

SENATE BILL 1946

By Walley

AN ACT to amend Tennessee Code Annotated, Section 67-5-1005 and Title 67, Chapter 5, Part 16, relative to reappraisal.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, Part 16, is amended by adding the following as a new section:

67-5-1607.

As used in this part, unless the context otherwise requires:

- (1) "Appraised value" means the value for each taxable property in a county as determined by the county assessor of property;
- (2) "Assessed value":
 - (A) Means the value of a property for tax purposes; and
 - (B) Is calculated by multiplying the appraised value by the appropriate assessment percentage pursuant to § 67-5-801(a);
- (3) "Assessor's total expenditures" means the total expenditures by the county's assessor of property for the assessor's operating costs, the reappraisal program, and the county board of equalization, as designated in accordance with the county uniform chart of accounts, or similar expenditure accounts for those counties that do not follow the county uniform chart of accounts;
- (4) "Division" means the division of property assessments within the office of the comptroller of the treasury, unless the context requires otherwise;
- (5) "Indexing":

(A) Means the factoring of existing real property values to market value in accordance with the constitution and laws of this state; and

(B) Must be based on market-derived statistics at the subclass level, groups of properties within the subclass, and if practicable, the neighborhood level;

(6) "Market value" means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus;

(7) "Reappraisal cycle" means the frequency, adopted by the assessor and county legislative body, with which a county completes the revaluation or revaluations of every parcel of property within its boundaries;

(8) "Reappraisal program" means the periodic appraisal of real property over a specified period of time encompassing a plan for the visual inspection, revaluation, and if adopted by the assessor and county legislative body, indexing of property values to market value;

(9) "Revaluation" means the analysis of market data, including an analysis of previous sales and a consideration of shifts in market conditions, to update real property values en masse or at the individual level to market value; and

(10) "Visual inspection" means a review of each parcel of property accomplished through onsite review or photographic review to ensure the physical attributes of each parcel are accurately identified and reflected in the assessor's records.

SECTION 2. Tennessee Code Annotated, Section 67-5-1601, is amended by deleting the section in its entirety and substituting instead the following:

(a) Reappraisal must be accomplished in each county in accordance with a reappraisal program adopted by the assessor and county legislative body that:

(1) Includes a plan for the visual inspection of every parcel of real property in the county;

(2) Includes a plan for the revaluation of every parcel of real property;

and

(3) Specifies the length of the reappraisal cycle in accordance with subsection (b).

(b)

(1) A county must adopt a reappraisal program that requires reappraisal to occur:

(A) Once per year;

(B) Once every two (2) years;

(C) Once every three (3) years; or

(D) Once every four (4) years.

(2) A county shall not adopt a reappraisal program that allows for reappraisal to occur less frequently than once every four (4) years.

(3) Regardless of the frequency of reappraisal in accordance with subdivision (b)(1), the plan for visual inspection required by subdivision (a)(1) must provide that the assessor conduct a visual inspection of each parcel of real property at least as frequently as once every four (4) years.

(4) The plan for revaluation required by subdivision (a)(2) must provide that the assessor revalues every parcel of real property during each reappraisal cycle.

(5) If an assessor discovers new improvements to a parcel of real property via visual inspection or otherwise between revaluations, then the improvements must be valued on the same basis as similar improvements are valued as necessary to achieve equalization of values, subject to indexing conducted pursuant to subsection (c).

(c) As part of the program required by subsection (a), the assessor and county legislative body may, but are not required to, adopt a plan for the annual or biennial indexing of real property values.

(d) Subsections (a)-(c) apply to a county reappraisal program beginning on or after July 1, 2025. Each county shall adopt a reappraisal program in accordance with subsections (a)-(c) by June 30, 2030. A county reappraisal program in effect prior to July 1, 2025, may continue until the conclusion of the existing county reappraisal cycle, at which time, the county must adopt a reappraisal program in accordance with subsections (a)-(c).

(e) The assessor of property shall maintain a program of real property sales verification in accordance with procedures and rules established by the state board of equalization. The assessor of property shall maintain documentation of the reason for rejection of any sale rejected by the assessor for use in analyzing appraisals.

(f)

(1) In the absence of a written agreement between the county and the cities thereof levying a property tax, the costs to assess properties within a city must be paid one-half (1/2) by the county and one-half (1/2) by the city.

(2) Regardless of a written agreement between the county and the cities thereof levying a property tax, the costs to assess property within a city shall not exceed:

(A) Ninety percent (90%) of the assessor's total expenditures on a per parcel basis in those counties that have adopted a one-year reappraisal cycle;

(B) Eighty percent (80%) of the assessor's total expenditures on a per parcel basis in those counties that have adopted a two-year reappraisal cycle;

(C) Seventy percent (70%) of the assessor's total expenditures on a per parcel basis in those counties that have adopted a three-year reappraisal cycle; or

(D) Sixty percent (60%) of the assessor's total expenditures on a per parcel basis in those counties that have adopted a four-year reappraisal cycle.

(3) Any city paying one-half (1/2) of the costs to assess properties pursuant to this section shall pay those costs directly to the county government with jurisdiction over the property being reappraised. In the absence of a written agreement between the county and the cities thereof levying a property tax, the costs must be determined in accordance with the reappraisal cycle and paid in annual installments.

(g) The assessor of property shall submit such plans and reports for reappraisal as the board shall require. The board, with the assistance of the division, has the power to approve, modify, or disapprove any proposed plan submitted by the assessor of property, including the power to specify or approve any proposed computer-assisted

appraisal system pursuant to minimum standards that the board shall adopt in considering a proposed system. All work is subject to the oversight and approval of the division. The division shall approve all indexing or revaluation of real property values in accordance with any reappraisal program established pursuant to subsection (a).

(h) The division shall monitor all visual inspections conducted pursuant to this section.

(i)

(1) The assessor of property of each county shall prepare a plan for carrying out the requirements of this section and §§ 67-5-1602 – 67-5-1604, in the assessor's taxing jurisdiction. The plan must be submitted to the county mayor and the county legislative body for review in the form, manner, and time as determined by the board.

(2) At such time as determined by the board, the assessor shall submit the plan and any pertinent resolution of the county legislative body stating its approval or disapproval to the board for the board's approval or other action.

(3) Prior to the execution of a contract for reappraisal, the county legislative body shall make appropriate arrangements to finance the contract.

(j) Whenever the classification or subclassification or assessed value of property is changed as a result of indexing or revaluation in accordance with a reappraisal program established pursuant to subsection (a), the property owner is entitled to notice of such change as otherwise provided by law at least ten (10) calendar days before the local board of equalization commences its annual session and, in addition, shall be given the opportunity to appear at an informal hearing on a day or days scheduled for such hearings. Written notice of any action taken as a result of such hearings must be sent at least ten (10) days prior to the county board adjournment.

(k)

(1) Upon a finding by the division that the assessor of property or the county is unable or unwilling to comply with the requirements under this part, including submission of a necessary plan of compliance required by the board, the director of the division shall report such finding to the board.

(2) The board shall notify the assessor of property and the county mayor of the nature of the noncompliance and shall indicate the action required to correct such noncompliance.

(3) The assessor of property or the county has sixty (60) days in which to correct such noncompliance. If satisfactory action is not taken by the assessor or the county to correct the noncompliance within sixty (60) days, then the board shall direct the division, and the division shall thereupon be authorized, to take necessary steps to ensure compliance with the requirements of this part.

(4) A county found in noncompliance shall reimburse the state for all costs incurred by the state pursuant to the action taken to correct the noncompliance. If costs are not reimbursed to the state within ninety (90) days of the date of an invoice for the costs, then the state may recover its costs through the deduction of costs from any state-shared taxes as identified in § 4-31-105, otherwise due the county.

(l)

(1) Localized real property of public utilities and modern market telecommunications providers in each county must be updated in the same year as other locally assessed properties.

(2) All assessing and updating of operating properties of public utility companies and modern market telecommunications providers must be done by the comptroller of the treasury in accordance with part 13 of this chapter.

(3) All expenses for assessing and updating of operating properties of public utilities and modern market telecommunications providers must be paid by the comptroller of the treasury.

(m) As part of any reappraisal program conducted pursuant to this section, the assessor of property of each county shall identify all cemeteries having historic value as determined by the county historian and the cemetery advisory committee. Each cemetery having one (1) or more tombstones must be indicated on the tax maps by an appropriate symbol prescribed by the division. Any cemetery that is one-quarter (0.25) of an acre or more must be identified as a separate parcel and contain the appropriate symbol.

SECTION 3. Tennessee Code Annotated, Section 67-5-1005(c), is amended by deleting the language "on-site review" and substituting instead the language "visual inspection".

SECTION 4. This act takes effect July 1, 2024, the public welfare requiring it.