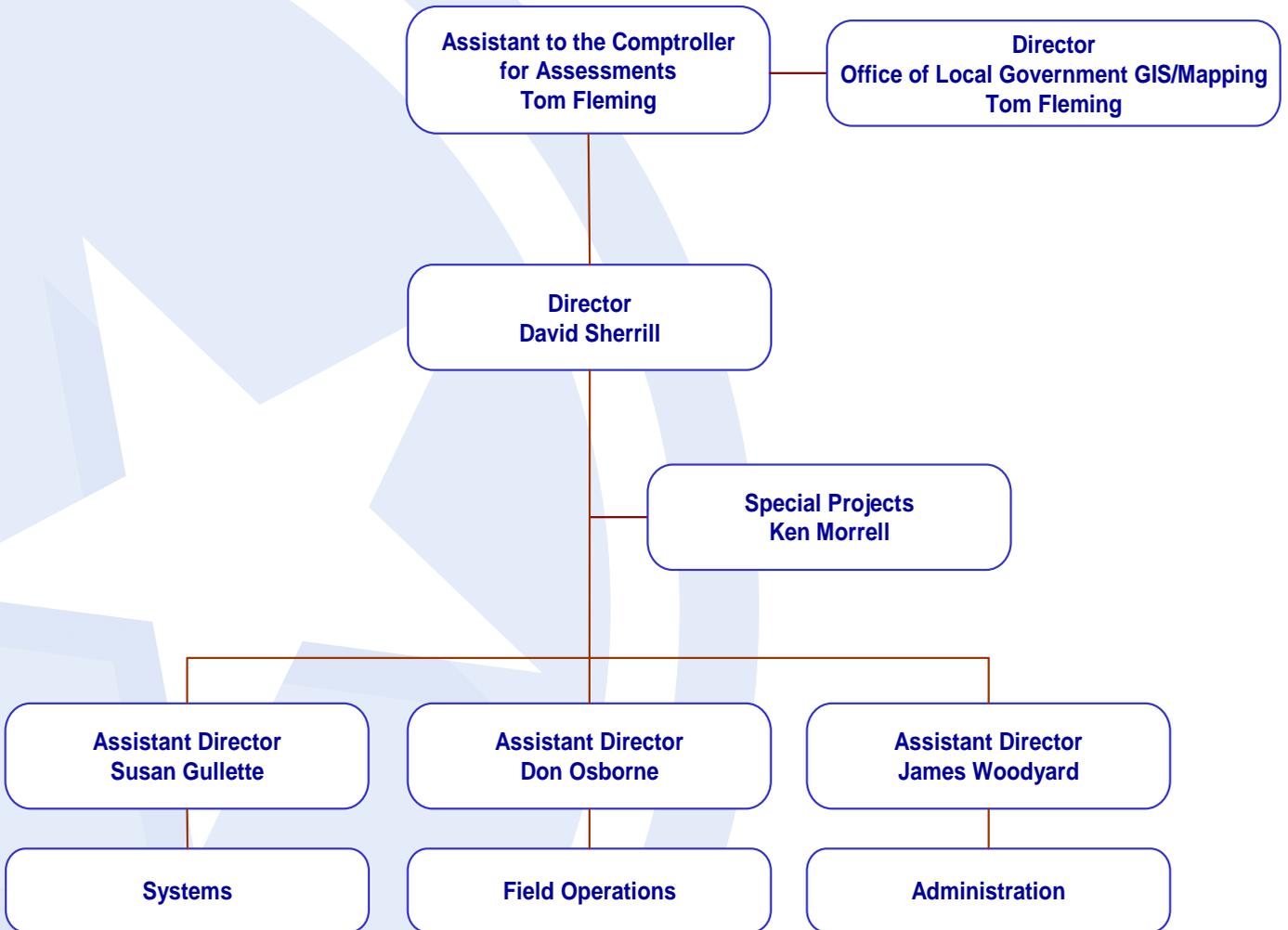
The DPA website remains a valuable resource. The site offers information regarding the assessment function, property tax relief for elderly or disabled persons, personal property information and property tax maps with ordering information. Lists of current assessors and trustees with property tax rates and reappraisal schedules are also available. A calendar of assessment education courses currently being offered by the DPA and the applicable registration form can be printed from the website. A list of current publications can also be referenced with ordering information, the 2007 Annual Report can be downloaded and several key DPA personnel can be contacted using their e-mail addresses provided on the website:

[www.comptroller.state.tn.us/cpdivpa.htm](http://www.comptroller.state.tn.us/cpdivpa.htm)

The DPA held the Sixteenth Annual Assessor Retreat September 11-13, 2006 at Montgomery Bell State Park. The retreat covered such topics as Ethics Standards for County Governments, Assessment Impact from Tornadoes and Other Disasters, Proration of Assessments, Implementing and Using a Geodatabase, and several multi-station demonstrations were conducted as well. The retreat offers an opportunity for DPA, OSAP and SBOE staff to discuss assessment matters with assessors from across the state.



# ORGANIZATION



For more organizational details, see the comprehensive version of each section of this report on our website at <http://www.comptroller.state.tn.us/cpdivpa.htm>

# GOALS AND OBJECTIVES

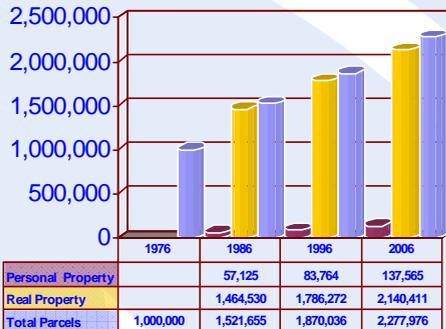
The Division of Property Assessments (DPA) was established in 1967 as the result of legislation enacted by the Eighty-fifth General Assembly. The duties of the DPA are enumerated in T.C.A. § 67-1-202. From 1967 through 1977 the division's primary function was supervision of the statewide mapping and reappraisal programs mandated by T.C.A. § 67-1718. This section was subsequently deleted.

Upon completion of the reappraisal programs begun in 1967, the DPA began work toward completion of a statewide computer-assisted tax billing system and a long-range plan for periodic reappraisal of locally assessed real property. The goal of achieving a statewide computer-assisted tax billing system was realized in 1985. The goal to establish a long-range plan for systematic reappraisal of locally assessed real property was realized with the passage of Chapter 495, Public Acts of 1989. The initial cycle of reappraisal in every county in the state, required by legislation enacted in 1980, was completed in 1991. The current goals of the DPA are as follows:

-  To ensure the professional administration of property tax programs in all taxing jurisdictions pursuant to T.C.A. § 67-1-201 through § 67-1-514, 1 through 10, T.C.A. § 67-5-101 through 67-5-1703.
-  To ensure a standardized record-keeping system for all property tax records through the continued use of the division's computerized appraisal and tax billing system.
-  To ensure an up-to-date and equitable property tax base in all taxing jurisdictions through continuing county reappraisal efforts and the maintenance of the division's Computer Assisted Appraisal System, pursuant to T.C.A. § 67-5-1601 through 67-5-1603.
-  To ensure a high degree of competency and a broad base of appraisal knowledge among all county property assessors and collecting officials through the division's assessment certification and education program.
-  To administer the Property Tax Relief Program in such a manner that all low-income elderly, disabled, disabled veterans and surviving spouses of disabled veterans who qualify will receive timely and accurate rebates in accordance with generally accepted governmental accounting standards.
-  To ensure county property ownership maps are accurate and current so assessing officials can correctly locate property boundaries and related information, and to ensure counties comply with T.C.A. § 67-5-806(b), which requires maps to be filed annually in the office of the Register of Deeds.
-  To accomplish appraisal ratio studies in every county as determined by the State Board of Equalization and pursuant to T.C.A. § 67-5-1604 through 67-5-1606.
-  To monitor on-site review and valuation of properties, provide valuation assistance, develop valuation indexes and audit assessor performance in accordance with T.C.A. § 67-5-1601 (d) (1).

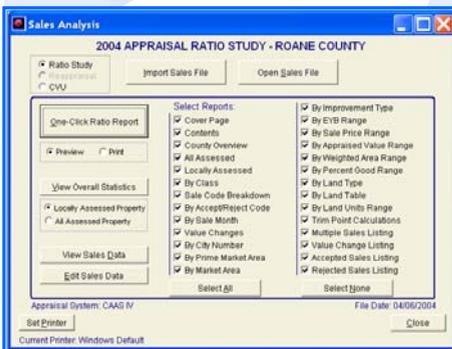
# ASSESSMENT SYSTEMS

1976-2006 County Tax Billing



\*Totals do not include municipalities

Appraisal Ratio - Sales Analysis Screen



Real Estate Assessment Data Website



**PAST** - The assessment legislation of the 85th General Assembly followed by the Property Assessment and Classification Act of 1973 required the Division of Property Assessments (DPA) to assist and guide in the administration of the annual assessment process. Meeting these requirements has been the specific goal of the Assessments Systems Section of the DPA. A reliable method for the administration of property ownership and tax billing records began with the NAL System.

- **NAL-Assessment Rolls & Tax Billing** – Beginning in 1972, the DPA began offering taxing jurisdictions a computerized system for the organization and publishing of Assessment Rolls, Assessment Change Notices, Tax Notices, Receipts and Tax Rolls.
- **Howzomatic:** First Computer Assisted Appraisal System (CAAS I) was a reappraisal tool that also allowed assessors to perform statistical research to judge the effectiveness of the program.
- **CAAS II** – Provided the 1st sketching of major improvements. Card maintained the improvement and land description through listing of structural elements, measurements and condition data.
- **Ratio Studies** – In 1981 TCA 67-684 required ratio studies be performed every two years. Initially ratio studies began as a manual process of field data collection.
- **CAAS III** – National Association of State Information Resource Executives (NASIRE) presents award to DPA CAAS III System in 1990.

## PRESENT

- **CAAS III** – CAAS III remains an effective valuation system. A majority of Tennessee counties have remained with this appraisal system.
- **CAAS IV** – An upgrade of CAAS III with improved access for users and truer representation of the structures through the sketch program provided by APEX.
- **Reappraisals and CVU's** – On average approximately 18 counties are reappraised and 10 counties are analyzed for CVU's every year using the data that Assessment Systems maintains.
- **Web & Intranet Design** – Design and testing of the Real Estate Assessment Data Website. This website has over 200,000 visits per month and received the Distinguished Assessment Jurisdiction Award from International Association of Assessing Officers (IAAO) in 2003. In addition to the Real Estate Assessment Data Website, Assessment Systems also provides assessment data to an internal website, Intranet, for use by departments/divisions throughout the Office of the Comptroller.

# ASSESSMENT SYSTEMS

**FUTURE** - Assessment Systems' goals for the future will not change. Data integrity, accuracy and the timely delivery of services to assessment jurisdictions will always be essential to equitable and uniform assessment. The methods used to ensure data integrity, accuracy and the delivery of the data will change.

- **Integrated Multi Processing of Administrative CAMA Technology (IMPACT)** – The goals of IMPACT are to reduce redundancy among agencies through consolidation, increase GIS application and integration, reduce paper waste and provide better access and communication with the taxpayer.
- **Appraisal Modeling Through Impact** – Improve valuation techniques for property appraisal through statistical modeling.
- **Improved Access** – Assessment Systems will continue to improve access to data for the public and for local assessment jurisdictions by migrating to PC level application with centralized servers from the existing Mainframe.
- **Paperless Conversion** – One of the advantages to a migration from the Mainframe to a PC environment will be a substantial reduction in paper use and mailing costs.

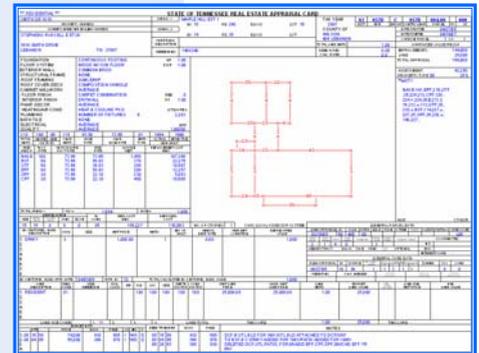


## SPECIAL PROJECTS

**PAST** - The Special Projects section was created in October 1997 in order to dedicate resources full-time to address a variety of projects and tasks that are in addition to those in the ordinary workflow of the division. The work of Special Projects covers an assortment of endeavors, and includes areas such as technology, Geographic Information Systems (GIS), and legislative/policy research. The most notable projects have included:

- **CAAS Local Assessor System** – Continued support and development of the CAAS Local Assessor System (originally released in 1996). A property record card produced from the system is presented to the side, followed by a sample screen showing the basic parcel search parameters in the system.
- **CAAS/GIS Link** – Modification and implementation of initial GIS analysis functionality linking the CAAS Local Assessor System and ArcView 3.2.
- **Y2K** – Participation in department-wide initiatives to prevent system failures with the advent of the Year 2000.
- **MapViewer** – Development of the MapViewer GIS viewing and analysis application for regional offices in 2004. In 2005, it was enhanced and made available to other Comptroller divisions and to assessors' offices upon request.
- **Assessor/Trustee Seminars** – Program coordination for joint seminars for county Assessors of Property and Trustees sponsored by the Division of Property Assessments in 2004 and 2005.

Current Property Record Card



CAAS Local Assessor System



# ASSESSMENT SYSTEMS

First Rendition of MapViewer



MapViewer with Enhanced GPS Functionality



- **Tax Relief Study** – Performed a detailed internal study of the Property Tax Relief Program during the latter part of 2005 to assist policymakers in shaping the future of Tax Relief.
- **GIS** – Coordinated a study group comprised of personnel from the Division of Property Assessments and the Office of Local Government in 2006.
- **GIS Shapefile Creation** – Development of an application using ArcGIS 9.x tools to extract shapefiles from geodatabases for use in MapViewer and other GIS applications

**PRESENT** - Special Projects efforts during FY 2006-07 included the following areas:

- **MapViewer** – Enhancement of MapViewer to include GPS functionality as well as other improvements was completed in FY 2006-07. Use of MapViewer has grown, with over 100 state users and over 300 county users in 39 counties.
- **IMPACT** – Participation on the IMPACT project core team.
- **Property Tax Freeze** – Preparation of an issues document and numerous projections and analyses of the impact of the Property Tax Freeze constitutional amendment passed in late 2006.
- **GIS Shapefile Improvements** – Modification of the program using ArcGIS 9.x tools to extract shapefiles from new version 9.2 geodatabases for use in MapViewer and other GIS applications.

**FUTURE** - Ever-changing issues before policymakers makes the specifics of future Special Projects activities difficult to predict. However, with respect to recurring or ongoing efforts, some future direction can be seen.

- **MapViewer** – Evaluate the future direction of MapViewer as newer technology becomes available.
- **GIS** – Continue to support division GIS use while adapting the current environment to relate to newly released operating systems and versions of ArcGIS software.
- **GIS** – Increase the level of incorporation of GIS into legislative/policy analyses.
- **IMPACT** – Continue to work toward the integration of CAMA technology, the ultimate goal of the IMPACT project.

For more details, see the comprehensive version of this section of the report on our website at <http://www.comptroller.state.tn.us/cpdivpa.htm>

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# FIELD OPERATIONS

Early Field Appraisal Office



1968 First Property Record Card

Detailed view of the earliest data inventory collection

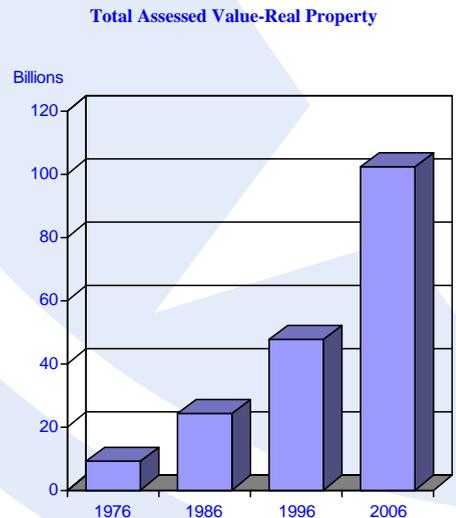
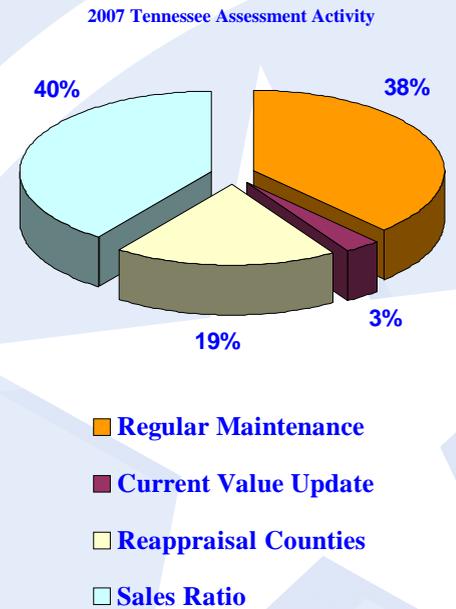
**PAST** - The duties of the Division of Property Assessments (DPA) are enumerated in T.C.A. § 67-1-202. From 1967 through 1977 the division's primary function was supervision of the statewide mapping and appraisal programs mandated by T.C.A. § 67-1718. This section was subsequently deleted. The goal to establish a long-range plan for systematic reappraisal of locally assessed real property was realized with the passage of Chapter 495, Public Acts of 1989.

- **Staffing** – The DPA began in 1967 with a staff of nine. By 1974 the DPA had assumed more appraisal functions and had grown to 110 employees
- **Field Work** – Eighty (80) counties had completed appraisals by 1974. The remaining fifteen (15) had projected 1978 completion dates. DPA Field Operations began the Reappraisal Phase in the early 80's. During this phase, all counties appraised in the initial cycle following 1967 were reappraised.
- **Monitoring** – Monitoring the visual inspection conducted by the assessor's staff began with The Public Acts of 1989. The purpose of this monitoring effort is to ensure the accuracy of the data necessary for a successful reappraisal program. The monitoring also includes the review of a portion of the property boundary changes as reflected on the assessor's ownership maps and ownership and sales data information.
- **Reappraisal Grants** – T.C.A. § 67-5-1601, beginning January 1, 1981, provided economic assistance to counties performing reappraisals.
- **Appraisal Ratio Studies** – Ratio studies identify two ingredients; the level of appraisal in relation to sale price (appraisal ratio) and the equity or uniformity of appraisals. Initial ratio studies resulting from the mandate of the 85th General Assembly showed county appraisal ratios ranged from 9% - 30% of the indicated market value.
- **Current Value Updating** - Current Value Updating (CVU) resulted from legislation enacted in 1993, commonly referred to as the "90% law." CVU's are used: (1) to keep values current in areas where there is substantial growth in the real estate market between reappraisals and (2) to correct any gross inequities that may be encountered.
- **Economic Development Agreements** - Beginning January 1, 1993, copies of industrial development leases and other similar agreements that include property tax incentives for business property were required to be submitted to the State Comptroller and to the county Executive (now known as the county Mayor) and city Mayor where the property is located. (TCA 4-17-{301-305}).
- **Tangible Personal Property** - The assessment of tangible personal property is governed by Tennessee statutes and the Assessment of Commercial and Industrial Tangible Personal Property Rules adopted by the State Board of Equalization (SBE) in 1989. Prior to the 1989 tax year, the procedures for valuing personal property were determined on a county -by-county basis.

# FIELD OPERATIONS

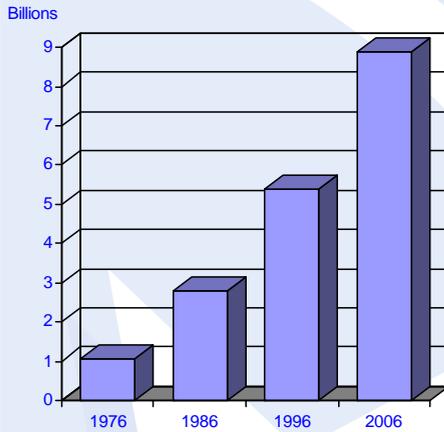
**PRESENT** - As the Field Operations Section has addressed new technology and new legislation, the goals have remained constant over the past forty years. The quality of the data used for appraisal remains essential to the quality of the output resulting from those appraisals. Ensuring equity and fairness in the property tax system for all Tennessee Assessment Jurisdictions has required that the Field Operations Section adapt procedures and applications as technology has improved and additional responsibilities have been added.

- **Staffing** - As a result of a reorganization of the division in the early 1990's, the field operations section evolved into its present configuration. Currently, the section is comprised of approximately 120 personnel assigned to 9 Assessment Regions operating in seven offices located throughout the state, as well as in the division's downtown Nashville offices.
- **Field Work** - The regional staffs continue to monitor the quality and quantity of annual maintenance and the visual inspection cycle and reappraisal programs performed by the assessors. In addition, the Field Operations Section also provides technical assistance to assessors, develops current value updates, conducts appraisal ratio studies, defends property value appeals and administers the reappraisal grant program.
- **Monitoring** - During Fiscal Year (FY) 2006-2007, the monitoring effort of the DPA included working in all 95 counties and reviewing property characteristic data on all property types.
- **Reappraisal Grants** - A total of \$2,183,000, which includes subsidies, was granted in FY 2006-2007 to all counties in the state for the purpose of conducting visual inspection and reappraisal according to T.C.A. § 67-5-1601. The grants were issued in four quarterly installments to those counties which were judged to be in compliance with the schedules stipulated in their plans for reappraisal. Individual county grant amounts for FY 2006-2007 are displayed on the section's end page.
- **Appraisal Ratio Studies** - The map display at the end of the section lists the counties for which a 2007 ratio study was performed, CVU counties for 2007 and the 2007 reappraisal counties. Also shown are their current appraisal ratios approved by the State Board of Equalization for all counties at their June 21, 2007 meeting.
- **Current Value Updating** - Ten (10) counties were analyzed this year. Three (3) counties required valuation updating. Sales data used in current value update analysis were extracted from the assessor's CAAS file and screened by DPA personnel.
- **Economic Development Agreements** - Public Chapter 339 of 2001 amended TCA § 7-53-305 to include an analysis of the costs and benefits resulting from the Economic Development Agreement. Since 2001, nine-hundred and eighty (980) agreements have been filed from sixty-one (61) counties. Forty-nine (49) agreements were filed this year from fourteen (14) counties.

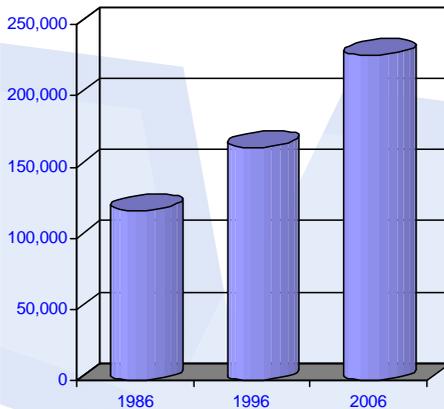


# FIELD OPERATIONS

Total Assessed Value-Personal Property



Personal Property Parcel Counts



- **Tangible Personal Property** - As of 2000, all counties had submitted approved personal property audit plans. To ensure adherence to the proposed plan and each county's audit methodology, the Division of Property Assessments (DPA) implemented a personal property monitoring program for all 95 counties. Parcel counts have risen from 124,291 in 1988 to 228,047 in 2006, an 83% increase.
- **Wetlands Acquisition Program** - The division's responsibility under the wetlands acquisition program, as set forth in TCA § 11-14-406(b), is to certify property tax revenue lost due to the exemption of acquired property, to the state Commissioner of Finance and Administration. The Commissioner certified a total of ten (10) properties to be allocated in two funds for the 2007 Fiscal Year. The State Land Acquisition Fund had five (5) properties certified and the Wetlands Acquisition Fund had five (5).
- **Appeal Assistance** - Appeals resulting from reappraisals performed by the assessor of property may be handled by DPA personnel upon request for assistance by the assessor of property. The level of DPA participation increases as the appeal moves through the process or when valuation techniques for a particular group of properties are appealed. During 2006-2007 the division received formal requests from twenty-one (21) counties for appeal assistance.

**FUTURE** - As property tax legislation addresses the taxpayers changing needs and appraisal tools and technology improve, the Field Operations Section of the Division of Property Assessments remains ready to implement new procedures and assume new responsibilities to accomplish its goal of making government work better to improve the quality of life for all Tennesseans by ensuring superior administration of the property tax system.

For more details, see the comprehensive version of this section of the report on our website at <http://www.comptroller.state.tn.us/cpdivpa.htm>



# LEGAL SERVICES

**PRESENT** - The first session of the 105th General Assembly opened at noon on Tuesday, January 9, 2007. While several bills were introduced affecting property tax issues only a few bills were pushed to passage. The following acts, which affect property tax administration, were passed during the 2007 Session of the 104th General Assembly.

105th General Assembly convened January 9, 2007



## APPEALS

- **Direct Appeals to the State Board of Equalization – Public Chapters 98 and 111** amended T.C.A. § 67-5-1412 concerning appeals from the county board of equalization to the State Board of Equalization.
- **Public Chapter 51** also amended the statute concerning direct appeals to State Board. Currently the taxpayer or owner must request permission from the assessor to appeal directly to the State Board.
- **Payment of Undisputed Portion of Tax Prior to Delinquency Date For Property Under Appeal – Public Chapter 332** amends T.C.A. § 67-5-1512(b)(1)(B), regarding payment of taxes for property under appeal.
- **Appeal Fees – Public Chapter 256** amends the current statute requiring the State Board of Equalization to refund hearing cost if the appeal is withdrawn prior to a hearing.
- **Reasonable Cause Hearings – Public Chapter 133** amended the statute that gives the taxpayer a right to a hearing to show reasonable cause why the appeal was not made to the county board or why other appeal deadlines were not met.

## ASSESSORS & DEPUTY ASSESSORS

- **County Officials Certification Training Program – Public Chapter 473** exempted payments made to assessors under T.C.A. § 67-1-508 from the offset against the amounts received under the County Officials Certification Training Program.

## EXEMPTIONS

- **Nonprofit Community and Performing Arts Organizations – Public Chapter 66** clarified that local approval is required before the law will take effect in a county, but that local approval is not required for each applicant.

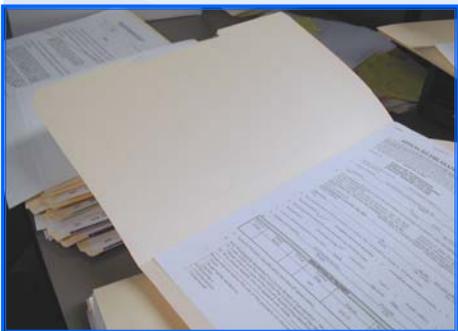
## GREENBELT

- **Open Space Land – Public Chapter 514** amended statute to provide that the open space classification under the Greenbelt Law includes property in which the owner has granted an open space easement to a qualified conservation organization.

## PERSONAL PROPERTY

- **Personal Property Reporting Schedule – Public Chapter 38** clarified that commercial and industrial taxpayers can file their tangible personal property reporting schedule “on or before” March 1.
- **Amended Personal Property Schedule – Public Chapter 37** amended the statute which gives the taxpayer the authority to file an amended personal property schedule to require that the initial personal property schedule had to be filed “timely”.

Public Chapter 51 amended the statute concerning direct appeals to State Board



# LEGAL SERVICES

- **Public Chapter 292** requires the assessor to review and either accept or reject an amended personal property schedule within 60 days from the receipt of the amended schedule.
- **Correction of Error & Forced Assessments – Public Chapter 179** allows the assessor to correct a forced assessment as a correction of error when it is determined that the taxpayer was not in business as of the assessment date for the year at issue.

## PROPERTY TAX RELIEF

- **Income Limits – Public Chapter 539** increases the base income limit for elderly property tax relief qualification to \$24,000.
- **Disabled Veterans – Public Chapter 553** deletes the requirement that a disabled veteran's disability be from a combat-related cause so that any veteran who has service-connected permanent and total disability would qualify for the tax relief.

## PROPERTY TAX FREEZE

- **Tax Freeze** – In November 2006, Tennessee voters approved an amendment to the Tennessee Constitution authorizing a property tax freeze for elderly homeowners. **Public Chapter 581** enacted the Property Tax Freeze Act which establishes the tax freeze program and allows the legislative body of any county or municipality to adopt the property tax freeze program.

## PUBLIC UTILITIES

- **Utility Filings and Audits – Public Chapter 132** specifies that the general law provisions regarding confidentiality of property tax information is applicable to assessments of public utility companies.

## MISCELLANEOUS

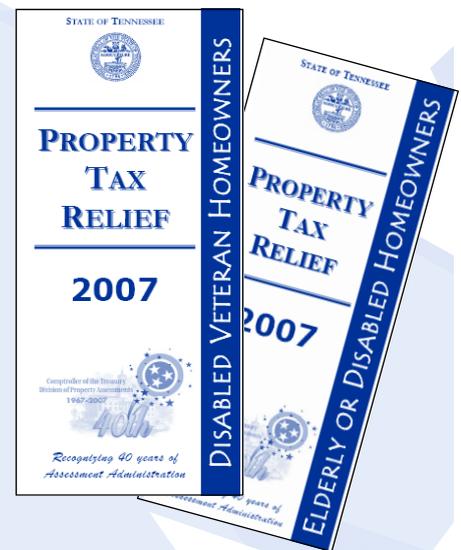
- **Assessment Appeals Commission – Public Chapter 482** increased the per diem for the members of the Assessment Appeals Commission from \$75 per day to \$95 per day.
- **Industrial Development Board Lessees – Public Chapter 449** requires lessees that lease property from an industrial development board, a public building authority, a sports authority, a health, education and housing corporation, a city or a county to file information concerning the lease with the State Board of Equalization and a copy of such information with the assessor.
- **Sale of Tax Receivables – Public Chapter 58** adds Shelby County to the list of counties that are authorized to sell its tax receivables to public or private parties and to enter into purchase and sale agreements for the sale of tax receivables.
- **Property Tax Clean-up – Public Chapter 132** made several clean-up changes to existing property tax statutes.

## ATTORNEY GENERAL OPINIONS

For information regarding the Attorney General opinions, please see the comprehensive version of this section of the report on our website at

<http://www.comptroller.state.tn.us/cpdivpa.htm>

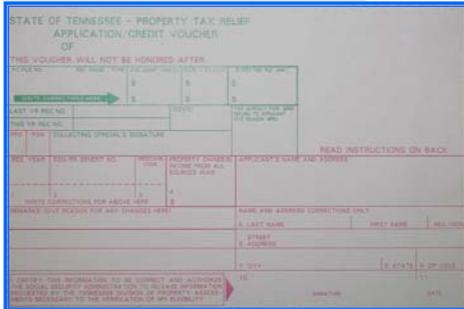
### 2007 Property Tax Relief Brochures



*These brochures detail the Property Tax Relief legislative updates and can be printed from our website*

# PROPERTY TAX RELIEF PROGRAM

1982 Tax Relief ACV

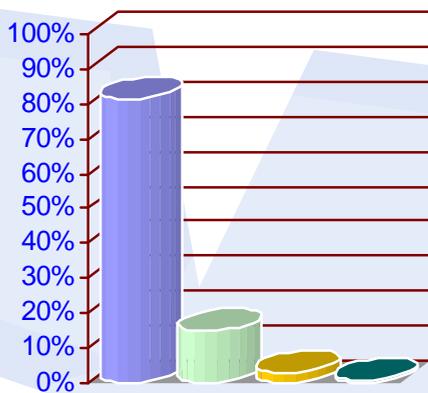


The above original application size of 3.5 x 5 index compared to the current application size of 8.5 x 11

## PAST -

- Goals** – The Tax Relief Program was created in 1973 to assist low-income elderly, disabled taxpayers regardless of age, and qualifying disabled veterans as well as their surviving spouses with the rising cost of property taxes. Rising property values and in many instances, the fixed income of the elderly, were making it harder to continue to own property. The initial goals were: design a delivery system and a verification process for applicants that would provide tax relief for both county and city taxing jurisdictions.
- Claims** – In the first year, 61,000 claims were paid to applicants on real property assessed value up to the limit of \$1,250.00, whose total combined income for property owners was \$4,800. The total annual payment in 1973 was \$3,098,763. Although the income and value limit were relatively small, claims and annual payments increased until 1980 when the attorney general's opinion eliminated retroactive payments. The number of claims has stabilized at approximately 75,000. By 2005, elderly and disabled homeowners were receiving tax relief on real property assessment values up to the limit of \$4,500 and whose combined income of all owners did not exceed \$12,980.00. Qualifying disabled veterans and surviving spouses of disabled veterans received tax relief on real property assessed values up to the limit of \$37,500 with no income restrictions.

Percentage of Annual Tax Relief by Group



## PRESENT -

- Goals** – Tax Relief's current goals address improvements in the delivery and administration of the program. Automation capabilities that are a part of Tax Relief's new computer application used in processing applications and on-line filing of tax relief claims by the majority of the state's jurisdiction has had a significant impact on improving the administration of this program. These improvements coupled with the seminars presented annually to share information with the collecting officials and the brochures that are distributed to every jurisdiction informing potential applicants about the program have significantly improved the delivery of this essential service.
- Claims** – With significant increases in the income limit and assessed value, the number of new tax relief claims is expected to increase in fiscal year 2007. This year elderly and disabled homeowners received tax relief on \$6,250.00 of real property assessed value whose combined income of all owners is no more than \$20,000. The real property assessed value for disabled veterans and their surviving spouses has been increased to \$43,750.00.

## FUTURE -

The tax relief staff will continually seek ways to provide this service more efficiently and with a human touch. The implementation of IMPACT will allow more automation and streamline processing of applications. With the advancement of technology, it is expected that tax relief will become a paperless program in the near future.

	Elderly	Disabled	Disabled Veterans	Widow(er) of Disabled Veteran
Number of Claims *	73,411	12,865	2,356	722
Average Payment per Claim	\$149.33	\$159.46	\$628.29	\$660.45
Total Amount of Payments	\$10,679,669	\$1,795,198	\$1,541,769	\$495,371

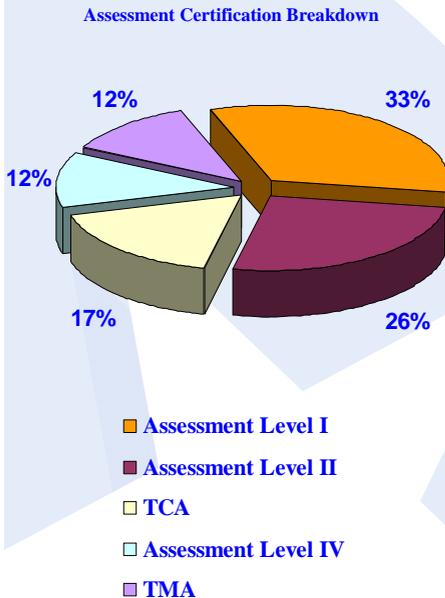
\*This chart represents tax year 2006 claims not people

For more details, see the comprehensive version of this section of the report on our website at <http://www.comptroller.state.tn.us/cpdivpa.htm>

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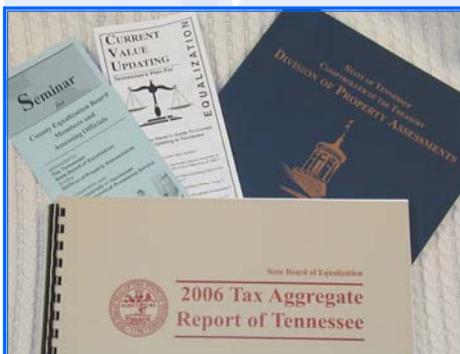
# APPRAISAL TRAINING

**PAST** - The 1966 Tax Policy Study Commission established the initial goal of providing uniformity and equity of assessments across the state. The division duties were to provide guidance for the reappraisal programs through technical assistance and the development of manuals and to educate assessment administrators to upgrade on a continuous basis the standards and professional levels of the assessment process in the State of Tennessee.



- **Appraisal Training** - The first appraisal courses, Appraisal Techniques I and Appraisal Techniques II, were scheduled twice in 1969 in two locations. The four classes had a total of 143 participants. In conjunction with the University of Tennessee and the International Association of Assessing Officers (IAAO), approximately four to six appraisal courses were held annually through 1977. These were predominately entry level courses 1, 2 and 3.
- **Division Courses** - The division developed three courses in the latter 70's for statewide instruction: Laws and Essentials, Basic Mapping and Advanced Mapping.
- **Assessor Certification and Education Program** - The Division of Property Assessments created the Training Section in 1975 under Hap Duncan to track professional development and maintain training files. An incentive compensation package for county assessment staff achieving certifications and designations was also funded at \$500.00 for CAE and \$250.00 for TCA. The Tennessee Assessment Certification and Education Program was formally adopted in 1977 and established five (5) State Certification Levels illustrated in the margin.
- **Training File Maintenance** - Originally educational records were composed on the typewriter and kept in paper copy format. Retrieval and correction of records for individuals or groups of individuals by employer were quite laborious.

## Reports, Brochures and Pamphlets



These represent a few of the publications available on our website at <http://www.comptroller.state.tn.us/cpdivpa.htm>

**PRESENT** - The current goals have changed little since the creation of the division: offer entry level and advanced appraisal courses, provide annual seminars to inform and educate County Boards of Equalization and administer the Assessment Certification Program. In addition to these responsibilities the section designs and edits pamphlets used for seminars and courses, the Annual Report and the annual Tax Aggregate Report.

- **Appraisal Training** - The Training Section is now web based. The Training Section now provides an annual training calendar with up to fourteen (14) classes per year in multiple locations. During the 2007 fiscal year technical appraisal training was provided to 270 state and county assessment staff members through fourteen (14) classes.
- **Assessor Certification and Education Program** - The Assessment Certification and Education Program had revisions in 2004 that established three Certification Levels with incentive compensation: The financial incentive is \$750.00 for TCA, \$1,000.00 for TMA and \$1,500.00 for

# APPRAISAL TRAINING

CAE. The State Board of Equalization paid incentive compensation to fifty-six (56) Certificate holders in 2006. The TCA rules governing certifications and IAAO requirements for designations can now be accessed through the web.

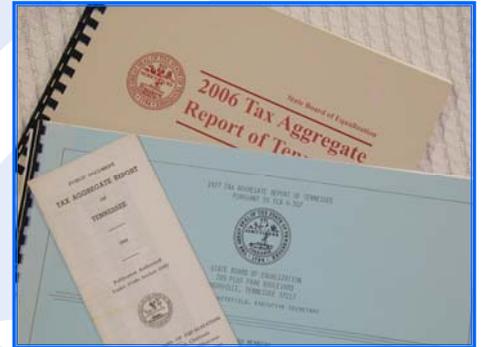
- **Training File Maintenance** - All records are now computerized enhancing maintenance and tracking for each participant. Individual files can now be accessed by employer (regional or county), individual name and social security number. The records cover the years of 1969-2007 and represent 38 years of professional assessment improvement.

**FUTURE** - The original goals of the Training Section will not change, but the delivery of information and the maintenance of that information will. Technology will dictate the future development of the Training Section.

- **Appraisal Training** - Access to training opportunities through a web based environment would be a reasonable evolution for the future. Division courses would be a likely first candidate for this evolution. The statewide GIS program and the evolution of the mass appraisal process will require more courses related to computer software application for digital mapping and mass appraisal of property.
- **Assessor Certification and Education Program** - Programming improvements for the software that would automate the process are being considered. This would eliminate manual review for the most part.
- **Training File Maintenance** - While the integrity of the data would remain a critical priority, web based access to individual training information would improve employee feedback regarding errors and omissions. This would allow a vested interest by the individual in the file integrity.

Annual updates should eventually be sent through email, reducing our reliance on paper documentation and mailing costs. Storage will be predominately electronic eliminating much of the storage capacity required for archiving paper documentation.

The Evolution of the Tax Aggregate Report



- 1946 Total Assessed Value - \$1,715,259,188
- 1978 Total Assessed Value - \$11,380,662,668
- 2006 Total Assessed Value - \$116,127,119,350

For more details, see the comprehensive version of this section of the report on our website at <http://www.comptroller.state.tn.us/cpdivpa.htm>

## GIS/MAPPING

Early Planimetric Base map



**PAST** - Prior to the mid 1960's there was very little evidence of a systematic approach to the assessment process in Tennessee. Few counties had any kind of "Tax Maps," and the typical assessment records consisted of a book or set of books, for larger counties, that contained the names of the property owners, the size of the tract, the adjoining owners and a value. Once a year, this information was used to determine the amount of taxes due by a property owner.

In 1965 two Tennessee railroad companies petitioned state and federal courts. The result of this litigation required that a statewide reappraisal and mapping program be developed that would classify and assess all properties in Tennessee uniformly.

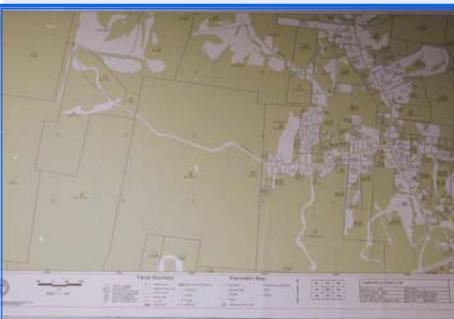
Manual Mapping Maintenance



- **Maps** - To create the parcel maps, aerial photographs were made of all the land within Tennessee's boundaries. The new maps consisted of property lines, property identification numbers, tree lines, building structures, roads, creeks and other information essential to the assessment function. The completed statewide mapping program was the first of its kind when completed in 1979.
- **Maintenance** - Upon completion of the mapping program, counties were required to keep their maps current. Updates, parcel splits and consolidations, were appended to parcel maps using deed descriptions retrieved from the Office of the Register of Deeds.
- **Staffing** - The DPA's mapping staff began with one employee. Two current employees, Roger Jones and Roger Lowe are responsible for managing a present staff of nine employees and overseeing the daily operations of the program.

## PRESENT -

Digital GIS Map



- **Tennessee Base Mapping Program (TNBMP)** - In 1996 the Comptroller's office partnered with the Department of Finance and Administration to implement a comprehensive statewide Tennessee Base Mapping Program (TNBMP). This program required all county parcel maps to be converted to a digital format using the state adopted software ARC/INFO to create a Geographic Information System (GIS).
- **TNBMP Pilot** - The pilot phase of the program began with five counties (Hamilton, Lewis, Maury, Montgomery and Sullivan) in 1996. Currently, there are 41 counties participating in the TNBMP and performing local maintenance in a GIS environment. The remaining counties are maintained digitally by the OLG/GIS Mapping Section. Refer to the map on the last page of this section that illustrates counties maintained by the state and those that perform local maintenance. Davidson and Knox counties perform local maintenance but are not participating in the TNBMP.

- **Participation in TNBMP** - Counties choosing to participate and perform local maintenance are required to fund 25 percent of the total cost for the digital products while the state funds the remaining 75 percent. Counties choosing not to participate will continue to update their paper maps and submit them to OLG/GIS Mapping Section. GIS technicians capture the parcel map changes digitally and apply them to the parcel database. The TNBMP program began in 1996 with five pilot counties and will end with the completion of Cocke County in the summer of 2007.
- **Office of Local Government (OLG)** - In 2005, the division mapping staff and the map maintenance responsibilities were placed under the oversight of OLG. This department also manages the redistricting program and provides analytical and development support to counties participating in the statewide Tennessee Base Mapping Program (TNBMP).

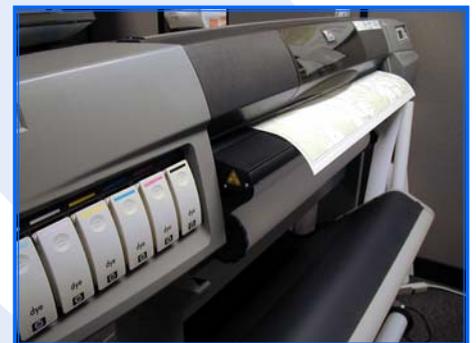
## ***FUTURE -***

- **Local Maintenance** - The Tennessee Base Mapping Program (TNBMP) is nearing completion. The 40 counties currently participating in the program will continue to require assistance and technical support to preserve the integrity of the data. It is projected that within the next five years the number of counties electing to perform local maintenance using GIS technology will grow to approximately 60 counties.
- **Parcel Accuracy** - The end goal of the OLG and the DPA is to provide current parcel data from all counties to the state, federal and local government agencies. This will be accomplished through a statewide enterprise geodatabase comprised of parcel-level data produced through the TNBMP. Counties performing local maintenance will have the capability of providing daily parcel updates to the enterprise system by leveraging web-service technology. The benefit of submitting daily updates online is that the property map data will be up-to-date with the CAAS database resulting in a match between the two data sets.
- **Centralized Maintenance** - Managing and sharing current parcel data online is an excellent approach in ensuring the user receives a quality product. However, for those counties maintained by the GIS Mapping Section it will be difficult to acquire and manage the updates on a daily basis. Currently, a staff of nine is responsible for updating 52 counties. Most are updated during a 12 to 18 month period. Although, this schedule has met the needs for both state and county assessment personnel in the past it does not provide a data match between the spatial and the tabular assessment information. Until all of these counties are performing local maintenance the OLG must be creative, resourceful and explore different options that will allow these counties to be updated daily. Funding, staffing, hardware and software requirements, and the logistics of scheduling and updating these counties simultaneously are obstacles that the OLG must overcome to achieve this goal. The end result will be a superior product that can be shared with the private sector, all governmental entities and the people of Tennessee.

Monitoring Assessor Data

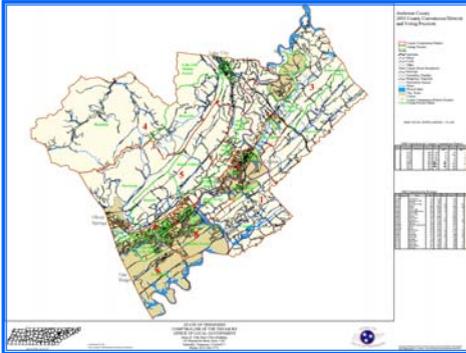


Map Reproduction Improvements



## ANALYSIS, DEVELOPMENT & REDISTRICTING

Anderson County Voting Precincts Map



**PAST** - The Office of Local Government (OLG) was created on March 19, 1963 as an office operating under the Comptroller of the Treasury for the purpose of providing assistance to local governments. The OLG acts as a coordinating body evaluating the merits of technology and the services available to local governments through multiple state agencies. The following are initiatives the Office of Local Government has been involved in:

- **1966 Statewide Base Mapping** – Work began on a statewide, uniform planimetric base map that would be relatively free of distortion and create the nucleus for all subsequent state mapping and reappraisal programs.
- **Evaluating computer applications** – OLG implemented the use of an IBM computer in 1968 to assist Tennessee counties in reapportioning their county courts using Geographic Information Systems (GIS) for the first time.
- **Provide Data to the U.S. Census Bureau** – Reapportionment continues to be a major part of the OLG operations. The OLG has conducted redistricting with the use of GIS exclusively since the 1990 U.S. Census.
- **Research and Publication** – OLG began many of the study and support functions now handled by other divisions. The studies produced an operational manual for county sheriffs, an action guide for telecommunication and a guide identifying fiscal distress in local governments.
- **Statewide Base Mapping, 2000** – The OLG and the Division of Property Assessments (DPA) partnered with the Office for Information Resources (OIR) to convert all state property maps to a digital format.

Grundy County Parcel Boundary Planimetric Map



**PRESENT** - The Office of Local Government continues its technical developments and analyses in Redistricting and GIS, much of which directly support the DPA. For FY 2006-07 these include:

- **GIS Maintenance Architecture** – A technical initiative to keep the State's digital Base Map up-to-date and accurate, and to distribute this data.
- **IMPACT** – OLG participates in both the IMPACT core team and the IMPACT evaluation team.
- **Tennessee Base Mapping Program (TNBMP)** – As steward of the approximately 3 million digital parcels in the State Base Map, OLG supports local governments and state agencies in GIS use, maintenance and technology.
- **2010 U.S. Census** – Work has already begun on supplying Tennessee Base Map data to the U.S. Census Bureau for use in the 2010 Census.

# OFFICE OF LOCAL GOVERNMENT GIS/MAPPING

- **Redistricting** – The OLG is responsible for state redistricting data – excluding Legislative Redistricting – and a conduit of these data between each county and the federal government.  
<http://comptroller.state.tn.us/cpdivlg.htm>
- **Performance Manager** – The Office of Local Government designed and developed an application to track activities related to all applicable performance measures in the OLG Annual Strategic Plan.
- **Regional GIS Support** – To promulgate GIS technology in a uniform manner across the state and assist with local digital parcel maintenance, DPA mapping and chosen regional staff were brought under the OLG operational umbrella.

## ***FUTURE -***

- **Federal Government Collaboration** – The OLG will continue to work closely with OIR to establish federal government partnerships.
- **Tennessee Map (TNMap)** – This OIR initiative, based on the federal government model will create a new electronic map of Tennessee. The TNMap will give access to a variety of high-resolution Tennessee GIS data through a web portal via web services.
- **2010 U. S. Census** – The use of OLG redistricting and parcel-level data will bring unprecedented geo-spatial accuracy to the U.S. census Bureau's TIGER line files.
- **IMPACT** – OLG/GIS will play a key role in the implementation of a geo-spatial component in the IMPACT project.
- **GIS** – OLG will continue to support both DPA and county property assessor GIS initiatives.
- **Redistricting** – The Office of Local Government will revamp the digital redistricting program allowing county election officials to digitally update their redistricting data over the internet.

Digital Raster Graphics Example

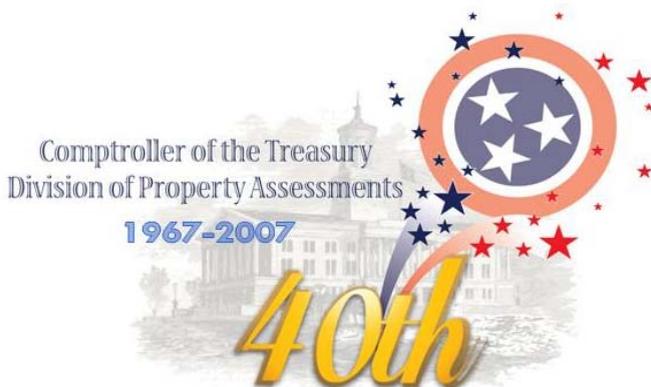


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*Reflecting the Past  
Serving the Present  
Shaping the Future*



# 40TH ANNIVERSARY



## *Recognizing 40 years of Assessment Administration*

**F**orty years ago the Eighty-fifth General Assembly of the state of Tennessee established the Division of Property Assessments (DPA) in the office of the Comptroller of the Treasury. Governor Buford Ellington signed the law establishing the division on May 25, 1967. The initial role of the DPA was to supervise the statewide mapping and reappraisal programs. As property tax legislation and technology evolved, so did the role of the DPA. Over the course of its forty year history the DPA has added the Personal Property Program, oversight and administration of the Property Tax Relief Program, technical and professional training for state and county assessment personnel, support and service of the computer appraisal system, appraisal ratio studies and current value updating to those initial responsibilities.

The DPA began with four employees in the Capitol Boulevard Building. By 1970 the DPA had moved to the Andrew Jackson Building and remained there until October of 1974. From October 1974 through October 1976 the DPA was housed at 301 14<sup>th</sup> Avenue North, while the computer section remained in the Andrew Jackson Building. In October 1976 the entire division was relocated to 289 Plus Park Boulevard and remained there until the move in 1980 to the current location in the James K. Polk State Office Building.

While the DPA has experienced many changes since its creation, the one constant has been in the office of the Comptroller of the Treasury. With the retirement of William R. Snodgrass in 1999, the office of the comptroller lost a remarkable leader with an illustrious career in public service. Following a seamless transition the present Comptroller of the Treasury, John G. Morgan, provides strong leadership and support that enables the DPA to achieve remarkable improvements as we continue administering Tennessee's superior property tax system.





[WWW.COMPTROLLER.STATE.TN.US/CPDIVPA.HTM](http://WWW.COMPTROLLER.STATE.TN.US/CPDIVPA.HTM)