



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

January 7, 2019

Memorandum

To: County and city mayors in property tax revalue counties

From: Betsy Knotts, Executive Secretary
State Board of Equalization *B. Knotts*

Subject: **Certified tax rate compliance**

Jurisdictions completing reappraisal programs approved by the State Board of Equalization are required by law to calculate a "certified tax rate" based upon the revalued tax base within the jurisdiction. This rate is calculated at a level that produces the same amount of property tax revenue as was billed for the previous year. The following is a brief outline of the process:

1. Calculation. You will be provided a calculation form with our estimate of the certified rate through the assessor's office. Note that the law does not permit the rate to be rounded up. Tax rates may be adopted in fractions of a cent but rounding up the certified rate is not permitted. *The form should be returned to this office with your signature and the signature of the assessor.*
2. Determination. The county commission (or city council or board) must officially determine the certified rate by simple action of the body on motion and second. If the certified rate is sufficient to meet the new budget, the governing body may proceed to adopt the actual tax rate, and no further compliance steps are required. *Please note, some jurisdictions may experience a decline in reappraisal values such that the certified (tax-neutral) rate becomes higher than the year before. This does not change certified rate compliance. If the rate needed for your budget is higher than last year's rate but still lower than the certified (tax-neutral) rate, the city or county may adopt an actual rate higher than last year but lower than the certified rate, without the special newspaper notice and hearing that must normally accompany a levy in excess of the certified rate.*
3. Publication. *If the certified rate will not be sufficient to meet the new budget*, the governing body should direct the clerk to arrange publication of a newspaper notice, "Notice of public hearing to consider whether to exceed the certified tax rate". A sample notice is attached, and should be used.
4. Hearing and adoption of actual tax rate. At the conclusion of the public hearing, the governing body may proceed to adopt the actual tax rate.

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5. Documentation. The county or city should send our office a copy of the newspaper affidavit of publication within 30 days of publication, and if the certified tax rate is exceeded, we should also be sent a certified copy of the tax rate resolution or ordinance.

If you need to contact our office, please call 615.401.7883 or email betsy.knotts@cot.tn.gov. You may also send a response to this letter to the Tennessee Comptroller of the Treasury, State Board of Equalization, Cordell Hull Building, 425 Fifth Avenue North, Nashville, TN 37243.

cc: Assessor of Property

Enc.

Example of newspaper advertisement notifying the public of intent to exceed the certified tax rate:

**NOTICE OF INTENT TO EXCEED
CERTIFIED TAX RATE**

The [County Commission][Board of Mayor and Aldermen] of [county or city] will conduct a public hearing on _____, at _____ p.m., on the [county's][city's] intent to exceed the certified (tax neutral) property tax rate. This public hearing will be held at _____. [Optional: The certified tax rate as defined by T.C.A. §67-5-1701 is \$_____ per \$100 of assessed valuation. The City's proposed FY _____ budget, if adopted, will require a proposed tax levy of \$_____ per \$100 of assessed valuation.]